



# Cash Management



# Why is good cash management important?



- **Post Office Ltd has to ensure that enough cash is provided to branches to be able to serve our customers**
- **Between £400m and £500m needs to be held on a daily basis to operate our network**
- **This cash is referred to as ONCH – Overnight Cash Holdings**
- **This cash is loaned to us by Government who charge us an interest rate for every £1 that we are holding in our branches**
- **Therefore we pay between £12m and £15m per year for the amount we need to have to operate.**



# Why is good cash management important?



- **In order to keep costs to a minimum, cash levels are calculated using a tool called Flexible Planning, which uses historical payment information**
- **Un-necessary costs are incurred to the business if individual branches ignore the Flexible Planning information or don't return all excess cash**
- **If every branch in the network held £1000 too much, this would result in an annual interest cost of £360k.**



# Why is it important to you?



- **Subpostmasters are responsible for the amount of cash in their branch**
- **You need the right levels of cash to be able to serve customers**
- **We can't re-invest in the business if un-necessary costs are incurred**
- **Holding too much cash is a cost to the business, which it cannot afford**
- **Holding too much cash is a security risk**
- **Subpostmasters can be deemed financially liable if excess cash is held if an incident occurs**
- **Having good controls in place enables you to monitor the performance of your branch.**



# Cash Management



- Financial Year 2008/09 - average nightly  
Network cash holdings (as at week 46) = £612.3m
- Cost of holding Cash and Bureau = £36.7m pa
- Average EXCESS cash held each night in the Network  
(as at week 46) = £127m
- Cost to the business of excess holdings is £7.6m pa.

# What you MUST to do to manage cash effectively?



DO.....

- ✓ Make a daily accurate cash declaration for every stock unit before 7pm
- ✓ Keep levels of cash in your drawer to a minimum – secure all excess cash in your safe
- ✓ Get to know your customers and plan how much cash you need
- ✓ Check planned orders and compare this against your plan
- ✓ Return all excess cash as requested
- ✓ Send cheques off as requested.



# What you MUST do to manage cash effectively?



## DON'T.....

XHave cash on the counter in view of the public

XHold money “just in case”

XDo any more transactions in a stock after a cash declaration is made and the stock unit won't be used the following day – the cash declaration has to be the last thing you do

XKeep un-useable notes and un-used coin in your branch – remit these out as these still incur costs.



# Any Questions

