

# Finding the right funding for your business



**Now that many government-backed pandemic support schemes have ended, we highlight some of the main finance options still available to SMEs.**

## **Protecting your cashflow**

For businesses that need a hand to maintain a healthy cash flow position, these popular finance options offer a source of help.

**Invoice finance** – This gives a business access to money owed to it in outstanding invoices, without waiting for its debtors to pay. It's a flexible way to access funds as and when the business needs them – for example, to buy more stock ahead of a busy trading season.

**Merchant cash advance** – The business receives a loan which it pays back at a pre-agreed percentage of daily credit card transactions. So, in times when the business knows there'll be less money coming in, it will also pay less on its loan.

A key thing to look for in these seasonal or 'rainy day' finance routes is a transparent fee structure where you only pay for the funds you use. It's good to have flexibility to access funds quickly, but only as and when they're needed.

## **Recovering from the pandemic**

While most of the government's special loan schemes have closed, some funding to fuel recovery after the pandemic is still available.

**Recovery Loan Scheme (RLS)** – This government scheme remains open and includes different kinds of finance products, offered through accredited lenders. Funding is relatively easy to access, affordable and designed to help businesses impacted by the pandemic recover faster. The scheme has been extended till 30 June 2022, but changes that come into effect from 1 January restrict RLS to just SMEs and reduce the maximum finance available to £2 million per business. The government guarantee to lenders will also drop from 80% to 70%.

**Bad credit loans** – These are designed to support businesses without the credit rating to gain funding from traditional sources. There are plenty of lenders in this market, so it's sensible to shop around and scrutinise the terms and conditions.

## **Taking your business to the next level**

Most businesses recognise that growth requires investment. The good news is that there are many finance options, depending on what the business does and where the senior management want to take it.

**Loans** – A traditional route to a cash injection which is paid back over time. Loans are used for a myriad of reasons, for example, to move to bigger premises or even refinance another loan to get better rates. As well as banks, there are also plenty of specialist lenders. Ensure you understand the differences between providers to find the best fit.

**Trade finance and purchase order finance** – By providing capital to cover upfront costs, this type of funding can enable a business to take on more customers and fulfil bigger orders than it otherwise would.

**Asset finance** – A popular source of finance to upgrade equipment, invest in machinery or buy that key piece of kit that will help the business to be more successful.

## **Finding the best funding for your business**

Finding the right funding might seem overwhelming, especially when most business owners are already short on time and have the day-to-day operations to consider.

Shipleys has been supporting businesses in this arena for many years. We also work closely with Capitalise, a platform which covers all the finance options above and helps to find, compare and select the right lender in a matter of minutes. As well as finding lenders who specialise in a specific industry, it also finds those most likely to give a specific business an offer.

**Speak to your Shipleys contact for further information.**