

## **NIIRTA Small Business Loan Fund Briefing**

### *What is the NI Small Business Loan Fund?*

The NI Small Business Loan Fund (“the Fund”) provides typically unsecured loans to individuals, private companies and social enterprises in the SME and micro enterprise size range, in the start-up and growth phases of development.

The Fund helps bridge a gap where other funding options have been exhausted. It sits alongside other funding sources such as own funds, banks or credit unions. Loans to recipients are in the range of **£1k - £50k** and may be high risk in nature, as traditional bank funding will not have been available or will have been fully exhausted.

### *How is the Fund delivered?*

The Fund is delivered by Ulster Community Investment plc (“UCI”). Loan enquiries should be made to the **NI Small Business Loan Fund** at:

NI Small Business Loan Fund,  
PO Box 40,  
Limavady,  
BT49 4AJ.

T: 0800 988 2879

Email: [enquiry@nisblf.com](mailto:enquiry@nisblf.com)

Web: [www.nisblf.com](http://www.nisblf.com)

### *Fund Structure*

Invest Northern Ireland has invested £5m into the NI Small Business Loan Fund which is constituted as a limited partnership. The Loan Fund will be disbursed within a 5 year period, and repayments and interest earned by the Fund will be recycled to provide further loans. Up to £500,000 will be available for borrowers in the retail sector over the 5 year life of the Fund.

### *When will it be operational?*

The Fund is now open for applications. In the quarter ended 30<sup>th</sup> June 2013, 20 loans were approved - 3 of these were to retail enterprises. Collectively they received £75k of loan funding.

### *Who can apply and what are the terms?*

Businesses applying must be substantially based in Northern Ireland and must provide evidence of funding refusal from the private banking sector. There is a maximum loan amount of £15k to start-up enterprises, with potential for follow-on lending up to a maximum of £50k. Existing businesses can apply for loans of up to £50k.

Finance can be provided for:

- Working Capital: money required to meet the day to day costs of running the business
- Development Finance: money required to expand the business, for example marketing
- Commercial Premises - (deposit, costs of moving, improvement)
- Plant and Machinery - (deposit, tooling, installation, training)
- Intangible Assets - (patent costs, IT software and licences)
- Gaps in funding working capital where commercial funding sources (e.g. overdrafts and invoice finance) cannot provide the full requirement
- Increasing sales, new contracts
- Stock Purchases
- International Trade

The following sectors are, however, specifically excluded:

- Coal;
- Steel;
- Shipbuilding;
- Agriculture (primary producers); and
- Enterprises in difficulty (within the meaning of the Community guidelines on State Aid for rescuing and restructuring firms in difficulty).

The Fund is run as a commercial fund and is therefore not a “soft” source of loan finance. All applicants need to clearly demonstrate their ability to service the loan repayments.

The loans will typically be unsecured although personal guarantees may be sought.

Pricing is dependent on a risk assessment of each individual loan application. However, as a guide, the following rates will typically apply:

Start up businesses - Fixed flat\* interest rates range of 8% to 10% [APR circa 15% to 19%]; and

Existing businesses - Fixed flat\* interest rates range of 6% to 8% [APR circa 11% to 15%].

\* “Fixed flat” means, interest calculated on the original loan amount and added to the capital loan amount, repayable over the agreed term.

Mentoring support will be offered where loans of less than £15,000 are availed of.