CUTTING THROUGH THE NOISE: ACCESSING CBILS CHECKLIST

WHAT YOU NEED	Factors to Consider	HOW TO PROVIDE	WHO AND WHEN
Demonstrate you had a successful business before the COVID-19 Lockdown	Positive and increasing net worth/assets over 3 year period. Average 3 year EBITDA less Dividends/Drawings must exceed 150% of loan amount.	2-3 years historic accounts, and (if available) Management Accounts to end of last quarter/month	
Establish the Amount you need to borrow	Start with 3 month period of Lockdown with significant reduced income plus 9 months to recover. Consider timing of existing and future aged debtor receipts and aged creditor payments Include Government support such as Local Authority and Furlough grants income Consider cost reduction and payment deferrals where possible (e.g. VAT, Time to Pay)	Minimum is a simple 12 month Cashflow Forecast. Identify the key income and expenses that have significant impact Explain the measures you have taken and how and when you expect your business to recover. See our free Cashflow template on our website www.randall-payne.co.uk A full 3 way forecast may be required.	
Demonstrate you will have a successful business post COVID-19 Lockdown to show you will be able to repay the loan	How long will it take to recover? What cost savings are likely to be long term? Historic information may suffice if it is strong and consistent, and a return to full operations is expected.	3 way forecast including Profit and Loss, Balance Sheet and Cashflow Forecast. Include alternative scenarios.	

This guidance is based on information available at 14 April 2020. As the situation is ever changing and every business is unique, you must make your own enquiries as to the suitability or otherwise of any available support or alternative strategies.

For any of our services please contact info@randall-payne.co.uk and you will be introduced to our relevant expert.

NOTES:

1. We suggest approaching your existing bank and relationship manager first. However, the volume of applications is high and delays are inevitable. We have access to 10+ CBILS lenders and having the right application and information prepared is likely to allow you to move to the front of the queue. The easier your application is to process, the faster it will be done. We are here to help you.

2. EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation and is a measure of cash generated. These numbers should be obvious from your accounts. Calculate the figure, deduct the money you take (revised to reflect the new reality if necessary). Divide this figure by 1.5 to give you an idea of the maximum loan you are likely to get.

3. The Government is securing 80% of the loan. This is a last resort, it is a not a guarantee you will be able to borrow. The Lenders will need to know you can afford to repay the loan.

4. The loan must be at least 80% new funding although up to 20% could be used to refinance existing debt, depending on the lender.

5. Although there is no personal guarantee required below £250K of lend (and the PG only applies to the unsecured 20% over that threshold) Lenders may still require a statement of personal assets and liabilities and personal Income and Expenditure (SALIE). This is to establish the level of your ongoing drawings/dividends from the business is realistic.

6. All lenders are offering capital repayments holidays for 6-12 months, with varying amounts of flexibility to choose the period. Loans should be repayable early without penalty. It is therefore probably sensible to borrow more rather than less, given the great uncertainty.

7. Interest rates after the initial 12 month interest free period are typically 3-4.5% for CBILS term loans. Much higher rates can be expected for smaller overdraft lending within the scheme.

8. We are in an unknown situation but that is not an excuse to avoid putting a Forecast together. Some things are more certain – levels of income, fixed unavoidable costs and grant receipts. You have to make a best guess and expect things to turn out differently. Having a Forecast that you can monitor and revise as you go is significantly better than nothing and you will not get a CBILS loan without one.

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