

COVID-19 Measures to support businesses experiencing increases in costs or financial disruptions

Financial Assistance – Loans

Following last week's update, further details have emerged on the Coronavirus Business Interruption Loan Scheme (CBILS).

Applications are now open to all SME businesses in all industries (except **excluded** organisations) and resources have been trebled to process the increased demand expected for these loans. SMEs will qualify if turnover does not exceed £45m and number of employees does not exceed 250.

Applications can be made with your bank directly (there are currently **40 accredited lenders** and the British Business Bank will be working to accredit new lenders) and SMEs will pay no arrangement fees to access this finance.

Schemes will be available for both term loans of up to 6 years and overdraft or invoice financing for up to 3 years. The government will pay for any lender-levied fees and cover interest payments for the first 12 months, lowering the initial repayments for smaller businesses. In addition, some lenders are likely to offer capital deferment schemes of up to 6 months as well.

Term loans from £10,000 to £5m will be available under this scheme for a maximum repayment period of 6 years. Overdraft and invoice financing to ease working capital requirements will be available for a maximum period of up to 3 years.

Borrowings of up to £250,000 can be accessed without security, at the lender's discretion, and whilst the lenders will have a government-backed guarantee of 80% of the loan value, the borrowers will be liable to repay 100% of the debt. Importantly the scheme does not require personal guarantees of a Directors PPR, this is though at the discretion of lenders.

Lending decisions will be based on most existing lending criteria and businesses will be expected to have been viable before CV19 and have a positive outlook medium to long term (traditional lending criteria such as customers and profits).

Many lenders are stating that they will only look at businesses they currently support, and we have also had reports that some lenders have amended lending policies and criteria. We have fed back already on instances and will continue to do so. You can find out how to feed back [here](#).

Due to the large number of applications generally priority is being given to businesses that have completed the lenders full document requirement list. So whilst this is not exhaustive or applicable to every bank this is a good guide as to what is required:

- Last 3 years full accounts with detailed P&L
- Last 12 months business bank statements (Lloyds Bank usually need 6 months personal as well)
- Up to date management accounts
- Aged debtor and creditor lists
- Confirmation of any outstanding debt (provider, term, repayment)
- Statement of personal assets, liabilities, income and expenditure from all Directors
- Home addresses of all directors/ shareholders
- Paragraph on how Covid-19 has affected the business and what the funds will specifically be used for