

# Glossary of common funding terms

## Accounts Receivables:

Money owed by your customers that you have raised invoices to on credit terms.

## Asset Finance:

Funding to meet your investment needs for plant, machinery, office technology and other equipment. Or financing assets you already own.

## Available Funds:

This relates to the amount of funding that you have available to use.



## Credit Limit:

The funding limit applied by us to each customer and therefore the maximum funding that will be given against that customer.

## Contra:

Where two companies are both suppliers and customers of each other.

## Debtors:

Your clients.

## Dispute:

If a customer is not going to pay an invoice, it will be classed as a dispute.

## Disapproval:

A collective term covering any reason why an invoice has not been funded e.g. due to age, credit limits, contras, disputes etc.



## Invoice Finance:

Funding that gives you access to cash tied up in outstanding customer invoices.

## Reassignment:

If a debt becomes uncollectible for whatever reason e.g. a debtor goes into liquidation, then the debt can be reassigned to you.

## Schedules:

A listing of all the invoices that are being sent in at any one time showing the customer name, code, amount and date etc.

## Approved Debt:

We take the value of the invoices you send to us and reduce it by the level of disapprovals, such as aged invoices, disputes or exceeded credit limits and the amount left is your approved debt.

## Assignment:

When an invoice is raised and sent to us, it is effectively sold to us, otherwise known as assigned to/assignment.

## Bad Debt:

A debt that has not been collected because of protracted default and/or insolvency of the debtor.

## Collections:

These are the payments we receive from your customers/debtors.

## Concentration:

The level, often expressed as a percentage, to which we will fund one single customer of your total approved debt.

## Disbursement:

A charge made for any service provided which is not covered by the service or discount charges. Examples include charges for same day transfers, solicitor letters etc.



## Discount Charge:

This is the fee we charge you for the money you use. It is similar to the interest rate on an overdraft.

## Factoring:

Funding that provides access to the value of outstanding customer invoices while we manage your credit control and customer payments.

## Funding Limit:

This is your borrowing limit agreed at the outset of our agreement. This can be changed during the course of our relationship.

## Purchase Ledger:

The ledger that shows all the outstanding purchase invoices due to creditors.

## Sales Ledger:

A record of all monies due and received from your customers.

## Working Capital:

The immediate cash a business has available to spend on assets and its day-to-day operations. This is calculated by deducting current liabilities from current assets.

**If any of these are causing you concern with your current funder, why not contact us on the details below to see how Flo can help you achieve your agency goals.**