FACTORING

CASH FLOW
Consultancy

Factoring is a method of giving a business the cash boost essential for continual trading activities. It is a financing method that is based on actual sales turnover rather than traditional balance sheet financing methods.

Factoring is an on-going commercial arrangement between the financier and the company. The company / business should sell goods or services on credit terms. The financier would purch ase the outstanding invoices payable (on an on-going basis) for an immediate cash advance to the business. Also, the financier would undertake the credit management functions and debt management on behalf of the company.

By virtually outsourcing the credit management function to a factoring company, the company can provide their own service or product without worrying about the rather mundane tasks of debtor chasing or the classic business concerns of the uncertainty of the credit worthiness of their new customers.

Factoring these days is acknowledged as one of the best methods of providing working capital for a business whether it is growing or well established.

Benefits :

• Between 75 - 90% of the value of invoices, could be released within 24 hours.
• Unlike other forms of finance (i.e. Overdrafts), a factoring facility would automatically grow with the business and its turnover.
• Factoring is not a loan facility; hence it would not create an entry of debt on the company’s balance sheet.
• Gives huge opportunity to negotiate favourable terms from suppliers by paying earlier.
• Outsourced credit control functions carried out by an expert team at favourable rates.
• Providesthe businesses the ability to react quickly to market opportunities, whilst keeping debtors under control.

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