



THE TRAVEL TRADE CONSULTANCY

## **Business Interruption Loan Scheme (CBILS)**

To help UK businesses through these challenging times, the Chancellor announced the Coronavirus Business Interruption Loan Scheme (CBILS) in his budget statement. In our discussions over the last week, it is clear that many travel companies see this as a potential lifeline.

However very little information is currently available and we understand The British Business Bank, who are running the scheme, are still working on the finer details, and eligibility criteria. More information is expected on Monday 23rd March.

In the meantime we've pulled together this high-level summary of what we know so far, based on conversations with several banks who are participating in the scheme, and who are familiar with the travel sector and its needs.

### **What is CBILS?**

CBILS is a government loan guarantee scheme provided by the British Business Bank (BBB) through a network of participating banks and other finance providers (the Accredited Lenders). The Accredited Lender will assess the application and provide the loan. Where necessary, the BBB will provide the Accredited Lender with a guarantee to support 80% of the loan value.

### **What will be required?**

Further details are expected next week (commencing 23 March), but based on our conversations with several Accredited Lenders, we expect the following requirements as a minimum:

- Your latest annual financial accounts;
- Your management accounts showing the last 12 months' trading;
- Forward looking financial forecasts, including Profit & Loss account, Balance Sheet and Cashflow, ideally covering the next 9 to 12 month period and illustrating the amount you need to borrow;
- A written summary of key assumptions that support your financial forecast. These should illustrate:

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- A broad overview of your business model, management team and historic trading results
- An estimate of the impact of Coronavirus on your business (including the realistic loss of income together with sensible recovery assumptions)
- A summary of mitigating actions already taken, together with their expected impact (eg. cost cutting, supplier negotiations, Time to Pay discussions with HMRC)

A few further things to think about:

1. The decision to lend sits solely with the Accredited Lenders. If you have an existing relationship with one of the Accredited Lenders, that will almost certainly help. You can check whether your existing bank is one of the Accredited Lenders here <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>
2. The loan is not risk-free for the Accredited Lender and they will need to complete a full credit assessment. You should ensure your loan application is detailed, complete, and professional to improve your chances of being accepted.
3. Your bank will need to be confident you can afford to repay what you borrow. Your financial forecasts and assumptions need to demonstrate that the amount you wish to borrow is affordable based on normalised trading and cash generation.
4. Finally, we haven't yet seen the small print and the devil is always in the detail. In particular, make sure you are comfortable with any additional security requirements that may be required, such as personal guarantees.