



AngloScottish

ASSET FINANCE

**YOUR 5  
STEP GUIDE**  
To Obtaining  
Business Finance

**THERE MAY BE OCCASIONS** when an injection of finance into a business at just the right time can pay dividends. This might be in the form of a commercial loan or asset based finance.

A business loan can be used for a number of key purposes including boosting working capital, purchasing an important business asset or piece of equipment, paying off crucial liabilities, expanding or growing the business plus a wide range of other commercial purposes.

Asset finance makes investing in new machinery, equipment, technology or vehicles easy, smoothing cash flow and providing tax efficient ways of acquiring use of key assets.

To help determine the right approach for your business, we have created this quick guide covering the key areas for consideration.

# 01 MATCH

## the type of business finance to its purpose

**SHORT-TERM** bank loans and overdrafts are suitable for covering temporary cash needs but may be *risky* if used for funding long-term needs such as new equipment.

**SPECIALIST FINANCE** – such as asset finance for business equipment or commercial mortgage for property – is often available at *better rates* than general business loans.



# 02

## KNOW

### what it takes to secure funding



**BE CLEAR WHAT YOU NEED:** the purpose, amount and length of the agreement, and if it's equipment finance, whether you want to own the equipment at the end of the agreement.

**BE WARY OF PAYING AN UPFRONT FEE** for someone to arrange finance, it could be a fraud. Some lenders may require additional security, including a personal guarantee from the business owners or directors.

'**ALTERNATIVE**' finance lenders, including peer-to-peer and crowd-funding firms, can help when finance might be difficult to source, but they might be expensive compared to '**conventional**' sources.

# 03

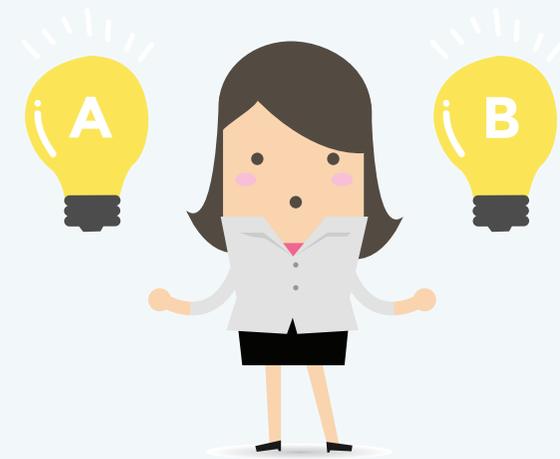
## COMPARE your bank's commercial loan terms

### TICK ALL BANK BOXES?

Whilst it may not be easy, sometimes banks can offer a competitive deal and it makes sense to start with the bank holding your business current account, as it should already know your business.

Banks will limit their business lending to any single business to manage their risk and will often require additional security. The bank may use the Government's Enterprise Guarantee scheme to help it to offer a commercial loan, but there's a **2% fee** each year, and don't expect any leniency on paying the loan back.

The Government now requires banks to offer to refer unsuccessful business loan applicants to designated finance platforms (websites) that can help the business find another source of commercial finance. Using a business finance broker is still likely to be the **easiest** and **most effective** way to find commercial finance loan.

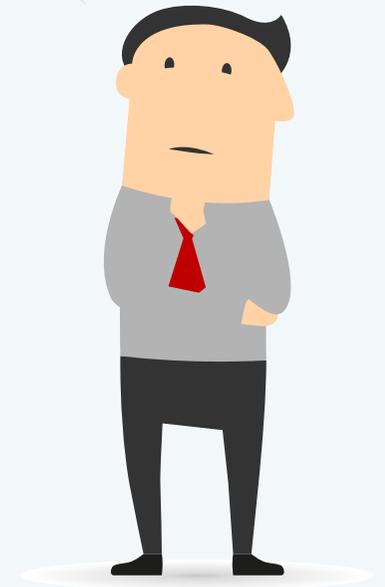


## 04 CONSIDER using a business finance broker

There are **over 100 business finance lenders in the UK**, and no two are the same, so rates can vary considerably depending on their specialities for different products and different types of customers (e.g. stage of business development, size region and sector).

A business **finance broker** can do the legwork for you, and can often obtain better terms by going direct to lenders.

Equipment finance offered by manufacturers or equipment suppliers is sometimes subsidised (e.g. interest-free credit) but often better deals can be obtained through a business finance broker.



# 05

## UNDERSTAND the finance agreement

Look at the **total cost of the agreement**, including any possible **fees or charges** that might not be included in the 'headline' interest rate.

**FACTORING** and **INVOICE DISCOUNTING** are more complicated products and expert advice from a specialist finance broker or accountant is advisable.

If your finance is arranged by an equipment supplier, you might be promised things that are outside of the finance provider's agreement, such as free accessories or supplies, cash rebates, upgrades, transfer of ownership, etc. but if the promises aren't in the finance provider's agreement, there's a **risk** they might not be honoured.

If you are using a reputable business finance broker, they should help you to understand the finance agreement and ensure that the terms are reasonable and competitive.



# ABOUT ANGLO SCOTTISH

Whether you are looking to fund new equipment, support business expansion or manage cash flow, Anglo Scottish has a range of solutions to help.

Anglo Scottish Asset Finance is an independent finance broker, supporting businesses across the UK. Our unique portfolio of funders provides access to a wide range of financing options to help find the right finance solution for your particular circumstances.

This panel of over 70 funding partners, as well as our own lending platform, means we can arrange all sorts of finance – providing a one-stop shop to meet your funding needs.

Wherever you are in the UK, our highly experienced local representatives will consult with you to learn more about your business and objectives. From there they can assist you in making an informed decision about the best funding options and help make your plans a reality.

**Contact one of our finance experts to discover how we can help you.**



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