

# Trade Finance

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## What is Trade Finance?

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Trade Finance is used when you require additional funding to enable you to purchase the products or raw materials that are needed for your business. It is mainly used for funding imports when the time period between paying the overseas supplier, the delay while goods are in transit and final invoicing to and payment from your clients exerts additional pressure on already over extended cash requirements.

Trade Finance can also, however, be used for purchasing goods within the UK. In some instances stock also can be funded but only after a trading history has been built up with the funding provider.

## Important Criteria

To be eligible for Trade Finance you must have firm orders from credit worthy customers before you place your order with your supplier. It is not possible to obtain Trade Finance if your clients are private individuals. It is also difficult to obtain this sort of funding for single orders as most providers require a regular deal flow. Most providers, but not all, will require you to use their invoice discounting services alongside their Trade Finance facility.

## What Costs Are Involved?

Three types of costs are involved: the first relates to setting up letters of credit if insisted on; the second is the interest on the loan that is required and the third is the charges involved with using invoice discounting to fund the debts at the other end. If you can arrange good credit terms with your suppliers and can deliver to and invoice your clients quickly, then using invoice discounting can provide the cash flow so that the term of an import loan may be shortened or even eliminated.

## 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.

**[www.pegasusfunding.co.uk](http://www.pegasusfunding.co.uk)**

Office Locations: Shepperton, Hampton, Trowbridge, Preston and Hope Valley.



**PEGASUS**  
Funding Resources

4 St Nicholas Drive  
Shepperton  
Middx  
TW17 9LD  
01932 244810  
07778 670 236  
[peter.kelly@pegasusfunding.co.uk](mailto:peter.kelly@pegasusfunding.co.uk)