



Debt Products Guide



Contents

03	Trade Finance
04	Invoice Finance
05	Unsecured Business Loans
06	Secured Business Loans
07	Merchant Cash Advance
08	Asset Finance
09	Property Finance
10	Our Process

TRADE FINANCE

What is Trade Finance?

Trade Finance services make trading safer by involving a reliable third party, usually a financial institution, to reduce the risk between buyers and sellers.

These services also help manage cashflow better. Sellers get their money faster, and buyers can extend their credit terms, making trade smoother for everyone involved. Overall, Trade Finance plays a crucial role in making global trade more secure and efficient.

Most common industries:

-  Wholesalers
-  International Traders
-  Exporters & Importers
-  Retailers
-  E-commerce
-  Manufacturers
-  Construction

Types of Trade Finance:

- Purchase Order Finance facilitates the fulfilment of specific customer orders by providing funding during the period between receiving a purchase order and receiving payment. It helps businesses acquire the necessary inventory or goods to meet customer demand.
- Letters of Credit (LCs) are commonly used in international trade. In this arrangement, a financial institution, representing the importer, issues a letter of credit to the exporter. This letter guarantees payment upon meeting specified terms and conditions, ensuring secure transactions for both parties.
- Supply Chain Finance focuses on optimising cashflow throughout the supply chain. It offers early payment options to suppliers based on approved invoices or receivables, ensuring timely payments and improving working capital for suppliers.

Other Trade Finance products include pre and post shipment financing, inventory financing, and structured Trade Finance. For more information on these options or to find the best fit for your business, please reach out to our experts.

Benefits of Trade Finance:

1

Risk Mitigation: Trade Finance offers financial guarantees, boosting security for both buyers and sellers. This assurance significantly reduces the risk of non-payment, fostering trust and confidence in international trade relationships.

2


Working Capital Optimisation: Trade Finance strategically provides funds at different stages of the trade cycle. This approach empowers businesses to effectively manage cashflow, fulfil orders, and readily seize growth opportunities.


3


Operational Efficiency: The streamlining of trade processes minimises administrative burdens, allowing businesses to concentrate on core operations and thereby enhance overall productivity.

Key Eligibility Criteria:



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 desk@pathfinder-fx.com

 01743 290955



Min £200k
turnover

LTD

The business is a
limited company



Confirmed
purchase orders

INVOICE FINANCE

What is Invoice Finance?

Invoice Finance works by unlocking funds tied up in invoices for goods or services sold on credit terms.

The key advantage is that you no longer need to wait for your customers to make payments before accessing the cash. This immediate access to funds offers valuable working capital that can be utilised for timely payments eliminating the need to delay crucial financial transactions until your clients settle their invoices.

Most common industries:

 **Consultants**

 **Manufacturers**

 **Exporters & Importers**

 **Service Providers**

 **Marketing Agencies**

 **Subcontractors**

 **Construction**

Types of Invoice Finance:

There are various types of Invoice Finance, known by different names. These encompass invoice factoring, invoice discounting, debt factoring, accounts receivable factoring, CHOC's (client handles own collections), selective invoice discounting, and spot factoring. Despite the varied terminology, the underlying principle remains consistent. The outcome is accelerated payment and increased availability of working capital.

Here is an example of how Invoice Financing operates:

1. You issue an invoice to your customer, allowing 30 days credit.
2. Your Invoice Finance provider promptly disburses around 90% of the invoice value.
3. After 30 days, your customer settles the invoice in full.
4. The Invoice Finance provider then transfers the remaining amount to you, deducting their fees and interest.

It is not uncommon for credit terms to extend up to 120 days. Invoice Finance proves instrumental in furnishing the necessary funds to bridge this gap efficiently.

Benefits of Invoice Finance:

1

Invoice Finance offers businesses enhanced cashflow, minimised risk of bad debts, and augmented working capital.

2


By selling outstanding invoices to a finance provider, businesses in the UK can access a portion of the invoice amount upfront, freeing up resources to focus on other areas of their operations.


3


Outsourcing credit control and debt collection to a finance provider can help reduce the risk of bad debts and provide a valuable source of funding and financial management support for businesses.

Key Eligibility Criteria:



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 01743 290955



Min £100k
turnover

LTD

The business is a
limited company



Minimum 14-day
payment terms







UNSECURED BUSINESS LOANS

What is a Unsecured Business Loan?

An Unsecured Business Loan doesn't necessitate collateral or assets as security. Approval is based on the borrower's creditworthiness, financial strength, and factors like credit history, business performance, and cashflow.

These loans provide flexibility and accessible funds, especially beneficial for businesses without substantial assets for security. (Note: Unsecured Business Loans often require a personal guarantee).

Most common industries:

-  Scaling SMEs
-  Retailers
-  Consultants
-  Service Providers
-  Marketing Agencies
-  Healthcare
-  Construction

How do UBLs work?:

Unsecured business loans offer businesses the flexibility to secure upfront capital without requiring collateral against the loan. Lenders commonly seek a personal guarantee, where the borrower commits to using personal funds to repay the loan if the business encounters challenges in meeting its repayment obligations. Occasionally, this commitment extends to include the borrower's spouse, emphasising a shared responsibility for the loan's repayment.

To gain insight into the financial well-being of the business, lenders will analyse the company's financials. This enables lenders to evaluate the borrower's capacity to effectively manage loan repayments.

The assessment process, encompassing credit checks, personal guarantees, and review of financial documents, is a customary practice aimed at ensuring responsible lending. By maintaining transparency and providing the necessary documentation, borrowers can streamline the application process, increasing the likelihood of securing the funds they need for their business requirements.

Benefits of Unsecured Loans:

1

Unsecured Business Loans do not require collateral or assets to secure the loan, making them accessible to businesses that may not have valuable assets to offer as security. They do however often require a personal guarantee.

2


Unsecured loans typically feature a streamlined application process and faster approval times in comparison to secured loans, enabling businesses to swiftly access funds.


3


Successful repayment of unsecured loans can contribute to building or enhancing a business's credit history. This positive credit track record may open doors to better credit opportunities in the future, such as lower interest rates or higher loan amounts.

Key Eligibility Criteria:



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 01743 290955



Min £100k
turnover

LTD

The business is a
limited company



6 months trading
history (ideal)








SECURED BUSINESS LOANS

What is a Secured Business Loan?

A Secured Business Loan is a type of financing where a borrower provides collateral, such as property, to the lender as security for the loan.

Businesses may choose this option to secure larger financing for substantial investments or expansions, benefit from lower interest rates, use valuable assets as collateral, or address a less favorable credit history.

Most common industries:

-  Real Estate Developers
-  Commercial Vehicles
-  Manufacturers
-  Shipping and Logistics
-  Franchises
-  Hospitality
-  Construction

Types of Secured Business Loans:

Here are some common types of Secured Business Loans:

- 1. Fixed Term Loan:**
 - o Provides a lump sum repaid over a fixed period with interest.
 - o Loan terms based on the borrower's creditworthiness and business performance.
- 2. Interest Only Loan:**
 - o Payments cover only the interest for a specified period, typically a few years.
 - o After the interest-only period, payments include both principal and interest.
- 3. Secured Line of Credit:**
 - o Offers a revolving credit facility secured by collateral like property or assets.


It's possible for a business to use personal assets as collateral, often done when the business is relatively new. However, this approach carries personal risk and should be approached with caution.


Benefits of Secured Loans:


- 1** Secured loans often offer longer repayment terms at lower interest rates, resulting in lower monthly payments. Successfully repaying a loan can build their credit history, which can lead to better credit opportunities in the future.
- 2** Secured loans are generally more attainable, even for businesses with limited credit history or lower credit scores, owing to the collateral acting as a security measure for the lender.
- 3** Secured loans typically grant businesses access to higher loan amounts in comparison to unsecured loans, leveraging collateral to offer added security for the lender.

Key Eligibility Criteria:



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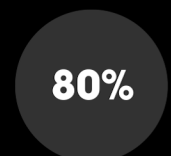
 01743 290955



Min £100k
turnover



Homeowner



LTV (Loan to Value)
up to 80%

MERCHANT CASH ADVANCE

What is a Merchant Cash Advance (MCA)?

A Merchant Cash Advance (MCA) is a financial arrangement where a business receives a lump sum payment in exchange for a percentage of its future credit card sales. It's a form of financing often used by small businesses with fluctuating revenue streams.

MCAs are commonly utilised by small businesses, particularly those with inconsistent cash flow.

Most common industries:

 Retailers

 Restaurants

 Coffee Shops

 Hotels

 Pubs

 Dental and Healthcare

 Events

How a MCA works:

A Merchant Cash Advance (MCA) is a swift financing solution for businesses. Here's a concise breakdown:

- 1. Application and Approval:**
 - Apply with basic criteria, providing credit card processing and bank statements. Approval is based on credit card sales history and business performance.
- 2. Offer and Funding:**
 - Receive an offer detailing the advance amount, factor rate, and terms. Funding is quick, often within days, directly deposited into the business account.
- 3. Repayment:**
 - Repay through a fixed percentage of daily credit card sales. Flexible structure adjusts with business revenue, making it adaptable to fluctuations.
- 4. Completion and Renewal:**
 - Complete repayment when the total agreed-upon amount is reached.
 - Renew for additional funding based on business performance.

Benefits of a MCA:

- 1** Businesses can access much-needed capital quickly, often within a few days of approval. This agility allows businesses to seize immediate opportunities, address urgent needs, or navigate unforeseen challenges without delays.
- 2** MCAs offer a repayment structure based on a fixed percentage of daily credit card sales. This adaptability aligns the repayment process with the natural ebb and flow of the business's cash flow.
- 3** Unlike traditional loans that heavily rely on credit scores, MCAs consider the business's card sales history and overall performance. This makes MCAs more accessible to businesses with diverse credit profiles.

Key Eligibility Criteria:



Accept card payments for 4+ months


10


Minimum 10 card transactions a month




Minimum £2500 average card takings per month


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ASSET FINANCE

What is Asset Finance?

Asset Finance involves obtaining funding for the purchase of a specific asset, or sometimes a pool of assets. The cost of the asset is spread over a pre-determined period.

The cost is spread over a set period, and the borrower only owns the asset after completing all payments. The lender has ownership security, and the borrower usually puts down a deposit to cover some risk.

Most common industries:

-  Shipping and Logistics
-  Real Estate Developers
-  Commercial Vehicles
-  Manufacturers
-  Farmers and Agriculture
-  IT Consultancies
-  Construction

Types of Asset Finance:

Various financing options enable businesses to acquire assets like equipment, machinery, vehicles, or property. Here are some options:

- **Hire Purchase (HP):** The lender buys the asset for the business, and they repay in installments over a fixed term.
- **Finance Lease:** The lender purchases the asset and leases it to the business. Regular lease rentals are paid, and at the lease end, the business may buy, extend, or return the asset.
- **Operating Lease:** Similar to a finance lease, it allows using an asset for a specific period. At the lease end, the asset is returned, and the business can opt for a new lease.
- **Asset Refinancing:** Using an owned asset as collateral to secure a loan.
- **Sale and Leaseback:** The business sells an owned asset to a finance provider and immediately leases it back.

Benefits of Asset Finance:

1

Asset Finance enables businesses to acquire assets without the need for a significant upfront payment. This approach helps preserve cashflow for daily operations.

2


Asset Finance offers businesses the chance to obtain superior-quality equipment that might have been financially out of reach. Additionally, it provides options to upgrade to newer technology at the end of the term.


3


Depending on the specific circumstances and the chosen type of Asset Finance, there can be tax benefits, such as deductions on lease or rental payments.

Key Eligibility Criteria:



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 01743 290955



6 months
trading history

LTD

The business is a
limited company



The asset is for
business purposes

PROPERTY FINANCE

What is Property Finance?

Property Finance entails securing long-term debt, typically backed by commercial or residential freehold properties. There are diverse Property Finance options designed to cater to specific borrower needs.

Similar to residential property loans, lenders conduct surveys on the underlying assets. These surveys evaluate the nature and quality of the construction.

Most common industries:

-  Real Estate Developers
-  Hotel Chains
-  Retail Complexes
-  Manufacturers
-  Warehousing
-  Medical Facilities
-  Construction

Types of Property Finance:

Businesses have a diverse array of Property Finance options, offering tailored solutions to meet specific needs. Here are a few examples:


- **Bridging Loans:** Businesses can use these to secure short-term funding for property acquisitions or refinancing while awaiting longer-term financing or the sale of existing properties.
- **Property Development Finance:** This type of finance is utilized to fund the construction or redevelopment of commercial properties.
- **Commercial Mortgages:** Commercial Mortgages are long-term loans crafted specifically for purchasing or refinancing commercial properties, including office buildings, retail spaces, or industrial properties.
- **Property Portfolio Finance:** This option is designed for businesses with multiple properties, allowing them to consolidate their property portfolio under one loan. This simplifies management and potentially provides access to better financing terms.
- **Equity Release:** Businesses with substantial equity in their commercial properties can release cash by securing a loan against the property's value without selling it.


Benefits of Property Finance:


- 1** Property Finance gives businesses the capital required to acquire properties, undertake development projects, or invest in real estate. It facilitates the expansion of property portfolios, entry into new markets, or the upgrading of existing properties.
- 2** As property values rise, businesses have the opportunity to accumulate equity, opening avenues to potentially sell or leverage their properties for further growth opportunities.
- 3** Property Finance empowers businesses to diversify their investment portfolio by spreading risk across various properties and locations. This strategic approach aids in mitigating risks linked to relying solely on a single property or market.

Key Eligibility Criteria:



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55%

GDV (Gross Development Value)
55%- 65%

LTD

The business is a limited company

65%

LTV (Loan to Value)
65%-75%

SIMPLE PROCESS

01

Initial Consultation

Connect with one of our experienced experts to kickstart the process. During this conversation, we'll gather essential information from you to initiate discussions with potential lenders.

02

Our team get to work

Our team get to work on identifying the most suitable lender from our extensive panel, comprising over 100 lenders. Our goal is to secure an offer that aligns with your preferences.

03

We'll present an offer

The decision is entirely yours – continue with the chosen offer, and we'll seamlessly transition to the next stage. If the presented options don't meet your expectations, no worries! There are no obligations, and we'll explore alternatives until we find the right fit for you.

04

Funds are placed

Funds are placed, and your relationship manager will promptly reach out to confirm the successful receipt of funds!



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