

OTHER CONSIDERATIONS:

**CHECKLIST -
has the factor
been
considered?:**

<p>State Aid: is the MEIP test met (Market Economy Investor Principle)?</p>	<p>→</p>	<p>Consult SG State Aid division for guidance</p>	
<p>Control: will the investment result in SG having financial (or deemed) CONTROL in the business?</p> <p>Control can be gained in different ways e.g. through owning the majority of the shares in a business, through consideration of the ability to influence decision making (e.g. having seats on the Board) etc. (seek SG Finance and Legal advice on this point)</p>	<p>→ YES →</p>	<p>Seek guidance on:</p> <ul style="list-style-type: none"> - National Accounts Classification - Budgetary implications - Governance - method of investment (e.g. FTs may not be permitted) - Required return on investment (e.g. if a Public Corporation is created) - Public Body Duties (e.g. redundancies, procurement, ability to borrow and carry reserves etc.) - exposure to liabilities (e.g. pensions, guarantees etc.) 	
<p>Is a Guarantee or other Contingent Liability created? See guidance from Financial Management Directorate on whether this may arise</p>	<p>→ YES →</p>	<p>Follow notification or approval process by Finance & Constitution Committee</p>	
<p>Security: can financial risk be mitigated through security e.g. parent company guarantee or Shareholder Agreement?</p>	<p>→</p>	<p>Individuals with the necessary negotiating skills should be involved to ensure maximum level of security has been obtained. External financial / legal advice may be required</p>	
<p>Disclosure & Commercial Sensitivity: Always be aware of the sensitivity of the businesses' information obtained - SG must be seen to be able to act as a credible investor in commercial situations</p>	<p>→</p>	<p>Seek SGLD advice on this matter if deemed required. Disclosure should be with the prior knowledge and, where possible, agreement of the company in question</p>	
<p>Monitoring, Evaluation & Management of the Investment</p>	<p>→</p>	<p>This must be robust and appropriate to the investment - see advice from Financial Programme Management</p>	
<p>The Budgeting and Accounting implications must be considered</p>	<p>→</p>	<p>Always seek advice from Finance officials on budgeting treatment (CBG), recording costs against resource, capital & FT budgets, implications of potential contingent liabilities, write downs etc.</p>	