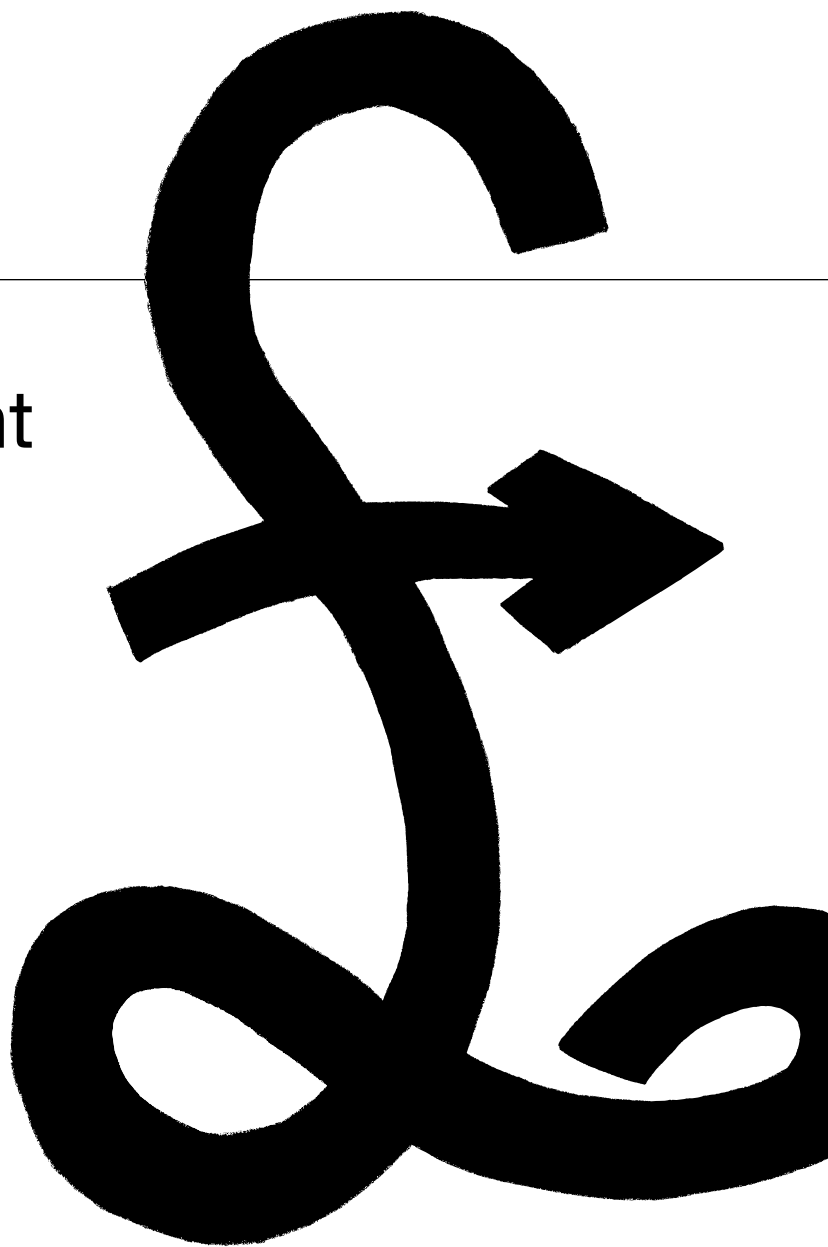


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Grant for Business Investment

Financial Appendices to Application Form



Commissioned by

BERR

Department for Business
Enterprise & Regulatory Reform

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Our promise

Solutions for Business helps you make the most of business opportunities and challenges. By targeting public money at real business needs, it helps businesses create sustainable success.

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Your gateway to Solutions for Business products and services is Business Link where experienced advisors help match your organisation's needs to the most appropriate support. To find out more about Solutions for Business call Business Link on 0845 600 9 006 or visit www.businesslink.gov.uk/solutions

Grant for Business Investment (BG)

Financial Appendices

The purpose of these financial appendices is to provide a summary of the financial implications of the project. If they are completed correctly the application can be appraised more quickly. All of the information required should be readily available to most businesses.

For most applications the forecasts will begin with the current financial year. However, there will be times when the current financial year has only just started and final or draft accounts have not yet been produced for the previous year. On these occasions the first year of the forecast will be for the year just ended. In each case, forecasts will be required for a further three complete years.

It should be added that these financial appendices are intended to summarise information from audited accounts, trading and cash-flow forecasts, and projected balance sheets. Applicants seeking support of £2m or more should complete Appendices 1-4b. Applicants seeking less should complete either Appendices 1-4b or Appendices 1-2 and 5 and 6. At the discretion of the Regional Development Agency concerned, applicants seeking support of less than £2m may be able to provide equivalent information in a different form.

The financial appendices will be scrutinised in detail and you should be prepared to explain the basis of their contents. It is therefore recommended that all working papers etc relating to the completion of these forms be retained until an appraisal is completed.

Appendix 1

As GBI can only be offered where it will make the difference between the project going ahead or not, there must be no prior commitment to the project.

Highlight separately any self-built and/or second-hand assets together with any assets to be purchased from group/related companies. Also highlight any assets which will not be situated at the project location.

O = Outright purchase
HP = Hire-Purchase
FL = Finance lease
B = Bank loan
M = Mortgage

Appendix 2

Trading results and forecasts

The project should have good prospects of viability and will normally be expected to become profitable within three years

	WITH PROJECT										WITHOUT PROJECT (for applications for £100 000 or more)			
	Actual - per audited or draft accounts			Current Year 0 £000s	Forecast (See notes 1 and 2)			4 £000s	5 £000s	6 £000s	Current Year 0 £000s	Forecast (See notes 1 and 2)		
	-3 £000s	-2 £000s	-1 £000s		1 £000s	2 £000s	3 £000s					1 £000s	2 £000s	3 £000s
Turnover														
Direct Materials														
Direct labour														
Total direct costs														
Gross profit														
Gross profit margin (%)														
Overheads														
Indirect labour costs														
Directors' remuneration														
Group service charge (if applicable														
Depreciation														
Other items (please specify)														
Total indirect costs														
Net profit/(loss) before interest and exceptional items														
Exceptional items (summarise below)														
Interest (paid less received)														
Net profit/(loss) before tax														
(carry data across to Appendix 4b, if being completed) with project only														
Forecast inflation factor in % terms														
Average full time equivalent (FTE) employment														

Note 1 - Applications for less than £100,000 are only required to complete forecasts for three forward years
Note 2 - Applications for more than £2m are required to complete forecasts for ten forward years

Appendix 2 *(continued)*

Forecasts

Please explain factors affecting sales performance, variations in gross profit margin, overheads, finance costs and net profit. This should be consistent with comments on the application form at Sections 3 and 5.

Without project

In all cases where the application is for £100,000 or more, we require “without project” trading forecasts for three years (or ten years for applications for £2m or more) based upon the premise that the project does not proceed. One use to which they will be put is to compare them to the “with project” figures so that the difference shows the effect of the project.

Appendix 3

Additional working capital requirements

	Actual (see note 2) -1 £000s	Current year 0 £000s	Forecast Years				
			1 £000	2 £000s	3 £000s	4 £000s	5 £000s
PART A working capital							
Trade debtors							
Debts due from related companies							
Other debtors and prepayments							
Stocks and work in progress							
A Sub total							
Less:							
Trade creditors							
Amounts due to related companies							
Other tax and social security							
Other creditors and accruals							
B Sub total							
A-B Net working capital							
Less:							
working capital at end of previous year							
Increase/(decrease) in year (carry data to Appendix 4a if being completed)							
Please split net working capital between:							
Project							
Non Project							
Total (as above)							
PART B Debt factoring/invoice discounting							
Amount of actual/anticipated advance for debt factor or invoice discounter							
Less:							
Amount borrowed at end of previous year							
Increase/(decrease) in year (carry data to Appendix 4a if being completed)							

Appendix 3 *(continued)*

Notes:

- 1 The aim of the above is to calculate the additional working capital for the purposes of cash-flow forecasts. It is recommended that assumptions (eg average days' credit) be carefully considered, as these will be reviewed.
- 2 Actual figures should be extracted from the latest set of audited or draft statutory accounts.
- 3 Trade debtors should be shown gross, not after deducting advances from a debt factor, etc.
- 4 The amount of debt due from or to related companies to be included in the working capital computation should only relate to the current portion. Any long term debt should be treated as a loan and movements shown separately on the cash flow.
- 5 Do not include the capital element of finance creditors (HP, finance lease, loan repayments), nor directors/ shareholders loans, taxation, dividends and bank overdrafts, as these are shown separately in cash-flow forecasts at Appendix 4b.
- 6 The analysis should be allocated (on a pro-rata turnover basis if no more specific method is appropriate) to distinguish between project working capital and working capital that will be required even if the project does not proceed.
- 7 Applications for more than £2m are required to complete forecasts for ten forward years.

Appendix 4a

Cash-flow forecasts – with project (outflows)

	Total £000s	Current year 0 £000s	Forecast Years				
			1 £000s	2 £000s	3 £000s	4 £000s	5 £000s
Project capital expenditure (from Appendix 1)							
Non-project capital expenditure							
Land/buildings/installations							
Plant/equipment/vehicles							
Other – specify							
Total							
Working capital (from Appendix 3)							
HP/finance lease repayments (capital element)							
Existing commitments (to agree with audited a/cs)							
Future commitments - project							
Future commitments – non-project							
Loan repayments (capital element)							
Existing commitments (to agree with audited a/cs)							
Future commitments – project Loan 1							
project Loan 2							
project Loan 3							
Future commitments – non-project							
Corporation tax/income tax							
Dividends/drawings							
Other (specify)							
Total cash outflows (to Appendix 4b)							

Note: Applications for more than £2m are required to complete forecasts for ten forward years

Appendix 4a *(continued)*

Commentary on cash-flow forecasts (inflows and outflows)

Appendix 4b

Cash-flow forecasts – with project (inflows)

	Total £000s	Current year 0 £000s	Forecast Years				
			1 £000s	2 £000s	3 £000s	4 £000s	5 £000s
Internal funding							
Net profit/(loss) for year before tax (from Appendix 2 with project)							
Add back depreciation							
Add back other adjustments eg grant release							
External funding							
Directors'/shareholders' loans							
Group funding (if applicable)							
Equity/partnership capital							
Preference shares							
Loan finance – project loan 1							
– project loan 2							
– project loan 3							
Loan finance – non-project							
HP/finance lease – project							
HP/finance lease – non-project							
Asset sales (proceeds)							
RSA/SFI – previous project							

Continued on separate page.

Appendix 4b *(continued)*

Cash-flow forecasts – with project (inflows)

	Total £000s	Current year 0 £000s	Forecast Years				
			1 £000s	2 £000s	3 £000s	4 £000s	5 £000s
Other – eg increase (decrease) in debt factoring/invoicing discounting (from Appendix 3)							
Other public sector funding							
1							
2							
3							
Total cash inflows							
Less total cash outflows (from Appendix 4a)							
Annual surplus/(deficit)							
Opening cash/(overdraft) –							
(opening from audited a/cs)							
Closing cash/(overdraft)							
Available overdraft facility							
Funding surplus/(deficit)							

Note: Applications for more than £2m are required to complete forecasts for ten forward years

Include details of bank facilities and other new external funding sources (continue on a separate sheet if necessary).

Provide details and evidence of factoring/invoice discounting if used.

The majority of the funding for the project should normally be met by your business or come from other sources in the private sector.

Appendix 5

Forecast Balance Sheets

	Previous year -1 £000s	Current year 0 £000s	Forecast Years				
			1 £000	2 £000s	3 £000s	4 £000s	5 £000s
FIXED ASSETS:							
Intangible assets, eg goodwill							
Tangible assets							
CURRENT ASSETS:							
Stock							
Trade debtors							
Debts due from related companies							
Other Debtors							
Cash & bank							
CURRENT LIABILITIES:							
Trade creditors							
Invoice discounting							
Amounts due to related companies							
Directors' loan accounts							
Corporation tax							
Other tax and social security							
Other creditors and accruals							
Finance Leases / HP agreements							
Bank overdraft							
NET CURRENT ASSETS / (LIABILITIES)							
LONG TERM LIABILITIES:							

Continued on separate page.

Appendix 5 *(continued)*

	Previous year -1 £000s	Current year 0 £000s	Forecast Years				
			1 £000	2 £000s	3 £000s	4 £000s	5 £000s
Deferred tax							
Loans							
Finance Leases/ HP greements							
NET ASSETS / (LIABILITIES)							
CAPITAL & RESERVES							
Share capital							
Share Premium account							
Profit & Loss account							

Appendix 6

Annual cash-flow forecasts – with project

	Current year 0 £000s	Forecast Years					
		1 £000s	2 £000s	3 £000s	4 £000s	5 £000s	6 £000s
RECEIPTS							
Invoiced sales							
Share capital							
VAT							
Interest receivable							
Other income							
PAYMENTS							
Invoiced costs							
Direct labour							
Directors' remuneration							
Staff salaries							
Rent							
Rates & water							
Utilities							
Communication costs							
Insurance							
Overdraft interest							
Plant & machinery							
IT equipment							
Office equipment							
Transport							

Continued on separate page.

Appendix 6 *(continued)*

	Current year 0 £000s	Forecast Years					
		1 £000s	2 £000s	3 £000s	4 £000s	5 £000s	6 £000s
Directors' loan accounts							
PAYE/NI							
VAT							
Other payments							
NET CASH FLOW							
OPENING BANK							
CLOSING BANK							

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