

## **ULSTER BANK INVOICE FINANCE**

**October 2013**

**Presentation on Invoice Finance**

**For Enterprise Ireland.**



## WHAT IS INVOICE FINANCE?

- **An asset-based finance product**
- **Releases funds tied up in trade debts**
- **Confidential facility**
- **Grows in line with sales**



## DEBT ASSESSMENT

- **Quality of the Debt**
  - **Clean debt**
  - **Spread of debt**
  - **Ageing of debt**
  - **Terms of trade**
  - **Complexity of debt**



## SUITABLE BUSINESSES

- **Profitable companies**
- **Positive TNW**
- **Sell on credit terms to other businesses**
- **Turnover in excess of €500,000 p.a. inc VAT**
- **Clean debts (sale complete/ value passed)**
- **Good spread of debts (5+)**
- **Good admin & credit systems**





## WORKS WELL FOR

- **Companies selling into the Irish / UK and European Market Place.**
- **Commodity type products**  
→ Food, Drink, Metals, Raw materials
- **Manufactured goods**
- **Exports**
- **Wholesale Distribution**
- **Service Industries**  
→ Security, Recruitment, Transport



## BENEFITS OF INVOICE FINANCE

- Turn debts into cash immediately
- Can release more funds than conventional sources of finance
- Grows in line with sales
- Allows company to grow
- Productive use of surplus availability
  - e.g. bulk purchases, discounts, pension top up



## Cash available from Debtors

■ Total Debtors €000,s	8,000	12,000
■ Debtor Days 75		
■ Debtor Values	1,644	2,465
■ Less 10% over 90 days	164	246
■ Available for Discounting	1,480	2,219
■ Prepayment Rate 80%	1,184	1,775
■ Funds of 1,184 available for use as working capital growing to 1,775 in the following year based on the growth in Debtors		

