

CashFlow Assist

The solution for CashFlow management

Companies with a good credit rating often find themselves in a temporary cashflow squeeze caused by delays in receiving payments from debtors.

This could be as a result of a credit insurance claim, a dispute with a debtor, a payment that needs to be recovered via pre-legal or legal action, or even a delay in being able to deliver the goods to the debtor timeously.

To help our clients manage their cashflow in these cases, Debtsource has launched CashFlow Assist - a solution that is available to all qualifying clients.

Debtsource has partnered with select funding providers to deliver a tailored cashflow solution.





How does the solution work?

A credit review is conducted on your business. Debtsource insures the requested facility via a trade credit insurer on behalf of our funding partners.

Once the credit review has been concluded, and is positive, a Master Funding Agreement will be entered into with you, subject to an agreed maximum loan amount.

You can then draw-down on the CashFlow Assist facility as required. For each draw-down you will need to sign an invoice discounting repayment plan, depending on the individual requirements of each transaction.

Funding is available for up to 180 days during which Debtsource operates as the agent to facilitate the invoice discounting transaction and to provide you with a single point of contact.

The CashFlow Assist solution is available to all approved Debtsource clients, subject to the terms and conditions of funding as determined by our funders from time to time.

What are the benefits?

It's an ideal cashflow management tool which can be accessed to off-set the negative liquidity impact arising from overdue debtors, credit insurance claim delays and debtor disputes.

Once approved, you have the flexibility to access the facility as and when required.

After the Master Funding Agreement has been signed, funds are typically made available within 3 working days.

Funding can be accessed for short term periods if required. This helps to overcome cashflow hurdles, while at the same time minimising the amount of interest paid on the transaction.

The funding facility is accessible on all debtors where goods have been delivered, meaning that it can be used as a traditional invoice discounting facility, with funds being paid out prior to the debtor payment due date.

Debtsource endeavours to approve customers for funding without the need for additional collateral, essentially using balance sheet strength. This means that the funding facility will not affect other financing facilities that may already be in place.

The invoice discounting operates on a non-disclosure basis so the underlying debtor will not be aware that their transaction is being funded.

What more is there to know?

Debtsource will only do draw-downs on debtors that have been credit-approved by Debtsource, or where the underlying debtor is credit insured. This approach drives our philosophy of "helping you trade safer while reaching your company goals".

The interest rate applicable to these transactions is typically 2% per month. This is the same interest rate that you can charge debtors on overdue accounts (according to your Debtsource designed credit application form).

Debtsource funding is available on transactions from R250 000 to R10 million.

Only commercial (trade credit) invoices are open to funding.

The potential disadvantage of invoice discounting is that it can erode profit margins. Ideally the facilities provided by Debtsource should only be used where the funding margin has been built into the credit sale, or as a tool to negotiate better supplier settlement discounts.



For more information or to activate a facility for your business contact Debtsource on **011 348 7000** or email **sales@debtsource.co.za**. Alternatively, chat to your Debtsource Customer Relationship Manager. **www.debtsource.co.za**