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Elmhurst's
guide to...

Basics of Invoicing

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Introduction

It's fair to say that invoicing is not the most glamorous part of running your own energy assessment business, however, it remains the most sensible and professional way for Energy Assessors to manage their business finances.

It may sound daunting, but actually it is easier than you may think to understand and set up an invoice. This guide should go some way in helping you to do this, however, we would always recommend seeking advice from a qualified accountant.

What is an Invoice?

Putting it simply, an invoice is a request for payment which is sent to your customer for work you have completed (or will be completing) for them- in your case this could be an energy assessment or EPC lodgement. Your customers will typically see this as a bill which requires payment.

Invoices are typically sent to customers via email but can be sent via post if preferred. Some companies may even choose to invest in e-invoicing platforms which automates the process.

What information is provided on an invoice?

An invoice would typically include the following information:

- ✓ The word 'Invoice'
- ✓ a unique reference/number
- ✓ Your name (Sole Trader only)
- ✓ your company name, address and contact information
- ✓ the company name and address of the customer you're invoicing
- ✓ your company registration number (Limited company only)
- ✓ a clear description of what you're charging for
- ✓ the date the goods or service were provided (supply date)
- ✓ the date of the invoice
- ✓ the amount(s) being charged
- ✓ VAT amount if applicable (if VAT Registered)
- ✓ VAT registration number (if VAT Registered)
- ✓ the total amount owed
- ✓ Terms of payment (this could be immediate or 30 days for example) - this is important to collect monies from customers.



Sole Trader/Limited Company Invoice

We've provided an example of an invoice that a Sole Trader or Limited Company could typically use. This invoice clearly shows who is being invoiced, what exactly the invoice is for, as well as how much it is and how your customer can pay. This information is usually provided on 1 page, and there are no set rules on how you can present it.

Only Sole Traders would need to include their name (highlighted in red), where as a Limited Company would need to include their company registration number (highlighted in green) which is given to you when you register your company provided when a company is registered with Companies House.

Should you be using an e-invoicing platform, you may also have a payment link on your invoice which will allow customers to pay their bill online (More information available on page 7).



INVOICE

Bill-To Address
Customer/Company Name
Customer Address

For the attention of:
if dealing with company, estate agent or similar, just state the person you have been liaising with.

Invoice Date:
01/10/2021

Invoice Ref:
EPC/20313

Payment Due:
31/10/2021

Description	Quantity	Unit Price	Amount GBP
Domestic EPC for: 145 Made up Street, LE17 4HB Provided on 20/09/20	1	123.00	123.00
Domestic EPC for: 147 Made up Street, LE17 4HB Provided on 21/09/20	1	123.00	123.00
Thank you for your business		TOTAL	246.00

Payment Terms:
Payment is due within 30 days from receipt of this invoice

Payment Options:
When paying by Bank transfer (BACs) please use the Invoice Ref above, and the bank details provided:

BANK NAME
Sort Code: XX-XX-XX
Account Number: XXXXXXXX

Clickable link to online payment platform if an e-invoice





VAT Invoices

You will need to register for VAT when you hit the VAT taxable turnover threshold, but can also do so voluntarily.

A VAT invoice is not too dissimilar from a regular invoice, but the main difference here is the inclusion of VAT/TAX next to each item you are charging for, as well as your company's VAT registration number (both highlighted in red on the example provided).

Information about VAT registration available here: <https://www.gov.uk/vat-registration>

LOGO

INVOICE

Bill-To Address

Customer/Company Name
Customer/Company Address

For the attention of:

if dealing with company, estate agent or similar, just state the person you have been liaising with.

Invoice Date:

01/10/2021

Invoice Ref:

EPC/20313

Payment Due:

31/10/2021

Description	Quantity	Unit Price	Amount GBP	VAT (20%)
Domestic EPC for: 145 Made up Street, LE17 4HB Provided on 20/09/20	1	123.00	123.00	24.60
Domestic EPC for: 147 Made up Street, LE17 4HB Provided on 21/09/20	1	123.00	123.00	24.60

Thank you for your business

TOTAL 295.20

Payment Terms:

Payment is due within 30 days from receipt of this invoice

Payment Options:

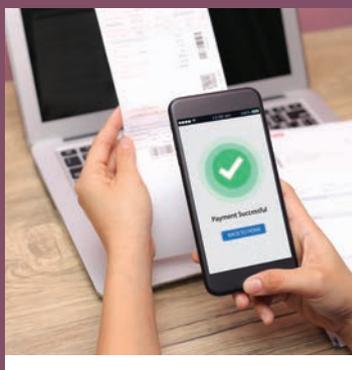
When paying by Bank transfer (BACs) please use the Invoice Ref above, and the bank details provided:

BANK NAME
Sort Code: XX-XX-XX
Account Number: XXXXXXXX

Clickable link to online payment platform if an e-invoice

PAY HERE

Company Name, Company Address, Company Registration Number, VAT Registration Number, 01455 XXX XXX • Ted@epccompany101.co.uk • www.epccompany101.co.uk



Payment Terms

Unless you have agreed alternative arrangements with your customer, UK rules dictate that they must pay you within 30 days of receiving your invoice.

However, you can set whatever payment terms you want. Self-employed Energy Assessors may wish to protect themselves by asking for payment sooner, so it is not uncommon to see invoices which request immediate payment (Payable on Receipt) or payment 7 days after invoice date.

You may also wish to encourage early payment by offering discounts.

Payment in Advance (PIA)

You might want your customers to pay before you begin any work. If this is the case you would need to supply an invoice before the work begins, which states that "payment is due in advance".

Alternatively, you may also choose to request partial payment in advance (similar to a deposit). If this is the case you can supply an invoice both before and after the work is completed, but you will just need to state exactly what is being paid for (this can be reflected within the description and the cost).



Purchase Orders

A purchase order is a document supplied by the customer which shows their intention to buy from you. It is unlikely you'd receive one of these from a homeowner, but you may well receive one when dealing with businesses or local authorities.

The purchase order will show exactly what the customer intends to buy from you, alongside prices (that you will have quoted) and quantities.

You can also use the information provided on the purchase order to create an accurate invoice.

Remittance Advice/notice

You may find that some of your customers will send you something called a Remittance Advice/Notice. This will typically be an email which informs you that they have paid for the invoice you have sent them. Customers are not required to send this, but it can certainly help you when it comes to matching invoices with payments.

Credit Notes

Credit notes are legal documents, just like invoices, that give you the important ability to cancel an already issued invoice, either in full or in part.

This can occur if there is a mistake on the issued invoice or a customer wants to cancel/change the service they are receiving from you. The customer will then pay the difference outstanding between the invoice and credit note.

A credit note is very similar to an invoice but would typically show:

- The word 'Credit Note' at the top of the page
- Date of credit note issue
- Credit note number
- Customer reference number
- Payment terms
- Contact details
- Reason for issuing the credit note
- The negative balance or figure from the original invoice.



Where can I create an invoice?

By searching 'Invoice Templates' in Google you will find a number of websites which will allow you to build and customise your own invoice template (some are free and some will come with a charge). Microsoft Office also provides a number of free invoice templates which can be downloaded into Word or Excel. You can of course build a template from scratch, however, this may take some time.

When dealing with any templates we recommend that you check the template against this guide to ensure that all the relevant information is included.

Microsoft Office Invoice Templates:

<https://templates.office.com/en-gb/invoices>

Canva Invoice Templates:

<https://www.canva.com/invoice/templates>



About e-invoicing/smart accounting

There are plenty of online invoicing/ smart accounting platforms available, which businesses (big or small) can use in order to automate and streamline the invoicing process.

Generating and keeping records of invoices manually, can be very difficult. However, these platforms can be used to save you time and hassle with managing your business finances and can even help you with end of year reporting/tax returns.

HMRC lists a number of software suppliers that are providing 'simple record keeping applications' which could help you: <https://www.gov.uk/government/publications/record-keeping-and-simpler-income-tax-applicationssoftware/simple-record-keeping-applications-commercial-software-suppliers>



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