



Bounce Back Loan Scheme

What is it?

The Bounce Back Loan scheme will help small and medium sized businesses to borrow between £2,000 and 25% of turnover up to a maximum of £50,000.

The government will guarantee 100% of the loan and there won't be any fees or interest to pay for the first 12 months. Loan terms will be up to 6 years with no repayments being due in the first 12 months. The government has set the interest rate at 2.5% per annum and lenders are not permitted to charge any fees.

This scheme will be delivered through a network of accredited lenders.

Eligibility

Businesses of any size can apply. Businesses must be based in the UK, have been negatively affected by coronavirus and was not an 'undertaking in difficulty' on 31 December 2019. A business is considered in difficulty if it met any one of the following criteria on 31 December 2019:

- Individuals or companies that have entered into collective insolvency proceedings;
- Limited companies which have accumulated losses greater than half their share capital in their last annual accounts (this does not apply to SMEs less than 3 years old);
- Partnerships, limited partnerships or unlimited liability companies which have accumulated losses greater than half of their capital in their latest annual accounts (this does not apply to SMEs less than 3 years old);
- Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan;
- A company which is not an SME where, for each of the last two accounting years: i) the book debt to equity ratio has been greater than 7.5 and ii) the EBITDA interest coverage ratio has been below 1.0.

The following businesses are not eligible to apply:

- Banks, insurers and reinsurers (but not insurance brokers)
- Public sector bodies
- State funded primary and secondary schools.

You cannot apply if you are already claiming under the Coronavirus Business Interruption Loan Scheme (CBILS). If you have already received a loan of up to £50,000 under CBILS and would like to transfer it into the Bounce Back Loan scheme you can arrange this with your lender until 4 November 2020.

How to apply

The Bounce Back Loans Scheme launched on the 4 May 2020 and application should be made through an accredited lender. Visit the British Business Bank website to see a list of accredited providers.

As further information is published by the government we will update our summaries. Should you have any initial queries either contact your usual CK contact or look at the governments dedicated business support website businesssupport.gov.uk.