



Getting a business loan

Does your business need money?

Small businesses need money to buy stock, equipment and to set up.

Banks may ask to see a business plan and evidence that you can afford to repay a loan. Be prepared with this information, so you know how much you can afford to borrow.

Working out a money plan will help to see what your expenses are, where your money goes and how much you can afford to repay.

It is faster and easier to get a loan from some lenders, but they will charge more in fees and interest. Repaying their loans can be difficult.

Some loans require a guarantee or security. Security is an asset like your car or house that the lender can sell if you can't pay back the loan on time.

Some lenders may ask for a guarantor. A guarantor tells the bank that they will repay the loan if you can't pay it. This puts the guarantor's assets at risk if you cannot pay the loan back.

What is a lease and an overdraft?

A lease allows you to have the equipment, e.g., van or machine and you make payments like rent for a set amount of time, maybe four years. At the end of the term, you don't own the equipment. You can offer to buy it from the leasing company or return it or lease a newer model. You will pay a much higher price over the term of the lease for the equipment than if you purchased it at the beginning.

A bank overdraft lets you take out more money from your business account than what is in it. The overdraft has a limit, and you will pay interest on the money.

A small business financial counsellor can explain different types of finance so you can choose what will suit you best.

Small business financial counsellors are free, confidential, and independent. They help you to find the best way forward. They do not work for the government or tax office. Interpreters are available.