



**Covid-19
Business Loans
Factsheet**

Coronavirus Business Interruption Loan Scheme

The government have released a **Coronavirus Business Interruption Loan Scheme** to provide Finance for Smaller Businesses unable to secure finance due to insufficient security in this time of crisis.

Who is it for?

This loan provides finance for smaller businesses who are unable to secure finance due to insufficient security during this time of crisis.

How does it work?

The main difference with this type of loan is that the Lender is provided with a government-backed guarantee against 80% the outstanding balance, should you be unable to pay it back.

These loans cover a wide range of business finance - term facilities, overdrafts, invoice finance & asset finance – this will very much depend on your lender.

Asset Finance = a type of lending that gives you access to business assets such as equipment, machinery and vehicles, or enables you to release cash from the value in assets you already own. This includes, equipment leasing, hire purchase and refinancing assets.

Invoice Finance = a general term to describe a range of asset-based finance facilities, whereby businesses sell their accounts receivable (invoices) to a third party for a percentage of their value. It's a useful financing tool for businesses whose growth is hampered by slow payment of invoices.

These Loans and overdrafts up to the value of £5 million will be supported with no interest due for the first six months.

Eligibility – the small business must:

- Be based in the UK
- Turnover up to £41million
- Have sound business proposal
- The business should not have previously received state aid up to £200k
- Some industries are excluded i.e. farming, haulage, finance, insurance, health.

How do you claim?

You must complete an application form with accredited lender – most banks are accredited lenders.

The lender will then consider if the loan application is viable, considering the exact lending terms such as amount and duration.

The lender may offer finance on normal commercial terms without the use of the scheme.

In the absence of the required security the lender may use the scheme.

Is it worthwhile?

- Normal business lending criteria will have to be satisfied.
- The application must be viable.
- It doesn't remove the obligation from the borrower to repay the loan.