

Everything you need to know about securing finance for business recovery

It's been over four months since the Government-backed Coronavirus Business Interruption Loan Scheme (CBILS) and Business Bounceback Loan Schemes (BBLs) were introduced. Whilst there has been huge uptake of these loans, many businesses have still struggled to access them.

However, The British Business Bank has now authorised more than 100 lenders – including high-street banks, challenger

banks and regional and specialist lenders – opening up new options to those who might have been rejected before.

As businesses start to trade again, costs will start to rise. So for many, having access to finance will be essential for recovery – especially while revenues remain lower.



£12.2 billion

has been approved to over 55,000 UK businesses via CBILS since its launch in March (as of 21 July, 2020)

Over 1 million

BBLs Loans have been approved to date, worth in excess of £32.8 billion (as of 21 July, 2020)

THREE THINGS TO CONSIDER BEFORE TAKING OUT A LOAN

1 Get the right advice

It's absolutely critical to get advice before applying for any type of loan. This will ensure you're choosing the right option for your business. Talking to your accountant or someone you trust is key to making the right financial decisions.

If you don't have an accountant, check out the [Xero Advisor Directory](#) to find one.



2 Plan for your repayment before taking it on

Whether it's CBILS or BBLs, you shouldn't forget that you'll need to repay 100% of these loans, regardless of the government guarantee. Don't take out a loan until you've built repayments into your financial plan. This will ensure you're able to repay it in the future without damaging your business in the longer-term.

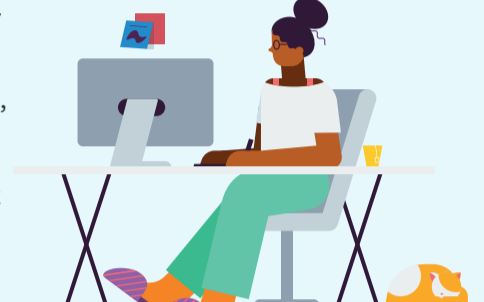
[ADVICE ON BUILDING A FINANCIAL PLAN](#)



3 Plan how to use the money

It can be tempting to fight the most immediate fires with capital, but try to think about the longer term health of your business – and where the money is going to have the most impact. For example, it might mean revamping your business model to meet new customer demands created during Covid.

[TIPS ON BUSINESS CONTINUITY PLANNING](#)



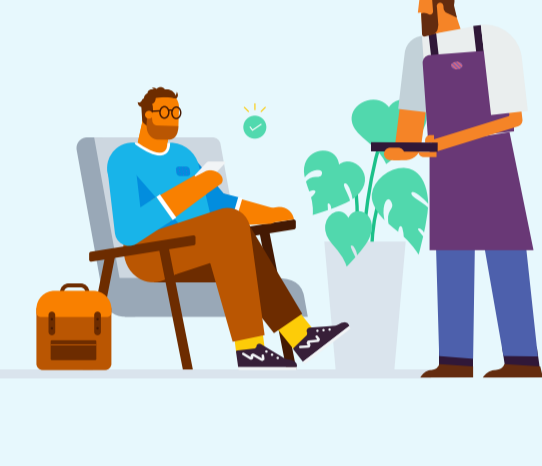
UNDERSTANDING YOUR OPTIONS - THE LATEST DEVELOPMENTS

Government schemes – what's changed?

Coronavirus Business Interruption Loan Scheme businesses that are losing revenue or seeing their cash flow disrupted can apply for finance worth between £50,000 and £5 million through an approved lender. The scheme is open to businesses with a turnover of up to £45 million. The **'undertaking in difficulty'** loss test has recently been removed from the criteria for those with fewer than 50 employees and less than £9m turnover - opening the scheme up to more businesses.

* **Current status:** businesses can still apply for these. The Government has given no end date yet.

Barriers: traditional banks maintained their "normal" lending criteria, regardless of the 80% government backing which led to low approval rates. Sometimes smaller businesses struggle to meet this criteria.



Business Bounce Back Loans – addresses the need for much simpler, smaller loans. They range from £2,000 to £50,000, up to a maximum of 25% of a company's turnover. These loans are 100% guaranteed by the government, which also pays the first year's interest. The borrower does not have to make any repayments for the first 12 months.

* **Current status:** businesses can still apply for these, the scheme was initially made available for six months pointing to a November end date, pending any extensions by the UK Government.

Barriers: Most bank lenders are only accepting applications from customers already holding a business current account.



Alternative lending options

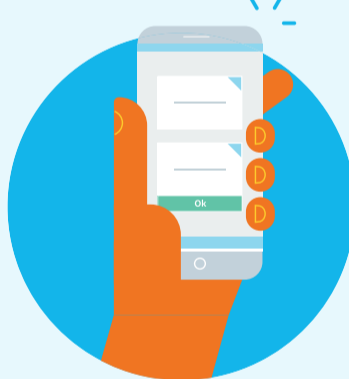
For businesses looking to apply for the CBILS loan, a number of alternative lenders have now been added to the list of accredited lenders like Iwoca and MarketFinance.

This is good news for businesses that may have been declined by a traditional bank previously or don't have a long-standing relationship with one of the big banks. These alternative options tend to be open to new customers. You can look at all the accredited CBILS providers in this [directory](#).



KNOW YOUR NUMBERS

Having a clear view of your cash flow and building a forecast is crucial to making the right decisions when it comes to financing.



1 Track your cash flow

Reconciling bank transactions daily, creating a daily simple cash flow check-in habit and examining your profit and loss statements weekly will give you a better understanding of where your business stands. It will also mean you have the right numbers ready to support an application.

Many of the alternative lenders are integrated with Xero and will be able to assess your eligibility for the CBILS loans using this data. So keeping everything up to date will make this process easier.

2 Forecasting

Building a forecast will help you to predict how your business is going to perform over a period so you can work out if a loan is right for you. Xero recently launched the **Business Snapshot** tool which gives you a visual dashboard of key business metrics showing your business performance at a glance. Overtime, you'll be able to identify trends and evaluate performance so you can make the right decisions for the future.



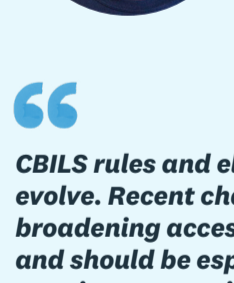
ADVICE FROM THE EXPERTS

We asked three lending experts to share their top tips for any business considering a loan right now:



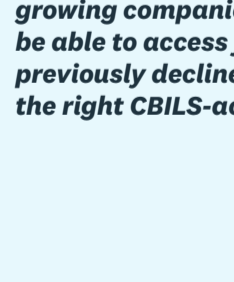
Tom Davenport,
Head of Partnerships at [Market Finance](#)

"The government schemes available at the moment present a unique opportunity for businesses to benefit from an otherwise disruptive situation. Look at what's available and choose funding that will not only help right now, but will continue to help your business trade and grow long into the future."



CBILS rules and eligibility criteria continue to evolve. Recent changes in eligibility criteria are broadening access to government-backed lending and should be especially beneficial for younger, fast growing companies – these businesses may now be able to access finance even if they have been previously declined. We can help businesses access the right CBILS-accredited lender for them."

Katrin Herrling,
CEO & Co-Founder at [Funding Xchange](#)



Mat White,
Accounting Relationships Manager at [Iwoca](#)

"There's no cost or commitment to apply to a lender for a CBILS loan, but preparation is key. If funding is the right option for your business, your first action should be to speak to an accountant or [financial] advisor. They're the key line of support for businesses applying for CBILS."

TO HELP YOU MAKE THE RIGHT DECISIONS FOR YOUR BUSINESS, HERE ARE SOME HANDY RESOURCES FROM XERO AND OUR PARTNERS:

Government advice

- [Guidance on applying for the CBILS loan](#)
- [Guidance on applying for the Business Bounce Back Loan](#)
- [Full list of accredited CBILS providers](#)



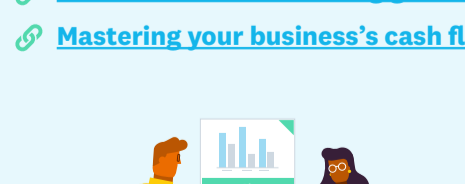
Lending options

- [Funding Xchange podcast on the commercial lending landscape](#)
- [Business in lockdown and beyond report](#)
- [More information on applying for CBILS with MarketFinance](#)
- [More information on applying for CBILS with Iwoca](#)



Managing cash flow

- [Xero cash flow forecasting guide with app demos](#)
- [Mastering your business's cash flow online course](#)

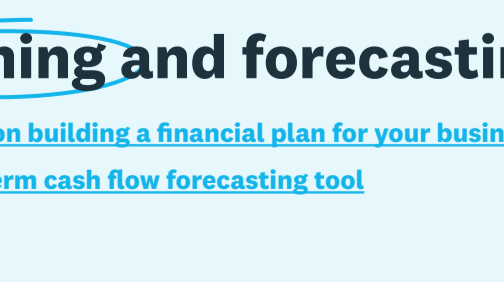


Planning and forecasting

- [Advice on building a financial plan for your business](#)
- [Short-term cash flow forecasting tool](#)

Covid-19 business support

- [MarketFinance's Covid-impact support](#)
- [Iwoca customer stories](#)
- [Xero's Behind Small Business resource hub](#)



This guide has been created using information sourced from government websites. Nothing in this guide should be taken to be financial or accounting advice. This is an unprecedented and fast changing situation. There is still some uncertainty around the details of some of the relief. Please make sure you speak directly to your advisor or to the relevant government body for clarity on your situation. And finally, please be aware that the information in this guide is based on our understanding of information that is available to us at on 30 July 2020.