



Invoice Finance

Invoice Finance is a method of raising working capital by converting trade debts into cash on an ongoing basis. Under this facility a company can access funds of up to 85% of approved invoices. In cashflow terms, this is the equivalent of having 85% of eligible invoices paid within 24 hours. Cash is continually delivered to your business, increasing with your sales, providing much needed working capital.

Key customer benefits

- It can release funds tied up in trade debtors (often a company's biggest asset). This can assist cashflow management and improve liquidity allowing you to take advantage of business opportunities
- It is a flexible form of funding often releasing more cash on an ongoing basis than any other source of traditional working capital finance
- The amount of cash available to you increases with your sales making it ideal for both expanding and established businesses
- It provides you with a continuous source of cash for your business. This allows you to enhance your credit standing with suppliers and take advantage of supplier discounts
- It is easy to operate and is supported by a secure, automated online account management system, making administration and access to funds easy and efficient
- It can allow your business to extend attractive credit terms to its customers, making it highly competitive as a result
- It's confidential. Your relationship with your customers is not affected
- It is a complementary form of finance, working alongside your existing banking arrangements

How does it work?

Invoice finance provides you with a pre-agreed percentage of 'approved' debts. Approved debts are trade debts for goods or services delivered or completed, supported by a robust and undisputable paper trail and usually under 90 days outstanding.

- You invoice your customers as normal
- On a regular basis (as often as you want) you total the recent invoices issued and notify us of the balance through our online account management system (PAID Online)
- A pre-agreed percentage of this total value of invoices is made available to you immediately (up to 85%). This is known as the prepayment rate
- Your customers pay the individual invoices in line with normal credit terms
- As payments from debtors arrive, they are lodged into a dedicated account at your Bank of Ireland branch
- We then pay you the difference between the amount received from the debtors and the amount advanced, less any charges

Customer scenario:

Debtors	€1,000,000
Debtor days	90 days
Debtors > 90 days:	€100,000 (10% of debtors)
Prepayment Rate:	85% of approved debts

Based on this example, the following level of cash funding can be made available through invoice finance:

Debtors	€1,000,000
Less: Debtors > 90 days	(€100,000)
Approved debts	€900,000
85% of approved debts	€765,000

What businesses are ideal?

- Businesses with an annual turnover of over €1m or the potential, given adequate funding, to reach this size rapidly
- Businesses that sell on credit e.g. manufacturers, wholesalers, distributors and service providers
- Businesses with a good spread of debtors, good credit control and management information systems
- Businesses that invoice in arrears for goods delivered and/or services completed
- Businesses that are profitable with a positive net worth

We have also designed a package specifically for the SME sector aimed at businesses with a turnover of at least €500,000 and a working capital requirement of greater than €100,000

What does it cost?

There are two elements of cost usually involved:

- 1) An arrangement fee for the setting up of the facility.
- 2) A Discount Charge (similar to an interest charge) is levied on the funds used by your company. The rate is generally expressed as a percentage margin over Bank of Ireland's Prime Rate with the margin varying relative to the size of the facility and the degree of risk.
- 3) A Service / Management Fee is an annual flat fee and is charged monthly to your account.
- 4) Legal fees, when incurred are for the account of the borrower.

We are keen to work with you in assessing your current and future requirements and would be happy to deliver the appropriate solution to meet your needs.

For further information

on Invoice Finance call us on (01) 614 0300 or contact your local Bank of Ireland branch.

Lending criteria and terms and conditions apply. Bank of Ireland Finance is a registered business name of Bank of Ireland. Bank of Ireland is regulated by the Central Bank of Ireland.