

# Business Finance

Bank South Pacific



Choosing the right finance  
for your business.



Bank South Pacific

*"OUR BANK"*

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## Introduction

This brochure introduces you to Bank South Pacific's range of business finance products. It details the options available to help you select the most appropriate finance package for your business.

Your BSP Relationship Manager is available to assist you, and visit your place of business. Our goal is to establish close and mutually beneficial relationships with our customers. By working with you and your business, our managers are then able to offer practical and relevant financial guidance, helping you to develop the business to its full potential.

If you have any questions on BSP Business Finance options or would simply like further information, please feel free to contact your local BSP Relationship Manager at a branch listed at the back of this brochure. Alternatively, you can visit us at [www.bsp.com.pg](http://www.bsp.com.pg)

## At a Glance

<i>What you want.</i>	<i>How we can help</i>
Funds to cover: <ul style="list-style-type: none"><li>▪ Seasonal sales variations.</li><li>▪ Sales growth.</li><li>▪ Slow-down in operating cycle.</li><li>▪ Increases in stock.</li></ul>	Overdraft facility
Upgrade plant and equipment. Upgrade the computer network. New motor vehicle.	Instalment Loan Lease Business Asset Loan Fully Drawn Advance
Buy out the competition.	Instalment Loan Fully Drawn Advance
To cover short-term timing gaps.	Bridging Loans
Develop product range or invest in Research and Development.	Instalment Loan Fully Drawn Advance
Funds to cover insurance payments.	BSP Premium Funding



## Short term finance

Short term finance helps you manage temporary cash flow shortages associated with normal seasonal fluctuations in your business cycle. It is generally used to fund increases in current assets (i.e. stock, debtors, etc.) or the payment of peak or unexpected operating expenses.

### **Overdraft**

Fluctuating cash flow means you may sometimes need to fund temporary shortfalls in cash for things like stock, wages and other expenses.

A **BSP Overdraft** is a revolving credit facility that allows you to draw funds, up to an agreed limit, from your cheque account. It's an ideal short term financing tool with no fixed repayment schedule.

You have the flexibility to draw funds as you need it, while you only pay interest on the money you use.



### **Bridging Finance**

Bridging finance is available to 'bridge' a timing gap between the known future receipt of funds (generally from the sale of an asset) and the need to meet current commitments. Interest is generally paid on a monthly basis, with full repayment of the principal sum borrowed normally being made when you receive payment at final settlement of the asset.

### **Short Term Trade Finance**

Trade finance is available to importers & exporters for periods up to 180 days. Depending on your circumstances, we have the flexibility to provide finance in either Kina or major foreign currencies. Short term trade finance can provide a stronger and more flexible cash flow for your business.

## Medium to long term finance

Whether you are borrowing to establish a new business, expand, purchase new equipment or build your own business premises - in fact for almost any business purpose - BSP provides loans that can be structured to your circumstances.

Our priority is to ensure that the most appropriate structure for your borrowings is achieved, including the type of loan, repayment plan & interest rate type.

Medium to long term finance is normally provided for three or more years and is generally made available for the purchase of fixed assets such as property, plant & equipment. You have the option of a variable interest rate or fixed interest rate, depending on the type of asset being financed and naturally the repayment plan you commit to is also important. Both of these issues will be covered in detail by your BSP Relationship Manager.

### ***Instalment Loans***

Both of these loans are the most common forms of medium to long term finance.

A ***BSP Instalment Loan*** is generally repaid over a period of 3-5 years, depending on the amount of the loan and the type of asset being financed. The interest rate is variable and represents the Bank's current Indicator Lending Rate (ILR) plus a percentage margin. Repayments are made monthly on a principal and interest basis, in arrears.



## Medium to long term finance (cont.)

### **Fully Drawn Advances**

A *BSP Fully Drawn Advance* is a similar form of finance to an Instalment Loan except that different principal and interest repayment terms may apply. This type of finance may be adopted where your business operating cycle does not suit a monthly principal and interest repayment schedule.

Naturally, your relationship manager will explain the type of finance best suited to your business.

### **Leasing**

Leasing is a form of medium term financing and is an ideal way to conserve capital while reducing your taxable income. Leasing is provided for most depreciable items of equipment, including motor vehicles, plant and equipment as well as office, telecommunications and computer equipment.

A *BSP Lease finance* provides you with the use of the leased item in return for regular lease payments. Legal ownership of the leased item remains with the Bank, until the end of the lease period at which time an offer to purchase the item can be made.

In most cases the lease repayments are fully tax deductible.

The interest cost of the lease is pre-determined providing a fixed monthly payment for the life of the lease.



## **Medium to long term finance (cont.)**

### ***Business Asset Loan***

A *BSP Business Asset Loan* is also designed for the purpose of financing depreciable assets, however differs from lease finance in that you retain ownership of the asset & the interest rate is variable.

Providing the item is used for business purposes, depreciation of the asset and the interest portion of the repayment are generally tax deductible.

An added advantage is that repayments do not attract VAT.

The BSP Lease and the BSP Business Asset Loan provide our customers with a choice of finance that best suits their particular requirements.

## **BSP Premium Funding**

Premium funding is a form of finance that enables a business to pay insurance premiums through an instalment program. This assists cash flow management by avoiding a lump sum cash payment.

Please consult your relationship manager or our brochure "Premium Funding" for further information.

## **We're here to help**

Arranging the appropriate finance for your business can be a time-consuming and complex job. For this reason our relationship managers can be a valuable resource. They can show you how our finance options can be structured to best suit the specific needs of your business, and also provide all the information about fees, charges and terms and conditions that apply to your situation.

If you're already a BSP customer, just call your relationship manager. If not, call the branch most convenient to you. Our branch contact numbers are listed at the back of this brochure or visit us at [www.bsp.com.pg](http://www.bsp.com.pg)

We are ready to help  
with all your business  
finance needs.



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**180 2888**

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**[www.bsp.com.pg](http://www.bsp.com.pg)**



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