

ACCESS TO
FINANCE

Coronavirus Business Support

*John Whittaker and
Gregg Harding*

Your microphone will be automatically muted throughout.

The presentation will start at 10:30am

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Housekeeping

- ▶ Introduction to the Programme and the Presenters
- ▶ If you have a question, you can ask by clicking on the Q&A button (normally at the bottom of the screen). We will be answering questions in the order on the agenda after each topic
- ▶ We will do our best to answer as many questions as possible during the allotted Q&A time after each presentation slide
- ▶ This webinar is expected to be for 1.5 hour but we are happy to stay on longer if there are lots of questions
- ▶ If the line goes down we will aim to get it back up as quickly as possible
- ▶ The content of this webinar and answers to questions is only our opinion

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Agenda

- ▶ New Micro Business “Bounce Back” Loans Scheme (BBLS)
- ▶ Coronavirus Business Interruption Loan Scheme (CBILS) - Update
- ▶ General cashflow advice / VAT & Tax Breaks
- ▶ Business Rates grants – **Additional funding now open for applications**
- ▶ Coronavirus Job Retention Scheme (Furloughing staff)
- ▶ Self employed grants - Update

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Coronavirus Bounce Back Loan Scheme (BBLS)

- ▶ Loans Range from £2,000 to £50,000
- ▶ 100% Guarantee provided by HM Government to the lender (you remain liable)
- ▶ Maximum loan - 25% of turnover
- ▶ Apply via newly created “streamlined” online standardised application process with bank or lender - network of accredited lenders
- ▶ Interest charges covered by government for first 12 months
- ▶ No personal guarantee (PG)
- ▶ If sole trader/partner – cannot affect personal home and car
- ▶ No repayments during first 12 months
- ▶ Interest rate 2.5% and 6 year term
- ▶ No early repayment fees (minimum repayment £2K)
- ▶ No forward viability test or proof of ability to repay
- ▶ No restriction on the total amount of the facility to cover refinancing
- ▶ Assessed ‘in a matter of days’

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Coronavirus Bounce Back Loan (BBL) Scheme

Eligibility:

- ▶ Is based in the UK
- ▶ Has been negatively affected by coronavirus
- ▶ Cannot apply if you have had CBILS. However, if you have already received a loan up to £50,000 under CBILS and would like to transfer it to the Bounce Back Loan Scheme, you can arrange this with your lender until 4th November 2020.
- ▶ Must state whether or not the business was, on 31 December 2019, a “business in difficulty” and if it was a “business in difficulty” then it must confirm it does not breach de minimis State aid restrictions and will not be used to support export-related activities.
- ▶ At the time of submitting their loan application, the business is neither in bankruptcy, debt restructuring proceedings, liquidation or similar.
- ▶ More than 50% of the income is from trading activity
- ▶ <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>

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Coronavirus Business Interruption Loan Scheme (CBILS)

- ▶ Loan Facilities from **£50,001** to £5M (**other facilities from £1K**)
- ▶ This scheme backs the banks/finance houses with an **80%** guarantee but the lenders normal rules apply
- ▶ Be UK-based in its business activity
- ▶ Have an annual turnover of no more than £45 million
- ▶ Your business must generate more than 50% of its turnover from trading activity (selling goods or services)
- ▶ Your CBILS-backed facility will be used to support primarily trading in the UK
- ▶ **Refinancing limited to 20% of the facility**
- ▶ Businesses must:
 - Have a borrowing proposal which the lender would consider **viable**, were it not for the COVID-19 pandemic
 - **self certify that you are adversely impacted by COVID-19**

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CBILS (Cont.)

- ▶ Interest rates varying
- ▶ Unsecured (No PG) under £250K
- ▶ Over £250K - PG for 20% of loan (not all lenders are asking for this)
- ▶ Term – up to 6 years for loans & asset finance
- ▶ Term – up to 3 years for overdrafts & invoice discounting
- ▶ Government to pay first 12 months lender fees and interest
- ▶ Some lenders offering ‘no’ early repayment fees
- ▶ Some lenders offering capital repayment holidays for 6 months +
- ▶ Lending amount can be based on :-
 - 25% of turnover or
 - Twice the annual wage bill or
 - Liquidity assessment for the next 18 months
 - Or any/all of the above based on the lenders requirement

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/for-businesses-and-advisors/>

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General Advice

- ▶ Last set of financial accounts
- ▶ Management accounts to the pre CV-19 position
- ▶ A clear explanation of the impact of coronavirus on your business
- ▶ How will you mitigate the impact of CV-19 on your business
- ▶ A set of cashflow forecasts which you have used to estimate your total cash requirement over the next 12-18 months and the amount of debt you are seeking
- ▶ A list of all current HP/Leases/Loans etc
- ▶ The extent to which you've explored other areas of funding or government support

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Cashflow advice

- ▶ Go through everything you pay for and stop anything that you don't need right now i.e. subscriptions
- ▶ Speak to every finance company i.e. HP/Lease/Loans etc and ask for a payment break.
- ▶ Call HMRC and use the 'Time to Pay' scheme for a break for any outstanding Tax/Paye/VAT bills on
- ▶ Sell anything you don't need but be aware that valuations may have dropped on vans etc.
- ▶ Clear out old stock – the internet is a great source for this
- ▶ Can you pivot and use your skills/vans/equip to fill a gap in the market now!
- ▶ Chase those who owe you
- ▶ Do a Personal Household Survival Budget (PHSB)
- ▶ Most importantly – do a cashflow – weekly for 3 months
- ▶ You may not be able to control what is coming in but you can control what is going out

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Communication is Key



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Deferral for VAT

- ▶ You can delay (defer) any VAT payments due between 20 March 2020 and 30 June 2020. If you choose to defer a VAT payment, you will have until 31 March 2021 to pay it.
- ▶ You do not need to alert HMRC that you are deferring
- ▶ There will be no interest or charges applied to this

Deferral for Self Assessment

- ▶ If you're due to pay a self-assessment payment on account by 31 July 2020 you may defer payment until January 2021.
 - ▶ You do not need to alert HMRC that you are deferring
 - ▶ There will be no interest or charges applied to this
- ▶ **Cancel Direct Debits as advised by HMRC**

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Business Rate Grants

Small Business Grant Fund (SBGF) Eligibility:

- ▶ Businesses with a property that on 11th March 2020 were eligible for Small Business Rate Relief (SBRR) including those with a rateable value between £12,000 and £15,000 who receive tapered relief.
- ▶ Businesses which on 11th March 2020 were eligible for Rural Rate Relief Scheme (RRRS)
- ▶ Eligible businesses will receive one grant per property
- ▶ **Grant of £10,000**

You should have been notified, if you are eligible, for this grant by Cornwall Council.

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Business Rate Grants

Retail, Hospitality and Leisure Grant Fund (RHLGF) Eligibility:

- ▶ Businesses with a property on 11th March 2020 with a rateable value of less than £51,000 and would have been eligible for a discount under the business rates Expanded Retail Discount Scheme (ERDS) . Charities which otherwise meet these criteria but whose bill for 11 March 2020 was reduced to NIL by a local discretionary award are still eligible
- ▶ Eligible businesses will receive one grant per property
- ▶ Typical eligible buildings are used as shops, restaurants, cafes, drinking establishments, cinemas and live music venues, assembly and leisure halls, hotels, guest & boarding premises and self-catering accommodation
- ▶ Businesses with a property which has a rateable value of up to and including £15,000 will receive a grant of **£10,000**
- ▶ Businesses with a property which has a rateable value of over £15,000 but less than £51,000 will receive a grant of **£25,000**

You should have been notified, if you are eligible, for this grant by Cornwall Council.

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Business Rate Grants – New Info

This funding is aimed primarily at small (less than 50 employees) businesses with ongoing fixed property-related costs.

- ▶ Businesses in shared spaces
- ▶ Regular market traders
- ▶ Small charity properties that would meet the criteria for Small Business Rates Relief
- ▶ Bed and breakfasts that pay council tax rather than business rate

Grant £10,000, unless businesses can demonstrate that;

- Their property related fixed costs for rent or mortgage payments is above £20,000, or;
- Play a crucial role for the regional or national economy

Must demonstrate that the business has seen a significant drop in income due to coronavirus restriction measures and is not eligible for current grant schemes.

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Business Rate Grants – New Info

Links to Cornwall Council for Discretionary Coronavirus Small Business Support

<https://www.cornwall.gov.uk/smallbusinessgrant>

This gives summary and also both the **application form for eligible business** and another facility for those businesses who do not appear to be eligible to register an **expression of interest**.

Also worth reading the link to the full guidance based upon that issued by HM Government **lots of detail here!**

<https://www.cornwall.gov.uk/media/43427495/local-authority-discretionary-grant-fund-for-small-business-grant-payments.pdf>

APPLY NOW! - Funds are limited!

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Coronavirus Job Retention Scheme (Furloughing)

- ▶ Started 1st March 2020.
- ▶ Initially for 3 months, then extended until 30th June **now extended to 31st October but employers may be asked to contribute after 1st August**
- ▶ Grant for 80% of normal pay plus the Employer NI contributions and minimum automatic enrolment employer pension contributions on that wage.
- ▶ Maximum claim up to £2,500 per month per employee
- ▶ It is available to employees on the payroll at 19th March 2020
- ▶ Portal available from 20th April 2020 – payment in 6 working days
- ▶ Directors can be furloughed and still perform their statutory duties, but only their salary is covered by the 80% grant, not dividends.
- ▶ Employees can be furloughed more than once (but each furlough period must last for at least three weeks)
- ▶ Furloughed employees cannot carry out work that is providing a service or generating revenue for the business. **Part-time allowed from end of July**
- ▶ Employees can still undertake training whilst on Furlough.

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Self Employed Income Support Scheme

- ▶ Self employed, Sole Traders, Partnerships, LLP's
- ▶ This scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months (March, April, May)
- ▶ Must have submitted your 18/19 return
- ▶ Traded in the tax year 2019-20
- ▶ Are trading when you apply, or would be except for COVID19
- ▶ Intend to continue to trade in the tax year 2020-21
- ▶ Have lost trading/partnership trading profits due to COVID-19
- ▶ HMRC are starting to contact people to say that they may be eligible
- ▶ Portal open **13th May 2020**
- ▶ Payments are expected to be paid by the end of **May 2020**

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Self Employed Income Support Scheme

- ▶ Your self-employed trading profits must also be less than £50,000 over the average of the last 3 years and more than half of your income must come from self-employment. This relates to 16/17, 17/18, 18/19
- ▶ If you started trading after 6th April 2019 then you cannot access this scheme.
- ▶ You will access this scheme only through [GOV.UK](https://www.gov.uk). If someone texts, calls or emails claiming to be from HMRC, saying that you can claim financial help or are owed a tax refund, and asks you to click on a link or to give information such as your name, credit card or bank details, it is a scam.
- ▶ **Online checker tool now available – need UTR and National Insurance Number**

<https://www.tax.service.gov.uk/self-employment-support/enter-unique-taxpayer-reference>

You will be notified, if you are eligible, for this grant by HMRC (GOV.UK)

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Legal/Accounting/Professional Services

Grants £500 to £7,500

This grant can fund **50%** of professional service costs that are incurred in overcoming a barrier in the process of accessing finance. These charges could be from an Accountant, Solicitor, Surveyor and could include:

- Funding for preparation of cashflows, financial forecasts.
- Funding for management accounts in preparation for a finance application
- Due diligence
- Legal or statutory matters associated with equity funding

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Questions already raised - General

- ▶ We can access neither self employed nor employee help as we became a partnership 12 months ago (previously Ltd company). Is there anything for us?
- ▶ How is a small business supposed to manage accrued debt the other side of this situation?
- ▶ What advice do you have for any businesses who doesn't feel that they can survive the current crisis?

Live Questions

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