

# M Simpson Associates

## A Straight Talking Consultancy

Business specialists with the ability to see through the smoke and get to the bottom line quickly

### Exclusive Business Insight from M Simpson

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To ensure the success of your business plans, you need a flexible supply of funds to make them happen. M Simpson Associates can help your business by offering a wide range of cash flow and asset finance solutions designed to help you take your business forward.

M Simpson Associates will review the **DETAIL** of your Business and offer genuine support.

## ABOUT THIS DOCUMENT

This document explains how a business can use its outstanding invoices to generate cash for the business short term working capital requirements

M Simpson Associates through its trusted business network specialise in the provision of finance to small and medium sized businesses offering **free** impartial advice without obligation. Our innovative product portfolio focuses on one basic business need - the need to keep cash flowing, equipment up to date and the ability to fund large orders on an ad hoc basis without using the companies own resources.

## INVOICE FINANCE EXPLAINED

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Keeping the cash flowing is the most important part of any business, even more so in a recovering economy. After all, accessing the money you're owed allows you to grab new opportunities, bring plans to life, buy new equipment, pay staff wages and negotiate the best terms with your suppliers. Unfortunately, maintaining a regular flow of cash is often easier said than done. Especially if late payments are holding you back.

If your business is selling its products or services to other businesses on credit terms, invoice finance, often known as factoring and invoice discounting, could help. It's a form of funding that releases cash tied up in a business's outstanding sales invoices.

Over 40,000 businesses across the UK use invoice finance to support them at various stages in their business life cycle. More and more businesses across the UK are using this form of finance – particularly at a time when more traditional financial institutions have been turning down funding requests.

## ADVANTAGES OF INVOICE FINANCE

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**There are a number of advantages that invoice finance offers over other funding options.**

**A secure form of finance** – the sales ledger is used to secure access to funds, so as your business grows so does the amount of funds that can be made available to you.

**Access to specialist expertise** – invoice financiers takes an in-depth view of your business – this includes taking into account the entire financial picture when making a funding decision.

**Its finance that grows with you** – you get immediate cash injection and an on-going source of funding linked directly to current sales. As business grows and sales increase, so does the amount of working capital that the invoice financier can make available.

**Improve your profitability** – paying suppliers early lets you buy in larger quantities and take advantage of any volume discounts available.

**An extensive credit history is not required in the UK** – the sales ledger of the business is used to secure its access to funds. This means those businesses which may have been turned down for bank funding has a viable and trusted funding option.

Factoring provides an injection of cash against confirmed orders and frees up the management time, removing the job of running the sales ledger and credit management.

In essence with factoring you sell your invoices to a factoring company. The factoring company will pay a percentage of the value of the invoice to you upfront and then collect the full amount owed.

Once the factoring company has collected the outstanding debt, the balance will be paid to you minus the amount already advanced and the charges.

If you factor your invoices this gives you an amount of the invoice upfront which improves your cash flow and enables you to go for bigger contracts.

Factoring is a flexible funding and collections service which releases cash tied up in outstanding customer invoices.

What this means:

- You can bridge the cashflow gap between raising an invoice and getting paid.
- You can boost your cashflow by receiving an immediate cash-injection and on-going supply of working capital into your business against the value of your outstanding invoices.
- You can benefit from the factoring provider's credit control service, saving you valuable time, as they will chase and collect outstanding invoice payments on your behalf.

### Spot Factoring / Single Invoice Finance

#### *10 reasons to choose Spot Factoring:*

1. Our partner has no minimum period, no minimum annual charges, no termination fees, and no notice periods.
2. Clients can choose which invoices they wish to finance and when.
3. Facility usually includes credit insurance protection against bad debt.
4. Fast underwriting decisions (usually 24/48 hours) both at the outset and on-going.
5. Simple to use online system with clear visibility on charges.
6. Can be used to fund export invoices.
7. Very few limitations on industry sectors.
8. Can fund stage payments and applications as well as standard invoicing.
9. Suitable for established businesses as well as new starts and pre-packs
10. Can be linked to import funding to provide whole cycle funding for confirmed forward orders for finished goods.

Invoice discounting is a flexible funding-only solution which releases cash tied up in outstanding customer invoices.

What this means:

- You can bridge the cashflow gap between raising an invoice and getting paid.
- You can boost your cashflow by receiving an immediate cash-injection and on-going supply of working capital into your business against the value of your outstanding invoices.
- You maintain the relationship with your customers and you collect payments against outstanding invoices – the invoice discounter provides the cash to support you. Unlike factoring, invoice discounting does not include a credit control service.

### **Will I lose control of my customer relationships if I use factoring?**

No, an invoice financier will provide a dedicated credit controller who, in effect, becomes an extension of your own team; chasing and collecting payment in the way that you want them to. Many providers can also offer a confidential facility, where your customers would remain unaware of how you are funding your business.

### **Who is suitable?**

Whether your businesses is large or small, long-established or fledgling, liquid or experiencing cashflow difficulties, you could benefit from the significant advantages invoice finance offers.

### **What it costs**

Compared with other types of business finance, invoice finance is a cost effective solution, and when compared with bank funding, the cost of money advanced is competitive. Although in general terms, fees are tailored to the specific needs of businesses and therefore differ from firm to firm.

### **There are two types of fee:**

#### **1. Service Fee**

This covers the day-to-day running of the sales ledger (usually between 0.5 per cent and 3.0 per cent of the funds advanced).

#### **2. Interest**

This is charged on the monies advanced to you.

**You could also benefit from:**

1. Savings on people costs – invoice financiers can provide credit control functions on your behalf as part of their factoring service, so businesses can make savings on the cost of employing a credit controller, typically saving the business between £15 to £20K per annum.\*
2. Significant savings – on costly overheads such as postage, stationery and telephone calls.
3. A healthier bank balance – invoices are paid on time and more quickly. With a regular flow of cash into your account, it means you could save on bank interest & charges

It's now time to sort out the right funding solution for your business! You can have a **free** non-obligatory discussion Call today on **07717 281076**

Or Email: [info@msimpsonassociates.com](mailto:info@msimpsonassociates.com)