

We take a personal approach to business lending



Start Up Loan Application Guide

Business Plan

The business plan is a vital component of your application and should provide us with a thorough understanding of your business. Please ensure that you have fully considered the 5 points below and address them in your business plan.

We would recommend that you use the Start Up Loan template, which will have been emailed to you at the first point of contact.

1. **Business Overview** - A good business overview should offer us a concise and focussed overview of what the business does, the product(s) and/or service(s) it will offer and set clear short-term and long-term objectives. It is also helpful for us to gain an understanding of where the business will operate from, when the business will begin trading (if it isn't already) and any test trading or sector research that you have undertaken prior to launching the venture.
2. **Your personal skills and experience** - This is a key part of the business plan and demonstrating that you have a good level of relevant sector experience is hugely beneficial for your application. There is no need to be modest here, please outline all your previous experience, relevant employment and qualifications to show us that you are well placed to launch this venture. If you do not have any directly related experience in the chosen business sector, then provide any transferrable skills from previous roles that is relevant to your business.
3. **Start Up Loan** - We require a clear description of how you will use your Start Up Loan. As responsible lenders, we need to see a clear need for the loan to ensure that we are lending on an appropriate scale. Therefore, we need a clear breakdown of where the money will be spent. For larger purchases such as vehicles or heavy machinery, providing a quote to demonstrate that you are budgeting an appropriate amount for the item is encouraged.
4. **Marketing plan** - A well-considered marketing plan is crucial for the success of all start up businesses, as you need to make your new business heard. Your product/service may be fantastic but if no one hears about it, the business will not generate revenue. We need to see that you have a clear marketing plan in place and that you are focussing on relevant channels to reach your target customers.
5. **Back Up plan** - There is an element of risk involved in all start up businesses and we need to see that you have put into place a back-up plan, in case your business doesn't go according to plan. The plan should outline how you would generate non-business related income to cover your personal expenses and the start up loan repayments if the business is not successful. The plan should highlight that you are aware of how much your monthly Start Up Loan repayments would be and why you feel it is a realistic fall-back. This is a key assessment point for the application, so please be as thorough as possible.

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12 Month Cash Flow Forecast

The cash flow forecast can seem daunting, but it is important to remember that it is a forecast and we are not expecting 100% accuracy.

Market research and even product/service trials can be useful to map out a more educated estimate regarding the anticipated sales figures and we would encourage this where possible.

The cash flow is a vital document for our assessment of applications, but it is also a great tool for applicants to ensure that they have fully considered all the costs involved in launching their start up.

Focussing on the 5 key points below will certainly help.

1. **Anticipated Sales Figures** - As mentioned above, try and do some market research to gain an understanding of the monthly revenue that you could expect to generate in your sector. If possible, even run some trials of your product/service to gain some consumer feedback. It is sensible to provide conservative anticipated sales figures in the cash flow and forecast steady and achievable growth throughout the 12-month period. In the early months especially, do not be over ambitious with your targets. Also, try to avoid erratic jumps in turnover from one month to the next, unless you have contracts secured to justify the figure. It is important to remember that these are estimates and we look to see achievable monthly targets.
2. **Loan Amount** - Please ensure that you include the loan amount going into the business as a starting point. Whilst your loan may not be approved yet, the cash flow is forecasting how your business's finances would look with the Start Up Loan included.
3. **Cost of sales** - The cost of sales refers to the direct costs attributable to the production of the product or service that your business is offering. It is important that the monthly cost of sales is appropriate in correspondence with the monthly anticipated sales figures. It may be useful to research the average gross profit margin in your sector to gain a more accurate forecast of how much your cost of sales should be each month to achieve the anticipated sales figures.
4. **Business outgoings** - Whilst it may be stating the obvious, please ensure that all business outgoings are listed in the cash flow, in addition to the cost of sales. This includes any premises costs, staff and salary costs and the monthly Start Up Loan repayments. Please ensure that any additional costs that are not already listed in the cash flow are also included, there are several blank rows in the Start Up Loan template for this purpose. Referring back to point 3 about the business plan, please ensure that everything listed in the breakdown of how the loan will be spent is included in the cash flow.
5. **Closing cash positions** - The Start Up Loan cash flow template will automatically generate a closing cash position each month, based on the figures entered. This is the closing business bank balance at the end of each month if the forecasts prove to be correct. It is vital that the closing cash position remains positive throughout the 12-month cash flow forecast. If it falls into a negative at any point, the cash flow will need to be readdressed.

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Personal Survival Budget

As the Start Up Loan is a personal loan for business use, we need to assess an applicant's personal affordability, as well as the business' affordability.

The personal survival budget provides us with a breakdown of your personal monthly non-business related income and expenditure.

The 5 tips below will ensure that you provide the relevant information.

1. **Non-business related income** - The income in the personal survival budget should only be non-business related and does not include any income that you receive from the business that you are applying with. It should also only reflect non-business related income that you will be receiving once the start up business is launched. If you have non-business related income that will continue alongside the start up venture, then please include it. If your non-business related income will stop once you launch the venture, do not include it.
2. **Personal income** - The personal survival budget is specific to the individual applicant, not the household. Please only include your own non-business related income and no one else's.
3. **Outgoings** - Following on from the above point, we also require your individual contribution to each outgoing. If you split your outgoings with a partner or housemate, please provide your individual contribution to each.
4. **Your monthly balance** - The Start Up Loan template will calculate your monthly personal balance, which is your non-business related income minus your monthly personal expenditure. If your monthly balance is in a deficit, please ensure that you are drawing that amount from the 12-month business cash flow as a monthly wage. This is our way of ensuring that the business will be able to pay you what you need to live.
5. **Employment** - Many applicants believe that having employment alongside their venture is detrimental for their application. However, if maintaining non-business related income whilst launching the business is possible, it is actually beneficial. There is an element of risk involved with all start ups and this is a sensible precaution, at least until the business becomes financially stable.

By following the above guidelines, you will give yourself the best chance of securing your Start Up Loan.

About SWIG Finance

SWIG Finance is part of a network of official Start Up Loans delivery partners across the UK who administer the scheme. We are here to guide you through the application process, including advice on creating a business plan and cashflow forecast. If you receive a loan, we will then support you through your journey, providing you with a business mentor.

The Start Up Loans Company is a UK-wide, government-backed scheme, which offers a repayable loan to individuals over the age of 18 who have a viable business idea but no access to finance. The scheme funds businesses in every sector. As well as financial backing all loan recipients are given access to a mentor, free training events and exclusive business offers.

For more information please visit <https://www.swigfinance.co.uk/start-up-loans/>

Alternatively, you can contact us on info@swigfinance.co.uk or 01872 227 930 / 01872 227 932.

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