

Cash & Cash Commitments

The Suncorp Cash & Cash Commitments Widget provides a tally of current cash on hand, current Account Receivables, Account Payables and your total unpaid tax liability.

About this Widget

This Widget is designed to help you identify the current cash and money owed to your business, less the money your business owes to creditors/suppliers, including tax obligations (GST and income tax owing). It can help you:

- ✓ Measure the ability of your business to repay its short-term debts with its short-term assets.
- ✓ Understand your company's ability to meet long-term fixed expenses and accomplish long-term expansion and growth. Note that the time taken to pay creditors or convert sales on credit into cash is not taken into account in this Widget.

Data essentials

For an accurate view, your Accounts Payable/Accounts Receivable drawn from actual invoices and tax liability information need to be error-free.

Making the most of your Widget

- ✓ Regularly check to ensure your bank balance is correct in your software application.
- ✓ Ensure your payables/receivables information is up to date and error-free.
- ✓ Continually monitor invoices sent out or received to ensure there are no outstanding invoices greater than your payment terms.

Tips to address a negative trend

1. Increase your Cash Position and Coverage Ratio

- ✓ Consider reducing your payment terms (for example, from 30 days to 20 days).
- ✓ Clearly communicate your payment terms and encourage adherence to the timeframe.
- ✓ Be persistent when chasing up non-paying customers with timely reminders.
- ✓ Facilitate security with your bank over any lending applications.
- ✓ Consider offering a discount to customers who pay earlier than the defined payment terms (discounts should relate to the cost of finance/short term loan interest rates).
- ✓ Consider offering reduced payment terms and/or charging interest on consistent late paying customers.
- ✓ Net off sales and purchases on credit with the same customer/supplier.

2. Consider increasing your payment terms with suppliers

- ✓ Negotiate an increase in payment terms with large suppliers to improve cash flow and ensure that any short-term obligations are met more easily. When you're negotiating, consider making an enquiry with other suppliers that offer similar products.

Tips to address a negative trend cont.

3. Review your operating expenses and assets

- ✔ Consider removing the least profitable products and services from your offering, focusing more on lines that produce a better return.
- ✔ Consider selling assets that aren't generating adequate returns or sufficient revenue.
- ✔ Use interest bearing accounts for large cash balances rather than day-to-day cheque accounts.
- ✔ Analyse expenditure that's not directly related to revenue and look to reduce inefficient operating costs. Aligning your expenditure with the business functions that are generating the greatest return should help increase your sales and cash flow.

4. Adjust owner's equity

- ✔ Consider reducing your shareholder drawings, as withdrawing too much can cause cash flow shortages.

5. Review your prices

- ✔ Increasing your prices is the fastest and most effective way to increase profits if volume is sustained. However, price increases require careful consideration of inflation, seasonal sales factors, competitive aspects, and basic supply and demand for your products and services.

Troubleshooting

Accounts Payable/Accounts Receivable ledgers can often contain errors due to information being outdated, or because they contain duplicate invoices or invoices that aren't yet due.

Bank variations can be caused by incorrect opening balances, duplicate bank transactions made in error and reconciliation errors.

Corrective action

Quickbooks users can search for:

- ✔ Specific corrective actions [here](#)
- ✔ Common bank errors and corrective actions [here](#)
- ✔ Reconciliation errors and balance variations [here](#)
- ✔ Accounts Payable errors [here](#)
- ✔ How to resolve Accounts Receivable errors [here](#)

FreeAgent users can search for:

- ✔ Specific corrective actions [here](#)
- ✔ Or search FreeAgent Knowledge Base [here](#)

