



Guiding You Towards a Brighter Future

## THINKING OF APPLYING FOR A BUSINESS LOAN?

Looking for funding to get your start-up business off the ground? Raising seed capital is no small feat but there are a number of things you can do to ensure your business has the best chances of securing a loan.

In order to help you get your small business loan approved, we have outlined 10 essential questions you need to ask yourself before applying for funding:-

### 1. Have you written a business plan?

A written business plan is one of the first steps in turning your business idea into a reality. It helps to clarify your business idea and identify any potential problems. When applying for funding, your business plan is the 'face' of your application, so make sure it's saying what you want it to say. If you're struggling with structuring or writing your business plan, you can use these guides.

### 2. Do you have proof of any sales or contracts discussed in your business plan?

A good business plan will detail the market your product or service is targeted at. It will also detail the demand for the product or service your business will provide. If you're going to make claims of sales or contracts in place already, you have to be able to verify them with proof. This might mean providing a copy of the contract, etc.

### 3. Is your business plan up to date? Have you reviewed the content?

The dynamic nature of business is likely to mean that things will change as you work on your business plan. It is imperative that, when you apply for funding, you are presenting a business plan that is as up to date as possible. Simple things like checking your spelling will improve your application's professionalism and increase your likelihood of getting funding.

### 4. Have you prepared a cash flow forecast?

This is a forecast of how you see your business performing financially. But also, for anyone assessing whether to lend or grant you money, it's an opportunity to see if you have thought everything through. So make sure you include all of your costs and your revenue streams and, most importantly, ***be realistic***. It might look impressive to have £1m in the bank after 12 months, but this is generally not going to be the case. If you need more guidance on preparing a cash flow forecast, just ask a Sirius Advisor who will be happy to help.

**5. Does your business plan match up to your cash flow forecast?**

Check that the numbers you mention in your business plan are in your cash flow forecast. Everything needs to tally, so make sure you check that you aren't saying one thing in your plan and another in your cash flow.

**6. Have you got a Personal Survival Budget?**

Before applying for funding, you need to work out the absolute minimum that your business needs to make to support you – this is called a Personal Survival Budget. This is done by looking at exactly how much money you need to survive, i.e. to pay essential bills such as rent, food and childcare. Too often this is ignored or not done well enough. Use a website such as the Money Advice Service and look at your bank statements. You'll be surprised how much you are actually spending! Your Sirius Advisor can give you a template to help you with this.

**7. Do you *really* know the industry you are looking to enter?**

It's very important that you know the industry your business is entering. Do as much market research as possible; know the products, the competitors and how others in the market operate. It shows you are committed and it's always impressive when someone can answer these questions without having to consult their phone.

**8. Can you demonstrate that you have managed your existing debt, hire purchases and bills as best you can?**

You need to show that you can manage finances and be able to confidently demonstrate that you will manage further debt well. As part of the application you will need a recent copy of your credit check. This is available from [www.equifax.co.uk](http://www.equifax.co.uk) or [www.experian.co.uk](http://www.experian.co.uk) (amongst others). It is free for the first month, but subject to monthly subscription thereafter unless cancelled.

**9. Do you have an exit strategy or a 'Plan B'?**

Not all start-up businesses work out. If you can demonstrate that you have alternative options, you will come across as more responsible and improve your chances of accessing funding, especially debt.

**10. Finally, do you know what you require the funding for?**

Provide (in as much detail as you can) a breakdown of what you need the money for. Supplying quotes for equipment or work to be done is always helpful and shows that you are only looking for what you need.

If you can confidently answer 'yes' to all of the questions detailed above, then your business is likely to be ready for a loan – you can apply by completing the on-line application form at [www.sirius-hull.co.uk](http://www.sirius-hull.co.uk) or by contacting Sirius on 01482.890146.

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