Expert Insights: How to Get Funding For A Business

Tuesday 17 May, 2022

[London, UK] [May 2022] - If you are thinking of starting a business or you are already on your business journey, there is one thing that you're going to need to grow and scale - business funding. However, whether you're looking for small business grants, venture capital or a business loan, securing business funding is not always easy.

While there are hundreds of different small business loan providers and government grants out there, finding the right one for you and securing enough business funding can be difficult. There are different ways to look at how to fund your company with a range of business loans, from nailing down what documents you will need and starting the application process to finding your ideal lender. Soon, you'll be accessing cash flow and watching your business succeed.

Your Business Plan: Get Laser Focused

Before any start-up or small businesses consider which capital vendor is right for them, they will need to understand precisely how much business funding they're going to need. To support your top level business plan, you will need to be laser-focused on cost calculations, and the kind of business loan you're going to need before you start producing ROI and paying your loan back.

As you may already know, nearly 30% of all new small businesses fail in the first 2 years, and a lot of that can boil down to a business owner underestimating the amount of risk that goes into starting one. Not only will being precise help you get a better understanding of how much it will cost you to achieve your business idea, but it will also help inspire confidence in any lender that you approach.

Look Over Your Credit Scores

Business lenders are going to want a comprehensive view of your credit score. It is important everything is in good order before you approach a small business lender. This means checking to see if you have any errors against your name, such as loans that you have already paid off or don't belong to you.

Remember, honesty is the best policy. It's hard to escape your credit history, so anything you may have been less than honest about will be plain to see when the credit report comes through.

Have Financial Documents to Hand

Making sure you have all of the documents ready to submit your application might just be the difference between a decline and an approval. Make sure you have your business bank statements and latest company accounts at hand while also having a clear understanding of your credit score and how you intend to use the money. If you have been trading for less than 2 years, it may also be a good idea to have management accounts either prepared from your accountant or exported from Sage, Xero, QuickBooks etc, before you apply for business funds.

Small Business Funding Options

Loan options tailored specifically for small, growing businesses are often the key difference between success and failure. So it quite literally pays to know as much as you can about small business loans and other funding options. It is important to know the necessary insights that will hopefully improve your chances of getting the funding your small business needs to thrive.

Secured Business Loan

Secured business loans are where a business's property or an owner's residential property is used as collateral. Therefore, the amount of money businesses can obtain from these loans will depend on the available equity in the property in question. Put simply, the more equity you have in your chosen assets, the more money you'll be able to get.

With a secured small business grant, there's less risk for lenders (due to collateral), which makes it easier to get approved. This also means businesses can borrow funds for longer periods, up to 30 years, which also benefits them as their monthly repayments won't be as substantial.

Key takeaways of secured business loans:

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- Suitability: Businesses looking to reduce or erase large amounts of debt or younger businesses who are yet to establish financial accounts.
- Purpose: A wide range of business purposes — e.g. working capital, debt consolidation, growth, stock and more.
- Amount: Loans range from £25k to £2m, depending on the lender.
- Term: Up to 30 years. Some lenders offer interest-only terms.
- Cost: Rates start from 4.95% per annum, depending on the age of your business, affordability and LTV.
- Security: Our lenders can secure a UK commercial or residential property.
- Speed: Applications can be processed within one day of receiving a full proposal.

About Aurora Capital

Aurora Capital are independent finance brokers offering unbiased advice and optimal finance solutions for businesses large and small. Aurora Capital offers fast and flexible funding solutions to businesses of all types across sectors, including hospitality, retail, leisure manufacturing, construction, transport and more.

Retain complete control by partnering with Aurora Capital – we're funding businesses like yours to help them become high growth companies.

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