

Financial Support for SMEs

Getting Your Business Fit For Funding

Friday 12 June 2020

11:00 am – 12:00 pm

Tony Ryan 07715 705 209 Tony@Branduin.co.uk

Tony Ryan

- I specialise in getting SMEs “Fit for Funding & Growth” overcoming barriers to growth and setting them on the fast track to high performance and have fast become an expert on the rapidly changing portfolio of government business support initiatives.
- I have spent my whole working life advising companies and for the last 18 years have specialised in working with startups and SMEs. I am passionate about helping business owners to achieve the true potential of their businesses and using their businesses to achieve their life’s ambitions.
- I have set up and run my own coaching and consulting companies, selling them on successfully and was a Director of two listed companies and a Director at Deloitte Consulting and KPMG Consulting.



Sam Mathur

- Local Director for Metro Bank St. Albans, with over 16 years experience in relationship & portfolio management, Commercial & Private Wealth
- Previously an Associate Director – Private Banker at Coutts & Co.
- Prior to that was Senior Private Banking Manager for NatWest.
- Sam gained a degree from Brunel University in Accounting & Finance, followed by an MBA in Corporate Finance, International Marketing and Project Management.



Topics Covered

- The different funding options available to SMEs right now – and how to choose the best options for your business
- CBILS (Coronavirus Business Interruption Loan Scheme) & BBLS (Bounce Back Loan Scheme) and how they really work
- What information are the lenders demanding from you?
- What are your options if you get rejected?
- What does the future of funding look like post Covid-19?



Key Points on Cash for SMEs

Your critical priority is to know your numbers – **Cash is King**.
Don't panic - keep calm and let the Cash flow!

Known Knowns

- How much cash do you have?
- What cash are you expecting to come in?
- What cash are you committed to spending?
- What government schemes can you take advantage of?

Known Unknowns – be realistic, be prudent and be brutally honest

Unknown Unknowns – try to put these into some perspective

Top Tip – Get the quick wins, re-forecast, refresh and review again!



Confused ??????

	Small and medium businesses in the retail, hospitality and leisure sector	Large businesses in the retail, hospitality and leisure sector	Other small and medium businesses	Other large businesses	Self-employed individuals (or member of a partnership)
Covid-19 Corporate Financing Facility	X	✓	X	✓	X
Coronavirus Business Interruption Loan Scheme	✓	X	✓	✓	X
'Bounce Back' Micro Loan Scheme	✓	X	✓	X	X
Coronavirus Large Business Interruption Loan Scheme	X	✓	X	✓	X
Government backed support for start-ups and R&D SMEs	X	✓	X	X	X
Time to Pay	✓	✓	✓	✓	✓
VAT Deferral	✓	✓	✓	✓	X
Coronavirus Job Retention Scheme	✓	✓	✓	✓	X
Statutory Sick Pay Rebate	✓	X	✓	X	X
Income Tax Deferral for the Self-Employed	X	X	X	X	✓
Self-Employment Income Support Scheme	X	X	X	X	✓

What are your Funding options?

- ❑ Coronavirus Business Interruption Loan Scheme (CBILS)
- ❑ Bounce Back Loan Scheme for small businesses (BBL)
- ❑ Self-Employed Income Support Scheme (SEISS)
- ❑ Coronavirus Job Retention Scheme (CJRS)
- ❑ Local Authority Discretionary Grant Funding
- ❑ The Startup Loan Scheme
- ❑ R&D Tax Credits
- ❑ £750 million for innovative small businesses
- ❑ Full refund on statutory sick pay due to Covid-19



What are your Funding options?

- Business rates holiday for tax year 2020-21
- Protection if you can't pay your commercial rent
- Income Tax and VAT deferred
- More time to pay Corporation Tax
- Time to Pay Coronavirus helpline
- Employment and Support Allowance (ESA)
- Merchant Cash Advances
- Asset Finance/Invoice Finance



Personal Funding options

- ❑ Mortgage repayment holidays
- ❑ Relief from paying back loans and credit cards
- ❑ Rent payment holidays
- ❑ Cancel or suspend Gym memberships, subscriptions etc.

PERSONAL
LOANS



CBILS (Business Interruption Loans)



Who is it for?

Any business that: is UK-based in its business activity, has an annual turnover of no more than £45m and has a borrowing proposal which the lender: a) would consider viable, were it not for the COVID-19 pandemic and b) believes will enable you to trade out of any short-term to medium-term difficulty

How do you apply?

Available now through all major banks. You should apply via your usual lender's website or through one of the accredited commercial lenders

Key points

The borrower remains 100% liable for the debt. No personal guarantees can be taken by the lender in any form for facilities below £250k. A principal place of residence or motor vehicle cannot be used as a personal guarantee. There are no guarantee fees for SMEs.

£9.56 billion lent to 47,650 businesses (from 93,305 applications) up to Tuesday this week.

CBILS documents lenders will need



- An **explanation** of what the business has already done (and is planning to do) to mitigate the current crisis (such as taking advantage of the VAT and HMRC deferred payment schemes, rate relief grants, job retention scheme applications etc). This should be quantified wherever possible.
- An **explanation** of why the business thinks it will be able to recover (and when) once this crisis has passed, therefore justifying why the loan should be granted and how they will be able to make the repayments.
- A **statement of means** – a listing of assets & liabilities, income and expenditure (there are no personal guarantees needed, but this is part of the due diligence and risk assessment process)
- Most of these are government requirements – not the Lender's!

CBILS documents lenders will need



- Accounts and latest management accounts
- Six months statement and Cashflow forecasts – Profit & Loss
- How much and why? Funding analysis and Business Plan
- Can you afford it (loan repayments)?
- Risk analysis – be honest about your business
- How will your business cope post Covid-19
- Your competitors and existing customer position post Covid-19
- Best case & worst case scenarios
- Was your trend prior to Covid-19 upwards?

Bounce Back Loan Scheme

How does it work?

The Bounce Back Loan Scheme is delivered by accredited lenders and partners of the British Business Bank. Lenders can provide loans from £2,000 up to 25% of a business' turnover, so the maximum loan amount is £50,000. The maximum term for the loan is 6 years, with an interest rate set at 2.5% per annum. Early repayment is allowed with no fees.

The Government will make a Business Interruption Payment (BIP) to cover the first 12 months of interest payments, meaning that the borrower does not have to make any repayments for the first 12 months. The scheme gives the lender a full (100%) government-backed guarantee against the full outstanding balance of the facility, but note, ***the borrower always remains fully liable for the debt.***

There are no forward-looking tests of business viability, no complex eligibility criteria, just a simple standardised form for businesses to fill in (7 questions).

Bounce Back Loan Scheme

Lenders' application forms require borrowers to self-declare that their business:

- Has been impacted by the COVID-19 pandemic;
- Is engaged in trading or commercial activity in the UK
- Was established by 1 March 2020;
- Is not using the Coronavirus Business Interruption Loan Scheme (CBILS) or similar COVID-related loan schemes, unless these are under £50,000 and can be converted into a BBLS facility;
- Is not in bankruptcy or liquidation or undergoing debt restructuring at the time it submits it applies;
- Earns more than 50% of its income from its trading activity;
- Does not operate within the restricted sectors, which include credit institutions, insurance companies, public-sector organisations and state-funded primary and secondary schools;
- Was not a business in difficulty at 31 December 2019.

Bounce Back Loan Scheme

How to Apply

From Monday 4 May, the loans have been easy to apply for through a short, standardised online application. Applications will be handled by individual lenders, therefore the first step is to find a lender among the BLS accredited partners.

It is advisable to approach your business' current provider, as lenders are fast-tracking existing clients.

You will need to fill in a short application form online, which self-certifies that your business is eligible for a loan under BLS.

If your business is eligible, it will be subject to appropriate customer fraud, Anti-Money Laundering (AML) and Know Your Customer (KYC) checks. The loan should reach businesses within days, providing immediate support to those that need it as easily as possible.

Local Authority Discretionary Grants

If you are a small business that slipped through the net because you share a business space or you can't register for local business rates, then you could now receive a grant from your local authority, thanks to additional funding of £617 million. There will be three levels of grant payments. The maximum will be £25,000 and there will also be grants of £10,000. Local authorities will have discretion to make payments of any amount under £10,000. ***It will be for councils to adapt this approach to local circumstances.***

This discretionary fund has been set up to accommodate certain small businesses previously outside the scope of the business grant funds schemes. The grants are available if you have fewer than 50 employees and you've seen a significant drop in income due to Coronavirus restriction measures.

<https://www.gov.uk/guidance/apply-for-the-coronavirus-local-authority-discretionary-grants-fund>

The Startup Loan Scheme


START UP LOANS
Your business, your way

What is a Start Up Loan?


transmit
start-ups

**UP TO £25,000
FINANCE AVAILABLE**

**6% P.A. FIXED
INTEREST RATE**



£7000
AVERAGE LOAN SIZE




**FOR
BUSINESSES
TRADING**

**0-24
MONTHS**

**1-5
YEARS** **LOAN
TERM**

NO APPLICATION FEE

NO EARLY REPAYMENT FEE



**FOR
BUSINESSES IN
ENGLAND, SCOTLAND
& NORTHERN IRELAND**

GOVERNMENT BACKED

Startup Loans Scheme

- The Start Up Loans Scheme is available to businesses who have been trading for less than two years, including newer businesses who began trading after 1 March 2020.
- The Start Up Loans Scheme offers access to affordable government-backed finance of between £500 and £25,000 per owner (limited to £100,000 per business), at a fixed 6% p.a.
- The Start Up Loans Scheme provides access to support during the application process, including help to create a business plan, as well as post loan support and mentoring.
- Businesses who were trading prior to 1 March 2020, have been trading less than two years and have been negatively impacted by COVID-19 can consider applying for both a Bounce Back Loan and a Start Up Loan. Existing Start Up Loans customers are also able to apply to borrow under the Bounce Back Loan Scheme.
- **I had 7 loans approved in March, 5 in April and 12 in May – & have 43 in progress!**

The Future of Funding?

- Who will be funding businesses?
- Who will be applying for funding?
- What type of business will be funded?



Tips and Tricks

- Don't forget the Startup Loan Scheme – if you have been trading for less than 24 months
- Cancel your Direct Debit for VAT Payments, but tell HMRC about other deferments
- Consider shortening or lengthening your Accounting Year End
- R&D Tax Credit Claims - lenders will make cash advances against these claims
- Merchant Cash Advances – if you use credit/debit card terminals
- Invoice discounting – particularly for those of your clients with good reputations
- Investigate all Regional Grants and Hardship Grants
- Incentivise customers to pay early, take credit/debit cards, move online with your sales if possible

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Slides will be sent to you

Feedback: please type a few words in the Chat box before you leave



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Government Support & Guidance

For **general business support** try

<https://www.gov.uk/business/finance-support>

A new '**Support Finder**' tool, launched by the government will help businesses and self-employed people across the UK to quickly and easily determine what financial support is available to them during the coronavirus pandemic.

<https://www.gov.uk/business-coronavirus-support-finder>

Skills Toolkit - free digital and numeracy courses to build your skills -

<https://theskillstoolkit.campaign.gov.uk/>

HMRC Help

Website: <https://www.gov.uk/hmrc-online-services-helpdesk>

Email: helpdesk@notifications.hmrc.gov.uk

Telephone: 0300 200 3600

Or go onto their online chat service to discuss payments which can be found at

<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/online-services-helpdesk>

Making decisions in the 'Eye of the Storm'

Dominic Dumville, Corporate Restructuring Partner

June 2020

Plan and forecast



CASHFLOW
FORECAST FOR
YOUR HIBERNATION



REACH OUT TO KEY
STAKEHOLDERS



FORECAST FOR
YOUR RECOVERY



DOCUMENT
DECISIONS



GET HELP

Two rescue insolvency processes

- **THE CVA**

(Company Voluntary Arrangement)

- Healthy business with a problem
- Unsecured creditors vote
- Insolvency Practitioner Supervisor

- **The Administration**

- Primary purpose is rescue as going concern
- Moratorium
- Versatile
- Not all lead to Pre-pack or liquidation

Contact details



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No Coffee, no problem - Get in touch

We welcome the opportunity to talk to you in more detail, please email natalie.clare@mercerhole.co.uk if you would like to arrange a consultation at your convenience.

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