

Payroll Funding

What is Payroll Funding?

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Payroll Funding is a way of obtaining funding against your wage bill. It can sit alongside other types of funding such as sales ledger finance, and can be used by credit worthy businesses of any size or sector. In the same way as suppliers free up cash in a customer's business by giving them credit on their supplies, Payroll Funding frees up cash by giving you credit on your wage commitment. **No personal guarantees are required.**

It is used to pay your business's wage and PAYE and NI commitments for staff and directors, giving your business 56 days rolling credit before repayment. You and your staff are paid directly by the Payroll Funder but no one will notice the difference. Your cash flow that is now freed up can be used as you see fit.

Important Criteria

There are two companies that provide Payroll Funding and they each have different eligibility criteria. Both require you to have a positive balance sheet and to have been trading for between 2 & 3 years. One requires you to have a minimum of five employees and a projected annual turnover of £1m or more. The other requires a 2 month gross wage bill of £50K or more. Both require your company to be credit insurable so this type of funding is not for distressed situations.

What Costs Are Involved?

There is normally a one off set up fee which could be up to 3.5% of the facility. Then there is a monthly admin min fee which is expressed as a % of the average monthly outstanding balance. Finally there is a service fee which is a % above base rate and is calculated daily and paid monthly.

This is a very flexible and useful form of funding for companies with short term requirements. It is not cheap. As an example a £100K facility could cost £3,500 as the set up fee and then have charges of £1,600 per month.

Why use Pegasus Funding Resources?

Pegasus Funding Resources has 6 years experience of finding the correct source of funding for our clients. No matter what type of funding you require, whether it is equity, debt or asset based we have over 200 providers available to fulfill your needs.

Our process creates competition amongst the providers so that you obtain the best solution.

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