

CROYDON ENTERPRISE LOANS



FACTSHEET



BACKGROUND

Croydon Enterprise is an enterprise growth programme to support businesses in the borough of Croydon which have not been able to access or secure conventional finance for their business.

The Croydon Enterprise Loan Fund is a £1million fund available to finance the needs of businesses within the borough as part of the Finance for Enterprise initiative. The scheme is managed by GLE oneLondon.

The programme aims to provide finance for eligible start up and established businesses in Croydon with special emphasis on the most disadvantaged areas and communities. Croydon Enterprise and its partners will also offer expert practical support to help businesses get ready to apply for finance.

ELIGIBILITY CRITERIA

Priority will be given to propositions that meet the following eligibility criteria.

- The business must be located in the borough of Croydon
- Applicants must be aged 18 or over
- Priority will be given to businesses located in designated disadvantaged areas or individuals recognised as being disadvantaged on account of ethnicity, gender, age etc.
- Priority will be given to applications that are likely to create jobs for local people
- The applicant must have been unsuccessful in obtaining finance from conventional commercial sources
- The business must be recognised as an SME
- Finance should be required to further the purpose of the business and not to directly or indirectly finance any personal expenditure of its owners, nor refinance or repay existing business borrowing or debts
- Applicants must be permanent residents of the UK or have indefinite leave to remain in the UK

FINANCE AVAILABLE

Loans are available between £2001 and £50,000 over periods of between 3 and 5 years.

- **Start-Up Loan**
 - Minimum £2001 to maximum £10,000 where business has traded up to 12 months
 - Maximum £25,000 where business has traded 12-18 months
 - Maximum repayment period for businesses trading up to 12 months 3 years - 5 years if traded over 12 months.
- **Growth Loan**
 - Businesses must have been trading successfully for at least 18 months, as evidenced by certifiable accounts
 - Minimum £10,000 to maximum £50,000
 - Maximum repayment period 5 years
 - A maximum 3 month capital repayment holiday, during which interest must be covered monthly, may by exception be agreed

LOAN FEATURES

- Repayments – Monthly by Direct Debit
- Interest – Will be charged at the Market Interest Rate or above. Market Interest rate is defined as the current European Commission's Hurdle Rate, which is their Reference Rate (1.16% wef 1st January 2010) plus 4%. Current rate 5.16%. The rate will be fixed for the first three years of the loan
- Security – Where the legal entity receiving the finance is a limited company or limited liability partnership, personal guarantees will be required from the beneficial owners. In addition, for loans over £10,000 a debenture from the company will be required and in certain cases we may seek to take equipment purchased with our loan as security.

EXCLUSIONS

Finance will not be provided for the purchase of residential or commercial property, for businesses trading in sectors excluded from the aims of the fund, refinancing existing debt or any activity that may bring the scheme into disrepute

FEES

No facility or arrangement fees are charged. There are also no penalties for early repayment either partially or in full.

However, where the need for external business planning or support is required, a maximum charge of £200 for start ups and £400 for growth businesses may be made as a contribution towards the business adviser's support costs if applicable.

APPLICATION PROCESS

It is anticipated that potential clients will either apply direct or be introduced by an intermediary.

- In all cases the prospective client must complete an application form and provide supporting documentation such as a credit search, bank statements and identification (see application form for details)
- For applications between £5,000 and £50,000 a business plan will be required.
- For applications between £2,000 and £5,000 there will be the opportunity for the applicant to seek finance without a detailed business plan but the prospective client will be encouraged to prepare a basic business plan to ensure that their application is 'finance ready'
- Applicants must satisfy the lender that they have a business account with a recognised bank, that they are able to comply with established methods of proving their identity and must also provide a credit reference search from an approved Credit Reference Agency. An adverse credit history does not automatically exclude an application.

SANCTION PROCESS

- In all cases for loans above £5,000 a presentation by the applicant will be required to the Croydon Enterprise Loans Panel.
- Lending decisions will be based upon an assessment of the:
 - Character and integrity of the individuals behind the business and the application for finance
 - The ability of the individuals to manage and operate the business as planned
 - The ability of the business to generate sufficient cash flow to repay the finance in accordance with the agreed repayment schedule
 - Past trading performance
- Decisions will be advised within two working days of the presentation
- If successful, and once necessary documentation has been completed, funds will be released within 10 working days and transferred directly into the applicants business account via BACS

ONGOING SUPPORT

- Successful applicants will be closely monitored for the period the loan is outstanding
- Additional support may be available by way of a free mentoring scheme available for a minimum period of six months. This will involve a monthly meeting with a professional mentor who will offer guidance to the business.
- Introductions to other business support agencies as and where appropriate

For further details about the Croydon Enterprise Loans scheme please contact:

Keith Miller
Senior Loan Fund Manager
Croydon Enterprise Loans
Park House, 5th Floor, 22 Park Street,
Croydon, CR0 1YE
T:020 8090 9184
M: 07515 051023 Email: Keith.m@gle.co.uk

John Rodd
Loan Fund Manager
Croydon Enterprise Loans
Park House, 5th Floor, 22 Park Street,
Croydon, CR0 1YE
T:020 3004 4695
M:07894 587225 Email: John.r@gle.co.uk

