The SME Funding Handbook

A plain-English guide to funding a growing British business — from working capital and vans to the freehold itself.

— B R I D G F U N D E R L O N D O N —

Second edition · September 2026 · Free to share

A WORD BEFORE WE START

Welcome — and thank you for picking this up

If you run a business in Britain today, you will know the feeling: the work is there, the customers are there — and the funding never quite arrives in time. The bank wants six weeks, a business plan in triplicate, and a meeting at 10am on a Tuesday you simply cannot spare. Meanwhile the van needs replacing and the invoice will not pay itself for another sixty days.

This little handbook exists to change that. It is the guide I wish every owner had on the shelf: what funding actually costs, what lenders actually look at, and how to get an answer in days rather than months. No jargon, no selling — just the plain facts, kindly told.

It is genuinely free, and you are welcome to share it with anyone who might find it useful. And if, by the last page, you would like a sounding board, my details are on the back — I read every message myself.

> “Most owners only ever see one lender’s shelf. Seeing the whole market usually saves more than the rate — it saves the wait.”

Warmly,
Henry Romanenko — Principal, BridgFunder London

Chapter One

Why the high street says no

Let us begin with a reassurance: if your bank has declined you, it very often says nothing about your business. The high street runs on scorecards built for a slower, simpler world — standard salaries, standard premises, standard everything. A growing company rarely looks standard.

Here is what typically trips the scorecard:

· **Trading history.** Many specialist lenders are comfortable with a year — some with less — where the branch wants three.
· **Accounts on the wrong day.** Lenders who look at live bank feeds and open invoices often see health that last year's filed accounts hide.
· **The wrong product, not the wrong business.** A 25-year commercial mortgage is a poor answer to a 60-day cash gap — yet it is often the only shelf the branch has.
· **Sector nervousness.** Some mainstream lenders quietly avoid whole industries — logistics, construction, care — that specialist lenders understand deeply.

> The honest truth: the bank is one shop. Behind it sit 300+ specialist lenders — family firms, challenger banks, funds — each with a particular kind of borrower they like to back.

The trick is not to try harder with the same shop. It is to find the lender whose sweet spot you already fit. That is what a whole-of-market broker does — and it is why "declined" so often turns into "done" in a fortnight.

Chapter Two

The five main routes to funding

Almost every business need maps onto one of five routes. Match the tool to the job and everything gets easier — and cheaper.

The route	What it is for	Good fit if…	Typical shape
Working capital loan	Growth, tax bills, breathing room	You have steady monthly takings	£10k–£500k · 1–5 yrs · 8–20% APR
Asset finance	Vans, machines, plant, equipment	The kit pays for itself in the work	£5k–£1m · 2–5 yrs · spread over the asset's life
Invoice finance	Cash out of unpaid invoices	You wait 30–90 days to be paid	Up to 90% of invoice value, same day

The route	What it is for	Good fit if…	Typical shape
Commercial mortgage	Buying your own premises	Rent is leaving, not building equity	£75k–£2m+ · 15–25 yrs · ~7–10%
Bridge / blended	Auction buys, chains, timing gaps	There is a clear exit within months	0.9%–1.2% monthly · 6–18 months

A gentle word of warning: the most expensive funding is the wrong funding. A bridge used for a five-year plan, or a loan where asset finance would do, costs you comfort as well as money. When in doubt, ask — a good broker will tell you when a product does not suit you.

Chapter Three

What lenders actually look at

Strip away the jargon and lenders weigh four things — the same four, whichever door you knock on:

1. **Character.** Your track record and, frankly, your manner. Missed payments matter; so do explanations.
2. **Cashflow.** Not last year's profit — the rhythm of money in and out. Live bank data is king.
3. **Collateral.** Assets, property, invoices — anything that shortens the lender's leap of faith.
4. **Contribution.** What you are putting in — deposit, equity, guarantee. Skin in the game calms everyone.

> Specialist lenders bend one or two of the four — not all four. A strong story plus strong cashflow can excuse a thin file; nothing excuses everything.

And what turns a "maybe" into a "yes" faster than anything else? **Clarity.** Owners who can say precisely what they will buy, roughly what it costs, and how the business repays it get better terms than owners with a perfect credit file and a vague plan. It is why we ask for just three lines to begin.

Chapter Four

A case study, told honestly

West London courier, six years trading. Two vans, two drivers, a healthy contract book — and a wait of up to 75 days on invoices from their largest client. The overdraft was already stretched; the bank offered sympathy and a form to fill in.

We did two things. First, invoice finance on the big client's invoices — 85% of each invoice within 24 hours of raising it, which paid drivers and diesel on time. Second, twelve months later, asset finance on two additional vans, structured over four years so the monthly cost sat comfortably below what each van earned.

The outcome: turnover roughly doubled in two years, the overdraft was repaid, and the owner still refers his round. Total time from first phone call to first cash: **five working days**. Nothing about the business changed except its access to its own money.

Chapter Five

Your fifteen-minute foundation

Before you approach anyone — us included — put these in one folder. It is the difference between days and weeks:

- Last 3–6 months of business bank statements
- Latest filed (or draft) accounts
- A one-line description of the business and its main customers
- The quote or invoice for what you are buying, if you have it
- A rough note of what the business can comfortably repay each month

> Then write your three lines: **what you're funding · roughly how much · how the business repays it.** If you can fill those in, you are already ahead of most applicants.

One more thing, said kindly: check the total cost, not just the headline rate. A 1% monthly facility repaid early can beat a 9% annual loan kept for the full term. Ask for the total amount repayable — any honest lender or broker will show you without being pressed.

Chapter Six

Myths, and some honest talk

"Applying will hurt my relationship with my bank." No. We soft-search first; your bank notices nothing. Your branch manager is not told, and your current facilities are untouched.

"Brokers cost a fortune." We are paid by the lender on most facilities; where a broker fee applies at all it is disclosed up front, in writing, before you decide anything. And because lenders compete for your case, the whole-market rate often beats the direct one anyway.

"It is not the right time." Maybe — but timing is a decision, not a feeling. A no-cost, no-obligation quotation today tells you precisely what your options would be tomorrow.

"They will ask for my house." Only some products take security, and only what the numbers justify. Plenty of facilities are unsecured; we will always tell you plainly which is which.

Chapter Seven

How BridgFunder works

Three steps, and you are never more than a day from an update:

1. The consultation. A straightforward chat about your project, timeline, and what the capital needs to achieve. No jargon, no obligation.
2. The market search. We take your case to 300+ specialist lenders and come back with the honest comparison — rates, terms, total cost — usually within 24 hours.
3. The execution. We stand beside you through valuations, legals and paperwork, and chase so your funds arrive when promised.

We are members of the NACFB and FIBA, FCA-regulated (FRN 1051038), and we would rather lose a deal than sell the wrong one. That is not a slogan — it is how a small firm keeps its name.

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