



# Are you... *Risky Business?*

with Derek Miles, Director, Financial Milestones Pty Ltd

## Of course you're not.

But according to Derek Miles, Director of Financial Milestones, that is the million dollar question commercial and business lenders will ask all applicants applying for a loan.

"In financial terms, 'risk' is the potential to default on a loan.

"It is a criterion of assessment that all business and commercial lenders will assess applicants on, and one which small to medium businesses may not be completely aware of.

"Unlike home loan applicants who are not risk rated, commercial and business applicants are assessed in view of their risk to the lender and a margin is applied. It is for this reason that your rates and fees could be different from those of your friends and other businesses.

"Unfortunately, it does not get any easier. Known as a lender's 'appetite to lend', different lenders will lend to different types of businesses and on different types of commercial properties," Mr. Miles said.

Herein lies the challenge for small to medium business owners – knowing which lender will have an appetite for you.

"In most cases, applicants approach their bank with the misguided belief that their customer loyalty is the seal of approval needed for a successful loan, completely unaware that their bank may have a low lending appetite for the industry in which their business operates. Hence the demise of many business projects.

"As professional finance brokers, we look at each client's individual business and commercial borrowing needs and match those to the most suitable lender, giving you a better chance at securing a loan.

"We also look at the fees, interest rate and product type that is going to provide you with the greatest savings, which you can use to pay off your loan quicker.

"Too often businesses collapse shortly after taking out a loan, due to the pressures of meeting repayments.

"Sensible and accurate cash flow analysis is essential when applying for a commercial or business loan, and may be the impression needed for a lender to approve your application.

"With Financial Milestones' accounting expertise, you will receive the guidance needed with cash flow planning prior to taking out a loan," Mr Miles said.

As qualified accountants and Tax Agents, Financial Milestones also look at your financial needs from a tax saving perspective, giving you the optimal tax outcome.

So if you're thinking about applying for a commercial or business loan, check out your risk rating first, and get the necessary professional advice and assistance of Financial Milestones.

Call **07 3396 7757** or visit [www.financialmilestones.com.au](http://www.financialmilestones.com.au)