



Novuna[®]
Business Finance

Funded to Grow?

**What the finance
choices of small
businesses tell us
about how they think
and grow**

**A Business Barometer report
by Novuna Business Finance**

April 2026 edition

Tomorrow. Together

Introduction



Welcome to this quarter's edition of the Novuna Business Finance Business Barometer report. Each quarter since 2015, our research has tracked the growth outlook of small business owners across the UK - giving us an insight into their ambitions, their concerns, and the conditions that either support or hinder their plans.

This quarter, we are doing something different - and, we think, something important. Rather than asking how businesses are planning to grow, we have asked them how they finance their operations. The results reveal something that the Business Barometer, in more than ten years of research, has never examined before: the relationship between how a small business funds itself and how it thinks about its own future.

The early findings are striking. Businesses that use structured finance approach their growth prospects with notably greater confidence than those relying on personal savings or informal sources. They invest differently, worry about different things, and plan in ways that look more deliberate and considered. Whether that is because

structured finance actively shapes how businesses operate, or because the businesses attracted to it are different in the first place, is a question worth exploring. For this issue we start this exploration looking at three financial profile groups and, during the course of 2026, we will extend the research and report on other groups.

The results of the current research are, by design, a first look. We are not claiming definitive answers. What we are doing is opening a new chapter of the Business Barometer story - one that we believe will prove increasingly relevant to anyone with an interest in how UK small businesses finance their growth.

We hope you find it thought-provoking and enjoy the report.

Geoff Maleham
Managing Director
Novuna Business Finance

Methodology

The research for this report was conducted by YouGov among a nationally representative sample of 1,176 small business senior decision makers across the UK. Fieldwork was carried out in January 2026. The research was conducted online.

Unlike previous quarterly editions, this quarter's report does not track changes against prior periods — it is a Q1 2026 snapshot. Respondents were asked about four areas: their overall business outlook for the three months ahead; the strategies they are considering to achieve growth; the issues currently keeping them awake at night; and, new to this study, which forms of finance their business has used in the last three years.

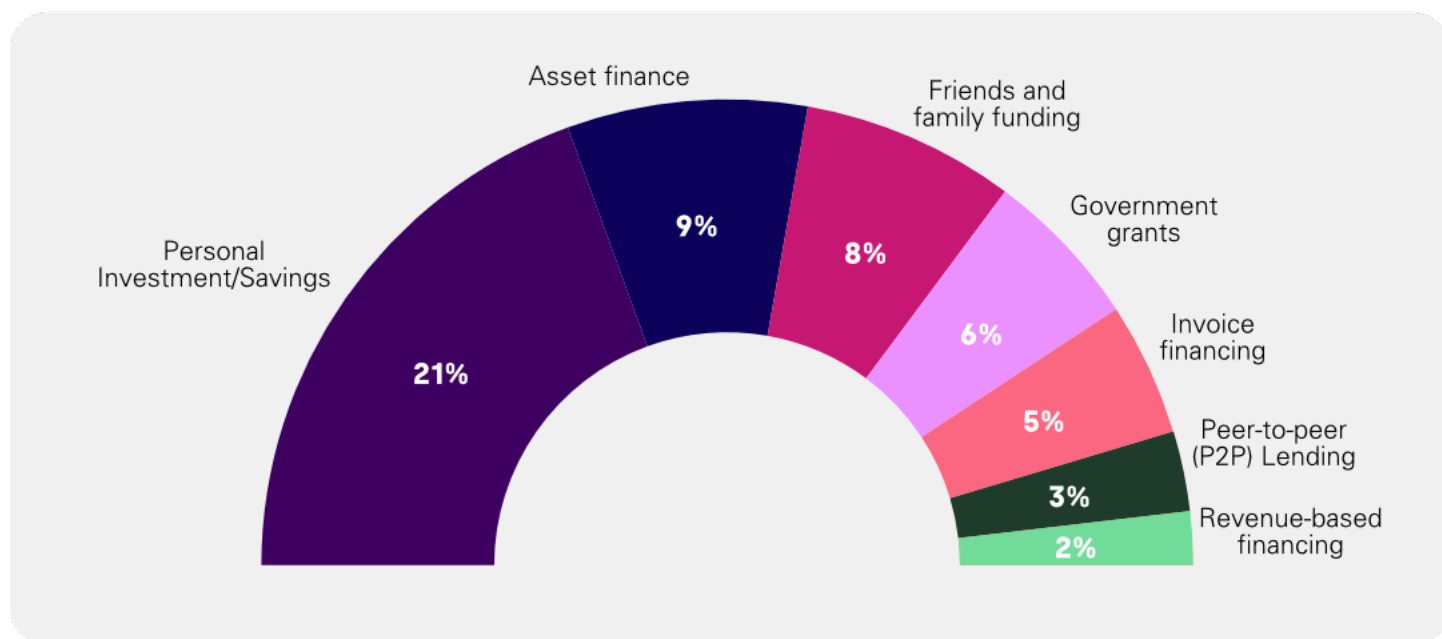
About Novuna Business Finance

Novuna Business Finance provides asset finance, stocking, block discounting and sustainable project finance to SMEs and larger corporations across the UK — delivered through brokers, vendor organisations, manufacturers and direct to the business community. With an asset portfolio of more than £1.9bn, the business is active across multiple sectors and was awarded Best Leasing and Asset Finance Provider at the 2025 Business Moneyfacts Awards. Novuna Business Finance is a trading style of Mitsubishi HC Capital UK PLC.



The anatomy of small business finance

How do UK small businesses actually fund their operations? Our Q1 2026 research asked respondents which forms of finance they had used in the last three years. The results provide a useful map of the landscape.



The most striking finding is not which types of external finance are used, but how many small businesses rely on none of them. Six in ten small businesses (59%) fund themselves entirely from trading revenue and reserves, without drawing on any external or supplementary finance in the last three years.

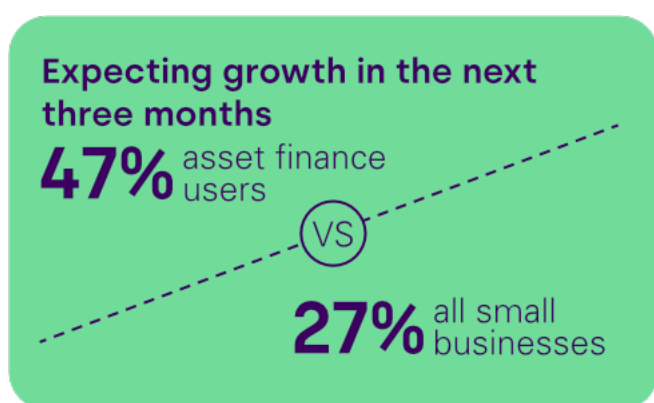
Among those that do use finance, personal savings is by far the most common route, cited by 21%. This is understandable — it is the most accessible option for many business owners - but it is worth pausing on. Personal savings carry personal risk. Structured finance options exist, in part, to transfer that risk away from the individual: letting the finance do the work, while the business owner focuses on running and growing the enterprise. For a significant proportion of small businesses, this option remains either unknown, inaccessible, or unconsidered.

The pages that follow explore what separates the businesses that use structured finance from those relying on personal or informal sources. The differences, as we will show, are considerable.

Asset finance: a profile

Structured finance. Structured thinking.

Businesses that use asset finance - financing the acquisition of machinery, vehicles or equipment by spreading the cost over time rather than paying upfront - stand apart from every other group in this study when it comes to growth confidence.



Nearly half predict growth in Q1 2026, and 16% expect significant expansion — more than five times the 3% average across all small businesses.

The logic of asset finance helps to explain this. When a small business acquires an asset through structured payment profile, it preserves working capital that would otherwise be tied up in an outright purchase — freeing cash to invest elsewhere. It is

perhaps no coincidence that asset finance users show up in our data as more likely to be actively investing: 26% plan to invest in new equipment, compared to 9% across the full sample, and 15% are seeking financial funding through a partner beyond their bank.

Cash flow is still a live concern for this group - improving it is a priority for 44% - but the difference is that they are managing it, not just worried about it. Keeping fixed costs down matters too (64%), as does reassessing their existing finance commitments (26%). These are not defensive responses; they are the hallmarks of businesses actively managing their financial position rather than reacting to it.

Their concerns reflect a degree of engaged vigilance. General economic volatility (45%), tax and interest rates (40%), and business rates (33%) all feature - but notably, compliance and regulation are a more prominent worry for this group (33%) than for others, likely a reflection of the administrative responsibilities that come with formal finance arrangements. Only 7% say nothing is keeping them awake at night, well below the 22% overall average. Asset finance users are confident, not complacent.

Business outlook	Asset finance	All businesses
Significant expansion	16%	3%
Modest organic growth	31%	24%
Stay the same	32%	46%
Contract / scale down	12%	16%
Struggle to survive	9%	10%

Personal investment: a profile

Resourceful and resilient — but carrying more personal risk.

Personal savings is the most commonly used form of supplementary finance among UK small businesses - but it is also the one that comes with the greatest personal exposure. For the business owner drawing on their own funds, there is no structural buffer between commercial risk and personal financial wellbeing.

The data reflects this. Small businesses in this group are broadly positive - 35% expect growth in Q1 2026 - but their growth strategy is predominantly defensive, and the concerns they carry are the highest of any group in our study.

57% of personal investment users cite general economic volatility as a concern - the highest of any group

Keeping fixed costs down is the dominant growth strategy for this group, cited by 68% - the highest of any group in the study. Improving cash flow follows at 42%.

Investment-oriented activities - new equipment, hiring, seeking external funding - are notably absent. The picture is one of businesses focused on sustainability over expansion.

It is worth asking whether this is a choice or a constraint. Some businesses in this group may be relying on personal savings precisely because other forms of finance have not been available to them - whether due to the age of the business, credit history, or simply a lack of awareness of the options. The data cannot settle this question, but the combination of high anxiety, lower investment activity, and a greater tendency toward contraction or survival mode is a pattern worth noting.

Tax and interest rates worry 46%, retaining existing business concerns 30%, and just 15% say nothing is keeping them awake at night. These are not reckless optimists; they are careful operators carrying more personal weight than perhaps they need to.

Business outlook	Asset finance	All businesses
Significant expansion	5%	3%
Modest organic growth	30%	24%
Stay the same	35%	46%
Contract / scale down	18%	16%
Struggle to survive	13%	10%

Friends and family funding: a profile

Ambition present. Cash flow pressure real.

Drawing on personal networks - informal loans, equity stakes from family members, support from friends - is the third most common form of supplementary finance in our study.

50% of friends and family users say improving cash flow is a priority for growth - their top stated strategy

Businesses in this group sit in interesting territory: they show more ambition than personal investment users in several respects, but operate under a noticeably tighter financial pressure.

The outlook of these enterprises is moderately positive - 34% expect growth - and 10% predict significant expansion, which is encouraging relative to the 3% average. But cash flow runs through everything for this group.

Managing cash flow is their leading concern (43%), and improving it is their primary

growth strategy (50%). The informal nature of their funding arrangements may itself be a factor: without the structured repayment terms of formal finance, cash flow management falls more squarely on the business owner.

There are also signs of outward ambition in this group that are less visible among personal investment users. Expanding into new markets is a priority for 21%, hiring more people for 13%, and 18% are actively seeking external financial funding beyond their existing bank. Friends and family funding may, for some businesses, be a staging post - a way of getting off the ground while more formal finance arrangements are established.

Their worry profile is consistent with their cash position. Tax and interest rates (47%) and general economic volatility (48%) are the headline concerns, with cash flow close behind. Just 5% say nothing is keeping them awake at night - the lowest figure of any group in our study. The personal dimension of their funding - money borrowed from people they know - may itself add a layer of pressure that sits beyond the purely commercial.

Business outlook	Asset finance	All businesses
Significant expansion	10%	3%
Modest organic growth	24%	24%
Stay the same	40%	46%
Contract / scale down	12%	16%
Struggle to survive	14%	10%

Assessment: first findings from a new lens



A personal viewpoint from Chris Powell, Head of Sales at Novuna Business Finance

This is the first time in more than ten years of Business Barometer research that we have examined small business sentiment through the lens of how businesses finance themselves. The findings are, intentionally, a first look rather than a definitive conclusion. But they point in consistent and interesting directions.

The clearest signal is the relationship between structured finance and growth confidence. Businesses using asset finance are more optimistic, more investment-active, and less likely to be in survival mode than any other group in our study. They are managing their finances rather than being managed by them. The structural logic of asset finance, freeing up working capital by spreading asset costs, appears to show up in how these businesses actually behave.

By contrast, businesses relying on personal savings or friends and family carry a heavier burden of anxiety and adopt more defensive strategies. Some of this may reflect the profile of businesses that reach for these options - younger, earlier-stage, or facing barriers to formal credit - rather than the funding route itself. Unpicking cause and effect is work for future editions.

One observation worth carrying forward: across all three finance-using groups, the proportion saying nothing is keeping them awake at night is well below the overall sample average of 22%. Whatever form their finance takes, businesses that use supplementary funding carry more active concern - and perhaps more active engagement with their own situation - than those relying purely on trading income.

Government grants users - 6% of the sample, not profiled separately here - are another group worth examining in future editions, particularly in the context of early-stage businesses and innovation investment.

These are early findings from a new way of looking at data we have been collecting for more than a decade. We have learned a great deal from this first exploration and are looking forward to developing these typology profiles further as the Business Barometer story continues. We will be back with more - and we hope you will follow us on the journey.