

MAY 2021 | COMMERCIAL VIEW



Fiducia Commercial Solutions' Monthly Newsletter For  
Introducers, Network ARs, Clients and Partners



## PROPERTY INVESTOR CREDIT FACILITIES

### Pre-Fund Your Next Transaction

Being able to react quickly to an opportunity is a commodity in Property Investment - if you have spotted a deal, what are the odds that you are the only one who has?!

Not having quick access to the funds to complete a deal - beyond cash - can cause you to miss out, but we are working with innovative lenders that are updating products to work with the needs of property investors.

Clients can access a Revolving Credit Facility tailored for property investors. Secured on one or more BTLs, and leveraging their equity to draw down and pay back at will for further property transactions - only servicing the interest for the term of the product. Lower cumulative LTVs and higher credit scores are rewarded with market leading property investment rates.

Talk to us about getting your Property Investor clients one step ahead of their competition!

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### THIS MONTH:

- Property Investor Credit Facilities
- Super Deduct Your Assets
- Commercial View
- Recovery Loan Scheme

## **SUPER DEDUCTION CORPORATION TAX RELIEF**

### **Companies of all sizes can benefit from the new incentive to invest**

From April 1 2021 for 2 years companies can offset 130% of qualifying spending on plant and machinery against their taxable profit in that first year.

SMEs' deposits rose 20% to £252bln in the pandemic; the Super-Deduction encourages businesses to spend, in turn driving economic activity and productivity.

- Applies to all asset types, New and not Used
- No limit on purchases
- Cash, loans or Asset Finance purchases
- Company cars not included
- Claw back may apply to assets sold during the period

Example: Spend £50,000 on assets, offset 130% against taxable profits = £65,000

At 19% Corporation Tax rate = Tax Saving of £12,350

(£50,000 x 130%) x 19% = £12,350

Take your accountant's advice for your business, but it could be worthwhile re-considering plans that had been shelved during the pandemic, or bringing forward plans?

Assets could drive growth in your business, and the economy forward again.

Guidance: <https://www.gov.uk/guidance/super-deduction>

## **FIDUCIA'S COMMERCIAL VIEW**

### **This Month - Marcus Grimshaw - CEO, The Fiducia Group**

**Q:What's your outlook for commercial lending as the economy enters 'Recovery'?**

"UK businesses have been through an unbelievably difficult 12-18 months, the need for business owners to access the right funding to help steer their businesses through the choppy waters ahead is greater now than in recent memory.

As government backed loans begin to be repaid sadly we will no doubt experience defaults, businesses closing, and loans being called in.

Inevitably lenders will look to tighten the risk appetite, so now is the time to get access to independent commercial finance broker support, help and guidance.

Using cutting edge sourcing software, truly independent advice, brokers with 30 plus years in the industry, and access to every UK lender, Fiducia Commercial Solutions are the industry professionals' choice, National accountancy, legal and financial services networks have used Fiducia for over 20 years.

Why not see if we can help you or your business contacts.

Fiducia - Helping fund UK business."

## KEY FACTS: THE RECOVERY LOAN SCHEME

### Open For Applications April 6th - December 31st 2021

Launched April 6th with 18 accredited lenders initially, the British Business Bank are expecting up to 100 lenders to participate in total over the course of this year.

In summary the Recovery Loan Scheme is a funding solution “where finance is not available under a normal commercial basis” for UK SMEs. Proposals will be considered for all sound business and economic reasons – with every application to be fully credit assessed.

The scheme replaces the government's original business support loan schemes - Bounce Back Loans, CBILS and CLBILS - which all closed their doors to new applications on March 31st.

- Term Loan funding starts at £25,001, up to 6 year terms
- Invoice and Asset Finance starts at £1,000
- The scheme is limited to £10m per company, or £30m per group

The scheme is a “top up” to existing Coronavirus loan schemes that a business may have accessed – the **total** amount that can be accessed under all schemes is guided by:

- 2 x wage bill or 25% of Turnover for 2019 or justified 18 months cash flow requirements

For example, if 25% of ABC Limited's turnover in 2019 was £200,000, and they have to date received a CBILS loan for £100,000, then subject to credit assessment they may be eligible for a Recovery Loan Scheme advance of up to £100,000.

Some scheme rules are the same as the original CBILS scheme:

- NO PG taken on loans up to £250k
- Borrowers private residence cannot be taken as security
- 80% Government guarantee to the lender

The Recovery Loan Scheme has new rules in some areas:

- No minimum time incorporated, and no minimum turnover
- No interest free period for the borrower
- The business is responsible for all fees associated with the loan
- No automatic payment holidays up front for all borrowers

## OPENWORK PARTNERS AND THE FIDUCIA NETWORK

**We value the close working relationship that we have with the Openwork network, and all of our introducing partners in the network.**

**The Fiducia Network gives you the opportunity to work more broadly with commercial finance opportunities - by becoming a Fiducia Commercial Finance AR.**

**In addition to Commercial, Investment and Development property finance, The Fiducia Network allows you to source Business Loans, Asset Finance and Leasing, Invoice Finance, Trade and Supply Chain Finance and much more for your clients.**