

Why Should You Contact Us?

Suitable candidates for the Accounts Receivable Factoring programme are businesses which:

- Are in startup or growth mode
- Are not strong candidates for bank or traditional financing
- Have the majority of their debtors paying over 30 days
- Have difficulty covering payroll and other operational expenses at the end of each month
- Have viable opportunities, but do not have the cash flow to implement these initiatives
- Rely heavily on inventory which requires large capital expenditures to fulfill orders

If your business meets these criteria, you should definitely give us a call!



Established in 1984, Caribbean Financial Services Corporation (CFSC) has been providing assistance to Barbadian and Caribbean businesses via development financing in the form of medium and long term loans, accompanied where appropriate by equity investments for start-ups and expansions.

CFSC's mandate is to provide financing to commercially viable, export-oriented, employment generating projects in the private sectors of the Caribbean.

Contact us:

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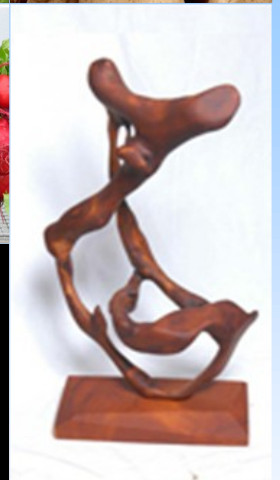
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Accounts Receivable Factoring Programme



*Fostering Sustainable
Caribbean Development*



Small and medium sized enterprises (SMEs) are faced with several challenges during the course of conducting business. However, there is no challenge that is greater or more significant to any business than that of maintaining adequate daily cash flows.

Cash is essential to the viability of a business and is considered the main indicator of the business' financial health. Without sufficient cash, the business will be unable to meet its near term obligations and will quickly fail.

In this current economic environment, which has seen an increase in debtor delinquency, some businesses are ill equipped to handle the untimely or inadequate payments by customers for the goods or services that were previously provided.

CFSC recognised that these cash flow difficulties must be addressed and has devised an appropriate solution to assist SMEs.

What is Accounts Receivable Factoring ?

Accounts Receivable Factoring is a method of business financing which allows a business to get an accelerated payment on their invoices to provide it with working capital that can be reinvested in its operations. This arrangement significantly decreases the likelihood that a small business is subject to the payment patterns of its customers.

How does Accounts Receivable Factoring work?

The Accounts Receivable Factoring process is comprised of the following main steps:

- The SME receives approval from its customer to factor its invoices and the customer agrees to pay the face value of the invoice directly to CFSC within an agreed timeframe.
- The SME provides CFSC with the invoice for factoring after having delivered its product or service to its customer.
- Critical to factoring is receiving confirmation from the customer that the product or service has been delivered and has been accepted by the customer.
- CFSC discounts the payment amount by a specific percentage based on the level of risk assessed and cash is paid to the SME in a timely fashion.
- The SME is able to pay its suppliers, its employees, purchase additional raw materials, and pay other critical operational expenses.
- The buyer pays CFSC the face value of the invoice, based on the agreed terms, and the transaction is settled.

Factoring Target Groups

CFSC's Factoring programme is geared mainly towards SMEs in several sectors, namely:

- Agriculture / Livestock
- Agro-industries
- Manufacturing
- Food services
- Tourism and tourism related industries
- Other services

What are the benefits of Factoring?

The benefits to SMEs who decide to engage in the Factoring process are numerous and include:

- Timely cash inflows that allow for inventory to be replenished as necessary to fill additional orders
- If demand increases, an appropriate increase in production becomes possible with a reliable source of working capital available
- Potential to take advantage of supplier discounts through early payment
- Availability of funds for payment of critical overhead expenses that are due each month, such as payroll and utilities
- Improved cash flows without incurring additional debt or diluting existing equity
- Reduction or elimination of collection concerns for the business whose resources are limited
- The flexibility to extend credit to buyers



Fostering Sustainable Caribbean Development