

Get back on track with the Recovery Loan Scheme

At a glance



The Recovery Loan Scheme is a government loan scheme that allows qualifying businesses to borrow up to £10 million – either as term loans, overdrafts, invoice finance or asset finance. It replaces the now closed Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLs).

Benefits



The scheme is available until the 30th June 2022, giving you a boost to working capital and the health of your balance sheet.



Businesses can borrow between £25,001 and £10 million per business in the form of a term loan or overdraft.



Alternatively, between £1,000 and £10 million per business in the form of invoice finance or asset finance.



To keep the repayments lower, some lenders are offering an initial interest only period over the first 6 to 12 months.

HOW DOES THE RECOVERY LOAN SCHEME DIFFER FROM CBILS?

WHAT HAS STAYED THE SAME?

- No personal guarantees up to £250k.
- Loans over £250k the personal guarantee is only up to 20% of the total loan amount.
- Same criteria for UK trading companies - (*viable business that is not in financial difficulty*).
- Public sector, banks, building societies, insurers and reinsurers, state funded primary and secondary schools cannot apply.
- Finance terms are up to 6 years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms up to 3 years.
- To encourage lenders to lend - the Government guarantees 80% of the finance to the lender. This guarantee is for the benefit of the lender, your business will liable for the full amount borrowed under the RLS scheme.
- A borrower's principle private residence cannot be taken as security.

WHAT IS DIFFERENT?

- From 1st January 2022 the personal guarantee changes from 80% to 70%.
- Interest and fees paid by the business from the outset: companies are required to meet the costs of interest payments and any fees associated with the facility.
- Starts from £25k and goes up to £10m.
- No turnover limit for applications (£45m previously).
- No more secured product.
- A business can apply for the Recovery Loan Scheme even if it has an existing BBL, CBIL or Coronavirus Large Business Interruption Loan (CLBIL).

The maximum amount a business can borrow

The maximum facility sizes varies starting at £1,000 for asset and invoice finance, and £25,001 for term loans and overdrafts. The maximum value of a facility per business is the lesser of £10m or 25% of 2019 turnover or double the wage bill of 2019. Anything borrowed under CBILS or CLBILS will count towards a business' maximum amount. The amount is also subject to a limit of £30m per borrower group.

The agreement to lend is at the lenders discretion.

When to consider the Recovery Loan Scheme

If you are looking for additional finance, the Recovery Loan Scheme is an ideal route to extra funding. If you can answer any of these questions, you could be suitable for RLS:

- Are you aiming to improve your business' long-term capital position?
 - Do you need a business loan to secure business recovery?
 - Are you planning to invest in new assets and equipment?
 - Are you looking to fill a short-term cash flow gap?
 - Do need of a new facility to reduce pressures of overdraft use?
 - Are you thinking about taking on more staff, or premises to aid recovery?
 - Are you limited by long payment terms with large amounts of outstanding invoices?
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How to apply for the Recovery Loan Scheme

Apply for the scheme through Purple Accounts directly.

We are here to streamline the process for you to make it easy and fuss free.

Contact David Parker - at Purple Accounts directly:

Mobile: 07745 785515

Office: 01925 979500

email: david@purpleaccounts.com