



Over the past few days we have been in communication with the British Business Bank (“BBB”) and several of the accredited lenders about how companies can apply for emergency loans under the Coronavirus Business Interruption Loan Scheme (“CBILS”).

### The Scheme

Under the scheme, companies suffering cash flow problems as a result of the Covid-19 outbreak can apply for loans, overdrafts, invoice finance and asset finance facilities of up to £5 million. The finance is interest free for 12 months. Term facilities can be for up to six years with overdrafts and invoice finance facilities for up to three years. The Government provides a guarantee to the lender of 80% of the facility provided.

### Eligibility

The summarised eligibility criteria are as follows:

- the company must be UK based and have turnover of no more than £45 million; and
- have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty.

The scheme is administered through about 40 accredited lenders which are listed on the BBB website: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>

### Application

The question asked by many of our clients is what information the lenders need for a funding application under CBILS. Each lender will have their own specific requirements depending on the nature of the business and the type of facility requested. But before applying for these loans we recommend companies have the following information available to ensure their application can be dealt with quickly:

1. Description of the business, its products and services, current trading status, and future plans.
2. Last three years full accounts with detailed profit and loss account.
3. Last six months’ business bank statements or access to data via “Open Banking”.
4. Cash flow forecast for at least the next six months.
5. Up to date management accounts.
6. Latest aged debtor and creditor lists.
7. Schedule of any existing debt, including the provider, amount outstanding, remaining term, and repayment terms.

8. Statement of personal assets, liabilities, income and expenditure from all shareholder-directors.
9. Details of the personal investment in the business made by the owners/directors to date and any additional funds they now intend to put into the business.
10. Explanation on how Covid-19 has affected the business and what the funds will specifically be used for.
11. Explanation of what actions the business has taken and will take to generate cash flow, such as applying to the Time to Pay Scheme for tax liabilities, using the Coronavirus Job Retention Scheme, requesting capital repayment holidays from other lenders, and deferring creditor payments and other expenses. Lenders will expect businesses to have made maximum use of such measures before applying for finance under CBILS.

## Summary

The Government guarantee doesn't mean funders will just waive through and approve all loan applications. Banks still need to make a proper assessment about whether the business is viable if the loan is advanced and this may take some time. Therefore, as ever in applying for funding, diligent preparation and effective presentation of your case will maximise the chances of success.

Burgis & Bullock is currently helping our clients apply for these loans. We can assist you in putting together your proposal or application form, providing the required financial information, and compiling cash flow forecasts.

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