



How to best prepare for a business loan

Lenders look carefully at potential borrowers before committing to assist a business financially. Applying for a bank loan can be a difficult process if owners aren't prepared.

Despite the borrowing challenges facing small business owners, it is possible to have your loan approved. Bankers are not in the risk business, protecting their capital is one of their biggest concerns. Lenders will carefully examine the integrity of a business, making it a priority for owners to maintain a good relationship with their bank in order to preserve their future access to funds.

Develop a strong business plan:

This step will help to ensure that the bank will identify your business as low risk and gain the confidence to provide funds. A comprehensive business plan will highlight the viability of the business, provide the owners and managers business experience, the expenses that the loan will cover, the financial situation of the business, market changes and detailed sales expectations.

Improve your financial understanding:

Having an in depth knowledge of the financial status of your business is an important step in proving to a lender that you are committed. It will help to show the banker that you know your business and are mindful of the research the bank will acquire when deciding on the amount, if any, to loan to the business. Learning the banking language and understanding terms, such as cost of capital, and other financial drivers will place business owners in a secure position when negotiating the terms of their loans.

Be aware of credit:

A business's credit history is one of the most influential factors a lender looks at as it is an indicator of financial performance and management capabilities. Business and personal credit are two different things, however, most new businesses have no credit of their own meaning the owner will need to use their personal credit to obtain a loan. In such situations as business loans and leases, the owner may need to give a personal guarantee. Credit will also be affected by the business's ability to generate revenue to pay back the loan.

Have the right documentation:

Knowing all the relevant information is only part of the process, you need to be able to back it up with documents. Banks will typically ask for a range of financial and legal documents during the application process, such as:

- Personal and business income tax returns / bank statements
- Balance sheet and income statement
- A photo of your driver's licence
- Commercial leases
- Business licences
- Resume showing relevant management or business experience
- Financial projections if you have a limited operating history

Having these ready when a lender asks for them can save you valuable time in the loan process.

We can assist with advice around cashflow projections and helping prepare all of your financial documentation. If you need some assistance to get things sorted, give our team a call on 4927 4588.

A tailored approach for each business is recommended so call us for assistance and advice on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

**WE ARE DRIVEN TO
UNDERSTAND WHAT YOUR
FINANCIAL GOALS ARE, AND
HELP YOU ACHIEVE THEM.**

- BUSINESS IMPROVEMENT STRATEGIES
- BUSINESS STRUCTURES AND SUCCESSION PLANNING
- SELF MANAGED SUPERANNUATION FUNDS
- TAXATION AND ACCOUNTING
- AUDITING AND ASSURANCE



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