

Business

**Working together
for your business**



**Bank of
Ireland
UK**

Contents

Section 1:	Talk to us	1
Section 2:	Reviewing your business for the future	3
Section 3:	Understanding your business right now	7
Section 4:	Financial solutions	9
Section 5	Applying for credit	12
Section 6:	Our doors are open	17

Talk to us

When it comes to making the most of your business, Bank of Ireland UK is here to help and support you. This booklet introduces you to Business Banking and how we can work together.

The more you communicate with us, the more we can support you. Do your best to keep us updated at all times, so that we can fully understand your business. We'll always be here to help, whether you're dealing with challenges or planning for growth.

Help us, help you

There are things you can do to build an effective working relationship with us:

What we will need you to do

- ▶ Talk to your account manager regularly. The more you do, the better equipped we are to help when you need it.
- ▶ Keep on top of how your business is performing and keep us up to date. You can do this by updating your management accounts regularly. We may need you to give us this information to see how we can help you.
- ▶ Tell us about your industry and how your business runs. This will help us to understand your business and how it works. We might ask to visit you at your business to help with this.

We can give you more information when you talk to us.

What we will tell you

- ▶ What information we need from you and why it is important to us.
- ▶ How we assess any request for borrowing.
- ▶ About the day to day banking products which are available and may suit your needs.
- ▶ About ways to improve your cashflow.

Reviewing your business for the future

One of the most important things you can do to ensure the success of your business is to have a realistic plan for the future. This is known as your Business Plan.

At a high level your Business Plan should include:

- ▶ Detail on how things are today and a realistic roadmap of your business' future.
- ▶ What are your financial goals, milestones, and opportunities.
- ▶ A plan for dealing with risk and unexpected costs.
- ▶ Detail on how you will adapt to the changing environment.

What should you think about when creating your business plan and managing your business today?

While looking after your finances and keeping a close eye on your cash flow may seem routine, it's always worthwhile to check. We've included below some areas to check, as well as useful tips that should help you to review your business ways and make sure everything runs as planned.

How are you managing cash flow?

- ▶ Make sure you have a cash flow plan in place and that you, or someone in the business, is checking it on a regular basis.
- ▶ Use 'what if' situations to see what will happen to your cash flow if sales are 20/30% greater or less than your forecast.
- ▶ Test your cash flow. For example, if your debtors take an extra 30 days to pay or if your creditors want payment up front, how will this affect your cash flow?
- ▶ Be careful about how quickly you expect your customers to pay. It's better to expect a slow payment and then receive the cash sooner.
- ▶ Try to have a reserve of cash to cover costs or a slow collection of monies.
- ▶ If you run into problems and can't pay a supplier on the due date, talk to them as soon as possible. The quicker you talk to them, the more likely they are to help you.

How are you managing debtors?

Good credit control does not just happen. It is important that you have a good system in place to make sure you get paid on time. A good system will help you control your cash flow and help your customers to pay you on time.

How are you managing creditors?

A managed supply chain saves time and money. Make sure you receive benefit for buying in bulk and that the credit terms are good for the cash flow of the business. It's a good idea to build and keep a strong relationship with suppliers.

How are you managing stock?

Don't carry more stock than you need. High stock could mean high storage and insurance costs as well as the risk of stock going out of date if your customers' needs change. While being given money off the price to buy stock seems like a good idea you need to think about whether the cost of holding the stock will be more than the discount you are getting.

Have you thought about your market?

- ▶ Who are your competitors?
- ▶ How is the industry performing?
- ▶ What are the prospects of my industry?
- ▶ What opportunities and risks are there?
- ▶ Have you considered new markets, such as international, national or local?

Communicate with your staff

It is important that all staff know if you are making changes to your business. This will help them during uncertain times.

Bookkeeping

You shouldn't wait until your Accountant provides your Annual Accounts to check how your business is doing. You should be checking your finances regularly to see how things are going and spot any problems. You should consider doing your own bookkeeping to keep on top of things.

Managing existing debt

- ▶ Make sure you are using the correct type of borrowing for your business. Maybe another product would be better for your business, for example invoice finance instead of an overdraft.
- ▶ Supply up to date financials on a regular basis and make sure the figures are correct. Don't delay giving up-to-date information if it has been requested.
- ▶ Be aware that if your debt goes 90 days in arrears, it is viewed as being 'in default' and may affect your credit rating in the future.
- ▶ Avoid going over your overdraft limit, missed payments, shortage of turnover in account, as these will all affect your credit rating and increase your costs.
- ▶ If you have a need to refinance or rearrange existing debt, contact your Account Manager as soon as possible. They will work with you and help you in any way they can.
- ▶ Make sure you have a knowledge of any issues facing your business and show plans that will be put in place to address these.

You should review your business plan regularly

Reviewing your business plan regularly will help you see what's going well and what isn't working. This will help you decide what actions you need to take to put things back on track. This could involve anything, from ways to reduce costs and debt, to how to enter a new market.

Not sure where to start in creating your Business Plan?

We've put a helpful template together to help you get started. You can download our template and find more by visiting

bankofirelanduk.com/business/loans/term-loan/

Understanding your business right now

It's also useful for you to review your business as it is today. This will help when putting your Business Plan together.

Below are things to consider when reviewing your business.

- ▶ How are you managing cash flow?
- ▶ Are you effectively managing:
 - Your Debtor collections days
 - Creditor payments
 - Stock levels
- ▶ What happens if the business suffers a financial loss if you or your staff become ill?
- ▶ Do you have a suitable management structure in place?
- ▶ Is your business model viable and sustainable?
- ▶ Do you have the capacity to trade during challenging times?
- ▶ Are you regularly reviewing your costs and sales?
- ▶ Have you considered new markets?
- ▶ Are you planning to introduce new products?
- ▶ Are you trading on suitable channels, such as online?
- ▶ Are your projections realistic?
- ▶ Do you need to close unprofitable activities or products?

- ▶ Have you thoroughly reviewed the market?
 - Who are your competitors?
 - How is the industry performing?
 - What are the prospects of my industry?
 - What opportunities and risks are there?

Financial solutions

There are different ways to finance your business. It's important that you make sure the option you choose suits the needs of your business. The options available to you when looking to raise finance for your business include:

- ▶ Your own money
- ▶ Venture Capital Funding
- ▶ Internal Company Sources
- ▶ Government support
- ▶ Business banks

In the following section, we let you know the financial support that is available for your business.

How we can help

No matter what type of business you run, there could be a product that will suit it. Your Account Manager can talk you through a product that matches your business needs. Let's look at some types of bank debt facilities available.

Overdraft*

What is it?

An Overdraft is a short-term safety net for your business finances. We will agree the amount your account can go overdrawn by. An overdraft is repayable on demand. The interest rate will change when the Bank of England Base Rate changes.

What should it be used for?

An overdraft on your business account can be used to cover the time between when you sell your goods and when you get paid for them. It is often used to cover short term or seasonal cash flow requirements. It is a very important tool to manage your cash-flow.

Term Loan / Loan*

What is it?

- ▶ A way to fund assets over an agreed period.
- ▶ Various repayment options are available and are designed to suit your cashflow. Your Account Manager will discuss the options with you when you apply for credit.
- ▶ Interest rates can be fixed or variable.

What should it be used for?

A Term Loan can be used for buying assets, growing your business, or buying property.

Did you know:

- ▶ You are not required to open or maintain a Business Current Account with us to get or manage a business loan.
- ▶ You can switch your Business Current Account to another provider while retaining your business loan with us.
- ▶ You can use another provider to manage your business banking while retaining your business loan with us.

Lease (or Asset Finance)*

What is it?

- ▶ Leasing is a type of Rental.
- ▶ The Asset being hired by the person or business should be suitable and in good condition.
- ▶ The Finance Company owns the asset.
- ▶ The person or business hiring makes agreed regular payments to Finance Company.
- ▶ A normal lease length is between 3 to 5 years.

What should it be used for?

Cars, vans, lorries, equipment and machinery.

*Subject to Bank of Ireland UK lending requirements

Invoice Finance* (sometimes called Invoice Discounting or Commercial Finance)

What is it?

- ▶ A flexible, multi-currency way to fund your business.
- ▶ We fund a percentage of your sales invoices.

Who can use Invoice Finance?

Profitable, growing businesses who need more cash.

Commercial Card*

What is it?

Our Commercial Card can help you manage your business spending. It can be used by you and your staff to buy everyday items needed to keep your business going. It can also be used for other less regular spending as needed from time to time.

An unlimited number of cards may be issued per account.

- ▶ Can be used at over 25 million places worldwide.
- ▶ There is currently an annual fee on the card.

What should it be used for?

You and your employees can use it for their business expenditure, or it can be used for specific spend such as office stationery, insurance premiums or other occasional office purchases.

*Subject to Bank of Ireland UK lending requirements

Applying for credit

You may not know what you need to do to apply for credit with us. We will ask you to give us information which we then use to assess your request for funding. Simply speak with your Account Manager to learn more.

This section explains the type of documents we may need you to give us and why they are needed. It also describes the main areas we look at when you ask us to provide funding.

To get online tools and help to apply for credit with us please visit: bankofirelanduk.com/business/loans/term-loan/ and follow the link for our Credit Application Process.

What we look at?

We will assess your request for funds based on several key areas. These are explained below:

The background of the Business Owner

We will look at how you repaid bank borrowing you may have had in the past. To do this we may check your record with credit reference agencies. If you want to understand more about Credit Reference searches, please read our brochure "A Guide to Banking for Business Customers" or speak to your Account Manager.

Management capability

We want you to tell us how you are planning for the future of your business. We would like you to show us how you are dealing with any problems that your business is facing. Your Account Manager will also look at your track record in business as well as your management skills and experience.

What do you need the funding for?

We'll want to know what you'll do with the funding you are asking us for. For example, do you need it for working capital, investing in assets, or expanding your business? We will need you to show us how the money you are asking for will help your business to meet the goals you have set for it.

How much do you need to borrow?

It is very important to apply for the right amount of money. Have you considered all the costs involved? For example, the price to buy a machine might be £50,000 but there could be a cost to transport and install the machine in your premises. This could bring the actual cost up to more than £50,000. If you underestimate the amount of money you need, you may have to use your valuable cash reserves to fund the extra costs.

Repayment capacity

We need to see that the business can repay the money it wants to borrow. For a term loan or a lease, we'll look at the income of the business to make sure it is enough to meet the repayments on the loan or lease.

We will also look at other financial commitments the business might have and how these will be repaid. In the case of an overdraft, you should show us how

it will be used to help with the cash flow need of the business. The Business Current Account should not have to use the overdraft all of the time.

Market

We want you to tell us about the market your business operates in. We will look at the local market to see if there is anything that could have an impact on how your business performs. We will look at the assumptions you have included in your business plan and compare these against normal market trends.

What we look for

Proof of what you are planning for your business, for example, a cash flow forecast or brief action plan. This will give us an understanding of you as a business owner, the market, the product or service, the statements supporting the financial forecast and details of your plans for the future.

The latest financials accounts with up-to-date information on debtors and creditors, stock, work in progress, and the like. We will then have details on how your business performed in the past and how it is likely to perform in the future.

Tax confirmation by Accountant

This confirms that all tax payments are up to date and in order.

Proof of contracts, copies of invoices and letters from customers.

This backs up data on the order book.

Bank statements if your account is not held with Bank of Ireland.

This allows us to review your account operation.

Documents to confirm your business name

If your business is a limited company, we'll need you to provide us with the Certificate of Incorporation. This enables us complete checks on the business.

Documents of company directors, such as, proof of name and proof of address.

This allows us to complete all checks on the business.

Extra points to consider

Security

Security may be asked for as part of the terms of borrowing. Property or assets may be used as security against borrowing. When a borrower repays the loan in full and on time the security is returned to them. However, should a default occur, the Bank will have the right to the security as part of the terms of the borrowing. This may involve the Bank taking possession of the asset and releasing its value by selling it. The money would then be applied to the balance owed to the Bank. In most cases, this will be used as a last resort and the Bank will do its' best to avoid selling the assets or calling in the guarantee.

How much security will we need?

The amount of security we will need depends on the type of risk associated to your application. If your business is a limited company, we may require a Personal Letter of Guarantee from the directors of the company. This protects us in the unfortunate event of the company failing. A personal guarantee shows the owners' personal commitment to the business.

Loan Protection

It's a good idea to protect yourself as a borrower. You can help do this by having Life and, sometimes, Critical Illness insurance cover in place. Please talk to us to find out more.

Interest rates

We'll look at the level of risk in the application and decide the cost based on the risk and cost to us of lending to you. Different rates are available with different finance choices, so make sure that you are using the correct type of finance for your business, if not you could be paying higher interest rates. Talk to your Account Manager to find out more.

Timings

If all information is provided your Account Manager will make you aware of the outcome of your application within two to three working days. We will keep you informed of the progress of the application.

Credit approval

When your application is approved, we'll send you a facility letter that gives details of the facility. You should receive this within one to two weeks of your facility being approved.

We'll make our requests clear and will recommend that you seek independent advice before entering into an agreement with us. Information on the interest rates charged will be included in your facility letter.

We aim to instruct to have any security put in place within three days of receiving back your signed facility letter. The time taken to have the security put in place will depend on the type of security being taken.

If your application for new funding, or an increase to an existing facility is declined, we'll;

- ▶ give details of why the application was declined,
- ▶ give details of how the application can be appealed,
- ▶ explain how you can be referred to the Government designated Finance Platforms.

How to appeal your declined credit application

If you would like to appeal your declined application, please write to us within 30 days of being told of the decline to the following address:

Bank of Ireland UK Credit Governance NI, 7th Floor, 1 Donegall Square South, Belfast, BT1 5LR.

Referring your declined application to the Government Designated Finance Platforms

If we declined your application and you are not happy with our decision, we can refer you to the Government Designated Finance Platforms. We will ask for your verbal consent before we make the referral.

Arranged overdraft limits

If you go over your arranged overdraft limit, this will lead to fees and charges, including higher interest rates being charged. Please refer to our Rates and Product brochure for details.

If the current limit on your account is not enough, you should discuss increasing your limit with your Account Manager.

Our doors are open

At Bank of Ireland UK, we are committed to helping you at every stage of your business.

We have a range of information to support all aspects of starting and running a business.

Account managers are available between 9.00am to 5.00pm Monday to Friday (excluding Bank Holidays).

Information on our range of products and services and details of how to make an enquiry online, can be found at **bankofirelanduk.com**.

Useful business supports

Business Banking

bankofireland.co.uk/business

Lending Standards Board

lendingstandardsboard.org.uk

Companies House

companieshouse.gov.uk

Federation of Small Businesses

fsb.org.uk

HM Revenue & Customs

hmrc.gov.uk

Law Society

lawsociety.org.uk

Department for Business Innovation & Skills

bis.gov.uk

Intellectual Property Office

ipo.gov.uk

Market Research

mrs.org.uk

Invest NI

investni.com

Business Information

nibusinessinfo.co.uk

Intertrade Ireland

intertradeireland.com

European Investment Bank

eib.org

UK Loan Guarantee Scheme

british-business-bank.co.uk

We can provide this document in Braille, in large print and on audio tape or CD.

Please ask any member of staff for details.



Bank of Ireland UK adheres to The Standards of Lending Practice which are monitored and enforced by the Lending Standards Board: lendingstandardsboard.org.uk

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