

# Smart

## Smart NI Guidance Notes (Micro)

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**Note**

*The guidance in this publication applies only to the Northern Ireland 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 Scotland.*

Some figures in these Guidance Notes are expressed in EUROS. Invest Northern Ireland (Invest NI) can advise on the exchange rate in current use.

European Union rules govern the State Aid that individual member states may give to businesses. These rules allow member states to give small amounts of aid up to 100,000 euro (€100,000 - approximately equal to £69,000 in 2005) in any three-year period to businesses without notifying it to the European Commission. This is known as "**de minimis**" aid. Details of EU state aids and the guidelines for the receipt of de minimis can be found under [www.dti.gov.uk/ccp/stateaid](http://www.dti.gov.uk/ccp/stateaid).

Any grant paid under Micro projects or Stage 1 projects of the Smart in Northern Ireland scheme counts as **de minimis** aid. If you apply for any other **de minimis** aid you must declare this grant with your application.

You should seek advice from your accountant or tax advisor before making an application to any of the grants offered under the Smart Awards competition.

**You should read these notes carefully before starting your application.**

If you have any queries about this document and/or its availability in alternative formats (including Braille, disk and audio cassette, and in minority languages to meet the needs of those who are not fluent in English) then please contact:

**The Equality Unit  
Invest Northern Ireland  
Bedford Square  
Bedford Street  
Belfast  
BT2 7EH**

**Telephone: 028 9069 8268 or 028 9069 8264  
Textphone: 028 9055 2100  
Fax: 028 9049 0490  
Email: [equality@investni.com](mailto:equality@investni.com)**

## Introduction

Thank you for your interest in the Smart in Northern Ireland competition.

As Smart Micro is an open competition, individuals and small businesses may apply for this award which aims to encourage innovation. Innovation is key for many businesses to improve productivity and competitiveness and to stimulate business growth and is defined by the Department of Trade and Industry as 'the successful exploitation of new ideas'.

Smart is a single company R&D support scheme. Therefore, joint venture/collaborative projects cannot be supported under the scheme.

Awards will be made to successful entrants to enable them to undertake a technical and commercial feasibility study in technologies of interest to Invest NI. To obtain an Award your project must be highly innovative from a technical viewpoint and be commercially and financially viable.

Individuals and small businesses seeking a Smart Award from Invest must establish a business in Northern Ireland before an Award can be made.

## What is the objective of Smart?

The overall objective of the award is 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.

There are three types of assistance aimed at supporting different types of research and development projects:

- Smart Micro – is competitive and assists individuals or micro firms (up to 10 employees) to develop a simple low cost prototype of an innovative product or process with the project lasting 6-12 months. Support is made available at 50% of eligible project costs. The maximum award is £10,000 and is normally paid quarterly against claims submitted.
- Smart stage 1 – is competitive and assists individuals and small firms (up to 50 employees) 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 £45,000. One third is paid up front to the winners and the remainder is normally paid quarterly against claims submitted (note, expenditure must be incurred and defrayed by which we mean paid).

Further information on Smart Stage 1 is available on our website:

[www.investni.com/smart](http://www.investni.com/smart)

- Smart stage 2 – if you win a Smart stage 1 award and successfully complete the project you may apply for a Smart stage 2 award for further support to assist with the development of a pre-production prototype. Smart stage 2 awards are non-competitive, and assistance is available at up to 40% of the eligible project costs, up to a maximum of £150,000. Assistance is paid retrospectively after expenditure is incurred and defrayed. Projects must take at least 6 months, and no more than 36 months, to complete.

Smart stage 2 offers a streamlined application process to Smart stage 1 winners continuing their product/process development, provided that the application is made within 6 months of completion of the Smart stage 1 project. Please note that assistance under Smart stage 2 is not automatic and is dependent on a negotiated process of approval.

Further information on Smart stage 2 is available on our website:  
[www.investni.com/smart](http://www.investni.com/smart)

## **What type of grant should I apply for?**

You should think carefully about your project before applying. You will need to consider the type of help you need and your eligibility (as different grants are aimed at different sized businesses).

### **Smart Micro Projects:**

- aim to develop a simple, low-cost prototype of a new product or process which involves technological innovation or novelty (or both); and
- will be finished within 12 months.

The output of a Micro Project should be ready for commercialisation (by which we mean a product or process ready for manufacturing, licensing or selling in some way or other).

### **Smart Stage 1 Projects:**

- aim to investigate the technical and commercial feasibility of innovative technology; and
- will take between 6 and 18 months to finish.

These projects will involve planned research or critical investigation aimed at producing new scientific or technical knowledge, which may be useful in developing new products, processes or services. The experimentation groundwork will form the basis of any later development work. The outcome of this phase would be a basic working model of the product or process (but not a pre-production prototype). This model can help to demonstrate that your idea is a significant technological advance and is commercially viable.

## Smart Stage 2 Projects:

(Only open to successful SMART Stage 1 projects)

- aim to develop a pre-production prototype (by which we mean a prototype not intended to be used commercially) of a new product or process which involves a significant technological advance (by which we mean new or substantially improved devices, products, processes or services which are likely to form the basis of a major step forward in terms of productivity, sustainable development, competitiveness or practice for an industry); and
- will take between 6 and 36 months to finish.

A Smart stage 2 (Development Project) will shape the results of industrial research into a plan or design for a new, altered or improved product, process or service for commercial use, including creating an initial prototype which could not be used commercially. It does not include the routine or general changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if those changes may represent improvements.

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## Smart Micro

### Who is eligible?

You are eligible to compete for a Smart Micro Award if you are an individual intending to start a business in Northern Ireland, or if you are a sole-trader, partnership, independent company or part of a group operating from Northern Ireland, or planning to operate from Northern Ireland, which meets the European Community definition of a "micro enterprise" contained in European Commission Recommendation 2003/361/EC of 6 May 2003.

The definition requires you to:

- have fewer than 10 full-time employees (including partners and executive directors) worldwide; and
- have either an annual turnover of no more than €7 million or an annual balance sheet total (total assets net of depreciation) of no more than €5 million.

The Applicant **MUST** be able to demonstrate that they can provide the balance of funding necessary to successfully complete the proposed project before an award will be made.

Businesses, which are **25% or more owned by another business** not falling within the Smart feasibility study eligibility criteria (except public investment corporations, venture capital companies or institutional investors - provided no control is exercised), are **NOT eligible**. This is **NOT** discretionary; it forms part of the EU definition of a “small” enterprise and the Smart scheme is only open to ‘small’ enterprises.

Also, a business may not be eligible for a Smart Micro award if it (or any partner or substantial shareholder in it) is associated with, related to, or in any other way connected with any other business where the total number of employees when added to those of the applicant business is 10 or more. If the associated businesses do not meet the conditions given above (unless they are public investment corporations, venture capital companies or institutional investors, and do not have any control over the business), the business will not be eligible for support under Smart.

**Note:** In determining whether your business meets the various ceilings above, you will need to consider whether the enterprise is autonomous – by far the most common category – a partner enterprise, or a linked enterprise. To do this, you must take account of any relationships you have with other enterprises. Depending on the category in which your enterprise fits you may then need to add some, or all, of the headcount, turnover or balance sheet data from those enterprises to your own.

For more information on the definition of micro, small and medium sized enterprises please see the European Commission guidance at [http://europa.eu.int/comm/enterprise/enterprise\\_policy/sme\\_definition/sme\\_user\\_guide.pdf](http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/sme_user_guide.pdf). Please note, there is no need to complete the model declaration included in the EC guidance. If you are unsure as to your eligibility speak to the Smart Programme Manager.

Invest NI is keen to support as wide a range of technologies as possible within its remit. The ‘Project Classification’ section of the Entry Form (Section 19) gives examples of eligible technologies but is not exhaustive.

Invest NI actively encourages applications by companies established by academic institutions (e.g. universities, further education colleges) in which the institution retains a shareholding. These are eligible to apply for a Smart in Northern Ireland award if:

- 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;
- the company meets the other qualifying criteria for Smart in Northern Ireland.

However:

- if the academic institution retains a shareholding of more than 25% the company is **NOT** eligible to compete in Smart.

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. Defence related projects cannot be supported. You should contact the Invest NI Smart Programme Manager if you are uncertain whether these restrictions could affect your project.

Under the conditions of the grant funding 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 prior written consent. You should bear this in mind if you consider entering into any licensing agreement.

Most eligible businesses are not in a position to carry out more than one research and development project at the same time, so we would not normally expect you to be carrying out other research and development projects with public support. Additionally, you can only have one Smart application under appraisal at any one time unless you can demonstrate to your project monitoring officer that you have sufficient resources (human and otherwise) to run two projects simultaneously.

## **What are the selection criteria?**

The Awards for Smart Micro will be made at the discretion of Invest NI, based on the recommendations of the Smart in Northern Ireland Judging Panel.

**There is no automatic entitlement to the grant.** The Smart in Northern Ireland Award is discretionary and there is no guarantee you will be offered a grant, even if your business and project is eligible.

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 in Northern Ireland is essential; and
- both the project and the business are financially viable. You must be able to demonstrate the business is able to fund its proportion of the project. Failure to do so will result in your application being rejected.

The onus is upon you to ensure that your entry contains sufficient information for it to be properly judged. Account will also be taken of the wider impact or implications of projects to society e.g. factors such as environmental impact, sustainability, and health and safety. Projects which will have an adverse effect on the environment, equality and/or society will not be supported.

Previous advice you may have received from a third party<sup>1</sup> will have no influence on the decisions made by the appraisers or Smart in Northern Ireland Judging Panel. If you require clarification on the third parties relationship with Invest NI please contact the Smart Programme Manager.

**Software projects** must involve significant technical (programme) development that will produce a *technical effect* that covers one or more of the following criteria:

- The software programming itself is innovative and will produce considerable benefit in its re-use and application;
- The use of conventional software methods to produce an innovative application that is unique and will have commercial appeal/need;
- The use of conventional software methods to produce an innovative service that is unique and will have commercial appeal/need.

Software projects should at the very least exhibit novelty, be capable of industrial application, generate a technical effect and be inventive to some degree.

Standard engineering tasks such as software porting and product enhancement are not considered to be sufficiently innovative in nature to merit consideration for an award.

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1. A **Third Part Organisation** is normally a defined legal entity with whom Invest NI has a contractual, partnership, or other financial arrangement for the delivery of specified services or activities to defined end users (i.e. businesses which meet defined criteria) where there are both strategic and cost benefits. In some circumstances service may be provided to Invest NI direct as a component of mainstream support where specialist expertise is involved.

In the case of ICT (information and communications technology) projects which involve software engineering, the degree of innovation and the technical risks associated with any software development will need to be viewed within the context of the technology advance relating to the wider technology development.

## **How to enter**

You should first read these guidance notes carefully. Spending time reading the guidance notes will save you time and effort in the long run.

Your entry **must** comprise:

- **the completed SMART Micro Entry Form**
- **a separate project proposal** which is used as the main focus for assessment of the technical and commercial objectives;
- **a business plan** which is used to assess where the project fits into the business strategy ;
- **your last 2 years' 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 22 and 23 of the Entry Form.**

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

**Do not fax or email your entry, as we need an original signature.**

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

Your entry may be referred to other Government Departments and agencies and to non-Governmental bodies with sources of technical expertise for help in appraisal, but confidentiality will be maintained. Should you have any concerns over referral to any particular individual or organisation, please indicate this in your project proposal.

All or part of your entry may be copied or stored by electronic or other means and copies made available to internal and external assessors and members of the Smart in Northern Ireland Judging Panel. Any copies made for assessment purposes will be destroyed after the assessment is completed.

The information from questions 1-14 of your entry form may be published if you win an Award, so do not include anything confidential. We will endeavour to 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.

## **The entry form**

All the sections of the Smart Micro 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 in Section 17 of the Form.

In addition to summarising your estimated project costs in Section 17 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 15, 16 and 17 of this brochure. Please note that the project cost estimates included in Section 14 of the Entry Form must agree with the figures contained in Section 12 of the Project Proposal.

The Form also requires a set of cash flow projections (CFPs) to be completed – this should cover the business as a whole (including the Smart project) and cover a 2-year period. The CFP should incorporate the correct timings and amount of Smart payments. Also its opening balance should reconcile with the financial position shown in the business' management accounts.

To calculate your grant payments you should bear in mind the following:

- the 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 quarters spend on Smart is £4,000, you should show receipt of £2,000 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.**

## **Your project proposal**

Provide a one-page summary of your Smart project proposal.

The full proposal should be consistent with the requirements of these Guidance Notes and be in the region of 6 pages long. It should distinguish clearly between 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 technical, financial and Patent experts 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 copy parts of it.

You should follow the format and guidance below to make sure your project proposal is **focused**. You must carefully cover all of the conditions against which your project will be assessed to make sure your proposal is well rounded :

### **(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 in a clear, logical manner and in full, technical detail. It is critical in our understanding and assessment of the R&D work to be done.

Ensure that you describe the technical approach to be adopted, the major problems to be solved, the technology to be used in solving them (and who owns it) and the chances of the project being successful technically. This will enable the extent and nature of the technical risk to be assessed.

### **(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. We need you to demonstrate that you have planned the work and can manage the delivery of the tasks. The timescale for the work must be realistic and must result in the deliverables. The tasks and the associated resources should be clearly identified.

### **(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. Provide copies of the closest references, brochures and patents you know about.

### **(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 licensing agreement or details of your own patent or literature search). Additionally, you must disclose sufficient technical details of each innovative aspect of your project to allow a search for prior art to be undertaken. You must identify which aspects of the project work have not been previously published to date and which have. **If you have applied for a patent, please enclose a copy of the application and provide a copy of any unpublished search report, as well as the application and publication numbers.** 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, design) generated must be owned by the individual or 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. Evidence of interest from potential customers in the proposed technology to be developed would strengthen your entry. If you have a sensitive innovative idea, which may be patentable, you must take precautions to ensure that those to whom you reveal information undertake to keep this confidential. A confidentiality agreement may be needed. If you are unsure in this area take professional advice.

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 prior written consent. You should bear this in mind if you consider entering into any licensing agreement.

#### **(8) Wider Impact**

Describe the wider impact, if any, that your project might have on the environment, equality of opportunity and society in fields such as health and safety, detection and prevention of crime, "public good", "quality of life" and sustainability.

#### **(9) 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. (Include details of who will manage the project and describe the roles of employees and any consultants or sub-contractors who will be engaged on the project.)

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.

### **(10) 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.

### **(11) 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.

The Applicant **MUST** be able to demonstrate that they can provide the balance of funding necessary to successfully complete the proposed project before an offer will be made.

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, or any of the costs associated with the 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.

### **(12) Project costs**

Include a description of what is included under each heading in 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 17 of the Entry Form as a guide to which costs are eligible, but list any others which you feel should be considered 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 (wages or salaries) 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 £30,000 per person. **Salary costs should not include any posts that have been created, and are currently being part-funded, with support from other schemes.**

Reasonable overheads are allowable, but unusually high costs will need justification. Include employer's 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 are 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. **If any work is to be undertaken out with the European Economic Area (EEA), justification must be provided as to why this work cannot be undertaken within the EEA.**

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 £30,000.**

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

Travel and subsistence costs directly related to the project are allowable e.g. travel to monitor trials or for market assessment visits.

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:

- accountancy 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 £30,000 per person
- directors' fees charged as consultants or sub-contractors to their own business above an annual full-time equivalent fee of £30,000 per person
- dividends
- 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
- posts funded by other Invest NI programmes or expenditure included in other publicly-funded projects.

## **The 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;
- 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 all 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 Agency, bank or accountant. There may be a charge for help in preparing a business plan.

## **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 6 and 8 weeks after the Competition closing date, but it can be as much as 14 weeks, depending on the number of applications and the amount of due diligence which needs to be undertaken during the appraisal process.

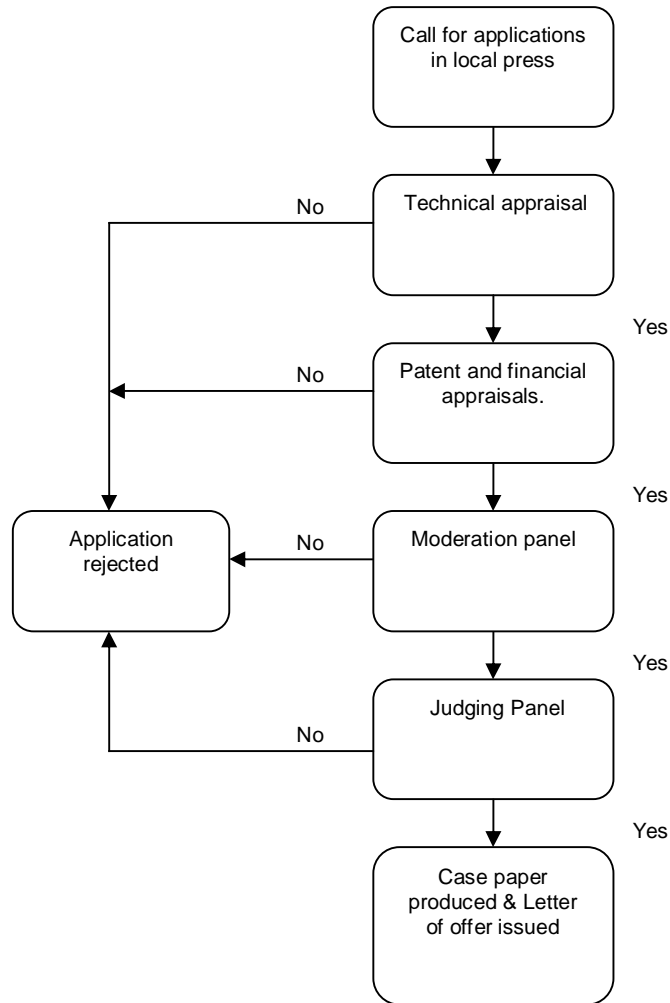
During the appraisal process you can contact us to confirm the status of your entry. However, in order to protect your confidentiality we cannot give out information to third parties.

## **Appraisal process**

All applications will be checked to ensure all requested documentation has been submitted – failure to supply the documentation laid out in these guidelines will result in your application being rejected. If your application is received at least 10 working days before the application deadline it will be checked to ensure all requested sections have been received. If incomplete, the applicant will be notified about the missing sections and given the opportunity to resubmit before the applications deadline. Correspondence received after the application deadline will not be accepted.

All fully completed applications will receive an initial technical assessment. Projects which receive a positive technical assessment will be forwarded for financial and patent assessments. At the end of the assessment process a Moderation Panel will review ALL assessments and applications to ensure eligibility of the application, consistency of the appraisers and recommend which applications are forwarded to the Judging Panel based on basic eligibility and positive technical, financial and patent appraisals. At this stage letters will be issued to Applicants whose project is being forwarded to the Judging Panel inviting them to give a brief presentation to the Judging Panel. Applicants whose projects do not meet the requirements for a Smart Award will receive a letter providing clearly elaborated and supported reasons for non-selection.

The Judging Panel (a body of suitably skilled professionals to assess the project) will review, assess and decide on the appropriateness of the proposed work for funding under the Smart scheme. If the Judging Panel considers the project to satisfy the appraisal criteria, the project will be marked and scored against a marking frame. When the Judging Panel has reviewed a project, the average score will indicate a final understanding of the merit of the project in relation to the appraisal criteria. Budgetary constraints and minimum levels of innovation and risk will be considered by the Judging Panel when making their recommendations. There may be cases where the Panel may support an application to Smart subject to satisfactory clarification of issues arisen from the judging process. In such cases the Applicant will be requested to supply additional information, which subject to approval the award may then be offered.



## 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 quarterly in arrears 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.)

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 Invest NI 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.

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.

If you believe Invest NI's decision is unsound because the Smart in Northern Ireland Judging Panel and/or officials failed to take proper account of the information you provided, you can write to the Smart Programme Manager at the address on page 21 to request an interview. 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 entrants. The onus is upon you to ensure that your entry contains sufficient information for it to be properly judged. **Please note that we will not consider applications for the same project more than twice.**

## **Where to go for further information**

Contact Invest NI or visit our website at the address given at the end of these Notes if you have any general questions about Smart.

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.

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 Northern Ireland to let businesses know about Smart and other schemes.

## **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 Enterprise Agency will be able to advise and signpost you to the full range of assistance that may be available to your business.

## **Where to send your entry**

Send your completed entry form and information listed above to:

The SMART Programme Manager  
Invest Northern Ireland  
Bedford Square  
Bedford Street  
Belfast  
BT2 7EH

Tel: 028 9023 9090

Fax: 028 9043 6536

[www.investni.com](http://www.investni.com)

**Do not fax or email your application form.**

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Doc. No.	Version	By	Approved	Date	Remark