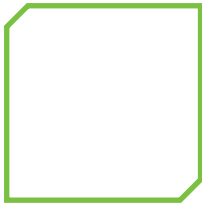
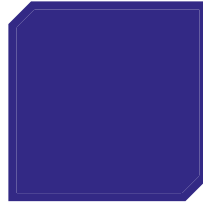
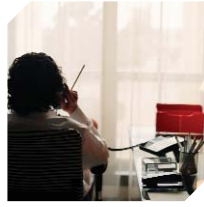
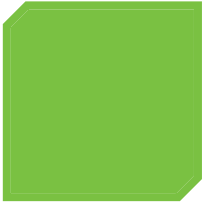


A Guide to Accessing Bank Finance



This document has been adapted from 'A guide to Accessing Bank Finance' in partnership with:

- England's Regional Development Agencies
- Barclays
- Lloyds TSB
- HSBC
- Institute of Directors
- Business Link
- The Royal Bank of Scotland
- Federation of Small businesses
- British Bankers' Association (BBA)
- British Chambers of Commerce
- CBI
- Department for Business Innovation & Skills (BIS)
- Forum of Private Business (FPB)
- Bank of Scotland
- EEF – the manufacturers' organisation
- Clydesdale Bank
- Yorkshire Bank
- Santander

The full, original leaflet can be found on the Business Link website in the finance and grants section

www.businesslink.gov.uk

Useful Contact Details

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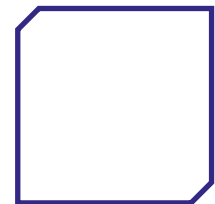
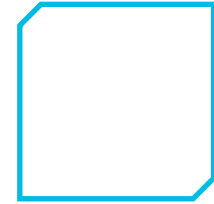
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Managing business finance is challenging at the best of times and owner managers can easily overlook the steps they need to take to ensure they have sufficient funds. In the current economic climate, these challenges are even more difficult to manage and even more important to get right first time.

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Key Assessment Criteria: What are the banks looking for?

Every bank assesses applications differently. That is what gives them their commercial advantage and it encourages healthy competition amongst lenders. However, almost every lender will look at some or all of the following elements, which can be dependent on the product being applied for, before making a lending decision.

Character & Ability: a brief business history, describing the nature of the business and any major recent or proposed changes.

Performance: an analysis of operating revenues, costs, assets, liabilities and cash flow explaining trends/issues identified in the trading accounts. Comment on performance since the end of the last financial year, supported by the latest management figures.

Conduct of Account: evidence of previous facilities operated within agreed limits and loan repayments made on schedule, and an explanation of any anomalies in account conduct. If the business or personal accounts are held elsewhere, comment upon account performance and borrowing commitments.

Requirements: a clear explanation of the purpose of the finance and the amount required as well as details of other funding sources and the customer's stake.

Serviceability: evidence of ability to repay the loan and cash flow projections tested against a range of possible risks. Assessment of the quality of income and control of costs. A secondary source of repayment should also be identified as a contingency.

Security: review of security available including business assets and, where appropriate, personal assets. Adequacy of insurance cover for assets, liability, business continuity and key personnel.

It should be noted that there is no guarantee that an application for credit will be approved by a bank from following this checklist.



Applying for a Loan: Ten steps to persuade the bank to invest in your business

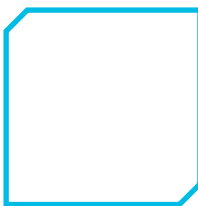
1 Background:
Outline background details of your business, such as ownership and management team, history, location and activity of business. Identify your key stakeholders – customers, suppliers, competition.

2 Purpose and Vision:
Explain the purpose of your application. Provide clear aims and objectives for your business, both short term and long term. You should also record any major achievements by your business.

3 Risks:
Show that you have considered and understand the risks that affect your business, both external and internal, and outline the steps your business can take to reduce and mitigate these risks.

4 Financial Awareness:
Explain who controls the finances in your business, their experience and qualifications. Identify the key financial drivers for your business and demonstrate the robustness of your business's financial model.

5 Accounts:
Provide historical financial data, such as three consecutive years' annual accounts. Also, include management figures such as budgets, trend analysis and forecasts to support your business case. Business bank statements should be provided or if your business is a new venture then personal bank statements may help.



6 How Much Finance:
Supply details of funding required from the bank, including the amount, asset to be funded, and any other funding sources available and/or confirmed. It is important to establish the correct amount to borrow, allowing for unexpected expenses, increased cashflow funding required from growing sales and to draw up a budget to support your business plan.

7 The Right Finance:
Consider all forms of borrowing available to your business in order to meet the needs of your business. You will need to work with the Bank to determine the correct funding structure, e.g. the balance between working capital (typically funded by loan, hire purchase or leasing) to ensure the correct mix of structure and flexibility in any package is achieved.

You should also consider whether bank finance (i.e. debt) is your only option or whether your business is more suited to an equity investment.

8 Repayment:
Be clear about the source of repayment. Your cash flow and budget forecasts should reflect a realistic view of your business expectations during the period of the facility and identify the sources of income/cash to meet repayments.

9 Protection:
Provide details of security to be offered with supporting papers, such as a property, personal guarantee, a third party guarantee or Government scheme etc. You may be required to take out insurance to cover accident, sickness or death.

10 Advice:
Seek professional advice when constructing your business case, from your accountants, solicitors or trade bodies. You can also seek assistance from your bank and through Business Link.