

More than just Commercial Lending

We are here to help you choose the right type of lending you need.

Please note, we do not provide tax, legal or accounting advice. This guide has been written for general informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. We encourage you to consult your own tax, legal and accounting advisers before engaging in any transaction.



Choose the type of lending you need.

Unlike residential lending, where the challenge is often to save you money, the right business loan may be more about helping increase your potential to make money.

In fact, residential lending and business lending couldn't be more different. For a home loan, you simply need funds to purchase a home. It's essentially one type of loan.

In business there are many different types of loans depending on the reason for the finance, the objectives of the business owner, and the sector the business is in.

It's all about maximising your cash flow, minimising cost and providing opportunities for growth. And there are a variety of products that may help you achieve this:

- ✔ Commercial real estate loans — property and development.
- ✔ Equipment and vehicle finance.
- ✔ Inventory finance.
- ✔ Debtor or invoice finance.
- ✔ Accounts receivable finance.
- ✔ Working capital finance.
- ✔ Franchisee loans.
- ✔ Self managed super fund.
- ✔ Unsecured short term business loans.
- ✔ Insurance premium funding.
- ✔ Term loans.

Commercial Real Estate Finance - Property & Development.



Like residential lending, the commercial category is competitive among banks and lenders.

Your business can make the most of this to create excellent opportunities for growth and long-term investment. However, in contrast to the more familiar residential market, there are many more variables.

A commercial real estate loan can be used for anything from retail to industrial, office complexes to aged care facilities, or hotels and apartments, and the finance can be used for buying land, property development or construction. This means you'll need an understanding of the commercial finance market. Enlisting the help of an experienced business finance broker is a good place to start.

Equipment and Vehicle Finance.

It's a common question for small business owners; how do you get your hands on the equipment you need to grow, while still keeping the all-important cash flow and working capital?

Choosing the right equipment finance gives you a lot more benefits other than just preserving your day-to-day funds:

- ✔ Equipment can generate immediate income.
- ✔ Equipment Finance preserves working capital.
- ✔ Repayments let you budget more accurately.
- ✔ Loans are often secured by the asset so usually you don't have to put your house on the line.
- ✔ There could be potential tax advantages. to consider.

What can be financed?

Any plant or equipment that can help generate income for your business can usually be financed.

Some examples are as follows:

- ✔ Motor vehicles.
- ✔ Commercial vehicles.
- ✔ Plant and machinery.
- ✔ Agricultural equipment.
- ✔ Computer, photocopiers, and phone systems.
- ✔ Medical and dental equipment.
- ✔ Office equipments.
- ✔ General business equipments.

What types of equipment finance are there?

There are many different financial products available with some more popular than others. It is important to discuss with your professional advisers such as your accountant which product may be appropriate for your business needs. These options include Commercial Hire Purchase, Chattel Mortgage, Finance Lease, Novated Lease, full maintained Novated Lease and Operating Lease. The more commonly used options are Chattel Mortgage, Finance Lease and Novated Lease. We can help you evaluate the key benefits and differences for each product.

Chattel Mortgage

The equipment belongs to you from the beginning and the lender has a 'charge' over the equipment that secures the loan until the final payment has been made. Because the borrower holds title to the goods there may be taxation benefits. So it's important to get the right advice from an appropriate professional adviser such as an accountant on how this could best work for you and your business.

Finance Lease

The lender (lessor) purchases the equipment outright. The borrower (lessee) gets to use the equipment for the term of the lease in return for lease/rental payments. Under a finance lease the borrower (lessee) traditionally doesn't need to outlay any working capital and may also be eligible to claim a tax deduction. You should consult your tax adviser about potential tax deductions when considering a finance lease.

Novated Lease for Vehicles

A Novated Lease is a three-way agreement between an employee, their employer and a finance company. The word "Novation" refers to the substitution of a new contract in place of an old one. In other words, the employer agrees to take on the employee's lease obligations. The employer makes the monthly lease payments out of the employee's pre-tax income.

Inventory Finance

For most manufacturers, wholesalers or retailers, keeping stock on the floor is what keeps the business running. Inventory finance is a short-term loan that allows you to purchase stock in.

Inventory finance is a short-term loan that allows you to purchase stock in advance without tying up all your cash reserves. The products you buy are the collateral of the loan, so you don't have to use your assets to secure the loan. Then you pay back the lender once you've sold the stock.

Inventory finance is another strategy to preserve cash flow and working capital by allowing you to pay suppliers before you sell the goods. But the real opportunity lies in being able to purchase more stock for your busier times, like Christmas. For anyone with something to sell it can really help boost sales volumes.

These types of loans traditionally have short timespans between 30 to 120 days and the rates and fees can be higher, which can impact your margins. Finding the right product and terms to help you achieve your goals is essential. An important thing to remember is that lenders will want to see a strong track record of sales and a good credit history.

Working Capital Finance

Working capital finance is a loan that helps you take care of your business by taking care of more immediate and day-to-day costs. Like the name suggests, having this type of financing means you have the capital to cover vital costs like ensuring cash flow, paying suppliers on time, or covering employees wages during slower periods.

Just as importantly, it also means you can have funds at hand when you need them to create growth and make the most of any opportunities when they happen. The money is there, if and when you need it, and usually you only start repayments when you've drawn down on it. Unlike other more specific business finance products, working capital loans can be used for many different purposes.

Secured or Unsecured.

Some loans require collateral like your business assets, inventory or even your own home or commercial property as security. However, unsecured loans are still available. The great thing about this is you don't have to bet your house on your businesses success. The main thing to remember is that because of the short-term nature of working capital finance, the interest rates and fees can be higher. At the end of the day, good business finance should help your growth, not hinder it and we're here to help you find the right solution.

Loans to purchase a business or franchise.

Whether you're expanding a current business or starting up a new one, it goes without saying that finding the right finance product for your business or franchise is critical to your success.

The loan options out there are as wide and varied as the type of businesses the lenders are financing. Choosing the finance product that suits your needs is just the beginning. Before a lender will approve your loan, they often require a lot of detailed information. They'll want to see real numbers about things like cash flow, profitability, tax returns, sales forecasts and growth potential of the business. From you they'll also want to know about your qualifications, your personal assets and liabilities, and how much you'll be able to invest. It can often be a complicated and time consuming undertaking.

We can guide you through the entire process, from selecting the right loan, to putting the application together and getting final approval. We work hard to stay up-to-date on available products and understand what lenders need for your application to help maximise your chance of approval.

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We're here to help
make it easier.
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If there's something you don't understand or
need more of an explanation, please just pick
up the phone or email today.



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