

The five readings, one morning

Chapter 1. Same balances, same day. Each reading takes one thing out, names what it took, and has an owner. Fill it from the consolidation and the portal on the same date.

Group		Treasurer	
Date		Reviewed by	

Reading	Amount	What was taken out, and how much	Kind of fact	Who means this by "cash"
1. Reported (cash and cash equivalents, overdrafts that are part of cash management netted)				
2. Unrestricted				
3. Accessible: the facility's definition, word by word				
4. Available: accessible less the operating float at ____ days				
5. Same-day: cleared on the concentration account this morning				

The gaps	Amount	Who finds it, and when
Reported to accessible (restricted + trapped)		
Accessible to available (the float)		
Available to same-day (not yet transferred: value dates, time zones, instructions)		
Reported to same-day: the whole spread, and its share of reported		

Item	Answer	Evidence / note
Before any cash figure is used		
What has been taken out of it? Nothing = reading 1; "restricted", "repatriable", "access" = reading 3; a number of days = reading 4; a value date = reading 5		
Are the five on the same date? A deck printed on Friday against Monday's portal adds timing to definition		
Does each reading nest inside the one above? (Same-day inside available only if the float sits in the operating accounts)		
Is the figure being used for the question its owner asked? (214 against a debt that nets 152; 120.6 promised by noon when the account holds 68.4)		

Bramwell: 214,000,000 / 205,000,000 / 152,000,000 / 120,608,000 / 68,400,000. The spread is 145,600,000, 68.0374 per cent of the figure the board sees.

The cash map and the five-day test

Chapter 3. The consolidation reports cash by entity; the treasurer needs it by whether it can move. Trapped = cannot reach the concentration account within five business days without a cost or a third party's consent.

Group		Treasurer	
Date		Reviewed by	

Country / entity	Balance (gross)	Overdrafts	Currency	Bank(s)	Reaches the concentration account in (days)	Mechanism, if trapped*	Restricted?

* Exchange controls and approval queues; a withholding tax on dividends; a joint-venture partner's consent; a thin local banking market. A country can have any number of them. Record the mechanism: it changes with the rules, the test does not.

Account (one row per account)	Entity	Bank	Purpose: the payment only this account can make	Signatories reviewed	Keep / close

An account for which nobody can name the payment is a cost with no purpose and a place a loss could hide. Closing it saves less than the average fee; the saving is in KYC, mandates and reconciliation.

The thirteen-week forecast and its error

Chapter 4. Direct method, rolled weekly, compared at the horizon: the forecast as it stood at the start of each quarter, summed over thirteen weeks, against what happened.

Group		Treasurer	
Date		Reviewed by	

Quarter	Forecast net movement, 13 weeks	Actual net movement	Error (actual - forecast; + = more left)	Quarterly disbursements	Error, % of disbursements
Q1					
Q2					
Q3					
Q4					
Q5					
Q6					
Q7					
Q8					
Q9					
Q10					
Q11					
Q12					

Statistic	Value	Reading
Mean error (the bias: find the line that is systematically light)		
Sample standard deviation (n - 1 = 11)		
Largest overshoot, in standard deviations		
Reserve = z x SD x quarterly disbursements, at z = 1.645 / 2.326 / 3.090		
Reserve carrying the bias, until the line is found		

Item	Answer	Evidence / note
Before reading the lowest week		
Which reading of cash is the opening balance, reconciled account by account to this morning's cleared figures?		
Where does the gradient turn: receipts become sales forecast after ~8 weeks (DSO / 7), payables after ~7 (DPO / 7)?		
Is the error measured at the horizon, not week by week? (Weekly variances are mostly timing.)		

Bramwell: mean 0.5750%, SD 4.1026% = 13,415,426.12; reserve 22,068,375.97 / 31,204,281.16 / 41,453,666.72; with the bias of 1,880,250, 33,084,531.16.

Minimum liquidity, derived

Chapter 5. Three components, each a declared choice. The float is in the cash or in the requirement, never both.

Group		Treasurer	
Date		Reviewed by	

Component	Setting (policy)	Amount	Neighbouring settings
Operating float: days x disbursements per business day			
Forecast-error reserve: $z \times \text{SD of the thirteen-week error}$			
Seasonal peak: the plan's net build, reconciled to last year's actual			
Minimum liquidity (sum; do not combine as a root of squares)			
of which above the float			

Headroom	Available-cash basis	Accessible-cash basis
Cash (reading 4 / reading 3)		
Undrawn committed facilities, each with its condition		
Minimum tested against (above the float / total)		
Headroom over the minimum (must agree on both bases)		
Headroom over the minimum WITHOUT each conditional facility		
... in business days of disbursements		

Setting (days of float, z)	Minimum	Over the minimum, no revolver	Days

The classic error: available cash (float taken out) against the total minimum (float added in) holds twelve days when the policy says six. On Bramwell it prints a shortfall of 3,988,281.16 where the margin is 27,403,718.84.

The day the revolver is not there

Chapter 6. The distance to the drawstop, in the unit the sales director uses, and what to read before the quarter that needs it.

Group		Treasurer	
Date		Reviewed by	

Step	Figure
Gross debt	
Cash as the FACILITY defines it (free and unrestricted access; not subject to security; freely repatriable)	
Covenant net debt	
EBITDA at which the covenant is exactly met (net debt / covenant)	
Fall in trailing-twelve-month EBITDA	
Operating leverage	
Fall in annual revenue that removes the revolver	
Same computation on reported cash (what the board believes)	

Quarter at that revenue level	1	2	3	4
Trailing EBITDA fall				
Leverage on the certificate				
Action taken				

Item	Answer	Evidence / note
Read before the quarter, not in it		
Utilisation conditions: no default continuing; repeating representations incl. the covenants		
Clean-down clause?		
Purpose clause wide enough for a draw held on deposit?		
Material adverse change representation?		
Where would the proceeds of a defensive draw sit? (Not with a lender: set-off; acceleration remains)		
Downside: net debt held flat or cured by the release? By entity and by date, trapped share excluded		

Bramwell: 132,666,666.67; 21.0317% of EBITDA; 8.4127% of revenue (13.3333% on the board's cash). Without the revolver: 27,403,718.84 over the minimum, 5.2377 days.

The price of liquidity

Chapter 7. Three ways to hold the same amount. The premium for liquidity without a drawstop is set beside the threshold, never beside a guess.

Group		Treasurer	
Date		Reviewed by	

Way	Formula	Annual cost	Conditional?
A. Undrawn committed facility	commitment x fee rate + upfront fee / tenor		Yes: the drawstop at each utilisation
B. Term debt, proceeds on deposit (away from the lenders)	(loan rate - deposit rate) x amount + arrangement fee / tenor		No drawstop; acceleration and set-off remain
C. Facility drawn, proceeds on deposit	(drawn rate - deposit rate) x amount + upfront fee / tenor		No drawstop once drawn; acceleration remains

Comparison	Amount
Premium of B over A: liquidity that does not leave at the drawstop	
Converting A into C (the defensive draw), a year	
Premium / amount insured: the yearly drawstop probability at which B pays for itself, if the whole amount were lost	

Finance charges definition	Net of deposit income	Gross
Interest today and cover		
Way B: interest and cover		
Way C: interest and cover		
Turns of cover each way costs		

The decision, recorded: the premium, the threshold beside it, the view taken on the probability of the drawstop, and who took it.

Bramwell: A 1,562,500; B 5,625,000; C 5,000,000; premium 4,062,500 (1.6250% of 250,000,000). Cover under B 5.2627x net, 4.3724x gross. The cheapest held liquidity is a conditional facility drawn one quarter early.

Working capital in money, and the discount test

Chapters 8 and 9. Days do not add; money does. A day of receivables is worth revenue / 365, a day of inventory or payables cost of goods sold / 365.

Group		Treasurer	
Date		Reviewed by	

Line	Days	Base	Per day	Balance
Receivables (DSO)				
Inventory (DIO)				
Payables (DPO)				
Net working capital (not the cycle x revenue per day)				

Supplier / terms offered (d / t net N)	Invoices a year	d / (1 - d)	x 365 / (N - t)	Annualised rate	Above the policy rate?	Taken?

If every discount is taken	Amount
Discount captured	
Cash paid early (invoices less discount)	
Average cash tied up = paid early x (N - t) / 365	
Cost of funding it at the drawn rate	
Net gain	
Leverage added: on reported cash / on the facility's definition / if the discount reaches EBITDA	

Policy line: discounts above a stated annualised rate are taken; DPO is reported on invoices not carrying a discount. Bramwell: 2/10 net 60 is 14.8980% a year; net gain 5,471,890.41; 0.2101 to 0.3132 turns.

Supply chain finance: the review before signing

Chapter 10. A programme is a financing decision made in the purchase ledger. Put the two missing figures on the same page as the saving.

Group		Treasurer	
Date		Reviewed by	

The arithmetic	Figure
Purchases in scope a year, and per calendar day	
Days gained: on the group average DPO and on the programme suppliers' implied terms	
Cash released (once), and what the bank funds at any time (day 10 to the new term)	
Supplier: programme cost against its own rate, measured from its CURRENT terms, not the new ones	
Buyer: release x the drawn rate	

Item	Answer	Evidence / note
Is it debt? (the more "yes", the more it is)		
Does Bramwell now owe a bank that holds its irrevocable undertaking, rather than the supplier?		
Are the terms extended beyond what is ordinary for the goods and the industry?		
Does the bank have recourse regardless of any dispute with the supplier?		
What does the facility agreement's definition of indebtedness catch?		
Leverage if reclassified		
Extension reading: net debt + release		
Balance reading: net debt + the amount the bank holds		
Revenue fall that removes the revolver, before and after		
The correlated exit		
Is the programme committed? If not, headroom when the bank stops buying = margin without the revolver - release		
Is the programme bank also a lender?		
Onboarding done as a controlled migration of the beneficiary file, supplier by supplier		

Bramwell: release 66,049,315.07 (77,863,013.70 on implied terms); leverage 2.7622x or 3.1362x; if both leave, -38,645,596.23. Approved by the people who approve financing.

Pooling, and net debt three ways

Chapters 11 and 12. The value of a pool is computed from the gross, never the net. A leverage figure without the name of its cash is not a ratio.

Group		Treasurer	
Date		Reviewed by	

Pool	Today	Physical pool
Overdrafts x overdraft rate		
Credit balances x credit rate		
Net interest		
Saving = overdrafts x spread (threshold for the pool fee)		

Item	Answer	Evidence / note
Physical or notional		
Intercompany loans at arm's length; withholding; thin capitalisation (physical)		
Cross-guarantees and set-off; the bank's capital treatment; single bank only (notional)		
Who stays outside: trapped countries, joint ventures; the repatriation calendar for each		

Cash netted	Cash	Net debt	Leverage	Headroom	EBITDA fall to breach
Reported (the board deck)					
Accessible (the facility: the covenant)					
Available (the treasurer)					
Interest cover on the facility's finance charges					

Word in the definition of Cash	What it strikes out	Amount

Under the certificate and the deck, one sentence: leverage on reported cash, leverage on the cash the facility counts, the difference in cash, and the headroom as an EBITDA fall.

Rates and the currency: what the next proposal is tested against

Chapters 13 and 14. The question is never "should we hedge". Fix the proportion on gross debt, measure after cash, judge a hedge by what it fixed.

Group		Treasurer	
Date		Reviewed by	

Rates	Figure
Fixed share of gross debt (and counting netted overdrafts as floating borrowings)	
Net floating exposure after home-currency available cash (the four cautions: deposit spread, cash not constant, covenant definition, currency)	
Interest and cover after +200 bp, with and without the swap; the saving in the shock year	
Carry a year; years of carry per shock year; the frequency view that justifies it	
Base rate at which cover reaches the covenant, with and without	

Quarter ahead	Exposure	Policy ratio	Hedged	Forward rate(s) achieved	Open
First					
Second					
Third					
Fourth					
Total / average					

The hedge report: three lines, not the mark	Figure
The rate the hedges fixed, and the home-currency amount it fixes	
The ratio actually in place against the policy ratio	
The value of one cent on what is still open	
Budget rate set at the forward (not at spot)?	

Bramwell: fixed 78.1818% of gross debt; net floating -608,000 (at most 64,392,000 on home-currency cash); forward 1.095728; the hedge that "lost" 8,130,844.04 fixed 109,516,214.78.

The surplus, the counterparties and the wallet

Chapters 15 and 16. Security, then liquidity, then yield. A bank relationship is a wallet share and a commitment.

Group		Treasurer	
Date		Reviewed by	

Surplus ladder	Amount	Instrument	Matures into week
Forecast-error reserve: overnight			
Seasonal peak: at term, into the build			
Above the minimum: where the forecast places it			

Concentration	Figure
Largest bank's balance and share of reported cash (and of available cash)	
Policy limit, and at the neighbouring settings	
Excess; what the concentration account alone explains	

Bank	Revolver commitment	Share of commitment	Accounts	Fees paid	FX volume	Average deposits	Share of wallet	Role only it performs

The wallet: fees + commitment fee + amortised upfront fee + margins + FX spreads. Bramwell: 11,068,055.56, of which fees are 37.9470%. The spread is found by asking a second bank for a rate on the same amount at the same minute.

Payments, fraud and the four eyes

Chapter 17. The controls do not detect fraud; they deny it the one change it needs. Measure every control against a single day's run.

Group		Treasurer	
Date		Reviewed by	

Item	Answer	Evidence / note
Release		
Creator is never a releaser, by construction		
Two approvals, each with own credentials; limits by approver; the day's largest need two senior		
No payment initiated from an email instruction, including from the chief executive		
Beneficiary file		
Static by default; changed by someone who cannot pay		
Every change verified by a call to a number held BEFORE the request, and approved by a second person		
Programme onboarding (Chapter 10) as a controlled migration, supplier by supplier		
Reconciliation, every account, every business day		
Timing items closed within the value-date cycle		
Charges and interest closed at month end		
Exceptions older than a few days escalated		
Mandates and continuity		
Mandate review twice a year against the employee list; removals confirmed in writing		
A second bank holds a mandate, a beneficiary file, a payroll file and a balance		
Continuity tested by paying a real payroll from it		

Open item	Account	Amount	Kind (timing / charges / exception)	Age (days)	Owner

Bramwell: a day's run is 5,232,000, 1.6000% of a quarter, inside the forecast's noise (SD 4.1026%): only the reconciliation sees it. It is 58.5486 years of an average account's fees.

The one-page treasury report

Chapter 18. Every line has a neighbour. A line whose fourth column cannot be filled is not on the page.

Group		Treasurer	
Date		Reviewed by	

Line	Figure	Source	Compared with
Cash, reported			
Cash, unrestricted			
Cash, accessible (facility definition)			
Cash, available			
Cash, same-day, cleared			
Minimum liquidity			
Headroom, with the revolver			
Headroom over minimum, without the revolver			
Revenue fall that removes the revolver			
Leverage, reported cash			
Leverage, facility definition (binding)			
Leverage, available cash			
Interest cover			
Net floating exposure after cash			
Interest cover at +200 bp			
USD hedge ratio, average			
Value of one cent on the USD rate			
Concentration excess, largest bank			
Forecast error, last quarter			

Annual policy review: each number with its neighbour	This year	Neighbours
Float, days		
z on the forecast error (sample now n + 4)		
Seasonal peak: plan against last year's actual		
Concentration limit		
Hedge ratios by quarter		

Leave off: portal screenshots, the account list, the full forecast, any figure without a comparison. The board carries out one number: the revenue fall, and what is left when it happens.