



Hillier Hopkins LLP
Chartered Accountants and Tax Advisers
hillierhopkins.co.uk

HillierHopkins

“friendly expertise”

Independent
member of



Recovery Loan Scheme

Last updated 28 April 2021

The Recovery Loan Scheme, the replacement to CBILS and Bounce Back loans, is now open for applications. The scheme is targeted towards businesses that are financially viable or would have been viable if not for the Covid and designed to help them recovery as we emerge from the pandemic.

Businesses can borrow between £25,000 and £10m for term loans and overdrafts, or between £1,000 and £10m against invoice finance and asset finance on terms of up to six years. No personal guarantees will be taken on borrowing up to £250,000, and a borrower's principal private residence cannot be taken as security.

Recovery Loans are available to all UK businesses including those that may have borrowed money via a CBIL or Bounce Back loan. Businesses will need to be able to demonstrate that it is viable or would have been viable if it were not for the COVID pandemic and is not in collective insolvency proceedings. To qualify, a business will also need to demonstrate that it has been financially impacted by the pandemic.

There are no restrictions on how money borrowed under the Recovery Loan Scheme, with the government expecting businesses to use the cash to manage cash flow, investment and to support growth.

Like its predecessors, borrowers are liable for 100% of the debt. However, if a borrower is unable to repay that debt and falls into administration or insolvency proceedings, the government provides a guarantee to the lender of up to 80% of the loan.

However, unlike its predecessors, the Recovery Loan Scheme is being offered on commercial terms, meaning businesses are likely to have to pay arrangement fees and interest on the loan from the outset.

The Recovery Loan Scheme opened its books to borrowers on 6 April and will close on 31 December 2021.

How to apply

The British Business Bank also holds a current list of lenders offering Recovery Loans - <https://www.british-business-bank.co.uk/ourpartners/recovery-loan-scheme/for-businesses/>

Businesses may wish to shop around as unlike CBILS and Bounce Back Loans, lending is offered on commercial terms. Lenders may charge an upfront arrangement fee and interest rates will vary, although capped by the government at 14.99%.

How we can help you

Banks have been slow of the mark to offer Recovery Loans and the list of lenders remains relatively small. We recommend businesses approach their own lenders in the first instance if they wish to explore a Recovery Loan. If they are unable to help, the British Business Bank holds an up-to-date list of lenders – see link above.

Irrespective of which lender a business approaches, they will require evidence that the loan can be repaid. This will include:

- Management accounts
- A business plan
- Historic accounts
- Schedule of assets

“

We will keep clients up to date at hillierhopkins.co.uk

Information about government help and advice is at <https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses>

0330 024 3200
hi@hhllp.co.uk



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants and Tax Advisers
hillierhopkins.co.uk

“friendly expertise”

Independent
member of



In addition to this, Hillier Hopkins recommends applications are supported with forecasts and projections on what the immediate future holds for the business in terms of turnover, profitability and growth. Banks will be more likely to lend if they see positive cashflow projections.

Hillier Hopkins can help by:

- Bringing historical accounts up to date if a business has fallen behind.
- Forecasting revenue and growth
- Forecasting overheads and how they might change
- Review current borrowing and debt
- Review future funding requirements and appropriate options.
- Business planning
- Scheduling assets

This is a fast-changing situation and we will keep you informed as and when we know more. If you have any concerns or queries, please speak to your usual adviser or contact us on 0330 024 3200.

Offices

**London
Milton Keynes
Watford**

This guide is written for general interest only and is not a substitute for consulting the relevant legislation or taking professional advice. The authors and the firm cannot accept any responsibility for loss arising from any person acting or refraining from acting on the basis of the material included herein.

Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales.