#FinanceConfident

A series of five business guides

Now is the time for planning to become action as we enter the next phase of the economy.

This series of five guides is aimed at helping business owners and decision-makers to be finance confident as they navigate a changing and uncertain environment.

Newable FINANCE

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Confidence to plan

The business world that is emerging

We are now entering the recovery phase. Many businesses have taken advantage of the recovery loan scheme and have furloughed staff. No matter what sector of the UK economy you are in you will have felt the effects of the pandemic and may naturally be feeling uncertain about what happens next.

In a series of 5 guides we will be offering some help and guidance in how best to approach business planning, managing your finances and securing the right finance for your business. Above all, the single most important aim of these guides is to help you be finance confident, so that you can make your business plans a reality.

That doesn't mean taking unnecessary risk. Confidence comes from having the facts and making informed business decisions. With that as our foundation, we as business owners can do what we do best, be entrepreneurial.

So as a starting point, let's look at the facts of the economy today and the context so we can shift the odds in our favour and start on our road to a confident future.

The national debt is over 100% of our gross domestic product. How can we afford this?
The national debt is now at levels not seen since the second world war. But interest rates are at an unprecedented low. In fact, the current demand for UK debt/UK bonds is such that the Government can sell bonds at negative interest rates.

The UK's GDP has shrunk very fast and we have had our worst economic performance since the early 1700s. How can we come back from this?
There are a number of important factors at play that can act as agents of rapid change. The UK's vaccination programme has enabled the country to come out of lockdown far ahead of its economic neighbours. If you add to this that the effects of lockdown, furlough and business recovery loan schemes combined means that the UK's household savings ratio is at a record high. Basically we haven't been spending money like we used to and it's sitting in the bank. Being let out of lockdown with money in our pocket has been described by Chief Economist of the Bank of England, Andy Haldane as consumers being like a "coiled spring" set to spend. The support mechanisms will be in place until the end of September, as at the time of writing, and as we have mentioned above, the UK can afford to service its debt. So, we have a window of opportunity where business support and consumer spending can turn the economy in the right direction.

Business planning and cashflow forecasting

Being finance confident starts with knowing you have the cash you need to move forward confidently. But how do you start?

The best way to start is to create a list of everything you will need to spend money on and to chart when you will need to pay for it.

Next you need to work on the other side of the cash equation, the sales forecast, to marry what's going out with what's coming in. The bywords for all of us here are to be both confident and pragmatic.

Keeping your finger on the pulse

Carefully chart the time it will take for sales to build.

Once you have your expenses mapped out and your sales forecast, you can build a cashflow forecast, so you know what it coming and what is going out over time.

This is your starting point and a means of running some scenarios and asking some key questions. For example:

- *"What will my working capital requirement look like if the business is to grow by 5%, 10%, 25%, 50%, 100%?"*
- *"What will my working capital requirement look like if the business is reduced?"*
- *"What further working capital will I need in order to meet the objectives in my business plan?"*
- *"How can I accelerate obtaining money from my customers to boost my cash requirements?"*
- *"What are our options in funding any shortfalls?"*

Your cashflow forecast is probably the most important report you will have at your disposal. Keep feeding it with real data and keep asking the 'what if' questions to see how it will change if different factors shift.

Being finance confident will keep you business confident

In our next article we will be looking at cashflow mastery - maximising the cash coming in and controlling it going out. Many business owners think they are at the mercy of their customers' payment habits when it comes to managing cash. But there is a lot that can be done to prevent this by staying on top of your cashflow - the springboard to enable your business to thrive.

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Cashflow mastery

There is an old maxim that cash is king and much of our confidence to plan and lead our businesses forward comes from knowing that cash is going to be there when it is supposed to be.

Late payment is never going to go away regardless of any prompt payment initiatives or legislation to curb it through interest and compensation. If a customer does not pay you on time, they are in effect using your business as a source of business lending without your permission. They are keeping hold of your money to fund their business.

If you have never thought of yourself as another business' banking facility before, then it's time to look at what steps you can take to make sure late payment is minimised.

Making sure your cash stays with you

Minimising late payment starts with ensuring that you have the systems and processes that will get the money to you as soon as possible. Those processes start way before the point of collection. In fact, it is the early groundwork in research, processes and contracts that can make a huge difference.

So, let's look at some of the practical steps you can take today to power up your cashflow.

Find the 20%

20% of customers buy 80% of sales as a general rule. So, identifying those 20% that put the most money into your bank account is important. If they pay on time, then we are getting control straight away.

Spend time with these customers and know them well. Obtain good credit agency reports to indicate the right level of trade credit. Get to know customers' payments staff and cultivate a good relationship to ensure you get priority treatment.

For the 80%....

Make sure you have all the contact details of everyone involved in paying your invoices up to date and to hand and make sure you have good systems in place to keep your account management cost efficient and effective.

Have your terms and conditions front and centre

Remember that a sale is not a sale until it is paid for. Therefore, whatever credit terms you grant is part of that sale negotiation. It is your gift to give.

Put your terms on order acknowledgements because this will ensure that your terms prevail. Send it to a named person and send it promptly. Also put your terms on account applications and on invoices and statements. It's professional and ensures you are constantly reinforcing the terms under which you are doing business.

Be thorough in opening new customer accounts

Rushing to get a sale in without the proper checks could cause problems down the line. Any customer should expect credit to be granted on application and to also have credit checks undertaken. It's professional and simply good business practice.

Be quick with invoices

Get your invoices out of the door and into the hands of your customers' accounts teams as quickly as possible. That way it enters the payment process promptly. Send it to named people. Make sure it has arrived, make it clear, accurate and explanatory. Include your payment terms, due date, delivery date and method, description, price and total payable and the order number.

If you are issuing invoices electronically (and most of us do now), make sure customers know this is how they will arrive and to whom they will be sent. It is important to protect the authenticity and integrity of the invoice when sending it electronically. So, send it as a PDF attachment and/or write it into the email itself.

Don't let debts get old

Make sure you keep a list of your debts. This is called an Aged Debt Analysis and is an essential rolling document to tell you what is happening with your cash. List the debts in order of time outstanding and refresh it regularly to use it to plan your collections tactics for each debt.

Be a confident cash collector

The reality is that a customer either has the mindset to pay on time or they don't. If they don't, they will need to be chased, reminded, or in some cases threatened with action.

Endlessly emailing will not work as it can be avoided. Use the telephone to your advantage or make personal visits (tricky at the moment in some cases but worth bearing in mind).

Remember you can put someone on a Stop List and frequently this can act as a jolt especially if your goods and services are critical.

Make sure your sales and accounts teams work together to negotiate and work the customer relationship. Be polite but firm and professional.

Have an escalation process if the customer does not respond. This will vary for different businesses. But the most important aspect of the process is that you never bluff. Carry it out with professionalism and conviction. Always have in the back of your head that you are being used as an unofficial banker – it clears the mind!

A note on bringing in lawyers and collection agents

If your escalation process ends up here, make sure you have trusted and respected partners. Good collection agents will have a track record of collecting 80% in their first few weeks.

A solicitor's letter from a reputable firm of lawyers has unlocked many a late payment problem. It can be very cost effective but if it doesn't work remember the rule about not bluffing. Carry on with conviction to collect your money.

And finally, don't forget to pay on time yourself

Late payment is like a line of dominoes toppling over. We can all help break this chain by having a prompt payment policy. Especially now when supply chains are stretched, a reputation as a good payer can make all the difference to your competitive advantage. Your professionalism will be repaid by suppliers pulling out all the stops when you need them to. Also, when your cashflow is stretched they may be able to extend your credit terms because they know you will pay them on time.

Be prepared to be finance confident

In our next article we will be looking at what you can do to prepare before you approach funders. Getting the right funding outcome will be helped enormously with a little bit of preparation and homework so you are in the driving seat.

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Credit checklist

What to do before you approach funders

If you are looking for the right finance for your business and your particular objectives, it is important to be prepared and to think like a funder. Knowing what a lender is going to be looking for and the sort of questions that will be asked will not only help the process go as smoothly as possible but will also enable you to prepare ahead of time and present your business case well.

As a starting point, let's examine what a lender is going to be looking for in your business. Every lender has their own criteria in terms of what they see as the ideal business to which they will lend. How they analyse a business has some common traits which we will look at below.

To think like a funder, let's run through the five C's of Credit – Character, Capacity, Capital Collateral and Conditions

Character
For 'character' they mean credit history. This is your track record of repaying debts which can be obtained from a credit report. This is provided by one of the credit agencies, much in the same way as personal lending, such as car finance and mortgages. In the case of your business, it will examine what the company has borrowed in the past and whether repayments happened in line with the schedule agreed. It will likely go back many years and will enable the potential lender to score your creditworthiness. Lenders will have a minimum score that has to be achieved to be eligible and this will vary between funders according to their own criteria.

Capacity
This looks at your business' ability to repay the loan. It will achieve this by establishing your Debt To Income (DTI) ratio. This is a comparison of income against recurring debts. In essence the lower this DTI can be, the better. Again, each lender is going to have their own criteria in terms of the ideal DTI they are looking for.

Capital
Capital refers to the amount of money you can put towards what you need to do with your business. If, for example, you are looking at purchasing a new piece of machinery or refitting an office or shop, the lender will have their own view, their own criteria, on what they would usually be expecting a business to find themselves.

Collateral
In order for lenders to manage the risk of providing money to businesses, they may ask for collateral. These may be business and / or personal assets that the lender can possess, agreed within the contract, if there is a repayment default. Each lender will have their own approach on collateral depending on the nature of the funding facility and their appetite for risk.

Conditions
This refers to what the business intends to do with the funds. Generally speaking, the more specific the purpose, the more detailed the plan and the more certain the outcome from the plan, the less risky the lend will be perceived. Therefore, it pays to prepare a detailed case and have facts, figures and analysis at your fingertips.

Preparing your facts, figures and analysis

There is an old motto in the Scouts that says, 'Be prepared'. This is especially true in preparing to apply for business funding. The more detailed your requirement, the more comprehensive your supporting evidence, the more likely you are to get the level of finance you require.

It has been said that obtaining business funding is getting more automated, with lenders using algorithms to work out whether they will lend money to a business. This may be so with smaller loans and smaller businesses, but it is not the case with more sophisticated requests. Then it is a person-to-person negotiation. At Newable we help our clients prepare fully for this and place great emphasis on getting to know you, your business and your people, in order to get the best possible funding outcome.

So, what are you going to need? It will vary a little, but this is a good overview:

The detail of how you are going to use the money - Equally importantly, you will need to demonstrate how you are going to make money from the money lent to you. Prepare projections of how it will create positive change and increase revenue and profits. Draw on as much evidence as you can, such as market research and analysis, as well as case studies of previous loans and what you were able to achieve from them.

Gather your bank statements – Go back at least a couple of years and use them to tell a positive story about your business performance

Profit and Loss statements (P&L) – Again go back at least a couple of years and gather those that have been prepared over time. Your objective is the same as mentioned above – to tell that positive story.

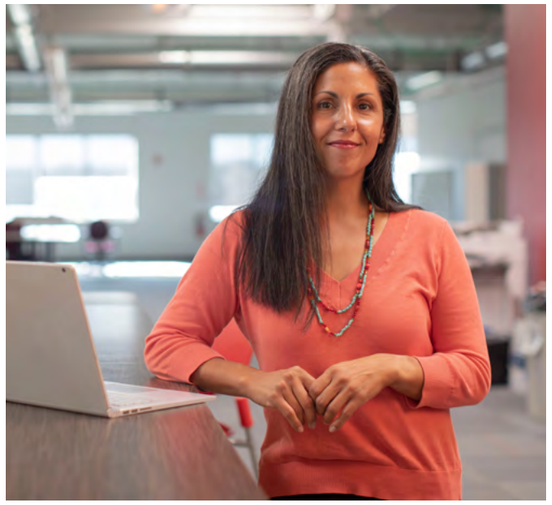
Balance Sheets - These document your liabilities, assets and capital. It's about demonstrating that you have a healthy business with a strong cashflow.

Personal details – Lenders may want to look at you and your fellow Directors' personal assets and liabilities. This may be in relation to requiring collateral, but it is also to understand more about you – the people driving the business forward.

Be open, be yourself

Remember that, above anything else, it is important to be open and honest in terms of the facts, figures and analysis you present. Lenders have seen more plans than most of us have had hot dinners and they know when something does not add up.

So, if you are, for example, a little worried about a blip in your figures, prepare your analysis as to what happened and why. But, most importantly, demonstrate how you got things back on track. Never forget one of the biggest perceived risks is you and how you behave in business. If you are a safe pair of hands, it will count for a great deal.



Finance Choices

In our next article we will be looking at what types of finance are available for different purposes and different types of businesses. There is now more choice than ever so it's worthwhile to get to know what you may need at different times, enabling you to grow your business faster and with greater certainty.

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Choices

There are many different types of finance that work in a variety of different ways and that will have different roles depending on the stage of development of your business:

Start – When you have just opened the door and are getting yourself established. Cashflow is going to be key as you move into the rhythm of your business cycle.

Stretch – Having gained a stronghold in your market you will be looking to grow as fast and as safely as possible. This can stretch cashflow and see you needing to invest in new key assets to springboard further growth.

Stabilise – As a mature business you will be looking at building a market lead. This could mean creating further scale, or it could mean developing a niche or specialism. Whatever route you take you may well be looking at specialist skills and assets that will drive your competitive advantage.

Spend – Maturity may deliver the opportunity to acquire other businesses. Whether you are looking to build market share, open up new territories or strengthen supply chains, you are probably going to need cash beyond the level that the business can deliver through trading.

Sell – Founders will at some point wish to exit the business. This can open up the opportunity for the management team or new entrants to take over the reins. Finance will be important to allow this transition to happen seamlessly.

There are no hard and fast rules as to what type of finance should be used at what stage and in fact what types of finance should be used together. It all depends on circumstances and objectives.

Therefore, it is always important to get impartial, independent, expert, advice from the team at Newable Finance.

The following is an introduction to the many types of finance available with an indication as to the stages of development where these may be applicable to help you chart your way around.

Asset Finance

Start/Stretch/Stabilise/Spend

Asset finance is used to obtain equipment or vehicles for your business, such as office equipment, plant and machinery or company cars. It can offer a flexible alternative to a loan, providing cash flow and tax benefits. The two main forms of asset finance are leasing and hire purchase. With leasing, the leasing company buys and owns the asset. The customer, or lessee, then hires the asset, paying rental over a fixed period. At the end of the contract, the customer usually has a choice of extending the lease or simply returning it. Hire Purchase is a financing solution for companies wishing to purchase business assets. On completion of the agreement, ownership of the asset transfers to the customer.

Asset Based Lending

Stabilise/Spend/Sell

Asset Based Lending is a versatile form of finance that releases the value tied up in a wide range of business assets, such as the sales ledger, plant and machinery, stock and freehold and long-leasehold property. It is frequently used by more mature businesses that are looking for a finance solution driven by strategic reasons, such as expansion plans, funding an acquisition or a management buy-out. It is a flexible form of finance as the facility can grow as the business' assets grow.

Bank Loans and Overdrafts

Start/Stretch/ Stabilise

A business loan is generally a fixed cost, fixed term loan. An overdraft is an agreed cash-borrowing limit that is arranged with your bank to provide short-term funds, but that can also be withdrawn without much notice. Although the high street bank was the first port of call for both of these, in recent years many alternative finance firms have risen in prominence. This has been spurred on by both Government and businesses wanting greater competition and choice in the market to ensure as many businesses as possible have access to finance.

Bridging Loans

Stretch/Stabilise/Spend

As you grow, so your portfolio of assets will grow. Bridging finance works as it is described and provides a finance link between important events in your business, such as bridging the gap between selling one property and securing a mortgage on another, buying a property at auction, refurbishment work on a property, or perhaps releasing funds for business purposes such as buying stock, funding new contracts, or buying IT equipment.

Business Angels

Start/Stretch

Sitting between funding from friends and family and venture capital comes a form of equity finance from business angels. This person is typically a wealthy individual who may have specialist knowledge of a certain sector or type of business. As an early-stage investor in a business they have a different tolerance for risk taking. But that willingness to take a risk comes in the form of taking shares in the business as a return. They will also wish to have a defined exit point from the business where venture capital or different forms of lending will take over.

Commercial Mortgages

Stretch/Stabilise/Spend

Just like the mortgage on your home you can obtain commercial mortgages for terms up to 20 years on a range of property types, such as retail units, garages, forecourts, offices, or industrial units. They can be capital repayment or interest only and, just like a home mortgage, will be more expensive the less money you can put down as a deposit.

Crowd Funding

Start/Stretch/Stabilise

Contrary to perception, crowd funding is not just for start up businesses. Many businesses are embracing its potential to fund expansion plans. It's a good example of how the internet is allowing everyday investors and businesses to collaborate. Its great advantage is that your business does not have to fit a template set out by a big, potentially risk averse, finance institution. If people believe in you, you can secure quite substantial funding. The big risk with it though is that you must tell a lot of people about your business ideas before you put them into practice.

Factoring and Invoice Discounting

Start/Stretch/Stabilise/Spend/Sell

Getting paid on time or late can have a huge impact on a business' fortunes. An otherwise profitable business could go under if it cannot secure payment for its goods and services at the right time. Factoring and invoice discounting are both designed to unlock the value of your debtor book, giving you the cash the business needs when it is needed.

With factoring you sell your invoices to a factoring finance company. They will pay you a percentage of the value and collect the fill amount owed from the debtor. Once the factoring company has collected the outstanding debt, the balance will be paid to you minus the amount already advanced and the charges. With invoice discounting money is advanced against your sales ledger. You pay a fee equating to a percentage of the value of your invoices. Funds are made available at an agreed percentage rate against invoices as they are issued for you to draw down as needed. Invoice discounting is typically a confidential facility, whereas factoring is disclosed.

Family and Friends

Start/Stretch

In the early stages of your business, it may be appropriate to seek start-up funding from friends and family. Like crowd funding it offers you the opportunity not to have to conform to the criteria laid down by big financial institutions. Whether you are seeking a loan, or are willing to offer equity, make sure it is done formally to prevent problems at a later stage.

Government Recovery Loan Scheme

Stabilise

There are many different UK Government backed schemes to help businesses find the right finance. You can find out more about them at www.british-business-bank.co.uk

Right now, probably the highest profile is the Recovery Loan Scheme (RLS). You can apply for RLS if Covid-19 has affected your business. You can use the finance for any legitimate business purpose – including managing cashflow, investment and growth. If your business has already borrowed from any of the other coronavirus loan schemes, such as Bounce Back Loan Scheme (BBLS), Coronavirus Business Interruption Loan Scheme (CBILS), or Coronavirus Large Business Interruption Loan Scheme (CLBILS), RLS is still open to you, although the amount you have borrowed under an existing scheme may in certain circumstances limit the amount you may borrow under RLS. RLS will run until 31 December 2021, subject to review.

Merchant Cash Advance

Start/Stretch/Stabilise/Spend

A Merchant Cash Advance, also be known as a Business Cash Advance or a PDQ loan, is a flexible business finance facility, is used by businesses that receive payments from their customers by debit or credit card. It allows the business to borrow with the funds 'secured' against future card payments. It is a useful way to assist with cashflow for businesses that enjoy a substantial number of payments via card transactions.

Venture Capital/Private Equity

Start/Stretch/Stabilise/Spend/Sell

These two terms are sometimes wrongly used interchangeably, but they are quite different forms of equity investment into businesses.

Venture Capital is where a private investor provides capital to a business in exchange for shares. Their interest lies with high growth potential early-stage companies with the aim of being able to sell their interest after a number of years.

Private Equity is where investors invest in businesses that are not publicly listed companies. Their aim is the same as venture capitalists in terms of wishing to sell their interest after a number of years, but they frequently look at obtaining a majority stake in mature companies where inefficiencies have been identified.

Speaking the language of finance

In our final article of the series, we will be looking at the terms and phrases you might hear and read when you travel along your finance journey. Just like you would have a phrase book when you go on holiday, our little guide will help you get the most from the finance process.

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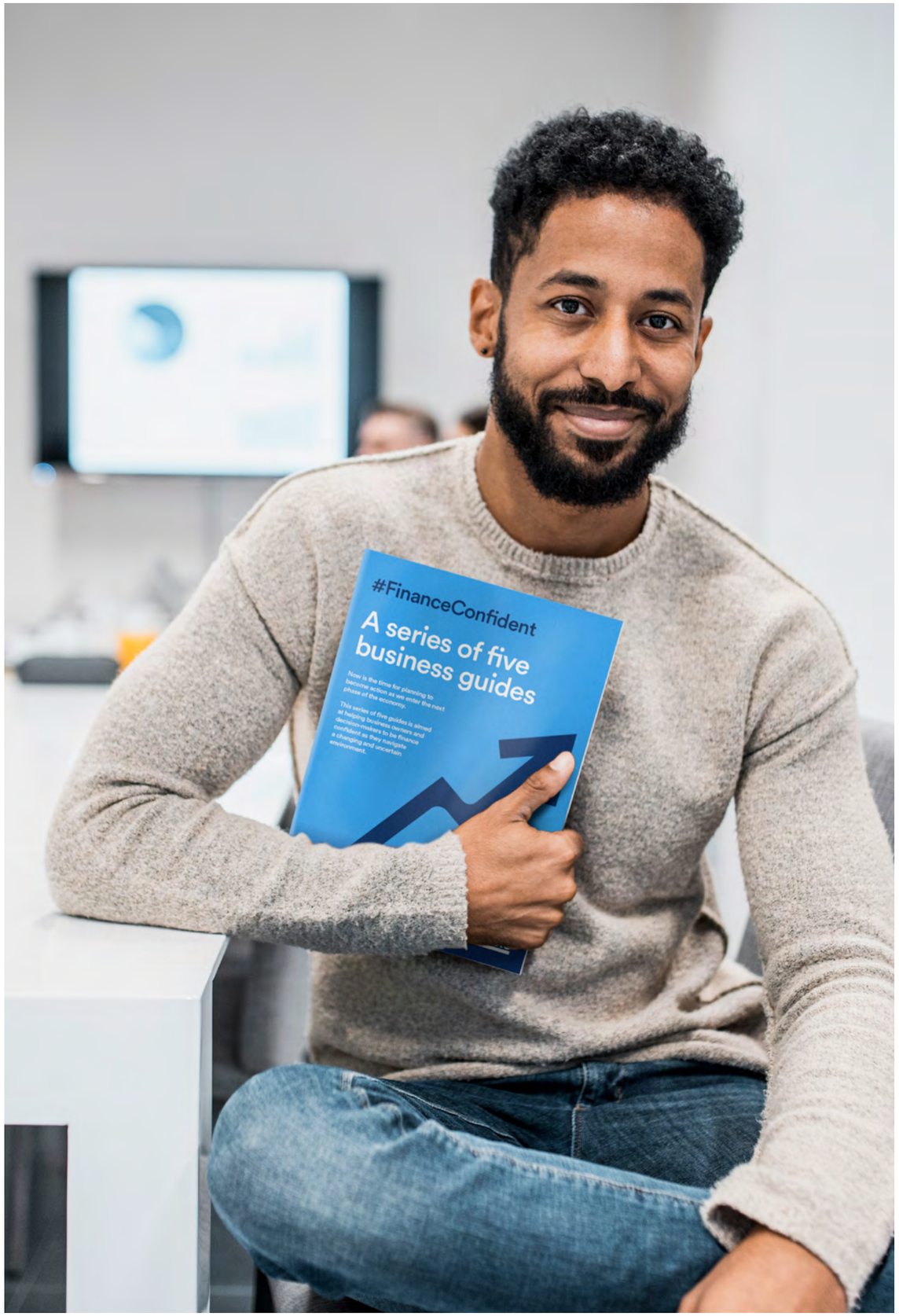
Conversing with funders

Every business sector has its own jargon and shorthand, and finance is no different in that respect.

What makes finance slightly different is that it has a language crammed with maths, accounting and economics terminology. So, there's quite a lot to navigate when you are going through the application process, and as you then progress on your business journey with finance.

At Newable Finance, we take the time to make sure our customers are comfortable and in control when it comes to understanding their finance facilities.

To help you on your way, the following is an introduction to some of the terms and phrases most frequently used in business lending.



A dictionary of business lending

Advance rate
This relates to the percentage of the collateral being loaned against that the lender is willing to extend as a loan. So, if you were taking out an invoice finance facility it would be the agreed percentage of eligible debts available to you.

Approved debt
This links to the above and is the debt an invoice finance company has accepted as being eligible for prepayment.

Amortisation Profile
Amortisation refers to the process of paying off a debt with regular payments over time. The amortisation profile is the loan term to which the payment schedule is set.

Assignment
If you are using invoice finance it is the finance provider's legal right to collect monies from your debtors instead of you being able to do it.

Availability
The money you can draw from your facility during a defined time period.

Company Guarantee
This is an agreement between a company, a lender and a guarantor. The guarantor could be another company, LLP or other lenders who agree to become responsible for handling the debt payments should the company not be able to.

Contra-trading
With invoice finance you may have to take into account a trading relationship that involves buying and selling to and from the same customer. This will need to be offset when examining eligible invoices.

Covenants
These are conditions that the borrower agrees to which restricts them from doing specified actions.

Current assets
These are assets that you could convert into cash within a year, such as debtors and stock.

Debenture
A loan agreement used between a lender and a company. It is registered at Companies House to take security over the company's assets in relation to the loan.

Debtor concentration
The share of your total debtor book taken up by each debtor. So, if you have one large customer and most of your invoices go to them you would have a high debtor concentration.

Debt Service Cover Ratio (DSCR)
This is a ratio of operating income that is available to service the company's debts and therefore a measurement of a company's ability to cover the payments. The higher the ratio, the easier it could be to obtain a loan.

Dilution
These are factors that can reduce the value of the invoices needing paying. The best example of this is a credit note.

Disapprovals
These are invoices that cannot be funded against due to any number of reasons. This could be because they are very old or perhaps relate to factors concerning financial status.

Discount charge
In invoice finance terms, this is the cost of the money that you draw down.

EBITDA
This is an accounting terms which is shorthand for Earnings Before Interest, Tax Depreciation and Amortisation. It is a measure of the operating profitability of a company.

Fixed assets
These are your assets held for business use rather than assets that are to be converted into cash over a period of time (see Current assets). Examples of these are plant & machinery and real estate.

Facility limit
If you have a lending facility this is the maximum amount you can draw upon at any one time.

Ineligibles
These are business assets that a lender will not lend against as collateral.

Loan Contractual Term
The length of time that a borrower and lender are bound by the borrowing contract.

Personal Guarantee
Agreement entered into by individuals to repay a loan to a company in the event that the company defaults.

Reassignment
See Assignment. This is a debt previously assigned to an invoice finance company that is assigned back to you for some reason.

Reconciliation
This is a month end process where your sales ledger is matched to the balance recorded by your invoice finance provider.

Refactoring fee
If an invoice gets over a certain age this is an additional charge to cover the suspected increased cost of collecting the debt.

Service fee
This is the charge made by the lender for providing your facility.

Take-on debts
These are the invoices an invoice finance provider will 'take on' when you start your facility. The total value of these invoices is used to calculate the funds you will have available at the start of the facility to draw upon.

A dictionary of mortgages

1st Charge Mortgage
This is the principal mortgage taken out by the borrower to purchase a property.

2nd Charge Mortgage
A 2nd charge mortgage works in the same way as a 1st charge mortgage but is an additional mortgage which uses the positive equity in a property as security.

Annual Percentage Rate of Charge (APRC)
This is the total cost of credit calculated as an annual percentage of the total amount of credit.

Automated Valuation Model (AVM)
Where the value of a property is established using recent local sales and trends in values.

Bank of England Base Rate
The interest rate set by the Bank of England upon which mortgage providers set their own, always higher, rates.

Base Rate
As opposed to the above, Base Rate is a term used by mortgage lenders to refer to their own internal reference rate.

Capital and interest
This is the industry term for a repayment mortgage where you pay off both interest and capital each month.

Capped Rate
A ceiling where your interest rate over an agreed time period cannot go above.

Compulsories
An industry term for compulsory insurances.

Discounted Rate
Where an interest rate offered to you has a rate that is discounted below an industry rate such as the 'Base Rate' (see above).

Distance contract
Where a mortgage has not been been undertaken face to face.

Early Repayment Charges (ERC's)
A charge applied if you pay off your mortgage earlier than the agreed payment schedule.

Execution-only/Non-advice
A financial service provided based purely on what you ask for. A decision that is not based on any form of advice from the provider.

Gross Development Value (GDV)
This refers to the revenue anticipated from of a completed property development. It provides a measurement of the capital and rental value of their property or development project once works are completed.

Higher Lending Charge
If you only put in a little money yourself to the purchase then this may attract a levy in the form of an enhanced interest rate to cover the increased risk to the lender.

Illustration
An estimate of the monthly payments you would have to make given at the outset to see if you wish to go into more detail and have an offer confirmed to you.

Interest only
A mortgage where you only pay the interest and do not pay off the capital.

Loan to value
The amount to be borrowed divided by the purchase price.

Loan to Gross Development Value (LtGDV)
See GDV. This is the ratio of the proposed amount of money to be lent against the predicted Gross Development Value.

London Interbank Offered Rate (LIBOR)
This is the interest rate that banks use to lend to each other.

Non status loan
This is where a lender has not taken your income into account in providing the loan.

Overpayment
Where you pay off more than the payment schedule requires you to. Usually, you can overpay by a certain amount without attracting a levy.

Payment holiday
Where you are allowed by contract to take a short break from your payment schedule.

Personal Guarantee
Agreement entered into by individuals to repay a mortgage in the event that the mortgagee defaults. It can be found within certain types of mortgage contracts such as Guarantor Mortgages.

Procurement fee
Where the mortgage provider pays a fee for introducing a customer.

Secured
If you default, the mortgage provider can, by contract, repossess your property to recover their money.

Status
A term used to describe your credit record.

Standard variable rate (SVR)
This is the mortgage provider's core rate which is set according to the prevailing Base Rate (see above).

Tracker
This is where your interest rate 'tracks' the Base Rate (see above). It can move up and down as the Base Rate moves.

Term
The time period of your mortgage.

Terms
These are the conditions under which a mortgage is offered.

Underpayment
Where you pay less than agreed in your payment schedule, agreed under your contract with the mortgage provider.

Unsecured
A mortgage that does not require any collateral and is not secured against the property.

Are you feeling #FinanceConfident?

The team at Newable Finance is passionate about helping its customers be finance confident, as we all navigate what is a changing and sometimes uncertain business environment.

It will get better and opportunities are opening up all the time and we are here for anything you need to get your business plans motoring. Keep an eye out for #financeconfident as we will have more help, advice and insights over the months to come.

Newable Finance is a UK finance broker dedicated to finding the right finance solutions for SMEs and property backed businesses across the UK and in every sector.

We help businesses access the finance they need to:

Being able to access the right funding when it is needed is a critical part of the growth journey of your business. Newable Finance can provide you with the independent perspective, whole of market reach and the depth of experience to secure the fast and flexible finance required to deliver your growth ambitions.

Newable Finance forms a key part of Newable, a leading UK provider of money, advice and workspace to SMEs, established in 1982. Newable Finance is an FCA authorised finance broker.

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