

“Businesses seek alternative funding”

While conditions in the traditional lending markets continue to worsen, businesses are becoming ever smarter in seeking out alternative funding solutions.

Current economic conditions mean that alternative solutions, such as invoice finance, have taken on a renewed significance for small businesses looking to unlock cash.

Said Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons, “Invoice finance is a highly flexible and innovative form of funding that allows businesses to raise funds based on the value of their outstanding sales invoices thus releasing capital back into the business. An invoice financier will typically release up to 85 per cent of the value of sales invoices as they are raised and collect outstanding invoice payments from client’s customers. The remaining 15%, less a small service fee will be paid to the business once payment has been received. For those businesses yet to embark on alternative funding it is important that such a facility includes bad debt protection which offers cover should a major customer become insolvent or finds itself unable to settle outstanding debts.”