

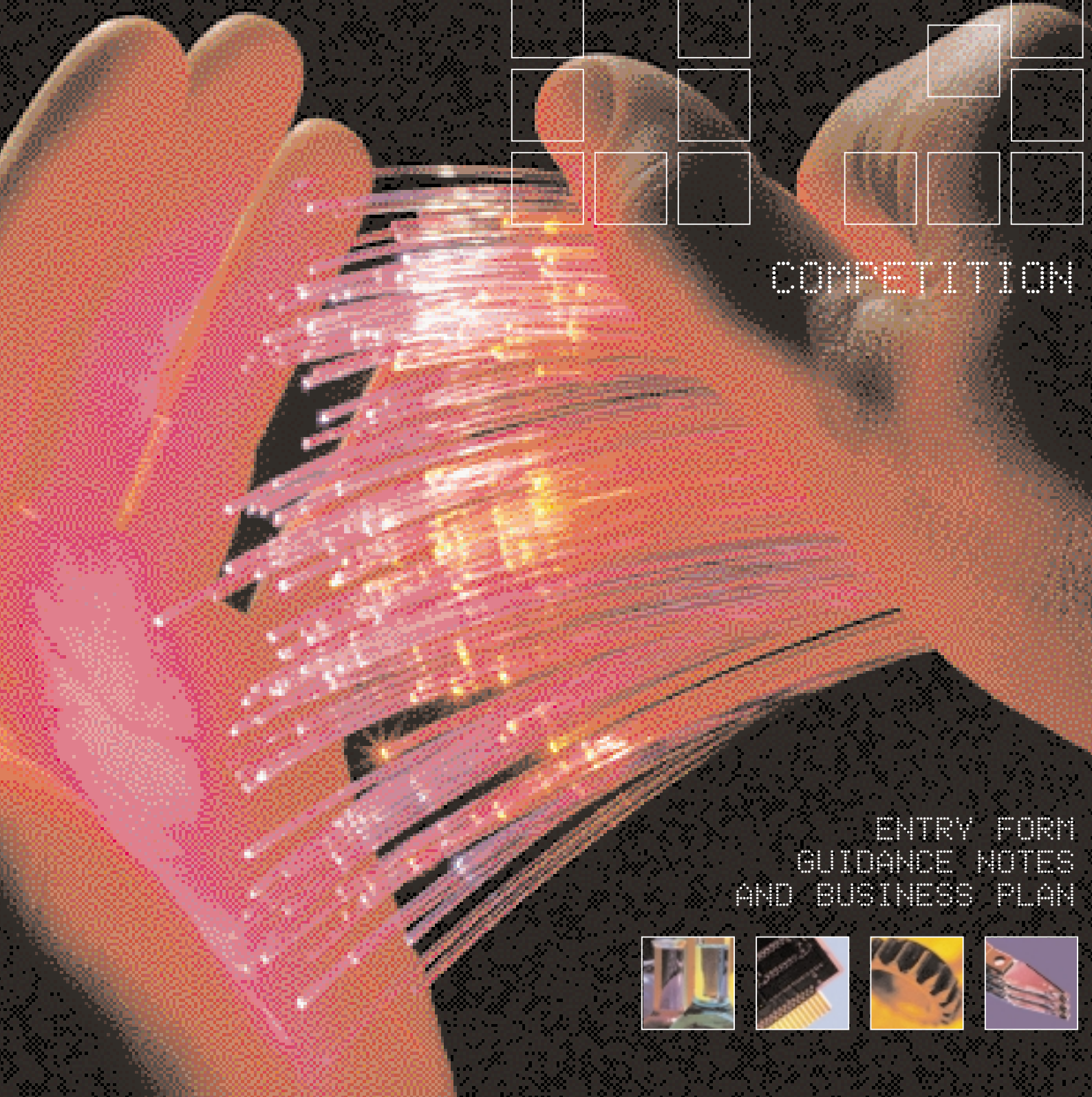
S M A R T

L A N D

S M A R T ;

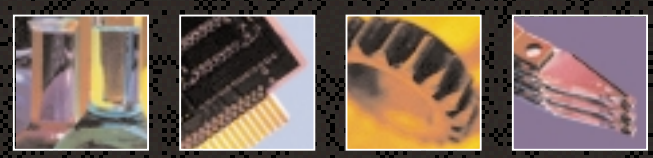
S C O T L A N D

Empty grid boxes for text input.



COMPETITION

ENTRY FORM
GUIDANCE NOTES
AND BUSINESS PLAN



Note

The guidance in this publication applies only to the Scottish element of the national SMART Scheme. Details of the arrangements which apply in other parts of the UK may be obtained from the relevant Government Departments in England, Wales and Northern Ireland.

Some figures in these Guidance Notes are expressed in EUROS. The exchange rate which will apply to all entries received in the Year 2003 is 1 EURO = £0.65. The Scottish Executive Enterprise and Lifelong Learning Department (SEELLD) will be able to advise you of the rate which applies at other times.

SMART:SCOTLAND funding constitutes a notified State Aid. Therefore, none of the spending on a SMART project qualifies for the higher rate of R&D tax relief. However, other R&D expenditure may be eligible for R&D tax relief.

You are advised to take independent accountancy advice on the relative benefits of SMART and R&D tax relief before applying. More information about the R&D tax credit can be found on the Inland Revenue and DTI websites at:

www.inlandrevenue.gov.uk/r&d/index.htm

and

www.dti.gov.uk/support/taxcredit.htm



IMPORTANT: Do not start your project or commit expenditure before you have received an offer of grant from the Scottish Executive Enterprise and Lifelong Learning Department (SEELLD).

OFFICIAL USE ONLY

Date received _____

Ref No _____

Case Officer _____

SMART:SCOTLAND ENTRY FORM

- We may publish information from Sections 1-14 and 16-18 of this form if you win an Award.
- Please **type** your answers, or write in **black ink** using **BLOCK LETTERS**.
- Please read the Guidance Notes carefully before you complete this form.
- To apply you **must** complete the Entry Form **and** provide a detailed Project Proposal, Business Plan and other supporting documentation, as set out in the Guidance Notes. Do not alter this form in any way as this would invalidate your entry.
- Where boxes are provided please mark the correct box with a ✓.
- Use "N/A" for "not applicable"

ENTRANT DETAILS

Individual, sole trader/proprietor, partnership or company

Postcode

1. In what capacity are you applying?
2. Your business name (or your name and trading name, if an individual/sole trader)
3. Your business address (address for correspondence)

4. Who should we contact to discuss your entry?

Name _____

Tel _____ Fax _____

Email _____

Position in Organisation _____

5. What are your main business activities?

6. When did you start trading?

PROJECT DETAILS

12. Please give a brief title of the project (Maximum 30 characters)

13. Please give a description of the project in 50-100 words

14. Where in Scotland is the main work to be done if different from your business address?

Address

Postcode

15. Are you employing any subcontractors or consultants?

Yes No

If **Yes**, please give the names and addresses (including postcodes)

16. What is the estimated net cost of the project?
(This figure **must** match the total at Section 22.)

£ You will be asked to give a detailed breakdown of project costs in Section 22.

17. How long do you expect the project to last?

years months

PROJECT CLASSIFICATION

18. Please indicate the broad area of technology into which your proposed project falls. (This has no bearing on your chances of winning an Award but is valuable information for us in planning future programmes.)
Please tick one box only.

801	Manufacturing technology	
802	Materials technology	
803	Information technology	
804	Biotechnology	
805	Environmental technology	
806	Communications	
807	Instrumentation and control	
808	Heat and mass transfer	
809	New testing methods	
810	Separation techniques	
811	Tribology, wear and corrosion	
812	Medical technology	
813	Other	

IN CONFIDENCE

EXPLOITATION

19. How do you intend to exploit the results of your project?

Licensing to others

Dissemination of information, publication and so on

Manufacture and sale of products

Use process development for own benefit

Other

20. Using at least one of the criteria below, when would you judge your project to have been successful?

when

units have been sold

when

revenues have been received

when the project has contributed

towards profits

21. By what date do you expect the target(s) to be achieved?

PROJECT COST ESTIMATES

Note: Guidance on which costs are eligible for SMART support and which are not is contained on pages 8, 9 and 10 of the Guidance Notes.

22. Please give a summary of estimated project costs by quarter of the year, (allowing for inflation but excluding VAT if you are registered for VAT). *You might not need to use all of these boxes.*

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Qtr 6	Total £
Pay of personnel directly engaged on the project							
Overheads							
Materials consumed during the project							
Consultancy fees							
Sub-contract charges							
Fees for trials and testing							
Preparation of technical manuals							
Intellectual property costs							
Market assessment							
Training							
Capital equipment and tooling							
Other (please specify on a separate sheet and attach to this form)							
Gross Total							
Less estimated value of equipment and tooling to the business at end of project							
Net Total							

23. Please give a breakdown of the pay of personnel (e.g. salary or drawings) to be engaged on the project. The total should agree with the “Pay of personnel” figure entered in the table at 22. (You may prefer to provide this information on your own spreadsheet, but all of the information requested below must be supplied.)

Name (or post to be filled)	Hourly/Daily/Weekly Unit Rate as applicable			No. of Hourly/Daily/Weekly Units to be worked on project	Total cost (unit rate x no. of units)
	Hourly Rate	Daily Rate	Weekly Rate		
				Total	

FINANCIAL RESOURCES

24. What was the annual turnover in your most recent accounts in: Your business

Your group

25. What was the balance sheet total (total assets net of depreciation) in: Your business

Your group

26. When did the financial year end?

27. How do you intend to fund the project? You must provide any written confirmation of finance with your entry. Specify sources of funds and amounts offered (eg additional share capital, bank overdraft, loans, internal resources). You must give details of any public sector funding from Government Departments, Local Authorities, Development or Enterprise Agencies, the National Endowment for Science, Technology and the Arts (NESTA), Universities, European Community etc. (This may be deducted from any offer of grant.)

Project Finance

a) Total finance required (as per Sections 16 and 22 of Entry Form)

b) Funded by:

1. Private Sector

Own resources (<i>please specify</i>)	<input type="text" value="£"/>	Have you secured agreement to loans/grants?	Yes	No
	<input type="text" value="£"/>			

Bank loan/overdraft facility	<input type="text" value="£"/>	<input type="checkbox"/>	<input type="checkbox"/>
------------------------------	--------------------------------	--------------------------	--------------------------

Other private sector (<i>please specify</i>)	<input type="text" value="£"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------------	--------------------------	--------------------------

	<input type="text" value="£"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------------	--------------------------	--------------------------

Profits generated by business activities

2. Public Sector

Public sector assistance other than SMART (<i>please specify</i>)	<input type="text" value="£"/>	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------------	--------------------------	--------------------------

SMART grant

c) Total Finance (to agree with figure at a))

28. What would be the likely effect on the project of your not winning an Award (eg delay, abandonment, seek funds elsewhere etc)?

29. Have you or your business applied, or been connected with an application for assistance from the SEELD or other public body before?

Yes

No

If **Yes**, please give details (eg company name at time of application, year, scheme, outcome etc)

30. Have you, or any other partner or director of your business, ever been prosecuted for fraud or disqualified from becoming a director?

Yes

No

If **Yes**, please give details on a separate sheet of paper (but do not include it in your project proposal). This does not necessarily affect your chances of winning a SMART Award.

31. Have you, or any other partner or director of your business, ever been a proprietor, partner or director of a business which went into bankruptcy, liquidation or receivership?

Yes

No

If **Yes**, please give details on a separate sheet of paper (but do not include it in your project proposal). This does not necessarily affect your chances of winning a SMART Award.

CASH FLOW PROJECTION

32. Please provide a cashflow projection for the SMART project. You should extend your projection to cover the project length plus up to 2 months to allow for the final payment of SMART grant. This can be produced on your own spreadsheet as an attachment if you wish. However, the projection **MUST** contain all of the information detailed below. (For guidance on the correct timings and amounts of SMART grant payments see "YOUR ENTRY FORM" in the Guidance Notes.)

Month	1	2	3	4	5	6	7	8
Expenditure (£)								
Pay of personnel								
Overheads								
Materials consumed								
Consultancy fees								
Sub-contract charges								
Fees for trials & testing								
Preparation of technical manuals								
Intellectual property costs								
Market assessment								
Training								
Capital equipment and tooling								
Other								
Total								
Income (£)								
SMART Award								
Balance								

CASH FLOW PROJECTION

33. Please show all anticipated income and expenditure for the business, *including* those associated with the SMART project, during the 2 year period from the commencement of the SMART project. This can be produced on your own spreadsheet as an attachment if you wish. However, the projection **MUST** contain all of the information detailed below. (For guidance on the correct timings and amounts of SMART grant payments see “YOUR ENTRY FORM” in the Guidance Notes.)

Month	1	2	3	4	5	6	7	8	9	10	11	12
Income (£)												
Equity												
Loans												
SMART Award												
Other Grants												
Sales												
Other Income												
Total												
Expenditure (£)												
Wages and Salaries												
Rent and Rates												
Tax and National Insurance												
Insurance												
Heating and Lighting												
Materials												
Property Maintenance												
Repairs												
Telephone												
Postage and Stationery												
Travel and Vehicle Expenses												
Audit and Accountancy Fees												
Advertising												
Finance Charges												
■ Bank												
■ Other												
Capital Expenditure												
Loan/HP, Leasing Payments												
VAT												
Professional Fees												
Other Expenditure												
Total												
Surplus (Deficit)												
Opening Balance (b/f from previous month)												
Closing Balance (c/f to next month)												

DECLARATION - please read this carefully before signing

This form contains information which is personal data for the purposes of the Data Protection Act 1998 and in respect of which the Scottish Executive is obliged to supply the following information:

The data controller is the Scottish Executive.

The information you provide will be used for the following purposes:

- i) Processing and appraising your application under the SMART scheme. Your application may be referred to other Government Departments or outside organisations who are contracted by the Scottish Executive to provide technical expertise in confidence.
- ii) If your application is unsuccessful, unless you disagree, your name and address (but not details of your project proposal) may be passed to your Local Enterprise Company. This is so that the Local Enterprise Company can perhaps consider with you whether there are any suitable alternatives to SMART for taking your proposals forward, or whether they can help you in any other way.

Place a tick in this box if you do not wish your name and address to be passed to the Local Enterprise Company.

- iii) If your application is successful, we will publish information from Sections 1-14 and 16-18 of this form both in hard copy and on the internet in a directory of award recipients. The directory is publicly available: it is intended to provide information for potential applicants and investors on the types of SMART project, and individuals and businesses, that receive SMART Awards.

Subject to (i) to (iii) above, the information you provide will not be disclosed to any other organisation for any other purpose other than in relation to cases of suspected fraud.

The Scottish Executive's representative for the purposes of the Data Protection Act is:

The Departmental Record Officer
Scottish Executive
CS: CISD
Spur J
Saughton House
Broomhouse Drive
Edinburgh EH11 3XD
Tel: 0131 244 3728

If you are a registered company, an Executive Director must sign; if you are a sole trader, the Proprietor must sign; and if you are a partnership, a partner with authority to bind the other partner(s) must sign.

If you give information which you know or suspect is untrue or misleading you may be committing an offence which could lead to prosecution.

I declare that the information on this form and any other information given in support of this entry is correct to the best of my knowledge and belief. I agree that if this application is successful, the information in Sections 1-14 and 16-18 can be published in hard copy and on the Internet in a directory of award recipients.

Signed

Date

Name (BLOCK LETTERS)

Position in Organisation

HOW DID YOU FIND OUT ABOUT SMART?



WHERE TO RETURN YOUR ENTRY

Send the completed Entry Form and the other information detailed on the Checklist on the following page to:

The SMART:SCOTLAND Programme Manager
Scottish Executive Enterprise and Lifelong Learning Department
Meridian Court
5 Cadogan Street
Glasgow G2 6AT

CLOSING DATE

Please refer to the Guidance Notes for details of the Competition closing dates. The deadline is always 5pm on each date. If your entry is received later, it will automatically be entered in the next Competition.

CHECKLIST

Have you attached copies of	Yes	No	Annex No in your proposal	For Official use only
<ul style="list-style-type: none"> ■ A detailed project proposal? (See accompanying Guidance Notes) 	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
<ul style="list-style-type: none"> ■ A project timetable? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ■ CVs for key project and management personnel? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ■ Evidence of intellectual property rights? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ■ A copy of patent application (where applicable)? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ■ Evidence of offers of financial help? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ■ Your business plan? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> ■ Accounts? If your business is established and required to have its accounts audited, supply your last two years' audited accounts. If these are more than three months old, you must also provide up- to-date management accounts; 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>or:</p> <p>if the business is exempt from the audit requirement, your last two years' annual accounts. If these are more than three months old, you must also provide up- to-date management accounts;</p>				
<p>or:</p> <p>if your business was recently set up and no audited, annual or endorsed accounts have been produced, you must provide unaudited or management accounts for the 3 months prior to the entry date;</p>				
<p>and:</p> <p>if your business is part of a group, accounts for parent and ultimate holding companies should be provided on the same basis.</p>				

**If you fail to supply any of these items
your entry is likely to be rejected.**

Copies of this form are available in alternative media from our website on:

www.scotland.gov.uk/innovationgrants

Alternatively, a disk version can be obtained from SEELLD on:

Tel: 0141 242 5532

Fax: 0141 242 5589

E-mail: smart@scotland.gsi.gov.uk



INTRODUCTION

Thank you for your interest in the SMART:SCOTLAND Competition.

As SMART is an open competition, individuals and small businesses may apply at any time for this Award which aims to encourage innovation.

SMART is a single company R&D support scheme – not a support mechanism for joint venture/collaborative projects.

Awards will be made to successful entrants to enable them to undertake a technical and commercial feasibility study in technologies of interest to SEELLD. There is no limit on the number of Awards that are made each year. However, to obtain an Award your project must be highly innovative from a technical viewpoint and be commercially and financially viable.

Individuals and small businesses not based in Scotland are eligible to apply but those who are successful in the competition must establish a business in Scotland before an Award can be made.

SMART:SCOTLAND

WHAT IS SMART:SCOTLAND?

SMART:SCOTLAND aims to stimulate the creation of new, innovative businesses and to help existing small businesses improve their competitiveness by developing new products and processes to the benefit of the national economy.

SMART:SCOTLAND is competitive and assists individuals and small firms to carry out a technical and commercial feasibility study lasting 6-18 months.

Support is made available at 75% of the eligible project costs. The maximum award is £50,000. One third is paid up front to the winners and the remainder is normally paid quarterly against claims submitted.

If you win a SMART Award and successfully complete the project you may then apply to the SPUR Programme for further support to assist with the development of a pre-production prototype. SPUR is non-competitive, and grant is available at 35% of the eligible project costs, up to a maximum grant of £150,000. Grant is paid retrospectively after expenditure is incurred and defrayed. There must be a gap of at least 3 months between claims and projects must take at least 6 months, and no more than 36 months, to complete.

SPUR offers a streamlined application process to SMART winners continuing their product/process development, provided that the application is made within 6 months of completion of the SMART project.

Further information on the SPUR Programme is available on our website:

www.scotland.gov.uk/innovationgrants.

WHEN IS THE DEADLINE FOR ENTRIES

Entries for SMART:SCOTLAND may be submitted at any time.

Judging will take place on 3 occasions each year. Entries received by 5pm on the second Monday of January will be considered by the first judging panel, those received after this time but before 5pm on the second Monday of May by the second judging panel, and those received after the second closing date but before 5pm on the second Monday of September by the third judging panel.

Entries which arrive after the relevant deadline, even if clearly postmarked earlier, will be considered in the next round of the Competition. Send your entry to SEELLD at the address given at the end of these Notes.

All entries received will be acknowledged.

Please do not fax or email your entry as we need an original signature.

HOW MANY ENTRIES MAY BE SUBMITTED?

You may make only one entry in the same round of the Competition.

SMART:SCOTLAND

WHO IS ELIGIBLE?

You are eligible to compete for a SMART:SCOTLAND Award if you are an individual intending to start a business in Scotland if you win an Award, or if you are a sole-trader, partnership, independent company or part of a group operating from Scotland or planning to operate from Scotland which

› has less than 50 employees (full-time equivalent world-wide, including partners and executive directors) and

has **either**

› an annual turnover not exceeding EURO 7 million

or

› a balance sheet total not exceeding EURO 5 million

and

› has less than 25% of the capital and of the voting rights owned by one or more companies not meeting the above eligibility criteria. *(This ceiling may be exceeded if the shareholding is held by public investment corporations, venture capital companies or institutional investors, provided no control is exercised either individually or jointly.)*

ENTRIES FROM THE SCIENCE BASE

We actively encourage entries from companies established by academic institutions in which the institution retains a shareholding. Such companies are eligible to apply for a SMART:SCOTLAND Award as long as:

- › one of the purposes of the company is the development of products or processes for commercial exploitation and the company does not merely act as a clearing house for R&D contracts for the academic institution; and
- › the company meets the other qualifying criteria for SMART:SCOTLAND.

WHICH TECHNOLOGIES ARE ELIGIBLE?

Technologies covered by SEELLD are eligible. The 'Project Classification' section of the Entry Form (Section 18) gives examples of eligible technologies but is not exhaustive.

Defence projects cannot be supported.

STATE AID RESTRICTIONS

Certain industry sectors have restrictions on state aid for R&D under the provisions of the Treaty of Rome (Articles 92 and 93). The industries currently affected include coal and steel, agriculture, fisheries and aquaculture, synthetic fibres, shipbuilding, motor vehicles and transport, and food and drink manufacturing. You should contact the SEELLD if you are uncertain whether these restrictions could affect your project.

WHAT ARE THE SELECTION CRITERIA?

The Awards will be made at the discretion of SEELLD, based on the recommendations of the SMART:SCOTLAND Judging Panel.

The selection process will take account of a number of factors. To obtain an Award you must demonstrate that:

- › the proposed project will represent a significant technological advance for the UK industry or sector concerned
- › significant technical risks are associated with the technology challenge
- › you own, or have the rights to exploit, the intellectual property needed to undertake the project. **(Please note all intellectual property arising from projects supported under SMART must be owned by the business receiving the Award.)**
- › the commercial prospects for the end product or process are good
- › realistic and effective routes have been identified for realising the commercial potential for the product or process
- › the necessary management and technical expertise and resources to ensure that the project is brought to a successful conclusion are either available “in-house” or will be bought-in
- › financial assistance under SMART: SCOTLAND is essential
- › both the project and the business are financially viable.

Account will also be taken of the wider impact or implications of projects to society e.g. factors such as environmental impact.

HOW TO ENTER

Your entry should comprise:

the completed Entry Form which is used as a quick check on eligibility and the suitability of your project.

a separate project proposal

a business plan

your last 2 year’s audited accounts (or annual or endorsed accounts) and group accounts if your company is part of a group – if these are more than 3 months old at the date of entry, you must also supply your unaudited or management accounts for the 3-month period prior to the entry date. You must also supply unaudited or management accounts for the 3 months up to the entry date if your business was recently set up and no audited, annual or endorsed accounts have been produced.

CVs for the key personnel involved in the project

documentary evidence (e.g patent application, letters from banks) to support some of your statements

where applicable, statements in connection with Sections 30 and 31 of the Entry Form.

If you fail to supply any of these items your entry is likely to be rejected.

Please do not bind your entry as we may need to photocopy parts of it.

THE ENTRY FORM

All the sections of the Entry Form must be completed and the Form signed and dated by an authorised signatory.

You should include only costs relating to your SMART project (i.e. feasibility study) in Section 22 of the Form. Do not include costs relating to any follow-on development as you will be requested to provide these in a separate application for SPUR funding should you win a SMART Award and successfully complete the project.

In addition to summarising your estimated project costs in Section 22 of the Form, you must also provide a detailed breakdown of these costs in the Project Proposal which accompanies the Entry Form. Guidance on which costs are eligible for SMART support and which are not is given on pages 8, 9 and 10 of this brochure. Please note that the project cost estimates included in Section 22 of the Entry Form must agree with the figures contained in Section 11 of the Project Proposal.

Sections 32 and 33 of the Form comprise two sets of cashflow projections (CFPs) - one for the SMART project only, and one for the business as a whole, including the SMART project. (The latter CFP should cover a 2 year period.) Both sets should incorporate the correct timings and amount of SMART payments. To calculate your grant payments you should bear in mind the following:

- one third of your grant will be paid up front at the start of your project e.g. if you are offered £50,000 you should show receipt of £16,667 grant in month 1 of the CFPs

- the remainder of your grant will be paid in arrears against costs incurred and defrayed, at the rate of 50%. You should submit claims on a regular, quarterly basis. Therefore, if your predicted first quarter's spend on SMART is £12,000, you should show receipt of £6,000 grant in month 4. You should note however, that as your final claim has to include certification by an independent accountant, your final grant payment is not likely to be received until at least 6-8 weeks after all the other project work has finished
- the final payment must represent at least 15% of the total grant. Your total grant payments shown in the CFPs during the project life should therefore not amount to more than 85% of the grant offered. If necessary, you should adjust the penultimate payment to reflect this limit.

The CFPs can either be provided on the Entry Form or on your own spreadsheet as an attachment.

WHAT SHOULD THE PROJECT PROPOSAL INCLUDE?

Provide a one-page summary of your SMART project proposal. Please also indicate if you are likely to apply at a later date for SPUR funding for follow-on development should the SMART project be successfully completed.

The full proposal should be brief (**no more than ten pages long**) and consistent with the requirements of these Guidance Notes. It should distinguish clearly between

SMART : SCOTLAND

information and figures relating to the SMART project and those which relate to the rest of the business. Details of the rest of the business should be incorporated in the Business Plan.

The proposal should be written in clear terms so that the officer responsible for appraising it, who may not be fully familiar with the technology and will need to refer to other sources of expert advice, can understand it. **However, you must also provide sufficient technical details to enable an expert to carry out an assessment of the project.** Where material such as drawings, flow diagrams etc would improve clarity they should be used. These and other supplementary information (such as supporting material from banks, patent applications, etc) should be included as annexes.

The proposal should be produced on single-sided A4 paper, with individual sheets numbered. Please do not bind it in any way as we may need to photocopy parts of it.

Follow the format and headings below:

(1) The Project

Give an overall view of the project, why it is desirable and what you hope to achieve.

(2) Objectives

You should state:

- what measurable technical objectives you expect to meet by the end of the project
- what measurable commercial objectives you expect to meet after the project is completed.

Objectives should contain realistic targets and an indication of when they are expected to be achieved (“milestones”).

(3) Technical description

You will have considered the technical uncertainties or problems associated with the feasibility study and established the R&D work to solve these technical problems. This proposed technical project methodology must be described clearly and in full detail. It is critical in our understanding and assessment of the R&D work to be done.

Describe the technical approach to be adopted, the major problems to be solved, the technology to be used in solving them and the chances of the project being successful technically (the extent and nature of the technical risk).

(4) Project timetable

You must include a bar (or Gantt) chart to show the planned progress and expected spend on the various activities in the project.

(5) Level of technological innovation

Explain how the project will result in technological innovation and why this is a significant technological step forward for your target industry or sector. We recognise that the level of innovation will differ from industry to industry but, to help us assess this, please state whether the results of your project will produce something which is new in international terms or in UK terms, or for your own sector.

(6) Rights to intellectual property

You must provide evidence that you are entitled to use the intellectual property involved in your project (for example, a copy of a patent in your name, a licensing agreement or details of your own patent search). Alternatively, you must disclose sufficient technical details for the Patent Office to undertake a search for prior art. **If you have applied for a patent, please enclose a copy of the application.** Full confidentiality will be maintained and this does NOT constitute public disclosure.

You should state how you intend to protect any intellectual property that is generated as a result of the project. **You should note that any intellectual property (e.g. patent, copyright) generated must be owned by the business that receives the SMART Award.**

(7) Marketing and commercial exploitation

Describe your plan for commercial exploitation of your product or process once the project has been completed. You should give details of the likely demand and market size, and how you expect to enter the market. Identify and describe the worldwide competition. As well as giving details of your principal competition, please assess the strengths and weaknesses of their products when compared with the expected end result of your project, describing any future events which could affect the competitiveness of your proposal. You should also explain to what extent your completed project will displace existing UK

and overseas technologies. Please also provide details of how you have assessed likely demand, market size and competition, with evidence where available.

If you intend to license the product or process to others, give details. You should note that one of the conditions of a SMART Award is that you may not manufacture or permit the manufacture of articles which use the results of work done with the aid of the Award outside the European Economic Area for a period beginning on the start date of the project and ending five years after the final grant payment is made without the prior written consent of the Scottish Ministers. You should bear this in mind if you consider entering into any licensing agreement.

(8) Business background and project management

Give an outline description of your and/or your business's background and experience. State when the business was formed and describe any relationships which your business, or any partners or directors in your business, has with parent or other enterprises.

In particular, describe:

- your (if you have yet to form a business) or your business's experience in the areas related to the proposed project
- the relevant qualifications and experience of the principals and senior staff engaged on the project (include CVs as annexes)
- how the project is to be managed.

As small businesses are not usually in a position to undertake more than one significant R&D project at the same time, if you are currently undertaking another project you must mention this and demonstrate that you have sufficient resources (human and otherwise) to run two projects simultaneously.

For projects involving personnel who are simultaneously employed by the applicant business and another business or organisation, such as an educational institution, it is necessary to demonstrate that staff will be available for the required commitment.

(9) Use of available funds

If you are an individual, state how much money you can raise yourself and describe your own financial constraints at the time of your entry. Please provide evidence to support these assertions.

If you are a business, explain what criteria your business uses for deciding how to use existing internal funds, indicating competing claims on your resources from other projects. Give details of your business's spending on R&D over the past two years. State whether the project has been approved by the company board, and the degree of priority attached to the project.

(10) Need for SMART support

You must demonstrate in your entry that a SMART Award is essential for you to proceed with the project. Explain why you are seeking financial assistance and how it would affect the project. For example, you

might otherwise not carry out the project at all, or you might have to do it on a much smaller scale (you should say how much smaller), or over a longer period (say how much longer). This should demonstrate what SMART would enable to happen that would not have happened otherwise.

Show how you will fund the project. List those private or public sources of financial assistance you have approached in connection with the project e.g. development agencies, banks, venture capital companies and corporate venturers, and describe what happened. **Statements of financial support for the SMART project must be backed by written evidence (e.g. a copy of a loan agreement or a bank overdraft facility).**

Predictions of support (including any support predicted in the cashflow projections) must be substantiated before an Award can be made.

If your entry is successful and you are receiving funds from any other public sector source for the same project, the amount of SMART grant offered will be reduced on a pound for pound basis unless the public sector support is being provided on a commercial basis.

(11) Project costs

Include your estimates of the costs associated with the project. All costs should be exclusive of VAT unless your business is not registered for VAT. Use the table of costs in Section 22 of the Entry Form as a guide to which costs are eligible, but list any others which you feel should be considered

SMART : SCOTLAND

and *provide a detailed breakdown of all of the SMART project costs to show expenditure on a quarterly basis.* Notional costs, and contributions in kind, are not eligible for SMART funding; all costs included in the estimate must actually be incurred and paid for by the entrant.

State your staff cost rates and estimate the pay of personnel working on the project (salary or dividend) and the amount of time each person is likely to spend engaged on project activities. Include the names of project personnel when these are known. Salary costs must be reasonable in relation to the expertise required. Your estimate should indicate the actual salaries each person will be paid, but please note that the eligible staff costs on which grant will be paid are limited to no more than an annual full-time equivalent salary of £40,000 per person.

Reasonable overheads are allowable, but unusually high costs will need justification. Include National Insurance and pension costs in overheads, not in labour costs. Provide a breakdown of the overhead figure to show how it is made up.

Materials consumed are those purchased from third parties. If waste or scrap material has a significant residual or resale value then your estimate of costs should reflect this.

Where a proportion of the project costs is allocated for consultancy and sub-contract charges, or fees for trials and testing, you should explain why the work cannot be carried out more effectively and cheaply in-house and identify who will be carrying out the work. Confidentiality agreements should

be in place with all third parties undertaking work on the project. Any intellectual property resulting from such work must be owned by your business. **Please note that Directors working on the project may only charge any reasonable related salary and overhead costs. Directors' time claimed on a consultancy or sub-contract basis must not include any profit element and the eligible costs on which grant will be paid are limited to no more than an annual full-time equivalent fee of £40,000.**

Fees for trials and testing (e.g. EMC testing) are eligible, but certification fees (e.g. EMC certification) are not, as such costs are considered to be post feasibility study stage.

The cost of preparing technical manuals is eligible for support if they are necessary for the project. The cost of printing "user manuals" is not eligible.

Intellectual property costs may include both the costs associated with buying-in the rights to use the intellectual property of others (provided the other party/ies is/are not associated with your business) and the costs of protecting intellectual property arising from the project.

No more than 15% of an Award may be used on the costs of limited market assessment (but not market research or survey costs) to ensure that your project will continue to satisfy the identified market need.

Training costs specific to the project are eligible. Such training may include training to enable staff to undertake specific tasks

SMART: SCOTLAND

on the project or training to familiarise staff with technology that has been licensed-in specifically for the project.

Capital equipment and tooling costs are allowable only to the extent they are needed for the project. The residual value at the end of the project should be shown in the table of costs and the final total reduced appropriately. (IT equipment should normally be depreciated over 36 months and all other equipment over 48 months on a straight-line basis.) Thus, if a computer purchased for £1,500 forms part of the eligible costs of a project lasting 15 months, the residual value would be £875 i.e. $£1,500 - £625$ ($£1,500 \div 36 \times 15$) i.e. purchase price minus (the total purchase price divided by period over which equipment is depreciated, multiplied by project duration) . List each item of capital equipment and tooling included in your project costs and indicate whether the equipment is being purchased or leased or acquired on hire purchase. Also detail the cost of each item, exclusive of interest or service charges arising from hire purchase, leasing or credit arrangements.

The following are **excluded** from eligible costs:

- interest charges
- VAT (unless your business is not registered for VAT)
- interest and service charges arising from hire purchase, leasing or credit arrangements
- advertising and entertaining
- profit earned by a subsidiary or related enterprise or person(s) in providing materials, sub-contracting, consultancy or trials/testing

- salary costs above an annual full-time equivalent of £40,000 per person
- directors' fees charged as consultants or sub-contractors to their own business above an annual full-time equivalent fee of £40,000 per person.
- certification fees
- inflation and contingency allowances expressed as an arbitrary overall addition to project costs
- the cost of printing operating, service and maintenance manuals
- the cost of licensing in background intellectual property when the intellectual property is being licensed from a subsidiary or related enterprise or person(s)
- marketing and sales costs
- training costs related to sales or distribution of the developed product/process
- capital equipment and tooling for manufacturing production
- the purchase of land and buildings
- the cost of preparing a SMART entry
- work undertaken before the start of the project and after the end of the project
- contributions in-kind.

YOUR BUSINESS PLAN

We need to be satisfied that your business plan is sound. To help us assess this, please send us the following information together with your Entry Form and project proposal:

- > a brief description of your business and the roles of key staff;

SMART: SCOTLAND

- › a description of how you see your business developing over the next few years;
- › an explanation of how the project fits in with your plans. How do you expect the project to affect your current sales, profit and employment levels?
- › details of how your business will be financed.

If you have an existing business plan which covers most of this, please provide a copy. If not, a pro forma business plan is included with these Guidance Notes, which you may wish to use.

If you need advice on how to produce a business plan, contact your nearest Local Enterprise Company, Business Gateway, bank or accountant. There may be a charge for help in preparing a business plan.

CONFIDENTIALITY

Your entry may be referred to other Government Departments and agencies with sources of technical expertise for help in appraisal, but confidentiality will be maintained. Where a suitable source cannot be located within a Government organisation you will be informed and may be asked to help in identifying another competent organisation.

The information from Sections 1-14 and 16-18 of your Entry Form may be published if you win an Award, so do not include anything confidential in these Sections of the Form. We will respect the confidentiality of the rest of your entry.

The Patent Office has confirmed that SMART entries do **not** constitute public disclosure for patenting purposes, as the information which is provided in confidence is not in the public domain.

SELECTION INTERVIEWS

After receipt of your entry, an official may contact you to obtain more information to help with the selection process. You may be asked to accept a visit by one of our officials. However, you should not take the absence of such a request as a sign of failure or success.

WHEN WILL THE OUTCOME OF THE ENTRY BE KNOWN?

A thorough and expert appraisal will be undertaken of each entry as soon as it is received by the Department. The result of your entry will be notified to you as soon as a decision has been taken. This will often be between 4 and 6 weeks after the Competition closing date, but it can be as much as 12 weeks, depending on the amount of due diligence which needs to be undertaken during the appraisal process.

During the appraisal process you can contact us to confirm the status of your entry. However, in order to protect your confidentiality we cannot give out information to third parties.

SMART : SCOTLAND

WHAT IF YOUR ENTRY IS SUCCESSFUL?

If your project is selected for a SMART Award, we will send you a formal offer specifying the technical programme of work, the amount of support and other general conditions, including our access to information about the project. You will be asked to accept these conditions and it is most important that you read the offer letter carefully, understand it, and comply with it.

If you accept an offer of grant you will receive an advance payment of one third of the grant offered. Thereafter, you should normally claim for payment at intervals of not less than three months and keep us informed of progress with the project at the same time. A Monitoring Officer will be appointed and will make occasional visits to oversee progress on the project and to ensure compliance with the conditions attached to the offer of grant. (Arrangements for monitoring progress will be set out in the offer letter.)

Information from Sections 1-14 and 16-18 of your Entry Form may be published at this stage, and passed to your Local Enterprise Company. Subsequently you will be invited to attend a formal Awards Ceremony at which you will be presented with a SMART plaque.

WHEN YOU CAN START ON THE PROJECT

You can start work on the date specified in the formal offer of an Award. **Work carried out in advance of that date will not be eligible for support under SMART.**

WHAT HAPPENS IF YOUR CIRCUMSTANCES CHANGE?

If any details of your entry change after you submit your proposal, you must inform SEELLD immediately in writing.

We reserve the right to rescind the decision to offer an Award or reclaim the Award if any information you provide turns out to be materially untrue, or if you do not inform us promptly of material changes in your plans, or if you fail to comply with the terms and conditions of the grant offer if your entry is successful.

WHAT IF YOUR ENTRY IS UNSUCCESSFUL?

We will give you full and clear reasons for our decision in writing.

The network of Local Enterprise Companies provides a range of services to small businesses and may be able to suggest a suitable alternative to SMART for taking your project forward. We may, therefore, pass your name and address to your Local Enterprise Company unless you indicate that you do not wish us to do so. Information about your project will not be passed on.

COMPLAINTS

We are committed to improving our standard of service so if things go wrong, we need to know.

If you have a complaint about the standard of service we have given you, please contact the official who has been in touch with you about your entry. You should use this contact to pass on a complaint in writing, by phone, by fax or by email. If you want to see our complaints procedure, we will send you a copy.

DECISION REVIEWS

If you believe the Department's decision is unsound because the SMART:SCOTLAND Judging Panel and/or officials failed to take proper account of the information you provided, you can write to the SMART:SCOTLAND Programme Manager at the address on page 14 to request a review. As part of the request, you must clearly counter the reasons given for non-selection.

However, because of the competitive nature of SMART – and because the Judging Panel's recommendations can only be based upon the information that has been provided to it – decision reviews **cannot** be undertaken on the basis of information that you failed to supply earlier, as this would give you an unfair advantage over other applicants. The onus is upon you to ensure that your entry contains sufficient information for it to be properly judged.

SMART:SCOTLAND

WHERE TO GO FOR FURTHER INFORMATION

Contact SEELLD or visit our website at the address given at the end of these Notes if you have any general questions about SMART. If you wish, you may also register your interest in attending one of the seminars or clinics which we regularly hold at various locations in Scotland to let businesses know about SMART and other support schemes.

To be fair to other entrants, officials will not discuss any technical questions about your own entry before it is submitted, although we are happy to give general advice on the entry procedure.

OTHER FORMS OF SUPPORT

If your business does not meet the SMART eligibility criteria, or if your project is commercially and financially viable but unlikely to meet the innovation criterion for SMART, or your project involves collaboration with other partners (in the UK or in the EU), or you are seeking investment funding, you may wish to explore alternative forms of support. Your local Business Gateway will be able to advise and signpost you to the full range of assistance that may be available to your business.

The Business Gateways are serviced by a national telephone number on **0856 609 6611**. (Calls are charged at local rates.) You can access their website on **www.sbgateway.com**

WHERE TO SEND YOUR ENTRY

Send your completed Entry Form and the other supporting information detailed in these Notes to:

**The SMART:SCOTLAND
Programme Manager
Scottish Executive Enterprise and
Lifelong Learning Department
Meridian Court
5 Cadogan Street
Glasgow G2 6AT**

For copies of this document in alternative media you can visit our website on:

www.scotland.gov.uk/innovationgrants

Alternatively, disks are available from SEELLD on:

Tel: 0141-242 5532

Fax: 0141-242 5589

E-mail: smart@scotland.gsi.gov.uk

For general enquiries about SMART:SCOTLAND contact:

Tel: 0141-242 5560

Fax and e-mail as above.



SMART:SCOTLAND

BUSINESS PLAN

- Entrants for a SMART Award must provide a “business plan” containing the information asked for in the Guidance Notes. If you do not have a business plan you may find this leaflet useful in providing the information required. However, you do not have to use it. You may wish to set out your answers differently.
- If you use this form it is important that you give a full response to each request for information.

BUSINESS DETAILS

1. Name of business
2. Address

Name

Address

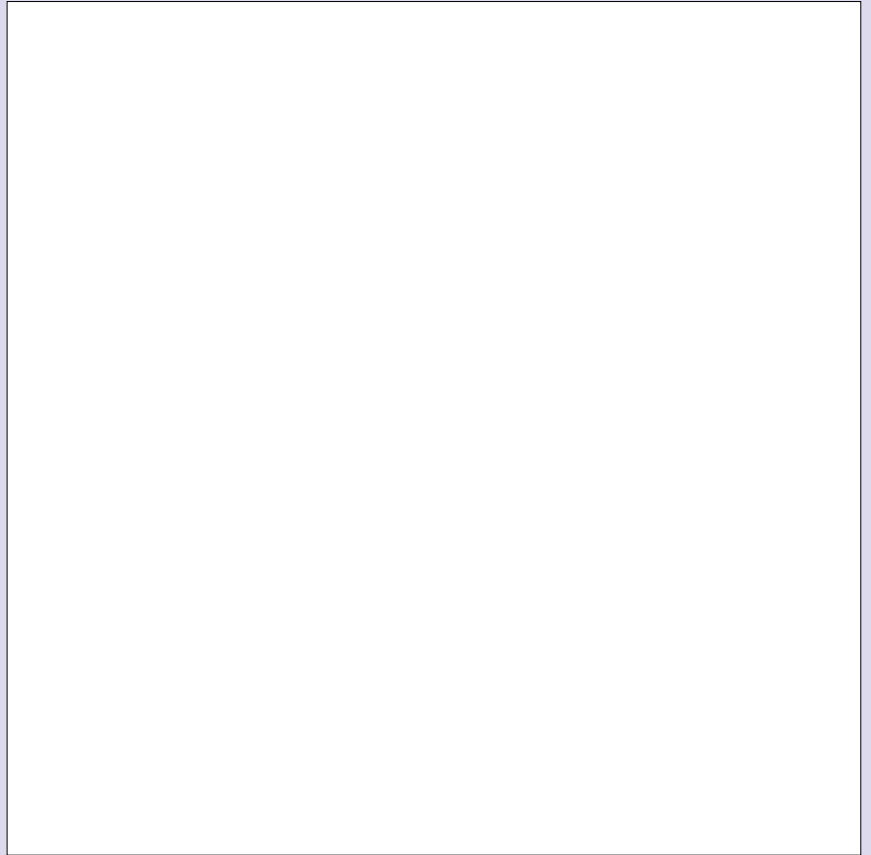
Postcode

--	--	--	--	--	--	--	--	--	--

Description of business

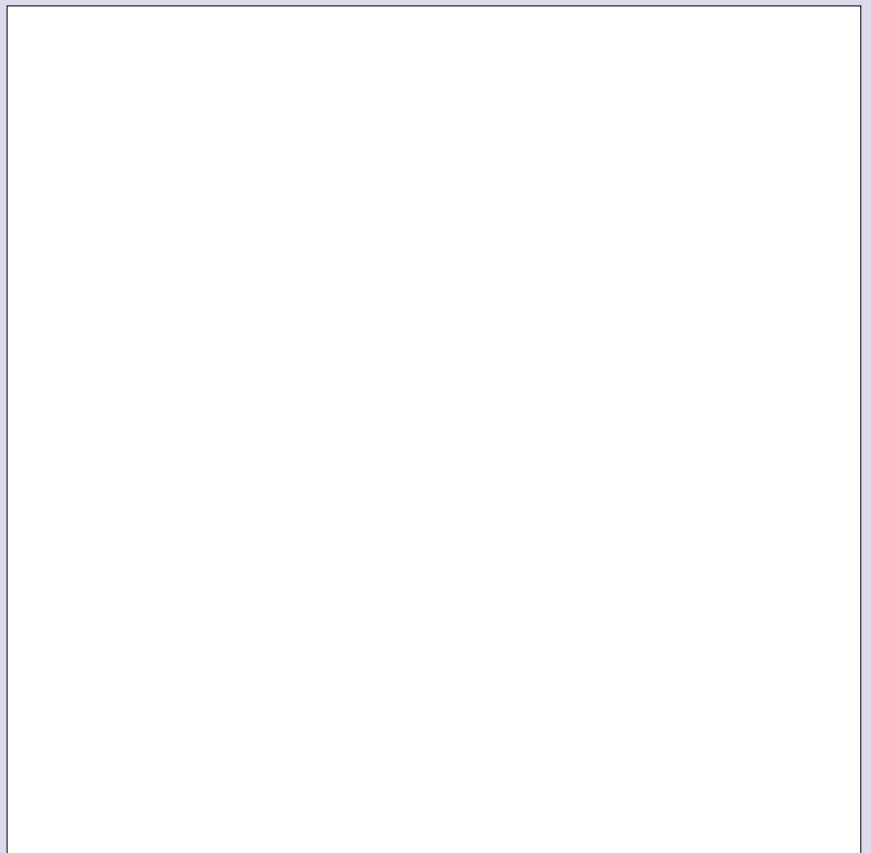
3. Describe the products you make or distribute, or the services you provide. (*Attach a catalogue or brochure if available.*)

4. Give details of names, roles, qualifications and experience of key personnel engaged in the business and the project for which grant is sought.

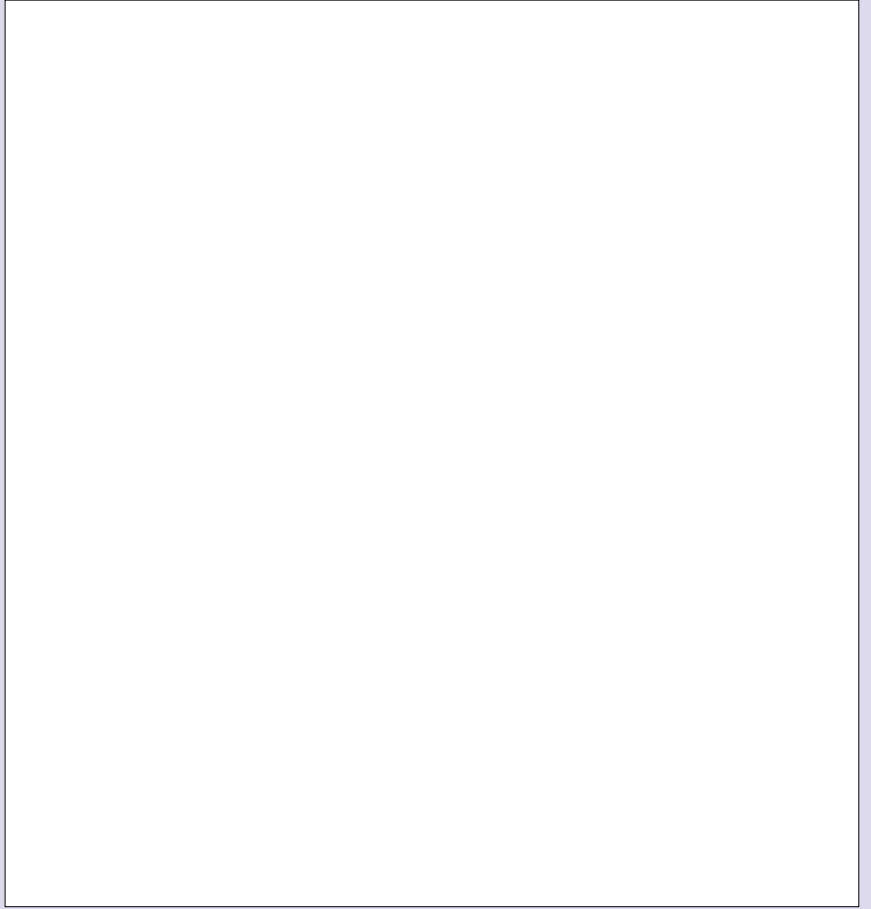


***DEVELOPMENT OF BUSINESS
OVER NEXT FEW YEARS***

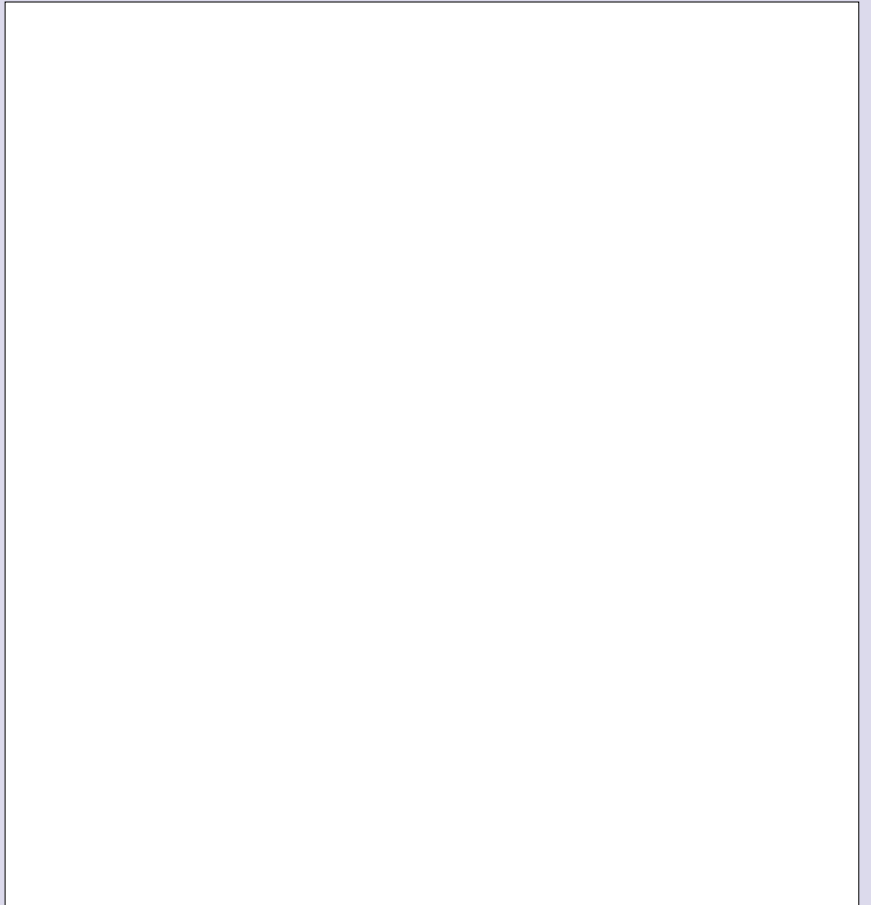
5. What market do you serve or are you aiming to serve?



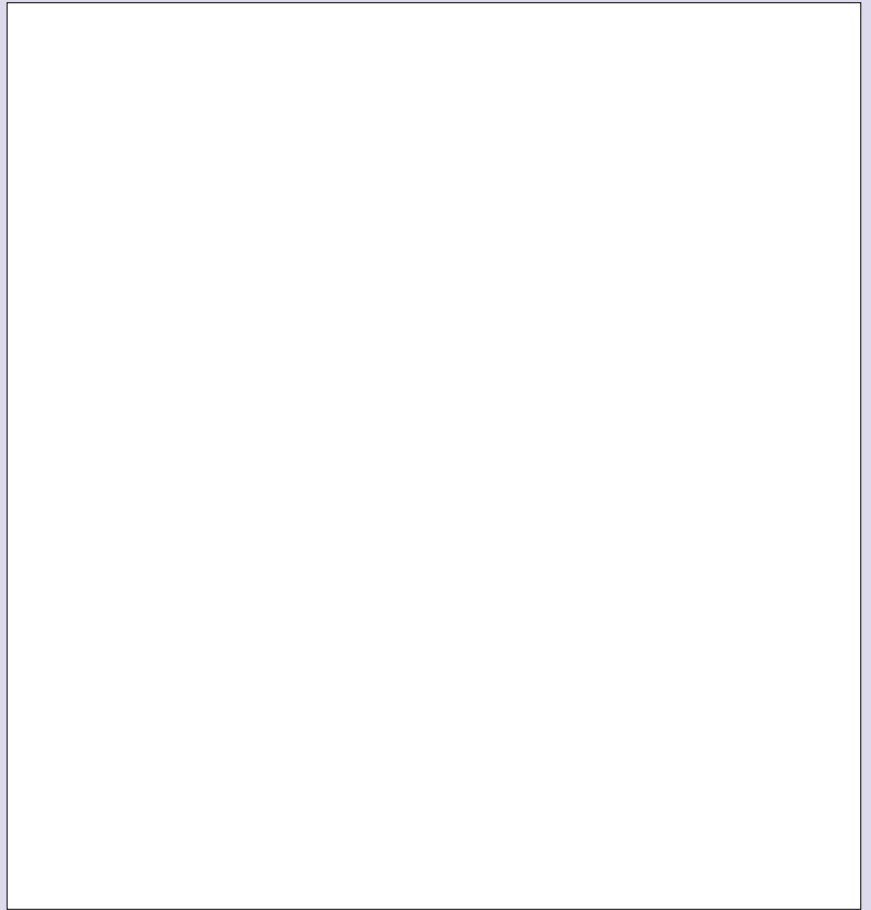
6. Who will be your major customers?



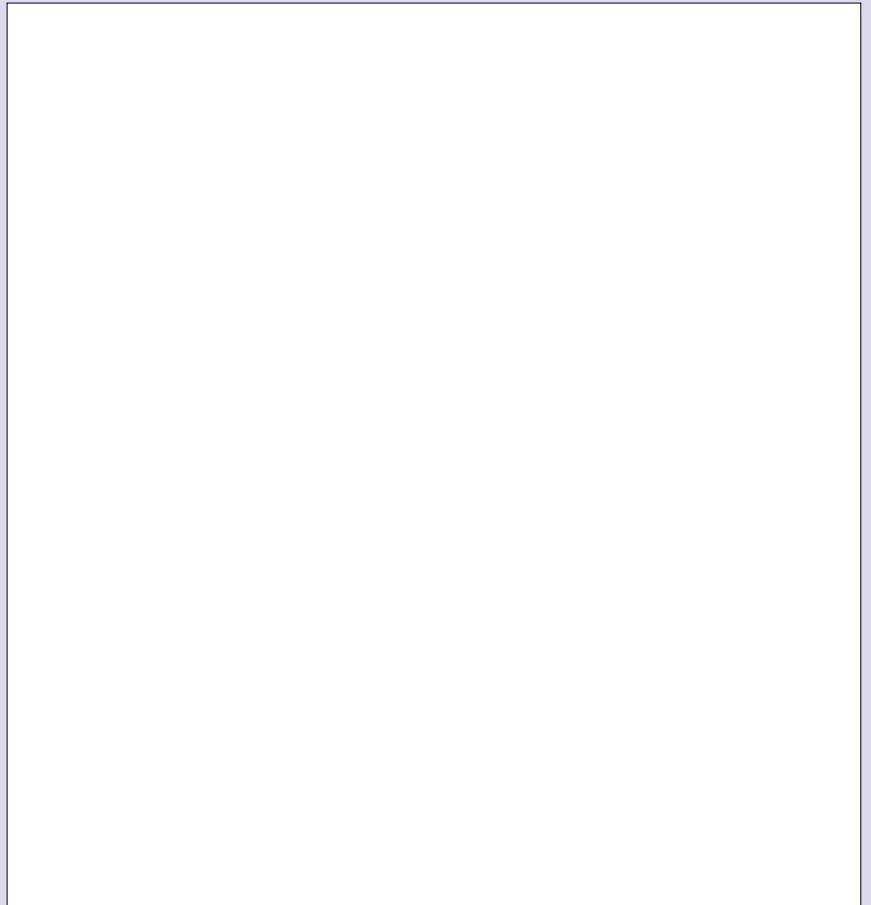
7. Where are they located?



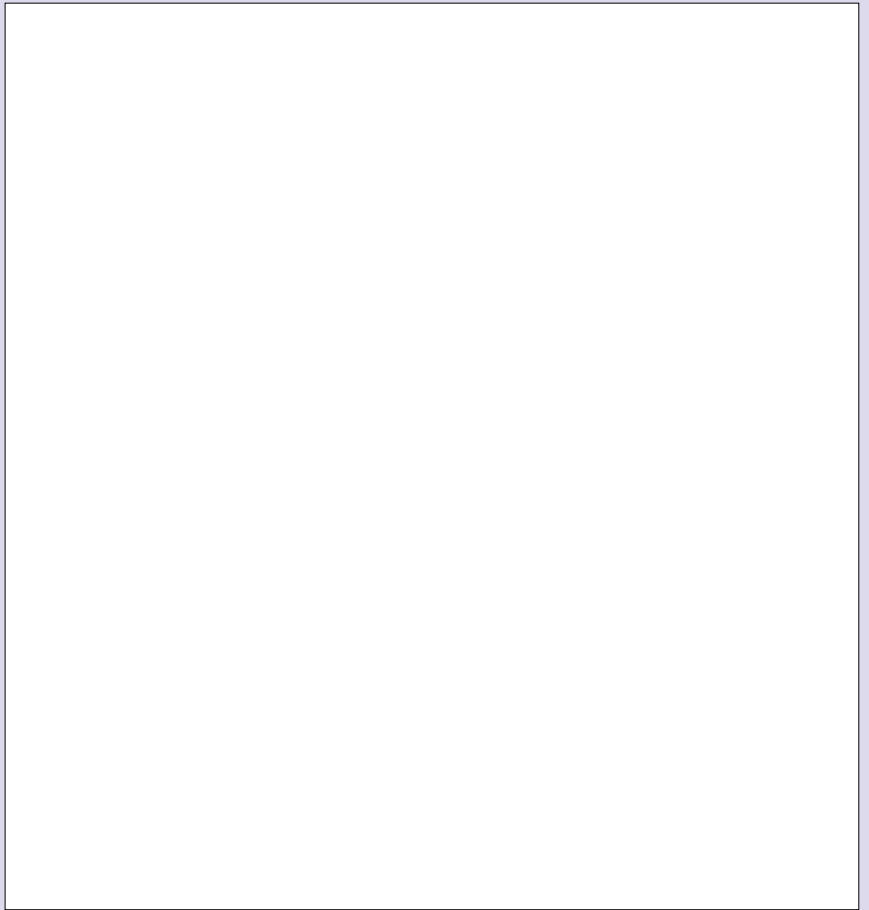
8. What competition for your innovation do you have or expect?

A large, empty rectangular box with a thin black border, intended for the respondent to provide an answer to question 8.

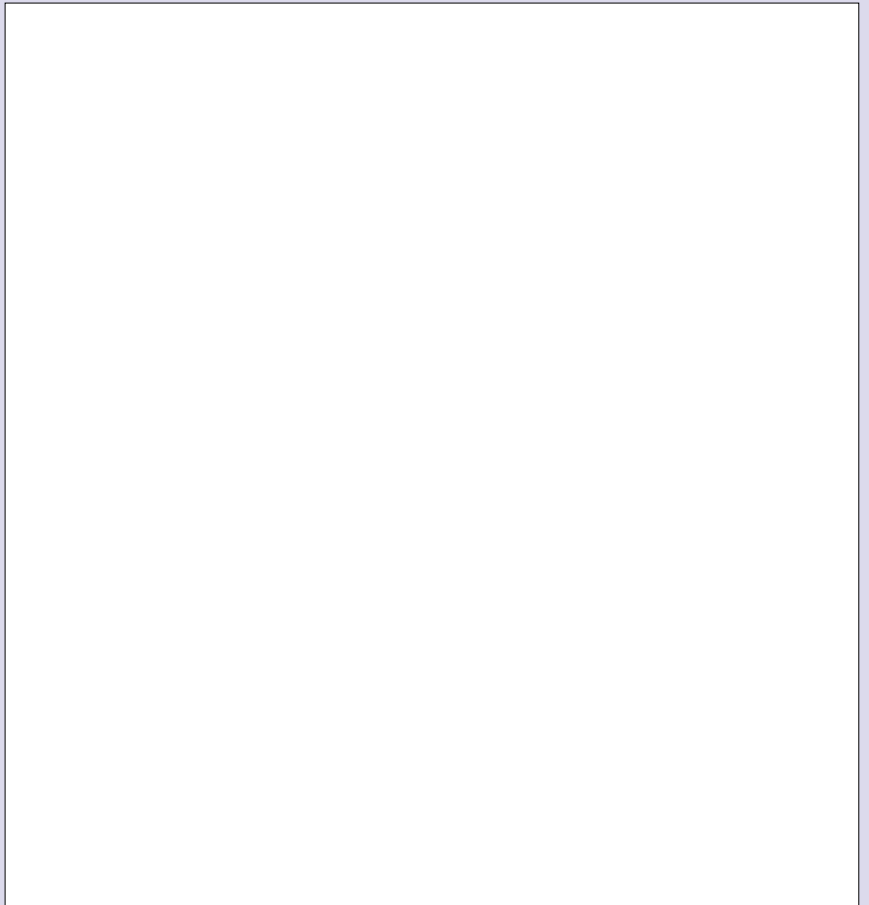
9. How have you determined this?

A large, empty rectangular box with a thin black border, intended for the respondent to provide an answer to question 9.

10. What benefits does your innovation have over the competition?



11. How do you see your business developing over the next few years?



IN CONFIDENCE

12. Do you expect your products and market to change?

Yes

No

If **Yes**, why?

13. What are the main risks (for example Marketing, Finance, Technical)?

DETAILS OF YOUR PROJECT

14. How does the project for which you are seeking a SMART Award fit into your business plans for the next few years?

15. What effect do you expect your project to have in volume and value terms on:

Sales?

Profit?

16. When do you expect benefits from the project, in terms of sales and profits, to commence?

DECLARATION

If you are a company, an Executive Director must sign. If you are a firm, the Proprietor or a Partner must sign.

Remember if you deliberately give false information you may be prosecuted.

I certify that to the best of my knowledge the factual information contained in this form is correct and the forecasts I have provided represent my best estimate of business performance.

Signed

Date

Name (BLOCK LETTERS)

Position in Organisation

Copies of this form are available in alternative media from our website on:

www.scotland.gov.uk/innovationgrants

Alternatively, a disk version can be obtained from SEELLD on:

Tel: 0141 242 5532

Fax: 0141 242 5589

E-mail: smart@scotland.gsi.gov.uk



SCOTTISH EXECUTIVE
Enterprise and Lifelong Learning Department

Astron B29671-3-03

w w w . s c o t l a n d . g o v . u k