



Let's Get Creative With Your Additional Office Space...

Many office environments look very different after our return to work following endless months of lockdowns.

During the pandemic many employees experienced the benefits of working from home with an increase in the quality of lifestyle primarily related to the removal of travel times.

Many businesses also saw likely cost savings associated with employees working from home by identifying the opportunity to potentially reduce the need for large offices.

With this excess space many are utilising it for:

- future expansion
- sub-division of existing space to allow the redundant space to be sub-leased
- re-fit of existing workspace to allow individual desks to be rented under a co-work arrangement
- re-fit of existing space to create additional amenities for existing employees
- purchase of additional equipment to increase efficiencies or produce new product lines.

Unfortunately, for many businesses it can be difficult to source these funds from existing cash reserves,

or these cash reserves have been allocated to alternate projects/ventures.

However, there are several different financing solutions that could be available to your business to assist you with the undertaking of these works.

Re-fit of workspace

If you are looking to re-fit all or part of your existing work environment the following financing options may be available to you:

Secured business loan

A secured business loan is a loan provided to a business that is secured by property or assets. Typically, the loans are secured by property, but it is not uncommon for other valuable items owned by the business to be used as collateral as well.

With security provided against these loans, the interest rates are lower than an unsecured loan as the lender has greater certainty of being able to recoup the loan principal in the event of a default.

Business loans are generally provided on a term basis, meaning that they provide the loan amount up front to be repaid in equal instalments, usually monthly and over an agreed term.



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Unsecured business loan

Unsecured business loans are like secured business loans however no security is provided. As a result, the interest rates associated with these loans are typically higher and therefore cost more over the term of the loan.

The lender places greater reliance on your business credit score and the cashflow of the business in determining the risk associated with approving the loan.

It is more likely that a director guarantee may also be required to assist in securing the loan.

Business line of credit

A business line of credit can be either secured or unsecured in a similar way to a business loan, however the major difference is that a line of credit is not required to be paid off over a term.

A line of credit provides a maximum credit limit. You can use these funds as you like provided the loan balance, including any accumulated interest charged to the loan, always remains below the maximum limit.

This option provides greater flexibility with repayments.

Because of the greater flexibility, these loans typically have higher interest rates.

Purchase of equipment

If you are only considering buying office equipment items, you may also consider the following additional financing options:

Finance lease

With a finance lease, the lender purchases and owns the asset and then leases the asset to your business.

At the end of the term, you are generally able to purchase the item at a pre agreed payment.

As you do not own the property, you are unable to claim the GST on the purchase of the equipment nor

are you able to depreciate the asset over time. However, the entire lease payment is generally able to be claimed as a tax deduction provided the use of the equipment is for business purposes.

Chattel mortgage

Under a chattel mortgage, you purchase the asset and the lender uses the asset as security if you default on the loan. As you own the asset you can claim depreciation on the asset and the interest component associated with loan repayments.

Again, this type of loan is over an agreed term with fixed instalments being made on a regular basis.

If you are unsure of the finance and refit option most suited to your business or how to purchase the equipment, call the office today. We will step you through your options and the most appropriate lending solutions available.