



**Unlock the  
GROWTH  
Potential  
in your business**

## **Real Estate Values Can Limit Business Growth**

**Obtaining capital from a traditional financial institution to expand operations is an issue for many small business owners. This is especially risky when you consider that, for many people, their family home is on the line and soft real estate markets can have a detrimental impact on a business funded on the back of the value of the family home.**

As an example, a babywear successful importer and distributor approached their bank for additional working capital to help

grow the business by applying for an increase in their overdraft. The existing facility was secured by the family home which, they thought, was not highly leveraged.

### **The Problem**

This request for an increase in funding prompted the bank to re-value the family home and the new valuation report came in at a lower value than it was originally purchased for, putting any plans for growth on hold.

To compound their dilemma, the bank then required they reduce the existing loan on the family home because of the lower valuation.

## The Solution

It was at this point that the business owner contacted Nova Cash Flow Finance. Nova was able to provide the company with a debtor finance facility against existing debtors which released funds to pay-down the overdraft and better secure the family home.

## The Result

This significantly reduced the risk of a foreclosure on the family home and provided additional working capital which allowed the business to grow. This growth continued because as sales grew the company's funding availability grew as well.

This is a classic example of how debtor finance works so well in growing businesses. Whilst the working capital for the business was initially secured against the family home, business growth was always going to be limited to the value of the home.

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**IF YOU GOT PAID TODAY  
FOR THE WORK YOU  
DID YESTERDAY  
JUST THINK WHAT YOU  
COULD DO TOMORROW**

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