

Government Bounceback Loans

Types of businesses	Any business structure (sole trader, partnership, LLP and Limited Company)
Which sectors?	Any sector apart from: <ul style="list-style-type: none"> • 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
Any other eligibility criteria?	<ul style="list-style-type: none"> • is based in the UK (not sure if this the business is registered in the UK or the trade is conducted in the UK) • has been negatively affected by coronavirus (assume this will be a tickbox to confirm some element of loss of income or increased costs) • was not an 'undertaking in difficulty' on 31 December 2019* (see below) <p>May only be open to businesses of a certain age May only be open to businesses who do not have accumulated losses >50% of share capital</p>
How much	£2k - £50k 25% of turnover (assume per last full accounts) Max £50k
Purpose of funds	Not yet announced Possibly may not be used for dividends or for servicing or repaying existing debt (eg high HP/leases or repaying other overdrafts, loans etc)
Security	100% guarantee provided by Government No PG required Assume no other debenture or charges (but not certain)
Interest rates	Not announced – will be 'standardised' – expecting 3-5%; Govt pay for the first 12 months;
Fees	Not announced – expect Govt will pay any lender's fees Expect there to be no early repayment penalties
Term	Announced - up to 6 years No repayments within the first 12 months
Accredited Lenders	Not yet announced – assume high street banks and possibly some fintech and alternative lenders
Application process	Not yet announced other than: 2 page online application form Funds in bank account within 1-2 working days Assume no cashflows will be required
How does it work with CBILS?	Can swap to a Bounceback Loan up to 4/11/20 You cannot have both a CBILS loan and a Bounceback Loan
Application start date	Monday 4 th May

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

Notes:

The broad definition of an 'undertaking in difficulty' is here:

"This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital."

Further details are here:

https://ec.europa.eu/competition/state_aid/legislation/rescue_resctructuring_communication_en.pdf