

# PRESENTATION TO THE FOOD CLUB

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# **RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE**

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# **RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE**

## **CONTENTS**

- 1. WHERE DO FINANCIAL PROBLEMS OCCUR**
- 2. SOURCES OF FINANCE**
- 3. HOW A COMMERCIAL FINANCE BROKER CAN HELP**

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 1. WHERE DO FINANCIAL PROBLEMS OCCUR

- Cash Flow
- Premises: Rent/Buy
- Stock
- Labour

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 1. WHERE DO FINANCIAL PROBLEMS OCCUR

### CASH FLOW

- A. Cash Purchases
- B. Payments to Creditors
- C. Sundry Payments - Product Testing, Janitorial, Laundry
- D. Premises - Rent / Mortgage / Rates
- E. Insurance - Product liability, Staff, Premises, etc.

Continued.....

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 1. WHERE DO FINANCIAL PROBLEMS OCCUR

### CASH FLOW

- F. Vehicle - Insurance, Fuel, Service, Lease
- G. Utilities - Gas, Electricity, Water
- H. Purchasing Materials
- I. Purchasing Packaging

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 1. WHERE DO FINANCIAL PROBLEMS OCCUR

### PREMISES: RENT/BUY

- A. Pilot Plant Facility
- B. Rent a unit - Lease Period / Fixtures and Fitting
- C. Buy - Blockage of Cash

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 1. WHERE DO FINANCIAL PROBLEMS OCCUR

### STOCK

- A. Cash
- B. Credit – Periods
- C. Import / Export

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 1. WHERE DO FINANCIAL PROBLEMS OCCUR

### LABOUR

- A. Staff Salaries / Wages
- B. PAYE - Pension Contributions, Benefits in Kind
- C. Drawings, etc.

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

- Bank Loan
- Outside Investment (Equity)
- Partnerships
- Secured Loan/Re-mortgage
- Leasing

Continued.....

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

- **Factoring**
- **Overdraft/Rolling Facility**
- **Extended Credit (Supplier)**
- **Delay in Paying Suppliers**
- **Grants / SFLG**

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### BANK LOAN

- A. Loan <£25,000.00 - Fixed Term, Fixed Repayment, for Working Capital or Capital goods
- B. Security – Personal Guarantee (Usually a charge over property, second mortgage)

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### PARTNERSHIPS

A. Active

B. Passive (Sleeping)

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### OUTSIDE INVESTMENT (EQUITY)

- A. Family, Friends - Loans, Equity
- B. Business Angels
- C. Venture Capital

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### SECURED LOAN/RE-MORTGAGE

- A. Loan >£25,000.00
- B. Charge over Property
- C. Second Mortgage

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### LEASING / ASSET FINANCE (AF)

There are 5 types:

- A. Hire Purchase/Lease Purchase
- B. Finance Lease
- C. Operating Lease
- D. Contract Purchase
- E. Asset Acquisition

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### BENEFITS: LEASING / ASSET FINANCE (AF)

- A. No large outlay
- B. As Competitive OR better than Bank Loan
- C. Fixed and Monthly plan available
- D. AF does not involve Working Capital or Stock Funding
- E. Offset Leasing costs against Taxable Profits

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### FACTORING

- A. What is Factoring?
- B. With or Without Recourse
- C. Discreet
- D. Turnover as Low as £50,000.00 per annum

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### OVERDRAFTS/ROLLING FACILITY

#### A. Bank Overdraft – Manageable Buffer

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### EXTENDED CREDIT (SUPPLIER)

#### A. Negotiate a Longer Credit period

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### DELAY IN PAYING SUPPLIER

- A. Cheque is in the post ploy
- B. May have adverse impact

# RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE

## 2. SOURCES OF FINANCE

### GRANTS / SFLG

- A. Very selective
- B. SFLG (Small Firms Loan Guarantee) Costs borne by the borrower

# **RESOLVING FINANCIAL PROBLEMS AND RAISING FINANCE**

## **3. HOW A COMMERCIAL FINANCE BROKER CAN HELP**

- **Independent**
- **Search the Market for Best Financial Solution**
- **Understands your Business Needs**
- **Share your Vision**

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**THANK YOU**

**ANY QUESTIONS?**

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