

Did you know ...

An extra **Dime** in bottom line **Profits** per **Dollar** can be extracted from *any* business that has **Accounts Receivable**. Consider a normalized **Revenue** income stream of **\$1** per month or **\$12** per year for a **45** day **Accounts Receivable**. The following **Income Statement** represents a typical business using their own cash to finance their **Working Capital** requirements

Normalized Income Statement	
Monthly Revenue	\$1.00
Variable Cost	\$0.60
Gross Margin	\$0.40
Fixed Operating Cost	\$0.30
Net Profit	\$0.10
15% Income Tax	\$0.015
After Tax Profit	\$0.085

More Profit: By selling the **Accounts Receivable** the bottom line **After Tax Profit** would be about **\$0.185**. That is a **Dime** more **Profit**. The following is a synopsis on how that **Dime** is extracted:

Extracting the Profits ...

Working Capital Investment: The **Variable Cost** represents the investment in **Working Capital** the business must fund to process each business transaction, and that investment begins at least **15** days prior to invoicing the **Customer**. Adding the **15** days to the **45-day Accounts Receivable** implies the investment is outstanding for a total of

60 days – that is 2 months. On any given day of the year the average investment in **Working Capital** is **\$1.20**. The **Internal Rate of Return** for this investment is **312%** – a good return.

Advance Payments: When the business sells its **Invoices** it receives an immediate advance, e.g. **\$0.70**. Please note the **\$0.70** is a **Dime** more than the **\$0.60** investment in **Working Capital**, and after about **6** weeks there is *positive Cash Flow forever*. Outsourcing all of the investment in **Working Capital** to a **Factoring Financial Institution** at a **Profit** yields **Free Financing of Working Capital forever**. The **Internal Rate of Return** for this investment is **637%** – a much better return on the **Working Capital** investment.

Reserve Payments: Selling **Accounts Receivable** means the **Customer** pays the **\$1.00 Invoices** to the funding company when due. The business had already received an advance payment of **\$0.70**, and there was **\$0.30** held in reserve until the **Customer** makes payment. After which the funding company will discount the **\$1.00** payment by about a **\$0.05** and immediately rebate the **\$0.25** reserve balance back to the business.

Tax Relief: Because the business had sold its **Accounts Receivable** and received **\$0.95** in **Revenue**, the before tax **Profits decreased** by a **Nickel**. That means the **15% Income Taxes** due on ($\$0.10 - \0.05) is **\$0.0075**. The **Tax Relief** is also **\$0.0075** per **Sales Revenue Dollar**.

Bottom Line Profits ...

Bottom Line: The business can eliminate all of the **\$1.20** investment in **Working Capital**. The finance company charges a **Nickel** for their services and that is mitigated by **Tax Relief**. Business owners want to know how this scenario impacts the bottom

line *change* in the **Equity Position** of the **Balance Sheet** after one year of operations. In order to determine the bottom line impact, a **Cash Flow Analysis** can be utilized to reveal the financial worthiness of selling **Accounts Receivable**.

Financial Analysis ...

Financial Analysis Tool: Fortunately there exists a **Cash Flow Analysis** tool that operates in **Microsoft® Excel**. It is called the **Invoice Profitability Calculator**, which performs the **Cash Flow Analysis** for selling **Accounts Receivable**.

Final Equity Position: The **Cash Flow Analysis** reveals the bottom line *positive change* in the **Equity Position** of the **Balance Sheet** is a **\$0.185**. This value includes expensing **Software License Fees**, financing **Due Diligence Fees**, overnight **Shipping Fees**, **Wire Transfer Fees**, and **Income Taxes**.

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It is all about the numbers when a business makes their financial decisions. Now here is a number (a **Dime**) that every business that has **Accounts Receivable** cannot ignore.

Should the business begin to extract an extra **Dime** in their bottom line **Profits** per **Sales Dollar** by eliminating all of their investment in **Working Capital** forever or continue to forfeit that **Dime**?

Increase Bottom Line Profits

3W Internet Corporation has been showing **Business Executives** and **Financial Professionals** how to use **Financing** to *increase* the **Profits, Net Worth**, and the **Equity Position** of the enterprise without any Investment whatsoever. We discovered that phenomenon for businesses that have **Accounts Receivable** about 12 years ago. Typically, every business employing this **Financing** technique would yield more **Profits** (10⁺% of annual revenue more) that include all financing costs, processing costs, and software licensing fees.

The *positive* change in the **Equity Position** can be confirmed by looking at the **Cash Flow Analysis Report** that will allow decision makers to perform their fiduciary responsibility effectively.

The software operates in **Microsoft® Excel** and **Word**. The **Cash Flow Analysis Report** includes a cover letter, executive summary, customer profile, financing profile, conclusions, and supporting spreadsheet certification documents.

We know how to extract an extra **Dime** in bottom line **Profits** per **Sales Dollar** for any business that has **Accounts Receivable**.

This feat is accomplished by outsourcing all of the investment in **Working Capital** to a finance company at a **Profit**.

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3W Internet Corporation

Empowering Business Profitability Through Knowledge



Being able to perform a
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