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1. **Introduction**

1.1 **Purpose**

The ‘best practice’ procedures and guidelines set out in this chapter are intended to assist Departments in the management of ‘trading’ income and to reduce outstanding debtors by identifying the steps and considerations to be made before, during and after the sale of goods and services.

The purpose of this is to:

- Ensure that only appropriate trading activities are undertaken
- Help to manage any financial and reputational risks to the University and Departments
- Provide efficient procedures
- Reduce the time and effort required to chase overdue debts
- Prevent bad-debt provisions being lodged against Departmental accounts
- Prevent loss to the Department through minimising the writing off of bad debts.

1.2 **Scope**

This chapter concentrates on sales of goods and services to external customers (including students), what we commonly call trading activities. Guidance can be found in other chapters of the Financial Procedures Manual for the following other sources of income:

- Funding and income from research grants and contracts - see chapter 19
- Donations - see chapter 14
- Sales to other University Departments: ‘Internal Trading’ - see chapter 8b

1.3 **How to use this chapter**

Section 2: **Before a decision is made to commence any income generating activity.** The details that must be considered. All staff especially Heads of Institutions and Departmental Administrators should be aware of these issues.

Section 3: **Before an individual sale is made.** An outline of the procedures that must be adhered to - such as considering the customer-base, credit control checks, terms and conditions, the costs and VAT implications. This is essential reading for Departmental Administrators and heads of accounts sections.

Section 4: **Practical guidance notes on creating customer records and recording sales.** This includes raising sales transactions, dealing with refunds and creating receipts for payments from customers. This is essential information for all Accounts Receivable users within CUFS.

Section 5: **Post sale guidance on Debt management.** This covers the debt recovery process including details on how to log and monitor contact with customers and is of particular interest to any Credit Controllers or others with institutions that are responsible for recovering outstanding monies.
The rules and regulations for credit control and debt recovery have not been previously published and will provide Departments with practical steps to take when dealing with outstanding debts.

1.4 Overview of the stages involved with external sales

Before the sale is made

- Consider whether the University should be involved with this type of activity at all.
  - If so …
  - Follow Pre-sale procedures
  - Undertake credit checks

Sale is made

- Set up customers on CUFS
- Generate Sales Invoices and credit notes as required (‘Transactions’)
- Undertake Debt Recovery activities if required

On CUFS

After the sale is made

- Receive Cash and create a receipt

1.5 Departmental responsibilities and Financial Regulations

Heads of Departments are responsible for ensuring that all income-generating activity is carried out in accordance with the Financial Regulations and the procedures set out in this chapter.

Departmental procedures should be developed for internal use in respect of sales, banking and income collection. The documents should set out:
- those persons authorised to raise sales transactions
- the financial limits of their authority
- those persons authorised to handle cash and cheques
- the preferred terms and conditions on which the goods and/or services are to be provided (see para. 3.5)
- the practice on extending credit to external customers (debtors) (see paras. 3.2 and 3.3)
- any procedural requirements for making sales (see section 4)
- steps that will be taken to recover outstanding debts (see section 5)
- those persons authorised to approve the write-off of a debt (see para 5.11)

### 1.6 Key contacts

<table>
<thead>
<tr>
<th>Accounts Receivable Helpdesk</th>
<th>Credit Control – Research Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:UFS_AR@admin.cam.ac.uk">UFS_AR@admin.cam.ac.uk</a></td>
<td><a href="mailto:fin.credit.control@admin.cam.ac.uk">fin.credit.control@admin.cam.ac.uk</a></td>
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<tr>
<td>Extension 32215</td>
<td>Extension 32205</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Cash Management Helpdesk</th>
<th>Finance Division Cash Office</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:UFS_CM@admin.cam.ac.uk">UFS_CM@admin.cam.ac.uk</a></td>
<td><a href="mailto:Cashier.Old.Schools@admin.cam.ac.uk">Cashier.Old.Schools@admin.cam.ac.uk</a></td>
</tr>
<tr>
<td>Extension 64298</td>
<td>Extension 32223</td>
</tr>
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<table>
<thead>
<tr>
<th>Taxation Section</th>
<th>Accounts Payable Helpdesk</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:cjp41@admin.cam.ac.uk">cjp41@admin.cam.ac.uk</a></td>
<td><a href="mailto:UFS_AP@admin.cam.ac.uk">UFS_AP@admin.cam.ac.uk</a></td>
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<td>Extension 32230</td>
<td>Extension 66888</td>
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<tr>
<th>Legal Services Office</th>
<th></th>
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<tbody>
<tr>
<td><a href="mailto:headoflegal@admin.cam.ac.uk">headoflegal@admin.cam.ac.uk</a></td>
<td></td>
</tr>
<tr>
<td>Extension 64900</td>
<td></td>
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</table>
1.7 **Administrators Checklist**

<table>
<thead>
<tr>
<th>Before you enter into any income generating activities</th>
<th>See para</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departments should develop their own external trading procedures.</td>
<td>1.3</td>
</tr>
<tr>
<td>There are 8 aspects to consider before entering into new income generating activities and you may need to refer to the Credit Control and the Tax Teams.</td>
<td>1.5</td>
</tr>
<tr>
<td>Sales to employees at below cost (or free) need to be recorded and reported as a taxable benefit on the P11D.</td>
<td>2.4.2</td>
</tr>
<tr>
<td>Non-University commercial activity should not be carried out on University premises and facilities unless the Director of Finance has been consulted.</td>
<td>2.5.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Before individual sales are made</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Be aware of the credit risks of particular types of supplies:</td>
<td>3.2</td>
</tr>
<tr>
<td>- Course and conference fees</td>
<td>- Salary charges</td>
</tr>
<tr>
<td>- Facilities hire</td>
<td>- Sponsorship and student support overheads and administration charges</td>
</tr>
<tr>
<td>- Foreign trade</td>
<td></td>
</tr>
<tr>
<td>Formal written agreements should be in place before you recharge salaries to external and associated bodies.</td>
<td>3.2.4</td>
</tr>
<tr>
<td>Tax codes to use when dealing with Cambridge Society, CUP, UCLES and Cambridge Enterprise.</td>
<td>3.3.1</td>
</tr>
<tr>
<td>Credit checks must be obtained from the Credit Control (Research Accounting) Team for new customers and those with whom you anticipated that your annual trade will be &gt;£1000.</td>
<td>3.3</td>
</tr>
<tr>
<td>Five questions to ask to help determine correct VAT treatment.</td>
<td>3.4</td>
</tr>
<tr>
<td>University’s Standard Terms &amp; Conditions (STC) that need to be made available to customers in advance for sales &gt;£500</td>
<td>3.5 App B</td>
</tr>
<tr>
<td>The STC may not apply unless the customer accepts a valid quote from ourselves or we accept their order in writing.</td>
<td>3.5</td>
</tr>
<tr>
<td>Cannot receive cash in excess of £9,000 (15,000 Euros)</td>
<td>3.6</td>
</tr>
<tr>
<td>For sales over £10,000 consider requesting a bank guarantee</td>
<td>3.6</td>
</tr>
<tr>
<td>A new template is available for quotes.</td>
<td>3.7 App C</td>
</tr>
</tbody>
</table>

**Recording Sales**

| Invoices must be raised within a month of the sale on UFS. | 4.3 |
| Invoices should always be coded to GAAA source of funds and a K or L transaction code | 4.3.3 |
| Departments should develop an internal policy for refunds | 4.5 |

**Debt Management**

| Debt management is the responsibility of the Department | 5.1 |
| If a Department wishes to write off a debt then they must contact Credit Control | 5.11 |
| Details must be maintained of all debt recovery actions | 5.6 |
| It may be possible to charge interest on overdue accounts. | 5.7 |
2. Considerations before External Sales are Made

2.1 Overview of process

A number of considerations must be made before entering into a contract for the supply of goods or services to external customers. Consideration must be given to all the following related aspects.

- How does the activity relate to the University’s core business – the provision of education and the dissemination of research?
- Is the activity fundamentally necessary to the core business?
- Is it appropriate for the University to be involved in such activities?
- Does the activity conform to guidelines set in the Financial Regulations and to all relevant conditions already in existence within the University’s approval framework?
- Does the activity bring the University into disrepute or disgrace by association?
- Does the activity expose the University to unacceptable risks (e.g. financial, legal, health and safety) and is this covered by the University Insurance policy?
- Would the activity put at risk the University’s charitable status?
- Has it been subject to a realistic assessment of the likely levels of income to be produced by the activity and a proper assessment of costs?
- Have the University’s standard terms and conditions been successfully incorporated into the sale?
- Are the price, delivery requirements and any other conditions particular to this sale acceptable to both the customer and the University?

Further guidance about some of these aspects is provided in the following sections. In the case of new income generating activities you must forward details (inc. answers to the above questions where possible) to the Accounts Receivable Team prior to engaging in the new activity. If necessary they will refer to the Taxation Team for further clarification.

2.2 Should the University be making this sale?

A number of considerations must be made before entering into a contract for the supply of goods or services to external customers. Consideration must be given to all the following related aspects.

- How does the activity relate to the University’s core business – the provision of education and the dissemination of research?
- Is the activity fundamentally necessary to the core business?
- Is it appropriate for the University to be involved in such activities?
- Does the activity conform to guidelines set in the Financial Regulations and to all relevant conditions already in existence within the University’s approval framework?
- Does the activity bring the University into disrepute or disgrace by association?
- Does the activity expose the University to unacceptable risks (e.g. financial, legal, health and safety) and is this covered by the University Insurance policy?
- Would the activity put at risk the University’s charitable status?
- Has it been subject to a realistic assessment of the likely levels of income to be produced by the activity and a proper assessment of costs?
- Have the University’s standard terms and conditions been successfully incorporated into the sale?
- Are the price, delivery requirements and any other conditions particular to this sale acceptable to both the customer and the University?

Further guidance about some of these aspects is provided in the following sections. In the case of new income generating activities you must forward details (inc. answers to the above questions where possible) to the Accounts Receivable Team prior to engaging in the new activity. If necessary they will refer to the Taxation Team for further clarification.

2.3 Charitable status

Before embarking on any new income raising activity, Departments should consider whether the activity could be considered as falling within the University’s core charitable activity. In deciding whether this is the case, it is important to remember that the test is applied to the activity itself and not its intended result.
For example, a Department may decide to raise funds for its educational activity by selling t-shirts. Although the result of the activity is that education is improved by the profit made, the activity itself – selling t-shirts – is not itself a charitable activity.

Except to a limited degree, the University may only engage in charitable activity. Broadly speaking, charitable activity in the University context equates to the provision of education (and supporting services) and the pursuit of research where the results of that research will be fed into the public domain.

If the University engages in significant trading activity which is not charitable, that activity may be liable to tax (at 30% of profits) and ultimately extensive non-charitable activity may threaten the charitable status of the Institution. For this reason, as per the financial regulations, Departments must consult with the Taxation Section prior to commencement of new income-generating activity.

If a Department wishes to embark upon a trading activity which is not charitable, it is still possible to do this using one of the University’s subsidiary companies which are not subject to the same constraints as the University itself. The company used most frequently for this purpose is Cambridge Enterprise Limited.

Further guidance and advice is available from either the Finance Division http://www.admin.cam.ac.uk/offices/finance/or Cambridge Enterprise Limited at http://www.enterprise.cam.ac.uk

2.4 Establishing the right price to charge (Full Economic Costing)

The University is required by the Financial Memorandum between it and the Higher Education Funding Council for England (HEFCE) to assess the full cost to the University when determining the price to be charged for research contracts, residences, catering, conferences and services to external customers.

In addition to establishing the full economic cost of an activity, consideration should also be given to the price which can be charged.

It may be the case that it costs £100 to create an item for sale, but the highest price that anyone in the market will pay is £80. In such cases there is little reason to continue with the activity unless it is in furtherance of our charitable aims. Alternatively, an item may cost £100 to produce, but the market will bear a price of £500.

However, this does not mean that the highest price obtainable should always be the price charged.

For example, if the price to be charged is so high that the activity becomes inaccessible to all but the wealthiest, then the activity may not be regarded as charitable.

Heads of Departments are responsible for ensuring charges make due allowance for all relevant costs and that they are aware of the extent, if any, to which Departmental resources
have subsidised the sale. If applicable, justification of the subsidy may be required for audit purposes.

2.4.1 Costs to be considered

When costing an activity it is important to give consideration to all the costs associated with producing the final output. Some direct costs such as materials and staff employed specifically to work on the activity will be apparent and easy to calculate, however some direct costs may be hidden or incurred later. All of the costs incurred by the process need to be included, some examples are given below:

- Packing and shipping
- Related payment charges – ePDQ, PDQ, BACs, exchange gains/losses
- Advertising

As well as the direct costs most activities will use a proportion of additional resources that the department already pays for, these are indirect costs to the activity. To fully cost an activity it is necessary to calculate what percentage of these resources are used by the activity and include the relevant amount in the costing calculation. These costs are often considered incidental to the running of the department and include:

- Core Staff costs – time spent on administration and sale, raising of invoice and receipting payment
- Incidental use of other Departmental facilities and services
- Space costs – Lighting, heating etc.

Further guidance and advice is available from School Finance Managers and from Research Operations Office (ROO)

2.4.2 Sales to employees and members of the University

Sales to employees and members of the University must be at a rate that covers the full cost to the University. If exceptionally this is not the case, the Head of Department must approve the transaction in writing. Any sales made at undervalue (including where no charge is made) to employees or their families must be recorded and reported as a taxable benefit at the end of the tax year.¹

2.5 Non-University commercial activity

Staff must not represent themselves as an agent of the University when undertaking personal consultancy work. University-headed document templates, the logo and the University’s Financial system (UFS) must not be used for charging customers for non-University commercial activities. The University’s bank account must not be used to recover payments relating to such activities.

Non-University commercial activities should not be carried out on University premises and facilities.

¹ Financial Regulations 2012, section 12.1
2.5.1 Exceptions
a) When the activity is incidental in scale; or
b) Has been authorised by written permission of the Head of Department and a commercial agreement is put in place for the reimbursement of costs incurred.

In all cases The Director of Finance must be consulted (who will offer advice if appropriate). The Director of Estate Management & Building Service (EMBS) must be consulted in respect of granting leases or licences for the use of University facilities. Credit should not be given in these circumstances.

2.5.2 Cambridge University Technical Services Limited (CUTS)
CUTS is a subsidiary of Cambridge Enterprise Limited which can assist staff members who wish to undertake consultancy work. It provides a means of invoicing customers and determining correct VAT treatment, as well as bringing the consultancy work within the cover provided by the University’s insurance policies. An administration fee is charged for the service. Further information and contact details are available at http://www.enterprise.cam.ac.uk.

2.5.3 Cambridge Enterprise Limited
Cambridge Enterprise can assist staff members who carry out non-University commercial activity, in particular the exploitation of intellectual property through licensing agreements and the establishment of spin-out companies. It provides a means of patenting intellectual property, negotiating agreements, invoicing customers and determining correct VAT treatment. An administration fee is charged for the service, or revenue is shared in accordance with the Intellectual Property Ordinance where applicable. Further information and contact details are available at http://www.enterprise.cam.ac.uk.

2.6 Marketing and advertising

Chosen methods of marketing goods and services for sale must not result in negative attention for the University or affect its corporate branding and standing in the World market.

Departmental websites Should adhere to the University standards for headers and footers.

Advertising Inclusion of a customer’s company logo may constitute a supply of service which would need to be charged as a taxable supply
3. Pre-Sales Procedures

3.1 Introduction and overview

The Financial Regulations state “Heads of Departments that receive income from the sale of goods or services must establish procedures to ensure that all sales are authorised and are made only to acceptable credit risks.

The procedures and considerations detailed in this section are designed to ensure best practice in relation to:

- The terms and conditions applicable for the goods and/or services to be provided
- Extending credit to external customers (debtors)

The procedures followed at the pre-sales stage of the trading process are essential in managing the financial, legal and reputation risks associated with trading activities. This section explains the pre-sales procedures to be followed. This needs to be considered in the context of the size, nature and frequency of the transaction(s).

Pre-Sales Procedure

The following sets summarise the procedures departments must follow before the supply of goods and services is made.

1. Evaluate whether the proposed trading activity is appropriate for the University
   
   (Section 2 refers)
2. Consider the particular credit risks associated with this type of supply
   (Para. 3.2 refers)

3. Assess of the credit-worthiness of potential and existing customers
   (Para 3.3 refers)

4. Establish the correct VAT treatment
   (Para 3.4 refers)

5. Ensuring appropriate terms and conditions of sales are drafted (and if appropriate
   issued to customer)
   (Para 3.5 refers)

6. If appropriate provide quote for customer
   (Para. 3.7 refers)

7. Ensure appropriate documentation e.g. order, has been received from the prospective
   customer
   (Para. 3.8 refers)

8. Ensure customer accounts are entered correctly on UFS and contain sufficient
   information
   (Para 4.2 refers)

Credit control is an important process that establishes controls both pre- and post-sale to
ensure the timely recovery of income owed to the University and minimise the risks of non-
settlement.

### 3.2 Credit risks of particular activities

Departments must assess specific credit risks associated with any income-generating
activities that they engage in. Activities that may present prompt settlement risks and generate
customer disputes should be carefully considered. Some examples are:

#### 3.2.1 Course and conference fees

It is strongly recommended that course and conference fees should be collected in
advance of the course or event commencing to:

- minimise the potential financial loss to the Department of non-attendance
- insure against the impossibility of recovering intangible assets such as knowledge
  gained from an educational course.

Advance payment may be full or part payment at the time of booking and can be
received in a variety of ways, including via eSales on the University’s online store or by
credit card payments. Non-payment should result in non-attendance.²

It must be made explicitly clear to customers at the time of booking and reinforced
when invoicing, of the consequences of non-settlement before the event or course
commences.

² Clause 3.4, University Standard Terms & Conditions
3.2.2 Facilities hire
Fees relating to facilities hire can be of small value and become uneconomical to chase when they become overdue. When Departments allow external parties to hire University facilities, strong consideration should be given to collecting payment in advance of the event to ensure against non-payment.\(^3\)

The nature of the customer should be considered if you do agree to extend credit. In some cases customers will be informal, transient organisations (e.g. some sports clubs, music and drama groups) and may be difficult to locate for payment - for example, when membership of a club changes or an organisation is dissolved. Contact details must always be obtained to avoid this potential problem.

Where facilities are hired continuously over a period of months (e.g. bench fees) and departments cannot easily invoice in advance as full costs are not yet known then departments could bill in advance for known fixed costs for the entire period and retrospectively at specified intervals for any further costs and rates. It is good practice to ensure that some payment is received before access to the facilities is granted. Failure to settle as per the terms of the invoice should result in the customer’s access to the facilities being denied.

3.2.3 Foreign trade
It is strongly recommended for any sale outside of the UK that full payment is collected in advance of the supply of goods or services. The risk of not being able to obtain payment for non-UK overdue accounts is significantly higher than UK-based sales. Debt recovery outside the UK is a difficult and often expensive business.

3.2.4 Salary re-charges
Where Departments re-charge the salaries of staff to external or associated bodies, they must ensure that formal written agreements are in place in advance of providing the service and subsequent billing for the following:

- Salary re-charge plus any overhead, consumables and/or administrative rates and charges
- Sickness, holiday, pension, maternity and redundancy arrangements

Invoices based on estimated rates and costs may not speed up the process of payment as they can result in future disputes over settlement terms. If there are fixed costs which are known, it can be part of the agreement that these be invoiced in advance.

3.2.5 Sponsorship and student support
For the most part, this will be in the form of research grants or studentship agreements which are handled by Research Operations. Where, however the customer provides finance in return for some form of commercial benefit, Departments must be in receipt of a customer purchase order or an appropriate written agreement from the customer, in advance of raising an invoice. This can be referenced on the invoice to ensure that payment can be processed quickly. Where a customer order is received, care must be taken to ensure that the customer’s standard terms are not being accepted as a result (Para. 3.5.4 refers).

---

\(^3\) Clause 3.2, University Standard Terms & Conditions
3.2.6 Overheads and administration charges
Overhead or administration charges to be billed in addition to the charges for goods and service provided must be agreed in advance as part of a contract or written customer purchase order. Disputes are more likely and recovery of debts can prove difficult when an agreement has not been made in advance.

3.3 Credit worthiness of external customers
Before agreeing to supply goods and services on credit (i.e. without receiving payment in advance), Departments must assess the credit worthiness of a customer. Anticipated annual trading activity with a single customer to a value greater than £1,000 should not entered into without such investigation, particularly if the Department has:

- Never before supplied to the potential customer;
- Not supplied the potential customer within the past six months

3.3.1 ‘Internal’ or ‘External’?
Determining the correct status of a customer is imperative to the sale as it may have an effect on the costs of goods/services, tax treatment and the options available for debt recovery should action become necessary.

Internal customers are generally those that are part of the legal entity of the University e.g. the Schools, Faculties and Departments.

With effect from the 1st August 2006 HM Revenue & Customs have ruled that the University, Cambridge University Press (CUP), Cambridge Assessment (formerly UCLES) are a single entity and as such must also have the same VAT number. Prior to this HMRC have also included The Cambridge Society within the University’s VAT registration and Cambridge Enterprise is also included from the 1st December 2006.

Therefore, the tax code of ‘internal’ should be allocated for transactions with all these organisations. However, as only University departments are using UFS you must not use either internal trading or raise an internal invoice to any of the organisations listed in the paragraph above, as internal trading invoices are only used for trading between University departments using the entity code ‘U’ in UFS.
### 3.3.2 Credit risks

External affiliated organisations (e.g. Colleges, CMIT, CUP, and Cambridge Assessment) should not present a credit risk to the University.

However, other external customers present a number of varying credit risks to Departments. It is important that Departments consider the credit risks associated with the type of customer they are intending to trade with when agreeing to extend credit, in order to minimise the associated risks of late or non-recovery. See Appendix A for further details.

### 3.3.3 Credit checks

Assessment of the credit-worthiness of a customer may involve obtaining trading references or having a credit check performed. The Credit Control Team should be asked to perform a basic credit check using an external credit reference agency, covering limited companies and non-limited organisations, simply email Credit Control. This is a free service to Departments. Credit reference reports will be e-mailed back to Departments for assessment. Typical information provided by credit checks include:

<table>
<thead>
<tr>
<th>Limited companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Information - registered and trading addresses, industry, shareholders</td>
</tr>
<tr>
<td>Accounts - profit and loss, balance sheet, capital and reserves, ratios</td>
</tr>
<tr>
<td>Rating and limit - credit rating and recommended limit</td>
</tr>
<tr>
<td>County Court Judgement (CCJ) Information</td>
</tr>
<tr>
<td>Group structure - parent and subsidiary companies</td>
</tr>
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<td>Event history</td>
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<td>Directors – names and addresses</td>
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<th>Internal Customers</th>
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<tr>
<td>University Faculties</td>
<td>Internal</td>
<td>Internal Trading</td>
</tr>
<tr>
<td>University Departments</td>
<td>Internal</td>
<td>Internal Trading</td>
</tr>
<tr>
<td>UAS Divisions</td>
<td>Internal</td>
<td>Internal Trading</td>
</tr>
<tr>
<td>Council Institutions</td>
<td>Internal</td>
<td>Internal Trading</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Customers</th>
<th>Tax Code</th>
<th>Invoice type</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Cambridge Society</td>
<td>Internal</td>
<td>External Trading</td>
</tr>
<tr>
<td>With effect from the 01/08/06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambridge University Press (CUP)</td>
<td>Internal</td>
<td>External Trading</td>
</tr>
<tr>
<td>Cambridge Assessment (formally UCLES)</td>
<td>Internal</td>
<td>External Trading</td>
</tr>
<tr>
<td>With effect from 01/12/06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambridge Enterprise Ltd</td>
<td>Internal</td>
<td>External Trading</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Customers</th>
<th>Tax Code</th>
<th>Invoice type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>Appropriate tax code of item purchased / sold e.g. standard or zero rated</td>
<td>External Trading</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colleges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most associated bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any other organisation or individual</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Internal Trading | | |
Non-limited businesses
- Business Information
- CCJ Information
- Rating & limit - credit rating and recommended limit
- General Information - contact details & event history

Individuals
Please note that we do not currently have the facilities to conduct credit checks on individuals and could not do so legally without their express consent.

Existing customers
For customers already trading with the University (e.g. have an existing customer number on UFS) the Credit Control Team will check the settlement history and the current total balance due, to establish if there is a potential credit risk.

See Appendix A for a more details of the risks and correct treatment in UFS.

3.4 Determining the correct VAT treatment

Prior to any sale being made Departments must establish whether VAT needs to be charged for the particular supply of good or service, to this particular customer.

In order to ensure the correct tax treatment is used for a sale the following information must be ascertained

- What is the item being sold?
- What is the association to the University’s core business? *(Section 2 refers)*?
- Status of external customer:
  - Is the customer located outside the UK?
  - Are they a registered charity?
  - Is the customer VAT registered and if so what is their VAT number?
  - Has the customer provided a VAT exemption/relief form for this sale?
- Delivery address for goods/services?

Detailed guidance is available in Chapter 9: VAT & Other Taxes of the Financial Procedures Manual. [http://www.admin.cam.ac.uk/cam-only/offices/finance/procedures/vat/](http://www.admin.cam.ac.uk/cam-only/offices/finance/procedures/vat/)

If in doubt of the correct VAT treatment, the Taxation Section will be able to assist with specific queries.

3.5 Terms and conditions

Prior to any new type of sale departments must consider what specific arrangements need to be agreed with the customer in relation to that activity which are not likely to be covered in the University’s Standard Terms and Conditions of Sale (STC).
The University’s STC are available at Appendix B or from the Finance Division web site.

For sales of more than £500 either in a single transaction or over the course of a period of dealing, a copy of the STC should be made available to the external customer before the commencement of trading either in hard copy, by email or by means of a link to the conditions on the website, with a clear statement that these are the terms which will apply to the sale.

These conditions are only applicable if a contract is in place. A contract is generally created where:

- The buyer accepts without amendment a valid quotation that we have issued; and/or
- An order from the buyer is accepted in writing (inc. emails); or
- A formal contract is agreed and signed between the parties.

If the customer proceeds with the sale on this basis, the customer has agreed to accept our terms and conditions (but see 3.5.4).

Amendments to the STC are only possible with prior consultation and agreement by the Finance Division. It is important to understand what obligations are included in the STC.

3.5.1 Liability
The STCs are used in circumstances where the University is providing goods or services in return for payment. As such the University must take some responsibility for the quality of what it provides, although we seek to limit the University’s liability in so far as it is reasonable to do so.

3.5.2 Warranties
Goods other than capital equipment
Clause 10 of the STC details how the University warrants that any goods supplied other than capital equipment will comply with the specification when supplied. All claims under this warranty must be made within 30 days of receipt. If goods are defective, the University must replace them or provide a refund.

Capital equipment
Where capital equipment is provided the University warrants that this is free from defects in workmanship or materials under the normal usage period of one year. The University can repair, replace or provide a refund in the event of any claim.

Equipment from third parties
Where equipment is brought from a third party and sold on, you need to make sure by checking the contract with the supplier that any warranty from the supplier can be passed on to the University’s customer.

For example,

- If specific materials need to be obtained from the customer in advance, the Department would need to agree in writing with the customer what needed to be provided by what date if the University is to be able to fulfil its obligations to the customer.
- Or if a prototype is to be supplied, it must be made clear that there is no warranty that it will work.

4 Clauses 1.4 and 1.2 of the University’s Standard Terms & Conditions
Services
Where the University is providing services, there is a warranty in the STC that they will be carried out with reasonable care and skill. Claims can be made within 60 days of completion of the services and our obligation is to provide a refund or perform the services again.

General
Although we claim to exclude all other warranties, e.g. that goods are fit for their purpose or of saleable quality, this is not foolproof. You should not knowingly provide goods or services of poor quality.

If your customer has specified that they have particular requirements and you have accepted these, it is important to conform to those requirements. Conversely, if you are supplying something which both parties recognise may or may not work, you need to make this clear to the purchaser and exclude the warranty, if to do so would be reasonable in the circumstances (see also Insurance below).

3.5.3 Deliveries and delay
Under our STC any goods you are supplying will be taken to have been delivered once they leave the University. You must try to meet any delivery date (or the date for the provision of services) which you have agreed but failure to do so does not entitle the purchaser to cancel the agreement or claim damages, unless you agreed that the time is to be of the essence of the agreement.

3.5.4 Ensuring that the University’s STC apply
Often there is an exchange between sellers and buyers whereby one party state that their standard terms and conditions are to apply and the other counters by sending their standard terms and stating that these are the terms which are to govern the contract. Quite simply, the terms which apply will be those whose conditions are sent last. The process can take place by e-mail.

E.g. the University sends a quotation with a statement that the University’s STC apply, with a copy of/link to the STCs. The Purchaser then sends a purchase order (this will generally always include a printed statement that the Purchaser’s STC apply).

Possible outcomes:
(a) University does nothing more, and the Purchaser’s STC (which will undoubtedly be onerous on the University) will apply.
(b) The University sends an acknowledgement of the order, stating that the order is accepted on the basis that the University’s STCs will apply.
(c) Option (b) is followed, but the Purchaser persists in requiring that their STCs apply. At this point you may need to take further advice from Accounts Receivable Team. Much will depend on how onerous the other terms are; whether the University is in a position to fulfil them; whether the price would need to be increased; whether they could be amended to be more acceptable or whether we need to insist that our STCs apply.

The most cost effective route is to insist that the University’s STCs apply and that those are the only terms on which you are prepared to sell.

3.5.5 Payment terms and credit control
If you are dealing with a new customer (or where anticipated sales are in excess of £1000) you must ask Accounts Receivable Team to undertake a credit check for you. If no special terms are agreed as a consequence the normal practice is that:

- The University invoices in full for goods on delivery
- The University invoices for services monthly in advance, the first two months being payable on commencement of the contract.

See 3.2 for specific arrangements for conferences, courses and hire of facilities.

In general the University’s standard payment terms are 30 days from the date of the invoice. However, if there is any concern over payment you should require payment in advance (full or in part), or in the case of goods, payment on delivery. Payment in cash is discouraged.

**Payment in advance** is also appropriate

- If and to the extent that fulfilment of the supply requires the incurring by the University of external costs or the purchase of substantial amount of materials or components.

- If the supply requires a substantial commitment of time and resources within the University prior to delivery which cannot be recovered if the customer subsequently defaults.

- If there is no satisfactory past trading with the customer or if the customer does not have a positive credit rating.

- If the goods in question cannot readily be recovered and resold e.g. events such as conferences, seminars, courses and room hire. Non-payment should result in non-attendance/access.

- Overseas customers where it is difficult to sue for payment.

**Staged payments:** monthly or quarterly direct debit/ standing order mandates can be used to make the payment process more manageable for the customer and to ensure payment is received when immediate full settlement of a debt may be appropriate (i.e. long-term courses of high value; production of a specific piece of equipment over a length of time).

Charging a deposit before completion of delivery is an effective way to limit future debt and may be combined with further stage payments.

### 3.5.6 Refund policy
This must be made available to the customer if there are any specific stipulations to be noted including

- Terms stating when a refund will be authorised

- If applicable administration fee to be deducted

- Method of refund - same as method of original payment normally

The STC allow for the University to replace or refund if the buyer notifies us within 5 working days of delivery of any short deliveries or defects in the goods.

### 3.5.7 Interest charges for late payments
The University’s STC confirm that interest may be charged on late payments. See Section 5.7 for more details.

### 3.5.8 Price
Currency should be in GBP. Payment in other currencies may result in exchange gains or losses and additional bank charges We should only be issuing invoices in foreign
currencies under exceptional circumstances in these cases please refer to AR Helpdesk in the first instance so that the currency risk can be assessed. See Section 3.6 for further information on payment methods.

3.5.9 Insurance
Insurance is not available for normal breach of contract e.g. warranties, poor service etc, nor is the sale of manufactured goods (other than prototypes or software) covered. However, accidental acts or omissions e.g. negligent advice, hidden defects are covered by the University’s insurance. However, the excess to be paid by the University before any payment is made is substantial. See http://www.admin.cam.ac.uk/offices/insurance/ for details of the University’s insurance coverage.

3.6 Appropriate payment methods

It is important for Departments to establish in advance of billing

a) When payments are to be made;
b) Whether to issue an invoice or to include the item on the University’s online store; and
c) If an invoice is to be issued, by which method customers wish to settle the invoices.

Certain methods of payment incur charges which will need to be accounted for in the price. In some cases the customer may require additional information to be included on the invoice in order to settle promptly (e.g. University’s bank account details).

<table>
<thead>
<tr>
<th>Method</th>
<th>Comments</th>
</tr>
</thead>
</table>
| eSales (The University’s online store) | The Finance Division run an online system to assist with the collection of payments from customers for goods and services that required payment at the point of sale. This is an efficient automated manner for both customers and the University.  
  • Direct payment generates an immediate customer receipt and monies are transferred directly into the University’s bank account. A customised interface allocates income directly into CUFS, no manual receipting is required.  
  • Departmental websites provide information on events or products and the application operates by URL link from these websites. Customer data and requirements are stored in the online sales application but monies received against associated orders are transferred directly into CUFS via a customised interface to pre-defined departmental budgets.  
  • Customers receive email notification from the system confirming receipt of payment and the departmental contact is notified of product sale or event booking. |
<table>
<thead>
<tr>
<th>The system providers are responsible for the associated Payment Card Industry (PCI) Compliance requirements (further details available in Chapter 7: Cash &amp; Banking procedures)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For further details and an application form please refer to the Finance Division webpage at <a href="http://www.admin.cam.ac.uk/offices/finance/forms/esales/index.html">http://www.admin.cam.ac.uk/offices/finance/forms/esales/index.html</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cash payments should be discouraged to reduce potential security risks to Departmental staff.</td>
</tr>
<tr>
<td>• Payment for a single transaction concerning the sale of goods cannot be received in cash, if the value exceeds £9,000 (15,000 Euros).</td>
</tr>
<tr>
<td>• Foreign currency cash should also be discouraged as a payment method as any exchange rate gain or loss, as well as bank charges will be forwarded to the Department.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GBP Sterling cheques drawn on a foreign bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Should be discouraged as a method of payment.</td>
</tr>
<tr>
<td>• Must be receipted and banked separately from standard GBP cheques as they require return to the foreign bank for negotiation of funds.</td>
</tr>
<tr>
<td>• Bank charges incurred during this process will be charged to the Department.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bank transfers E.g. BACs, Standing orders and Direct Debits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Request that customer remittance advice slips be sent directly to the Department.</td>
</tr>
<tr>
<td>• Possible short payment of our bank charges, if the customer does not cover all bank costs (theirs and ours) when arranging a bank transfer.</td>
</tr>
<tr>
<td>• These charges should still be regarded as an outstanding debt and should not be routinely written off.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credit Cards</th>
</tr>
</thead>
<tbody>
<tr>
<td>• PDQ (Process Data Quickly) terminals enable Departments to collect customer payments quickly with less risk of non-settlement.</td>
</tr>
<tr>
<td>• However, consideration must be given to the extra costs the Department would incur (see Appendix D).</td>
</tr>
<tr>
<td>• Customers should be told not to send their card details by e-mail- give information over the phone, by fax or by post.</td>
</tr>
<tr>
<td>• Departments are responsible for ensuring that they meet all the associated PCI Compliance requirements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bank Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Normally used for the sale of goods</td>
</tr>
<tr>
<td>• Consider for UK sales over £10,000 and for non UK sales over £5,000</td>
</tr>
<tr>
<td>• May be requested by a department of their customer if there is a risk of non-settlement, or if it involves the shipment of goods that require customer checks and approval before payment.</td>
</tr>
<tr>
<td>• The guarantee can stipulate specific terms and conditions</td>
</tr>
<tr>
<td>• The customer will arrange with their bank to guarantee payment in the event of non-settlement by the customer</td>
</tr>
</tbody>
</table>

5 Financial Regulations 2012, 12.1
3.7 Quotations

Where a prospective customer has requested a quotation (or it is considered appropriate to issue one) then this can be done so using the suggested format that is shown in Appendix C and which can be downloaded from the Finance Division web page. Note the issue of a quote and its subsequent acceptance by the customer ensures the application of the University’s STC.

Departments should ensure that they allocate each quotation with a sequential reference number pre-fixed with their department code, and the quotations should be retained for 3 years as they form part of the University’s business records. The University Standard Terms & Conditions should either, be attached to the quotation and forwarded to the prospective customer, or the customer provided with a web link to the STCs on the Finance Division page.

The quoted prices should be inclusive of any duties but exclusive of VAT or any other taxes unless stated otherwise. It should be made clear that the price quoted excludes handling, freight, packaging, insurance and any other similar costs which might be applicable.

Quotations are valid for 90 days unless a different period is specified on the quote itself.6

3.8 Customer purchase orders

Goods and/or services must not be provided on credit without a customer purchase order (or the appropriate written equivalent contract). Many organisations will not process payments without such documentation and may cause settlement to be unnecessarily delayed.

A customer purchase order provides written confirmation of the customer’s details (e.g. current address, contact details) and can be referenced on the invoice raised.

This is particularly important when arrangements may be informal, such as sponsorship. Formal written orders avoid problems at a later stage. Note however, that a purchase order will often include reference to the purchaser’s standard terms and conditions, so that before matters are concluded an acknowledgement should be sent which makes it clear that the University’s STCs will apply (see 3.5.4 ‘Ensuring that University STCs apply’).

For sales where the University’s Standard Terms & Conditions are to be applied the customer’s purchase order must be accepted in writing (inc. email).

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6 Clause 2.1 & 2.2 of the University’s Standard Terms & Conditions
4. Making Sales

4.1 Departmental responsibilities and Financial Regulations

The Financial Regulations state “Invoices must be raised in the name of the University of Cambridge showing the University’s VAT number. Invoices must be raised through UFS unless prior written consent is given by the Director of Finance. Invoices must be raised promptly (not more than one month subsequent to the transaction to which it relates), are properly recorded and processed and must comply with the VAT Regulations. Wherever possible, invoices must be raised in Sterling for settlement in Sterling. Where invoices are raised in a currency other than Sterling, any foreign exchange risk lies with the Department.”

The Accounts Receivable (AR) module of UFS is used for customer record creation and maintenance, raising sales invoices, credit memos and debit memos to external and internal customers.

- Invoice: new charge for sale of goods and services
- Debit Memo: charges relating to a prior invoice (only to be used for external trading)
- Credit Memo: amendments relating to a prior invoice or debit memo

4.2 Setting up customer accounts on UFS

4.2.1 Background

The University has a large and diverse customer base. The customer database is shared by the Accounts Receivable and Projects/Grants modules.

It is essential that each customer exists only once on the database even if it is invoiced by a number of different departments. It is the responsibility of each AR Department user to ensure that before a new customer is added to the system:

a) Appropriate credit worthiness checks have been carried out (see section 3.3).
b) The database is checked to ensure that an appropriate existing customer record is not already present

Within UFS every AR user will be able to view the names of all the University’s customers. However, they will only be able to access items such as address, contact details and customer profile classifications if it is a customer that their department has either added or allocated to themselves by adding an address line.

4.2.2 New UFS customers

When creating new customer records departments should follow the naming convention set by the University. This will help to ensure searches in the customer database are accurate and will highlight if the customer record already exists or has been created more than once. See Appendix E for details.

Additionally departments should ensure that they obtain the following information which can be added to the customer’s account address line on UFS:

- Contact names
- Contact fax and phone numbers
- Contact e-mail addresses and post codes
4.2.3. Existing UFS customers
Departments billing an existing UFS customer for the first time must add for their department a new address line to the existing customer record. Do not create further customer numbers for these customers as it would make it more difficult to track a customer’s payment history.

If you are unsure as to whether a customer already exists on the system, please contact the AR Team to check the system on your behalf.

4.3 Raising sales invoices
All invoices for sales must be raised on UFS, unless prior written consent is given by the director of Finance, and be in the name of the University of Cambridge showing the University’s VAT number.

4.3.1 Determining the correct currency to use
Transactions should be raised in the currency of GBP whenever possible. Sales made to customers in foreign currencies may result in a loss in value in the GBP equivalent due to market exchange rate fluctuations. Banking of foreign currency will result in the Department incurring related bank charges.

Exchange rates for a number of foreign currencies are pre-loaded into UFS each month. This action is to facilitate payments made to foreign Accounts Payable Suppliers and should not be seen as authorisation to raise Accounts Receivable transactions in foreign currencies.

The exceptions to the above guidelines are:

- US Dollar (USD)
- Euro

The University holds bank accounts for both of these currencies and therefore cheques received will be banked directly into the relevant accounts. Transactions may be raised in these currencies without further charges to the Department. If you know that the customer will be settling in either USD or Euros then raise the invoice in the corresponding currency using the corporate rate as identified on UFS.

4.3.2 Timescales
It is the department’s responsibility to ensure that all invoices comply with VAT regulations and are raised promptly - certainly not more than one month subsequent to the transaction to which it relates. For example
The University’s policy is
- For supplies of goods, invoices are raised as soon as the goods are delivered with payment terms of 30 days from the invoice date.
- For supplies of services, invoices should be raised monthly in advance, the first two months being payable on commencement of the contract. Again 30 days payment terms are then applied from the date of the invoice.

Payments in advance
These are the exception to the rule. If payment is received before the goods are delivered or the services are performed and an invoice hasn’t already be raised then you must raise the invoice when you receive the payment.

Deposits and stage payments
If you decide to ask for stage payments or a deposit, then an invoice should be raised for each instalment and the narrative on each invoice should clearly state this e.g. ‘25% deposit’, ‘instalment 2 of 3’, ‘final balance’

Posting to the correct accounting period
Additionally, departments should endeavour to post invoices to the General ledger accounting period that reflects when the actual goods were delivered or service performed. So for example

We provide some work to a customer on the 23rd May
The invoice is raised and dated on the 3rd June
But on UFS it is posted back to the May GL accounting period

You are able to back post for as long as the AR module is open for the previous month (currently open for 3 working days after the month end). Simply change the ‘GL date’ on the invoice header screen within UFS but ensure that you leave the invoice date as the current date.

4.3.3 Account codes
Within UFS each invoice line has three account codes allocated to it:

- Receivables account The University’s debtor control account (do not change)
- Tax account The University’s VAT account (do not change)
- Revenue account The departmental account that must be specified

Departmental AR users will need to specify for each invoice line the appropriate revenue account that the sale will be attributed to in their accounts. They can select the cost centre of their choice but

Source of funds = GAAA (External Trading)
Transaction code = must be selected from the K or L range

4.3.4 Recharges
The terms ‘recharges’ and ‘reimbursements’ are commonly used interchangeably however, for taxation purposes they are treated slightly differently. Please see Chapter 9 of the Financial Procedures Manual: VAT & Other Taxes.

If you are recharging an external customer for goods or services that your department has previously received from a supplier then there are two separate transactions.
Between the original supplier and your University department.  
Between your department and your customer

Original Purchase
There are three options

a) If at the time of acquisition the department knows that the goods/services are to be passed on and recharged to an external customer then they should ensure that their Accounts Payable invoice from the supplier is coded to source of funds GAAA and the appropriate E transaction code.

   or

b) Post purchase, create a GL journal to transfer the cost to the correct source of funds code
   • Credit: the original source of funds and transaction code
   • Debit: source of funds GAAA with the original transaction code
   • Save and post the journal

   or

c) Adjust the original AP invoice if it was originally paid for out of a research grant
   • Remove: the existing distribution line for the item in question on the original accounts payable invoice by entering a corresponding negative line (including the project coding fields).
   • Enter: a new line in the AP invoice distributions, coded to source of funds GAAA with an appropriate E or F transaction code.
   • Validate and secondary approve the invoice again.

Subsequent resale
A sales invoice should then be raised in the normal way using an appropriate L transaction code to describe the supply and the source of funds code GAAA.

Donations
Occasionally, you may be asked to provide an invoice to a benefactor to document for both parties, the monies pledged. Although, donations are not technically a ‘sale’, this practice is accepted within the University. In these instances:

• Ensure that it is clear on the invoice that it relates to the receipt of a donation
• The tax rate is ‘outside the scope’
• An appropriate source of funds code in the E or H range is selected
• A transaction code beginning with LF?? is used

4.4 Receipt of a self-billed invoice

Occasionally a department may make a sale to a customer who operates ‘self-billing’. This is a restricted scheme where HM Revenue & Customs have given written permission for the customer to tell their supplier how much they are due to pay and to raise the corresponding sales invoice to themselves on the supplier’s behalf. It is prevalent in the agricultural and publishing sectors. For example, it is not until the customer weighs a delivery of grain that either them or the farmer knows exactly how much has been delivered and hence needs to be invoiced for.

If you are dealing with a customer who self bills then you must not issue another sales invoice on UFS. Instead please contact the AR helpdesk for further guidance.
4.5  Customer refunds

Customers may request a credit against an outstanding invoice or a refund of monies already paid. It is the responsibility of the Department to ensure checks have been made to substantiate customer claims before refunding or issuing a credit memo. Written confirmation should be received and retained for audit purposes.

For details on how to raise credit and debit memos on UFS see http://ufs.admin.cam.ac.uk/reference/ar.html

Departments should develop an internal policy for refunds, which may include charging an administration fee to the customer if the University is not at fault. The fee may be deducted from the refunded value if the customer was made aware of the possibility of the fee prior to the initial payment.

The University’s Standard Terms & Conditions separately outline the charges that the buyer is liable to if they cancel the order for the goods and services before the goods are delivered or the services performed.  

4.5.1 Customer invoice still outstanding

An outstanding invoice to an external customer requires a credit memo

- Create credit memo against the full or partial value of the original invoice value – use the same GL code as the original invoice
- Apply the credit memo against the original invoice within the Transaction Summary screen
- Complete, print and send credit memo to customer

4.5.2 Customer invoice already paid

If the invoice that requires a refund has already been paid

- Create a credit memo to the full or partial value of the original invoice value – use the same General Ledger (GL) code as the original invoice (referencing the original invoice number and details).
- Create a debit memo to the same value as the credit memo – use the same cost centre and source of funds code as the original invoice but a transaction code of LKMD.
- Complete, print and send the credit memo only to the customer (a requirement of HM Revenue Customs).
- Apply the credit memo to the debit memo via the ‘transaction summary’ screen
- Use the debit memo as the source document for inputting into AP in order to request a cheque.

4.5.3 Payment has been received by credit card

Payments received by credit card must be refunded to the customer on their credit card in much the same way as detailed in the paragraph above. The only difference is that the debit memo is not input into AP, instead create a negative miscellaneous receipt without a credit card receipt batch for the required refund value and code it as per the debit memo.

7 STC, Clause 7.1
4.5.4 **Payment has been received by BACs**
Payments received by BACs are currently being refunded by cheque. Therefore, follow the procedures outlined in paragraphs 4.5.1 and 4.5.2 above.

4.6 **Month-end procedures**
Departments are required to carry out specific procedures during the calendar month. It is recommended the procedures are carried out during the month with particular emphasis at month-end.

- Run ‘Incomplete Invoices Report’ - lists all transactions that have not been completed and requires further action (i.e. complete, print and send to customer; needs to be voided).

  For further information on Month-end procedures see Chapter 10 of the Financial Procedures Manual

- Ensure all sales transactions are printed and sent to customers.
- Ensure that all monies are receipted and banked.

4.7 **Other sales related documentation**

4.7.1 **Customer receipts**
The UFS system is not capable of producing receipts for customers. Therefore, if a customer requests a receipt departments have three choices either

a) hand write a receipt on official departmental headed paper; or
b) Once the payment has been receipted and applied to the invoice on UFS to reprint the invoice. The invoice will now display a watermark entitled ‘PAID’; or

  c) Buy a pre-printed duplicate receipt pad if this is a recurring requirement.

4.7.2 **Delivery/packing notes**
These can not be produced within UFS.

4.7.3 **Pro-forma invoices**
Pro-forma invoices should not be issued by the University.

4.8 **Receiving payment**
Payment by customers may arrive in the Department in many ways and must be receipted and banked at the first opportunity (see 3.6 - Appropriate Payment Methods, particularly if a cash payment is received). Application against outstanding invoices in a timely manner will ensure the accurate reporting of departmental and University-wide debt position. All payments should be receipted on UFS, kept secure and banked promptly.
5. **Debt Management**

5.1 **Departmental responsibilities and Financial Regulations**

The collection of income (and any subsequent debts) is the responsibility of the Department raising the sales invoice. The Financial Regulations state

"With the exception of research grant claims, departments are responsible for debt collection in respect of invoices issued to third parties. Advice must be sought from the Director of Finance where legal action to recover monies is considered."  

The procedures detailed in this section outline best practice in relation to the collection of overdue debts from external customers (debtors). The risk of late or non-settlement can never be entirely eradicated and Departments should take a structured, recorded and pro-active approach to recovery as soon as an invoice is raised.

Tools exist within the Accounts Receivable module of UFS to assist with the management and monitoring of debts by enabling departments to track and record any contact with debtors. Departments are encouraged to contact the AR and CM Team for detailed advice and assistance on specific debts.

5.2 **Debt monitoring**

Credit control is a very important process that establishes controls both pre and post sale to ensure the timely recovery of income owed to the University and minimise the risks of non-settlement. As debts become overdue, the risk of non-settlement becomes significantly greater.

In order to ensure best practise once credit has been extended for goods and services provided and the customer has been billed, the following tasks need to be performed on a regular basis.

- Maintain regular, scheduled and appropriate (both in tone and content) contact with customers to build relationships and chase payment effectively.

See the UFS reference pages for details of how to run the report.  
http://ufs.admin.cam.ac.uk/reference/upgrade/dm/aging_buckets.pdf

5.2.1 **If you think payment has been received**

If an invoice appears on the Aging report but the Department is aware a payment has been received and processed on UFS, the following checks should be made whether:

- The receipt has been applied to the customer but not to the invoice, leaving the value unapplied

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8 Financial Regulations 2012, 12.2
5.2.2 Unaware of payment being received

If you are unaware of either cash or a cheque being received, review the weekly ‘Sterling, Dollar and Euro BACS’ lists distributed by the CM Team. These lists direct payments made into the University’s bank accounts which have yet to be reconciled with invoices. Claim any relevant receipts on UFS by completing a ‘cash receipt’ and inform the CM Team of the Receipt Batch/Receipt reference. When reviewing the list, consideration must be given to:

- Bank charges may have been deducted (typically £6) from the total value sent by customer
- Customers may have settled several cross-departmental invoices in one larger payment
- Departments may not receive notification from the customer prior to the payment appearing in the bank account

To receive weekly emails of the BACS lists please contact the CM Team at UFS_CM@admin.cam.ac.uk.

5.3 Recovery approaches for particular types of debtors

It is important to establish what type of debtor a customer is in regards to their status and relationship to the University. Their attitude to repayment must be considered in order to tailor recovery methods.

5.3.1 Affiliated organisations (e.g. Colleges, CMIT, CUP, Cambridge Assessment)

Invoices raised to this customer-type should not normally become overdue or require a bad-debt provision posted against them. When an invoice becomes overdue, Departments must promptly call the customer to establish whether there is a dispute about or errors on the invoice and seek to actively resolve the issue in good time.

5.3.2 Students

Payment should be collected before the student leaves the University, particularly when they are based outside of the UK. Awareness of the duration of the academic year when billing and chasing debts relating to students is advised. Departments may consider excluding students from their programmes or seeking their exclusion from graduation if their course fees are not settled in full.

5.3.3 Employees

Invoices raised to this customer-type should not be allowed to become overdue for payment or require a bad-debt provision against them. Prompt collection is required if the employee is about to leave the employment of the University. Departments should aim to achieve appropriate resolution without resorting to legal action.

5.3.4 Sponsors and donors

There is often a fine line between what ‘sponsorship’ is and what is a ‘donation’: see Chapter 9: VAT and Other Taxes for further guidance.
Departments must ensure that pre-sales procedures have been followed for invoices raised in relation to sponsorship as they are essentially ‘intangibles’ which can be difficult, if not impossible, to recover. If a Customer Purchase Order or written agreement has not been received from the sponsor or donor as recommended, the Department will need to speak directly to the individual who promised the funds.

Such commitments are often made at one level of an organisation and processed for payment at another. It is feasible that funds are withheld due to little more than a lack of communication on the customer’s side. The Department must establish the reason for non-payment and be persistent with the debt's recovery.

Chasing for payment of overdue invoices relating to these types of monies can be sensitive as relationships have often been carefully built with the sponsor/donor to obtain such commitments and the Department may hope for future commitments. In the case of sponsorship it should be remembered, when chasing payment that the customer will often have derived some commercial benefit from their involvement. Imaginative and subtle reminders regarding recovery could be considered in the initial stages of recovery. For example, letters thanking the sponsor/donor for their commitment and outlining what their donation/sponsorship is funding may pre-empt a need for further recovery efforts.

5.4 Recovery timetable

Successful debt recovery is pro-active, polite and persistent. Recovery attempts should be completed in sequence as set out in the following chart but Departments may wish to extend or reduce the time frame suggested.

At all times ensure that you keep a full record of all debt recovery actions e.g.

- The date and time of calls/letters sent
- Who was spoken to and their role
- A summary of what was said and any agreed/promised actions

In addition to producing statements and standard chasing letters (known as ‘dunning letters’) UFS also has facility to store details of phone calls and maintain a schedule of actions required.

Collection actions for invoice in debt stages from ‘Current’ to ‘60 days past due’
5.5 Recovery methods

5.5.1 Customer account statements
Customer statements can be produced on UFS for all unpaid invoices raised to the individual customers, even if they are not overdue. An example is given in Appendix G. Sending a statement alone is not considered an adequate form of debt recovery. Statements should be scheduled and sent out monthly to customers, in addition to any other written and verbal contact made.

- Departments should select ‘Print a Draft Statement for a Customer’ in order to generate statements on UFS.

5.5.2 Dunning letters
These are payment reminder letters. UFS has been set-up with two types of reminder letters, the first letter generated is a basic reminder, and the second is more formally worded. Examples are given in Appendices H and I. Once you request the system to print one of these dunning letters it will produce a record in the Correspondence screen of Customer Accounts in the Accounts Receivable module, for reference.

A department may devise its own bespoke dunning letters to assist in making the debt recovery process more personalised, staged and relevant. If such bespoke dunning letters are sent to customers, manual notes of the date and type of letter sent must be made on UFS and copies retained.
5.5.3 Calling the customer
Where possible, chasing payment by telephone is easily the most effective collection method and offers the opportunity to:

- Clarify the situation
- Resolve any disputes promptly
- Build a relationship with the debtor.

The Department should establish and make a written record of the following information:

- The contact's full name and telephone number, establish whether you are speaking to someone who can authorise payment.
- Time and date of the call.
- Reason for non-payment: would further information assist settlement? Requested information should be provided as quickly as possible and Departments should confirm receipt of such information with the customer.
- Promises made by us to the customer with regards to invoice changes and amendments.
- If there is a dispute, consider can you resolve the issue promptly or does it need to be referred to the Head of Department for negotiation or the Accounts Receivable Team in Finance.
- A commitment from the customer to settle by a particular date should there be no dispute. Confirm the intended payment method and note a date to check and follow up with the customer.

If the debtor claims to have already raised payment, the Department should gain as much information concerning the payment as possible:

- If 'the cheque is in the post' ask for the cheque number, the date it was issued and the address to which it was sent. If the cheque was sent some time ago, ask the customer to confirm if and when it has cleared their bank account.
- If a BACS payment has been made, ask for payment reference, the date of payment and confirm the bank account that the funds were paid to.

5.6 Keeping records of recovery attempts
It is important that detailed, accurate records of any contact with debtors are kept both on file and UFS to ensure that future recovery attempts are scheduled and productive. Furthermore, should Departments wish to recover outstanding debts via legal action, records of recovery attempts will be required as evidence.

5.6.1 Dunning letters
Where bespoke dunning letters are sent to customers, manual notes of the date and type of letter sent (i.e. D1 and D2) must be made on UFS in the Notes screen of the relevant transaction(s). Refer to Appendix H and I.

5.6.2 Customer calls
Departments should complete a detailed call log every time verbal contact is made with the customer in order to schedule further calls and dunning letters as appropriate. This call log could be either maintained manually or within the AR module on UFS.
Manual log
It is recommended a call log sheet is devised which can be completed and held on record with any written correspondence relating to a particular overdue invoice, for each call made/received.

On UFS
Calls can be recorded on UFS in the Accounts Receivable module via ‘Collections-Customer Calls’ form by completing the Header, Actions & Topics screen as appropriate, to log recovery attempts on the transaction in the Notes screen.

The Customer Calls facility on UFS will give each call a unique ID number that can be noted on the accompanying call log, and can be used to schedule further recovery attempts using the ‘Collector's Follow Up Report’ in Accounts Receivable on UFS. We would suggest running this on a weekly basis, to organise recovery efforts for the period.

5.6.3 Disputes
If an invoice is disputed by the customer, UFS should be updated to show the status of the debt as such. The ‘Disputed Invoice Report’ in the Accounts Receivable module can then be run on a regular basis to monitor and resolve such disputes.

Any compromise or resolution agreed with the customer should be recorded in writing (with the date) and UFS should be updated accordingly.

5.7 Interest
The late Payment of Commercial Debts (Interest) Act 1998 provides that in any case where payment due from a business or a public body is late, the seller is entitled to claim interest on late payment at a specified rate. Currently the rate is 8% above the Bank of England Base Rate as at the preceding 31st December, or 30th June, whichever is the more recent. Our STC provide for interest to be charged at this rate regardless of who the customer is.

While the University does not make a practice of charging interest on late payments in the ordinary course, where an invoice is 60 days old, it may be appropriate to advise the customer that interest will be charged if payment is not received within e.g. the next 14 days. In deciding whether to charge interest, you need to consider the relationship with the customer, the likely reason for non-payment and the reaction which it is likely to bring about. Please contact Accounts Receivable Team to discuss further.

5.8 Agreeing proposed payment plans
Customers who do not/ cannot settle in full by the specified payment date may attempt to enter into negotiations during the recovery process if unable to settle. Any proposals put forward by the customer should be made in writing and should be neither agreed nor dismissed without further investigation and consultation with AR.

The most common payment proposal made by debtors is settlement in instalments. Departments should not agree to accept settlement in instalments at the time of billing for goods/services already provided without first consulting the Credit Controller within the Accounts Receivable Team in the Finance Division.
5.9 Legal recovery

Firstly with the help of the central AR team, ensure that every effort has been made to engage with the customer either by correspondence or phone. However, if the settlement is not received by the date specified in the final telephone call following the sending out of the final dunning letter, the next step is to investigate the feasibility of legal recovery.

Departments must contact the AR Team to receive full details of the associated costs, feasibility (based on the value and nature of the debt and previous recovery attempts), processes and required documentation. The Department will bear the costs of the legal action.

If the invoice is suitable for pursuing in the Courts, the required documentation will be forwarded for authorisation by the Head of Department prior to being sent to Legal Services.

Legal Services will seek to obtain formal consent to initiate legal action from the Registrar in accordance with Financial Regulations. In all instances where legal action is being considered, the Director of Finance will be notified. The Legal Services Office has an arrangement with a firm of external solicitors which allows uncontested debt claims to be conducted relatively cheaply. If a customer contests the debt, the costs can be considerable, but it may still be worth pursuing for a substantial sum. Any external costs incurred will be charged to the Department, but Legal Services Office will discuss the likely costs with the Department at each stage of the process. This will allow the department to decide if it wishes to proceed or to attempt to settle the matter.

Legal recovery will only be instigated to collect debts in appropriate circumstances where the Department has adhered to financial procedures throughout the credit control process including being:

- Able to prove the debtor was formally made aware of their obligations and the consequences of failing to meet these obligations;
- Able to provide evidence that attempts have been made to discuss repayment of the debt.

5.10 Bad-debt provision

A bad-debt provision is posted into General Ledger by the Research Accounting Team at the end of every month once Accounts Receivable has closed for that month. All invoices which are 60+ days past their due date as of the final day of that month (irrespective of whether they have been settled in the next accounting period) have a bad-debt provision posted against them to account for the increasing risk of non-settlement.

The value of the bad-debt provision posted against an invoice is determined by the age of the invoice and the balance due, as per the following:

- 60 – 182 days past due = 25% of the balance due
- 183 – 364 days past due = 50% of the balance due
- 365+ days past due = 100% of the balance due

The bad-debt provision is posted to the original sale’s cost centre and source of funds using a transaction code of FJNA.
5.11 Writing off bad debts

An invoice should be written-off if the debt is genuine and due but is not recoverable after all reasonable debt collection steps have been taken.

Invoices that are not due (e.g. goods have not been delivered) should not be written-off as they require a credit memo to be raised to apply against the outstanding invoice.

If a Department wishes to write-off the balance due on a customer invoice, the reference details of the invoice, the balance due and the reason for the write-off must be put in writing to Accounts Receivable. An authorisation form will be returned to the Department, which must be signed by the Head of Department (or delegated authority) and returned to Accounts Receivable who will make the necessary adjustments on UFS if approved:

- Debtors up to £10,000 - Head of Department to approve write-off
- Debtors of between £10,000 and £25,000 - Director of Finance to approve write-off
- Debtors over £25,000 - Finance Committee to approve write-off

Accounts Receivable inform the Taxation Section of invoices written off that were subject to VAT, as the VAT may be reclaimable. An adjusting journal will be posted into General Ledger by the Taxation Section where applicable using the original sale’s cost centre and source of funds but with a transaction code of FJNB.
Appendix A: Credit control considerations for types of customer

Students
- Students are in general judged to pose a considerable credit risk due to their financial situation, frequent change of address and the short duration of time in which they are at the institution.
- Departments should obtain both home and term-time contact details (including e-mail addresses) for customers who are students at the University, to ensure alternative means of contact can be used to pursue payment should students leave the University before settling outstanding debts.
- The Finance Offices of Colleges are often willing to co-operate with the recovery of students' debts.

Employees
- Departments should obtain both home and work contact details for customers who are employees of the University, to ensure alternative means of contact can be used to pursue payment should employees leave the University before settling outstanding debts.

Individuals
- Due to the difficulties associated with conducting credit checks on individuals, Departments should carefully assess the risks associated with issuing customer accounts to such parties.
- Departments may wish to ask for formal written verification of address.

'Informal' Organisations
- Informal, transient organisations (e.g. sports clubs, music and drama groups, societies) can prove a significant credit risk as they can be difficult to chase for payment should membership change or the organisation disbands.
- Contact names and details must always be obtained and updated regularly.
- Departments may wish to ask for deposits as security.

Non-limited UK Businesses
- This type of company can be set up with relatively few legal formalities and can present an increased credit risk as they can disband and re-form relatively easily. Credit checks on non-limited businesses can be conducted but the information is very basic as there is no legal requirement for non-limited businesses to make any of their financial information public.
- Non-limited businesses can be either sole traders or partnerships and the owner(s) will be personally liable for all debts if the business fails. As a result, Departments must obtain the owner's contact details in addition to those of the business in advance of committing to any sale.

Limited UK Companies
- Limited companies can be privately owned, referred to as Limited (often abbreviated to Ltd) or publicly owned (Plc). Some Plc's can sell shares to members of the public on the stock exchange, Ltd's cannot.
- The liability for both Ltd's and Plc is limited. This means that if the company fails, the liability of the company's shareholders is limited to the value of the shares and not their personal funds. Or, in the case of companies limited by guarantee (with no share
capital) the liability of its members is limited to the amount their members wish to contribute to the assets of a company in the event of it being wound up.

- All Limited companies are legally required to submit Company Accounts and Annual Returns every year. These documents are filed at an executive agency of the Department of Trade and Industry (DTI) called Companies House. All legitimate Lts and Plcs will have a number which can be found on the Companies House website. The information submitted to Companies House is available to the public and forms the basis of the information used to generate the company credit reports and ratings that the Finance Division will undertake when requested to by an Institution.

- A limited company has similar rights to a person; for example it can buy assets, own property and it can sue or be sued independently of its directors. It can have detrimental information (for example CCJs) registered against it too.

- Limited companies should pose less of a credit risk to Departments as more accurate checks can be undertaken before issuing credit.

- Departments should ensure that they get confirmation of the correct address (where a company has multiple locations) and a contact name before committing to any sale to ensure that the subsequent invoice reaches an individual who can authorise payment and be chased should settlement not be made.

**Foreign organisations**

- There are particular risks associated with extending credit to customers based outside the UK as legal jurisdiction can be weak. If at all possible, advance payment should be sought or sufficient payment at least to cover any expenditure incurred by the University on the customer’s behalf.

- Chasing debtors based abroad is made difficult due to the cost of calls, potential language barriers and differing time zones, should the debtor not settle on time. Addresses can often be unclear and incomplete.

- It is recommended that fax numbers and relevant e-mail addresses are obtained in addition to telephone numbers and postal addresses. It is imperative that you also obtain a contact name to ensure that a number of alternative means of communication are available.
# Appendix B1: Summary of University Standard Terms & Conditions

<table>
<thead>
<tr>
<th>General</th>
<th>Appendix B2 clause</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions used in the document</td>
<td>1.1</td>
</tr>
<tr>
<td>Whose STC to apply – ours or the buyer’s</td>
<td>1.2</td>
</tr>
<tr>
<td>Unless a buyer’s order is accepted in writing (or our quote accepted)</td>
<td>1.4</td>
</tr>
</tbody>
</table>

| Prices & Quotations                                                    |                    |
|------------------------------------------------------------------------|                    |
| The quoted price inclusive of duties but exclusive of VAT              | 2.1                |
| Quotations issued valid for 90 days                                    |                    |
| additional charges will be made for handling, freight and packaging etc|                    |
| a handling charge may be made for small orders                        |                    |
| Modification of quoted prices                                          | 2.2                |

| Payment                                                                |                    |
|------------------------------------------------------------------------|                    |
| Goods: invoice in full on delivery (unless payment received in advance or other terms agreed) | 3.1                |
| Services: invoice monthly in advance, payment for first two months together at start of contract | 3.2                |
| Conferences and hire of facilities: payment in full prior to attendance/hire Standard Payment terms of 30 days | 3.3                |
| Bank charges as a result of payment being made from an overseas account shall be reimbursed to the University by the buyer | 3.4                |
| University’s rights in the event of late payment                       |                    |

| Changes to orders                                                      |                    |
|------------------------------------------------------------------------|                    |
| Goods: ordered by the buyer                                           | 4.1                |
| Rights of the University to change the specification if notice given to the buyer | 4.2 /4.3           |
| Right of the Buyer to cancel or confirm order on receipt of notice    |                    |
| Goods only to be returned to us with our consent- restocking charge may be applied | 4.4                |

| Deliveries of Goods                                                   |                    |
|------------------------------------------------------------------------|                    |
| Delivery of goods deemed to take place at the University              | 5.1                |
| Delivery not included in the price                                    | 5.2                |
| Late deliveries - see clause 6                                        | 5.3                |
| Buyer to notify in writing within 5 days of any short deliveries or defects | 5.4                |
| Export licences delays – not University’s responsibility              | 5.5                |
| Non-collection, or acceptance of goods by the buyer                  | 5.6                |

| Timing                                                                 |                    |
|------------------------------------------------------------------------|                    |
| Failure to deliver by a specified date not a sufficient cause for cancellation | 6.1                |
| University not liable for any connected costs/expenses caused by the delayed delivery |                    |

| Cancellation of contract                                              |                    |
|------------------------------------------------------------------------|                    |
| Prior to delivery/performance buyer to reimburse the University the larger of a) costs incurred/committed, or b) £50 administration fee | 7.1                |

| Risk & Title of Goods                                                 |                    |
|------------------------------------------------------------------------|                    |
| All goods supplied are at the buyer’s risk on delivery                 | 8.1                |
| Title on consumables passes to the buyer on delivery                   | 8.2                |
| Capital equipment: University retains title until full payment received and there are no other outstanding debts to the University | 8.3                |
| The buyers rights to resell the capital equipment provided            | 8.4                |

| Services                                                               |                    |
|------------------------------------------------------------------------|                    |
| Buyer responsible for adequate and safe facilities where services performed on their premises | 9.1                |

| Warranty                                                               |                    |
|------------------------------------------------------------------------|                    |
| **Consumable goods** – must meet the specification and claims should be made within 30 days of their receipt. | 10.1               |
**Capital equipment** – University manufactured: 1 year warranty; Non-University manufactured – try to ensure buyer has the benefit of the manufacturer’s warranty

- **Services** – warrants all services carried out with reasonable skill and care.
- Extends to 60 days after completion of the service.
- All other warranties are excluded

- **Services** - defects in specifications or materials supplied by the buyer
- No liability for wear and tear, misuse or alteration or repair of the goods without University approval

### Limitation of Liability

- Limited to the total price payable under the contract in the calendar year (or the average of the three previous years if greater)
- Not liable to the buyer for indirect or consequential damages/costs etc
- Fraud death or personal injury caused by University negligence

### Trade Marks, Patterns and Intellectual property

- The buyer’s IPR of designs, drawings and specifications that it provides to the University
- All IPR in goods and/or created in the provision of services remain the University’s and not the buyer’s
- The buyer can’t use any University trademark

### Health Safety & Waste

- The buyer is responsible for ensuring that the goods as specified are safe and appropriate for use, handled in a safe manner and that they dispose of all waste

### Miscellaneous

- **Indemnities** - Except in cases of University negligence, the Buyer indemnifies
- **Termination** - University will terminate contract immediately if buyer goes bankrupt, goes into liquidation or appoints a receiver
- **Force Majeure** - University not liable if the circumstances are out of their hands e.g. strikes, fire, flood etc
- **Governing law** - laws of England apply
- **Notices** - All notices to be served in writing, details of excepted formats, timings and addressees
- **General**
Appendix B2: University Standard Terms & Conditions

University of Cambridge
Standard Terms and Conditions of Sale
(“Conditions”)

1. GENERAL

1.1 In these Conditions, the following words and expressions shall have the following meanings:

<table>
<thead>
<tr>
<th>Word/Expression</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>“the Buyer”</td>
<td>the person, firm, company, university or other organisation who or which has agreed to purchase Goods and/or Services from the University</td>
</tr>
<tr>
<td>“the University”</td>
<td>The Chancellor, Masters and Scholars of the University of Cambridge (which may from time to time act through one of its departments, schools, faculties, institutions or divisions)</td>
</tr>
<tr>
<td>“a Contract”</td>
<td>a contract for the sale and purchase of Goods and/or Services between the University and the Buyer</td>
</tr>
<tr>
<td>“Capital Equipment”</td>
<td>all items manufactured or supplied by the University which are of a capital nature including without limitation, instruments, computers, printers, and non-expendable accessories/spare parts</td>
</tr>
<tr>
<td>“Consumables”</td>
<td>all items manufactured or supplied by the University other than the Capital Equipment including without limitation, biochemicals.</td>
</tr>
<tr>
<td>“Goods”</td>
<td>any ‘Consumables’ or ‘Capital Equipment’ agreed to be supplied to the Buyer by the University</td>
</tr>
<tr>
<td>“Services”</td>
<td>all services agreed to be performed by the University</td>
</tr>
</tbody>
</table>

1.2 These Conditions shall govern each Contract to the exclusion of any conditions of the Buyer (including any terms or conditions which the Buyer purports to incorporate through any purchase order, confirmation of order, specification, or other document)
1.3 All drawings, descriptive matter, specifications and advertising material issued by the University or contained on any University website are issued for the sole purpose of giving an approximate idea of the Goods or Services described within the Contract. They will not form part of the Contract, nor will any representation made orally or in writing by an employee, agent or student of the University.

1.4 A Contract shall be formed when an order received from the Buyer is accepted in writing by the University or, if earlier, on the acceptance by the Buyer, without amendment, of any valid quotation issued by the University.

2. PRICES AND QUOTATIONS

2.1 The price of the Goods and/or Services will be the University's quoted price (or if there is no quoted price, the University's list price on the date of delivery) inclusive of any duties but exclusive of value added or other taxes except where stated otherwise. All quotations issued by the University for the supply of Goods and/or Services shall remain open for acceptance for the lesser of 90 days or such other period as may be stated in the quotation. Prices shall not include handling, freight, packaging, insurance or similar costs, for which an additional charge will be made where applicable. In particular, a handling charge may be made for small orders.

2.2 The University shall not modify quoted prices at any time before delivery to the Buyer unless to reflect (a) any changes to its costs resulting from any alteration in or addition to the Buyer's requirements or (b) any changes in external costs, charges, duties or taxes arising in relation to the provision of the Goods or Services which are outside the control of the University.

3. PAYMENT

3.1 Unless full or partial payment in advance or other payment terms have been specified by the University, the University shall invoice in full for Goods on delivery.

3.2 The University shall invoice for Services monthly in advance, payment for the first two months to be made on commencement of the Contract, save in relation to the provision of conferences and courses, or the hiring out of facilities, when payment must be received in full in advance of the start of the conference, course or hiring period, as the case may be.

3.3 Unless otherwise specified, payment shall be due in the currency invoiced no later than thirty (30) days from the date of invoice. Bank charges incurred as a result of payment being made from overseas accounts shall be reimbursed to the University by the Buyer. All payments shall be made free of any demand, deduction or set-off by the Buyer.

3.4 In the event of late payment the University reserves the right:

(i) in the case of Goods, to suspend deliveries and/or any of its outstanding obligations under the Contact; and
(ii) in the case of Services (other than those set out in (iv) below), to suspend the provision of Services; and in either case:

(iii) to charge interest to cover administrative and other associated costs in relation to the late payment pursuant to the Late Payment of Commercial Debts (Interest) Act 1998 ("the LCD Act") where applicable;

(iv) In situations where the LCD Act does not apply, to charge the interest which would be payable were the LCD Act applicable;

(v) In case of the provision of conferences, courses or the hiring out of facilities, to refuse admission to the course or conference, or to deny access to the facilities concerned.

3.5 With respect to credit accounts, the University may make a search against the Buyer with a credit reference agency which may keep a record of that search and will share that information with other businesses. The University may also make enquiries about the proprietors, principal directors, partners or managers of the Buyer with a credit reference agency.

4. CHANGES

4.1 The University reserves the right to modify the Goods to comply with statutory or EU Regulations, to improve capability or performance, or to supply Goods of equivalent performance if those requested are no longer available.

4.2 The University reserves the right to make any change on prior notice in the specification of any Goods which does not materially affect the use, installation, performance or price thereof. The Buyer shall confirm or cancel any order promptly on receipt of such notice.

4.3 The University reserves the right to make any change on prior notice to the specification of any Services to be provided, which does not materially affect the value of that Service to the Buyer. The Buyer shall confirm or cancel any order promptly on receipt of such notice.

4.4 Without prejudice to the rights of the Buyer pursuant to Clause 10, Goods may only be returned with the University's prior consent. A restocking charge will be applied to deliveries returned for exchange or credit.

5. DELIVERY OF GOODS

5.1 Delivery of Goods under a Contract shall be deemed to take place at the University, irrespective of the party arranging delivery to the Buyer.

5.2 Delivery of Goods to the Buyer is not included in the price.

5.3 In the event of late delivery of Goods by the University, Clause 6 shall apply.

5.4 The Buyer shall notify the University within five (5) working days in writing of any short delivery or defects in respect of Goods reasonably discoverable on careful examination. The University’s sole obligation shall be, at its option, to replace or give a refund in respect of any defective Goods or refund the purchase price of any undelivered Goods.
5.5 Where delivery of any Product requires an export license or other authorisation before shipment, the University shall not be responsible for any delay in delivery due to delay in, or refusal of, such license or authorisation. It shall be the responsibility of the Buyer to obtain any export licence or authorisation required.

5.6 If, one week after the University has notified the Buyer that the Goods are ready for delivery, for any reason the Buyer will not accept delivery of Goods, or the University is unable to deliver the Goods because the Buyer has not provided appropriate instructions, documents, licences or authorisations:

(a) risk in any Goods will thereupon pass to the Buyer;
(b) the Goods will be deemed to have been delivered; and
(c) the University may store the Goods until delivery and the Buyer shall be responsible for all related costs, including, without limitation, all costs for storage and insurance.

6. TIMING

6.1 The University will use all reasonable endeavours to avoid any delay in delivery of Goods or provision of Services on the dates notified to the Buyer. Failure to deliver or perform by the specified date will not be a sufficient cause for cancellation, nor will the University be liable for any direct, indirect, consequential or economic loss, or any costs charges or expenses suffered or incurred due to delay in delivery.

7. CANCELLATION OF CONTRACT

7.1 In the event that an order for Goods or Services is cancelled prior to delivery or performance, the Buyer shall be liable to reimburse the University for the larger of (a) the costs incurred or committed to the date of cancellation and (b) an administration fee of £50, or such fee as may be specified in relation to the Contract in question.

8. RISK AND TITLE TO GOODS

8.1 All Goods supplied under a Contract shall be at the Buyer's risk on delivery.

8.2 Full legal and equitable title and interest in Consumables shall pass to the Buyer on delivery.

8.3 Title in the Capital Equipment will not pass to the Buyer until the University has received full payment for it and for any other Goods that the University has sold to the Buyer for which payment is outstanding. Until title passes the Buyer holds the Capital Equipment on behalf of the University as bailee, and shall keep such Capital Equipment maintained in good condition and insured on the University's behalf against all risks for its full purchase price. The Buyer has the right to resell the Capital Equipment provided:

(a) any sale shall be effected in the ordinary course of the Buyer's business at full market value and the Buyer shall hold such part of the proceeds of sale as represent the amount owed by the Buyer to the University on behalf of the University and the Buyer shall account to the University accordingly;

(b) such right of re-sale shall terminate immediately on the Buyer in any way charging or encumbering the Capital Equipment, or suffering any proceedings in relation to insolvency or any other action in consequence of debt, or the Buyer failing to observe or perform any of its obligations to the University under the Contract concerned.
9. SERVICES

9.1 Where the University is to provide Services to the Buyer at its premises the Buyer shall ensure that adequate and safe facilities exist at its premises and that the University is properly notified of any relevant regulations or health and safety requirements.

10. WARRANTY

10.1 Goods – The University warrants that its Consumables meet the University’s specifications at the time of shipment. All warranty claims on Consumables must be made within thirty (30) days of receipt of the Consumables. The University’s sole liability and Buyer’s exclusive remedy for a breach of this warranty is limited to replacement or refund of the defective Consumables at the sole option of the University.

10.2 Capital Equipment – The University’s Capital Equipment of its own manufacture is warranted from date of delivery to be free of defects in workmanship or materials under normal usage for a period of one year. The University’s sole liability and Buyer’s exclusive remedy of a breach of this warranty is limited to repair, replacement or refund at the sole option of the University. Where Capital Equipment is not of the University’s manufacture, the University shall endeavour to ensure that the Buyer shall have the benefit of any warranty given by the third party manufacturer.

10.3 Services – The University warrants that all Services will be carried out with reasonable care and skill. The University’s sole liability for breach of this warranty shall be at its option to give credit for (provided that no such credit shall exceed the value of any monies received under the same Contract by the University) or re-perform the Services in question. This warranty shall only extend for a period of sixty (60) days after the completion of the relevant part of the Services.

10.4 All other warranties, representations, terms and conditions (statutory, express, implied or otherwise) as to quality, condition, description, merchantability or fitness for purpose of goods (except for the implied warranty of title), are hereby expressly excluded, as are all other warranties, representations, terms and conditions (statutory, express, implied or otherwise) in respect of the quality or timeliness of the provision of services.

THE BUYER’S ATTENTION IS IN PARTICULAR DRAWN TO THE PROVISIONS OF CONDITIONS 10.5, 10.6 AND 11.1.

10.5 The University shall have no liability under any Contract or otherwise in respect of any defect in Goods arising from fair wear and tear or misuse (either on its own or in combination with other equipment), or alteration or repair of the Goods without the University’s approval.

10.6 The University shall have no liability under any Contract or otherwise in respect of any defect in Goods or in relation to the provision of Services arising from defects in specifications or materials supplied by the Buyer, wilful damage or negligence of the Buyer or its employees or agents; abnormal working conditions at the Buyer’s premises or failure to follow the University’s instructions (whether oral or in writing).
11. LIMITATION OF LIABILITY

11.1 Subject to Condition 11.2:

(a) The University's total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation or otherwise, arising in connection with the performance or contemplated performance of any Contract shall be limited to the total price payable under that Contract in the calendar year in question or the average of the previous three calendar years, if greater; and

(b) The University shall not be liable to the Buyer for any indirect or consequential damage, (whether for loss of profit, loss of business, depletion of goodwill or otherwise), costs, expenses or other claims for consequential compensation whatsoever (howsoever caused) which arise out of or in connection with any Contract.

11.2 The exclusion of liability in these Conditions shall not apply in respect of fraudulent misrepresentation or of death or personal injury caused by the University's negligence.

12. TRADE MARKS, PATENTS AND INTELLECTUAL PROPERTY

12.1 Where the Buyer supplies designs, drawings and specifications to the University to enable it to manufacture non-standard or custom made Goods the Buyer warrants that such manufacture will not infringe the intellectual property rights of any third party.

12.2 All intellectual property rights in the Goods and/or created in the course of carrying out the Services shall at all times remain vested in the University or its employees, consultants or students, as the case may be and shall not become the property of the Buyer.

12.3 The Buyer shall have no right to apply to the Goods or otherwise use any trademark owned or used by the University.

12.4 If any claim is made or alleged that the Goods infringe any patent rights, registered designs, copyright or other industrial property rights of another then:

(i) the Buyer shall forthwith notify the University with full particulars and
(ii) the University or its suppliers or licensors (as case may be) shall be at liberty at their expense to conduct all negotiations and/or litigation in respect thereof and (if necessary) in the name of the Buyer and, if as a result of such negotiations or litigation the Buyer shall be unable to use the Goods substantially for purposes for which they were bought, the University shall (except when Condition 12.5 applies) take them back and refund the purchase price to the Buyer and such refund shall be in full satisfaction of all claims by the Buyer against the University.

12.5 The Buyer shall indemnify the University against all action costs (including the cost of defending legal proceedings) expenses claims proceedings and demands in respect of any infringement or alleged infringement by the University of patent rights registered design, copyright or other industrial rights attributable to the University's complying with any special instructions from or requirements of the Buyer.
13. **HEALTH SAFETY AND WASTE**

13.1 The Buyer shall be responsible for ensuring that:

(i) the Goods as specified are safe and appropriate for the Buyer’s intended use:
(ii) the Goods are handled in a safe manner, and
(iii) any waste originating from the Goods is disposed of in accordance with any relevant regulations.

14. **INDEMNITIES**

14.1 Except where the claim arises as a result of the negligence of the University, the Buyer shall indemnify the University in respect of any claim which may be made against the University arising in connection with the Buyer’s use of any Goods supplied or the results of any Services.

15. **TERMINATION**

15.1 In the event that the Buyer becomes bankrupt or, being a company, goes into liquidation (other than for the purposes of reconstruction or amalgamation) or has an administrator or receiver appointed or suffers any other action in consequence of debt the University shall be entitled immediately to terminate the Contract without notice and without prejudice to any other rights of the University hereunder.

15.2 Without prejudice to any other right or remedy available pursuant to these Conditions, either party shall have the right to terminate the Contract on the giving of 60 days written notice in the event of a material breach of contract by the other party which is not remedied before expiry of such notice. Where the University shall have issued such notice it shall have the right to suspend performance or deliveries under the Contract in question until the breach has been remedied. Where such material breach is incapable of remedy, the innocent party shall have the right to terminate the Contract forthwith on the service of written notice.

16. **FORCE MAJEURE**

16.1 The University shall not be liable in respect of the non-performance of any of its obligations to the extent such performance is prevented by any circumstances beyond its reasonable control including but not limited to strikes, lock outs or labour disputes of any kind (whether relating to its own employees or others), fire, flood, explosion, natural catastrophe, military operations, blockade, sabotage, revolution, riot, civil commotion, war or civil war, plant breakdown, computer or other equipment failure and inability to obtain equipment.

16.2 If an event of force majeure exceeds four months either party may cancel the Contract without liability.

17. **GOVERNING LAW**

17.1 The Contract shall be governed by and construed in accordance with the laws of England and the parties hereby submit to the exclusive jurisdiction of the English Courts.
18 NOTICES

18.1 All notices shall be in writing served on the other party at its registered office or principal place of business. In the case of the University all notices should be addressed to the Head of the Department, Faculty, School, Institution or Division concerned, with a copy to the Director of Finance, the Old Schools, Trinity Lane, Cambridge.

Notice may be served by prepaid post, by hand or by fax or e-mail, confirmed by post.

Notices served by post shall be deemed to have been served five working days after despatch.

Notices served by fax or e-mail shall be deemed to have been served the next working day after despatch.

19. GENERAL

19.1 If the whole or any part of a provision of these Conditions is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction, unless it alters the basic nature of the Contract concerned or is contrary to public policy.

19.2 These Conditions do not constitute one party the partner, agent, or legal representative of the other. Save as aforesaid none of these Conditions shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to the Contract concerned.

19.3 The Buyer shall not assign or otherwise transfer all or any part of its rights or obligations under any Contract without the University's prior written consent.
Appendix C: Quotation

Quotation Number
Date of issue

Issuing Dept name
Issuing Dept contact details

SALES QUOTATION

Billing Address:       Delivery Address:

FAO:                  FAO:
Reference:            Reference:

Thank you for your enquiry received on: (insert date of customer request)
We are pleased to quote on the following:

<table>
<thead>
<tr>
<th>Item</th>
<th>Qty</th>
<th>Description</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>GBP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Price</td>
</tr>
</tbody>
</table>

Delivery, handling and packing charges applicable

Totals

The University of Cambridge Standard Terms & Conditions of Sale apply unless otherwise stated in this quotation. These are available at http://www.admin.cam.ac.uk/offices/finance/

This quotation is valid without alterations for 90 days from the above issue date.
Appendix D: Requests for Credit Card Terminals

Credit card terminals can be rented to facilitate collection of funds. Though this may be the most efficient method of receiving payment, consideration must be given to the extra costs the Department would:

- A separate phone line is required for the terminal to be connected to. The line may be for the dedicated use of the terminal or be shared with a phone line that has minimal usage during office hours (i.e. Fax line)

- Monthly terminal rental charges
  - Currently £20 + VAT per month for a standard terminal
  - Currently £25 + VAT per month for a mobile terminal

- Card processing company levies a charge per transaction based on the credit card type. Some cards types such as debit cards have a lower levy charge. Further information can be obtained from the AR and CM Team.

- Terminals are not automatically enabled to accept Amex and can only be included with authorisation by the Finance Division

Please send applications for terminals to the Accounts Receivable & Cash Management Supervisor, within the Finance Division, along with the following information:

- Type(s) of income (i.e. conference fees, sale of goods, collection of outstanding debts)
- Average value per transaction - list value for each type of transaction if more than one
- Projected turnover per annum
- Will the customer likely be present/not present – require Chip & Pin enabled?
- Refund policy (i.e. always make full refund or likely to deduct administration charge)
- Name of individual responsible for authorising refunds
- Opening hours of the outlet
- Length of time terminal is required (i.e. three months for a major conference or ongoing)
- Type of terminal required – standard desk-based or mobile
- Number of terminals required
- Location of terminal including full postal address
- Departmental contact details including contact person’s name, telephone number and email address
Appendix E: Customer naming convention in UFS

Departments must use procedures and naming conventions as set out in the Income Collection Manual (see http://ufs.admin.cam.ac.uk/reference/upgrade/ar/customers.pdf).

- **Corporate abbreviations** – common abbreviations
  - ASSOC for ASSOCIATION
  - CO for COMPANY
  - CORP for CORPORATION
  - DEPT for DEPARTMENT
  - INC for INCORPORATED
  - LTD for LIMITED
  - SERV for SERVICES
  - PLC for PUBLIC LIMITED COMPANY

- **Punctuation marks** – common symbols
  - & for AND
  - ( ) e.g. (UK)

- **Punctuation marks** - NOT to be used
  - . Full Stop
  - / Backslash
  - “ Speech marks
  - : Colon
  - ; Semi-colon

**Customer contact names**

For customer-related correspondence, the default salutation is *Dear Sir/Madam*. This default is overridden by any contact name shown against the customer. UFS works by selecting the first name followed by the surname of the contact *e.g. Debra Turner*.

**Individual Naming**

The conventions relating to supplier/customer names should also apply to individuals. In addition, the following protocols should be applied:

PROF, DR, MR, MRS, MS and MISS (or any other Title) may be used.

Enter last name, (,) title, full first name and initials,

*i.e.*

SMITH, Mr ROBERT M

SMITH, PROF ROBERT M

The use of the comma after the last name will enable the output documentation to reformat the name such that the title and forenames appear before the surnames *e.g. MR ROBERT M SMITH*. 


Appendix F: Creating Sales Transactions

Raising sales transactions on UFS requires completion of header information and invoice line details.

Fields requiring completion within the header section:

- Transaction date – triggers the due date when settlement is expected
- Currency – defaults as GBP
- Class - invoice, credit memo, debit memo
- GL date - the date the revenue will appear in the Departmental accounts
- Type – external invoice, external credit memo, external debit memo
- Customer name or customer number
- Location
- Contact details (if applicable)
- Salesperson
- Terms – defaults to setting linked to customer record or Source. If a payment term has not been pre-defined the system will default as ‘30 Days’

Additional fields requiring completion within the ‘More’ tab:

- Purchase order number – N.B. many companies will not approve invoices for payment without a valid purchase order number being quoted

Fields requiring completion within the lines of the transaction:

- Description – include details that will assist with the settlement of the invoice (i.e. relevant dates, refer to individual who authorised purchase from the University)
- UOM (Unit of Measure) – not mandatory
- Quantity
- Unit Price
- Tax Code - Departments must determine VAT liability of the sale. Advice on how to determine the correct tax treatment is available from the Taxation Section.

When line details have been entered, Users are advised to save their work. The transaction will require the General Ledger accounting information to be updated.

AR transaction receivables and revenue codes

The Receivables code will default as the University’s debtors control account. This code must not be changed or deleted. The revenue account code must be amended to an appropriate departmental cost centre, source of funds and transaction code in the K or L range.

Transaction codes in the E or F range are NOT to be used in the AR module as they refer to expenditure.
## Appendix G: Customer Statement

<table>
<thead>
<tr>
<th>Date</th>
<th>Due Date</th>
<th>Invoice Number</th>
<th>Value</th>
<th>Currency</th>
<th>GBP Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-AUG-06</td>
<td>30-SEP-06</td>
<td>464556</td>
<td>2,738.43</td>
<td>GBP</td>
<td>2,738.43</td>
</tr>
<tr>
<td>29-SEP-06</td>
<td>30-OCT-06</td>
<td>485239</td>
<td>2,738.43</td>
<td>GBP</td>
<td>2,738.43</td>
</tr>
<tr>
<td>16-OCT-06</td>
<td>31-OCT-06</td>
<td>473282</td>
<td>2,553.86</td>
<td>GBP</td>
<td>2,553.86</td>
</tr>
</tbody>
</table>

**Statement Date:** 14 NOV 06

**Addenbrooke’s Hospital NHS Trust**

**PO BOX 130 ADDENBROOKE’S HOSPITAL**

**PULH Road**

**Cambridge**

**United Kingdom**

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In the event of an enquiry, please contact:

RA Philpott-Hughes

Tel: 01223 336709

Fax: 01223 336709

Email: PA315@nhs.net
### Appendix H: Dunning Letter 1

ADDENBROOKES HOSPITAL NHS TRUST  
Finance Department  
ADDENBROOKE'S  
Box 130  
United Kingdom  

Date: 18-FEB-2007

Dear Sir/Madam,

I write with regard to the invoice(s) detailed below, which, according to our records, appear to be outstanding.

<table>
<thead>
<tr>
<th>Invoice Number</th>
<th>Invoice Date</th>
<th>Due Date</th>
<th>Days Late</th>
<th>Invoice Amount (GBP)</th>
<th>Balance Due (GBP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.XXX0</td>
<td>31-JAN-07</td>
<td>02-MAR-07</td>
<td>-12</td>
<td>25.85</td>
<td>25.85</td>
</tr>
</tbody>
</table>

Total: 127.84

Please arrange for payment to be made within the next 7 days. If payment has been made within the last 5 days, please disregard this reminder.

Should you have any unresolved problems concerning your account or require any further details, please do not hesitate to contact me immediately.

I look forward to hearing from you.

Yours faithfully

Department of XX
## Appendix I: Dunning Letter 2

ADDENBROOKES HOSPITAL NHS TRUST
Finance Department
ADDENBROOKE'S
Box 130
United Kingdom

Date: 25-FEB-07

Dear Sir/Madam,

It would appear from our records that despite previous correspondence, the account detailed below still remains unpaid.

Payment should be sent immediately to the above address.

<table>
<thead>
<tr>
<th>Invoice Number</th>
<th>Invoice Date</th>
<th>Due Date</th>
<th>Days Late</th>
<th>Invoice Amount (GBP)</th>
<th>Balance Due (GBP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.XXX5</td>
<td>14-JAN-</td>
<td>13-FEB-07</td>
<td>5</td>
<td>101.99</td>
<td></td>
</tr>
<tr>
<td>101.99</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.XXX0</td>
<td>31-JAN-</td>
<td>02-MAR-</td>
<td>-12</td>
<td>25.85</td>
<td>25.85</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total 127.84</td>
</tr>
</tbody>
</table>

Should there be any issues relating to this account that are causing delay in payment, I would appreciate your call to this office urgently, so that I can help to resolve the problem.

Failure to reply immediately with either your query or remittance will lead to your account being forwarded to our debt management section and may result in interest being charged if payment continues to be outstanding.

Yours faithfully

Department of XX