HEART FINANCIAL.

BUSINESS FINANCE GUIDE.

THE SMARTER WAY TO FUND GROWTH, PROTECT CASH FLOW AND BUILD WEALTH BEYOND YOUR BUSINESS.

A PRACTICAL GUIDE FOR AUSTRALIAN BUSINESS OWNERS.

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Because it’s more than a loan, it’s your life.

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IMPORTANT INFORMATION

This guide is provided for general information and educational purposes only. It is not personal financial, credit, legal, accounting or tax advice, nor a recommendation to enter into any particular finance arrangement.

Finance options, interest rates, fees, loan terms, security requirements and lending criteria vary between lenders and individual circumstances. Any examples or information are illustrative only and should not be relied upon as a quote, approval or indication that finance will be available.

Before making a business or finance decision, seek advice appropriate to your circumstances, including legal, tax or accounting advice where relevant.

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YOUR BUSINESS IS MORE THAN A BUSINESS

Your business may be your greatest asset, your primary source of income and the foundation of your future wealth. The financial decisions you make today can influence all three.

01	**FUNDING GROWTH**	The right finance structure can help you expand, invest in equipment, acquire another business or take advantage of new opportunities without unnecessarily tying up your cash.
02	**PROTECTING CASH FLOW**	A profitable business can still experience cash-flow pressure. Understanding when money comes in and when expenses fall due is essential before taking on new financial commitments.
03	**STRUCTURING YOUR DEBT**	Different needs call for different finance solutions. Matching the loan term, repayments and security to the purpose of the borrowing can help avoid unnecessary pressure on your business.
04	**BUILDING BUSINESS WEALTH**	Buying commercial premises, acquiring productive assets or growing the value of your business may help build long-term wealth. Each decision needs to be weighed against its costs, risks and alternatives.
05	**PROTECTING PERSONAL WEALTH**	Business loans can put personal assets at risk when guarantees or property security are involved. Understand your exposure before committing
06	**PLANNING WHAT COMES NEXT**	Whether your goal is to expand, step back from day-to-day operations or eventually sell, the decisions you make now can influence your future options.

GOOD BUSINESS FINANCE ISN'T JUST ABOUT GETTING A LOAN.
IT'S ABOUT MAKING INFORMED DECISIONS THAT SUPPORT YOUR BUSINESS TODAY AND THE FUTURE YOU'RE WORKING TOWARDS.

THE 7 NUMBERS THAT MATTER.

Revenue tells you how much you sell. It doesn't tell you how financially healthy your business really is. These seven numbers can help you understand profitability, cash flow and how prepared you are to take on finance.

01	**REVENUE**	How much revenue does your business generate, and is it growing consistently? Look beyond turnover to understand what's driving that growth.
02	**PROFIT MARGIN**	How much profit does your business retain from each dollar earned? Strong revenue means little if costs are rising faster than sales.
03	**OPERATING PROFIT**	What does your business earn from its normal operations? Lenders may assess earnings, often using measures such as EBITDA, when considering borrowing capacity.
04	**CASH FLOW**	How much cash is actually coming in and going out? A profitable business can still struggle to pay bills when cash arrives later than expenses fall due.
05	**MONEY OWED TO YOU**	How long do customers take to pay? Outstanding invoices can tie up cash you need for wages, suppliers and other commitments.
06	**DEBT COMMITMENTS**	How much do your existing loans cost each month? Understand your repayments, interest rates, loan terms and any upcoming refinancing requirements.
07	**CASH RESERVES**	How much cash is available to cover unexpected costs or a quieter trading period? A cash buffer can help you manage unexpected costs without relying on additional borrowing.

IF REVENUE FELL TOMORROW, HOW LONG COULD YOUR BUSINESS KEEP OPERATING WITHOUT ADDITIONAL FINANCE?

PROFIT DOESN'T PAY THE BILLS. CASH FLOW DOES.

A business can be profitable and still struggle to pay its bills. Why? Because profit is not the same as cash in the bank. Timing matters.

THE BUSINESS LOOKS HEALTHY

YOUR BUSINESS INVOICES $200,000 IN A MONTH AND RECORDS $40,000 IN PROFIT. ON PAPER, THINGS LOOK GOOD.

BUT CUSTOMERS PAY LATER

IF CUSTOMERS TAKE 30 TO 60 DAYS TO PAY, SOME OF THAT INCOME MAY NOT ARRIVE UNTIL WELL AFTER THE WORK IS DONE.

THE BILLS DON'T WAIT

WAGES, RENT, SUPPLIERS, TAX AND LOAN REPAYMENTS STILL NEED TO BE PAID ON TIME, WHETHER CUSTOMERS HAVE PAID YOU OR NOT.

THE CASH-FLOW GAP

EXPENSES MUST BE PAID BEFORE SOME CUSTOMER PAYMENTS ARRIVE. WITHOUT ENOUGH WORKING CAPITAL, EVEN A PROFITABLE BUSINESS CAN COME UNDER PRESSURE.

PLAN BEFORE PRESSURE BUILDS

CASH-FLOW FORECASTS, SUITABLE CASH RESERVES AND THE RIGHT FINANCE STRUCTURE CAN HELP YOU PREPARE FOR GAPS BEFORE THEY BECOME A CRISIS.

DO YOU KNOW WHEN CASH WILL ARRIVE, WHEN BILLS ARE DUE AND HOW MUCH YOUR BUSINESS NEEDS TO KEEP OPERATING?

WHEN CASH FLOW NEEDS A HAND.

The timing of money coming in and going out doesn't always line up. The right working capital facility can help your business manage short-term gaps, meet commitments and take advantage of opportunities without putting unnecessary pressure on cash flow.

BUSINESS OVERDRAFT	Access funds up to an approved limit when you need to cover temporary cash-flow gaps, seasonal fluctuations or unexpected expenses.
UNSECURED BUSINESS LOAN	Access funding for defined business needs such as stock, supplier payments or operating expenses, potentially without property security.
INVOICE FINANCE	Unlock a portion of the funds tied up in eligible unpaid customer invoices, helping bridge the gap between issuing an invoice and receiving payment.
TRADE & SUPPLIER FINANCE	Manage the cost and timing of purchasing stock, materials or goods, helping align supplier payments with your business's cash-flow cycle.
SECURED WORKING CAPITAL	Where appropriate, business assets or property may be used as security to support a working capital facility. Understand the risks to any assets pledged before committing.

BEFORE YOU CHOOSE, ASK:

WHAT WILL IT COST, HOW WILL I REPAY IT, AND DOES IT SUIT MY CASH FLOW?

THE RIGHT FUNDING SHOULD KEEP YOUR BUSINESS MOVING.

HOW LENDERS SEE YOUR BUSINESS.

Lenders look beyond turnover to assess your business's financial health, borrowing capacity and ability to repay the loan.

REPAYMENT CAPACITY - CAN YOUR BUSINESS AFFORD THE REPAYMENTS ALONGSIDE EXISTING COMMITMENTS? LENDERS ASSESS EARNINGS AND CASH FLOW.

FINANCIAL PERFORMANCE - ARE REVENUE AND PROFITS STABLE OR GROWING? FINANCIAL STATEMENTS AND MANAGEMENT ACCOUNTS HELP SHOW THE TREND.

EXISTING DEBT - WHAT LOANS AND COMMITMENTS DO YOU ALREADY HAVE? LENDERS ASSESS EXISTING REPAYMENTS BEFORE APPROVING MORE DEBT.

SECURITY & EQUITY - WHAT ASSETS CAN SUPPORT THE LOAN, AND HOW MUCH EQUITY IS AVAILABLE? REQUIREMENTS VARY BY LENDER AND TRANSACTION.

EXPERIENCE & MANAGEMENT - DOES YOUR TEAM HAVE THE EXPERIENCE AND CAPABILITY TO DELIVER THE BUSINESS PLAN?

PURPOSE & RISK - WHAT WILL THE FUNDS ACHIEVE? LENDERS ALSO CONSIDER INDUSTRY CONDITIONS AND RISKS TO FUTURE PERFORMANCE.

A STRONG APPLICATION IS MORE THAN A COLLECTION OF FINANCIAL DOCUMENTS.
IT TELLS A CLEAR, CREDIBLE STORY ABOUT THE BUSINESS, THE PURPOSE OF THE FUNDING AND HOW THE DEBT WILL BE REPAID.

PREPARE BEFORE YOU APPLY.

Good preparation can help identify issues early, reduce delays and present your business clearly to a lender. The documents required will depend on your business, the purpose of the finance and the lender.

01 **FINANCIAL STATEMENTS –** HAVE YOUR LAST TWO TO THREE YEARS OF BUSINESS FINANCIAL STATEMENTS AND TAX RETURNS AVAILABLE, WHERE APPLICABLE.

02 **CURRENT PERFORMANCE –** PREPARE UP-TO-DATE MANAGEMENT ACCOUNTS, RECENT BAS AND CASH-FLOW FORECASTS WHERE RELEVANT.

03 **EXISTING DEBT** – LIST ALL BUSINESS LOANS, LEASES, CREDIT FACILITIES, REPAYMENTS AND OUTSTANDING BALANCES.

04 **ASSETS & LIABILITIES** – KNOW YOUR BUSINESS ASSETS, LIABILITIES AND AVAILABLE EQUITY. PERSONAL FINANCIAL INFORMATION MAY ALSO BE REQUIRED.

05 **BUSINESS STRUCTURE** – HAVE COMPANY, TRUST AND OWNERSHIP DETAILS READY, INCLUDING RELEVANT ENTITY DOCUMENTS.

06 **PURPOSE OF FUNDS** – CLEARLY EXPLAIN WHAT THE FINANCE WILL FUND, HOW MUCH YOU NEED AND HOW IT WILL BENEFIT THE BUSINESS.

07 **REPAYMENT STRATEGY** – BE PREPARED TO EXPLAIN HOW THE DEBT WILL BE REPAID AND PROVIDE FORECASTS OR SUPPORTING EVIDENCE WHERE APPROPRIATE.

08 **TAX & COMPLIANCE** – UNDERSTAND YOUR ATO POSITION AND BE READY TO EXPLAIN ANY OUTSTANDING TAX LIABILITIES OR PAYMENT ARRANGEMENTS.

DON'T JUST GATHER DOCUMENTS. MAKE SURE THE NUMBERS TELL A CONSISTENT STORY ABOUT YOUR BUSINESS, YOUR PLANS AND YOUR ABILITY TO REPAY.

CHOOSE THE RIGHT FINANCE FOR THE JOB.

The right finance depends on what you're funding, how it benefits your business and how repayments fit your cash flow. The right structure can help protect working capital and manage risk.

01	**WORKING CAPITAL**	Cover cash-flow gaps, seasonal demand and delays between paying suppliers and receiving payments.
02	**EQUIPMENT & VEHICLES**	Finance vehicles, machinery and equipment while preserving cash for daily operations.
03	**COMMERCIAL PROPERTY**	Purchase business premises or investment property with a structure suited to the transaction.
04	**BUSINESS ACQUISITION**	Fund a business purchase, with lenders assessing earnings, goodwill, experience and security.
05	**EXPANSION & GROWTH**	Fund new locations, staff, larger contracts or other growth opportunities.
06	**DEBT RESTRUCTURING**	Review existing loans and repayments to see if a different structure better suits your business.
07	**DEVELOPMENT FINANCE**	Fund property development, subject to project feasibility, costs and an appropriate exit strategy.
08	**SPECIALIST FINANCE**	Explore tailored solutions for complex transactions or non-standard circumstances.

THE BEST FINANCE ISN'T ALWAYS THE LOAN WITH THE LOWEST RATE. IT'S THE STRUCTURE THAT SUITS THE PURPOSE, REPAYMENT CAPACITY, TIME FRAME AND RISKS INVOLVED.

THE COSTLY MISTAKES BUSINESS OWNERS MAKE.

The wrong finance decision can put pressure on cash flow, limit future options and expose assets to unnecessary risk. Understanding the pitfalls before you borrow can make a real difference.

01	**BORROWING WITHOUT A CLEAR PLAN**	Know exactly what the funds will achieve and how the borrowing supports your business goals.
02	**FOCUSING ONLY ON THE INTEREST RATE**	Fees, loan terms, repayment structure and flexibility all affect the true cost of finance.
03	**UNDERESTIMATING CASH FLOW**	Allow for quieter periods, late payments and unexpected costs before committing to repayments.
04	**USING THE WRONG LOAN STRUCTURE**	Match the loan term and repayment schedule to the asset, purpose and expected cash flow.
05	**OVERLOOKING PERSONAL RISK**	Understand any personal guarantees, property security and other obligations before signing.
06	**BORROWING TOO MUCH OR TOO LITTLE**	Consider the full funding requirement, including costs, contingency and working capital.
07	**TIMING YOUR FINANCE**	Allow time for assessment, valuations, documentation and settlement.
08	**IGNORING THE EXIT STRATEGY**	If the loan is short-term, understand how and when it will be repaid or refinanced.

BEFORE YOU SIGN, ASK: DOES THIS FINANCE SUPPORT YOUR GOALS, PROTECT CASH FLOW AND KEEP YOUR OPTIONS OPEN?

PROTECTING YOUR PERSONAL WEALTH.

Business borrowing can put personal assets at risk. Understand how guarantees and property security work before committing to a loan.

01 **PERSONAL GUARANTEES –** YOU MAY BECOME PERSONALLY RESPONSIBLE FOR BUSINESS DEBT IF THE BORROWER DEFAULTS, SUBJECT TO THE GUARANTEE'S TERMS.

02 **PROPERTY AS SECURITY –** IF YOUR HOME OR ANOTHER PROPERTY SECURES A LOAN, IT MAY BE AT RISK IF REPAYMENTS CANNOT BE MAINTAINED.

03 **CROSS-COLLATERALISATION –** SOME LENDING STRUCTURES LINK MULTIPLE PROPERTIES OR ASSETS AS SECURITY, WHICH CAN LIMIT YOUR FLEXIBILITY WHEN SELLING OR REFINANCING.

04 **CHOOSING THE RIGHT ENTITY –** CONSIDER WHETHER THE BORROWER SHOULD BE A COMPANY, TRUST OR INDIVIDUAL, WITH APPROPRIATE LEGAL AND TAX ADVICE.

05 **UNDERSTAND YOUR EXPOSURE –** KNOW WHICH ASSETS ARE PLEDGED, WHO IS GUARANTEEING THE DEBT AND WHETHER GUARANTEES HAVE LIMITS.

06 **KEEP PERSONAL & BUSINESS FINANCES CLEAR –** GOOD RECORDS AND APPROPRIATE SEPARATION CAN IMPROVE VISIBILITY OVER CASH FLOW AND FINANCIAL COMMITMENTS.

07 **PLAN FOR THE UNEXPECTED –** CONSIDER WHAT WOULD HAPPEN IF REVENUE FELL, INTEREST RATES ROSE OR THE BUSINESS COULD NO LONGER MEET REPAYMENTS.

BEFORE SIGNING, ASK: WHAT AM I PUTTING AT RISK, AND DO I UNDERSTAND THE CONSEQUENCES?

WHEN TRADITIONAL LENDING DOESN'T FIT.

Not every business fits a bank's standard lending criteria. Specialist and private lenders may offer alternatives, but understanding the costs, risks and exit strategy is essential.

01	**WHY BANKS MAY SAY NO**	Complex income, unusual security, recent business changes or time-sensitive transactions can make standard approval harder.
02	**SPECIALIST LENDERS**	Some lenders cater to specific industries, asset types or more complex borrowing situations.
03	**PRIVATE LENDING**	May offer flexibility for complex or time-sensitive transactions, subject to the lender's criteria.
04	**UNDERSTAND THE COST**	Rates, fees and other charges can be higher. Compare the total cost, not just the interest rate.
05	**KNOW THE TIMEFRAME**	Some facilities are short-term, with fixed expiry dates or specific repayment conditions.
06	**HAVE AN EXIT STRATEGY**	Know how the loan will be repaid, whether through refinancing, a property sale or another clearly defined source.
07	**CHECK THE RISKS**	Understand the security, guarantees, default provisions and consequences if your exit plan is delayed.

ALTERNATIVE FINANCE CAN CREATE OPPORTUNITIES, BUT IT SHOULD BE A CONSIDERED STRATEGY — NOT A SUBSTITUTE FOR A REALISTIC REPAYMENT PLAN.

BEFORE YOU BORROW.

The questions every business owner should ask before committing to finance.

BEFORE YOU MAKE A MOVE, ASK YOURSELF:

01 What am I trying to achieve with this funding?

02 How much do I really need, including costs and a contingency?

03 Can my cash flow comfortably support the repayments?

04 Have I reviewed my existing loans and financial commitments?

05 What security or personal guarantees will be required?

06 Does the loan structure suit the purpose and timeframe?

07 What will the total cost of finance be, including fees?

08 How will I repay the debt or exit the facility?

09 What happens if revenue falls or costs increase?

10 How could this affect my future borrowing capacity?

11 Am I putting personal assets or family wealth at risk?

12 Have I considered what happens if my plans change?

BEFORE YOU COMMIT, MAKE SURE YOU KNOW WHY.

PURPOSE. COST. STRUCTURE. RISK. REPAYMENT. FUTURE.

IS YOUR BUSINESS FINANCE WORKING FOR YOU?

LET'S REVIEW IT, TOGETHER.

Book a Heart Business Finance Review

We'll review your business, your funding needs and your plans for the future. Together, we'll explore finance options that align with your cash flow, business goals and repayment capacity.
Whether you're funding growth, purchasing equipment, managing working capital or exploring a more complex transaction, let's find the right way forward.

No pressure.
Just a conversation.

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