



GROWTH STREET

GrowthLine: how much can you borrow?

Every business borrowing with GrowthLine has a limit to how much money they can access. This guide shows how we assess different businesses and work out what they can borrow.

What we lend against

When channelling money to a borrowing business, we use the assets within that business as a guide to how much capital the borrower could access. So which assets do we take into consideration?



Invoices

We can lend up to **85%** of the value of your invoices



Stock

We can lend up to **35%** of the value of your stock



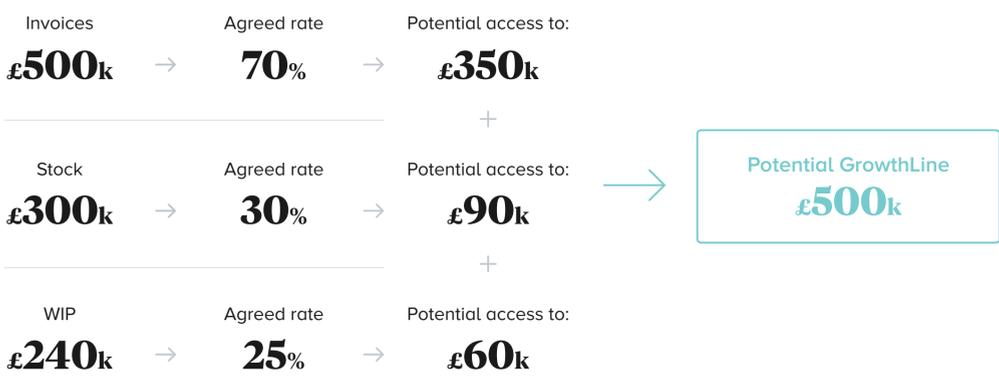
Work in progress (WIP)

We can lend up to **35%** of the value of your WIP

(The rates we can offer businesses might be lower than the above maximums. This might be due to the credit profiles of their debtors (the businesses who owe you money), the nature of their stock, or the status of any work in progress.)

How it works

In this example, we'll show how a business's assets and agreed rates translate into a potential GrowthLine limit. (Once limits are agreed, we check to make sure that businesses' assets are sufficient to support their GrowthLine facilities on an ongoing basis.)



This isn't the end of the story. How do we monitor and react to changes within businesses over time?

Is your GrowthLine affordable?

Businesses have to be able to afford the cost of their GrowthLine facilities on an ongoing basis. If we determine that a business might not be able to afford to access their entire GrowthLine, we may temporarily reduce the amount of money the business can draw down.

To work out how much businesses can afford to borrow, we use a very simple metric:



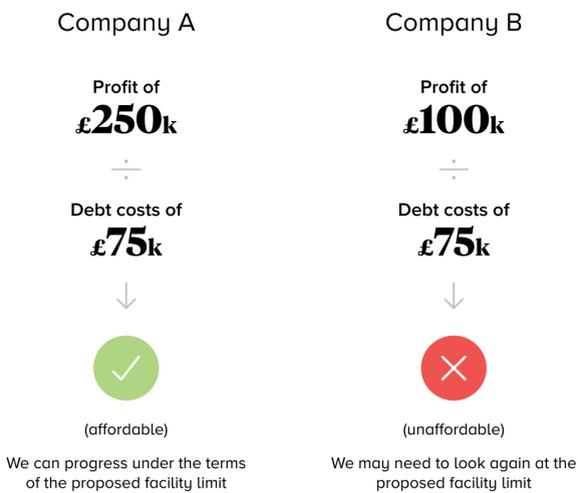
For businesses' GrowthLine facilities to remain affordable, their profits need to be a minimum of 1.5 times the cost of the GrowthLine. (We might ask for a multiple higher than 1.5. To keep things simple, we measure increases in increments of 0.25.)

So how does this work in practice?

Two businesses are looking for **£500k**...

Let's imagine they'll use the facility in the same way, incurring similar costs. Can we offer them a £500k GrowthLine?

As we've seen, it comes down to their profits and the cost of servicing their loans:



Based on profitability and projected GrowthLine usage, Company B couldn't borrow £500k. But what about if we adjust Company B's potential GrowthLine limit (proportionally reducing the cost of servicing its debt at the same time)?

Can Company B borrow **£300k**?



For more information, head to growthstreet.co.uk/growthline

* EBIT: Earnings Before Interest and Taxation
* This multiple might be affected by a number of different factors. This could include whether or not a business has other borrowing, or whether or not the directors take cash out of the business as dividends and/or directors' loans.

Growth Street Limited is registered in England & Wales (company number 09264172) and our registered office is 5 Young Street, London W8 5EH.

