



Coronavirus Business Interruption Loan Scheme (CBILS)

What is it?

The Coronavirus Business Interruption Loan Scheme (CBILS) supports small and medium sized businesses with access to loans, overdrafts, invoice finance and asset finance of up to £5m and for up to 6 years.

The first 12 months of interest will be paid by the government and any lender levied fees, therefore there will be no upfront costs and lower initial repayments.

The government will provide a guarantee of 80% of each loan (subject to pre-lender cap on claims) to the lenders. It should be noted that the borrower always remains 100% liable for repayment of the debt, with debt repayment holidays or payment deferrals being at the discretion of the lender.

Since its launch this scheme has been expanded and now covers all viable businesses, with less than £45m turnover, not just those unable to secure regular commercial financing. Insufficient security is no longer a condition to access the scheme. (For any commercial facilities – non CBILS - offered since 23rd March, providing the borrower meets the CBILS eligibility criteria lenders have been asked to bring these facilities onto CBILS wherever possible.)

Under the scheme lenders will not take personal guarantees of any form for facilities below £250,000. For facilities above £250,000, personal guarantees may still be required at the lender's discretion but:

- They exclude the Principal Private Residence and
- Recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds or business assets have been applied.

This scheme is expected to run for an initial 6 month period.

Who will deliver the scheme?

The scheme will be delivered through commercial lenders backed by the British Business Bank. (visit website [click here](#))

Who is eligible?

Eligible businesses are:

- UK based SME with a turnover of no more than £45m per year
- Have a borrowing proposal which, were it not for the Coronavirus 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 following trades and organisations are NOT eligible
 - o Banks
 - o Building societies
 - o Insurers and Reinsurers (but not insurance brokers)
 - o The public sector, including state funded primary and secondary schools



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How do I access support?

Talk to your bank or one of the accredited finance providers (a list of which is available on the BBB website) to discuss your business plan with them.

What lenders will need from you:

Details of the loan:

- The amount you would like to borrow
- What the money is for
- The period over which you will make the repayments

Supporting documentation will be required and this could include any of the following:

- Management accounts
- Cash flow forecast
- Business Plan
- Historic Accounts
- Details of assets

If you would like any help with preparing any of the above then please get in touch with us.

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.