

A GUIDE TO FACTORING – WELCOME!



We are pleased to welcome you as a client of Skipton Business Finance and very much look forward to a long and happy relationship!

As part of Skipton Building Society, our ethos is very much focused on understanding the individual business requirements of each of our clients and to create a partnership approach.

We want you to have a full understanding of how your facility operates and how availability of funds is calculated. We want you to be confident in our decision-making process and that we will not make promises that we cannot keep.

We will ensure you can speak with decision-makers and problem-solvers on your account.

This manual briefly introduces our procedures in relation to the different variations of a Factoring product we provide. Please also refer to our client site to review other guidance (specifically the manual relating to using our on-line system) and useful information.

FACILITIES OFFERED (the type of facility being offered will be noted in your legal agreement)



Factoring

- We mirror your sales ledger in terms of customer accounts and invoice details on our system.
- We will undertake credit control on your ledger, concentrating on the largest value customers and any older accounts.
- We will supplement the telephone / email chasing with letters and statements where appropriate.
- As part of our commitment to an ESG policy we will make use of electronic statements and letters where possible and appropriate.
- This will be a disclosed facility.
- All payments from your customers must be made into a Skipton Business Finance bank account.
- We will advise of the bank details to both yourself and your customers.

FACILITIES OFFERED (the type of facility being offered will be noted in your legal agreement)

CHOCS (Client Handles Own Collections)

- We mirror your sales ledger in terms of customer accounts and invoice details on our system.
- You retain responsibility for the credit control on your ledger.
- We may assist with letters and statements where appropriate.
- A collections target will be set based on the average performance of the ledger. If this target is not achieved, it may impact the funding on your facility. Any material disputes or issues with your customers should be advised to ourselves.
- As part of our commitment to an ESG policy we will make use of electronic statements and letters where possible and appropriate.
- This facility may be **disclosed** or **confidential**.

FACILITIES OFFERED (the type of facility being offered will be noted in your legal agreement)



If the facility is **disclosed** you are required to add the following assignment 'stamp' onto your invoices and credit notes.

The debt arising under this invoice has been absolutely assigned to Skipton Business Finance Limited of The Bailey, Skipton, North Yorkshire, BD23 1DN and they alone are entitled to receive payment. Please quote our name as your supplier when sending payment to them. If paying by credit transfer please quote Barclays Bank plc, Skipton – Sort Code: 20-78-91 Account No: TBC.

If there is a dispute on this invoice you must notify Skipton Business Finance Limited within 2 working days.

Registered Office: The Bailey, Skipton, North Yorkshire, BD23 1DN. Registered in England: Number 4171724.

All customers will be informed of our involvement in the sales ledger.

All payments from your customers must be made into a Skipton Business Finance bank account.

For **disclosed** facilities we will advise of the bank details to both yourself and your customers.

If the facility is **confidential** there is no need to add the assignment 'stamp' onto your invoices and credit notes and you will be required to advise your customers of the provided Skipton Business Finance bank details.

FACILITIES OFFERED (the type of facility being offered will be noted in your legal agreement)



My White Label

- This is a **confidential** facility.
- We mirror your sales ledger in terms of customer accounts and invoice details on our system.
- We will undertake credit control on your ledger by telephone and email. We will concentrate on the largest value customers and any older accounts.
- The Credit Control will be undertaken in your name.
- We may assist with letters and statements where appropriate.
- As part of our commitment to an ESG policy we will make use of electronic statements where possible and appropriate.
- All payments from your customers must be made into a Skipton Business Finance bank account and you will be required to advise your customers of the provided Skipton Business Finance bank details.

INVOICES



The following invoices should **not be notified** to ourselves: –

- Cash invoices (including invoices for deposits)
- Invoices to private individuals
- Invoices in currencies other than £ sterling
- Illegible or incomplete invoices
- Duplicated invoice reference number
- Invoices for products or services not covered by your agreement
- Pro-forma invoices
- Any invoices to associated / linked companies
- Invoices for service or goods not yet delivered. It is a serious breach of our facility should invoices be assigned before goods / services are delivered and additional administration fees may apply in these circumstances

If you are at all unclear whether the invoice should be assigned, please contact your dedicated Manager to discuss.

Sounding Exercise

All invoices should always be supported by evidence the goods have been delivered or the service fulfilled.

As part of our standard procedures, we will routinely validate a selection of invoices. The invoice batch will be randomly selected, and we will contact you to provide a copy of the corresponding day book and any invoice(s) and supporting documentation that we may select.

It is our aim to ensure these verification exercises are completed within 24 hours of receipt of the necessary paperwork. Until the sounding exercise is complete funding will not be available on the invoice.

DIRECT CHEQUES



Please note that any cheques forwarded to you in error should immediately be sent to Skipton Business Finance with details of the debtor and the invoices the cheque is paying.

The cheques must not be paid into your own bank account.

We have an agreement in place with our Bank to allow all cheques (irrespective of the payee details) to be paid into our account.

Any BACS paid directly into your own bank account should be forwarded by way of your own cheque or bank transfer immediately, with details of the debtor and the relevant invoice details.

Please be aware that banking of funds for factored invoices is a serious breach of our facility and may attract additional fees being applied to your account.

If you are in any doubt at all which bank account the payment should be forwarded to, please contact a member of our Team who will be happy to assist.

LITIGATION



When collecting a debt, occasionally there may be no alternative other than legal action.

We will normally seek your confirmation prior to undertaking this course of action.

Skipton Business Finance uses an industry recognised legal practice to recover debt that requires legal action. They aim to:-

- Recover the amount owed plus any interest and costs where-ever possible
- Use the most cost-effective approach
- Seek to recover the debt in the fastest possible timescale

The type of legal action will differ depending on the type of debt and the amount and we will discuss this fully with you if this action is necessary.

We will keep you informed on an ongoing basis of any legal action being taken.

The cost of the legal action will be borne by your business, and an estimate and details of the potential costs can be provided prior to any action being undertaken.

FUNDING DISAPPROVED



Disputes

Disputes and queries raised by customers that we are made aware of will be advised to you by way of a dispute notice visible in the online system.

Disputed invoices will be removed from funding, it is important that they are resolved as quickly as possible. Once resolved funding will be reapproved.

Overdue or Outside the Recourse Period

We fund invoices for a specific period of time referred to in your legal agreement as the recourse period. On the 1st of every month if these invoices have exceeded this recourse period they are withdrawn from your availability. We refer to these invoices as 'overdue'.

Exceeds Funding Limit or Concentration Limit

If the value of the debt outstanding on the customer account exceeds the funding or concentration limit the excess will be disapproved for funding.

You are able to request a breakdown of the invoices that are not being funded at any point via the on-line system. Please ensure you familiarise yourself with this report.

PAYMENTS



Your business can request payments from Skipton Business Finance via the on-line system. Skipton Business Finance will make the payment in one of two ways:

- Our standard method of payment is by BACS into your bank account with funds received on the third working day. There are no additional fees for payments via this method.
- We also offer a CHAPS / Telegraphic Transfer facility. This method incurs additional charges including an administration fee and an additional discount charge. Funds will be received on the same working day as requested.

Payment requests for processing that day must be received using the online facility **no later than 11:30am**. Requests received after 11:30am will be processed the following working day.

CHANGE OF BANK DETAILS

Please advise Skipton Business Finance as early as possible of any changes to your bank account details. Typically, we will require a formal letter from a Director asking us to amend our bank details and a copy of a relevant statement/ paying in slip / cheque etc. To assist fraud prevention, we may also request details of the relevant Bank Manager in order to confirm the bank details.

Advance notice is required in order that payments to your business will not be interrupted. If either the incoming or outgoing bank has a debenture or charge encompassing the book debt registered over your business, we may well require additional documentation.

Skipton Business Finance effectively has three types of charges:

Administration Charge - this covers the administration of your facility which includes:

- Processing schedules
- Sales Ledger Control Account reconciliation
- Account Management

The administration charge is normally defined as a percentage of the gross value (including VAT) of the invoices processed. This charge is subject to VAT. Skipton Business Finance debit the administration charge from your Current Account when processing invoice schedules and the charge will appear on your Client Statement which is available from our on-line system. The minimum monthly charge is detailed in your legal agreement and you will see this fee debited (if appropriate) on the last working day of the month.

Discount Charge - this can be likened to an 'interest' charge. It is based on the level of funds advanced to your business and is charged on the last working day of the month. Please refer to the legal agreement for full details of this charge.

Additional Charges - There will be additional charges for services such as the early processing of invoices for payment on the day we receive them, for overpayments or for changes to the Terms and Conditions of the Agreement. A fee of up to £35+VAT handling charge will also apply to all client payments made by CHAPS plus additional days discount on the value of the payment. These additional charges will relate to the amount of administration involved, examples are detailed on the following page.

CHARGES



Early Processing / Overpayments

Same day processing and payment against invoices and / or cash received.

Up to 3% of payment value. Minimum charge £95

Overpayments (other than those negotiated prior to commencement)

Up to 3% of overpayment value initially and per month. Minimum charge £95. In addition, discount will be applied at the standard rate as outlined in your legal agreement.

Permanent Facility Reviews

Facility parameter increases eg: Facility Limits / Initial Payment Percentage / Concentration Limits etc

Up to 3% of increase. Minimum charge £250

Administrative Management Support

For administrative support to clients beyond normal operational activities

£500 per day

For exceptional management time

By arrangement

Non-standard audit visit

£500 per visit

Legal Documentation

Charge / Debenture registration on (standard documentation)

Companies House fee + SBF charge

Other legal fees

As incurred