

KRIYA

Invoice finance

Exceptions for
construction and
other industries with
contractual debt



Exceptions

for Construction and other industries with contractual debt

Construction is a vital part of the UK economy and we want to support viable businesses operating in the industry. In this section, we outline our approach for contractual debt through invoice finance.

What is contractual debt?

A debt is considered contractual when it has any of the following characteristics:

- i. There are features such as staged or milestone invoicing, retentions, general rights of set-off, liquidated damages and performance warranties or bonds from a third party
- ii. Quantity Surveyor (QS) sign-off is required for the application for payment or invoice to be paid
- iii. The nature of work completed by your client (regardless of their industry sector) falls under a defined contract agreement with a debtor who is either the main contractor or a sub-contractor under a project
- iv. The contract is subject to Joint Contracts Tribunal (JCT) or Royal Institute of British Architects (RIBA) contract terms
- v. The method of requesting payment from the debtor is via an application for payment

What you need to know

When funding construction/contractual debt

Facility type	Monthly or annual subscription
Funding purpose	Working capital, debt refinance, asset purchase and business acquisition including MBOs & MBIs
Minimum term	No minimum term for a monthly subscription, 12 months for the annual subscription
Advance rates	For UK debtors: 65%. For non-UK debtors: 65%
Currencies	We fund in multiple currencies
Debtor concentration limits	We can support businesses with single debtor concentrations up to 50% of their overall sales ledger
Eligible debt	<p>We can fund:</p> <ul style="list-style-type: none">— Signed valuation payment certificates from the QS authorised to approve payments on behalf of your client's debtor— Export debt to approved territories, including most of the EU and OECD— CIS tax, but only if your client is registered with HMRC to receive payments gross of CIS tax— Uncertified applications for established clients with at least £1 million revenue <p>All credit worthy debtors are supported</p>
Excluded debt	<p>We can't fund:</p> <ul style="list-style-type: none">— Any debt subject to a prior charge where the charge holder will not provide a satisfactory waiver— Retentions— Debt to private individuals— VAT on self-billing or authenticated receipt applications
Security	<p>The minimum requirement is a Personal Guarantee from at least one of the principal owners/directors. For higher limits, an all asset debenture may be required.</p> <p>Where your client is part of a wider group of companies, we may require a Corporate Guarantee from the parent company and any other associated companies where there is a high reliance or interdependency.</p>
ADD-ONS	For businesses that are looking for additional services, we partner with Euler Hermes for credit insurance and Veritas Commercial Services for credit control.

Additional requirements

When funding construction/contractual debt

Applying

Who can we fund?

Your client will need to have been established for at least 12 months. We would therefore not fund new start or phoenix companies.

Application materials

What's needed to complete the application:

- Full accounts (P&L, balance sheet and any notes to the balance sheet)
- Last 3 months' bank statements
- A copy of the contract(s) your client would like funded

For limits above £100k, Kriya Lending may request an up-to-date Sales and Purchase ledger.

For limit requests of £500k and above, we will need to conduct a pre-lend survey to:

- Review the contracts and payment processes agreed with the contractor
- Confirm that your client has sufficient experience, internal systems and processes to manage and operate contracts of this size
- Confirm that all underlying paperwork to support a collect-out of our exposure is satisfactory

This survey will be done by a QS appointed by Kriya Lending.
The cost of this will need to be paid by your client.