business
for sale

Finance to Buy a Business

Choosing an existing business for sale is the easy part; by the time you're considering buying a business, you already have an idea of which industry it will be in, its size, type, and all of the other particulars. The more complicated part is when it comes to applying for finance to buy a business. Very few people have the capital to use cash to buy the business, so it's important to understand the ways and means of borrowing money and still making those dreams come true!

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Author: **Bronwen Barnard**

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Opting for Finance to Buy a Business

The good news about applying for a loan to buy an established business is that financial institutions and lenders will feel more comfortable approving it. Investing in a start-up may prove to be a lot trickier. This is because established businesses have solid financial records, a proven track record of performance, and various assets.

Bank-Financed Business Loan

Banks are generally the first option that anyone looking to apply for a loan turn to. Unsurprisingly, banks are quite strict when it comes to the application process, and you will need to compile a lot of information in order to get the go-ahead from the bank you're dealing with.

Top Tip: Consider lending on your mortgage loan; this tends to be an easy process.

Accounts of the Business

A bank will need to see the accounts of the business that you intend to buy, and you'll need to supply at least three years' worth to provide a clear picture of the health of the business. These will show whether the business is a viable purchase or if the bank is taking a risk by lending you the money.

Business Plan

A bank will need to see what the business does, how it fits into the market, what your plans are to reach that market, and how you plan to ensure the business' success. Make sure that this paperwork makes sense and is credible.

Realistic Revenue Projections

At the end of the day, a bank needs to know that the money they are lending you is going to yield successful results for them. Your business plan should mention different scenarios and how you plan to make a success from them. This includes calculated and estimated costs vs profits.

An Accurate Business Valuation

You will need to provide evidence of the value of the business you are buying.

Searching for a business that not only meets all your requirements with regards to income, location, industry but also falls within your budget can be difficult. Our website assists buyers and sellers of businesses within multiple industries. Contact us for advice and more information!