Invoice Finance

Invoice finance, a popular choice for UK businesses, offers swift access to up to 95% of invoice amounts within a day or two, enhancing cashflow and accelerating growth. With this option, you can complete orders, issue invoices, and receive payment in 48 hours or less. You retain control of your sales ledger, maintaining confidentiality, or delegate payment pursuit to the lender. This allows you to unlock funds from unpaid invoices or finance materials for fulfilling orders, offering flexibility.

What is invoice finance?

- Invoice finance benefits B2B small and medium-sized companies.
- Enables faster payment, often within 24 hours.
- Businesses receive a significant portion of each invoice upon issuance.
- Uses unpaid invoices as the basis for a loan or advance.
- Suitable for companies with a minimum £30,000 annual turnover.
- Works for businesses with payment terms of 14 days or more.
- Our network of UK invoice finance lenders can provide up to 95% of invoice value.
- Particularly useful for asset-poor businesses without collateral for bank loans.
- Unpaid invoices serve as collateral, eliminating the need for additional security.

What are the different types?

- Invoice financing (or invoice discounting)
- Invoice factoring (or account receivables financing)
- Selective invoice finance (choosing to finance specific customer accounts)

With invoice financing, the company borrows against their unpaid bills. They retain control of their sales ledger and are responsible for collecting unpaid sums. With invoice factoring, the company sells their sales ledger to a third-party lender (the factor), who collects the unpaid sums.

How does it work?

- Invoice finance uses unpaid invoices as security for funding, providing fast access to a portion of the invoice value, typically within 48 hours.
- You can receive between 75% to 95% of the invoice value.
- You maintain control of your sales ledger and are responsible for collecting payments from customers.
- Customers make payments into a trust account that appears to be under your control, not the lender's.
- Once the loan is repaid, with interest and fees deducted, the balance is transferred to your bank account.
- In most cases, customers are unaware that you used the invoice as loan collateral.
- Invoice financing can cover your entire sales ledger or selectively chosen invoices (selective receivables financing).
- It operates similarly to revolving credit or short-term bank loans but typically doesn't require collateral or personal guarantees from owners or directors.

What is the interest rates?

Typical interest rates range from 1.5% to 3% over Bank of England base rate and are calculated daily.
Credit management fees typically vary from 0.25% to 0.5% of turnover. Invoice financing costs are similar to many traditional forms of business funding, such as overdrafts and bank loans.

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Able

Development Finance

Development finance is a term for loans used to support the costs associated with a residential or commercial development project. Unlike long-term property mortgages, development financing is typically short-term, with lifecycles in the range of 6-24 months. Loans can be used to buy land and pay for construction costs, and they are suitable for ground-up new builds, conversions or refurbishments of existing properties.

How does development finance work?

- Property development finance funds residential or commercial development, unlike regular mortgages.
- It's used for new construction, renovations, or conversions.
- Development loans are based on development cost and projected property value after completion.
- Considerations include Loan to Cost (LTC), Loan to Gross Development Value (LTGDV), borrower's track record, and repayment ability.
- Interest is usually rolled up, adding it to the loan balance instead of monthly payments.
- No cash flow drain during construction; total interest paid when properties are sold or refinanced to repay the debt.

A typical process explained

- Initial enquiry – free advice – formal application submitted to lenders when the time is right
- Lender provides an agreement in principle – indication of terms and conditions
- Lender conducts due diligence, which may include a site visit and/or valuations
- Projected future value of development delivered
- Lender makes formal loan offer – accepted by borrower
- Lawyers create documentation – signature by all parties – exchange of contracts
- Completion – first drawdown of funds to buy land or start construction
- Additional drawdowns to fund build costs
- Repayment of loan – usually when the development is sold or refinanced

Types of development finance

- Residential property development
- Commercial/semi-commercial property development
- Renovations/conversions/refurbishment
- New builds
- Single-unit developments scaling up to large multi-unit schemes
- Development exit funding (sometimes called sales period funding) – similar to a bridging loan and typically used to finance a recently completed development until the units are sold or refinanced on a longer term loan facility.
- Regulated development finance –most development financing is unregulated, but it becomes regulated when more than 40% of the development will be used as a residential dwelling by the borrower. Regulated loans provide consumer protections governed by the Financial Conduct Authority (FCA).
- Mezzanine development finance – a secondary line of borrowing for the same development. Usually used to reduce the need for a large cash deposit. Sometimes called a 'junior loan' or a 'junior mortgage'.

How much can I borrow?

- Starts from £200,000
- Different lenders have various upper limits
- Can go up to £ 50 million

Interest rates

- Interest rates vary from 4% to 15% APR
- In development loans, interest rates matter less to borrowers than total costs and lender-imposed terms/conditions due to their short-term nature.

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Commercial mortgages

A commercial mortgage is a type of loan provided by a lender to a borrower that is secured by a legal charge over commercial property. Mortgages are attractive products which can be used to achieve a wide range of objectives such as contributing towards the purchase of commercial property, releasing equity to grow or invest in your business, refinancing to benefit from a lower interest rate or monthly repayments and consolidating existing debts into one manageable monthly payment.

The different types of commercial mortgages

- Owner-Occupied Commercial Mortgage
- Commercial Investment Property Mortgage
- Property Portfolio Loan

Owner-Occupied Commercial Mortgages

They are provided to property owners who are investors and receive a rental income from a third party tenant or licensee. In most scenarios the rental income the property generates is used to repay the debt over a period of time.

Property Portfolio Loans

They are provided to property professionals and investors. The lender will take some or all of the clients property investments as security (this may be residential, commercial or mixed use property, or a combination of all within the portfolio) and provide one loan, assessing serviceability by aggregating the total income from the portfolio to meet the proposed loan repayments.

The six key areas lenders examine:

- Personal and business credit history
- Experience and background of the borrowers and/or the key people involved in the business (such as the management team)
- The type of property/business you wish to purchase or refinance
- The proposed loan-to-value (LTV)
- Affordability: can the property/business afford to repay the borrowing it has requested?
- Sustainability: is the income source to repay the loan sustainable for the full duration of the proposed loan(s) facility

Interest rates & other costs involved

- Interest rates and deal costs vary among lenders, starting around 2% with large banks and going up to about 12% with high-risk niche lenders.
- A broker is essential to find competitive solutions by approaching a wide range of lenders.
- Pricing depends on a lender's perceived risk; lower risk leads to lower interest rates.
- The team helps structure and present applications for favorable terms.
- Consider associated costs when comparing commercial mortgages, including arrangement, valuation, and legal fees.
- Additional fees may apply, such as exit, commitment, and monitoring fees.

When are commercial mortgages used?

- Commercial mortgages are used for residential and commercial property or trading business acquisitions or refinancing.
- They are often cost-effective because they are secured by a legal charge on the property.
- Loan amounts typically start at £50,000, with lender maximums ranging from £3m to £50m.
- Commercial mortgages have a medium to long-term repayment period, usually lasting from three to 25 years.
- Most lenders require a 25% minimum deposit, but 100% financing can be possible with additional security and affordability checks.

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Bridging Finance

A bridging loan is similar to a mortgage and is used by individuals and businesses to purchase or raise capital secured against either a residential and/or commercial property or a land asset. Unlike a traditional commercial mortgage, execution and drawdown happens much faster.

How does bridging finance work?

- Bridging lenders focus on property suitability as security.
- Bridging loans often include an interest reserve facility which allows lenders to collect interest without monthly payments.
- This means the borrower's doesn't have a monthly repayment to service, although serviced bridging loans are available.
- Bridging lenders prioritize the exit strategy when assessing a proposition. The key question is: "How will the borrower repay the loan?"
- Common bridging loan exits:
  - Re-mortgage with a conventional lender.
  - Sale of the property used as security.
- Up to 80% LTV is available, depending on the property type

How much does it cost?

- The costs vary depending on lender, loan amount, security type, term of the facility and the credentials of the borrower
- Rates varying from 8%-18% per annum.
- Pricing is linked to a lenders perceived risk of each deal, with bespoke pricing apply to each application
- Arrangement fees vary from 1 - 3 %
- Pricing isn't the only important factor when it comes to Bridging Loans. Insight to the lender is vital, which is where a good broker will add value to your application.

Do I need a Broker?

The short answer is yes. There are a large number of bridging lenders across the UK and due to the complexity of the process, most of them are set up to work alongside finance brokers.

Is my business eligible for bridging finance?

- Any individual, partnership or company may obtain a bridging loan if they are the owners or the intended purchasers of a property that is considered suitable security by a lender.
- Any ultimate beneficial owner of a borrowing company or any individual must be at least 18 years of age.

How long can I use a bridging loan for?

- Bridging loans can be short-term, spanning from one month to several years.
- Quick repayment via a robust exit strategy is encouraged to save on interest and fees.
- Many bridging lenders prefer fast repayment and don't charge redemption fees.
- Some offer 'open-ended bridging loans' with no fixed term for flexible repayment.

What if I have bad credit?

- Bridging loans focus on property, making them accessible for those with limited borrowing options due to poor credit history.
- Personal credit scores matter less; lender prioritizes the exit strategy.
- If a re-mortgage is the exit, proof of viable re-mortgage is required.
- Lenders vary, some prefer prime borrowers, others work with those with credit issues.
- Borrower's track record affects interest rates and fees.
- Most bridging lenders focus primarily on property value and a clean legal title for their security.

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Merchant Cash Advance

A merchant cash advance (MCA) is a flexible business funding option that uses future income to provide immediate cash. Unlike traditional loans, MCAs involve a lump sum from the lender, repaid through fixed percentages of customer card receipts on a daily, weekly, or monthly basis.

MCAs are accessible even to businesses with limited assets or a short credit history, serving as an alternative when traditional funding is unavailable. They are ideal for businesses with a high volume of card payments across various industries and are open to sole traders, partnerships, and limited companies, making them a versatile funding choice.

How do they work?

- Businesses using card terminals may qualify for an MCA.
- The lender assesses your card payment volume in collaboration with your card terminal provider.
- MCAs adapt to your business's income and trading patterns.
- The percentage of customer receipts paid to the lender remains fixed.
- Daily, weekly, or monthly repayment amounts fluctuate to match your card payment income.
- This flexibility benefits businesses with variable or seasonal income.
- Repayment is simple as payments are automatically deducted by your card terminal provider.
- Borrowing amount depends on factors like card turnover and your ability to comfortably repay.

How much can I borrow?

- MCA cost, determined by the factor rate, depends on factors like industry, credit rating, card receipts volume, and turnover.
- Slits arrangements typically range from 7p to 35p per £1 borrowed (1.07 to 1.35).
- If a lender offers a 15% split, then they will pay 15p per £1 that goes through the card terminal
- For example, borrowing £1000 at a factor rate of 1.2 (20p per £1 borrowed) results in a £1200 repayment.
- The factor rate remains fixed throughout the loan and doesn't change with early repayment.

What are the benefits?

- Merchant cash advances are adaptable and grow with your business, with repayments based on your customer card income.
- They can be obtained without collateral or extensive account reviews, making them suitable for businesses with limited credit history or few assets.
- MCAs often offer quick approval, with loan offers sometimes within 24 hours of application.
- Repayments are automatic, eliminating the need to manage cashflow for payments.
- No hidden fees; the factor rate (loan cost) is fixed from the loan's start, providing transparency and clarity on payments.

What are the disadvantages?

- A few disadvantages of a merchant cash advance exist, including potentially higher costs compared to standard business loans.
- The fee, known as the factor rate, is set at the start and is based on your business's current operations. Rapid growth doesn't reduce this fee.
- Businesses that primarily deal in cash, cheques, or bank transfers may not qualify for an MCA because it relies on card terminal receipts.
- The loan amount offered by the lender is typically 1-2 times your monthly card turnover, with some exceptions. If you need a significantly larger loan than your card turnover, an MCA may not be the right choice.

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Able

Recovery Loan Scheme

RLS offers a government guarantee for small business lending; the government underwrites 70 per cent of what the lender could lose if a business defaults.

What is RLS?

- The Recovery Loan Scheme (RLS) supports UK businesses in accessing finance.
- The previous RLS version aimed to aid businesses recovering from Covid-19 and closed on June 30, 2022.
- The current RLS, active since August 2022 for two years, no longer requires proof of Covid-19 impact.
- RLS is for business purposes like cashflow, investment, and growth, open to various businesses, including previous CBILS, CLBILS, or BBLS recipients.
- RLS replaces CBILS, CLBILS, and BBLS, which closed on March 31, 2021.
- Loan terms in RLS reflect a 70% government guarantee to lenders.
- Some businesses may find better loan terms elsewhere or through our registration.

What are the interest rates?

The annual effective rate of interest and upfront and other fees cannot be more than 14.99%
The rates vary depending on the lender and on your business circumstances.

What is the government guarantee?

The guarantee means that if a business defaults on the loan, the lender can recoup 70% of the outstanding value of the loan from the government (or 80% for applications made before 30 December 2021). This guarantee gives lenders confidence to lend to businesses. As the borrower, you are always 100% liable for the debt.

Your business is eligible if you have:

- A small or medium-sized enterprise
- have a turnover of less than £45 million
- be carrying out trading activity in the UK
- be viable (i.e. the lender must consider that the borrower has a viable business proposition but may disregard any concerns over its short-to-medium term business performance due to the uncertainty and impact of Cpvod-19)
- not be in collective insolvency proceedings or any other business difficulty.

Things to note:

- Lenders are required to undertake credit and fraud checks for all applicants to the Recovery Loan Scheme – the checks and approach vary according to the lender.
- Lenders may take personal guarantees, in line with their normal commercial lending practices, but Principal Private Residences cannot be taken as security within the scheme.
- If a lender is able to offer finance on normal commercial terms without the need to make use of the scheme, it may do so.

When should the money be paid back?

- up to six years for term loans and asset finance facilities (minimum three months)
- up to three years for overdrafts and invoice finance facilities (minimum three months).

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What can the funds be used?

The funds can be used for any legitimate business purpose for example:

- managing cash flow
- buying equipment
- meeting a one-off cost
- helping with payroll
- investing in, for example, marketing
- growing the business.

Mistakes to avoid when applying

- Term loans and asset finance facilities are for maximum six years; overdrafts and invoice financing facilities are for maximum three years. You'll run into trouble if you don't make sure the financing you're applying for matches your cash flow needs.
- Don't borrow more than you can afford. You'll need to know how you'll repay your loan, especially if you give a personal guarantee (though the lender can't take security on your principal private residence). So... keep your cash flow forecasts up to date and make sure they are realistic. It's always a good idea to stress test your forecasts so that you can see how easily you can afford to repay the loan if your trading results aren't as good as you hoped.
- There many potential lenders often have more than one type of finance available and some lenders have restrictions on whom they'll lend to. You'll want to be certain that you're applying for the right financing from the right lender or you'll waste your valuable time. Here we're familiar with all the products on the market so we can save you time that you can instead spend running your business.
- Don't get stung by high interest rates! For example, if your loan application is declined by one lender and you're offered a loan by another lender, the interest rates could be much higher. This is another reason to appky trhough us rather than taking the direct approach and applying to multiple lenders.

Tips for applying for the RLS

- Make sure you have a clear idea about of the purpose of the loan and include this in your business plan.
- As well as a business plan, you'll need to get other paperwork together before you make your application. For example, you'll need to prepare management accounts, financial accounts and information about any business assets. We (and lenders) can use this paperwork to make sure your loan is affordable and viable.
- While you can apply directly to a lender, we'd suggest making your application via us as our Funding Managers can identify the right type of borrowing and identify the most relevant lender(s) for your business. We'll save you from having to contact multiple lenders – so we'll help you to minimise the number of credit checks.
- Unlike earlier Covid-19 loans the British Business Bank is not paying the first year's interest and fees. Make sure you've factored these costs into your forecasts.

Which lenders are taking part in RLS?

- Atom Bank
- Bank of Scotland
- Barclays
- BCRS Business Loans
- Business Enterprise Fund
- CWRT
- DSL Business Finance Ltd
- Finance For Enterprise
- First Enterprise (Enterprise Loans)
- FSE Group
- Genesis
- HSBC UK
- Let's Do Business
- Lloyds Bank
- NatWest
- Robert Owen Banking
- RBS
- Time Finance.

Able

Asset Finance

Asset Finance covers a range of facilities all of which allow for funding against business critical assets.
Whether you are looking to acquire new equipment or release equity from existing equipment our facilities are tailored to suit your needs.

Asset Refinance

Asset refinance is a way of releasing equity from existing assets

- HP terms
- Cost effective alternative to unsecured loan
- Up to 80% LTV on value of equipment
- Any existing Finance can be settled where necessary
- Funds sent to customer/ outstanding finance provider

Hire Purchase and Leasing are ways of purchasing new business assets and spreading the costs over a period of time

Hire Purchase

- VAT Paid upfront and reclaimed on next quarter
- 12-60 month terms
- Asset sits on balance sheet
- VAT deferrals available
- Funds sent to supplier

Finance Lease

- VAT Paid monthly
- 12-60 month terms
- Off balance sheet transaction
- Favourable end of lease terms/ customer ownership available
- Funds sent to supplier

Sale & HP/ Lease Back

Sale & HP/ Lease back is a way of putting purchased assets onto a finance agreement retrospectively

- HP or Lease Terms
- 3 months from original purchase date
- Up to 100% of the purchase price can be released back
- Funds sent to customer

Pros

- Minimizes Initial Expenses: Access critical business assets without the burden of significant upfront costs.
- Budget-Friendly Spread: Smoothly distribute expenses over time, making financial management more straightforward, enhancing cash flow, and fostering business expansion.
- Capital Efficiency: Unlocks capital for allocation to other areas of your business operations.
- Cost-Effective Choice: Asset financing often proves to be a more cost-efficient alternative compared to other forms of business funding.
- Personalised service: Our asset finance experts are on hand to offer tailored to your needs.

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Able

International Money Transfers

SMEs in the UK are overcharged by approximately £4bn per year on business money transfers.
On average our customers save up to £8,000 a year by using our FX savings analysis tools. You can too.

What is it?

International payments are also known as cross-border payments, international money transfers or global payments. And when foreign nationals send funds home to family members, they are known as remittances. Whether you’re a business collecting payments from overseas, a business paying your overseas suppliers, or an individual sending money to your homeland, you have many options in addition to traditional bank transfers.

How does foreign exchange work?

Foreign exchange, otherwise known as forex or FX, affects any payment made between two different currencies. An exchange rate tells you how much one currency is worth when it is transferred into another currency. This is known as a currency pair (eg, GBP/EUR). Exchange rates go up and down continuously, and the higher the exchange rate, the more money you receive in the exchange currency.

What is an forward contract?

A forward contract enables you to fix an FX rate, giving you price certainty, instead of trying to predict market movements.
If timing is not an issue, you could also create a ‘market order’. This is a payment that is triggered only when a favourable rate is reached

Money transfer companies compared to banks

Money transfer firms, distinct from banks, specialize in global transactions for businesses and individuals. Their key advantage is cost, with additional benefits such as transparent fees, personalized service, and tailored value-added services.

Key advantages

- **Significant Savings**: Any business conducting over £20,000 in annual foreign currency transactions stands to achieve substantial savings.
- **Risk Mitigation**: If you have a significant upcoming foreign currency expenditures, spreading the risk by paying in installments can be a prudent strategy.
- **Forex Hedge for Protection**: The service is designed to safeguard against unexpected exchange rate fluctuations, such as those seen during the Brexit era. While it may not yield profits, it significantly lowers the risk associated with currency exchange.
- **Flexible Credit Options:** We can provide credit lines, subject to a credit review, to support the transactions.

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Energy Savings

Whilst the UK government is doing what it can to help UK businesses struggling with their energy costs, there's a chance you could switch energy provider and save. Get in touch to discuss how we can help bring energy bills down and potentially save on VAT.

Could you reduce your business energy bill?

1. Reach out for an impartial chat
Ready for a better deal but unsure where to start? Get in touch and our energy experts will contact you

2. We'll scan the market for you
Our team will find the best tariff for your business and ensure you aren't overpaying on VAT

3. If there's a better deal, we'll find it
We'll be back in touch to discuss your options

How does business energy work?

- Business energy is cheaper per unit, but you are locked into your contract.
- Business energy contracts are single-fuel.
- Business energy deals are tailored to your business needs
- No cooling off period. Cancelling a contract after it has begun can be difficult and expensive.

Tips for reducing business energy consumption

- Turn off all non-essential equipment when the business is closed.
- Conduct an energy audit of your business.
- Maintain steady heat and A/C
- Switch from electric to gas for heating.
- Keep heating and cooling vents clear.
- Cool down for less.
- Reduce hot water use.
- Switch supplier.

How it works

We will send you a quote with the different energy suppliers based on your latest energy bill, and you can choose whether you want to go ahead with it or not - this is often within a few hours, so really speedy!

Things to consider when comparing business energy providers

You can choose separate providers for gas and electric, especially for business users who have distinct contracts. Always compare similar aspects when switching providers, such as gas rates against other gas rates and electricity rates against other electricity rates. Purchasing each energy type from different providers might be more cost-effective.

Business energy providers determine rates based on factors like business size, staff, location, premises, and meter type. Request a breakdown of the quote to understand the calculation, as factors like staff headcount can influence the overall cost.

Consider off-peak use, especially with Economy 7 contracts, which offer lower rates during late-night to early morning hours. Businesses operating or shifting activities during these times, like charging electric vehicles, can save compared to daytime tariffs. However, it's essential to calculate both day and night consumption to ensure real savings.

While a low rate is desirable, prioritize an energy provider with good customer service. In emergencies, a cheap provider with poor service might cost more in reputation and business impact than the tariff savings. Remember, it's your business on the line if power disruptions occur.

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Unsecured Business Loans

Unsecured business loans give you the opportunity to quickly access finance, without the need for collateral

What is an unsecured business loan?

An unsecured business loan offers a quick and straightforward way to access funds for your small business in the UK without the need to pledge assets like property, equipment, or machinery as collateral. It's an ideal choice if you prefer not to secure your existing assets against the loan.

How do unsecured business loans work?

Unsecured business loans offer quick access to upfront capital without collateral. These loans come in various terms to accommodate different businesses, providing fast funding, often within the same day. Repayments occur in monthly or quarterly installments within a set timeframe, with options for short-term or medium/long-term loans. Some loans may offer early repayment without fees.

What documents do I need?

- Turnover and profit (vs. loan amount)
- Bank statements
- Filed accounts
- Trading history
- Payment history (e.g. late payments, county court judgments)
- Directors' histories (lenders may ask for a personal guarantee)
- Forecasts and business plans
- Your clients/customers.

Pros of unsecured loans

- You can access funds quickly and simply, compared to other types of lending.
- You don't need to put up any assets as security.
- You can plan your repayments – fixed monthly payments over an agreed time period.
- You will only pay a small upfront cost (if at all).

Cons of unsecured loans

The main downside of not offering assets as security is that lenders take on more risk than they would with a secured loan, which means they'll most likely lend smaller amounts, over shorter time periods, and at higher interest rates. That said, if your business has a solid trading history and a good credit rating, you might be offered more favourable terms.

Personal guarantee

You may need to provide a personal guarantee as a director, putting your assets at risk if the business fails to repay. Seek professional advice before agreeing to this commitment.

Can I get an unsecured business loan with bad credit?

Yes, it is possible to get an unsecured business loan with bad credit. If you've tried and failed to get a loan from a high street bank, you might have more success with an alternative lender.

Short-term business loans

Increasing costs, late payments, and a slowing economy worry most UK SMEs. Sudden emergencies or rising demand can strain a successful business. Thankfully, short-term business loans provide a quick, cost-effective solution to support your working capital and keep your business thriving.

What is a short-term business loan?

A short-term business loan is money borrowed and quickly repaid, usually within a year. It's an ideal choice if you want to avoid long-term debt. With a streamlined application process and faster funding, short-term loans offer convenience. But, they tend to be pricier than long-term options and may have lower borrowing limits compared to multi-year loans.

Who is a short-term business loan for?

Short-term business loans are accessible to various SMEs, with lenders requiring good standing and repayment ability. Typically, businesses need at least six months of trading history and UK registration. These loans are excellent for handling emergencies, catering to seasonal income fluctuations, and accommodating businesses with extended credit terms for customers.

What can short-term finance be used for?

- Boost your working capital to cover cashflow fluctuations
- Expand your operations
- Buy equipment and raw materials
- Secure bulk-purchase savings on inventory
- Cover wages, rent, utilities, business rates, and unexpected emergencies
- Pay your VAT bill
- Pay suppliers quickly to secure early-payment discounts

The different typpes of short-term business loans

Small business loan

Small business loans work just like a traditional bank loan. Borrow from £1,000 to £500,000. Repay the loan in a few months or over several years. Security may or may not be required.

Invoice finance

Working capital loans provide short-term cash for daily expenses, not for long-term investments like property purchases. Repayment usually occurs within a year, beneficial for businesses with fluctuating income, particularly seasonal ones.

Advantages of Working Capital Loans:

They quickly address short-term financial needs, offer flexibility in fund use, require no equity relinquishment, and can tailor payments to business cash flow, easing pressure during low-activity periods.

Disadvantages of Working Capital Loans:

Interest rates can be higher than other debt financing forms, businesses with limited cash flow history may rely on personal credit, and they may not be suitable for large-scale investments.

Buy-to-let mortgage

A buy-to-let mortgage is a financial product designed for individuals or investors who wish to purchase residential property for the specific purpose of renting it out to tenants.

What is a buy-to-let mortgage?

Unlike a standard residential mortgage, a buy-to-let mortgage is tailored to the unique characteristics of rental property investment.

The primary purpose of a buy-to-let mortgage is to finance a property with the intention of generating rental income. Borrowers typically seek to build a property portfolio or earn a return on their investment.

Lenders evaluate buy-to-let mortgage applications based on the potential rental income of the property, the borrower's financial situation, and their ability to manage the investment. The borrower's personal income may be considered, but the emphasis is often on the property's income-generating potential.

Buy-to-let mortgages often require a higher deposit or down payment compared to residential mortgages. The loan amount is typically expressed as a percentage of the property's value.

Interest rates on buy-to-let mortgages can vary, and they may be higher than those for residential mortgages. The rates may be fixed or variable, and the choice depends on the borrower's preference and risk tolerance.

Like any investment, buy-to-let carries risks, including varies in property values, economic conditions, and changes in rental demand. Investors should carefully consider these factors and conduct due diligence before entering the buy-to-let market.

Example

Sarah, an investor interested in real estate. She identifies a residential property in a popular neighbourhood with high rental demand.

1. Property purchase:
    - Sarah decides to purchase the property as an investment to generate rental income. The property's purchase price is £200,000.
2. Buy-to-let mortgage application:
    - Instead of a traditional residential mortgage, Sarah applies for a buy-to-let mortgage from a financial institution. The lender assesses her eligibility based on her financial situation and the potential rental income.
3. Loan Approval:
    - The lender approves Sarah's buy-to-let mortgage. They agree on a loan amount of £150,000 at an interest rate of 5%, with a loan term of 25 years.
4. Rental income:
    - Sarah finds tenants for the property, and they agree to a monthly rent of £1,000. The rental income helps cover the mortgage repayments.
5. Mortgage repayments:
    - Sarah makes monthly mortgage repayments to the lender, including both principal and interest. The monthly repayment amount is determined by the terms of the buy-to-let mortgage.

R&D tax credit loan

An R&D tax credit loan is a newer type of loan that uses your future R&D tax credit payments (from HMRC) as security. You first need to qualify for an R&D tax credit and you have to spend the money on research and development.

Everything you need to know

What documents do I need?

To initiate a seamless and successful R&D Tax Relief claim for FY 22-23, we require the following key documents:

- Company Unique Taxpayer Reference (UTR): A unique identifier crucial for your R&D claim.
- VAT Number: Streamlining the claim process effectively.
- PAYE Reference Code: Essential for identifying your company as an employer.
- Employee Details - R&D Project:
- Names of employees actively involved in the R&D project.
- Details of Gross Salary, Employer's National Insurance Contribution, and Pension
- Contributions for each employee.
- Transparently differentiate employees engaged in R&D projects and others.
- Sub-contractor Costs (if applicable): Details of subcontractors involved in R&D activities.
- Supplier Costs for R&D Projects: Information regarding supplier costs specifically related to R&D projects.
- CT-600: Vital for justifying timely tax returns filing to HMRC.
- Bank A/C Details: Facilitates direct payment of R&D Tax Benefit from HMRC.

How much can my business claim?

If you're a profit-making SME you could claim a maximum amount of 25% of your R&D expenditure. If you're loss making you can claim a maximum of 10%.

What activities qualify for R&D tax credits?

- Employee costs including salaries, wages, Class 1 National Insurance Contributions and pension fund contributions
- Subcontractors – you can claim 65% of the relevant costs
- External workers
- Consumables, such as water, light and heat
- Software
- Clinical trial volunteers.

What are the benefits?

The main benefits of R&D tax credits include:

- You can claim for a wide range of costs
- There is no minimum amount that must be spent on qualifying R&D projects to be able to claim
- Providing your company meets the eligibility criteria, it doesn't matter what sector or industry your business is in
- Your business can still make an R&D tax credit claim even if it is not profitable

Am I eligible?

A company or project is eligible for R&D tax relief if the undertaken work is a pivotal part of a specific project aimed at advancing science or technology, and some lenders require a minimum turnover (e.g. £50,000)

Contact Us paul@ablecf.co.uk **Sign up** https://ablecf.swoopfunding.com/

HOW WE CAN HELP

Helping You Find a Grant: Our grant finder tool encompasses over 500 grants, from which we present relevant matches based on your project and your business's location.

We will assist you in gaining access to expertise from specialists across various sectors. Our grant writing partners possess extensive experience and knowledge.

We will provide you with an honest review of your "grant readiness" and evaluate your Technology Readiness Level (TRL). These assessments can effectively determine the most suitable grant opportunities and provide you with an accurate representation of your chances of success.

Grants

Advantages of Grant funding

- Non diluted
- Grant funding can be benefitial for early stage business.
- Complementery to other funding
- We possess exceptional strategic insight into what funders seek and the prevailing trends. Many of our partners are former grant assessors and are well-versed in identifying the crucial checkboxes.

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HOW WE CAN HELP

Firstly, we help in deciding if equity is the right route for your business. Many founders embark on the equity investment journey for the wrong reasons.

Investor Readiness

Our team offers a free pitch deck review service

Your pitch deck is a central marketing asset for any startup and your primary tool when reaching out to investors. Our team can help by providing feedback on your investor deck and assist you.

SEIS/EIS Advance Assurance

We can help you get this in place and make your business more actractive to investors

Investors outreach

We carefully select a limited number of businesses to introduce to our network of investors and partners.

Equity

Advantages of Equity funding

- Private investors can contribute additional skills and knowledge to your business, along with a valuable network of contacts.
- Investors, primarily because they share in any potential profits, are motivated to ensure the success of your business and are more likely to offer subsequent funding.

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OTHER OPTIONS FOR FUNDING

Able Commercial Finance

- Traditional business loans
- Asset-backed loans
- Merchant cash advances
- Funding from investors
- Business grants
- Business credit cards
- Peer-to-peer lending
- Unsecured business loan
- Business credit card: Borrow flexibly up to a set credit limit
- Asset finance
- Crowdfunding
- We have a network of over 200 venture capital funds
- Business angels
- Family offices
- Islamic finance
- SaaS financing

Prepare for the future

Expert advice
Review business strategy
Saving on gas and electricity
Receive guidance and support from business specialists
Our guides
Financial forecasting (AU)
SME support
Business acquisition
Credit score
Asset finance
Investment
Ecommerce
Partners
Events
Funding resources
Blog

CONTACT US
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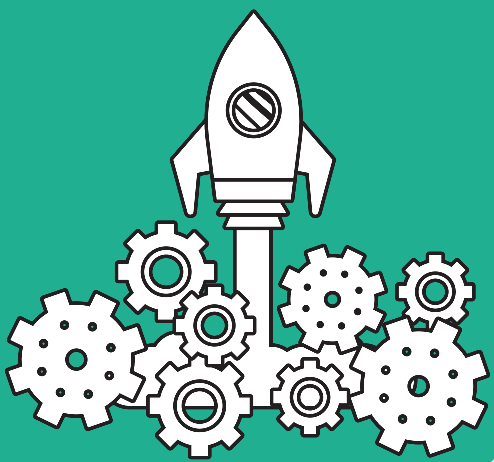
Able
Commercial Finance

STARTUP SERVICES

We get it, you're a time-poor business owner with limited understanding of your options when it comes to funding. We take the hassle out of finding funds to grow your business.



WE OFFER

GET FUNDING

GET A STARTUP LOAN

British Business Bank (UK)
SBA (US)

GET A BUSINESS GRANT

GET ACCES TO SCHEMES

SEIS (UK only)
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VCT (US)

STARTUP EQUIPMENT FINANCE

GET BUSINESS INSURANCE

TAX GUIDANCE (AU)

ACCOUNTANCY SOFTWARE (AU)

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