

CASE STUDIES

FOOD

A Seafood Processor and Distributor, based in Lancashire.

Introduction from an Invoice Financing Company

This new company having management with many years of experience, source fish from around the world to supply continental supermarkets, with frozen filleted fish, on regular weekly/monthly shipments, under contract for up to 12 months

The Problem

Fish is sourced from large suppliers in Alaska, USA or China and is filleted at sea on factory ships or processing plants in the harbour. Once processed the fish is shipped to the UK frozen in containers, processed and repacked and then transported by lorry to Europe.

The fish supplier in Alaska requires payment on shipment and it then takes 3/4 weeks to arrive in the UK. It takes a further 2 weeks to process and transport the fish to the buyer, who wants 30 days credit before he pays for the fish. The sea food processor needs a working capital facility from the time he pays the supplier to the time he gets paid by his customer, a total of six to seven weeks.

The Solution

A 'Purchase and Sale Facility' was agreed whereby the lender provided a Letter of Credit facility to purchase the fish and allow enough time for the fish to be transported to the UK, processed and delivered to the export buyer. On receipt of payment after the credit period, all monies due to the lender would be repaid and the transaction completed. The facility would be continuous on a monthly basis in order to cover the monthly shipments in the contract. The foreign buyers were credit insured to protect both parties against non-payment of the debt.