Increase Your Growth and Working Capital with Asset Based Lending by Lee Simons

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Asset based lending (ABL) helps businesses with capital tied up with debtors and in stock realise cash for capital use. Also helping to turn plant, machinery and property assets into cash, expertly delivered and tailored solutions are helping UK businesses move forward at a time when finance opportunities in the marketplace are limited.

What is asset based lending?

Often working in association with an invoice discounting facility, ABL is one of the most cost effective methods for many companies and organisations to increase working capital, whilst maintaining growth and not disrupting their daily operational activities.

With such a facility, cash flow is increased and can then be used for a range of possibilities, such as to fund expansion plans, restructure a department or entire company, invest in new equipment and machinery, bankroll a management buy out, acquire a new company or fund a merger, to name just a few.

How asset based lending works

Asset based lending uses existing corporate assets to generate finance, enabling funds to be secured against those assets that are wholly or substantially owned. There are usually different rates at which funding can be secured, and these vary from investor to investor. Using an expert brokerage allows companies to ensure they work with the best facility for them.

Typically, companies can raise finance by securing up to 85% on their outstanding invoices. They can also receive up to 75% of the present market value on machinery and plant and generate up to 60% on property.

In many cases, it is also possible to secure ABL that will realise up to 50% of the value of finished products and secure funding to the value of 30% on any raw materials. It is also possible to secure cash flow finance loans for extended funding further; making the total raised anything from tens of thousands to millions of pounds.

Is asset based lending right for you?

Typically, businesses selling their products or offering their services to other companies through credit agreements, which can restrict cash flow, are ideally suited to ABL. Asset based lending can secure such facilities for organisations holding high levels of stock and needing to buy in raw materials.

It is also possible to find facilities required to honour salaries and suppliers urgently, in order to maintain market position and presence in the sector. It is always best to choose a broker who offers a free consultation to discuss what opportunities are available and can secure bespoke structures.

The best move for growth; the best move for sustainability

Asset financing this way allows companies to optimise their assets, whether making plans to grow and acquire, or refinancing and restructuring. Unlike loans or other types of funding, control is retained by the individual business and its management, allowing for the right decisions to be made,

at the right time and by the right people.

Working with a professional brokerage, companies can benefit from collective expertise in the asset based lending sector. Experts in securing invoice factoring and discounting services too, these teams can also deliver a professional, personal and knowledgeable service to provide commercial finance solutions to suit the individual business needs.

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