

WIRRAL COUNCIL
BUSINESS INVESTMENT GRANT (BIG)
APPLICATION FORM



Council Reference Number:

1. PROJECT INFORMATION

1.1 Contact Name and Address of Applicant, Telephone No. and E-mail Address.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Telephone: [REDACTED]
Email: [REDACTED]
Web Site [REDACTED]

1.2 Company registration and VAT numbers

Registered Company Number [REDACTED]

VAT Registration Number [REDACTED]

2. PROJECT DESCRIPTION

2.1 Project Name

[REDACTED]

2.2 Executive Summary

[REDACTED]
[REDACTED] The business was set up in December 2008 with support from Wirralbiz. During the first year's trading [REDACTED] operated as a sole trader mainly undertaking work on a sub-contracted basis for a large Wirral based marine engineering company. This involved supplying engineering services to customers (end users) throughout the UK including oil companies, utility companies and various industrial companies (some photographic examples of this work are included within the form. [REDACTED] applies high end fabrication work including industrial generator silencers, industrial exhausts and specialized pipe work. Over the first few months business was slow but towards the end of the first year the value of orders had grown significantly. The general fabrication side of the business has been restricted in the first year as the business has not had any workshop space. This is clearly recognised as being a missed opportunity and one which the business is seeking to address in 2010. The market for industrial silencers and exhausts is national and [REDACTED] has worked hard to establish a good reputation in the industry. This has been successfully achieved and now the business needs to capitalise on this work and broaden its offering and customer base.

[REDACTED] has many years experience in fabrication and welding and he is using his knowledge to establish his own business with strong growth potential. [REDACTED] converted the business to that of a Private Limited Company with effect from 1 January 2010 in order to prepare the business for the next stage in its development. During the next stage the company will continue to provide sub contracted services in order to maintain a steady cash flow but it will also market its services directly to UK-wide industrial companies in the same broad sector.

This is the aspect of the business that will ultimately have the potential for significant growth. This business model offers the best opportunity of reducing risk. The customer base that will be developed will be UK wide and the services will not be marketed in direct competition to that of its principal contracting customer – instead the emphasis will be on offering services and products that are outside the range of specialisms normally included in their product portfolio. Mike has discussed his plans with the Directors of this business and has their full backing and support.

In the year to 31st March 2010, operating as a sole trader, the business turned over [REDACTED] with net profit of approximately [REDACTED]. [REDACTED] has restricted his drawings from the business to provide as much resource as possible to fund the next stage in its development during 2010.

The opportunity now is to expand the business by offering complete fabrication and fitting services to businesses across the country in marine, petrochemical, power generation and heavy industrial sectors. The fabrication side requires the establishment of a small workshop, appropriately fitted out, and premises have already been identified in Wallasey. Gaining access to workshop space will enable [REDACTED] comprehensive manufacture-and-fit services direct to job from start to finish instead of as labour-only subcontractor or buying in pre-manufactured components – leading of course to higher levels of gross profit margin and the capability to attack much broader markets and larger contracts. The manufacturing processes will include design, fabrication, painting, delivery and where appropriate fitting of products on site.

The proposed start date for the project is June 2010 and it will take about a year to fully implement. The project budget is: [REDACTED] and it is proposed to fund this by:

- [REDACTED] funded from cash resources of [REDACTED]
- [REDACTED] Business Investment Grant from Invest Wirral

2.3 Background to Company

The business was set up in late 2008 when [REDACTED] decided to pursue a career as a self employed engineer. [REDACTED] he has also gained experience in project management.

Support from Wirralbiz advisers was very valuable in the early days as was the start up grant of £500. With continuing help and advice from Wirralbiz a Limited Company was set up on 1 January 2010 in anticipation of the business expansion. The company is also now registered for VAT. A new web site describing the full range of services offered by the company has been developed and has been launched. [REDACTED]

The business operates in a specialised market and this is one of its strengths. In particular this includes marine engineering firms, marine generator firms, pipe work companies (including major utility businesses), fabricators and any business requiring specialized high performance fabricated products. The business also provides site installation work a service not currently offered by any other engineering firm on the Wirral.

Examples of [REDACTED] k:
[REDACTED]
[REDACTED]
[REDACTED]

The project for which this application is being made is one of expansion and product development. Currently the sales mix of the businesses is weighted approx 85% to 15% between installation of sub-contracted fabrication work (mainly industrial silencers and exhausts) and bespoke steel/iron work.

2.4 Aims and Objectives of the Project

The aim of the project is to provide the necessary facilities and equipment for the expansion of [REDACTED]. The facilities will include a fully equipped workshop and office of 1,650 sq ft allowing the business to handle complete projects. The business will use the premises for manufacture and fabrication, storage and as an office base. It is envisaged that the creation of the workshop will create two employment positions in the first twelve months - one engineering and one apprentice.

The sales targets are ambitious but achievable based on the pick up in trade experienced in the second half of 2009. The success of the project will be measured in terms of growth in sales value and the overall profitability of the company.

2.5 Background to the Project

Following the initial successful trading period [REDACTED] ready for expansion. Without the project and the subsequent expansion the business is in danger of not moving forward. Currently the majority of the business activity is through sub-contracted work. This means the business is limited to the work capacity of the owner; the planned expansion allows for more work to be undertaken leading to greater profitability through the creation of a broader sales mix and economies of scale. Once the business has benefited from its period of expansion it is planned that future projects and diversification will be self funded through the business reserves.

The business will offer full project management, design, manufacture and installation to its clients. In previous employment [REDACTED] was responsible for all aspects of projects including defining clients' needs, construction reviews, payment certification, contract administration, warranty inspections. This experience will be fully utilized as [REDACTED] expands its range of services.

2.6 Project Description

The project will establish a workshop and office facility at [REDACTED]. After an extensive search a suitable unit of 1,650 sq ft has been identified and this is available for lease on a three year term. [REDACTED] now signed a three year lease for this property. [REDACTED] will undertake all aspects of the establishment of the workshop and will continue to manage all aspects of the day to day running of the business as it expands.

The internal layout of the workshop is currently being planned regarding positioning of the equipment to maximize the operational efficiency. We will be undertaking discussions with the Manufacturing Advisory Service in the near future on workshop layout and efficiencies, together with guidance for better utilisation of its website. Some minor refurbishment is likely to be required to the workshop and office. Once funding is agreed the area will be refurbished and equipment installed. It is anticipated that the facility will be fully operational in June 2010. Whilst the premises are being readied for trade we will begin to market the new services to known contacts and prospective customers using personal contacts, mailings, telesales and through the new website.

Project Costs

The requirements of the project are as follows:

Workshop Equipment Needed:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Office Equipment Needed:

- [REDACTED]

- [REDACTED]

Premises Costs

- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]

- [REDACTED]

Marketing Costs

- [REDACTED]
- [REDACTED]

- [REDACTED]

Materials Costs

- [REDACTED]

- [REDACTED]

Total Project Costs

- [REDACTED]

Once the premises are up and running, a new position will be created for an experienced fabricator/engineer. Under the supervision of [REDACTED] they will be responsible for a variety of aspects of each contract including fabrication, welding, painting and installation.

The target for sales in the first full year is [REDACTED] a three fold increase on that achieved in year one. It is the intention to commence a sustained marketing campaign. This will principally comprise small scale targeted mailshots, with follow-up telephone calls, limited advertising and promotional activities and use of the recently implemented website. Projects and works already completed and references from existing customers will feature in the sales collateral.

A budget of [REDACTED] has been set to cover additional marketing activity. Advice is being taken from Wirralbiz on developing the marketing plan. Some aspects of the campaign may involve the use of a marketing/telesales agency.

Having completed a successful opening period of trade in a difficult economic climate we are confident in our abilities to develop the business. It is expected that the expansion project for ML Engineering will break even by Dec 2010 with profits of circa [REDACTED] for the trading year. This is reflected in the financial forecasts.

2.7 Need for Funding

An application for Invest Wirral BIG funding is being made due to a shortfall in available cash to meet project costs. The business has positive equity and has always traded with a positive bank balance. [REDACTED] has invested [REDACTED] in developing the business over the first year and will dedicate a minimum of [REDACTED] of existing resources to developing the workshop and offices, and the necessary marketing to expand the business. This represents the vast majority of the available monies at the disposal of the business at the present time. A BIG grant will help cover the set-up and capital costs of the project for the initial three months after which it is anticipated that the turnover and profits generated will be sufficient to cover on-going costs. [REDACTED] has taken only a modest draw from the business in its first year in order to leave funds in the business for this development project.

With [REDACTED] already sourced and a project budget of [REDACTED] a grant of [REDACTED] is sought in order to proceed.

Other possible funding avenues have been explored as follows:

1. Loan funding.

[REDACTED] This is mainly due to the economic climate where banks are reluctant to lend unsecured funds. The owner [REDACTED] is not averse to borrowing to fund new investment but [REDACTED]

2. **Private Investors / Venture Capital.** As the business is not a high growth or new technology business this type of funding would be very hard to attract. Initial discussions have taken place with a potential new investor, without leading to any worthwhile agreement.

3. **Internal Input.** [REDACTED] could eventually self fund this project, but would not be able to generate the funds to do so for a period of at least 2 years. Whilst the business is profitable, the expansion at current profit levels will take substantially longer without grant support.

2.8 Forward Strategy

The key objective for 2010 is to return a profit for the year and create a sound foundation for further expansion. Projections for the year show a steady increase in sales with expected gross turnover for the year of [REDACTED], enabling the business to reinvest in its infrastructure and staff. The business has substantial potential to self fund expansion in future years and it is conservatively anticipated that it will be possible to create a further three jobs in 2011. The emphasis will remain on retaining a significant level of profits in the business to build a strong balance sheet and provide sufficient working capital to take on larger contracts. The overall objective is to double turnover each year from 2011 for the following three years. Although this is a challenging target, the potential market throughout the UK is substantial and offers good opportunities once the company's brand and reputation is sufficiently developed.

Additional product areas the company will exploit is the production of bespoke fuel tanks, louvre baffles for industrial generators and twinwall (safety) fuel pipes for marine and power generation applications. These products and the market potential for them are well known to [REDACTED], having worked in these areas in the past. The company will mainly be competing with three other UK based businesses for this work none of which are based in the North West. Additionally, of course, much of the product used in markets like these is imported, and [REDACTED] aims to compete on quality price and service with foreign manufacturers.

[REDACTED] will also be taking advice and guidance from Business Link to develop a longer term marketing strategy.

The business will be able to expand without any detriment to any other Wirral based company – in fact the reverse is true, since local businesses will be involved in [REDACTED] supply chain. The longer term objective is for the company to be regarded as one of the UK's leading specialist manufacturers within ten years.

3. PROJECT COSTS AND FUNDING ARRANGEMENTS

3.1 Total Project Costs.

In the below table please identify key project costs excluding VAT showing when these costs will be incurred. This summary table **MUST** be completed although additional information can be provided if necessary.

Costs excl. VAT (list items)	1/04/2010 to 31/03/2011	1/04/2011 to 31/03/2012	Grand Total
Workshop Equipment	[REDACTED]		[REDACTED]
Office Equipment Costs	[REDACTED]		[REDACTED]
Premises Costs (3 months)	[REDACTED]		[REDACTED]
Premises Set Up Costs	[REDACTED]		[REDACTED]
Marketing Budget	[REDACTED]		[REDACTED]
Material Costs	[REDACTED]		[REDACTED]
TOTALS	[REDACTED]		[REDACTED]

3.2 Total Project Funding.

In the below table please identify all sources of funding whether they are secured or subject to approval. For funding which is not secured show the likely approval date.

Funding (list sources)	Identify if funding 'secured	1/04/2010 to 31/03/2011	1/04/2011 to 31/03/2012	Grand Total
Invest Wirral BIG Fund	This Application	[REDACTED]		[REDACTED]
ML Engineering	Yes	[REDACTED]		[REDACTED]
TOTALS		[REDACTED]		[REDACTED]

4. PROJECT TIMETABLE

4.1 Please identify in detail the key dates for the project.

March 2010	Premises identified
May 2010	BIG application submitted
June 2010	BIG grant funding decision
	Decision made to commence project
July 2010	Refurbishment undertaken on premises, (power points, security installed etc)
	Premises layout agreed
	Initial equipment purchased and installed
	Materials stock obtained
	Marketing plan commences, web site to go live
Aug 2010	Engineer position created
Oct 2010	Apprentice position created -- timing subject to sales growth
By 31 Mar 2011	Turnover to reach [REDACTED] with expected profits of [REDACTED]
2011-12	Sales to double to [REDACTED] - further expansion with up to three further jobs
	Part time administrator position created.

4.2 Identify any other related projects within the company that may impact on this project.

No other internal project will be running at the same time as the proposed project and aside from day-to-day operational requirements, Mike Lamb will be dedicated to ensuring that this project is implemented on-time and on-budget.

6. PROJECT OUTPUTS AND BENEFITS

6.1 Number of full-time equivalent jobs safeguarded as a result of completing the project.

One full time position safeguarded [REDACTED]

6.2 Will there be any full-time equivalent jobs created. If yes how many and approximate timescale.

We anticipate that the following extra staff will be required:

Aug 2010 - One full time position created [REDACTED]
 Oct 2010 - One apprenticeship position created
 2011/12 - Three further engineering posts plus part time administrator

6.3 Other benefits e.g. Forecast increase in turnover, additional space occupied as a result of project etc.

Turnover forecast for the project for the first full year is approximately [REDACTED]. Local suppliers are primarily used to provide parts and materials and local employees are the mainstay of the businesses payroll.

7. RISK ASSESSMENT

7.1 Risk Assessment

Please identify a minimum of 3 critical risks associated with delivering the project – e.g. overall applicant experience, increased project costs, delays in securing funding, delays in completing the project, insufficient market size etc – the probability of their occurrence, their likely impact and how their effects will be minimised should they arise.

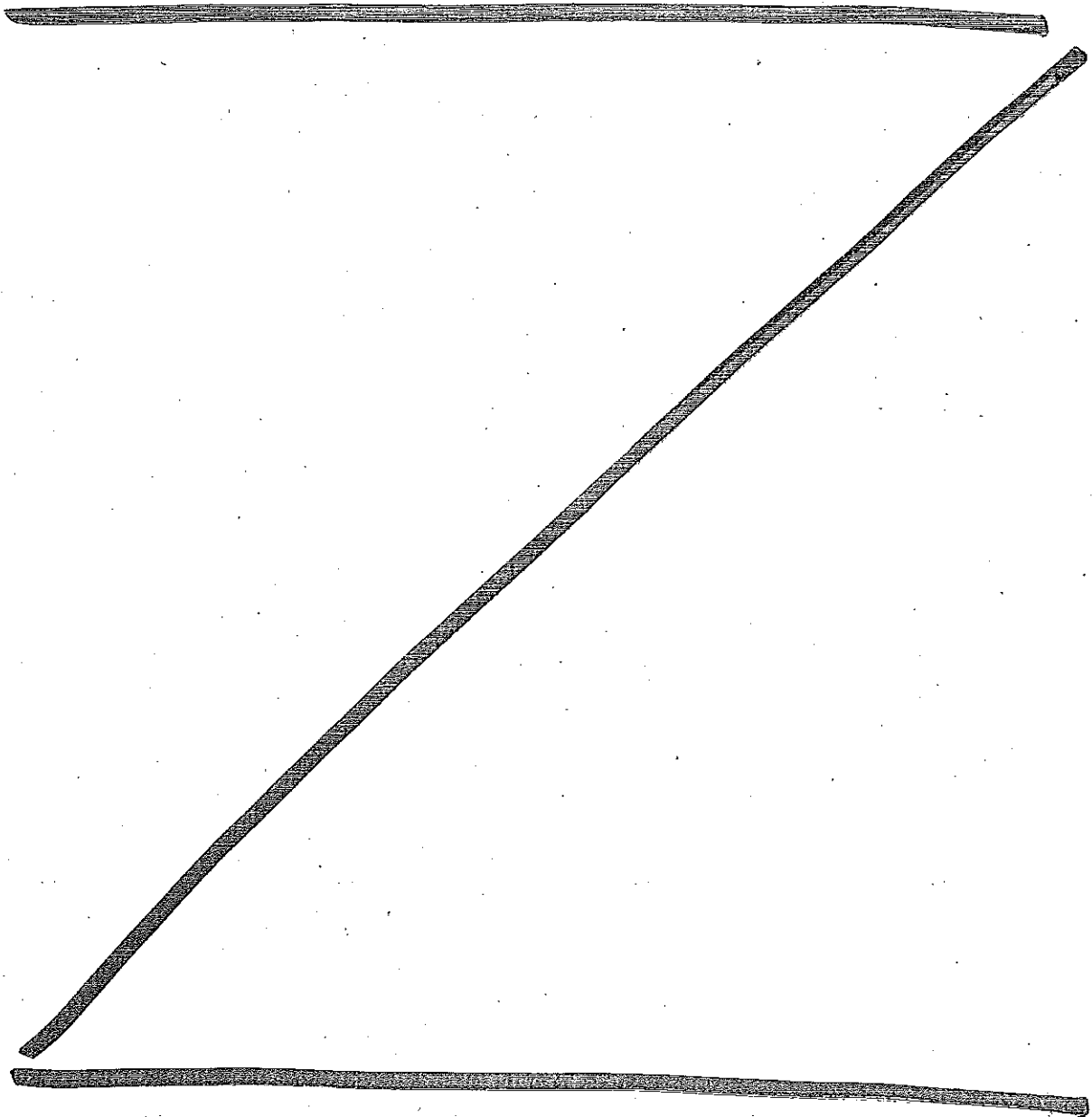
Please include not getting the grant as a risk and what will happen in these circumstances.

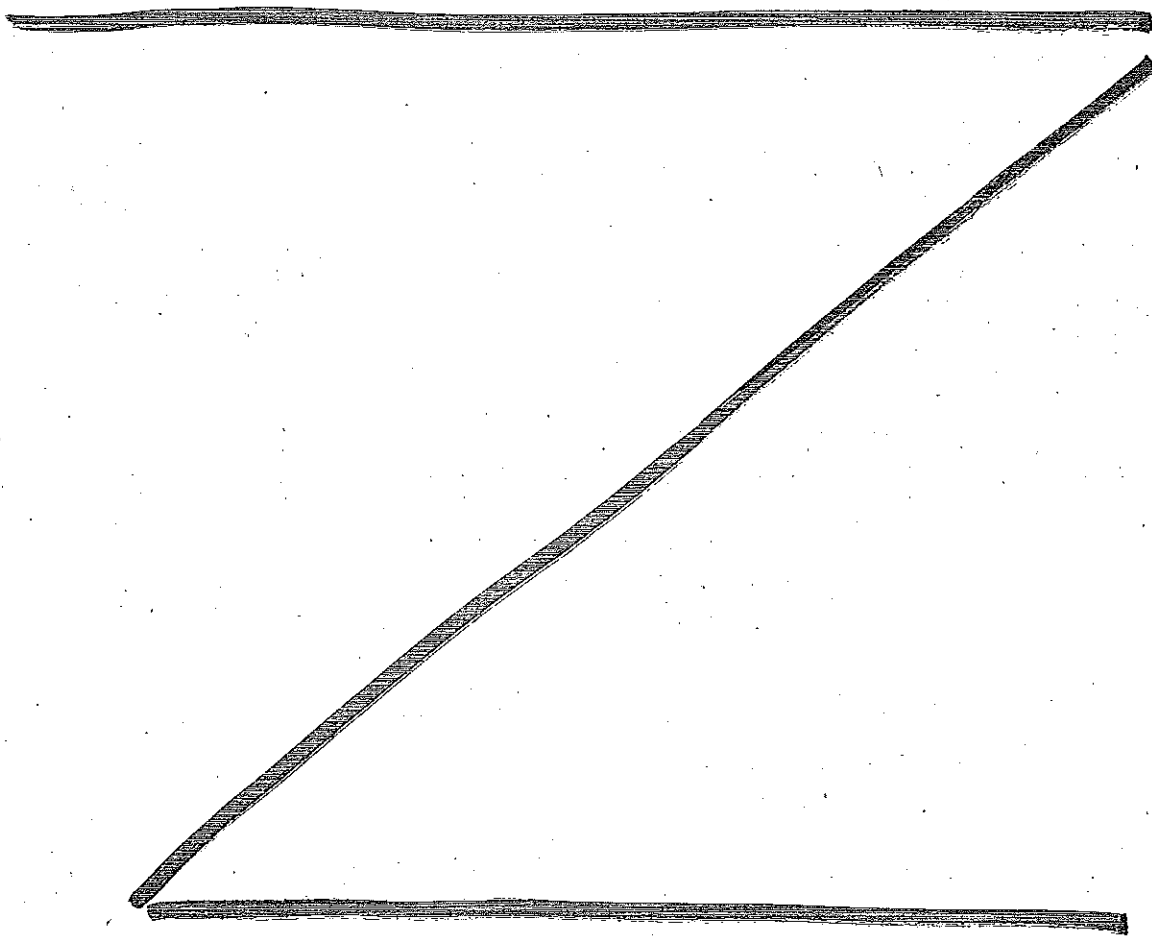
Description of risk

Impact rating (high, medium or low)

Probability rating (high, medium or low)

Mitigation Action (in the event of the risk occurring)





8. ADDITIONAL INFORMATION

You must provide the following additional information to support your application.

8.1 Twelve month profit and loss forecast broken down monthly and monthly cash flow projections from the current month through to the first twelve months of the project.

Enclosed Yes – also enclosed is a summary of the equipment requirements and an analysis of initial material stock requirements

8.2 Audited accounts for previous year and six months management accounts

Enclosed Yes – no compliance accounts have yet been submitted. Management accounts for April 2009 to March 2010 are enclosed

The grant application will not be assessed until all the supporting documents have been received.

9. DECLARATION – PUBLIC FUNDING

Please list the amount of public funding received within the last three years. I declare that the amount of Public Money received by the company/organisation over the last three fiscal years is:

	2007	2008	2009	Total
Amount	n/a	n/a	500	500
Funding Source			Wirral Biz/WBC	

I confirm that, to the best of my knowledge, the information above is correct and given in good faith.

Signed

Name

Position

Managing Director

Date

5th May 2010