

## **5. FINANCE**

### **5.1 Management Control & Planning**

Financial control of the company is shared between Douglas Smith and Dale Hammond. Financial planning is carried out annually at the start of each new financial year and unless there are any interim requirements, decisions on any necessary investment are taken and planned at that stage.

Management accounts are produced monthly and reviewed and analysed at each monthly management meeting. These are also shown and discussed with the bank manager, with whom meetings are usually arranged at least twice a year.

### **5.2 Accounting Procedures**

#### **5.2.1 Accounting Systems**

The company adopts the Invoice accounting procedure and the accounts are prepared using Sage accounting software.

#### **5.2.2 Credit Control**

The company's terms of credit are 30 days from date of invoice. Approximately 80% of invoices are paid within these terms and it is unusual to have any outstanding beyond 60 days. Alison Hammond acts as the credit controller and is responsible for operating the Aged Debtors list. The company currently has no bad debts and has not incurred any in the last two years.

#### **5.2.3 Payment Policy**

Creditors are normally paid within their terms – most of these are 30 days but the timber merchants do allow some flexibility, particularly on larger orders, where we can take advantage of early settlement discount if paid before the due date.

All Corporation Tax, VAT payments and National Insurance contributions are paid up-to-date.

Alison Hammond is also in charge of monitoring the Aged Creditors list.

### **5.3 Funding/Borrowing**

The company has a bank loan of £40,000, half of which has been repaid, and a bank overdraft facility of £10,000, though this has been rarely used in the last two years. The bank loan is secured against the company assets.

As previously mentioned, the company is looking for further funding to finance the move to new premises and invest in new equipment in order to streamline and expand the existing business as well as develop the new staircase range.

It is anticipated that the bank will wholly or part finance the required sum of £170,000. Alternatively, the company is also willing to consider funding from an investor in return for a minor shareholding.