



Checklist: Documents for your business loan application

Getting a business loan approved can be a challenge, but it is one that can be overcome with the right preparation.

Understanding some of the most common reasons why business loans are declined and knowing what to prepare for your application from the outset can speed up the application process as well as increase the chances that your application will be approved.

Here's a list of everything you should prepare and be ready to provide when applying for a business loan:

Ready for application? Check the boxes to make sure you have all the documents you need prepared and available to include in your business loan application:

A business plan

Your plan should include information about the nature of your business, product offering, market environment and current management skills. It is an important means of



giving lenders insight into your business and providing a view ahead.

At least 6 months' bank statements from your business's bank accounts

This is vital in allowing lenders to determine the profitability of your business and therefore the level of risk involved in lending to your business. Bank statements also help lenders to determine the amount you can afford to borrow and the repayment rate best suited to your business's needs.

A business current account in good standing

Unpaid debts on your business current account can negatively impact your credit score, as well as the cash flow of your business should you incur fees or penalties for dishonoured debits.

Keeping sufficient capital on hand to honour debts demonstrates your business's ability to operate efficiently and improves your chances of having your business loan approved.

A cash-flow forecast

Consistent cash flows are a vital aspect that lenders consider when a business applies for a loan. For newer businesses or businesses that rely on seasonal income, forecasts can provide a more holistic view of cash flows than may be available based on current records.



Sales and purchases budgets

Projected income and expenditure statements

Financial statements and management reports

These demonstrate the financial health of your business and your business's financial track record, particularly in terms of income received and payments made to creditors.

Personal statements of assets and liabilities for all partners, members or directors

This is vital in assessing the viability of management structures, as well as evaluating the business in terms of governance issues and potential risks or conflicts of interest.

Credit reports for the business and all partners

A good credit score can be one of the most decisive factors lenders use in determining whether to approve a loan application.

Credit reports should have no arrears or judgements.

Amount and source of the owner's contribution or stake in the business



Documents indicating the intended use of loan funds

This assists lenders with understanding your business plan and may demonstrate your eligibility for a specialised loan for expenditures such as vehicles, property or asset finance.

Details of proposed or offered collateral

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