GRIFFITHS

Primary Reasons for Not Achieving the Target of Paying 95% of Invoices Within 60 Days

The main factors contributing to the company not meeting the target of paying 95% of all invoices within 60 days are:

- Suppliers failing to quote the correct Purchase Order (PO) number on invoices, despite being advised of our **No PO, No Pay** policy.
- Suppliers quoting an incorrect Purchase Order number on invoices.
- Invoice queries relating to pricing or quantities.
- Invoices being sent directly to site rather than to the Finance Department.
- Purchase Orders being closed within our system before an invoice is received, typically where an over-quantity has been invoiced.
- Missing Proof of Delivery documentation at site, preventing the invoice from being matched and processed.

Historically, approximately 5% of supplier invoices received by the Finance Department have required investigation due to one or more of the above issues. Despite these challenges, the company has consistently demonstrated strong payment performance, paying 93% and 94% of all invoices within 60 days during the last two Prompt Payment Code reporting periods.

Action Plan

To improve payment performance and achieve the 95% target, the following actions will be implemented:

- Reinforce communication with suppliers, ensuring they understand the requirement to quote the correct Purchase Order number on every invoice.
- Maintain a dedicated resource within the Finance Department to investigate and resolve invoice queries promptly.
- Strengthen collaboration between the Finance Department and site teams to resolve issues quickly, communicate outcomes to suppliers, and request credit notes where appropriate.
- Maximise the functionality of the finance system to improve invoice matching, query management, and overall processing efficiency.
- Report payment KPIs to the Board of Directors monthly and agree actions.

- This Action Plan will be reviewed monthly and published on our company website.

Approved By :-

Michael Cleaves
Finance Director

Tim James

Tim James
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