

Kent and Medway Business Fund (KMBF) Guidance for Applicants



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Kent and Medway Business Fund (KMBF) Loans

This scheme is funded by recycled loan repayments from the former Regional Growth Fund (RGF) schemes (Expansion East Kent, TIGER and Escalate). This guidance relates to applications submitted from October 2021.

In the current economic crisis, there is a need to support businesses with a good track record of success in Kent and Medway, which have remained resilient and been able to adapt to change as a result of the Covid-19 pandemic. Businesses must be able to show a good track record of success and realistic aspirations for growth, substantiated by accounts, and

with ambitious plans to increase turnover and employ additional staff. Business owners must demonstrate that they have the experience and expertise to take growth plans forward.

Applicants may not use the Kent and Medway Business Fund to repay any existing finance or recovery loans, including the Coronavirus Business Interruption Loan (CBILS) or Business Bounce Back Loan (BBBL).

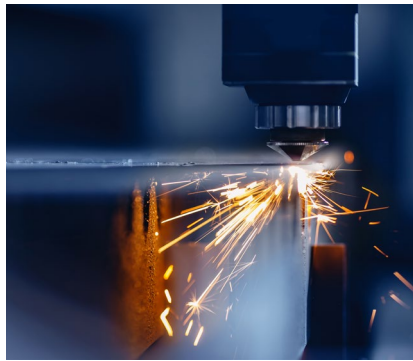
KMBF loans must be used to drive growth in businesses through capital investment, examples of which are illustrated below:

Tangible assets



Tangible assets such as land, buildings, plant, software, machinery and equipment.

Intangible assets



Intangible assets acquired from third parties by the transfer of technology or knowledge.

Employment costs



Employment costs of new permanent employees (this does not apply to existing staff).

Applicants will need to specify in their business plan how the proposed investment will enable their business to grow, address weaknesses, protect or create jobs in Kent and Medway, and adapt to the changing markets in which they operate through innovation, increasing capacity, improving productivity and/or developing new, or expanding existing products. Applicants must also demonstrate their commitment to net carbon zero and be prepared to give examples of existing supply chains within and outside Kent and Medway.

Applicants will also need to show how they will meet at least one of the following objectives:

- Develop new capacity to enable the business to grow.
- Develop a new product or service.
- Introduce new technology.
- Invest in a new process to improve productivity.

All applicants must agree to provide case studies to enable 'good news' stories to be shared.

KMBF Eligible Area

Kent and Medway Business Fund Loans Eligible Area.
The local authority areas of **Ashford, Canterbury, Dartford, Dover, Folkestone & Hythe, Gravesham, Maidstone, Medway, Sevenoaks, Swale, Thanet, Tonbridge and Malling and Tunbridge Wells** are highlighted in red.



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Funding available through KMBF

This scheme provides financial support of between:

- £100,000 and £500,000 to small and medium-sized businesses (SMEs, defined as those with fewer than 250 employees) in the form of repayable business finance, sometimes referred to as interest free (0%) or soft loans (see **Glossary**) with:
 - A 5% administrative charge (taken at the point of defrayal of funds)
 - A 6-month repayment holiday with the loan then paid back over a 5-year period for all applicants, variable repayment profiles will be accepted.
 - 0% rate of interest
 - Security will normally be required for at least a value equal to the loan capital (see **Appendix 6**).

- Personal Guarantees may also be required from all the directors and/or owners for at least the value of the loan capital

The repayment period is up to 5 years, shorter repayment periods are available on request. No repayment will be required in the first 6 months. Although 0% interest loans are our standard offer, in exceptional circumstances, and in order to mitigate the level of risk, or to offer longer repayment terms, interest will be charged. The loan will be interest free if repaid within 5 years.

A one-off administration fee of 5% of the value of the loan will be deducted from the loan taken at the point of defrayal of funds.

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Who can apply?

You can apply for investment support from KMBF if you meet the following criteria:

- **Have sought or applied for a Coronavirus Business Interruption Loan (CBILS) or a Business Bounce Back Loan (BBBL)** – Your business should have applied for or been granted a CBILS or BBBL. If you have been declined, or have not sought this funding, you may still be eligible. However, reasons for refusal for not seeking this finance must be given and is taken into account in funding decisions. Applicants must be able to evidence that they will not be over-extended and will be able to repay all loans, remain solvent and grow substantially.
- **Viable** – Business must be viable and not in difficulty. Applicants must show that at the time of submitting their application their business is neither subject to collections or collective insolvency proceedings, debt restructuring, liquidation or similar.
- **Private sector match funding of 50%** – The investment proposal requires support from other funding sources (see **Appendix 4** below for further details).
- **Type of business** – A sole trader, partnership, limited company, or a not-for-profit business (see **Glossary** for definition). Businesses must be able to show a good track record of success and realistic ambitions of growth, substantiated by accounts, and with ambitious plans to increase turnover and employ additional staff. Business owners must demonstrate that they have the experience and expertise to take growth plans forward.
- **Protect/Create employment** – Protecting or creating jobs (see **Glossary** for definitions) in the KMBF Eligible Area i.e., the local authority areas of Ashford, Canterbury, Dartford, Dover, Folkestone & Hythe, Gravesham, Maidstone, Medway, Sevenoaks, Swale, Thanet, Tonbridge and Malling and Tunbridge Wells. (See **Map page 4** with eligible areas indicated in red.)

4 Who can apply? continued

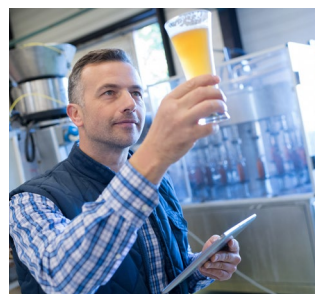
- **Size of business** – KMBF will only fund small and medium sized enterprises (SMEs) i.e., employing fewer than 250 people (see **Glossary** for definition).
- **Priority Sectors** – KMBF has developed a list of priority sectors based on the area’s key strengths and growth prospects, applications from the following sectors are particularly encouraged:
 - Manufacturing
 - Pharmaceuticals and Life Sciences
 - Green Technology
 - Digital, media, creative and cultural industries and tourism
 - Food technology manufacturing
 - Logistics and Construction.

Please note, applications from other sectors are also eligible, where they can demonstrate innovation, added value and sustainable job creation, with the exception of the ineligible sectors listed in **Section 6** below.



- **Size of loan** – Your application for a loan must be for at least £100,000 and no more than £500,000.
- **Security** – For all loans security and/ or personal guarantees will normally be required. Please note that when security is provided it will be required for at least a value equal to the loan capital (see **Appendix 6**).
- **Credit Checks** – At the full application stage, we will require you to provide a statutory credit report for each of the directors of the business, from a recognised credit agency. In addition to this we will also require you to complete a consent to credit check form (template provided).
- **Business Proposal** – Applicants need to demonstrate in their business plan that the provision of a loan will enable their business to continue to trade beyond the short-to-medium term difficulties caused by the COVID-19 outbreak. The plan should include a strong sales and marketing element. The funding requested should be focused on at least one of the following activities:
 - To develop new capacity to enable the business to grow.
 - To develop a new product or service.
 - To introduce new technology.
 - To invest in a new process to improve productivity.

Additional eligibility criteria can be found in **Appendix 1**.



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What will KMBF pay for?

The minimum loan is £100,000. The maximum loan is £500,000. The scheme will normally contribute up to 50% of total eligible costs in your business proposal and must be matched pound for pound by other sources of investment. Therefore, in the case of a 50% loan with an eligible investment totalling £250,000, the maximum loan contribution would be potentially £125,000.

An eligible investment proposal must be used to support business recovery, create and protect jobs in Kent and Medway and promote economic growth. Businesses will also need to demonstrate how their proposed investment will protect and/or create jobs within their supply chain in Kent and Medway.

Main types of eligible investments are:

- **Funding tangible assets** – This includes assets such as land, buildings, plant, software, machinery

and equipment. These assets can be purchased outright or by using lease finance or hire purchase (see **Appendix 2**).

- **Funding intangible assets** – This includes assets acquired from third parties by the transfer of technology or knowledge (see **Appendix 2**).
- **Funding wage costs for new permanent employees** – (see **Appendix 2**).

Please refer to **Appendix 2** for a detailed list of eligible expenditure.

Applicants need to accept that as part of the process, should the loan application be agreed, they will be signposted, and expected to take up, appropriate business support at no additional cost to the business.

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What KMBF cannot fund

NON-ELIGIBLE SECTORS

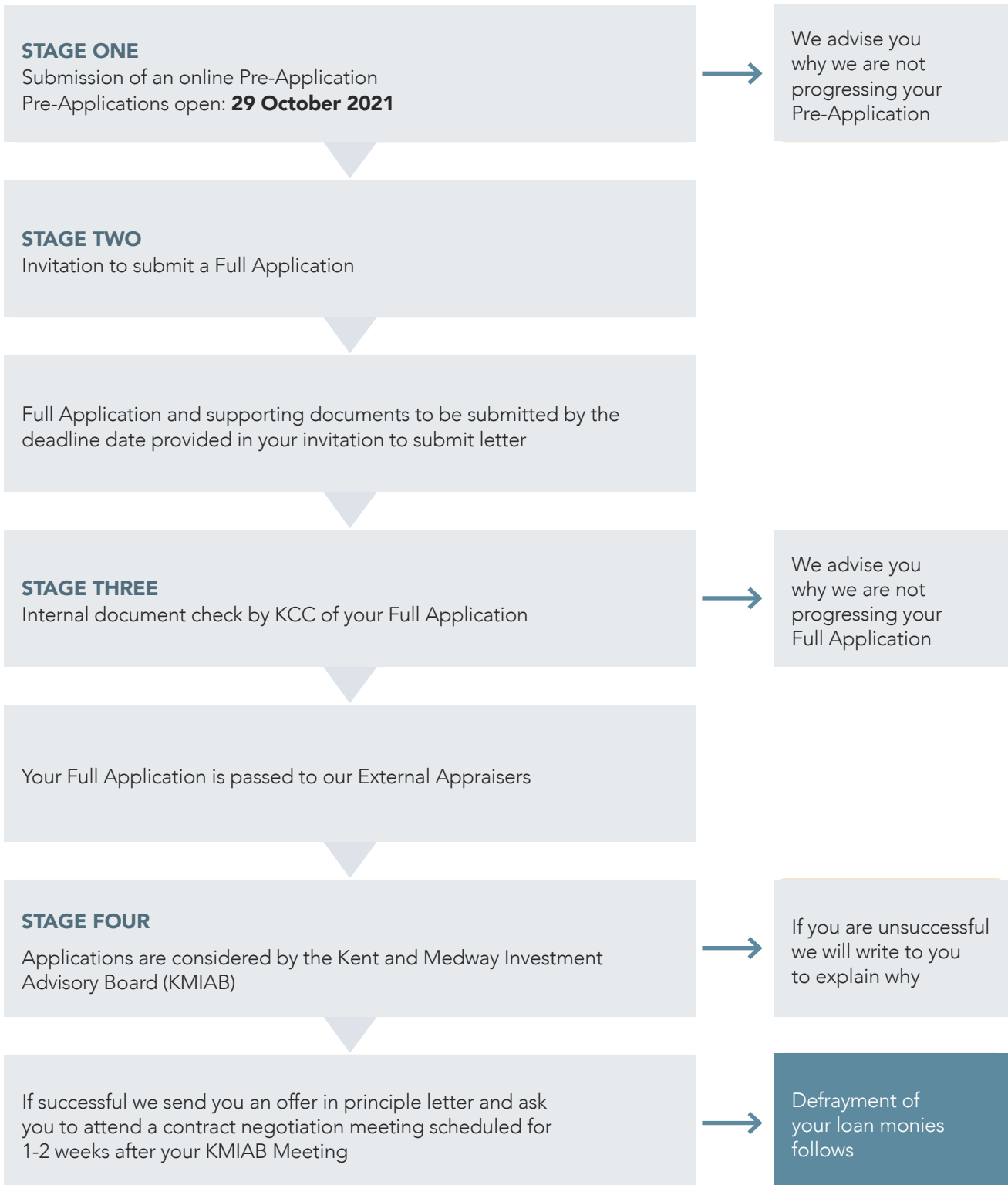
KMBF cannot accept applications from firms active in the following sectors, as they are ineligible and cannot be considered for support:

- Fisheries and aquaculture.
- Primary production and processing of agricultural products.
- Shipbuilding.
- Synthetic fibres.
- Organisations engaged in political activity or lobbying at any level or activity of an exclusively religious nature.
- Hospital, medical services and publicly and privately-owned nursing homes, or care related hostel or residential activities.
- Defence sector activities.
- Schools (including state, free schools and private).
- Professional services e.g., accountants, legal, financial, insurance.
- Energy generation.
- Franchises.

We also acknowledge that for some investment proposals it may be difficult to easily define within which sector they fall. Therefore, please submit an on-line pre-application form so that the KMBF Programme Management Team can undertake an assessment of eligibility (see **Section 8**).

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KMBF Application Process



How to Apply: Pre-Application

The KMBF pre-application assessment is a key part of the application process and is undertaken to determine:

- The eligibility of the business and the investment proposal.
- Compliance with the scheme's criteria.

The pre-application assessment will be undertaken by the KMBF Programme Management Team. If the number of pre-applications exceeds the estimated amount of funds available to cover your proposal, you will be informed that your application has been put on hold.

Once a proposal has been approved to progress to full application, you will be expected to submit your full application by the **deadline date specified**

in your approval to progress email. Unsuccessful applicants will be provided with feedback and given the opportunity to re-apply if further information shows that the eligibility criteria can be met.

A copy of the **Full Application Form** will be provided once the pre-application process has been concluded and the investment proposal is deemed eligible to continue to the next stage.

Retail and Personal Services – We are involving all local authorities across Kent and Medway in the decision making process. This will help to minimise any negative impact KMBF investments may have on existing retail and personal services businesses in their area. This will result in a short extra delay in order for the KMBF Programme Management Team to receive responses back from the local authorities in Kent and Medway.

Full Application and Appraisals

A copy of the full KMBF application form will only be provided once the pre-application (triage) process has been concluded and the investment proposal is deemed eligible to continue to the next stage.

Applicants will be required to submit their full applications and supporting documents within 4 weeks, by the deadline date specified in their approval to progress email, no extension will be given. This will allow sufficient time for full applications and the supporting documents to be checked and appraised prior to a decision-making meeting.

SUPPORTING DOCUMENTS

These documents can be submitted electronically in a zipped folder to **kmbf@kent.gov.uk**.

This folder should include:

- A completed full application – template provided.
- A business plan detailing your business history and future plans. The plan should

include a strong sales and marketing element. See **Appendix 5** for what should be included in your plan.

- A completed copy of your Project Profile (excel spreadsheet – template provided).
- Up to 3 years' statutory audited, unaudited or draft accounts (for an existing business).
- 3 months' management accounts and aged debtor/creditor lists.
- 6 months of business bank accounts.
- Projected balance sheet, profit and loss and cash flow (in a monthly format, to include forecast loan repayments) – template provided.
- A completed State Aid De Minimis declaration (template provided).
- A pen portrait or Curriculum Vitae detailing the professional histories and qualifications of the management team/directors.

9 Full application & appraisals continued

- Confirmation of offers of financial support from other sources for the proposal.
- A copy of your Equal Opportunities Policy (template provided if required). As a public sector organisation, we have a Statutory duty to comply with the Equalities Act 2010. As a result, we must ensure that the Kent and Medway Business Fund loan is given in line with our Equality and Human Rights Policy. This is done through the provision of your company's Equal Opportunities & Diversity Policy, requested at the time of full application.
- A statutory credit report for each of the directors of the business, from a recognised credit agency. In addition to this we will also require you to complete a consent to credit check form (template provided).
- Evidence of security or assets over which security could be held.

If relevant:

- A copy of any planning approval or licence.
- In the case of a not-for-profit business please enclose a copy of the relevant clauses from your memorandum and articles of association, rules or governing documents, which relate to how the organisation distributes profits.

On receipt of this documentation, the KMBF Programme Management Team will carry out checks to ensure compliance, including background checks on the directors and senior management.

Please note that when you submit a KMBF application, your organisation must also agree to KCC seeking necessary credit references or reports (a permission form is provided at the full application stage). Your application cannot proceed until this permission is provided from all individual directors and shareholders.

All proposals and supporting documents must be the property of the applicant and must not infringe any existing patent or copyright and all applications will be deemed as commercial and in confidence.

All full applications will be appraised within the timeline specified in your approval to progress email – see **Section 7**. *Please note we require all the documents listed above – full application form, supporting documents and permission forms - to be provided before the appraisal takes place. The process for undertaking an appraisal of an investment proposal is proportionate to the level of funding requested.*

The independent appraisal team appointed by KCC may need to raise questions with applicants to clarify issues or request additional information. The independent appraisers will make recommendations to the Kent and Medway Investment Advisory Board.

Funding Decision

All applications which have successfully completed due diligence will be considered by the Kent and Medway Investment Advisory Board (KMIAB). The Board will take into account the capabilities of the applicant's management team and the business proposal based on the CAMPARI methodology (Character, Ability, Means, Purpose, Amount, Repayment, Insurance) - **see Appendix 7**. The Board will make a recommendation but final decisions on awarding or withholding investment will be at the discretion of KCC.

If your application is successful, you will be informed of the decision by email normally within 5 working days of the KMIAB meeting and be provided with an offer by email detailing the level of finance and the conditions associated with the funding. This will constitute part of the contract with KCC as the Accountable Body for the KMBF. If your investment proposal is unsuccessful, then your email will provide information on the reasons for this decision.

Payment of funding may depend upon agreed investment and/or employment milestones being achieved by the recipient (to be set out in the offer letter).

- Suitable milestones will be identified from the information contained in your business plan; these will then be monitored during the lifetime of the investment period and 3 years beyond the final loan payment to ensure that the conditions of the finance offer have been met.
- Any award of finance under the KMBF may become repayable in its entirety if the investment should move outside the eligible area within 3 years of the award of funding.
- If you do receive funding, we will be monitoring your business against performance targets, for example, jobs created in Kent and Medway, and expenditure.



Contact for further information

KMBF Loans

Programme Management Team
Kent County Council
2nd Floor, Invicta House, County Hall
Maidstone Kent ME14 1XX

Email: kmbf@kent.gov.uk

www.kent.gov.uk/business/business-loans-and-funding/kent-and-medway-business-fund





Glossary

Additionality	Applicants must describe the additionality of their project and the ways in which this will be achieved. For example, demonstrate the reasons why KMBF funding is necessary to enable the proposal to succeed. Provide the reasons why the project would not go ahead without KMBF support.
Innovation	Applicants must describe the innovation of their project and the ways in which this will be achieved. For example, explain how your application will be innovative to the KMBF eligible area, and how the application will be innovative in terms of your business type or sector.
Jobs created	A job that must last for 3 years from the receipt of funding.
Jobs protected	A job that would otherwise have ceased to exist within 12 months of receipt of funding.
SME	<p>Small and Medium Sized Enterprises (SMEs) are defined by the Companies Act 2006 to be a SME if they fall with certain size limits set for a financial year, if two out of the three of the below limits are met (aggregating the relevant figures for each member of the group).</p> <ol style="list-style-type: none">1. Turnover not more than £43.2 million (Gross), £36 million (Net).2. Balance sheet total not more than £21.6 million (Gross), £18 million (Net).3. Monthly average of employees not more than 250.
Loans	KMBF loans are offered at 0% interest to eligible businesses. Although 0% interest loans are our standard offer, in exceptional circumstances and in order to mitigate the level of risk, or to offer longer repayment terms, interest will be charged. The loan will be interest free if repaid within 5 years.
Not-for-Profit business (see Types of Business for definition)	<p>Either:</p> <ul style="list-style-type: none">• Charities• Community Interest Companies• Companies limited by guarantee• Industrial & Provident Societies
Personal Guarantee	This is a stand-alone guarantee required on a loan and is an agreement from an applicant/director/third party to make loan payments when the business is not able to do so.
Types of Business	Not-for-Profit Business: Charities, Community Interest Companies, Companies Limited by Guarantee, Industrial and Provident Societies. An organisation that aims to do something other than to make profit for the owners, such as providing a public service. Any surplus is reinvested into the business or used in other ways.

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Appendix 1 – Additional Eligibility Criteria

In addition to meeting the criteria in **Section 4** above, all investment proposals must fulfil the following conditions:

- **Employment** – All proposals must have a positive impact on employment in the KMBF eligible area and must, specifically, create or protect either full-time or part-time jobs within the business.
- **Demonstrate need** – The applicant must be able to demonstrate the need for financial support.
- **Viability** – The organisation undertaking the investment proposal must be viable, have good growth potential and be self-sustaining after the investment. Applicants must show that at the time of submitting their application their business is neither subject to collections or collective insolvency proceedings, debt restructuring, liquidation or similar.
- **Private sector match funding** – The investment proposal requires support from other funding sources (see **Appendix 4** below for further details).
- **Impact** – The investment proposal is likely to have a positive impact on the economy of the KMBF eligible area.
- **Number of applications** – Applicants can only submit one application for the KMBF at any one time.
- **Repayment** – In the case of applications from profit making organisations we would normally expect all loans to be repaid within a period of 5 years. Although 0% interest loans are our standard offer, in exceptional circumstances and in order to mitigate the level of risk, or to offer longer repayment terms, interest will be charged. For all types of applications, the offer of repayment holidays is discretionary, and the scheme looks unfavourably at repayment profiles involving “balloon payments” (i.e. an unusually large payment due at the end of the loan). All repayments will be by monthly Direct Debit.
- **Applicants in receipt of RGF funding** – Applicants who have received funding from the former RGF schemes (Expansion East Kent, TIGER and Escalate) or previous rounds of KMBF, will only be able to proceed with an application if: a) their applications remain within Subsidy Control Rules; b) they are up to date on their monitoring and loan repayments at the time of the submission of their pre-application.

Appendix 2 – Eligible Expenditure

Tangible assets	This includes assets relating to land, buildings, plant, machinery and equipment. These assets can be purchased outright or by using lease finance or hire purchase.
Land – purchase of & buildings	These can be funded as part of a bigger investment proposal. As a rule, KMBF can fund expenditure related to an area of land or building which does not constitute more than 50% of the eligible investment. Planning permission and building warrant costs are eligible. Acquiring land or buildings may not commence before funding has been approved.
Land – development/ works	These can be funded as part of a bigger investment proposal. As a rule, KMBF can fund expenditure related to an area of land or building which does not constitute more than 30% of the eligible investment. Development works may not commence before funding has been approved.
Buildings – construction/ improvement	A range of costs associated with construction of new premises and/or refurbishment of existing premises, including internal sub-division of existing premises. New provision and improvement of premises must relate to buildings which have an industrial, or business use.
Certain professional fees	KMBF is able to fund “certain professional fees” but these are specifically orientated around the development of capital projects. We can therefore support both pre-contract professional fees, e.g. design or technical advice relating to value for money/reasonableness of cost and post-contract professional fees e.g. project management can be included. As a rule, professional fees for architectural, landscape design and engineering services can only be funded up to a maximum level of 10% of the total building costs. Up to an additional 5% may be granted for projects with a particularly intensive planning element, e.g. work on protected buildings or technically complex projects. Legal fees would only be eligible in exceptional situations.
Fixtures & fittings	There is no definitive list of what is an eligible fixture or fitting. The rationale is that such items are deemed as those items essential to the delivery of the project e.g. the purchase of a PC to be used to deliver a training course. In such cases, the onus is on you as the applicant to fully justify the need for the proposed items of equipment. Each project is treated on its own merits. Additionally, in the case of moveable equipment there must be an assurance that the equipment is for the sole use of the project and the benefit is maintained in the eligible area. One further issue in cases where items of equipment have been purchased, an inventory must be retained for audit purposes.
Equipment & machinery	Equipment and machinery must be relevant to the project. Costs related to the acquisition of equipment and machinery assets under lease are eligible provided the lease takes the form of financial leasing and contains an obligation to purchase the asset at the expiry of the term of the lease.

Leases	Under KMBF the cost of new leases on land or buildings can be capitalised as eligible assets. Normally we are therefore expecting to capitalise leasing costs for a maximum of 5 years; to be eligible the lease would need to have a duration of a minimum of 5 years.
Wage costs for new permanent employees	KMBF can contribute towards wage costs over a period of 12 months. Wage costs mean the total amount payable by the employer in respect of the employment concerned, comprising the gross wage before tax, and includes compulsory social security contributions (Employer's NI, SSP and SMP). Please note that jobs must be maintained for at least 3 years.
Intangible assets	This includes assets acquired from third parties by the transfer of technology or knowledge; patent rights; licences; know-how and unpatented technical knowledge.

Queries regarding the eligibility of various items of expenditure should be raised with the KMBF Programme Management Team (for contact details see **Section 11**) at the earliest opportunity



Appendix 3 – Additional Ineligible Activities

KMBF cannot fund what we consider ineligible expenditure such as:

- **Stock purchases**
- **Purchase of shares of another business**
- **Goodwill**
- **Funding for working capital**
- **Non-viable investment proposals and businesses**
- **Expenditure already incurred** – Expenditure incurred before a formal offer is made by KMBF is ineligible for support. A full application for assistance must be submitted and an offer made before expenditure on an investment proposal is commenced.
- **Subsidy Control Rules** – Any offer of finance assistance that would lead to a breach of Subsidy Control Rules.
- **Limited private sector investment** – KMBF will not provide 100% funding or cover all the costs of an investment and will seek an element of private sector investment (match funding). The types of eligible private sector investments are detailed in **Appendix 4**.
- **Reputation** – Investments which would result in potential damage to KCC and its partners' image and reputation.

Appendix 4 – Match Funding

Type of match funding	1b Minimum requirement to support funding at initial Full Application stage	1c Finalised paperwork required at contract stage / prior to release of any funds
Bank loan / Lease Finance/Capital Investment in plant and machinery	Copy of Heads of Terms or conditional offer letter provided by the bank/lender. N.B this should confirm offer of funds to your Company (£ value), and be provided on Bank letterhead paperwork or similar.	Copy of Bank Loan contract document / lease / Capital Investment (plant and machinery) agreement duly signed / in force, confirming funds (£ value) have been provided to your Company. N.B. if the loan contract is not new, then a copy of current business bank account statement showing that the loan provided remains available to the Company. (i.e. not already exhausted).
Company own funds	Copy of current bank statement of Company confirming availability of funds.	Refreshed copy of current business bank account statement showing that the funds (£ value) remain available to the Company. (i.e. not already exhausted).
Overdraft facility	Copy of letter from Bank confirming overdraft facility available to Company.	Copy of letter from Bank confirming overdraft facility available / together with; a copy of current business bank account statement showing that the overdraft remains available to the Company. (i.e. not already exhausted).
Own funds inc. owner, partner's, director's, member's loan	Copy of a current bank statement showing where monies are held confirming availability of funds.	Copy of current business bank account statement showing that the funds have been provided / transferred to the Company / are available. (i.e. not already exhausted).
Pension funds from Company	Letter of commitment from trustees of pension fund.	Trustee resolution confirming funding (£ value) available to the Company.
Private investor/ New share capital/ New equity investors	Copy of Heads of Terms or conditional offer letter provided by the investor. N.B this should confirm offer of funds to your Company (£ value),and be provided on investors letterhead paperwork or similar.	Copy of current business bank account statement showing that the funding has been provided / transferred to the Company / is available. (i.e. not already exhausted).

Shareholder contributions

Heads of Terms

- Shareholder agreement duly signed / in force confirming funds (£ value) have been provided to your Company, or
- Company bank statement showing credit values into the accounts identifying the shareholder contribution.
- N.B. if the shareholder agreement is not new, then a copy of a current business bank account statement must be provided identifying the shareholder contribution and showing that these funds remain available to the Company. (i.e. not already exhausted).

*The potential use of other types of match funding can only be undertaken with the express approval of the KMBF Programme Management Team (for contact details see **Section 11**).*

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Appendix 5 – Business Plan Checklist

Your robust, ambitious and realistic business plan is an essential part of the application process, and you must submit a copy of this document along with copies of your full application form and other supporting documentation (see **Section 9** above). Your business plan will remain “commercial in confidence”. The business plan must be specific to your proposal but should also refer to how your proposal links to any other parts of your business already in place, if appropriate. We recommend that your business plan must (at least) contain details of:

- Your business name, status, address, and some details of your history.
- Your ownership and whether you are part of a group.
- If you are part of a group, details of the group, its hierarchy and its relationship with the investment proposal.
- Why you have chosen the KMBF eligible area to expand your business.
- What your business will deliver in terms of goods or services.
- What is the function of your product or service, how is it novel or innovative. Indicative sales levels in £s and as a % of turnover in the last three years (if available) and your next planned three years.
- Show which customers (if any) may account for more than 10% of your sales.
- The location of your business, whether freehold/ leasehold. Are improvements necessary? Are the premises a new-build and is new capital equipment needed?
- How you have established the demand for the goods or services.
- Who are your competitors and what proportion of the market do they command?
- How you plan to secure a significant and sustainable section of that market? Also show who your main competitors are and their share of the market?
- Details of your supply chain and which local businesses form part of that chain and indicate your dependence upon them.
- Details of your commitment to reducing your carbon footprint and how you plan to achieve this.
- What is the timeframe for delivering your proposal?
- Who will be running your business? How many people does it employ now and how many over the next five years – with a diagram of the staffing structure.

- How will the business be run? The competence of your staff will have an important influence on the success of your business therefore please include copies of the full CVs for directors, management team and key project staff.
- Which other funders you have approached, what their response was and how you are providing the necessary funding for the proposal?
- What would you do if funding from KMBF is not available?

- Please state the key milestones of your proposal and when you expect to achieve them (this establishes when you could receive tranches of your loan).
- Please state the main risks of your proposal and how they can be mitigated i.e. risk, likelihood, impact, mitigation (Score 1 for the lowest likelihood of risk or impact and 5 for the highest).
- Financial tables of income, both from capital providers and through the sales of the goods and services developed through KMBF support with dates and values.

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Appendix 6 – Security

PERSONAL GUARANTEES

This is a stand-alone guarantee required on a loan and is an agreement from an applicant/director/third party to repay the loan should the business not be able to do so.

SECURITY

For loans of £100,000 and over, security will normally be required. There are a number of requirements for this security:

- It must have realisable value. We will require an independent valuation of the asset used as security.
- The value should normally be at least equal to the loan capital and administrative charges over the term of the loan.
- The security must be a first or a second legal charge over an asset held by the applicant. The legal charge will provide KCC with certain rights over the asset used as security where the terms of the loan are not met.
- The asset used as security may be replaced during the term of the loan, subject to KCC agreement, provided the value of the replacement asset is at least equal to the lower of the market value of the asset it has replaced.
- Where the applicant carries out a transaction, which in turn reduces the value of the security, an unauthorised

payments charge will apply. However, where the value of the security reduces for reasons beyond their control, this will not be deemed an unauthorised payment.

- The security does not have to be provided by the borrowing applicant, it can be provided by other parties, such as family members or other companies where consideration can be evidenced.
- We will only permit the use of a principal private residence as security after consultation with the applicant, normally where no other suitable security is available.

Examples of security are:

- Commercial property.
- Intellectual property (copyright, trademarks, designs and patents).
- Personal investments such as land, cash deposits or investment portfolios.
- Plant and machinery (provided it does not depreciate in value faster than the loan is repaid).

Please note that the taking of security can be a complicated process, therefore there may be delays in the transfer of loan funds.

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Appendix 7 – The CAMPARI Model

When applying for a KMBF business loan, the CAMPARI model is a useful tool to guide your application. Each letter stands for a particular aspect of your business that will be taken into account when your funding request is considered.

▶ CHARACTER

This considers your background as a business owner including your skills and successes.

▶ ABILITY

We will want to have confidence in your ability to deliver, your experience, specialist skills and track record.

▶ MEANS

We want to see what assets and liabilities you have built up over time, both personally and within the business.

▶ PURPOSE

We want to know why you need the money and how you're going to use it. A positive impact on the Kent and Medway economy, including boosting the local supply chain and job creation are also key considerations.

▶ AMOUNT

We need to know in full detail why you need the amount for which you're asking and other steps you've taken to secure the investment you need.

▶ REPAYMENT

We need to be confident you will meet repayment terms over the five-year term of the loan. Do not exaggerate forecasts or profit margins.

▶ INSURANCE

We are required to seek some security in case the repayment arrangements fail. You will need to tell us what assets would be available and their value.



