

COVID-19 FINANCE SOLUTIONS

In response to the financial challenges facing the UK economy as a result of the coronavirus (COVID-19) pandemic, the government has agreed to guarantee up to 100% of loans made by accredited lenders at this time to try and protect the continuing viability of UK businesses.

For those businesses with formal lending already in place, their first port of call should be to their existing bank / lender to discuss their financial position. For businesses which are yet to take on formal borrowing but are considering this option, the focus moves to the various lending schemes available.

The principal amongst these are set out in size order below. Feedback from the market strongly suggests that applications for all schemes need to be made carefully and clients would benefit from assistance in presenting their financials.

COVID-19 CORPORATE FINANCE FACILITY (CCFF)

- For businesses which make a 'material contribution to the UK economy' (large corporates).
- Facility allows for unlimited amount of tradeable 'paper' (on financial markets) to be issued by investment grade large corporates through a bank facility.

For further information on the **CCFF** from the government please click [here](#) and from the Bank of England please click [here](#).

CORONAVIRUS LARGE BUSINESS INTERRUPTION LOAN SCHEME (CLBILS)

- For medium and larger corporates with turnover exceeding £45 million
- Loans of up to £200 million available
- Companies borrowing more than £50 million through CLBILS will be subject to further restrictions on dividend payments, senior pay and share buy-backs during the period of the loan.

For further information on the **CLBILS** from the government please click [here](#) and from the British Business Bank please click [here](#).

For a list of approved CLBILS lenders, please click [here](#).

CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)

- For SMEs.
- Loans up to £5 million to SMEs.
- First 12 months will be available interest-free.
- Available by way of term loans, overdrafts, invoice finance and asset finance facilities.
- Loans of over £250,000 may require personal guarantees (not applicable if lower amount).

For further information on the **CBILS** from the government please click [here](#) and from the British Business Bank please click [here](#).

For a list of approved CBILS lenders, please click [here](#).

BOUNCE BACK LOAN

- For SMEs.
- Loans of £2,000 to £50,000.
- First 12 months will be available interest-free and no repayments in first 12 months.

For further information on the **Bounce Back Loan** from the government please click [here](#) and from the British Business Bank please click [here](#).

For a list of approved Bounce Back Loan lenders, please click [here](#).

FUTURE FUND

For businesses that are unable to access the facilities mentioned above, but have already raised a minimum of £250,000 in equity investment.

- Government will match private (equity) investment in UK companies with an equal value unsecured convertible loan ranging from £125,000 to £5 million.

For further information on the **Future Fund** please click [here](#).

ISLE OF MAN DISRUPTION LOAN GUARANTEE SCHEME

- Supports SMEs in Jersey, Guernsey and the Isle of Man.
- Loans of £5,000 to £500,000 for businesses with a turnover of no more than £10 million.

For further information on the **Disruption Loan Guarantee Scheme** please click [here](#).

As the economic position changes, so do the terms of the loan schemes. We will look to keep this document updated as soon as reasonably practicable following any changes.

DIRECTORS' DUTIES AND LIABILITY

There is an inordinate pressure on directors of UK companies at the moment to act in the best interests of their shareholders and, subject to financial stability, their creditors. Dealing with this position can be very difficult and requires proactive management from directors and potentially external advisors.

Directors must carefully balance protecting the day-to-day solvency position of the business against how any borrowings will be repaid in the future, in light of their statutory duties. Lenders are continuing to charge commercial rates of interest and looking to ensure they take security for their liabilities, principally to ensure that if there is a formal insolvency in the future, they can manage any process. Security required could include cross-guarantees and debentures and directors of obligor companies need to be very careful in considering the commercial benefit of securing debt across a corporate group at this time.

Directors should be taking appropriate advice at this time to manage their responsibilities collectively as a board and also individually, clearly documenting their decisions and avoiding continuing to trade without appropriate thought to their statutory obligations and potential liabilities.

CONTACT US

BDB Pitmans offers a full service to the SME and mid-markets in terms of corporate, finance, employment and restructuring legal advice across a broad spectrum of sectors, and so are well placed to advise on all facets of managing your current and future financial position.

If you would like to discuss any of the above, or any related legal enquiry, please call your current BDB Pitmans contact or find more details on our website: www.bdbpitmans.com

This publication is not meant as a substitute for advice on particular issues and action should not be taken on the basis of the information in this document alone.

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