

Smart funding for business

Investments in Australian industry

ENTERPRISE FUNDING

Finance needs

Australian businesses, from SME to larger businesses, need to optimize their capital structure consistently in order to be able to achieve their best performance.

Recognizing these needs, Ultima Capital Partners (UCP) has developed a **Turnaround Platform**, which is designed to assist businesses achieve more from the sales and growth opportunities.

What is offered

The Turnaround Platform provides a range of financial and value added services aimed at supporting the business cash flow, including:

- Working capital funding
 - Plant and equipment funding
 - Vendor finance
 - Debtor finance
- Other funding sources
- Management services
- Human capital

Why utilise specialist funding

There are a number of key reasons why a business would consider specialist funding, including

- A. Reducing financial pressure in the short term
 - Responding to short term constraints
 - Sourcing necessary working capital
 - Sourcing expansion capital
- B. Business building for medium term
 - Responding to changed situation and opportunities
 - Assistance with developing a growth strategy
 - Assistance with strategy implementation
 - Interim management resources
- C. Business assessment
 - Initial review of needs, requirements, opportunities
 - Review of financials preparatory to sourcing funding
 - Ongoing review of implementation and performance
- D. Business exit
 - Preparation of business for exit
 - Assistance with the exit event
 - Transaction management

Eligible companies

The Turnaround Platform is focused on aiding companies that fall into two categories

- A. Stressed, due to short term cash flow
- B. Seek to enhance performance, through planned processes (including strategy,

funding and other resources)

The program has eligibility criteria, which many businesses will be able to satisfy.

How much support is available

Transactions in the range of \$10k to \$5million are typical.

The Turnaround platform brings to the market funding facilities from its panel of funders exceeding \$300million per annum, and we aim to run the program for a minimum of 5 years.

What is plant and equipment funding

Purchasing capital equipment can be an expensive exercise, as well as one that impacts on cash flow. Using commercial finance to fund these purchases and choosing the correct product to suit a business's budget may preserve other existing lines of credit.

Another factor to consider is the useful life of the equipment, and the tax implications for the equipment (depending on the financing arrangement entered in to) and what security is required for the purchase.

In many cases the security for plant and equipment funding can be satisfied by the value of the equipment alone.

Examples of equipment types that can be financed include (but are not limited to):

- Office Equipment
- Computer Equipment
- Motor Vehicles
- Manufacturing Equipment
- Medical Equipment
- Heavy Vehicles
- PABX Systems
- Scientific Equipment

In short, any depreciating asset that is used to generate income can be financed.

What is vendor finance

Vendor finance is designed to assist your business's customers purchase products from your business (the 'Vendor'). The Vendor finance is a form of equipment finance lending in which a funder lends money to be used by the business's customer to buy the vendor's products.

Vendor finance bridges the funding gap for the customer, and ensures that the business receives immediate payment on completion of sale from the funder.

Typically, the offering of a product and the finance to

assist a customer complete a purchase will lead to increased sales.

The financing terms for the customer will enable repayment of the purchase price over a number of years. In these cases of Vendor finance, the customer is the funding applicant.

What is debtor finance

Debtor finance is a general term used to describe a process to fund a business using its accounts receivable ledger as collateral.

Generally, businesses that have low working capital reserves can get into cash flow problems because invoices are paid typically on net 30 terms.

Debtor finance solutions fund the slow paying invoices, which improves the cash flow of the business. This puts the business in a better position to pay its operating expenses.

There are several common forms of debtor finance, including:

- Factoring
- Single invoice financing
- Undisclosed Invoice Finance

More details of these are found below.

Factoring

A factoring facility will allow a business a flexible overdraft that will grow with the business. The business will be able to borrow up to 80% of the value of its invoices on an ongoing basis, usually while retaining any existing banking facilities that the business may have.

The business submits its invoices to the funder for funding, which then looks after the collections. The remaining 20% of the invoice value is made available when the debtor pays.

A factoring facility allows a business to convert its debtors ledger to cash immediately, then forget about them, allowing the business to focus on growing its business.

The business no longer needs to beg its customers for precious cash flow before being able to make its next business initiative.

Single invoice financing

Single invoice finance allows a business to turn individual invoices into cash at the business's discretion. The business is not locked into any term contracts and can fund only the invoices it wants to, when it wants to.

The funder will pay up to 80% of the invoice value to the business account and that single debtor is advised to pay directly to the funder for that invoice. The remaining 20% is paid when the debtor pays.

Single invoice finance is an excellent idea for businesses with only one or two large customers or intermittent cash requirements.

Some clients just set up a facility for peace of mind, knowing that they can use it if something unexpected happens.

Undisclosed invoice finance

In some cases the funder can offer undisclosed invoice finance to qualifying customers.

With an undisclosed facility the funder provides a funding line to 80% of the value of the debtor book, without the customers ever knowing the business is utilising factoring.

On an ongoing basis the overall balances are submitted to the funder to make funding is available, but the business is still responsible for the collections and its customers are not aware of the relationship.

This is a very versatile product generally reserved for high turnover clients with a strong trading history.

Other funding sources

There are a variety of other specialized funding sources that can be discussed:

- Trade finance
- Short term business loans
- Longer term debt
- Equity
- Other funding instruments

Other value added services

UCP has designed the Turnaround Platform in order to for businesses to boost their cash flow, and to assist them secure their growth opportunities.

Ultima Capital Partners

Ultima Capital Partners (UCP) provides corporate advisory and investment management services. The focus area is developing energy, industrial and resource sector investment opportunities.

UCP is an independent and Australian-owned firm of experienced industry professionals, whose aim is to unlock superior value for its clients.

Contact us

Please make contact with UCP to discuss your business finance and other advisory needs.

Ultima Capital Partners Pty Ltd
ACN 151 293 140

Office 250 St Kilda Road, VIC 3006 Australia
Mail PO Box 7, Flinders Lane, VIC 8009 Australia
Fax +61 2 9475 4055
Email sales@ultimacapital.net