

Debtor Finance

Managing your
business cash flow



**Converting unpaid invoices
to cash – in 24 hours!**



With Debtor Finance, you'll enjoy greater cash flow certainty to help grow or restructure your business. In fact, you can convert up to 80% of your unpaid invoices into cash, usually within 24 hours. And this specialist lending facility automatically grows in line with your sales, to fund your cash flow – so there's no need to renegotiate increased facilities, or rely on other personal or business assets as security.

It's designed to give you real choices and flexibility that benefit your business. It could be exactly what you need to start heading towards a brighter future.

When do you need Debtor Finance?

There are many phases during which a business may benefit from Debtor Finance, including:

- managing growth
- meeting seasonal peaks in demand
- improving response times and customer service (especially for major orders or projects)
- funding a new business start-up
- funding transition, such as a management or partner buy-out or family succession.

How Debtor Finance works

Convert unpaid invoices into cash in 24 hours

Debtor Finance helps boost your cash flow immediately. It gives you an initial payment of up to 80% of the value of your invoices, usually within 24 hours of processing. The balance (minus fees) is then paid to you when your customers settle their accounts. All you need to do is provide details of your sales, on an ongoing basis.

Save more and earn more

With a reliable cash flow, you're in a much stronger position to negotiate on price with your suppliers. You won't have to rely on your overdraft as much, plus you'll save time on administration. And because you don't need to offer early settlement discounts, you'll get a better return too.

What are the costs?

Costs are negotiated and agreed upon with you up front, so you're comfortable from the very start. The actual cost depends on things like the percentage of your invoices' value you request in initial payments, turnover, workload and perceived risk.

As a guide, the current fees are:

- Management fee – a percentage of invoices received. It includes all management costs such as bank charges and credit checks on debtors. It usually ranges between 0.20% and 3.00%.
- Discounting fee – interest charged on the balance of monies advanced, plus costs, less collections. This fee is based on the quoted variable rate,** plus a risk margin which ranges between 0.80% and 3.00%.
- Arrangement fee – covers the cost of setting up the facility including government charges, and is deducted from the initial payment to you.

Please note: There is a minimum facility limit of \$50,000.

Will your customers notice?

Your Debtor Finance facility can be either disclosed or confidential, depending on the requirements of your business and criteria. Either way, you can still offer your customers up to 90 days to settle.

Disclosed facility

A disclosed facility is easier to administer. A copy of your sales ledger is set up, with statements issued to your customers, payments received and records of sales and receipts. All this information is available online (via a secure internet portal). Plus, you'll save lots of time on routine tasks, such as end-of-month reconciliations.

Confidential facility

A confidential facility ensures debtor payments are made direct to you, while your customers remain unaware of any financier involvement. With this option, you're still responsible for maintaining your sales ledger.



Does your business qualify?

Each business has its own particular needs, strengths and challenges. Applications are assessed on an individual basis, but here's a guide to the common qualifications.

Your business should:

- have experienced management
- be growing or have real growth potential
- be profitable or moving towards profitability
- demonstrate that it will benefit from Debtor Finance.

Your invoices should be:

- payable by business, corporate entity or body corporate within 90 days
- for complete billable items. That is, payment of an invoice must not depend on you delivering additional goods or services, or completing additional work.

Long-term benefits

More certainty about the future

As well as boosting your cash flow immediately, Debtor Finance can provide greater certainty and clarity for the future of your company, especially when individuals' assets are removed from the business books.

Change of ownership doesn't affect your finance

Debtor Finance is based on the profitability or potential of your business – not on the individual's private or commercial assets. So when there's a change in ownership or a shift in shareholder equity, the Debtor Finance facility continues, unaffected by the new owner's assets.

You don't need to rely on your assets as security

With Debtor Finance, owners don't have to offer assets as security, when an injection of working capital is needed to grow the business.

It's easier to meet immediate costs

Where customers have up to 90 days to pay, Debtor Finance helps you meet immediate costs, such as wages and contractor fees.

Get back in the black more quickly

A new business with start-up losses can use Debtor Finance to move more quickly into the black, without further capital investment.

Manage your cash flow during a restructure

A company being restructured needs to maintain its cash flow to meet recurring costs. Debtor Finance can be used to effectively manage the restructuring process.

Ensure a smooth transition to new owners

Where the financial facilities of an established private company are secured by the private assets of the founders, Debtor Finance can be used to release the founders' assets and ensure a smooth transition to the new owners. This may happen during a management buy-out or a generational succession in a family business.





CONSUMER

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