

Considering taking finance?

Here are some tips to consider when applying for a business loan

If you're applying for finance, there are some key factors that lenders will consider when evaluating your creditworthiness.

Here are some of the things that **lenders take into account when offering finance** to businesses:

- **Company structure.** Limited companies are seen as less of a liability than sole traders, so lenders tend to prefer these types of businesses.
- **Trading length.** If your business has been trading over a year, it shows that it's operational and is earning enough revenue to sustain itself.
- **Credit score.** This has a big impact on lending decisions, so any adverse credit (personal or through your business) could affect your chances of getting a loan.
- **Status.** You need to prove that you're a UK citizen or have indefinite leave to remain.
- **Insolvency.** Directors associated with insolvent business on Companies House are more unlikely to receive offers from lenders.
- **Affordability.** If your business has already taken out a loan, you'll need to prove your affordability in order to borrow more.

Supporting documentation lenders might require:

- Up to date **Annual Filed Accounts** with Companies House
- An up to date **confirmation statement** with Companies House
- **Monthly Management Information** i.e. P&L, Balance Sheet, Cashflow Forecast
- **Monthly bank statements** in PDF format showing at least £10,000 per month revenue plus a healthy cash reserve/end of day balances not going below £0

Speak to your advisor today to find out how you can get finance for your business.

Please note that the information above is not intended to be financial advice. You should seek independent financial advice before making any decisions about your financial future.

It's important to remember that all loans and credit agreements come with risks. These risks include non-payment and late-payment of the agreed repayment plan, which could affect your business credit score and impact your ability to find future funding. Always read the terms and conditions of every loan or credit agreement before you proceed. Contact us or Funding Options for support if you ever face difficulties making your repayments.