



CFA Education



Commercial Finance
Association

Invest in Your Team

MINIMIZE LOSSES • MAXIMIZE PERFORMANCE



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Your Team

Minimize
Losses

Maximize
Performance

ABL 3

Understanding ABL for different
Economic and Industry Sectors



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Economic Sectors

- Non Investment Grade
- Imperfectly Timed Asset Conversion Cycles
- Classically used to finance Growth
- Can also be used to replace other less flexible and more expensive sources of Credit
- Reduce dependency on Trade Creditors
- Negotiate better terms with suppliers



Perfectly Timed Asset Conversion Cycle

Accounts Receivable	Accounts Payable
Inventory	Accrued Expenses
Machinery & Equipment	Long term Debt
Other Assets	Equity

Imperfectly Timed ACC

Accounts Receivable	Accounts Payable
Inventory	Accrued expenses
	ABL Revolver
Machinery & Equipment	Long term debt
Other Assets	Equity

Industry Sectors

- Classic ABL where A/R and Inventory Finance is provided- Business to Business
- Retail Finance- Inventory only lines

Classic ABL

- Accounts Receivable from “Sell and Forget” transactions
- “Where no further obligation exists on the part of the seller following the delivery of goods or services to the buyer”.
- In circumstances where Inventory can be liquidated in relatively short time frames and will continue to hold value.

Industry Sectors in Jamaica suitable for ABL

Tourism

Food – Growers, Distributors and Processors

Haulage and Logistics

Consumables

Consumer Goods

Durables

Services- Manpower/Staffing

Sectors continued

- Light Manufacturing
- Construction Materials
- Parts and Accessories- Machinery , Autos
- Chemicals
- Industrial Supplies
- Agriculture



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