



**Funding Made Easy:**

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# The Guide to Small Business Loans



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# The importance of choosing the right business loan



Whether you're consolidating debt, navigating growing pains, or scaling operations, securing the right kind of finance can make or break your next move. A well-chosen loan ensures you're borrowing the right amount, on terms that suit your cash flow and business needs, with competitive rates and manageable repayments.

The wrong loan, on the other hand, can create unnecessary financial pressure and limit your flexibility down the track—whether it is too expensive, too rigid, or poorly matched to your needs.

That's why taking the time to compare your options is essential for making a smart borrowing decision. The question is, where do you start? This ebook is designed to guide you through the process, helping you navigate the lending landscape with confidence and choose a solution that supports your goals.

|                                     | Type of loan              | Designed For   |
|-------------------------------------|---------------------------|--|
| <b>Working Capital</b>              | Business term loan        | Covering short-term expenses often without having to offer security            |
|                                     | Business line of credit   | Managing cash flow fluctuations & ongoing expenses                             |
|                                     | Invoice finance           | Unlocking cash tied up in unpaid invoices                                      |
|                                     | Equity release            | Unlocking cash by refinancing existing assets, rather than purchasing new ones |
| <b>Asset Finance</b>                | Equipment finance         | Purchasing essential equipment without upfront cost                            |
|                                     | Business car loan         | Financing vehicles used for work purposes                                      |
|                                     | Secured term loan         | Larger, long-term purchases backed by collateral                               |
|                                     | Lease agreement           | Accessing equipment or assets without buying outright                          |
| <b>Commercial &amp; Development</b> | Business acquisition loan | Buying an existing business or expanding property holdings                     |

# Business term loans



**Best for: Businesses that need quick, flexible funding to help manage day-to-day expenses (e.g. managing inventory, paying wages, eliminating debt, and much more).**

With a business term loan, you often don't need to offer security. Instead, lenders determine eligibility based on your:

- ✔ Credit score and credit history
- ✔ Ability to make repayments
- ✔ Cash flow trends and month-on-month sales consistency
- ✔ Time trading
- ✔ Position with the ATO
- ✔ Transaction history
- ✔ Potentially other documents, such as financial reports



With this type of finance, you receive a lump sum upfront, repayments are fixed over a set loan term, and you pay interest on the full loan amount. Upon approval, a personal guarantee is usually required. Essentially, this is a promise made by the borrower that they will be personally liable in the event of default.

Without collateral, there's still a high risk involved for your lender in allowing you to borrow money, no matter how good your financials or credit history may be. Because of this added risk, you'll likely face higher interest rates.



| Pros  | Cons  |
|---|---|
| You don't need to offer any collateral                              | Higher interest rates                                   |
| Clear and predictable repayment terms                               | Can have more rigid payment schedules                   |
| Minimal paperwork needed to apply (bank statements and credit file) | Can be used for short time-frames (1-5 years)           |
| Can be used for a variety of business needs                         | May require director's guarantee                        |
| Fast approval and funding process (<24 hours)                       | Can be subject to other fees (e.g. missed payment fees) |

# Business line of credit



**Best for: Businesses in need of ongoing access to funds to manage cash flow or cover short-term expenses.**

A business line of credit gives you access to funds up to a set limit, which you can tap into whenever needed, only paying interest on the amount that you use. During the approved term, you can withdraw funds flexibly, providing convenient access to working capital.

Lines of credit are typically revolving. As you make repayments, your available balance goes back up, and you can keep using it without having to reapply. Think of it like a credit card for your business! In fact, some of our lenders offer a standalone business account with a line of credit and card which you can manage your expenses through and pay down based on your cashflow.

So, let's say a small business gets offered a line of credit of \$8,000 for a period of 12 months. In the first quarter, they draw \$2,000 from it to buy inventory (and pay interest only on that amount). They now only have \$6,000 available.

By the end of the quarter, they repay \$1,000, and, as such, their available credit goes up to \$7,000. They can continue to use the credit until the 12 months are up, as long as they don't exceed the credit limit of \$8,000.

It's worth noting that this is just one example—there are far more flexible options on the market. Some lines of credit offer much longer repayment terms (for instance, up to 4 years), which can significantly ease cash flow pressure depending on your business needs.

| Pros   | Cons   |
|--|--|
| Flexible source of funding, without needing to reapply regularly | May need a longer business history                   |
| Pay interest only on what you borrow                             | Could be subject to fees                             |
| There are lots of unsecured loan options available               | Larger loans might need collateral                   |
| Helps improve your business credit score                         | Lower credit may mean higher rates                   |
| Quick and hassle-free application process                        | This product will likely need a director's guarantee |

# Invoice finance



**Best for: Businesses with unpaid invoices that want to free up cash without waiting for customers to pay.**

Designed to bridge gaps between incoming and outgoing payments, invoice finance allows you to access funds tied up in outstanding invoices and cushions the impact of late payments on your business.

It gives you access to up to 80%-90% of your outstanding invoices, within 24 hours of invoicing your client. This means smoother cash flow without taking on extra debt or adding repayments.

Many businesses use invoice finance to access working capital instantly—avoiding the strain of 30 to 60-day payment terms. With rates starting from just 8% p.a., it's also significantly more affordable than most traditional business loans. As your business grows, so does your access to funding: more invoices mean more capital unlocked. Plus, it allows you to offer better trade terms to clients without putting pressure on your own cash flow.

Some invoice finance providers do have requirements regarding the type of clients the invoices are issued to, put in place to reduce their risk. They typically want B2B invoices for completed goods or services (not work that is in progress), with reasonable payment terms (30, 60, or 90 days, for instance).

| Pros   | Cons  |
|--|---|
| Access cash tied up in invoices quickly                                  | Your customers must be seen as likely to pay in order to use these products |
| Solve short-term cash flow gaps with ease                                | You might lose some control over your accounts receivable                   |
| Focus on running your business, not chasing payments from tricky clients | Customers may be notified in some cases                                     |
| Usually no physical collateral is required                               | Minimum sales volume may apply  |
| Flexible—use it only when needed   |   |

# Trade finance



**Best for: Importers or exporters needing short-term funding to manage domestic or international transactions.**

Trade financing can be used to cover the upfront cost of goods, whether locally or internationally, repaid over 2–9 months with either a flat fee or interest on the loan. Similar to other business loans, there’s usually a preset lending limit.

Many SMEs use trade finance loans for buying stock or materials in bulk, which allows them to spread their costs over time while still being able to benefit from discounts and lower shipping per unit. When paired with an FX option, it can lead to massive savings on your orders.

| Pros   | Cons   |
|--|--|
| Allows businesses to save by buying stock in bulk            | Requires more paperwork than term loans              |
| Often provides the ability to borrow more than typical loans | Funds are strictly for stock and material purchases  |
| Keep cash free for other expenses                            | Lending limits may drop if business performance dips |





# Equity release

**Best for: Asset-rich businesses wanting to unlock working capital without selling or disrupting operations.**

Equity release lets you leverage the equity built up in assets your business owns—typically property, equipment, or the business itself—to access funds. This provides a cash injection without having to sell the asset outright

If your business owns its premises, for example, you may be able to remortgage it for more than you currently owe and take out the difference as a lump sum. Or, if you own machinery or vehicles, you could sell it to a finance provider and lease it back, giving you capital while retaining use of the asset.

To be eligible, you must own (or have substantial equity in) the assets in question, which need to be professionally valued to determine its fair market value (FMV). Some lenders allow you to release up to 80% of the asset’s FMV, depending on your circumstances. Loan terms are typically around 5 years, with no restrictions on the asset’s age. This can be a great way to access capital at secured interest rates, which are often lower than those for unsecured loans.

- For example, let’s say:
- You own a vehicle through the business valued at \$50,000
- It might be possible to unlock \$40,000 in cash
- The rates can be as low as 8% and terms as long as 5 years

| Pros  | Cons   |
|---|--|
| Frees up cash from existing assets without needing to sell them                             | Your asset is used as collateral—risking repossession if you default                     |
| Can be used for a variety of business purposes  | There are typically valuation limits, meaning you can’t access 100% of the asset’s value |
| In sale and leaseback scenarios, you can continue using the asset while accessing its value | Some lenders may include extra fees and charges beyond interest                          |
| Interest rates are often lower than unsecured loans   | If the asset loses value over time, you could owe more than it’s worth                   |
| Great for refinancing higher interest, shorter term debts (e.g. ATO debt)                   |  |



# Equipment finance



**Best for: Businesses looking to buy or upgrade equipment without the hefty upfront cost.**

Equipment finance is specifically designed to fund business machinery and tools, including:

- ✓ Heavy machinery for construction, agriculture, and manufacturing
- ✓ Office machinery and supplies, like laptops, phones, and printers
- ✓ Cars, trucks, utes, and other commercial vehicles
- ✓ Medical and scientific equipment
- ✓ POS systems
- ✓ Furniture and fixtures
- ✓ Restaurant equipment, including commercial ovens, walk-in fridges, and cooking tools
- ✓ IT equipment
- ✓ Gym Equipment

## Equipment finance can be of three types:

- Chattel mortgage, which allows you to use the asset you're borrowing as security for your loan, meaning you won't have to put existing assets on the line.
- Hire-purchase agreement, where you pay instalments to borrow equipment for your business.
- Lease agreement, where a lender lets you borrow and use a piece of equipment in exchange for periodic repayments.

| Pros  | Cons  |
|---|---|
| Frees up cash for other areas of the business       | Often come with stricter terms compared to unsecured loans        |
| Existing debts don't usually affect approval        | Early loan payouts may incur fees from some lenders               |
| Can sometimes qualify for government tax incentives | Some lenders may include extra fees and charges beyond interest   |
| Interest rates are often lower than unsecured loans | If the equipment's value drops, you might owe more than its worth |
| Can free up cash from the sale of old equipment     |   |

# Business car loan



**Best for: Businesses needing vehicles for work purposes with manageable repayments.**

A business car loan allows you to purchase a vehicle to use for business purposes while spreading the cost out over time. This could be a car, truck, van, or ute, for example.

You'll own the vehicle from the get-go, but it will serve as collateral for the loan. This means that if you fail to repay it, the lender can take possession of the vehicle. Once you pay off the loan, the vehicle becomes entirely yours, without any further obligations.

| Pros  | Cons  |
|---|---|
| Frees up cash for other areas of the business   | Stricter terms compared to unsecured loans                      |
| Existing debts don't usually affect approval  | Some lenders may include extra fees and charges beyond interest |
| Can sometimes qualify for government tax incentives   | If the vehicle's value drops, you might owe more than its worth |
| Interest rates are often lower than unsecured loans   |   |
| Selling your old vehicle can give you a cash boost  |   |
| Some flexible lenders allow early repayments towards principal, reducing the total interest payable |   |



# Secured term loan

**Best for: Businesses looking to fund major projects or expand operations while leveraging existing assets to reduce repayments.**

A secured term loan is a type of financing where you use an asset as security, which reduces the risk for lenders and often results in lower interest rates, longer terms, and higher loan amounts.

Typically, collateral is in the form of residential or commercial property, although businesses can use other valuable assets, such as equipment, real estate, and even the equity within your business.

You can also update your collateral as your business grows and you accumulate more assets—strengthening your position with lenders and potentially getting access to more favourable loan terms.

| Pros   | Cons   |
|--|--|
| Lower interest rates compared to unsecured loans | You are at risk of losing the asset if you don't keep up with repayments     |
| Larger borrowing limits                          | The application process can be longer and more complex than other loan types |
| Longer repayment terms                           | Limited to businesses with suitable assets                                   |
| Builds credit history if repaid on time          |  |



# Lease agreement



**Best for: Businesses wanting to use equipment or vehicles long-term without owning them outright.**

An equipment lease is a contractual agreement between you and your lender, letting you borrow and use a piece of equipment in exchange for periodic repayments, which are based on the value of your equipment and the associated interest rate. When leasing assets, they don't appear on your balance sheet, meaning your debt-to-equity ratio will remain lower than if they were financed another way.

Though your lender technically owns the equipment, you're able to use it for business purposes. This makes replacing or upgrading assets a much simpler process, as you don't have to keep them on your hands for long.

Depending on your contract, at the end of the leasing period, you'll have the option to:

- Purchase your equipment at a fair market value
- Refinance the leasing terms
- Return the equipment back to your lender and start again

| Pros  | Cons   |
|---|--|
| No big purchases—keep your cash free for other uses                     | You don't own the asset until you buy it (if that's an option) |
| Flexible options often include return, upgrade, or buy at the end       | Total costs may be higher than buying outright in the long run |
| An easy way to access updated equipment                                 | Agreements often have strict terms                             |
| Payments are predictable, helping with budgets and cash flow management | Early termination fees may apply                               |



# Business acquisition loan



**Best for: Entrepreneurs or companies to expand by acquiring another business.**

A business acquisition loan provides funding to purchase an existing business, enabling entrepreneurs or companies to expand by acquiring another business’s assets, operations, or client base.

This type of financing often covers both the purchase price and other initial costs. It typically comes with flexible repayment terms that align with the business’s cash flow, making them a viable option for businesses with proven profitability and growth potential.

| Pros   | Cons  |
|--|---|
| Allows you to purchase a more established business versus starting a new one | May require significant collateral                                |
| Can help with business growth and diversification                            | There are risks of overpaying for the business                    |
| Can be a quick way to acquire a new customer base                            | These loans have a complex approval process and longer lead times |
| Often, the loan will cover both the purchase price and other initial costs   |   |



# How to apply for a business loan



## 1. Define the purpose of the loan

Are you looking to purchase equipment? Expand to a new location? Or maybe refinance existing debt? The purpose will shape what kind of loan you need, how much you should borrow, and which lenders are best suited to help.

## 2. Determine how much you need—and can afford

Based on your goals, calculate how much money you need to borrow. Then, check your cash flow and existing financial commitments to assess how much you can realistically afford to repay.

## 3. Understand the types of loans available

Familiarise yourself with the different types of business loans and respective use cases, repayment structures, and pros and cons.

## 4. Compare interest rates and total costs

Look beyond just the interest rate—also factor in fees, charges, and the total cost over the loan's lifetime. It all adds up.

## 5. Check the eligibility criteria

Before applying, review what lenders require in terms of credit score, business age, annual turnover, collateral, and other factors.

## 6. Choose the right lender

Compare banks, non-bank lenders, and fintech platforms and look for one that aligns with your business's needs, values, and timeline.

## 7. Complete the loan application

Fill in the application form and submit it along with the supporting paperwork, making sure everything is accurate and up to date.

## 8. Wait for the lender to assess your application

Assessment can take a few hours to a few days, as the lender reviews details like your credit core, cash flow, existing debt, and more.

## 9. Review a loan contract

You'll receive an offer with a total loan amount, interest rate, fees, repayment schedule, and other terms.

## 10. Accept the contract – or revisit your options

You can accept the loan terms, try to negotiate them, or find another lender to better match your circumstances.

**OR**

## Let Valiant do the heavy lifting

**Step 1: Get a quote.** Tell us a bit about your business loan needs and immediately receive quotes from over 90+ bank and non-bank lenders.

**Step 2: Get approved.** Confirm your quote and we handle your business loan approval so you can focus on what matters—your business.

**Step 3: Get funded.** Sign your finance documentation and receive funding. It's that simple.

# Document checklist for your business loan application



The level of documentation required will depend on the loan amount and type of finance you're applying for. For instance, car and equipment loans can often be eligible for financing of up to \$150,000 with just ID verification, previous loan history and bank statements (if applicable), with no accountant prepared financials required. Unsecured alternatives, on the other hand, may require more paperwork.

## Business Information

- ☐ ABN/ACN
- ☐ Business registration documents

## Financials

- ☐ Profit and loss statement (last 1–2 years)
- ☐ Balance sheet
- ☐ Recent BAS (last 2–4 quarters)
- ☐ Business tax returns (last 1–2 years)

## Banking

- ☐ Business bank statements (last 6–12 months)
- ☐ Merchant statements (if applicable)

## Owner identification

- ☐ Driver's licence or passport
- ☐ Medicare card (if needed)

## Loan purpose documents

- ☐ Summary of the loan purpose
- ☐ Business plan (for larger loans or start-ups)
- ☐ Financial forecasts (optional but beneficial)

## Security Details (for secured loans)

- ☐ Asset information (property titles and valuations)



# About Valiant Finance

Founded in Australia in 2015, Valiant is an award-winning online platform offering businesses a streamlined solution to accessing finance.



## One application to 90+ lenders

Time is money.  
Get the funding you need—fast.

## Personalised support

Lending experts are with you every step of the way.

## Flexible options

Valiant will find the right option for your business. From working capital to asset finance, commercial property loans to trade finance, we help connect you to the right lenders.

## Built for Australian SMEs

We understand the unique challenges of running a small business in Australia and have helped SMEs access over \$2 billion in funding.

## Find the right Funding for your Business

Tell us what you're looking for, and we'll instantly match you with quotes from over 90 bank and non-bank lenders.

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