

Key Considerations When Seeking Business Funding or Investment

Preparing the right information before speaking to your legal advisers can help identify the most appropriate funding structure and ensure important commercial issues are considered from the outset.



Your Funding Requirements

Be clear about how much funding the business requires and how the money will be used. This will help determine the type of finance that may be appropriate and the structure of the transaction.



Your Preferred Type of Finance

Consider whether you are seeking debt finance, equity investment or another form of funding. Each option can have different implications for ownership, repayment obligations and control of the business.



Ownership and Control

Think about how much influence you are prepared to give an investor in return for their investment. Equity funding may involve changes to voting rights, board representation and decision-making arrangements.



Financial Information

Have up-to-date financial statements, forecasts and relevant business plans available. Investors and lenders are likely to require detailed financial information as part of their due diligence and decision-making process.



Existing Finance Arrangements

Identify any existing loans, security, guarantees or other funding arrangements. These may affect your ability to take on additional finance or require consent from an existing lender.

-  **Proposed Funding Terms**
Provide your solicitor with any heads of terms, investment proposals or lender documents you have received. Early legal review can help identify obligations or restrictions that may need to be negotiated before the transaction progresses.
-  **Security and Guarantees**
Understand whether a lender is requesting security over business assets or personal guarantees from directors or shareholders. These commitments can have significant consequences and should be carefully considered before they are agreed.
-  **Your Longer-Term Plans**
Consider how the proposed funding fits with your future plans for growth, further investment or eventual sale. The arrangements agreed now should provide appropriate flexibility for the next stages of the business.
-  **Your Timescale**
Identify when the funding needs to be available and whether it is linked to another transaction or commercial milestone. A clear timetable helps all advisers coordinate the due diligence, negotiation and documentation required.



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