

Invoicing with success



Before you invoice

✓ **Make sure the expectations of your work and pay are clear and agreed upon.**

It's really important to get written agreement from your customer on what you'll be providing them with (including whether expenses and any extras are part of the deal) and what the agreed payment and payment terms are. Get this clear from the start and it's less likely that your invoices will be disputed.

✓ **Check the identity of the person responsible for processing your invoice and clarify the payment process.**

✓ **Be clear about to whom you should address your invoices and whether they need to raise any kind of purchase order ahead of you starting work or being able to send invoices.**

✓ **Have your customer sign your terms and conditions.**

✓ **Keep track of what you provide.**

It's essential to maintain detailed, up-to-date records of what you provide - and any expenses that you incur, which you've agreed can be passed on to your customer. This not only makes invoicing a lot quicker, but you won't risk forgetting about any add-ons or ad-hoc work either. If you run a service-based business, check out time-tracking apps like TopTracker, which tracks the time you spend on individual projects and enable you to make your invoices accurate and auditable.

When you invoice

- ✓ **Send the invoice as promptly as you can once you've done what was agreed.**

Prompt invoices get paid fastest and with the least amount of fuss.

- ✓ **Address the invoice correctly.**

If you address the invoice incorrectly (for example, you invoice the company rather than the individual or vice versa), the customer could reject the invoice, which would cause delays in payment. Most often, it'll be the same name and address from the entity that signed your terms and conditions.

Remember also that the person who commissions the work from you may not be the person or entity responsible for processing your invoice.

- ✓ **Make your invoices detailed and easy to understand.**

Try not to use jargon or abbreviations when you describe the goods or the activities that you have provided. And if you've provided a number of things, present each item on a separate line where possible. This will prevent any confusion about what you've done and what you're entitled to invoice. Clear invoices are much more likely to get paid on time.

- ✓ **Send your terms and conditions to your customer along with your invoice.**

While your customer will have already signed the agreement, it's a good idea to keep the policies fresh in their mind to reduce the risk of any confusion around your expectations.

- ✓ **Don't forget to clearly show VAT (if applicable).**

If/when you have registered for VAT and have your VAT number, you'll need to show it on your invoice and also clearly show the VAT calculations too.

FORMAT YOUR INVOICE SMARTLY

PDFs are accepted by most people and cannot be edited. They are either accepted or not. Send a word or otherwise potentially editable document and you run a greater risk that your invoice might invite renegotiation of the agreed terms - and payment delay.

AND FINALLY...

To make invoicing administratively easier and a lot less stressful, look into automating the process by using cloud accounting software. You'll also benefit from having online access to your finances whenever and wherever you need them, and you could even add a payment link to your invoices for quick, fuss-free payment from

customers. Lots of small businesses and startups now use these solutions very successfully.

You could encourage early payment by offering incentives such as discounts and vouchers.

Don't want the hassle and risk of cheque payments? Simply state on your invoice that balances must be settled electronically (followed by your bank details).

For new customers, consider asking for a deposit or upfront payment so that you can be confident before doing what you've agreed to do and/or offering credit.

REMEMBER

On your invoice, you should state it's an invoice and include:

- 1 Full name, trading name and address if you're a sole trader; your company name, place of registration, registration number, and trading address if a limited company
- 2 VAT registration number (if VAT registered)
- 3 Customer's name/trading name and address
- 4 Invoice number
- 5 Date of invoice
- 6 Payment due date
- 7 Itemised descriptions of the products or services you've provided
- 8 Unit costs, VAT, and total amounts shown clearly
- 9 Bank details
- 10 Registered office address (if a limited company)

With all of this in mind, here's an example of how your invoice should look:

YOUR COMPANY NAME		INVOICE	
TO: Company/Trading Name Address Line 1 Address Line 2 Address Line 3 Postcode		Invoice No.: Invoice Date: Reference/PO No.: Payment Due Date:	
DESCRIPTION OF GOODS/SERVICES PROVIDED	QTY	TOTAL	
Fere, sit et qui volenimusam reptate mperess itatur Perempo reprem eos eaquam quodi utem noneceped earum quid quate seceputitam con	1	£100.00	
senis adiscis dolum endi ulla destotate reperep eritem volupid quiatus nis rerepudant volentis tionescit et quassi siltatas dem a de nos incto optatis Ad et optate nimperi beribusam quunt.	1	£45.00	
Ebis is experspides sae nullabo rroviduciet eium que num nonsequ odipsap isquatur, si ut ipiet valoris sinte rerum re volorro ma dolorror rem vende peribus ipsandi accessimet aditinia imus	1	£55.00	
		Sub Total	£200.00
		VAT at 20%	£40.00
		TOTAL:	£240.00
PAYMENT DETAILS Account No. 0123456789 Sort Code: 00-00-00 Account Name: Bank Name:		Company Name Registered Address: Address Line 1 Address Line 2 Address Line 3 Postcode Registered in (Country) No: XXXXXXXXXX VAT Registration No: XXXXXXXXXX	