FactorFAST

9 Different Ways To Fund Your Business

FACTOR FAST FINANCE OPTIONS

Index

Quick Overview Table

FINANCE TYPE	BEST FOR
Selective Invoice Finance	Boosting cash flow on your terms – choose specific invoices to fund
Secured vs Unsecured Finance	Understanding the difference and choosing based on risk, speed, and loan size
Invoice Factoring	Boosting cash flow by unlocking money tied up in unpaid invoices
Asset Finance	Spreading the cost of buying vehicles, equipment, or machinery
Merchant Cash Advance	Quick cash based on card sales – great for retail, hospitality & online stores
Bridging & Development Finance	Fast, short-term funding for buying, renovating, or building property
Revolving Credit Facility	A flexible, reusable funding pot – like a business overdraft
Start Up Loans	Early-stage funding for new businesses or first-time founders
Lease Finance	Renting assets or equipment with lower upfront costs

Mini Comparison Chart

FINANCE TYPE	Quick Access?	Asset Required?	Tax Benefits Possible?	Good For...
Selective Invoice Finance	✅ Yes	⛔ No (uses invoices)	✅ Yes	Choosing which invoices to fund for flexible cash flow
Secured Loan	⛔ Not always	✅ Yes	✅ Yes	Big amounts, lower rates
Unsecured Loan	✅ Yes	⛔ No	✅ Yes	Quick funding, lower amounts
Invoice Factoring	✅ Yes	⛔ No (uses invoices)	✅ Yes	Cash flow gaps
Asset Finance	✅ Yes	✅ Yes (new asset)	✅ Yes	Buying vehicles, kit, etc.
Merchant Cash Advance	✅ Yes	⛔ No	✅ Yes	Card-based businesses
Bridging Finance	✅ Yes	✅ Yes (property)	✅ Yes	Auctions, quick property deals
Development Finance	⛔ Takes setup	✅ Yes	✅ Yes	Property construction
Revolving Credit	✅ Yes	⛔ Sometimes	✅ Yes	Flexibility, short-term gaps
Start Up Loan	✅ Yes	⛔ No	✅ Yes	New businesses
Lease Finance	✅ Yes	✅ Yes (leased item)	✅ Yes	Keeping kit up to date

Selective Invoice Finance

WHAT IS IT?

Selective invoice finance gives you the flexibility to choose which invoices you want to fund. Instead of financing your whole sales ledger, you can unlock cash from specific invoices when you need to – no long contracts or monthly minimums. You stay in charge of collections, and your customers don't even need to know you're using finance.

PROS AND CONS

PROS	CONS
✅ Only fund the invoices you choose – complete control	⚠️ Fees may be higher per invoice
✅ No long contracts or tie-ins	⚠️ Not all lenders offer it
✅ Ideal for one-off needs or seasonal dips	⚠️ Not as efficient if used for every invoice
✅ Customers don't know you're using finance	-
✅ Works well for newer or smaller businesses	-

WHEN IS IT A GOOD FIT?

- You only want to finance a few invoices now and then
- You're a B2B business with occasional cash flow gaps
- You want to stay in control of your customer relationships
- You don't want to be tied into minimum volumes or contracts

EXTRA TIPS AND THINGS TO CONSIDER

- Some lenders offer online portals to help you manage what's funded
- The fees and interest are usually tax-deductible – check with your accountant

Secured vs Unsecured Business Finance

WHAT IS IT?

When you're looking to borrow money for your business, lenders usually want to know one thing: *how risky is this going to be for us?* That's where **secured** and **unsecured** finance come in.

- **Secured finance** means the loan is backed by something valuable – like property, vehicles, or equipment. If things go pear-shaped, the lender can repossess that asset to get their money back.
- **Unsecured finance** doesn't require any assets – it's based more on your business performance, credit history, and sometimes a personal guarantee.

PROS AND CONS

SECURED FINANCE	UNSECURED FINANCE
✅ Lower interest rates – less risk for the lender	✅ Faster to access – no asset checks or valuations
✅ Higher borrowing limits	✅ No risk of losing business or personal assets
✅ Longer repayment terms available	✅ Great for businesses without physical assets
✅ Loan interest may be tax-deductible	✅ Loan interest may be tax-deductible
⚠️ Slower application process – requires asset valuation	⚠️ Higher interest rates (lenders take more risk)
⚠️ You could lose the asset if you default	⚠️ Usually lower borrowing limits
⚠️ May require legal or admin costs to secure the loan	⚠️ May need strong cash flow or a personal guarantee

Secured vs Unsecured Business Finance

WHEN IS IT A GOOD FIT?

Secured Finance is often the better choice when:

- You've got valuable business assets (like property, machinery, or vehicles)
- You're looking to borrow a large amount
- You want to keep monthly repayments low
- You're not in a mad rush to get the funds

Unsecured Finance tends to suit businesses who:

- Need money quickly (within days, not weeks)
- Don't own any major assets
- Only need a smaller amount for a short-term gap
- Prefer to avoid risking property or equipment

OTHER SECURED FUNDING OPTIONS TO CONSIDER

ASSET FINANCE

Instead of using your existing assets to raise cash, asset finance is all about **acquiring** something new – like equipment or vehicles – with the item itself acting as security. It's technically a type of secured finance, but the goal is different.

PROPERTY REFINANCING

Got equity in a commercial or residential property? Refinancing can unlock funding, sometimes at much better rates than a traditional secured loan.

When it's a good idea:

- You're sitting on property equity
- You want to raise a large amount with lower monthly repayments
- You're not in a rush (these things take time)

When it's not:

- You're close to maxing out the mortgage
- You need the money urgently
- Your income or credit position has weakened since the original loan

Want to explore this?

EXTRA TIPS AND THINGS TO WATCH OUT FOR

- Even with **unsecured** finance, most lenders want a **personal guarantee** – especially if your business is new or has patchy credit history.
- With **secured** loans, be crystal clear on what's at risk. If you default, the lender will come after the asset.
- Loan interest and related fees can often be claimed as business expenses – but always check with your accountant first.

Invoice Factoring

WHAT IS IT?

Invoice factoring lets you release cash tied up in unpaid invoices. A lender advances most of the invoice value upfront and takes over chasing the customer. Once they pay, you get the rest – minus a small fee.

PROS AND CONS

PROS	CONS
✅ Can grow with your sales – more invoices = more cash	⚠️ Lenders usually want a solid trading history
✅ Helps avoid the need for loans or overdrafts	⚠️ Factoring means someone else is chasing your customers
✅ Costs are usually tax-deductible as a business expense	⚠️ Some providers tie you into contracts or minimum volumes
✅ Improves working capital and supplier relationships	⚠️ Doesn't work well for businesses with few invoices or B2C sales
✅ Speeds up cash flow – no more waiting for clients to pay	-

WHEN IS IT A GOOD FIT?

- You're a B2B business with decent monthly invoicing
- Your clients take ages to pay and it's choking your cash flow
- You're growing fast and need working capital to keep up
- You'd rather not take out a loan

EXTRA TIPS AND THINGS TO CONSIDER

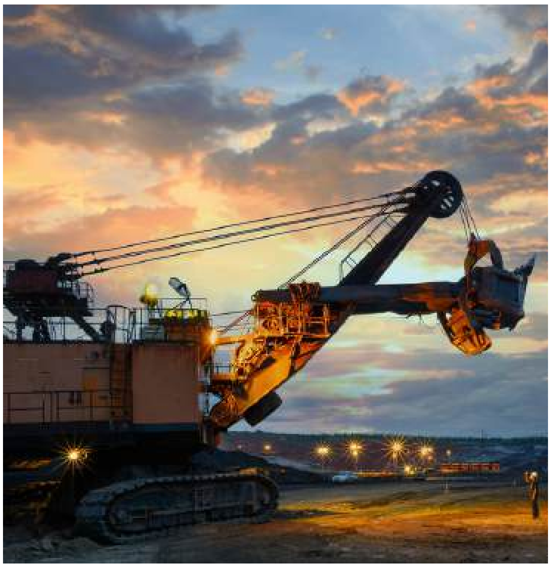
- With factoring, your customers will know you're using invoice finance. If that's you, go with invoice discounting.
- Some lenders offer selective invoice finance, so you can pick which invoices to fund.
- The fees and interest are usually tax-deductible – but have a word with your accountant to double-check how it applies to you.

Asset Finance

WHAT IS IT?

Asset finance is a way to fund the purchase (or use) of business equipment, vehicles, or machinery **without paying the full cost upfront**. You either lease the asset, or buy it gradually over time using something like hire purchase. The asset itself acts as security for the lender.

This makes it a popular choice for businesses that need expensive kit but want to keep cash in the bank.



PROS AND CONS

PROS	CONS
✅ Spread the cost over time – no big upfront hit	⚠️ You might not own the asset until the end (depending on the deal)
✅ Keeps working capital free for day-to-day use	⚠️ Could cost more overall compared to buying outright
✅ Fixed monthly payments make budgeting easier	⚠️ May require a deposit or upfront payment
✅ Often quick to arrange and secured against the asset itself	⚠️ Missed payments may lead to the asset being taken back
✅ Potential tax benefits (VAT reclaim, capital allowances, expense deductions)	⚠️ Only works for specific physical assets (not general business costs)

Asset Finance

WHEN IS IT A GOOD FIT?

Asset finance makes sense if:

- You need to invest in equipment, vehicles, or machinery
- You want to avoid a big lump sum spend
- You'd rather not use personal or property assets as security
- You're looking for possible tax relief options

EXTRA TIPS AND THINGS TO CONSIDER

- **Hire Purchase**: You'll usually own the asset at the end (after a final payment), and may be able to claim capital allowances.
- **Leasing**: More like renting – ideal if you regularly upgrade or replace equipment.
- Many agreements allow you to reclaim VAT on the asset or offset monthly payments as business expenses – speak to your accountant to check what applies to your setup.

You can also **refinance existing assets** you already own to release cash – a handy option if you need a lump sum.

Merchant Cash Advance

WHAT IS IT?

A **Merchant Cash Advance (MCA)** lets you borrow money based on your **future card sales**. Instead of a fixed monthly repayment, the lender takes a percentage of your daily or weekly **card takings** until the amount is paid back.

So when business is booming, you repay more. When things slow down, your repayments shrink too.

It's a flexible option for retail, hospitality, salons, or any business that gets most of its income via card machines.

PROS AND CONS

PROS	CONS
✅ Repayments flex with your sales – no fixed pressure	⚠️ Can be more expensive than a traditional loan
✅ No fixed term – it's paid back as you trade	⚠️ You need a steady flow of card payments to qualify
✅ Quick access to funds (sometimes within 48 hours)	⚠️ Only works if you take payments through a card terminal or online gateway
✅ Repayment fees may be tax-deductible as business expenses	⚠️ Not ideal for low-margin businesses or seasonal slowdowns
✅ Doesn't usually require business assets as security	-

Merchant Cash Advance

WHEN IS IT A GOOD FIT?

A Merchant Cash Advance works well for:

- Businesses with strong and steady card sales
- Retail shops, restaurants, bars, salons, online stores, etc.
- Companies that want funding fast, with minimal paperwork
- Owners who don't want fixed monthly repayments

EXTRA TIPS AND THINGS TO CONSIDER

- MCA providers usually integrate with your card terminal or payment processor (e.g. Stripe, SumUp, Barclaycard, etc.).
- You don't need assets, but you may still need a decent trading history.
- Fees and repayment percentages can vary a lot – always compare.
- Costs are often deductible as business expenses – ask your accountant what you can claim.

Bridging & Development Finance

WHAT IS IT?

Bridging and development finance are both short-term funding options, mostly used for property projects. Think of them as “gap fillers” — they help you move quickly when traditional finance won’t cut it.

- **Bridging finance** is typically used to “bridge the gap” between buying and selling property, funding auctions, covering renovations, or sorting quick purchases.
- **Development finance** is aimed at funding construction or heavy refurb projects — whether it's ground-up building or turning a warehouse into flats.

These types of finance are usually interest-only, secured against property, and repaid once the project is sold or refinanced.

PROS AND CONS

PROS	CONS
✅ Fast access to large sums	⚠️ More expensive than traditional loans
✅ Great for auction buys, time-sensitive deals, or fixer-uppers	⚠️ Can require a hefty deposit or equity in existing property
✅ Development funding released in stages to match build progress	⚠️ Short terms – usually 6 to 18 months
✅ Interest is often tax-deductible as a business expense	⚠️ Secured against property – risk of losing it if things go wrong
✅ Ideal for property developers or investors	⚠️ Lots of paperwork: valuations, build plans, cost schedules, etc.

Bridging & Development Finance

WHEN IS IT A GOOD FIT?

Bridging and development finance is worth a look if:

- You're buying property at auction and need to move fast
- You're waiting for another sale or mortgage to complete
- You're building from scratch or doing major renovations
- You want to release equity in a property to fund a project

EXTRA TIPS AND THINGS TO CONSIDER

- You'll usually need to show a **clear exit strategy** – i.e. how you'll repay the loan (sale, refinance, rental income, etc.).
- Most lenders require detailed plans, timelines, and costings for development projects.
- Bridging loans can be arranged in days – but don't leave it until the last minute, especially if legal work is involved.
- Interest payments and fees may be deductible if the finance is for business or investment use – but always double-check with your accountant.

Revolving Credit Facility

WHAT IS IT?

A **Revolving Credit Facility (RCF)** is like a flexible overdraft for your business. You get a pre-approved pot of money you can dip into whenever you need, repay when you can, and draw from again — hence the "revolving" bit.

You only pay interest on what you actually use, not the full amount. It's ideal for smoothing over short-term cash flow gaps or dealing with surprise expenses.

Think of it as your financial safety net – always there, but only costing you when you actually swing on it.

PROS AND CONS

PROS	CONS
✅ Only pay interest on what you use	⚠️ May have setup or facility fees even if unused
✅ Super flexible – borrow, repay, borrow again	⚠️ Usually lower limits than loans or asset finance
✅ Helps smooth cash flow without long-term debt	⚠️ Interest rates can be higher than standard loans
✅ Often quicker and easier to set up than a loan	⚠️ Some lenders require strong financials or security
✅ Interest and fees are often tax-deductible	-

Revolving Credit Facility

WHEN IS IT A GOOD FIT?

An RCF might suit you if:

- You have seasonal cash flow ups and downs
- You want a safety net without taking out a full loan
- You need to cover short-term costs like stock, wages, or invoices
- You want flexibility – not fixed repayments

EXTRA TIPS AND THINGS TO CONSIDER

- Unlike a term loan, there's no set end date – you can keep the facility open as long as you're within the terms.
- Works well alongside other finance – e.g. invoice finance or asset finance.
- Some lenders charge monthly or annual **non-usage fees**, so check the fine print.
- The interest and charges are usually deductible business expenses – again, check with your accountant.

Start Up Loans

WHAT IS IT?

Start Up Loans are aimed at new businesses or those in their first couple of years of trading. They're usually unsecured, government-backed, and come with fixed interest rates and simple repayment terms.

These aren't big-ticket commercial loans – more of a helpful boost to get your business off the ground or through its early wobbles.

You might also get access to mentoring or business support as part of the package.

PROS AND CONS

PROS	CONS
✅ Designed specifically for new or early-stage businesses	⚠️ Loan amounts are usually capped (e.g. £25k)
✅ Fixed interest rates – predictable repayments	⚠️ You may still need a business plan and forecasts
✅ No assets required – unsecured lending	⚠️ Personal credit history and guarantee usually required
✅ Often comes with free business mentoring	⚠️ May not be suitable if you've already been trading a while
✅ Interest may be tax-deductible as a business expense	⚠️ Can't be used for all types of business activities

Start Up Loans

WHEN IS IT A GOOD FIT?

Start Up Loans work well when:

- You're launching a brand new business
- You've been trading for less than 2 years
- You need a small amount of funding to get moving
- You don't yet qualify for traditional lending

EXTRA TIPS AND THINGS TO CONSIDER

- These are often backed by the **British Business Bank**, so you may find government-affiliated lenders offering them.
- You'll need to show how the money will be used – e.g. stock, marketing, kit, etc.
- Even though it's business lending, your personal credit score still matters.
- Loan interest is usually tax-deductible – but worth running past your accountant to be sure.

Lease Finance

WHAT IS IT?

Lease finance lets you rent equipment or assets for a fixed period, rather than buying them outright. It's a handy way to get access to the tools you need, without tying up a load of cash.

You make regular payments over a set term – and at the end, depending on the agreement, you might return the asset, upgrade it, or buy it outright.

Great for businesses that need to stay up to date with tech, vehicles, or gear that changes quickly.

PROS AND CONS

PROS	CONS
✅ Lower upfront cost – spread payments over time	⚠️ You don't own the asset (unless you have a buyout clause)
✅ Keeps cash flow healthier	⚠️ Might cost more overall than buying outright
✅ Easy to upgrade or replace equipment	⚠️ Limited to specific asset types
✅ Lease payments tax-deductible	⚠️ May involve early termination fees if cancelled
✅ Useful for vehicles, IT, tools, plant, etc.	⚠️ Not ideal if you want long-term ownership or resale value

Lease Finance

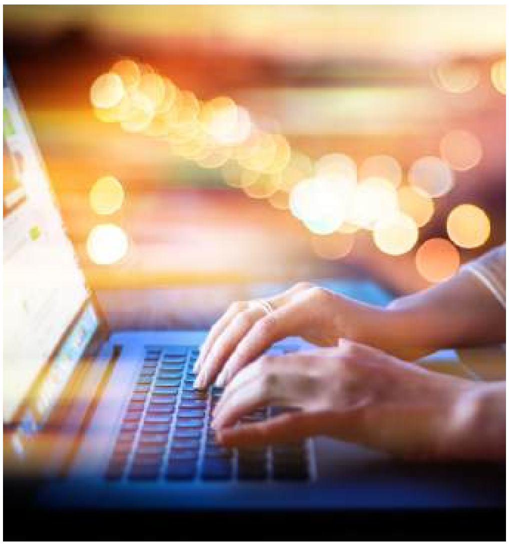
WHEN IS IT A GOOD FIT?

Lease finance is ideal for:

- Businesses that need vehicles, computers, tools, or other equipment
- Companies that prefer to upgrade regularly rather than commit long-term
- Situations where conserving cash is more important than owning assets
- Sectors with fast-changing tech (creative, construction, logistics, etc.)

EXTRA TIPS AND THINGS TO CONSIDER

- Leasing may give you the option to **upgrade** midway through the agreement, which is ideal if your business is scaling fast.
- Watch out for **end-of-lease terms** – some agreements charge if the asset isn't returned in perfect condition.
- Monthly payments are often classed as operational expenses and may be fully tax-deductible – ask your accountant to confirm. to be sure.



Still unsure?

We can help you decide which is the best way to kit out your business – or whether there is another finance option that would be a better fit.

Try our Free Finance Finder Tool or give us a shout – happy to help you weigh up the options.

Website: factorfast.co.uk

Contact Us: factorfast.co.uk/contact/

Telephone No.: **01284 66 30 69**

Company Number 16037954