

The background of the slide is a close-up photograph of numerous stacks of gold coins. The coins are arranged in several tall stacks of varying heights, with some coins scattered on the surface in the foreground. The lighting is warm and golden, creating a sense of wealth and value. The text is overlaid on this background.

*The secrets of
getting a business
bank loan*

NEW 2007

Be clear what you are going to use the money for

- You need to be able to demonstrate clear direction for your business, and exactly how the bank loan will fit in. Show how every single penny will be spent and what the expected returns are. It's better to overestimate than fall short of the amount needed.



A man in a red shirt and tie is looking upwards with his arms outstretched, surrounded by falling US dollar bills. The background is white, and the money is scattered all around him, creating a sense of abundance and success.

Demonstrate the ability to repay

The bank will be keen to see what experience you have in your sector, and what kind of management team you have. Show that you invest in training and you are in this for the long-term. This all helps to give it confidence its money will be invested in people who know what they're doing.

Remove the risk for the bank

- The more you can take the risk away for the bank, the easier it will be to get the loan, and you may even get better terms.
- There are two ways to do this.

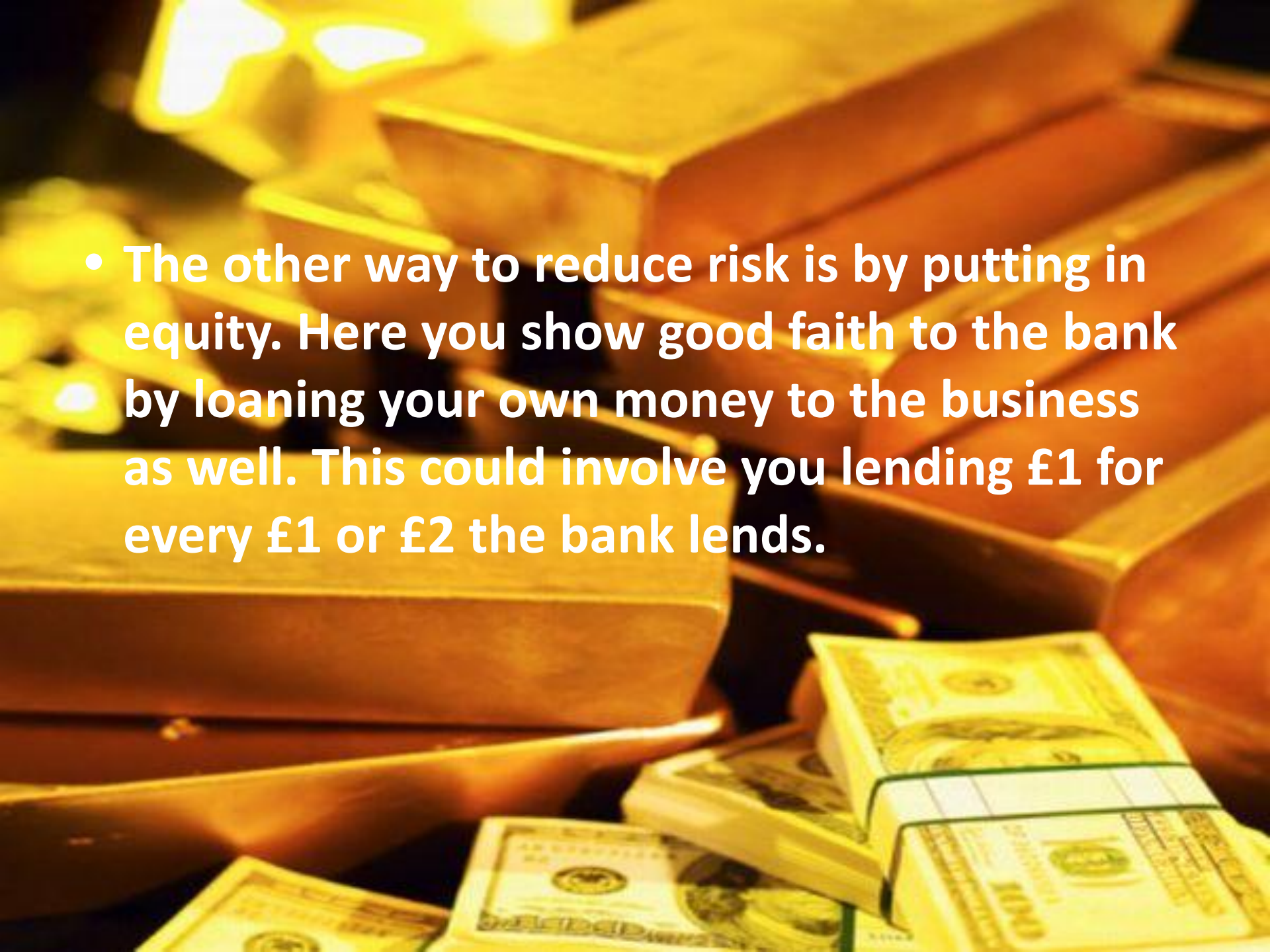




- The first is to put up some security – something you will lose if you cannot repay the loan. New businesses without assets may find this tough.



- And some banks won't accept the items you are buying with the loan as security. Others will ask for personal security such as your house.

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- **The other way to reduce risk is by putting in equity. Here you show good faith to the bank by loaning your own money to the business as well. This could involve you lending £1 for every £1 or £2 the bank lends.**

Be prepared for loan covenants

- Some banks may insist on a covenant to cover their loan. That's a series of terms you must adhere to, or they will demand immediate repayment of the loan. Typically these are common sense conditions such as maintaining a certain level of insurance, keeping any capital purchases you used the loan for, and ensuring a good cash flow.

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- **Character:** Show you are a competent business leader with a good trading history in that sector and a sound management team
- **Ability:** Show you will be able to repay the money
- **Means:** Demonstrate you have the means and resources to run the business in a way the bank approves
- **Purpose:** Be clear what the money is for and that you have thought it through
- **Amount:** Demonstrate why you need that cash and how it will be spent
- **Repayment:** Forecast your cash flow to show you can meet repayments
- **Insurance:** Show you have removed risk from your business by taking adequate insurance to cover anything that could go wrong.



LOANS

