



2nd December 2003

Customer Accounts Policy – *Plain English*

Credit Limit

It is our company policy to insure all our customers account debts. The company we use to do this is Coface, they give us an 'insured limit' for limited companies, partnerships and sole traders. This limit is based upon the latest available financial information, i.e. the last 'filed' audited accounts and any other positive (or negative) information they may have access to. The credit limit we set for each account is based upon the limit we are given, *see also discretionary limits (below)*.

Once a limit has been set, if the level of trading increases to or beyond the limit, our Sales Administrator (*on the instruction of our accountant or myself*) is still able to apply to Coface at any time for an increased limit. At this time, Coface will review the latest financial information and make a decision (*this can take up to 1 week*). If there is no new financial information available, Coface are unlikely to increase the limit, unless, we originally applied for less than was available, or we can submit copies of new unaudited/management accounts. If there are new accounts, which show an improvement, Coface may agree to increase the limit.

It is also possible that if the latest accounts show a poor result, our request can trigger a reduction or a zero rather than the increase hoped for. Please note that Coface do monitor companies that they are 'covering' and if at any time they receive good, or adverse trading information, we can occasionally receive an increase/a reduction, or zero 'out of the blue'.

If the limit is increased, our Sales Administrator will then advise our customers accounts department by fax of the change and our accounts system will be updated accordingly.

If the limit is decreased or removed, our Sales Administrator will advise myself so that I can review the account. If we are unable to provide a discretionary limit, our internal sales contact will call the client to advise them personally before the Sales Administrator faxes the advice to the client.

Accepted Methods of Payment

- Cheque - *We do not accept post dated cheques*
- BAC's - Please allow 2/3 days to clear. Please advise us by fax
- CHAP's - Same day. Please advise us by fax
- Debit Card - Switch, Solo, Visa Delta, Maestro or Visa Electron
- Credit Cards - *Subject to a 2.59% fee*, MasterCard, Visa, Visa Commercial and JCB

2 Lowesden Business Park, Lambourn Woodlands, Hungerford, Berkshire RG17 7RY

Tel: 01488 73366 Fax: 01488 73377

E-mail: info@rgbcomms.co.uk

Web Site: www.rgbcomms.co.uk



New Customers

If a new customer places an order, the first question our Sales Team will ask, will be, do they want a credit account? If they prefer not to have one, we will give them an account reference with a credit limit of zero and treat them as a 'Proforma' account (*see below*). If they do wish to open an account the Sales Team will fax the appropriate application form and follow the procedure below. If the first order is on a proforma basis either by choice, the order is so urgent that it cannot wait for the account application process, or we are unable to obtain an insured limit and the order value (gross – with VAT) exceeds £5000, then we will require cleared funds before we can despatch the goods. To speed things up, we can suggest a CHAP's payment (same day, but we might not be able to find out until 5pm after TNT has gone) where, by prior agreement we will pay the bank charges.

Account Application

Once we have established what type of business we will be trading with, Limited Company, Partnership or Sole Trader, our Sales Team will fax the appropriate account application form. Once we have received the completed form, which must be signed by an appropriate signatory to accept our terms, our Sales Administrator will then apply to Coface requesting a limit based on likely turnover. Please note that Limited Company request usually take up to 2 days, and Partnerships or Sole Traders have been known to take several weeks if the information is not readily available. Once Coface reply with a limit the Sales Administrator will then fax our customer to advise them of their credit limit and account reference. Please note that we do unfortunately get lower limits than we have applied for and sometimes zero. This is because the business has not been trading for long enough to have 'filed' any accounts, because they are late filing accounts, their accounts show a poor result or there is some form of adverse trading history. In this case the application and all other relevant paperwork will be passed to myself for a discretionary decision (*see below*). If we are unable to give a discretionary limit, our internal sales team will call the customer to advise them personally before our Sales Administrator faxes our decision. The account will be treated as Proforma (*see below*).

Payment Terms

For customers who have a credit account, their terms are '**EOMFI**' – End of the Month Following the Invoice. i.e. an invoice raised in September will be due for payment by the end of October. For customers who do not have a credit account, please see 'New Customers' (above) or Proforma accounts (below).



Proforma Accounts

Upon receipt of new orders, we will raise a Sales Order Confirmation, stamp it 'PROFORMA' and fax it to the customer. Once we have received payment we will despatch and invoice the goods.

Please note that in urgent cases, if we have an established trading history, we will, by prior agreement, accept advise of payment i.e. a faxed copy of a signed cheques, faxed advise of BAC's or CHAP's and despatch the goods.

Overdue Accounts

Customers will be placed on 'Credit Hold' by our accounts department for invoices that have not been paid by the end of the month following invoice. We usually allow 3 or 4 working days for delay in the post etc. then an account will automatically go on hold. At this point, a reminder will be faxed by our accounts department to our customer accounts contact. If at this time, there are any outstanding orders that may be affected, they will be given to our Internal Sales Team by the Sales Administrator, so they can advise the person who placed the order.

If the account is still overdue and we have not received a satisfactory explanation, 28 days later a final demand will be faxed by our accountant.

If in the unlikely event that a further 7 days elapses and we have still not received settlement or a satisfactory explanation, our accountant will then pass the paperwork to our solicitors who will pursue the debt on our behalf. At this point we will automatically remove the customers credit limit (insured or not). We will only re-instate it when the debt is paid and we can satisfy ourselves that the situation is not likely to re-occur. If it does re-occur and we have to involve solicitors for a second time, the credit facilities will not be re-instated.

Please note that if a customer is on credit hold, we will still accept new purchase orders, fax an order confirmation and reserve (allocate) the goods. The goods will then be shipped when the account comes 'off hold'.

Please note that if a customer is on credit hold, we will accept payment for the overdue amount (not for new orders) by credit card or debit card. If a credit card is used, we will require a faxed order to authorise us to raise an invoice for the 2.59% credit card fee plus VAT. Debit cards do not carry a fee and no new order will be required.

Discretionary Limits

If we are unable to obtain a sufficient insured limit, we are quite willing to add our own temporary or long-term limit. The decision can only be made by myself and will be based on a combination of our history of individual accounts, long standing relationships, previous good payment records and close communication.

Gordon Innocent
Managing Director

Doc ref: (Word) f:Accounts/Account Policy

2 Lowesden Business Park, Lambourn Woodlands, Hungerford, Berkshire RG17 7RY

Tel: 01488 73366

Fax: 01488 73377

E-mail: info@rgbcomms.co.uk

Web Site: www.rgbcomms.co.uk