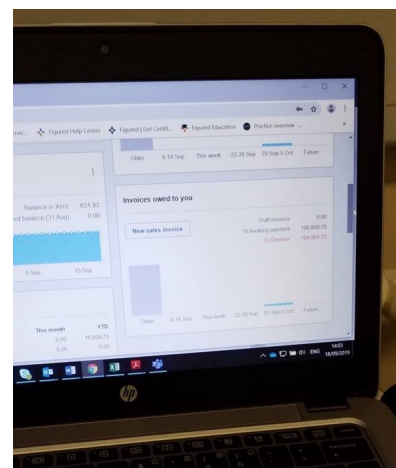


# Prepare for Brexit: Managing Debtors

Often when we think of **debtors** in a farming situation we imagine the farmer *being* the debtor (a debtor is someone who owes you money), however it's important to also consider the farm business as a **creditor**, i.e. the person to whom money is owed. Money owed to the business by others means there's less money available to pay your own bills or fund investment.

Trade between farm businesses is very common, for example where a business provides labour or contracting services, cattle or sheep wintering, or the sale of feed or forage. With Brexit on the horizon and the Basic Payment Scheme Loan Scheme set to start paying out 90% of farmers BPS payments in early October, there's never been a better time to address the levels of debt in your business – both that which you owe to others but also that which is owed to you. Here are five things to consider:



- **Are you up to date in your billing?** Even if you don't expect to be paid immediately for a service or produce you should still raise and send the invoice promptly. There may be a perception that a supplier who takes their time sending the bill isn't in a rush for the money, and it will be easier for you to defend any disputes about a bill if the circumstances are fresher in your memory.
- **When you send a bill are your credit terms stated?** Making it clear what your expectation is will avoid misunderstandings, e.g. Terms: Strictly 30 days, or similar.
- **Do you send monthly statements?** Most of your trade suppliers will send in a monthly statement which makes clear how much is due. These suppliers are more likely to be paid first when funds become available because the statement makes clear that the account is 'overdue' and there's a sense of pressure created by the regular appearance of statements. Most accounting software can quickly and easily generate monthly statements for your customers.
- **Have you contacted customers who owe you money, either by letter, email, phone or in person to ask for payment?**
- If you are providing a physical product, e.g. forage or feedstuffs, **have you included a statement to the effect that the ownership of the goods does not transfer to the purchaser until payment has been made in full?** This helps to ensure that if a customer becomes insolvent the goods are still treated as belonging to you and may be returned. Your solicitor or accountant can help you to word this.