

Frequently Asked Questions

About Invoice Discounting

What is invoice discounting?

Invoice discounting is short-term cash flow funding for your business using your invoices that have not reached their payment date yet. In a nutshell, invoice discounting is the smart way for businesses to immediately access money you have earned, but because you have given your customer payment terms, you will only get the money later.

An increasingly popular way of accelerating your cash flow.

How does your product differ from a loan?

Invoice discounting is not a loan at all. It creates no debt on your balance sheet and you are still able to apply to another lender or a bank for a loan.

Unlike a loan, we purchase a current asset of yours (an invoice) at a slight discount and pay you immediately to maximise your cash flow. The money is yours to use immediately, to grow and run your business.

Who should use invoice discounting?

Companies that benefit from working with Growth Finance have annual turnover of as little as R1 million or as much as R50 million. Let's face it, which business does not thrive on ready access to cash flow?

Some considerations in assessing if invoice finance is appropriate:

- Do you sell goods or services to other businesses on 14 to 60-day payment terms?
- Could you grow your sales by offering new payment terms to your customers?
- Do you sell 'outright' meaning not on consignment or do you sell on a 'sale or return' basis?
- Do your customers normally pay you on the due date?
- Do you want to grow your business without giving up any shareholding or control to raise funding?
- Do you want a working capital finance solution that literally grows with your turnover?
- Do you have limited fixed assets as security to offer a lender, or if you have them, would you prefer to keep those assets separate from your business?
- Do you want a finance solution that does not add debt to your balance sheet?

Who should NOT use invoice discounting?

Our funding is not suitable if your customers consistently pay very late because it becomes difficult for you to estimate and manage the financing costs.

What is the purpose of invoice discounting?

Invoice discounting is used for two main reasons:

Reason 1: Grow turnover and secure new clients

Entrepreneurs want turnover to grow. After all, growth is an important measure of business success.

Invoice discounting is a great fit for businesses looking to grow their sales because this funding literally grows alongside your turnover.

Giving your B2B customer time to pay for your products is an important yet simple change you can make to increase sales. Giving payment terms lowers your barrier to entry into new markets and creates trust with your customers. Giving customers time to sell the product they purchase from you before paying you for it makes them feel more comfortable trying new products or making larger purchases.

The challenge for you is waiting for your money.

If a strong customer would respond well to payment terms, let us mobilise your cash flow while you wait to be paid.

Reason 2: Your business payment terms are placing strain on your cash flow

Invoice financing is a great fit for companies that offer long payment terms or experience irregular expenditures. For example, a client of ours buys timber during the dry season to use in the wet months when their logging supplier cannot reach the timber lands.

Invoice financing allows you to unlock cash from your invoices immediately to:

- meet seasonal demand by increasing your stock levels;
 - buy in stock when you find great prices;
 - negotiate an early payment discount from your suppliers;
 - hire extra or seasonal staff;
 - win new customers by offering them payment terms.
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Can I just finance one or a few of my invoices?

Yes! That's one of the best parts about using Growth Finance – you only sell invoices when you need cash flow. We are a true, “use it when you need it,” service. Unlike banks and many commercial funders, Growth Finance, does not require you to commit to a specific number or value of invoices to finance.

You are not forced to factor your whole debtors' book either.

Simply sign up, and when you are ready, upload an invoice you would like to sell us, we will confirm it with your customer and your funds will be in your account the same day they confirm.

Unlike banks and some other funders, Growth Finance never asks for payment when you are not using the service.

How is Growth Finance different from other non-bank funders?

Our risk approach. Whilst the size of your business is important to us, we focus on the creditworthiness of your customers. Picture it like this. If your business has not had time to build its own balance sheet, then we can create a funding facility for your business based on the creditworthiness of your customer! Makes a lot of sense, doesn't it?

We are Commitment-Free. We do not tie you into financing all of your invoices through us for a 1, 3 or 5 year contract period.

We have NO Facility Availability Fee because we don't think you should pay for finance during times you don't need it. How many invoices and when you sell is completely up to you and we do not charge you a facility availability fee.

We have NO Admin fees – We do not charge you a fee to issue your invoices, capture your invoices to our system, confirm your invoices with your customers or receipt payments from your customers – after all, that's our job!

We DO NOT charge, “a little here and a little there” plus a % on the funding and a facility availability charge, all of which will ‘do your head in’ when you try to calculate the actual cost of invoice funding.

We DO charge one single, transparent, daily fee which covers everything we do for your business. It could not be simpler to work out your cost of funding to confirm that you are getting a great deal!

Getting started with us

What are the requirements for my company to apply?

Growth Finance can assist your business if you:

- have at least 6 months of revenue
 - are a (Pty) Ltd or a CC registered in South Africa
 - have turnover of R1m+ in the past 12 months
 - supply goods or services to other companies (B2B)
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What documents do you need from me?

The documents you will be asked to upload to our secure platform in the application process will include:

- business bank statements for 6 months
- Trial Balance and Management Accounts
- Debtors Age Analysis
- Tax Clearance Certificate

If you can't supply one or more of the necessary documents, then don't quit on us, we can usually suggest an alternative – [just ask us](#).

How long does the application process take?

Our application form is completely online and it will take you 6 minutes to complete. (trust us, we've tried!)

Once you have completed your application form and uploaded your documents, we will let you know if we can help within 24 hours.

What is the application process like?

We've worked hard to make the application process simple and straightforward.

There are two areas you have to cover:

1. Fill in our online application form; and
2. Upload the documents that we will ask you for. This information is used to enable us to set your credit limit. We never share this information with third parties.

Within 24 hours of receiving your complete application, we will contact you to introduce our funding solution, discuss your credit limit and our costs. If you are happy, you sign our agreement and we are ready to provide funding against your first invoice.

I am not comfortable with online applications and platforms. Can you still help me?

If you prefer email and paper, then we have you covered. Please [contact us](#) and we will email our application form to you.

You are also welcome to email us your supporting documents. We will let you know what we need from you when we have received your application form.

Can I apply if my business has an adverse payment record or a default judgement?

It depends.

We are more interested in your approach to obligations and tough times. So, if your business went through a rough patch and has a default judgement or adverse payment listing, then did you approach your creditor and make arrangements to settle the debt? Are you sticking to your payment arrangements? If so, then the original judgement or adverse payment listing is not a deal breaker for us. We will then view your application on its merits.

What if my business is not registered for VAT?

If your business is a (Pty) Ltd or a CC registered in South Africa, then we do not need your business to be registered as a VAT vendor to make your application.

We do require your business to be compliant in all respects with SARS.

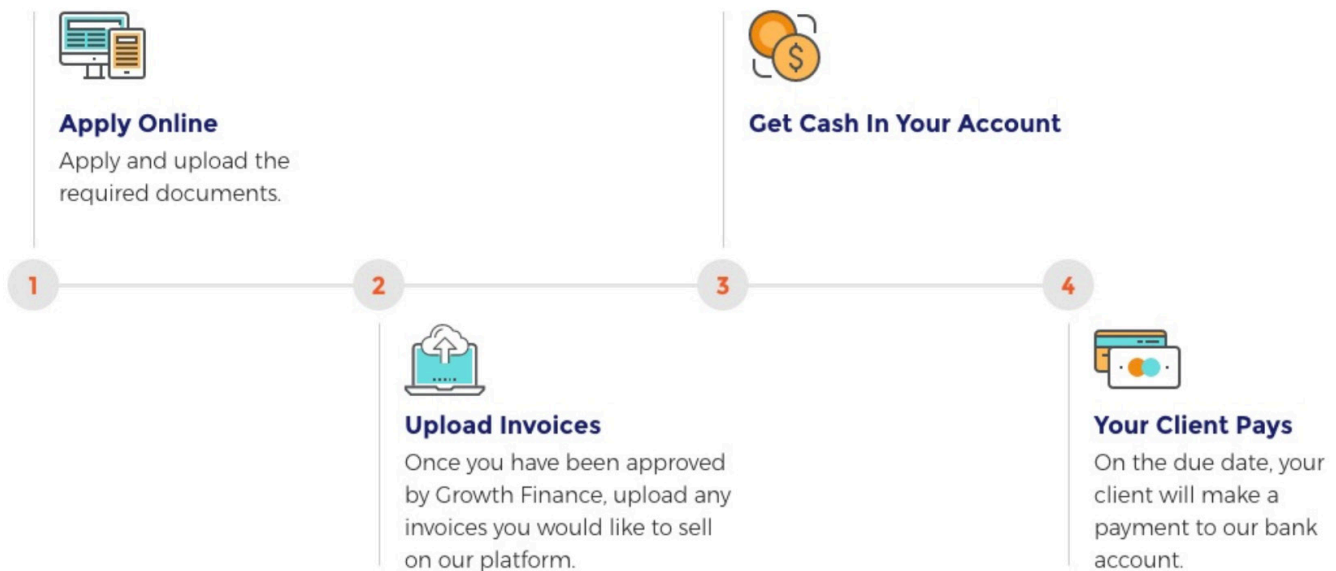
How do I sign Growth Finance's legal agreement?

Once you have accepted our funding offer, one of our client-facing staff will visit you at your business with your legal agreement to sign.

How Invoice Discounting works

How does the process work?

At Growth Finance, we have made the process as simple as possible for you. To create cash flow from your invoices, you follow these simple steps



How long does it take to receive cash for my invoice?

Usually within 1 to 3 days of us receiving your application pack, you are able to offer us invoices. Once your customer confirms your invoice, we pay out on the same day.

Will my customer know that I am financing my invoices?

Yes. The first time you sell us an invoice for a particular customer, you send that customer our standard communication and let them know you are working with us.

Invoice discounting has become so widespread and popular as a way of funding business growth, that a growing number of corporates have established invoice discounting departments to deal with invoice discounting. We will never contact your customer without your prior consent.

How often will you contact our customer?

The first time you sell us an invoice for your customer A, we ask you to send customer A our standard communication to let them know you are working with us. Each time we finance an invoice for you, your customer will be prompted to confirm the invoice.

What does my customer confirm to Growth Finance about my invoice?

Growth Finance asks your customer to confirm the following about your invoice:

- they issued a purchase order or similar binding request for you to supply the goods or services listed on the invoice; and
 - they agree that your business has sold the invoice to Growth Finance; and
 - they have received the goods or services listed on your invoice and they are satisfied; and
 - the invoice has been reviewed by them and is scheduled for payment on the payment date stated on the invoice; and
 - they agree to pay the invoice to Growth Finance
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Do I have to change the payment details on my invoice?

It depends. If you only want to finance one invoice (or one batch) and the invoice is already with your customer, then we do not expect you to re-issue this invoice. We will pay out as soon as your customer has confirmed the required information. (see above)

If you want to finance more than once through Growth Finance, then your invoices to the customers you want us to work with, must have Growth Finance's bank account details on them.

Easiest to explain this one with an example: if we finance some of your invoices to customers A, D & E, then all your invoices to customers A, D & E will need to carry only Growth Finance's banking details.

This enables us to receipt all payments from customers A, D and E, charge our fees (only on the financed invoices) and pay the the net amount to your business bank account on the same working day.

What requirements do you have for my invoices to be financed by Growth Finance?

We finance invoices issued to other companies in South Africa. We also work with invoices for exports to certain countries. Please enquire about this with us on our Contact Page.

We only finance invoices for goods and services that have already been delivered. We don't fund invoices that are issued in advance of your goods being delivered, for example invoices for a materials deposit.

Your invoice should not be past its due date yet. For example, if your invoice was supposed to be paid on the 31st August 2020 but it is already the 10th September and the invoice is still unpaid.

We finance invoices with payment terms of between 14 and 60 days.

Your invoice should have clearly written on it:

- The words “Tax Invoice”, “VAT Invoice” or “Invoice”
- Your company name, address and VAT registration number
- Name, address and your customers VAT number
- Invoice serial number
- Date of issue of invoice
- Accurate description of the goods and /or services (indicating that the goods are second-hand goods, if applicable)
- The quantity or volume of goods or services supplied
- Value of the goods or services supplied, the amount of VAT charged and the price of the goods (price plus the VAT)
- Reference to the purchase order number (PO) if issued in terms of a purchase order or contract number if it is under an ongoing contract.
- Payment currency (ZAR)
- Either your own bank account details or Growth Finance’s bank account details

An invoice must not have:

- Deleted, crossed out or handwritten information, i.e. details, names and signatures of invoice issuer or receiver.
- Handwritten changes or corrections made in any other way.

Do you need any documents other than my invoice?

Yes, please send us the order document such as the PO (e-mail is suitable), proof of delivery and receipt such as freight delivery notes, Goods Received Voucher (GRV) or delivery notes etc. If you do not use one or more of these then just let us know.

Are there any debtors of ours that you will not work with?

We cannot work with any of your debtors that have delayed payments to you for longer than 30 days in the past. Late payers place you, your business and Growth Finance at risk.

We don’t finance invoices issued to private individuals.

From time to time, there are industry sectors that we will not work with due to overconcentration, but we will let you know this when we work together.

What factors do you look at when assessing my customers for invoice discounting?

Your customer / debtor must:

- be a Company or Close Corporation (CC)
 - have been trading for at least 3+ years
 - have a turnover of at least R5 million in the past 12 months
 - have a clean, strong trade credit record which will be verified by us.
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How much of my invoice value will be advanced by Growth Finance?

Depending on the circumstances Growth Finance can advance up to 80% of your invoice value to you immediately. The other 20%, minus our fee is paid to you when your customer pays the invoice to Growth Finance on the due date.

How much will it cost?

Does my business pay to sign up with Growth Finance?

You register your business with us and secure your credit limit absolutely free, giving you complete peace of mind knowing that when you need us, we are there for you.

Growth Finance only charges you for invoices that you discount with us.
There are no other fees or expenses.

How much does Growth Finance charge for its service?

Our fees range between 0.18% and 0.22% per day of the amount we advance.

There are no ongoing subscriptions or other fees whatsoever, making Growth Finance's pricing the most transparent in South Africa.

What can I do to manage my funding costs with Growth Finance?

You are in complete control of the two main cost levers – Time and Advance Amount.

Time: Our clients draw down on their available funds when they actually need the funds. Remember there is no charge until you draw your available funds. If you have surplus funds e.g. another invoice settles early and you would like to settle us early, no problem – we have a minimum 14-day fee, but no early settlement penalties.



Advance Amount: Depending on the circumstances, we advance up to 80% of your invoice value. This does not mean you have to draw the full 80%. If you only need 40% of the amount, then you only draw the 40% you need.

REMEMBER: Funding Cost = Time multiplied by Advance Amount. You control both!

What are the minimum and maximum amounts of funding I can apply for?

We offer a financing limit of between R150,000 and R2,000,000 on a revolving basis. This means that when you reach your credit limit, we are able to re-advance funds to you again and again as soon as your customers settle any of the invoices we have financed for you.
