

Case Study 2020-2021

A current client has the following results - see if you can tell when I came on board!

- *The client is a service-based business that is B2B and B2C. Some invoicing is contractual, most is invoiced at time of booking or post service.*
- *Payment terms generally used on the invoice is 30 days for commercial customers.*
- *The client has a part time member of staff dedicated to credit control. I have worked with the member of staff to mentor and train to be able to work effectively.*

Month	Ledger end Month	End Balance	Cash Received	% Collected
Mar-20	Feb-20	£225,533.19	£92,468.61	41%
Apr-20	Mar-20	£222,847.71	£82,453.65	37%
May-20	Apr-20	£197,309.42	£94,708.52	48%
Jun-20	May-20	£209,477.04	£113,117.60	54%
Jul-20	Jun-20	£212,698.55	£148,888.99	70%
Aug-20	Jul-20	£199,583.47	£123,741.75	62%
Sep-20	Aug-20	£201,949.76	£141,364.83	70%
Oct-20	Sep-20	£217,645.11	£119,704.81	55%
Nov-20	Oct-20	£201,952.67	£94,917.75	47%
Dec-20	Nov-20	£197,474.88	£161,929.40	82%
Jan-21	Dec-20	£152,634.00	£138,896.94	91%
Feb-21	Jan-21	£135,719.52	£110,532.61	81%
Mar-21	Feb-21	£104,269.88	£125,460.59	120%
Apr-21	Mar-21	£91,066.20	£99,036.80	109%
May-21	Apr-21	£94,654.04	£99,402.35	105%
Jun-21	May-21	£103,655.58	£100,610.64	97%
Jul-21	Jun-21	£104,087.65	£108,598.05	104%

It took a full month to see results.

I was also able to breakdown the cash into prior month paid invoices and current month paid invoices. That's why it shows more than 100% of cash collected.

Analysing the results

If you take March 20 and compared to March 21, you can see the dramatic change in the amount of cash received in the bank.

Mar-20	Feb-20	£225,533.19	£92,468.61	41%
Mar-21	Feb-21	£104,269.88	£125,460.59	120%

At the end of **Feb 20**, the balance on the Aged Debtors Report shows **£225,533.19**. In the following month of **Mar 20** only **£92,468.61** was received into the bank. That is only **41%** of the amount outstanding.

At the end of **Feb 21**, the Aged Debtors Report shows **£104,269.88**, and in the following month of **Mar 21** **£125,460.59** was received into the bank. That is **120%** of the Aged Debtors. *(How so you ask? That means that included in the money received into the bank, some invoices raised in March 21 were paid before they were due in April)*

This analysis is a useful KPI to measure how the business is doing and, also if processes start failing.

Call me on 0845 139 1069 if you're interested in increasing your cash collections, reducing debtor days, and automating your credit control process