

YoureBusiness

Raising Finance

Every business need some form of start-up capital even if you are a sole trader working from home and you need to think about where you can obtain enough finance to get your business off the ground. The first source of funding that should come to mind is your own personal savings; this would reduce costs and show investors that you are committed to the project. Family and friends can also help out and can buy shares if setting up a private limited company.

If the business requires further funding beyond that of family and friends private investment is an option from Business Angels, Venture Capitalists and venture capital funds of large organisations. You could also consider commercial financing by taking out a business loan and finance it against collateral such as premises.

Commercial finance providers include:-

- ◆ banks
- ◆ building societies
- ◆ asset-based lenders
- ◆ commercial finance companies
- ◆ stock brokerage houses
- ◆ credit union

Government Funding

The Government offers a range of grant funding but there are often specific criteria attached to this and competition is tough due to low availability. The location of your business may be an important factor as the less affluent areas tend to receive greater funding. However local councils often have business development teams with some funding available if they want to attract new businesses into the area. Most grants are limited to small and medium size businesses (less than 250 employees). Local Enterprise Partnerships have identified key industries they want to support in their region and offer specific grants for which you can apply. When making applications it is better to have a specific reason such as improving office accommodation or increasing employment. You should include targets and state how it would benefit your company and wider community.

Crowd Funding

Crowdfunding has become increasingly popular over the last few years. Register with a crowdfunding website and provide details of your business and the reason for the finance request such as capital purchase, expanding operations overseas, specialist equipment, etc and hope that one or more investors will provide the required finance. Finance is provided by investors who are members of the crowdfunding website and they may invest in a whole project, lend money to individuals or contribute smaller amounts of money to your business or idea. This money will then be pooled to reach your funding target.

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Start Up Loan

A Start Up Loan is a government backed scheme to provide a loan to help you start your business. It is a personal loan given for business purposes. You should register with the website <https://www.startuploans.co.uk> and make a loan application which will be then be considered according to the needs of your business. You will be asked to create a business plan and cash flow forecast and use this to complete your application. If successful you will be assigned a mentor to help you take your business to the next stage.

Banks

Many high street banks have loan schemes available to business start ups and new businesses who have been trading for a few months. Call in your branch and enquire or have a look online.