Trade Finance Business Plan

Pennine Trade Finance

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01 / OPERATING PLAN

Executive summary

Pennine Trade Finance is a proposed Manchester company advancing its own capital to incorporated UK wholesalers and manufacturers against verified domestic trade receivables. The founder and prospective equity investors need to decide whether a tightly limited launch can earn an acceptable return after credit losses and operating costs. This is a planning proposal. There is no incorporated company, signed borrower, FCA registration or committed investment.

The recommendation is to defer a full launch until registration, legal enforceability, borrower demand and the equity subscription are evidenced. The proposed £3 million equity funds startup costs, a maximum £2 million performing advance book and operating liquidity. No public deposits, investor fund, consumer credit, foreign exchange, letters of credit or warehouse borrowing is included. Revenue comes from finance interest and invoice administration fees; principal collections are repayment of assets, not sales.

Base annual net interest and fee income is £179,533, £338,381, £477,673. Year three net result is £3,830, cumulative operating net result (£336,688) and minimum cash £591,138. Downside minimum cash is £1,387,731; Upside is £967,653. Base does not yet support an attractive return on the proposed £3 million equity. Downside holds more cash because its loan book is smaller, despite larger operating losses. These outcomes must be assessed against the £300000 Base reserve and the proposed equity, not the invoice face value.

GBP	2027	2028	2029
Interest and fees	**£179,533**	**£338,381**	**£477,673**
Cash recoveries	£4,983	£13,707	£22,519
Credit provision	£22,310	£42,108	£59,670
Payroll	£258,960	£266,819	£274,913
Other overhead	£123,000	£126,690	£130,491
Processing	£9,741	£17,494	£24,000
Depreciation	£5,000	£5,000	£5,000
Pretax result	**(£234,495)**	**(£106,023)**	**£6,119**
Tax reserve	£0	£0	£2,288
Net result	**(£234,495)**	**(£106,023)**	**£3,830**
Closing cash	**£1,668,757**	**£759,346**	**£604,685**

02 / OPERATING PLAN

Business details

Working name Pennine Trade Finance Ltd, Manchester England, proposed private limited company. Forecast currency is GBP and reporting runs January 2027 to December 2029. Proposed ownership is ordinary equity subscribed privately by identified founders and investors, with governance negotiated before subscription. No shareholder identities, incorporation number, trading address or credentials are supplied.

The initial service covers UK incorporated trading companies and GBP domestic invoices. Exclude consumers, sole traders, partnerships, construction progress claims, disputed invoices, related party receivables and overseas buyers. A specialist perimeter opinion must verify the precise proposed contracts. FCA Annex 1 money laundering registration is a prelaunch condition, distinct from authorisation to carry on regulated activities.

03 / OPERATING PLAN

Business concept and objectives

Provide a limited recourse corporate advance secured by verified invoice rights, with payment directed to a lender controlled collection account under documented legal arrangements. The borrower retains the unadvanced portion and customer relationship. The model records only the funded loan principal; it does not buy the full face value or recognise client reserve money as company cash.

Base pricing is 18% annual interest on the average performing funded balance and a 1% administration fee on each new advance, plus VAT on the fee. Start with £450000 monthly submitted invoice face value, 85% eligibility and 80% advance against eligible invoices. These are hypotheses requiring paid trials. Management targets no policy exceptions without two approvals and daily reconciliation of every funded invoice.

04 / OPERATING PLAN

Business model canvas

The core activity is credit assessment, invoice validation, controlled advances, collection and recovery. Two credit and operations analysts support an owner managing director and an independent paid risk officer. Accounting, legal, IT security and recovery specialists are external partners whose appointment and prices remain pending.

Customers are smaller incorporated manufacturers and wholesalers with documented domestic B2B invoices and seasonal working capital needs. Brokers and accountants may introduce them; introductions never substitute for independent underwriting. Interest and administration generate income. Salaries, secure systems, credit information, professional advice and expected credit losses consume margin. Own equity supplies the lending capital without assumed bank leverage.



Figure Business model canvas. Proposed choices or explicitly labeled evidence gaps.

05 / OPERATING PLAN

SWOT and longer term goals

S1 is a proposed narrow product with clear eligibility and small book ceiling. W1 is the absence of trading history, signed demand and proven loss data. O1 is the potential need to finance creditworthy domestic receivables. T1 is competition from established lenders, fabricated invoices, debtor concentration and registration delay. None of these creates evidence of a current pipeline.

Year three objectives are a book within £2 million, no breach of the cash reserve and independently reviewed credit performance. These are constraints, not guaranteed growth. Years four and five may introduce a negotiated warehouse facility only after an audited operating record, verified borrowing base and legal review. That expansion is excluded from the present forecast.

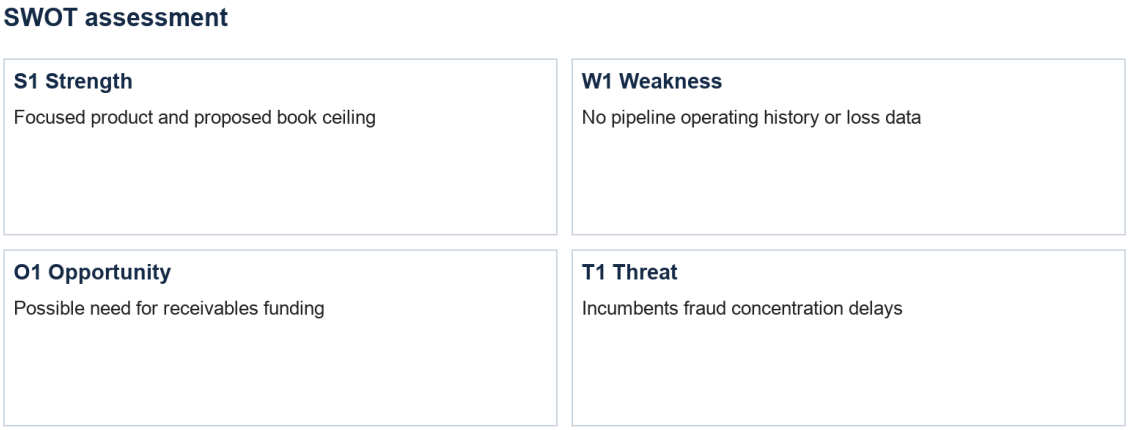


Figure SWOT and longer term goals. Proposed choices or explicitly labeled evidence gaps.

06 / OPERATING PLAN

TOWS strategy matrix

S1 with O1 suggests a small verified invoice pilot focused on repeat trades. W1 with O1 requires staged equity funding and observed collections before expanding. S1 with T1 supports a fixed funded exposure cap, direct debtor confirmation and independent bank account validation.

W1 with T1 calls for postponement if registration, investor evidence or the loss data fail the launch test. Do not respond to slow growth by removing eligibility checks or lending above the liquidity ceiling. If collections deteriorate, stop new advances to the affected borrower, preserve records and use lawful recovery routes. The risk officer can veto an origination; the sales owner cannot override alone.

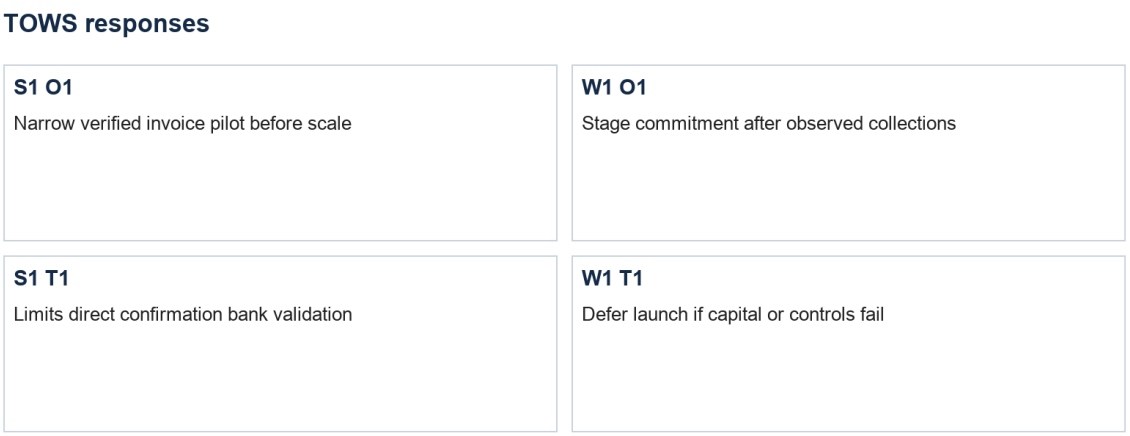


Figure TOWS strategy matrix. Proposed choices or explicitly labeled evidence gaps.

07 / OPERATING PLAN

Owner and management

The paid owner managing director leads client selection, investor reporting, supplier appointments and treasury. The risk officer owns credit policy, financial crime controls and exception approval, with direct escalation to the board. Two paid analysts perform invoice verification, account administration and collection checks. External legal, accounting and cyber support report through their agreed scopes.

No founder experience is invented. Before approval, demonstrate credit underwriting, financial crime and cash management competence, appoint a fit and proper senior AML individual and arrange cover for absences. Proposed monthly gross salaries are £6000 owner, £5500 risk officer and £3500 for each analyst. The owner is not assumed to provide unpaid labour or personally guarantee every loss.

Reporting and independent credit escalation

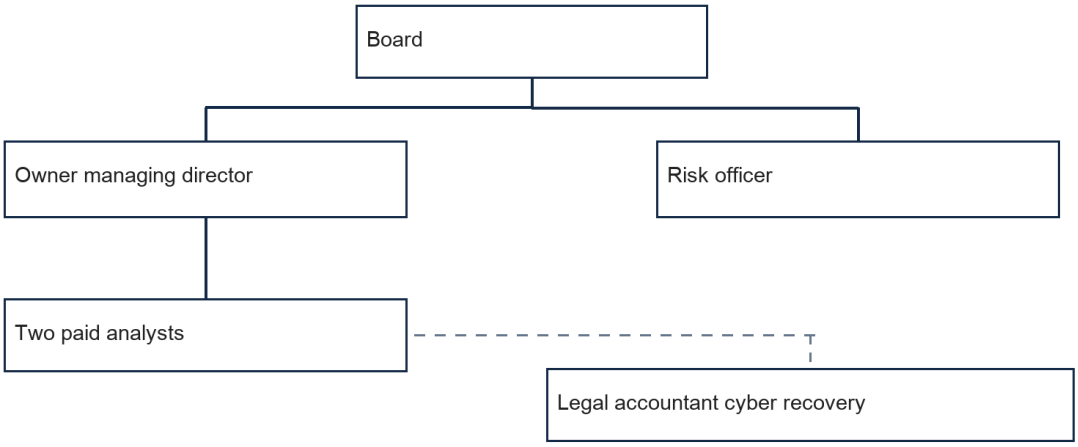


Figure Owner and management. Proposed choices or explicitly labeled evidence gaps.

08 / OPERATING PLAN

Owner and key personnel profiles

Profiles are appointment specifications. The managing director needs experience in commercial credit, receivables servicing and lender treasury. The risk officer needs independent underwriting judgement, AML risk assessment and fraud investigation capability. Both require verified references, training and fit and proper checks appropriate to the final perimeter.

Analysts need accounts receivable skills, document scrutiny, direct debtor confirmation and secure handling of business and personal data. Neither analyst may approve their own verification exception. Shareholdings, other commitments, references and previous compensation are undisclosed. Document actual qualifications and relevant employment history before appointing any person; a job description is not evidence that a candidate is qualified.

09 / OPERATING PLAN

Target customers

Target established UK limited companies supplying goods to other UK incorporated businesses on documented invoice terms. Prefer repeat domestic trade, accessible management accounts and identifiable debtors. Restrict the initial geography to Manchester based suppliers so site diligence is practical, while eligible debtors may operate elsewhere in the UK.

Reject new or unexplained trading patterns, circular related party invoices, disputed work, cash sales, sanctions risk, opaque beneficial ownership and existing assignments that prevent enforceable security. Model demand is submitted invoice value, not accepted loans or signed customer count. Obtain borrower and debtor permission where needed and validate legal basis for information checks.

10 / OPERATING PLAN

Segmentation targeting and positioning

Segment by legal form, invoice maturity, debtor quality, dilution, goods delivery evidence and submitted volume. Target smaller incorporated wholesalers and manufacturers with simple domestic invoices and transparent records. Exclude complex cross border trade and contingent milestone billing from the first product.

Position around a clear credit decision and transparent total charges rather than a promise of universal approval or fastest funding. A customer illustration must distinguish invoice face value, eligible amount, advance, fee, VAT and interest. Explain rejection reasons without revealing protected AML information. A niche originator still competes with experienced lenders that may offer lower pricing and broader facilities.



Figure Segmentation targeting and positioning. Proposed choices or explicitly labeled evidence gaps.

11 / OPERATING PLAN

Value proposition canvas

The customer job is to pay suppliers and payroll while waiting for business debtors. Potential problems are delayed receipts, bank limits, unclear borrowing costs and time spent providing documents. Benefits sought include predictable permitted advances and understandable repayment terms. No interviews or willingness to pay evidence have been provided.

The proposed service confirms eligibility before quoting, provides a worked charge example and uses a named analyst for reconciliation. It does not guarantee debtor payment or free the borrower from recourse obligations. The customer must supply genuine invoices and delivery evidence, disclose prior charges and cooperate with validation. Pricing and documentation complexity must be tested together during a paid pilot.



Figure Value proposition canvas. Proposed choices or explicitly labeled evidence gaps.

12 / OPERATING PLAN

Market size and trends

TAM is annual revenue earned from relevant domestic corporate invoice finance in the UK. SAM narrows this to eligible incorporated Manchester manufacturers and wholesalers needing the proposed product. Neither value has been established from a source with a consistent geography, borrower definition and revenue basis. National loan balances or SME counts cannot be multiplied by our advance rate to claim local market revenue.

SOM is the modeled funded origination and resulting interest and fees under the book and liquidity limits, not a verified market share. The scope diagram distinguishes unknown market size from an operational ceiling. Build SAM using a geocoded eligible company list, invoice turnover and documented willingness to finance before making a capture claim.

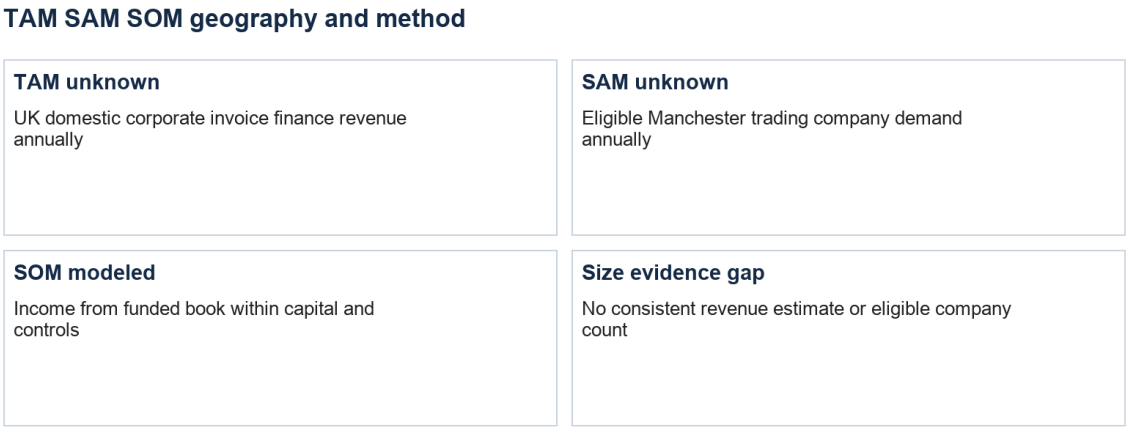


Figure Market size and trends. Proposed choices or explicitly labeled evidence gaps.

13 / OPERATING PLAN

PESTLE analysis

FCA guidance confirms factoring and commercial transaction finance may require Annex 1 registration for money laundering supervision. The FCA increased scrutiny of Annex 1 lenders in 2026 and warns that applications may take longer. Registration timing therefore matters directly to the launch schedule.

Higher borrower borrowing costs and slower collections can worsen credit quality. Clear fair work, data handling and customer communication support operations. Secure document capture can improve control but cannot prove that an invoice is genuine. Environmental claims need evidence; this product excludes carbon credits and does not label every financed borrower sustainable. Legal enforceability and financial crime obligations outweigh sales urgency.

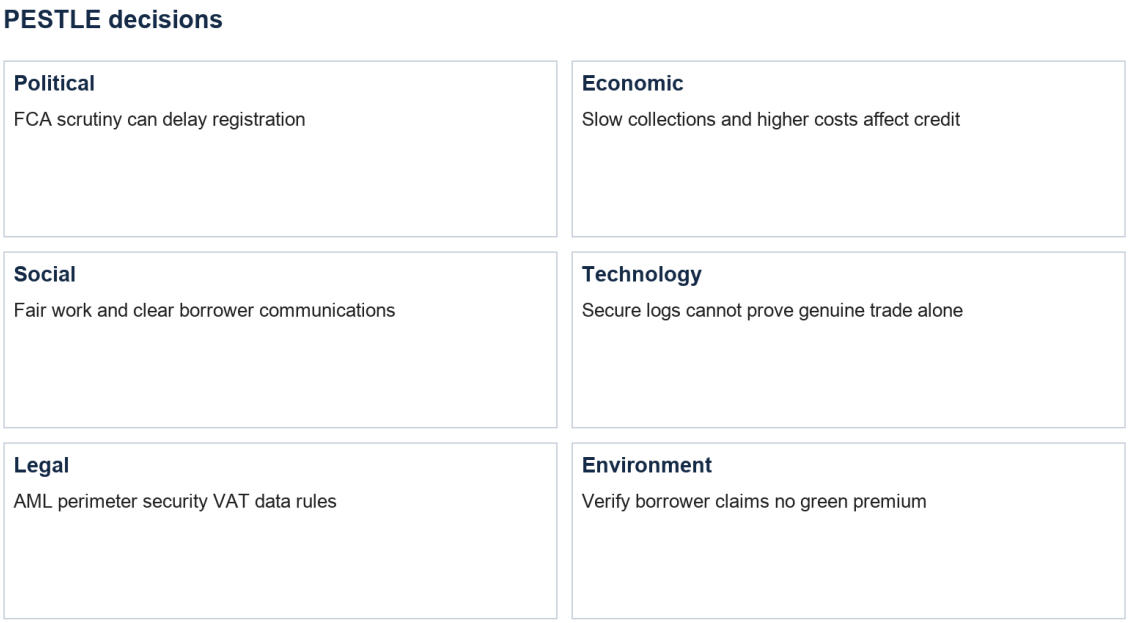


Figure PESTLE analysis. Proposed choices or explicitly labeled evidence gaps.

14 / OPERATING PLAN

Local demand and evidence

No Manchester interview results, accepted borrower files, paid pilot, letter of intent or operating loss history exists for this proposal. Official regulatory sources establish obligations; supplier product pages establish alternatives. Neither proves that a borrower will accept our price or that a loan will repay.

Before launch, screen at least twenty prospective incorporated suppliers, independently verify sample invoices and obtain ten paid pilot proposals subject to registration and capital. These are proposed research milestones, not current achievements. Record rejection reasons, requested maturity, dilution, prior assignments, all in pricing and actual collections. A target lead count does not authorise advancing funds before the legal gate is met.

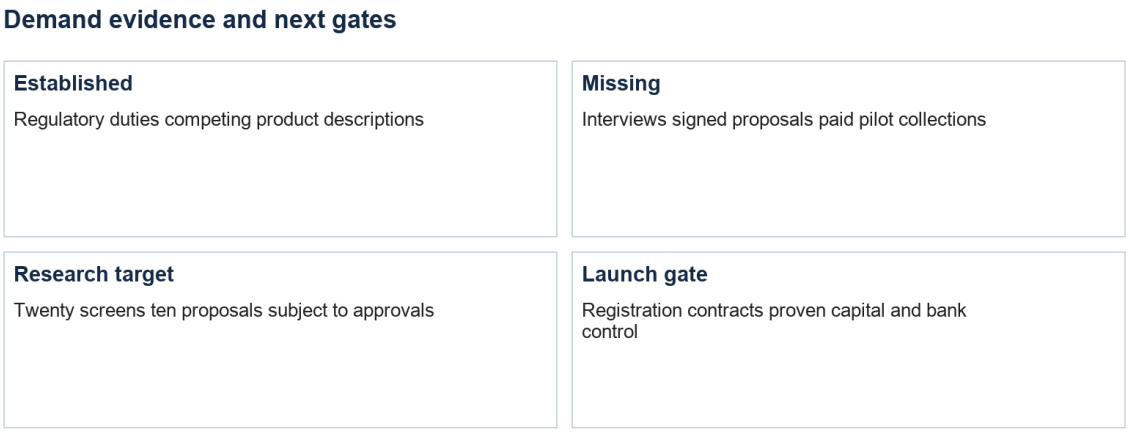


Figure Local demand and evidence. Proposed choices or explicitly labeled evidence gaps.

15 / OPERATING PLAN

Competitors and positioning

Bibby Financial Services publicly offers invoice finance for UK B2B businesses and describes release of funds against invoices. Its product materials confirm an established alternative but are not a like for like quote for this proposal. Bank invoice finance, overdrafts and other specialist lenders also compete.

Obtain dated quotes using the same company financials, invoice quality, maturity and recourse terms. Compare interest basis, fee basis, minimum charges, audits, termination fees, security and collection arrangements. Do not invent competitor interest rates or customer ratings. Pennine should not claim superior service without pilot evidence; its narrower scope may be simpler for a small portfolio but limits suitable borrowers.

16 / OPERATING PLAN

Porter five forces

Rivalry is strong because experienced invoice finance providers already combine underwriting, servicing and funding. Buyer power rises for creditworthy companies with several offers. Suppliers include credit bureaus, secure software and specialist legal and recovery services. New entrants face substantial equity and control requirements; supplier credit and bank borrowing substitute for the product.

The response is disciplined specialization, multiple professional support options and a transparent decline policy. A small equity funded lender cannot rely on funding spread advantages against larger providers. Test borrower acquisition cost and loss adjusted contribution before increasing marketing. Keep the risk officer independent so competitive pressure does not weaken approval standards.

Porter five forces and responses

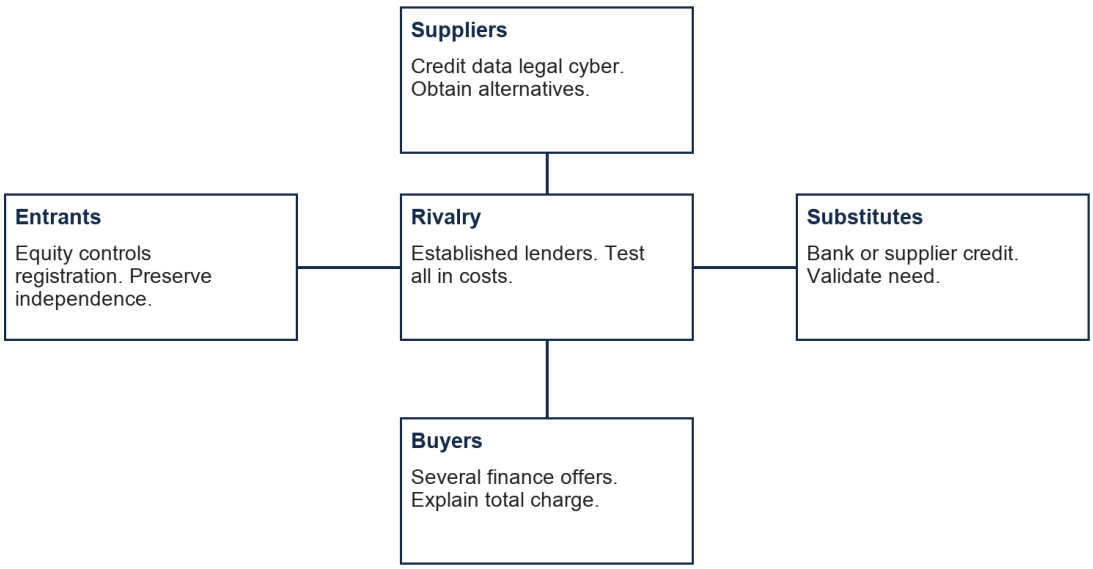


Figure Porter five forces. Proposed choices or explicitly labeled evidence gaps.

17 / OPERATING PLAN

Strategy canvas

The chart compares intended emphasis of the proposal with a generic established invoice lender using one to five judgement scores. Pennine emphasizes simple domestic scope and individual review; the archetype emphasizes breadth, funding scale and established infrastructure. These are illustrative business format choices, not observed competitor quality or satisfaction scores.

Use actual contractual comparisons and paid pilot feedback to replace these judgements. A narrow product is not automatically faster or cheaper. The economic decision depends on verified credit quality, realized yield and costs, not a plotted preference score.

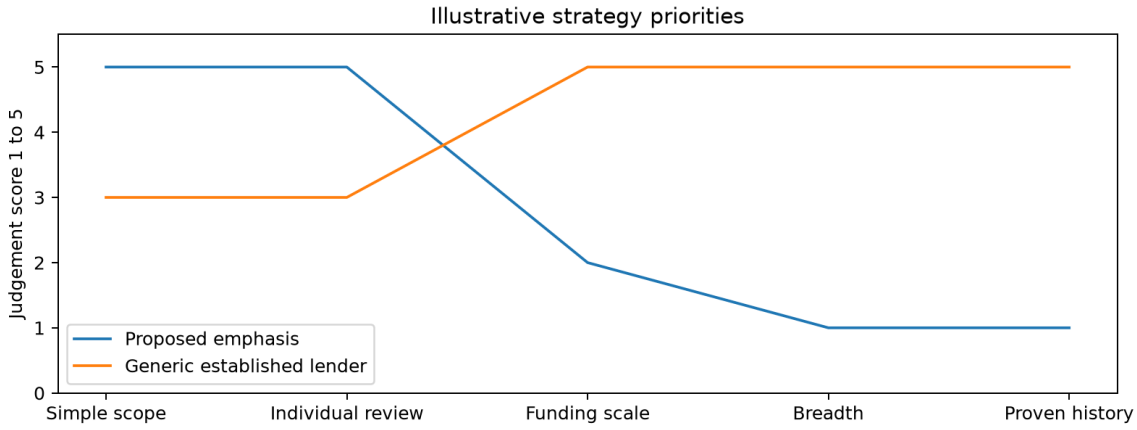


Figure Strategy canvas. Proposed choices or explicitly labeled evidence gaps.

18 / OPERATING PLAN

Location and premises

Budget £2000 monthly gross for a secure Manchester office and £6000 refundable deposit. No building or lease is selected. Client meetings and site diligence are appointment based; this is not a retail cash counter. Confirm privacy, physical security, permitted office use, connectivity and business rates within the proposed gross cost before signing.

Use access controlled storage and encrypted systems with independent backups. No currency, customer cash deposits or collateral inventory is stored in the office. Collection account arrangements must avoid treating borrower money as unrestricted company cash. A legal adviser must define how any excess debtor payments are routed or segregated rather than funding the lending book.

19 / OPERATING PLAN

Equipment and resource plan

Proposed opening capital is £20000 gross for secure workstations, access controls and office setup, depreciated over 48 months. Preopening expenses are £60000 gross for legal and perimeter advice, registration preparation, policies, systems configuration, recruitment and training. These are planning allowances, not vendor quotes.

Operating software and credit information cost £2500 monthly gross. Before purchase, verify multifactor authentication, audit logs, permissions, backup restoration and exportable loan records. Outsourcing technology does not outsource AML or credit accountability. The model assumes no recoverable input VAT and no capitalized internally built software; obtain a partial exemption assessment before replacing this conservative treatment.

20 / OPERATING PLAN

Product and credit strategy

The initial product is a funded corporate advance against verified domestic invoices, with an indicative two month collection cycle. It is not a full service purchase of the invoice face value. The supplier remains responsible for the unadvanced portion and the agreed recourse obligations. No lending against inventory, consumer debt or foreign currency is included.

The model applies an 85% eligibility assumption to submitted face value and advances 80% of that eligible value. Policy approval additionally requires delivery evidence, debtor validation and a maximum proposed £200000 funded exposure to any debtor, with £400000 maximum per borrower. These account limits require loan level monitoring; the aggregate forecast cannot prove diversification.

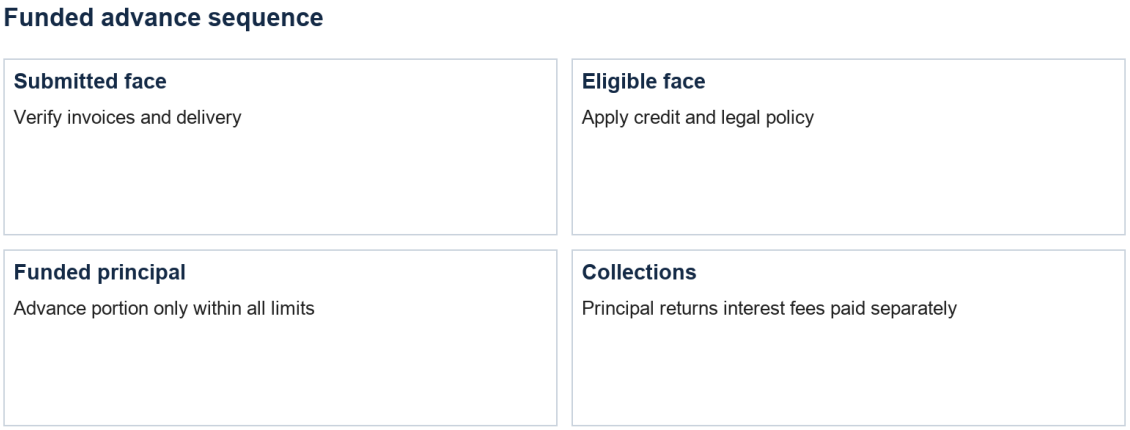


Figure Product and credit strategy. Proposed choices or explicitly labeled evidence gaps.

21 / OPERATING PLAN

Pricing and advance economics

On £100000 submitted invoices, 85% eligibility gives £85000 eligible and an 80% advance gives £68000 principal. A 1% administration fee is £680 plus £136 VAT. At 18% annual interest, an exact 60 day use would cost approximately £2012 at actual days divided by 365. The monthly forecast uses average performing balances and calendar days, which is an approximation rather than an individual invoice quotation.

The Base default assumption is 0.5% of each maturing funded cohort, not 0.5% annual probability. Recoveries are 40% of written off principal after three additional months. Do not mistake the gross lending yield for shareholder return; salaries, credit losses and cash held outside the book reduce profitability.

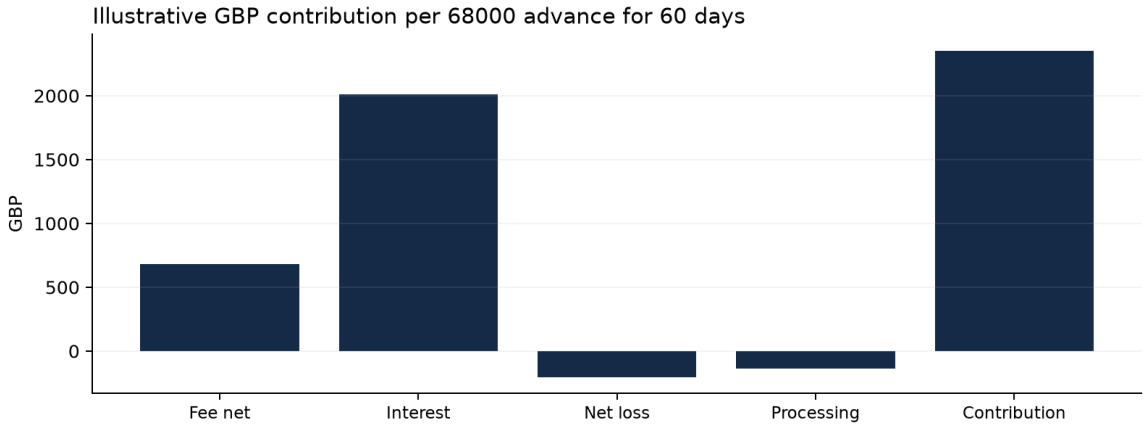


Figure Pricing and advance economics. Proposed choices or explicitly labeled evidence gaps.

22 / OPERATING PLAN

Competitor price comparison

No borrower specific comparable competitor quotation has been obtained. Bibby public product descriptions explain the offer but do not establish Pennine pricing as competitive. Our 18% annual rate and 1% fee are hypotheses. A full comparison needs the same invoice quality, advance amount and collection period.

Record dated all in annualized costs including minimum fees, audit charges, recourse, security and exit charges. Display taxable administration separately from credit interest. Test the £68000 worked advance with the borrower and obtain a current alternative quotation; do not promise that another provider charges more.

Comparison	Evidence
Proposed net annual interest	18% on funded balance
Proposed net administration	1% of advance
Comparable competitor quote	Not obtained

23 / OPERATING PLAN

Brand and customer experience

Pennine Trade Finance is a working name pending incorporation and trademark checks. Communications should explain that applications are subject to credit and legal review, and distinguish AML registration from broader FCA authorisation. Do not use a registration badge before it is granted or imply deposit protection.

Provide named contacts, a complete fee example, required document list and escalation route. Do not advertise guaranteed acceptance or same day funding before measuring verified approval times. A declined application receives a clear commercial explanation where lawful. Record complaints and their resolution, protect customer documents and explain any use of credit reference data.

24 / OPERATING PLAN

Sales channels and process

The owner develops direct relationships with manufacturers, wholesalers and their accountants. Introducers supply contacts only and cannot approve loans. Budget broker acquisition cost within the £2000 monthly marketing allowance until genuine referral terms are quoted; no assumed commission contract is secured.

The process is legal form screening, consent and information collection, business and debtor diligence, invoice verification, credit approval, signed security and banking controls, advance and monitored collection. The forecast begins at submitted monthly face value rather than a fabricated conversion funnel. A rejected invoice remains unserved demand and never becomes revenue.

25 / OPERATING PLAN

Launch marketing

Operating marketing allowance is £2000 gross monthly, escalated 3% annually. Launch preparation is included in the £60000 preopening expense. Use accountant introductions, targeted meetings and a plain worked pricing example. Registration and legal gates must precede any actual lending.

Measure acquisition spending per approved borrower, time to verify, funded balances, dilution and collections. Do not buy growth through unsupported guarantees, waived checks or extended maturities outside policy. The paid pilot should test price and documentation burden together. No forecast assumes grants, government accreditation or a British Business Bank funding commitment.

26 / OPERATING PLAN

Retention and ongoing sales

Repeat advances depend on clean previous collections, current accounts and unchanged security. Reverify invoices and buyer bank details every time; a history of correct payments does not eliminate fraud risk. Reassess credit limits quarterly and whenever debtor payment behavior or ownership changes.

Measure borrower retention, portfolio concentration, rejected invoice value, arrears, realized loss and collection days. If a client grows faster than control capacity, cap advances rather than bypass diligence. The forecast uses submitted face value growth without asserting signed recurring customers. Renewal is a credit decision, not an automatic subscription.

27 / OPERATING PLAN

Daily operations and suppliers

Analysts reconcile bank cash, funded principal and invoice records each working day. The risk officer reviews payment exceptions, overdue cohorts, duplicate invoices and exposure concentrations. Dual approval is required for advances and bank detail changes. A debtor confirmation must use independently obtained contacts rather than numbers supplied only by the borrower.

The monthly forecast simplifies collections into maturity cohorts. The live ledger must retain invoice date, debtor, amount, assignment, due date, repayments, defaults and recovery evidence. External counsel handles enforceability and collections under agreed terms; accountant, IT and credit bureau suppliers are unappointed. Use separate backups and test recovery before the first advance.

28 / OPERATING PLAN

Sustainability practices

Reduce unnecessary travel through electronic verification where adequate and group Manchester site visits when practical. Do not substitute remote documents for required physical or fraud diligence. Use refurbished equipment only when security support and warranty meet the policy.

No environmental lending premium or impact return is modeled. Record travel distance and energy costs if the company later makes environmental claims. A borrower declaration does not establish a financed carbon saving. Screen prohibited and sanctioned goods regardless of claimed sustainability credentials. Practical controls and accurate documentation matter more than a generic green label.

29 / OPERATING PLAN

Staffing and training

Four paid people are included throughout: owner, risk officer and two analysts. Each analyst is assumed able to process forty invoice equivalents monthly, giving eighty overall. Average funded ticket is £15000, so provisional throughput capacity is £1.2 million advances per month. This is a planning ceiling that requires time and error rate trials, not a staffing study. Upside tests sixty per analyst through better verified processing, without adding staff; that efficiency is unproven.

Salaries increase 3% annually. Employer NI is modeled at 15% above a £5000 annual threshold per person, plus an employer pension allowance of 3% of full gross pay. No Employment Allowance is claimed. Future NI thresholds are held constant as a planning convention pending updates. Paid training, leave and review time are included within capacity rather than supplied by unpaid overtime.

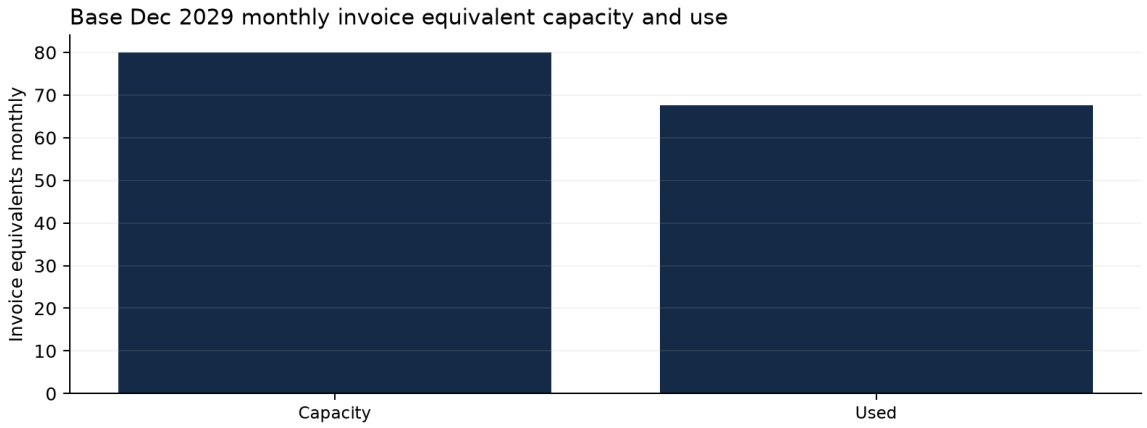


Figure Staffing and training. Proposed choices or explicitly labeled evidence gaps.

30 / OPERATING PLAN

Staff skills and fair work

Provide training in corporate credit, invoice fraud, AML, sanctions screening, data security, vulnerability and lawful collections. Separate sales, verification and approval responsibilities. Maintain training records, periodic sample audits and cover arrangements so leave does not create single person approval.

Use written contracts, paid predictable hours, statutory leave and a documented grievance and whistleblowing process. The plan assumes ordinary adult employees without special NI category relief. Payroll and pension classification must be confirmed at appointment. Proposed pay is a recruitment budget, not evidence of market acceptance or a named staff commitment.

31 / OPERATING PLAN

Legal and insurance requirements

Obtain specialist perimeter advice before incorporation costs and any customer loan. FCA guidance expressly includes factoring and commercial transaction finance in Annex 1 registration activities. Its 2026 guidance warns of closer application scrutiny. The plan does not equate this registration with authorisation for consumer lending, payments or investments; those products are excluded.

Counsel must validate assignment and security priority, lender collection accounts, recourse, disclosures, insolvency treatment and recovery procedures. Establish a tailored AML risk assessment, customer and beneficial owner diligence, sanctions procedures and senior responsibility. Assess ICO fee and lawful data handling, employer liability, professional indemnity, cyber and crime insurance. All policies, registration and quotes remain pending.

32 / OPERATING PLAN

Opening roadmap

Before launch, verify founder competence, legal perimeter, ownership and capital source, AML controls and draft contracts. Obtain registration, banking controls, supplier quotes and insurance. Recruit and test the team and reconcile a mock loan ledger to the bank before any advance.

January 2027 is an illustrative service date, not a promise about regulator timing. The editable launch gate can switch off new lending, and a delayed start retains operating salaries and overhead. If approvals remain incomplete, do not lend; reforecast the incurred preparation costs and investor runway. Pilot only within signed limits after every legal and capital condition is evidenced.

33 / OPERATING PLAN

Risks and management actions

Invoice fraud and duplicate assignment can create losses larger than the expected loss curve. Verify goods delivery, debtor identity, bank details and security priority independently. The proposed £200000 debtor and £400000 borrower caps require a loan level report and at least ten diversified debtors before using the whole £2 million book; the model does not automatically validate that distribution.

Other key risks are registration delay, loss of staff independence, cyber compromise, slower collection and insufficient equity. The risk officer stops an affected origination, escalates overdue balances and records exceptions. The board reviews minimum cash, defaults, recoveries, concentration and capital monthly. No downside funding is promised; reduce commitments or defer launch when evidence is inadequate.

34 / OPERATING PLAN

Research and evidence

Official FCA guidance supports the registration gate and the increased scrutiny of Annex 1 lending applications. HMRC supports the distinction between taxable factoring administration and separately supplied credit, current employer NI and corporation tax rules. Government pension guidance and ICO fee guidance support employment and data obligations.

All commercial volumes, rates, eligibility, capacity, recoveries, salaries, premises and supplier budgets are author selected assumptions. Bibby product material confirms a competing offer only. Sources were reviewed on 3 October 2026. Recheck law, fees, tax and permissions before commitment; obtain qualified advice on the final contracts and tax basis rather than treating this planning document as a legal opinion.

FCA registration and Annex 1 activities: https://www.fca.org.uk/firms/financial-crime/money-laundering-terrorist-financing/registration

FCA increased Annex 1 scrutiny 2026: https://www.fca.org.uk/news/statements/fca-applying-increased-scrutiny-annex-1-firms

HMRC factoring VAT: https://www.gov.uk/hmrc-internal-manuals/vat-finance-manual/vatfin3220

HMRC asset based credit VAT: https://www.gov.uk/hmrc-internal-manuals/vat-finance-manual/vatfin3230

HMRC finance VAT notice: https://www.gov.uk/guidance/finance-vat-notice-70149

Employer NI rates: https://www.gov.uk/national-insurance-rates-letters

Corporation tax rates: https://www.gov.uk/government/publications/rates-and-allowances-corporation-tax/rates-and-allowances-corporation-tax

Employer pension contributions: https://www.gov.uk/workplace-pensions-employers/how-to-enrol-staff

ICO data protection fee: https://ico.org.uk/fee

Bibby competing invoice finance offer: https://www.bibbyfinancialservices.com/unlock/invoice-finance

35 / OPERATING PLAN

Quotes and assumptions

No supplier, lender, borrower or insurance quote is signed. Required evidence includes office lease, secure systems, professional indemnity and crime cover, legal contracts, application costs, credit bureau pricing, recovery terms, actual payroll offers and equity subscriptions. Record dates, scope, tax basis and validity for every quote.

The retained model was rebuilt using the trade finance and factoring reference designs as conceptual guides. It did not import their sample workbooks or use their illustrative leverage. Cohort principal, expected loss, delayed recovery and funding limits are adapted to a small own capital Manchester lender. There are no automatic equity top ups or back solved principal collections.

36 / FINANCE

Startup costs and funding

Opening uses are £20000 capital assets, £6000 refundable deposit and £60000 preopening expenses, all gross and unquoted. Total paid startup uses are £86000. The proposed £3 million ordinary equity leaves £2914000 company cash before operating advances. This opening cash is not revenue, profit or an expenditure reserve.

The model allows no later equity top up, overdraft or warehouse debt. A £2 million gross performing book ceiling and £300000 cash reserve govern origination. Equity investors must understand that credit losses and fixed operating costs can reduce capital despite collateral. Confirm source of funds, subscription terms and proof of available cash before relying on the proposal.

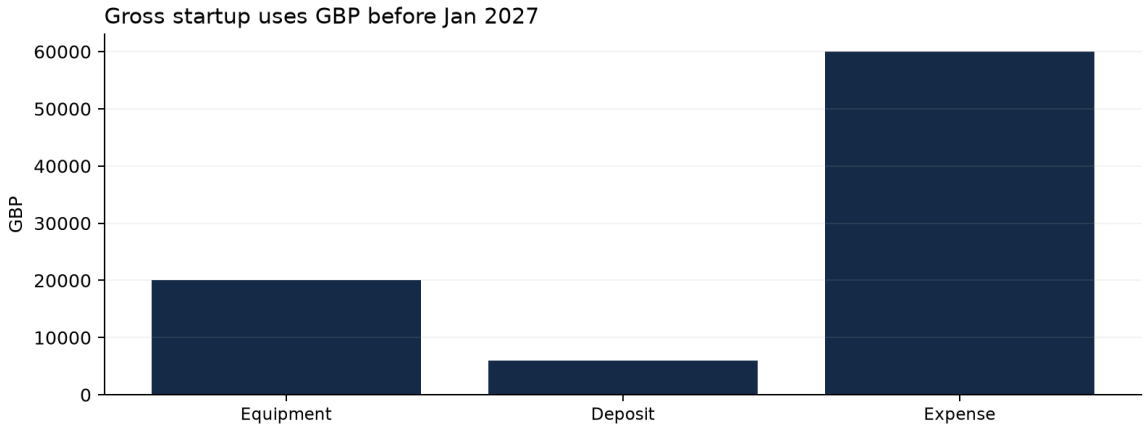


Figure Startup costs and funding. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.

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Itemized startup costs

Capital equipment is £20000 gross with 48 month straight line depreciation. The £6000 office deposit remains a refundable asset. The £60000 preopening cost is paid and expensed before month one, reducing opening retained earnings. Costs may include irrecoverable VAT; no VAT refund is forecast.

The £60000 allowance includes paid owner setup £14035 for two months, risk officer setup £6427.50 for one month and two analyst half month inductions £4005, each including employer costs. Legal and AML preparation £19000, systems setup £8000, recruitment and training £5000 and contingency £3532.50 complete the budget. No setup work is assumed unpaid. Obtain supplier and payroll evidence before approval. The budget is a cost ceiling, not a commitment to spend the entire amount. A launch delay can consume additional operating costs; funding is held fixed so its cash effect is visible.

Cash use	GBP gross	Accounting
Equipment	20000	Capital asset
Deposit	6000	Refundable asset
Preopening expense	60000	Opening retained loss
Total paid uses	**86000**	**No VAT recovery**

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Owner personal survival budget

The model includes £6000 gross owner pay per month plus employer costs. An illustrative personal budget assumes £1800 housing and utilities, £600 household spending, £300 transport, £300 insurance and commitments and £500 contingency, totaling £3500 net monthly. No actual household data is available.

At a planning net retention of 70%, owner pay provides £4200 net and a £700 illustrative cushion. This retention is not a tax calculation. Confirm actual PAYE, pension, household commitments and other income before investing personal money. No shareholder dividends or private drawings are included in business cash flow.

Illustrative monthly GBP	Amount
Housing utilities	1800
Household	600
Transport	300
Insurance commitments	300
Contingency	500
Total personal expenditure	**3500**
Owner net at 70% retention	4200
Budget surplus	**700**

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Financing terms and security

The funding proposal is £3 million ordinary equity subscribed before startup payments. There is no loan draw, interest expense, amortisation or assumed covenant waiver. Bank debt is deliberately excluded until a lender provides terms; the model should not imply an available facility by showing a balancing credit.

The proposed customer loan is secured against eligible invoice rights with recourse to the corporate borrower under counsel approved terms. No personal guarantee is assumed collectible and no full invoice reserve is company capital. Legal recoverability, priority and debtor concentration are not proved by the aggregate forecast. Any future warehouse facility needs a new funding schedule and reviewed covenants before expansion.

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Revenue forecast and capacity

Submitted invoice face value grows from the selected starting value at the selected monthly rate. Eligibility and advance rates convert it to requested funded principal. Actual advances are the minimum of requested demand, analyst throughput, book headroom and available cash after fixed costs, tax and VAT obligations and the reserve. An unmet request earns no fee or interest.

Interest uses the average performing funded balance and actual calendar days divided by 365. Administration fees use new funded principal. Principal collections and recovery cash are distinct from sales. The two month Base cycle and default rate are cohort assumptions; account level payment timing, concentration and legal eligibility need a live ledger outside this forecast.

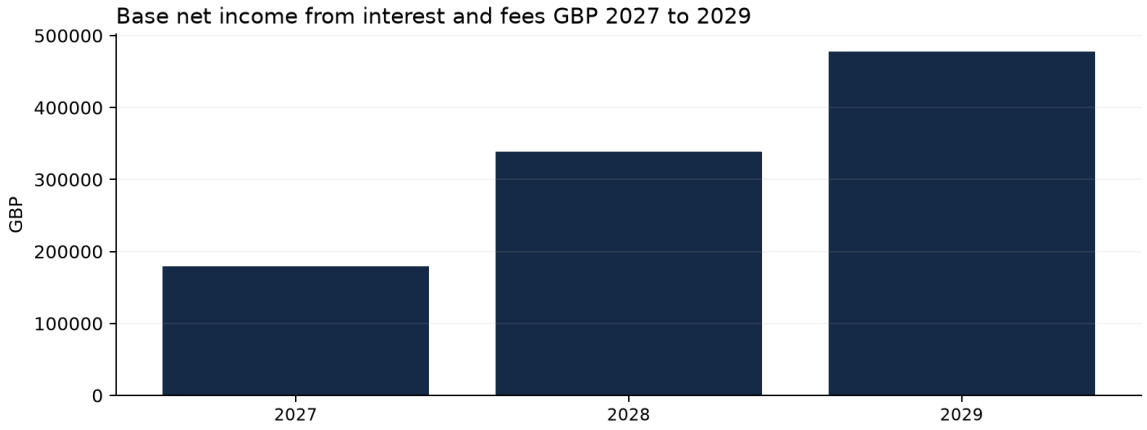


Figure Revenue forecast and capacity. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.

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Costs and projected profit

Four salaries, employer NI and pensions are paid even if lending stops. Gross office cost is £2000, software and credit data £2500, external compliance and legal support £3000, insurance £750 and marketing £2000 monthly, with 3% annual increases. Processing cost is £30 per funded invoice equivalent. All are unquoted.

The credit provision equals full principal write offs plus the change in expected loss allowance. Recoveries become income only when received after the recovery lag. This prevents future uncertain recoveries becoming current cash. Positive monthly profit receives a conservative 25% tax provision paid the next month, without loss relief; it is a cash planning convention rather than a full statutory tax return.

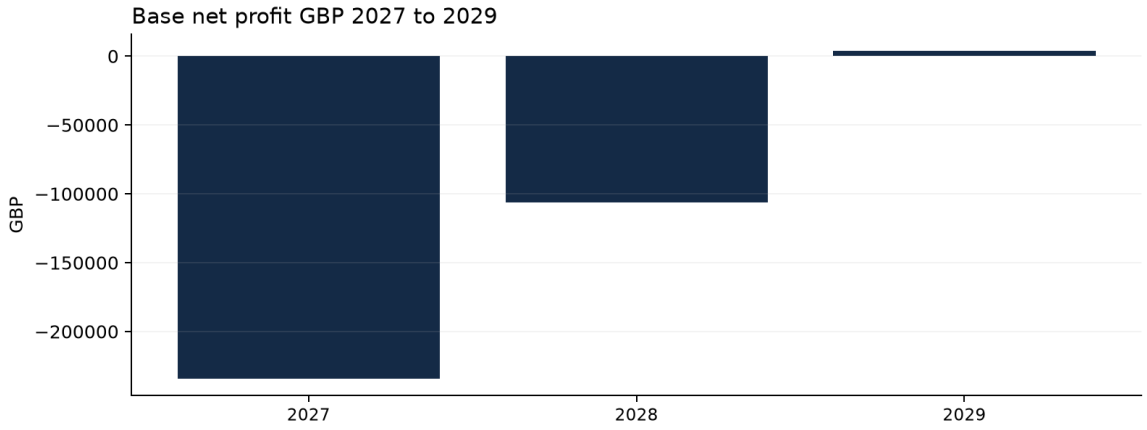


Figure Costs and projected profit. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.

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Profit and loss forecast

The profit statement separates interest, net administration fees, cash recoveries, credit provision, payroll, other overhead, processing and depreciation. Monthly tax uses a conservative 25% reserve on positive pretax profit, with no tax credit on losses. UK corporation tax rules use different statutory rates and marginal relief; an accountant must replace this simplified reserve for filing.

Fees exclude their collected VAT. Loan principal advanced or repaid never passes through revenue or operating expense. The allowance is a contra asset, not additional cash expenditure. Initial preopening expense is recorded in opening retained earnings and shown with startup uses. No speculative collateral valuation or sale of the business is included.

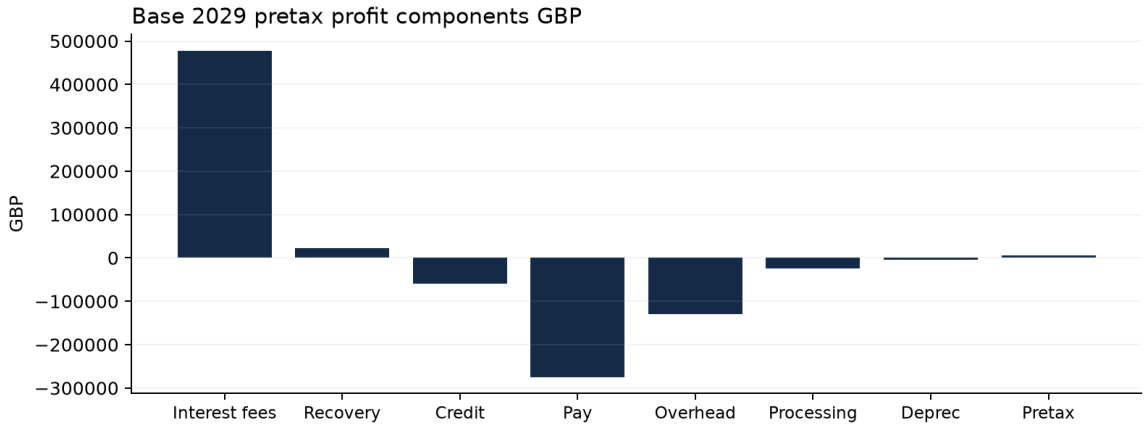


Figure Profit and loss forecast. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.

GBP	2027	2028	2029
Interest and fees	**£179,533**	**£338,381**	**£477,673**
Cash recoveries	£4,983	£13,707	£22,519
Credit provision	£22,310	£42,108	£59,670
Payroll	£258,960	£266,819	£274,913
Other overhead	£123,000	£126,690	£130,491
Processing	£9,741	£17,494	£24,000
Depreciation	£5,000	£5,000	£5,000
Pretax result	**(£234,495)**	**(£106,023)**	**£6,119**
Tax reserve	£0	£0	£2,288
Net result	**(£234,495)**	**(£106,023)**	**£3,830**
Closing cash	**£1,668,757**	**£759,346**	**£604,685**

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Cash flow and financial position

The direct cash schedule starts with opening cash, adds interest, fee receipts including VAT, performing principal collections and cash recoveries, then deducts advances, salaries, overhead, processing, tax and VAT remittances. There are no automatic investor subscriptions to cover losses. Closing cash feeds the balance sheet.

The origination cash limit conservatively reserves current fixed and processing costs before lending and excludes current interest and fee receipts when calculating funds available. Taxes and VAT are separately withheld. The cash reserve does not become an expense or an asset on top of bank cash. A negative cash result still means a funding deficit even if new lending is already stopped.

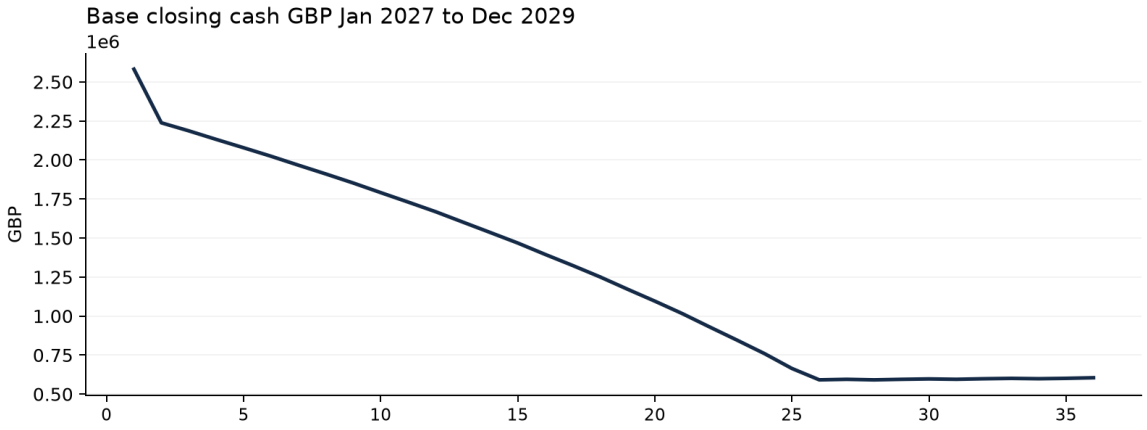


Figure Cash flow and financial position. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.

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Cash flow forecast months one to six

The opening six months expose the first two loan cohorts before any maturity repayments. In Base, months one and two advance cash; the initial cohort matures in month three. Defaults remove principal and expected recoveries arrive three months later. These conventions are explicit monthly approximations of short dated invoice lending.

Review the month one advance and the first matured cohort against the independently tested arithmetic. The first six month table separates principal recycling from income, so rapid loan turnover is not mistaken for sales. Actual collections must be reconciled daily and cannot be replaced by the forecast curve.

GBP	M1	M2	M3	M4	M5	M6
Opening cash	£2,914,000	£2,581,569	£2,238,096	£2,186,574	£2,131,805	£2,078,265
Principal receipts	£0	£0	£304,470	£319,694	£335,678	£352,462
Interest fees VAT	£6,011	£10,299	£13,878	£14,239	£15,301	£15,699
Recoveries	£0	£0	£0	£0	£0	£612
New advances	(£306,000)	(£321,300)	(£337,365)	(£354,233)	(£371,945)	(£390,542)
Pay overhead processing	(£32,442)	(£32,473)	(£32,505)	(£32,538)	(£32,574)	(£32,611)
Tax and VAT paid	£0	£0	£0	(£1,929)	£0	£0
Closing cash	**£2,581,569**	**£2,238,096**	**£2,186,574**	**£2,131,805**	**£2,078,265**	**£2,023,885**

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Cash flow forecast months seven to twelve

Later months include repeated cohort repayments, write offs, recoveries and quarterly fee VAT remittances. A growing request pool can encounter the book or cash limit even while the analysts retain unused processing capacity. Rejected or constrained advances remain visible.

The next six months use the same linked engine, without injecting new equity. Downside can retain more cash because it lends far less, while incurring greater operating losses. A month twelve result does not demonstrate sustainable shareholder returns because some principal remains in the performing book and recoveries remain outstanding. Review year end cash and net receivables together.

GBP	M7	M8	M9	M10	M11	M12
Opening cash	£2,023,885	£1,966,529	£1,910,241	£1,852,306	£1,790,926	£1,730,316
Principal receipts	£370,085	£388,589	£408,019	£428,420	£449,841	£472,333
Interest fees VAT	£16,869	£17,712	£18,173	£19,528	£20,036	£21,529
Recoveries	£643	£675	£708	£744	£781	£820
New advances	(£410,069)	(£430,573)	(£452,101)	(£474,706)	(£498,442)	(£523,364)
Pay overhead processing	(£32,650)	(£32,691)	(£32,734)	(£32,779)	(£32,827)	(£32,877)
Tax and VAT paid	(£2,233)	£0	£0	(£2,585)	£0	£0
Closing cash	**£1,966,529**	**£1,910,241**	**£1,852,306**	**£1,790,926**	**£1,730,316**	**£1,668,757**

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Financial position summary

Assets are bank cash, performing funded principal less its expected loss allowance, refundable deposit and depreciated equipment. Liabilities are accrued administration VAT and tax awaiting cash payment. Ordinary equity remains fixed at the subscribed amount; retained earnings include startup expense and all operating results.

No full invoice face value, borrower retained margin, contingent recourse claim or speculative recovery is counted as an asset. There are no bank borrowings. Monthly balances reconcile without a plug. The final loan book is continuing business exposure, not immediately distributable cash. Future wind down costs, maturity collections and recovery timing require a separate liquidation forecast.

Closing GBP	2027	2028	2029
Cash	£1,668,757	£759,346	£604,685
Gross funded book	£1,021,806	£1,835,016	£2,000,000
Loss allowance	£3,065	£5,505	£6,000
Net book	**£1,018,740**	**£1,829,511**	**£1,994,000**
Deposit	£6,000	£6,000	£6,000
Equipment net	£15,000	£10,000	£5,000
Total assets	**£2,708,498**	**£2,604,857**	**£2,609,685**
VAT payable	£2,993	£5,375	£6,026
Tax payable	£0	£0	£347
Paid equity	£3,000,000	£3,000,000	£3,000,000
Retained earnings	(£294,495)	(£400,518)	(£396,688)
Liabilities and equity	**£2,708,498**	**£2,604,857**	**£2,609,685**
Difference	£0	£0	£0

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Break even and scenarios

Indicative pretax break even book divides fixed operating cost plus depreciation by the annualized finance yield, fee turnover contribution and credit loss rate. It is a steady state approximation and excludes timing, book ramp and liquidity restrictions. Where the spread is nonpositive, break even is unavailable rather than a misleading zero.

Base, Downside and Upside use one active monthly build. The comparison is a saved snapshot generated from that same build and shows minimum cash, year three book and cumulative losses or profit. A per driver freshness alert flags changed or missing captured inputs. The active selector recalculates live results; captured comparisons must be rebuilt from the changed inputs.

Base 2029 indicative pretax break even performing book is £1,954,305, compared with the £2000000 policy ceiling. The narrow margin does not provide an attractive equity return after earlier losses. No increase in the book limit is justified by this illustration alone.

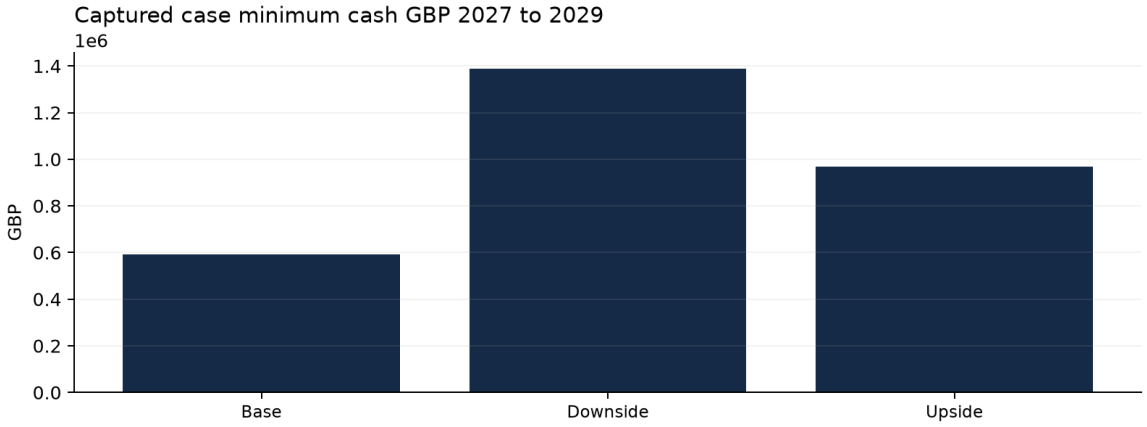


Figure Break even and scenarios. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.

trade v1 snapshots	Y3 net GBP	Minimum cash	Y3 book GBP
Base	£3,830	£591,138	£2,000,000
Downside	(£362,516)	£1,387,731	£464,568
Upside	£91,797	£967,653	£1,800,000

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Model guide and completion

Inputs F5 selects 1 Base, 2 Downside or 3 Upside. Active input values feed LoanBook, Operations, Startup and Statements; Summary aggregates annual flows and selects year end stocks. Cases contains clearly labeled captured comparisons and a per input change test. Blue numbers are editable planning assumptions; missing selected values make dependent results unavailable.

Retained build_model.mjs generates the workbook and model-results.json. To preserve edits, run it with --import-inputs followed by the saved workbook path; then refresh the Word financial figures and charts from the new results and review all narrative pricing, staffing and assumptions for consistency. The forecast is a planning tool, not a loan ledger, underwriting system or proof of registration. Before investment, replace assumptions with verified evidence and review the complete credit and cash schedule.

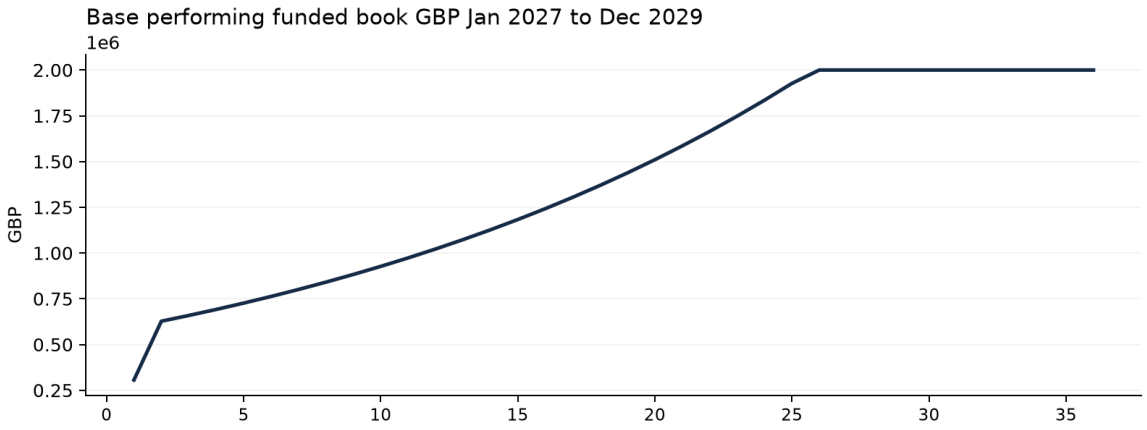


Figure Model guide and completion. Source trade-v1 model GBP Jan 2027 to Dec 2029 Base unless captured case label.