



BALANCE

A Cash Resources Australia Publication
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Cash Resources **Facilitates Management Buyout**



little security, approaches to the banks proved fruitless.

The existing owner was happy to accept a repayment plan spread over 5 years however the cashflow of the business had to support the repayment plan.

To further assist his successors the existing owner contacted Cash Resources Australia who implemented an Invoice Discounting facility.

As one of the new directors commented

“Invoice Discounting gives us access to the majority of funds within 2 days of raising our invoices.”

“Not only has it enabled us to comfortably meet repayments, but it has also helped us to expand our business.”

“With a healthy cashflow we hired a business development manager who has effectively secured two new accounts and even at this early stage our future looks rosey” he said.

The owner of a Victorian based advertising agency, which had been in operation since 1988 had been working on an exit strategy for the last four years however, poor health had forced him to take more immediate action.

The business had performed well even though he had taken a back seat role. They had a good spread of regular

clients and cashflow was spasmodic at best. Media outlets stringently controlled credit and their clients rarely paid within 45 days.

He had appointed two senior managers who he had earmarked to succeed him, but they didn't have the financial resources to effect an immediate buy out and with very

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A Happy Ending

For a Sydney Transport Company

Almost four years ago Sydney Transport company Kundle Transport was experiencing serious financial problems. With a downturn in the economy and a major customer squeezing them on price the owners of the business were advised to enter voluntary administration.

The business had been operating since 1998 and was originally set up as a nursery specialist distributing plants for a major supermarket chain to New South Wales and Queensland stores. While nursery business was their primary focus they also handled other general freight.

The owners Rob and Narelle Dale then entered a deed of arrangement with creditors which lasted eighteen months. It was at this time that a second accountant advised them to consider Invoice Discounting and introduced them to Cash Resources Australia.

As a result the creditors were settled and the company is trading normally.



According to Narelle Dale "If we knew about the service two years earlier we would never have entered voluntary administration. It was just the boost we needed and provided the funds to enable us to exit the deed of arrangement."

"Within a short period of time it gave us the cashflow we needed and the backup if some of our clients were slow paying. At that point in time it (Invoice Discounting) was a wonderful thing to

happen. John and Cheryl from Cash Resources have been very helpful and very understanding of our position" she said.

Today the company is trading and expecting controlled growth over the next year.

"While we haven't used the service much over the last six months it's comforting to know it is there if we need it" Narelle Dale said.

Cash Resources a safe option

When Gordon and Karen Hedges established Safety and Fall Prevention Australia Pty Ltd they quickly turned to Cash Resources to provide working capital finance.

Gordon had worked in the safety industry all his working life and they both recognised an opportunity to establish a one stop shop for height safety, confined space, rescue and rope and sport equipment. In addition, they provided safety training.

The business grew rapidly, however, cash flow or the lack of it became an issue. As Gordon Hedges explained, "As a start up business, suppliers were careful with credit while our customers paid 45 to 60 days. This left us with a significant gap".

"We needed some form of finance and Invoice Discounting seemed a logical and flexible solution for us" he said.

They were approached by John Saliba of Cash Resources who quickly put the solution in place and allowed them to focus on growing their business.

According to Karen Hedges, "We would not have a business today if it wasn't for John Saliba and Cash Resources. At every opportunity, he has gone out of his way to ensure that our needs were met".

"Over the years we have had a number of approaches from Cash Resources competitors but with the excellent standard of service we have received from Cash Resources you wouldn't consider going anywhere else", she said.



Protect

your financial viability with Invoice Discounting

A familiar but difficult scenario unfolds. You are the owner of a manufacturing company that is growing rapidly. Sales are up 25% over last year. Success is causing stress. You need increased cash flow to keep the company on track. Business is booming, but you are experiencing a cash flow crunch. A cheque expected from your largest customer has not arrived and your payroll is due tomorrow. The phone rings and your call display tells you that your key supplier is phoning you for the third time this week. You know what he wants, so you avoid speaking with him. Your banking facility and your credit cards are maxed out. What do you do?

When timing is tight and access to working capital is critical, Invoice Discounting is a practical alternative to traditional methods of financing. Invoice Discounting is a huge and widely accepted funding mechanism for cash flow solutions; however, its benefits and mechanisms are often misunderstood or known only to professionals in the financial services industry.

The rapid growth of Invoice Discounting and its extensive penetration into almost every industry means that virtually all your major accounts will forward some or all of their cheques to Invoice Discounting companies.

Customers generally pay faster to an Invoice Discounter than to independent suppliers.

Utilising the Invoice Discounting solution means a company can receive up to 80% of the face value of their invoices from the Invoice Discounter, usually within 48 hours.

The enhanced financing package provided by invoice discounters allows for smoother supplier relationships and offers the ability to lower purchasing costs by taking advantage of trade discounts and volume purchasing.

Give someone a **Helping Hand**

Sometimes business owners are too close to their business to recognise that they need help. It's common for people to get caught up with day to day activities and not pay attention to the lifeblood of their business... CASHFLOW. The simple fact is that if they have to pay their creditors, staff and taxation before they are paid by their debtors they will eventually fail.

Many do not confront their problems until it's too late. Ironically Cash Resources can help most of these people with a tailored Invoice Discounting package that will give them access to funds and will enable the business to flourish once again.

Do you know someone who needs help? Maybe it's a friend, a supplier or a customer who is having trouble paying your bills?

***Do them a favour,
simply email their Name,
Title, Company, Address
and Phone Number to
info@cashresources.com.au
and we will forward them
some information that
could secure their future.***

Today's News **right at your fingertips**



As part of our commitment to our clients and the general business community, Cash Resources provides a daily email news service - CRA News. CRA News provides a snapshot of up to date financial information together with the days breaking sporting stories sourced from Australia's leading daily newspapers.

The service is provided every working day and is free of charge.

***www.cashresources.com.au
and click on CRA News to
subscribe yourself.***

21 Years of Success Stories

Cash Resources Australia are an independent Australian owned, non-bank financier who have been offering customised cash flow solutions to SME Businesses for over 21 years.

Throughout our long history we have seen some incredible success stories, here is a snap shot of some feedback we have received over the years. Due to the confidential nature of our service generally clients remain anonymous, however some are quiet proud to be named.

"We have grown to a very large business in such a short amount of time and this could not have been achieved without the assistance of CRA."

Ashley Donlan, Managing Director, Nationwide Realty Pty Ltd

"There is no doubt that Confidential Invoice Discounting has saved our business." Today the company employs 18 people and has a growing turnover approaching three million.

Owner of a Mildura Cabinet Maker



"Cash Resources are very responsive to our enquiries and we even speak regularly to their managing director Alan Kaye. How often do you speak to the Managing Director of the major banks?"

Director of Finance, Mark Burgin Gippsland Aeronautics

"...we paid back our working capital advance within the first six months. We have grown our turnover by 80% within two years and have recently re-located the business to accommodate further growth in premises almost twice our original size..."

John Collingwood BGV Enterprises Pty Ltd.

"We find it a cheap form of finance. It is confidential and really suits our type of business and has enabled us to already retire some previously incurred debt."

Stan McCloud, MacMed Healthcare

To read more Cash Resources Success Stories, visit the "What's New" section of our website www.cashresources.com.au



Melbourne
Building 5 Level 2
658 Church Street
Richmond VIC 3121
T (03) 9426 7777
F (03) 9426 7788

Sydney
Level 1 50 King Street
Sydney NSW 2000
T (02) 9299 8477
F (02) 9299 8661

Brisbane
123 Logan Road
Buranda QLD 4102
T (07) 3391 8788
F (07) 3391 8260

Adelaide
Suite 14 Level 1
132 O'Connell Street
North Adelaide SA 5006
T (08) 8239 0555
F (08) 8267 3538

Perth
Suite 4
11 Richardson Street
South Perth WA 6151
T (08) 9474 1677
F (08) 9474 1119

www.cashresources.com.au

Enquiries:
info@cashresources.com.au

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If you would prefer not to receive our marketing communications, simply contact our Privacy Officer on (03) 9426 7777 and you will be removed from our marketing list. You can opt-in again at any time by contacting us.

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ACN 004 792 330
ABN 48 784 573 234