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Coronavirus Business Interruption Loan Scheme (CBILS)

On the 17th March 2020, the Chancellor announced £330bn of support for SMEs through the Coronavirus Business Interruption Loan Scheme (CBILS), 40+ accredited banks have been charged with delivering the scene. Businesses know that applying for loans has not historically been a quick process. We understand the government's intention with CBILS is to streamline this process and accelerate decisions. Our website is being updates daily for changes –

CBILS summary as follows:

- A government guarantee which secures 80% of bank loans to any viable business with a sound borrowing proposal, but which may lack adequate security.
- No fee required for Government guarantee.
- No loan arrangement fee or loan prepayment fee should the business wish to repay early.
- An interest free period of 12 months will apply.
- No repayment of capital required during the period of 12 months from drawdown. Although the loan can in theory be paid off during this period.
- For incorporated entities: Available for sums of £10,000 to £5,000,000.
- For sole traders and partnerships: Available for sums of £25,001 to £5,000,000 and under.
- The big four banks have apparently agreed that personal guarantees will not be taken as security for lending below £250,000 although this seems to be open to interpretation. For facilities above £250,000, the scheme requires the lender to establish a lack or absence of security prior to businesses using CBILS. Primary residential property cannot be taken as security under the scheme.
- Borrowers remain liable for 100% of the debt.

Who can apply:

- Have UK based business activity.
- Have an annual turnover of no more than £45 million.
- Have a borrowing proposal which the lender:
 - Would consider viable, were it not for the COVID-19 pandemic; and
 - Believe will enable the business to trade out of any short-term to medium-term difficulty.
- Not operating in the following sectors:
 - Lates set of statutory and management accounts, personal tax and returns
 - A business plan
 - Cash flow / Profit and loss forecast for the next 12 months
 - List of assets

We have spoken to most major lenders who have all indicated that the business plan and forecast information will be key to the lending decision. It is necessary for the borrowers to demonstrate the funding requirement, cashflow forecast should show, government grants, furlough expenditure and income, loan and mortgage holidays and the need for the loan. We have experience of raising debt and equity finance, so please do reach out for support in preparing and managing your application.

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