

BHP COVID-19 Update

Coronavirus Large Business Interruption Loan Scheme (“CLBILS”)

1 What is it?

A scheme whereby up to 40+ banks and financial institutions will lend money to medium-sized and larger businesses which is partially guaranteed by the UK Government

Businesses can borrow up to the following without traditional forms of security

- £25m - where group turnover is between £45m and £250m
- £50m - where group turnover is greater than £250m

The scheme is for viable businesses who are experiencing lost or deferred revenues, leading to disrupted cashflow as a result of COVID-19

The lending bank will receive an 80% guarantee from the Government for losses if you default

2 Is your business eligible?

To be eligible your business must:

Be UK based with group turnover greater than £45m (50% of turnover must be derived from trading activities)

Have a borrowing proposal which

- were it not for the COVID-19 pandemic would be viable
- with the provision of CLBILS finance enables your business to trade out of short to medium term difficulty

Not be in agriculture, aquaculture, fisheries, banking/insurance institutions or otherwise state funded

3 What does it mean practically?

Your business remains 100% liable for the amount borrowed

You have until the end of September to apply

Unlike the CBILS scheme the UK Government will not pay the first 12 months' interest and fees

For loans >£250K a PG may still be requested but capped at 20% of the outstanding balance (after applying proceeds of business assets)

A Principal Private Residence cannot be taken as security

Lenders are not required to demonstrate a borrower's ability to access funding under normal commercial terms

4 What else should you be thinking about?

Consider which type of finance is most appropriate for your business (loan/revolving credit/asset or invoice finance or a combination of these)

Can your business borrow money without accessing CLBILS?

Repayment terms are limited to a maximum of 3 years. Does your business have the ability to repay the finance/funding in the short to medium term?

Is taking on debt the right solution for your business?

Has your proposal been prepared/reviewed by a professional advisor?

5 Can your business still borrow under CLBILS if it has taken advantage of other COVID-19 related government support?

Yes, with the exception of the Bank of England backed CCFF [COVID Corporate Finance Facility]

BHP's recommendations before applying for a CLBILS loan

- Identify the short to medium term 'funding gap' COVID-19 has created
- Consider the cash quantum and timing of other government support you will have accessed (for example the Coronavirus Job Retention Scheme, deferring VAT and payroll taxes). This may reduce your borrowing requirement.
- Think through whether you have done everything reasonably possible to get through the short term disruption
- Compile a well thought through proposal which evidences viability through:
 - A track record of profitable recent trading
 - Your business plan for this year before the disruption
 - What the disruption means for your business (based on realistic assumptions of the impact) and the steps you have taken to address the situation
 - Preparing a financial forecast which supports the above
- Take professional advice and ask them to review your funding proposal