

Sports Products Manufacturing Limited

- ✓ Turnover is £10,000,000
- ✓ Overdraft is £100,000
- ✓ Bank loan is £300,000
- ✓ Sales ledger is £1,250,000



Advantages

- 📄 Sports Products entitled to 85% advance of outstanding sales ledger = £ 1,062,500
- 📄 Overdraft (£100,000) is repaid leaving £962,500 working capital benefit to the business.
- 📄 Limits director's personal exposure.
- 📄 Loan remains £300,000 and reducing each month

Dis-advantages

- 📄 Cost of loan repayment remains
- 📄 Cost of overdraft facility £6,500*
- 📄 Invoice Finance Alternative = circa £35,000 total cost.**

* Example is based on an APR of 5.5%, with 1% added for arrangement fees

** Example is based on £15,000 pa service fee and £20,000 Interest Charge pa

Conclusion

Is the net extra cost in this example of £28,500 per year worth having an additional £962,500 working capital today?



Contact Touch Financial today

Speak to an expert at Touch Financial on 0800 157 7342 for free, no obligation advice or alternatively visit www.touchfinancial.co.uk for more information.