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GRANT FUNDING HOW DOES IT WORK??

Some straight forward answers
to debunk common myths



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I HEARD GRANT APPLICATIONS ARE REALLY COMPLICATED?



In truth, grants are no more complicated than applying to any other financial lender, and you would present your case for a grant in much the same way you would for a loan. The added benefit of a grant is that you don't have to pay it back.

To start the process, you need a sound business plan which should evidence how and why the grant money will increase the growth potential of your company.

In our experience most businesses that receive a grant think this is a fair price to pay for an injection of capital to sustain their growth plans.

WHY IS IT ALL ABOUT JOBS AND GROWTH?

Most business support programmes and grant schemes are designed to help businesses expand and create new jobs. Even where the focus is on improving productivity or increasing exports, for example, the ultimate aim is to help businesses grow, boost the economy and create employment.

HOW CAN I MAKE SURE I PUT IN THE BEST APPLICATION AND NOT WASTE MY TIME?

We don't want to waste your time or ours – we want to see applications that are likely to be successful so always discuss your application with your business advisor before you apply. AD:VENTURE has dedicated advisors who can help you through the process. They can advise you on the kinds of things that can be included in your application.

This is also helpful when considering a blend of finance options and understanding what to use the different funds for, maximising the benefits of your grant.

Your advisor will act as a critical friend by going over your application, and giving you advice on areas that may need development or more clarity.

Having this support through the grant process will make it more likely your application will succeed.



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MY BUSINESS PLAN IS IN MY HEAD!

While many small businesses often start without a comprehensive business plan, when it gets to the finance-raising stage this would be a must for any lender, demonstrating why the company is viable for lending. This usually includes forecasts of revenue, outgoings and activities associated with these, market research, competitors and promotional strategies.

THIS SOUNDS LIKE A LOT OF WORK.....HOW HARD IS IT?

A business plan does not have to be 100 pages! They vary as much as businesses do, but they should give a clear line of sight for the business's financial forecast, sales figures and demonstrate to any potential investor or lender why you are a viable business.

OK – SO HOW CAN I GET HELP TO DEVELOP MY BUSINESS PLAN?



There are a number of ways you can get help with this, depending on your needs. If you have a plan but need some pointers, your advisor can read through and offer you some feedback. They can't write it for you, but can advise you.

You can also access workshops, aimed at helping you understand the business plan itself, and events to develop your understanding of essential areas, such as marketing, branding, market research and financial forecasting.



WHY CAN I ONLY SPEND GRANT MONEY ON CERTAIN PURCHASES, IT'S CONFUSING!



Grant programmes are aimed at helping companies invest in growth and AD:VENTURE is no different.

The grant is designed to help make the investment happen – for example, where there's a shortfall between how much you need to invest and the cash you've got in the business or funding you've

been able to raise from the bank or other lenders. Sometimes, it's about making an investment happen quicker so that you don't miss out on an opportunity for your business.

Grants cannot, however, be used for general day to day running costs or overheads such as rent, wages, energy bills or buying in stock.

To help, here are some examples of eligible and non-eligible spend, with a brief explanation.

- **Monthly Marketing Costs** – These would be considered an ongoing business cost, and would not be eligible.
- **ICT equipment** – Where new kit is purchased to support production and generate jobs, this would be eligible.
- **Advertising Campaign** – A focused time limited campaign to access new markets or promote new product with a view to generating greater turnover and increased productivity would be eligible.
- **Office Equipment & Furniture** – Where the purchases are supporting expansion activity – eg desks and computers for new members of staff - these would be eligible.
- **Production Equipment** – New kit to increase capacity or add new lines and products, as a growth focussed activity would be eligible.
- **Website development & design** – Whether starting up, or re-designing your existing, as long as the activity is intended to generate business growth, this would be eligible.
- **Rent** – This would not be eligible as this would be classed as a running cost.
- **Consultancy Costs** – If the consultancy is aimed at developing the company, product or processes to deliver a project, this would be eligible. However, if it was an essential to the running of the company on a day to day basis, such as a HR person, this would fall within a running cost, and not be eligible.
- **Salaries** – These are not be eligible as salaries would be classed as a running cost.





WHAT IS MATCH FUNDING?

Most government grants are match funded. This means the business has to match the grant cash with some of their own. The level of match funding can vary from one grant programme to another.

AD:VENTURE has match rate of up to 50%. This means, in most cases if a business successfully applied for £10,000, they would also need to evidence they had another £10,000 available to spend, bringing project total to £20,000.

DOES THE MATCH HAVE TO BE MONEY IN THE BUSINESS?

No. It can be from cash within the business but it could also be finance raised in other ways, for example, a business loan, external investment, a low rate government loan or even personal or family loan. Your business advisor can also advise you on other financial solutions and products to match with the grant. We work with a range of partners, some who also offer lending solutions. You cannot use money from other grant schemes as match funding, as rules say the business has to contribute.

WHY DO I HAVE TO PROVIDE QUOTES FOR PURCHASES?

All ERDF funded grants require three quotes and evidence of final purchase for any products or services purchased using grant money. This is for audit purposes – so it has to be done – and is designed to help make sure you get value for money by testing the market. Where it's a product, you can easily check the costs of a like for like product. For services, this would usually be done with issue of a spec for the service, with the potential supplier providing a quote and a payment schedule.

The advisers can give guidance on this, and the team have templates and examples that have been used if this is something you need assistance with.



DO I HAVE TO BUY THE CHEAPEST THEN? WHAT IF IT'S NOT THE BEST?

No, the quote process is about due diligence, market fairness and value for money. You may feel one provider is a bit more expensive but their service or product is of a higher standard. You should select based on best value. Remember, 50% of the cash spent is yours too so you want to make sure you have the best price and right product.

WHY DO I HAVE TO SPEND THE CASH BEFORE I CAN CLAIM THE GRANT MONEY?

The purpose of the grant is to help the business sustain itself financially at the crucial period when an investment has been made and cash flow may be under pressure as a result. Claiming the grant after the money is spent, this ensures you have the injection back into the business at the time it's most needed. This can be also be done in stages as you spend, depending what works best for you and your business.



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