



Abell Morliss International



**Business/Employers questions on
the Coronavirus Business Loan Scheme
for **SMALL** companies**

VERSION 3 CBILS

This was announced by the government on 27th April amidst much more fanfare (*buy shares in fanfare suppliers*) after CBILS1 and 2 failed four weeks ago.

Basically the problem the government faced was negative publicity every morning on the Radio 4 Today programme at 06.15 as they wheeled out yet another micro business that was being laughed at by their bankers when they asked for a CBILS loan sub to tide them over for a few months. To put a stop to this unwanted publicity, over a week ago, the government policy-leakers (it's a fulltime profession) had been trailing the carrot of 100% guarantees to banks on small loans so that reality started creeping towards the fanfares.

A real example - HSBC said to our client "Re the CBILS scheme, as discussed in our earlier emails ... a key requirement of the eligibility criteria is a viable business proposal and as a Lender, we have a responsibility to ensure the request is appropriate for the business. We consider the performance of the business over the last 12-months (pre-Covid-19) when assessing any borrowing request to ensure underlying profitability and cash generation is sufficient to meet the request and support in the long term. To reiterate, we would not want to provide a facility that the business is not able to honour and/or places additional burden on the directors. On this basis, a formal communication confirming our CBILS decline position is being finalised"

This client made £1m profit last year, how profitable do you need to be?!

JM Swallow, FCA

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CONTEXT

The Coronavirus Business Interruption Loan Schemes (CBILS) are a response by the government to the ongoing Coronavirus problem in the UK. The schemes are supposed to assist businesses who face financial difficulties due to shutdowns/loss of business due to the Coronavirus restrictions.

The reality was that little happened under schemes 1 and 2 as the banks sat on their collective chequebooks, So now we have version 3, perhaps the GTX version, but we'll see. This schemes aim is to provide easier access to loans of up to £50,000 for small businesses in the UK. –

Coronavirus Bounce Back Loan ©HM Government

If your small to medium-sized business (SME) is affected by coronavirus, you may be able to borrow between £2,000 and £50,000 through a Bounce Back Loan scheme.

The government will guarantee 100% of the loan and for the first 12 months you will not have to pay any fees, interest, or make repayments.

You may (will??) be eligible for this scheme if your business:

- ✓ is based in the UK
- ✓ has been negatively affected by coronavirus
- ✓ was not an 'undertaking in difficulty' on 31 December 2019
- ✓ This includes self-employed people.

Not sure about the fanfare?

How to apply

"This scheme is not available yet. It will launch on 4 May 2020"

Aaaaaaamazing.



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there won't be any fees or interest to pay for the first 12 months.

The Loan terms will be up to 6 years. No repayments will be due during the first 12 months. The government will work with lenders to agree a low rate of interest for the remaining period of the loan.

The scheme will be delivered through a network of accredited lenders (*common name – banks*)

How to apply 2

It 'launched' on 4 May 2020"



"How's it going Jim"

Guess !!



How to apply 3

Fortunately, in fact to apply you just go to your ever-caring sharing banks website, and there you will find a special link to take you through the new simple application process – enjoy.....

Eligibility

You can apply for a loan if your business:

- ✓ is based in the UK
- ✓ has been negatively affected by coronavirus
- ✓ was not an 'undertaking in difficulty' on 31 December 2019

Who cannot apply:-

- ✗ banks, insurers and reinsurers (but not insurance brokers)
- ✗ public-sector bodies
- ✗ further-education establishments, if they are grant-funded
- ✗ state-funded primary and secondary schools



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How about the answer to a question you didn't know existed?

If you've 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 <-y this date, a birthday?

Someone's short of problems to write about.....

Links

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

HSBC

<https://www.business.hsbc.uk/en-gb/finance-and-borrowing/credit-and-lending/bounce-back-loan-scheme>

Barclays

<https://www.barclays.co.uk/business-banking/borrow/bounce-back-loan-scheme/>

the Government Bank – sort of

<http://www.british-business-bank.co.uk/>

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