

FACTORING

IMPROVE YOUR CASH FLOW & SECURE YOUR DEBTS



Presented
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FACTORING AGENDA

- What is factoring?
- How does it Work?
- Who can use factoring?
- Advantages/Benefits
- How much does it cost?
- A new Approach!



AGENDA



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FACTORING DEFINITION

Factoring is a package offered by the Factor to a Seller wherein against assignment of Seller's receivables to the Factor (with notification of assignment to the Buyers), the Seller may benefit:

1. Sales/ Invoice Ledgering

2. Debt Collection



3. Risk Protection



4. Financing



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HOW DOES IT WORK?

1. Parties involved

SELLER

Business opportunity

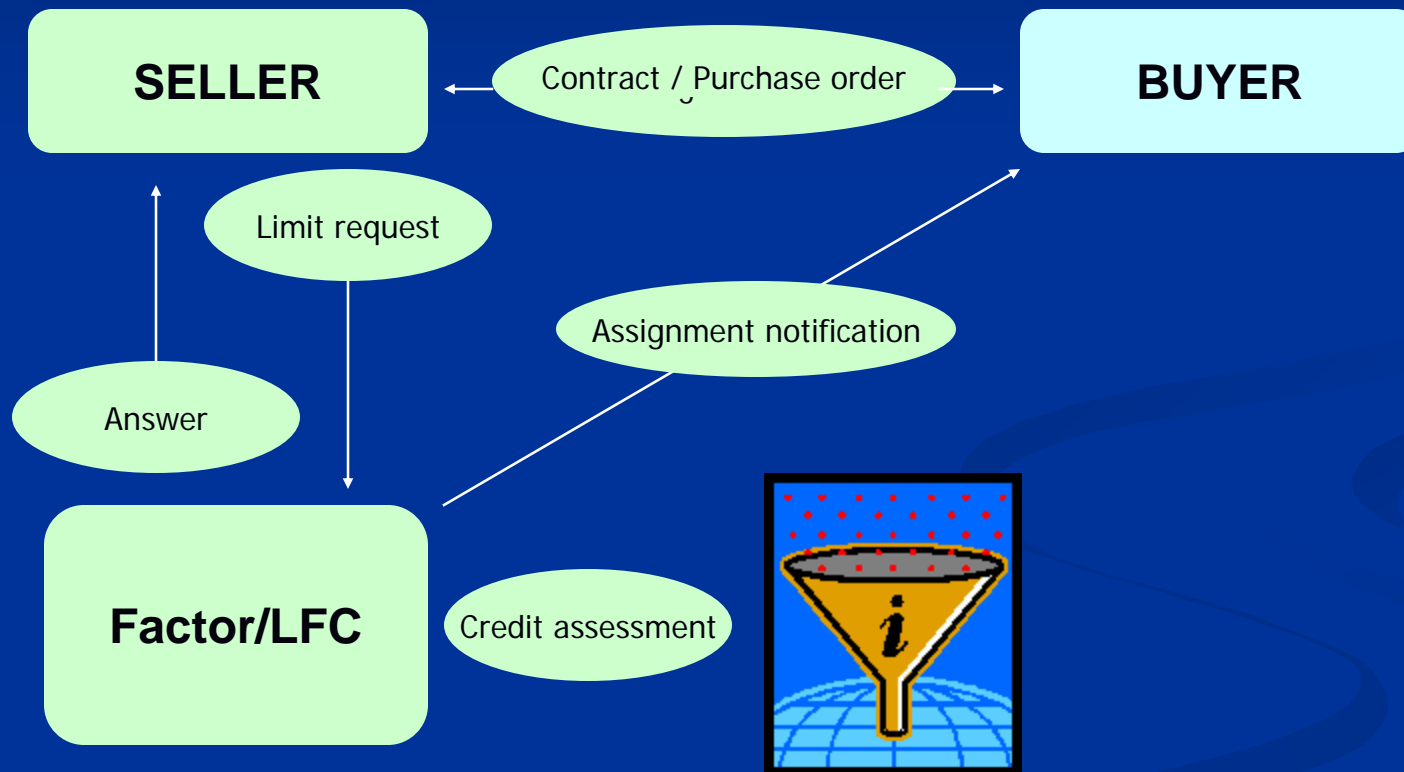
BUYER

Factor (LFC)



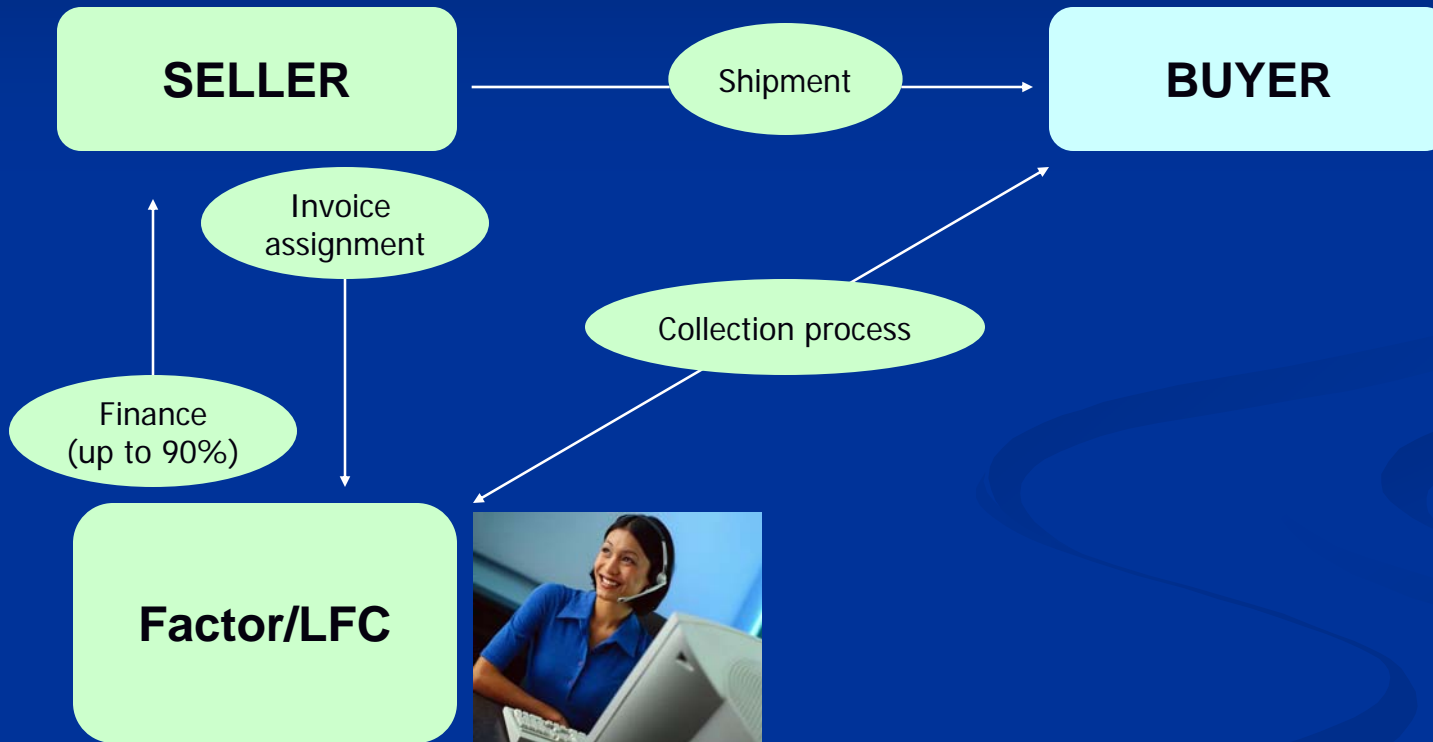
HOW DOES IT WORK?

2. Limit request



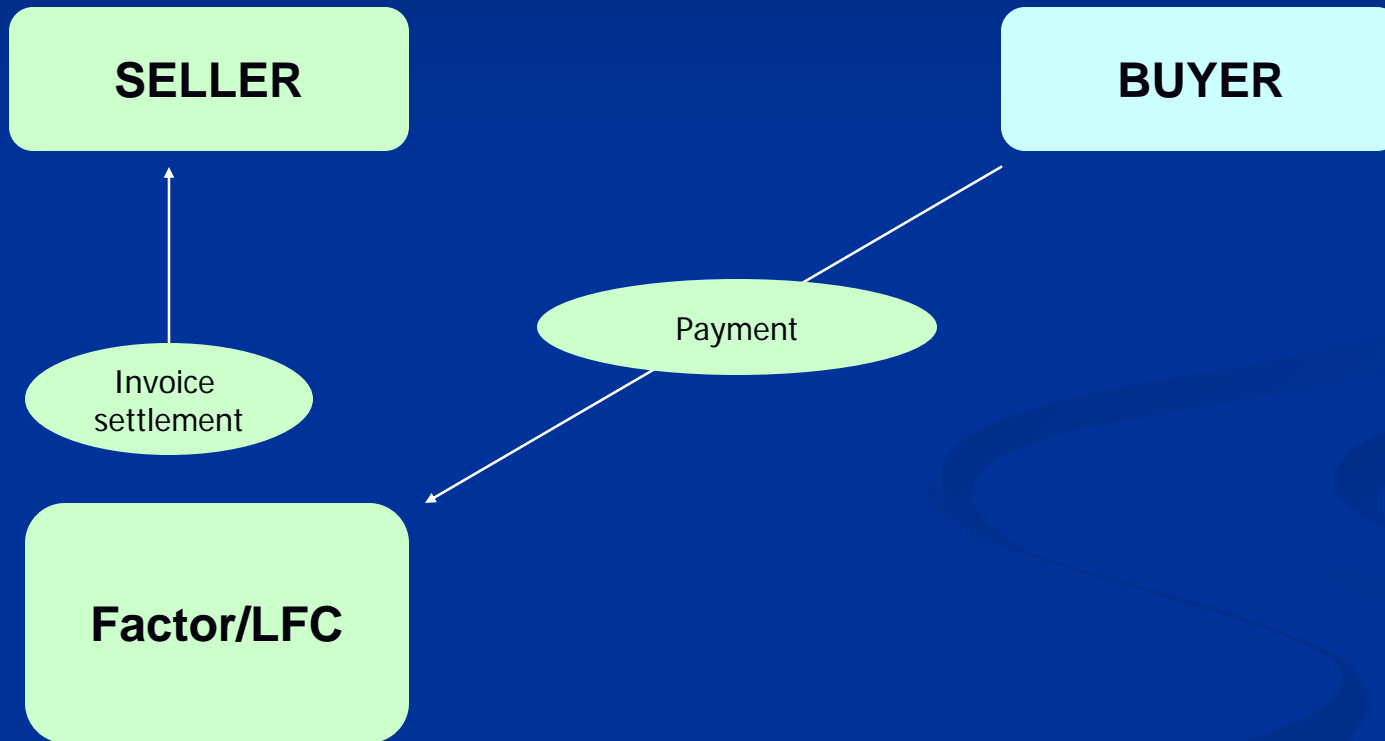
HOW DOES IT WORK?

3. Factoring & finance



HOW DOES IT WORK?

4. Collection



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WHO CAN USE FACTORING?



- ✓ Small/ Medium size companies
- ✓ All companies offering credit terms up to 120 days to a relatively stable number of corporate buyers.
- ✓ Traders; Manufacturing; Industrial equipment; Garments; Food & Beverages; Chemicals Service Providers; ...
- ✓ The receivables must result from contracts completely fulfilled by the seller and therefore be unconditional and enforceable.

WHEN FACTORING APPLIES?



- ✓ **Open account sales**
- ✓ **Continuous relationship/
Steady buyers base**
- ✓ **Clear/Clean performance**
[no sale or return, no consignment, no counter sales, no performance claims]
- ✓ **Clear sales title &
enforceable receivables**
[no legal constraints, clear ownership of the goods]
- ✓ **Spread of buyers**
[“not all eggs in one basket”]

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Benefits

FEATURES

- Invoice/Sales Ledger
- Collection of Receivables
- Credit Risk Protection
- Financing
- Credit Management
- Open Account Terms

BENEFITS

- Personalized reporting
- Professional Collection
- Bad Debt Protection
- Non-recourse (Off B/S)
- Debtors Pre-assessment
- On going credit Monitoring
- Competitive Commercial Terms

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HOW MUCH DOES IT COSTS?

Service Charges

+

Financing Charges

=

TOTAL

Set-up fee

[once for the initial set-up]

Factoring commission

[on the turnover]

Credit checking

[annual fee per debtor]

Handling charge

[per document, where applicable]

Other

[if the structure of the facility requires, where applicable]

On 'funds-in-use'

[on a daily balance]



Influencing factors

- Annual turnover
- Number of invoices
- Number of debtors
- Payment terms
- Industry

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A New Approach

Our factoring is designed to be user friendly and less intrusive. How? Instead of requiring you to factor all of your receivables, we look to factor individual flows to a few of your customers.

We can sign a factoring agreement to factor invoices for as few as three of your customers. They can all be in one country or in different countries. We are looking to help you where you need the help.

Forfaiting vs Factoring

Exactly the Same but different in every way!

FORFAITING

- Medium to Long – over 180 days – 10 years
- Incremental Sales
- One off transaction
- Anonymous
- 100 % discounting
- Without Recourse
- Negotiable Instrument
- 100,000.00 plus

FACTORING

- Short Term – up to 120 days
- Ongoing relationship between buyer and seller
- Facility
- Notification required
- Up to 90 % advances
- With, Limited or Without Recourse
- Invoice based (Normally)
- No Minimum Size

THANK YOU



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