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Funding your future

Manufacturing funding opportunities 2009



UK & Switzerland Manufacturing Sector Group

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Making the most of available benefits

There are literally hundreds of millions of pounds available on an annual basis to support the development of business in the UK. However, it can be difficult to identify the appropriate scheme, the key drivers behind the scheme and the chance of success as schemes are frequently discretionary. To start this process you need to be able to define your investment plans.

Grant support - could I be eligible?

The starting point is to consider your medium-term investment plans. For example, do your three-year plans involve investment in one or more of the following areas:

- Capital expenditure: plant and machinery, fixtures and fittings, land and buildings
- Personnel: the recruitment, training and/or development of staff
- Research and development: the development of new products or services, either on your own or with third parties
- Business improvements: efficiency improvements, energy efficiency, carbon footprint reduction etc.

If so, there may be an opportunity to secure support towards your investment plans provided no contractual commitment has been made to your project.

Why Deloitte

We are one of the world's leading international business advisory practices, working successfully with a wide range of private and public clients to help them achieve their objectives. We have an experienced team of specialists who are dedicated to working in this arena.

The philosophy at Deloitte is to provide objective, realistic and practical business advice. Our role is to help operations grow and maximise their potential by taking advantage of credits and incentives.

Our UK practice has more than seventeen years experience working with companies to help them secure grant towards their investment plans. We have a 100% success record on UK grant applications throughout this period. Members of our team have spent time seconded to some of the key grant awarding bodies.

Our UK dedicated team works with a team of more than 100 grant consultants spread throughout Europe. We are able to work together to explore and support grant applications on a Europe-wide basis too.

Making the most of available benefits

How Deloitte can help

We are able to provide support throughout the process. This can include:

- **The grant schemes.** Meeting to understand your medium-term plans for the business, researching and reporting back to you on grant schemes that meet your requirements.
- **Advance warning on grant schemes.** Early alerts on specific grant programmes that could meet your particular needs.
- **Grant strategy.** Through our detailed knowledge of the schemes we are able to provide a clear understanding of the merits of different grant funding routes. Some grant schemes are influenced by size of company and location of the project. We understand what this means in practice.
- **The application process.** We understand what the grant providers are looking for and can help you to position the project effectively.
- **Meeting the grant providers.** We provide a full hand-holding service that includes pre-meeting briefings and support to help ensure the application proceeds smoothly.
- **The grant offer letter.** Advice on any terms and conditions within the final grant offer letter.

The opportunities

There are numerous grant and incentive schemes available for companies in the manufacturing sector. Understanding the grant system and completion of grant applications can be complicated. We have a team available to help.

Our Regional Development Services team

- Has more than 17 years experience accessing grants
- Has a 100% success record on all applications over this period around the country!
- Work with more than 500 grant colleagues to help clients access grants and incentives around the world
- Will help you understand how grants and incentives may be able to help you
- Provides a complete hand holding service throughout the grant application process.

Manufacturing project examples

- Secured a grant of £500,000 towards the rationalisation of a manufacturing business
- Secured a grant of £13 million for a new car component manufacturing project
- Secured a grant of £1.35 million towards a catalytic converter recycling project
- Secured a grant of £3 million to set up a new automotive and ICT centre of excellence for R&D
- Secured a grant of £425,000 to support a specialist vehicle manufacturer to create 30 new jobs.

The opportunities

The schemes

We have prepared a high-level introductory guide to some of the main grants and incentives available in the UK. We have summarised these in categories related to:

Investment type	Location eligibility	Note
1. Research and Development (R&D)	UK-wide	A major source of grant funding available via direct company support or collaboration with one or more partners.
2. Investment projects	Generally location specific.	Support to encourage employment and investment.
3. Staff training	UK-wide	Support to help staff gain new skills.
4. Energy efficiency	UK-wide / Regional	Support to help reduce carbon footprint.
5. General business support	UK-wide	Other programmes of business support.

1. R&D incentives

	Scheme	Description	Level of grant / funding available	Notes
Direct funding	Carbon Trust - Applied Research Grants <i>Next rounds of funding: - 14 Dec 09 - 18 Feb 10 - 12 Apr 10 - 10 Jun 10</i>	Development and commercialisation of technology with the potential to reduce UK CO ₂ emissions.	Grants of between £50k - £500k which can cover up to 60% of eligible project costs.	Any UK business, University, public sector or voluntary organisation may apply for a grant.
	Technology Strategy Board <i>Fund for Feasibility Studies</i> <i>Scheme due to close 1 October 2009 – additional funding rounds expected</i>	This competition will focus on feasibility studies: <ul style="list-style-type: none"> • in the prioritised technology areas • that contain an element of technology innovation • that are both led and undertaken by small and micro companies individually or in partnership, and • where the funding will be spent in-house. 	A total of £3m funding to invest in feasibility studies lasting up to 3 months and each costing no more than £33k in total. Funding up to 75% of the project cost (around £25k).	This is a new initiative by the Technology Strategy Board to stimulate R&D in small and micro companies. If successful there could be similar rounds of funding in the future.
	BERR - Grant for Research and Development <i>Scheme currently open - no deadline</i>	Grant for single company R&D project. Funding includes grants for pre-production prototypes.	Grants levels for the various strands are: <ul style="list-style-type: none"> • proof of market projects: £5k - £20k (60% of costs) • micro projects: £5k - £20k (45% of costs) • research projects: £20k - £100k (60% of costs) • development projects: £20k - £250k (35-40 % of costs) • exceptional projects: up to £250k for research and £500k for development (60% of research and 35-40% of development costs). 	Scheme mainly open to small and medium-sized enterprises but there can be exceptions. Depending on location the maximum grant award could be increased to £1 million.

1. R&D incentives (continued)

	Scheme	Description	Level of grant / funding available	Notes
UK collaborative	Technology Strategy Board <i>Feasibility Studies programme open (see above)</i> <i>Additional funding announced for Low Carbon Industries and High Value Manufacturing – details of calls expected soon</i>	R&D themes include innovation in: <ul style="list-style-type: none"> • Products • Production Processes • Services Systems • Value Systems • New Materials 	Funding levels: <ul style="list-style-type: none"> • 25% for Experimental Development, • 50% for Applied R&D and 75% for Basis Research. 	Biannual application process. Typical project will have a 2-3 year duration and would secure grant of between £500k and £1M. Requires a minimum of 2 UK partners.
	Advantage Niche Vehicle R&D Programme (West Midlands) <i>Scheme currently open - no deadline</i>	This programme provides support and grant funding to groups of companies active in the niche vehicle sector, particularly in the West Midlands region. It promotes the development and application of new technology to take advantage of the increasing market opportunities for lower carbon vehicles: <ul style="list-style-type: none"> • Reduction in carbon emissions and increased fuel efficiency • Vehicle weight reduction using recyclable materials • Adoption of advanced electronic systems <p>The programme aims to bring together independent vehicle manufacturers, system suppliers, specialist automotive technology companies and Universities, to collaborate on the innovative application of these technologies where they are applicable to low-volume vehicle production.</p> <p>The programme is being managed by Cenex - the UK's first Centre of Excellence for low carbon and fuel cell technologies.</p>		

1. R&D incentives (continued)

	Scheme	Description	Level of grant / funding available	Notes
EU collaborative	<p>European Commission - FP7</p> <p>There are currently several calls open in:</p> <ul style="list-style-type: none"> • Transport (including Aeronautics) • Space • Energy • Nanosciences, nanotechnologies, Materials and new Production Technologies 	<p>The FP7 programme is the EU's main instrument for funding research in Europe and will run from 2007-2013 with a budget of over €50 billion.</p> <p>Funding is available in a wide range of areas including:</p> <ul style="list-style-type: none"> • Nanosciences and nanotechnologies. • Materials - using the latest technology for new products and processes. • New production - creating conditions for continuous innovation and for developing generic production 'assets'. • Integration of technologies for industrial applications. 	<p>€32 billion (2007 – 2013).</p> <p>This is the largest source of grant funding available in Europe. It can cover 50% of R&D costs.</p> <p>The level of funding can increase to 75% for SMEs and academic institutes.</p>	<p>Requires a minimum of 3 partners from 3 different EU countries (and often involves larger numbers of participants).</p> <p>Please see Appendix 3 for the definition of SMEs.</p>
Loans	<p>BERR - Automotive Assistance Programme (AAP)</p>	<p>The primary aim of this package is to support the continued delivery of investments that will create or sustain jobs, develop cutting-edge technology, bring special value to the UK, reduce CO2 emissions and maintain R&D in UK vehicle manufacturing.</p> <p>This scheme provides a loan guarantee facility of up to 75% in order to help companies in the automotive sector to secure EIB or non-EIB lending.</p> <p>Projects must be for a minimum value of £5m. There is no upper limit on the amount a company can apply for.</p> <p>The Government will charge an appropriate fee or interest rate to reflect administrative costs and expected risk involved and with the aim of ensuring that the Government achieves good commercial value.</p>		

2. Investment projects

	Scheme	Description	Level of grant available	Notes
Grants	GBI (in England) SIF (in Wales) RSA (in Scotland) <i>Open call</i>	<p>Direct grants to support costs in specific areas of the country, including most regional capital cities (see map at Appendix 2)</p> <p>Projects must involve the creation or safeguarding of employment and some associated investment cost (e.g. capital expenditure and/or property lease).</p> <p>This is the principal grant scheme used by the government to encourage private sector investment.</p> <p>The scheme has an annual budget of £400 million.</p>	<p>The grant level varies between 10% and 30% of project costs. Minimum grant amount of £10,000.</p> <p>In all cases, medium sized companies can secure an extra 10% and small companies an extra 20%, taking the maximum grant level up to 50% in some areas.</p> <p>Please note that SMEs may be able to secure grant regardless of location. Max grant 10% medium size & 20% small.</p>	<p>This is not a competitive call and applications can be made throughout the year.</p> <p>A very flexible grant scheme that can be used to assist projects ranging from: back-office support and manufacturing through to research and development facilities.</p> <p>A need for grant has to be demonstrated.</p> <p>Deloitte has considerable experience helping clients access this type of grant funding.</p> <p>Please see Appendix 3 for the definition of SMEs</p>
	SIF (Wales) <i>Open call</i>	<p>Included within the SIF scheme above, fast track assistance is available for small and medium sized enterprises in Wales that need financial support of between £5,001 and £75,000 to carry out capital investment projects. This type of grant does not require the creation or safeguarding of jobs. For example, this may be able to support a project involving business improvement initiatives which reduce cost or improve efficiency.</p>		

2. Investment projects (continued)

	Scheme	Description	Level of grant available	Notes
Grants (continued)	<p>Infrastructure Grant Programme (UK)</p> <p><i>Scheme due to close 30 September 2009 - additional funding rounds expected</i></p>	<p>Cenex is the UK's first Centre of Excellence for low carbon and fuel cell technologies.</p> <p>Under the programme, grants are available to help towards the cost of installing alternative refuelling or recharging stations for alternative fuels.</p> <p>The programme (funded by the Department for Transport) aims to cut carbon dioxide and air pollutant emissions, as well as reducing dependence on fossil fuels.</p> <p>Examples of alternative fuels include hydrogen, electricity for electric vehicles and natural gas/biogas.</p>	<p>Grant of up to:</p> <ul style="list-style-type: none"> - 50 % of the eligible cost is available for natural gas / biogas and hydrogen dispensing equipment. - 50 % of the eligible cost is available for electric recharging points. 	<p>Firms of all sizes are eligible to apply.</p> <p>The scheme is open to private and public sector organisations.</p> <p>The refuelling station must be open for third party access.</p> <p>The refuelling site must be based in the UK .</p>
Loans	European Investment Bank (EIB)	<p>The bank is funded through the European Commission and can help finance projects of major importance to Europe, including:</p> <ul style="list-style-type: none"> • Projects of a magnitude that are hard to finance (e.g. infrastructure and generation projects including renewables) • Projects with higher risks which makes traditional financing difficult. 	<p>Loans can be up to 50% of the investment cost with a minimum loan of €20,000.</p> <p>Loans below €50 million are funded within country. Those for more than €50 million are handled centrally by the EIB.</p> <p>Loans are available at a discounted rate. The discount will depend on the credit rating of the applicant.</p>	<p>Applicants must be private or public enterprises.</p> <p>Loans can be used in conjunction with grant aid.</p> <p>The bank has a number of schemes aimed at the manufacturing sector and SMEs.</p>

3. Staff training

	Description
<p>National Train to Gain</p>	<p>Through schemes such as ‘Train to Gain’ all businesses can access:</p> <p>Full funding for:</p> <ul style="list-style-type: none"> • basic skills support at all levels • first full Level 2 qualifications (equivalent to 5 GCSEs) and • first Level 3 qualifications (equivalent to 2 A-levels) for 19-25 year olds • some first Level 4 qualifications for 19-25 year olds who do not already have a Level 3 <p>Partial funding for:</p> <ul style="list-style-type: none"> • English for Speakers of Other Languages qualifications at all levels • Apprenticeships • Support towards the costs of leadership and management development for businesses with between 10 and 250 employees. <p>Funding is managed at a regional level through the use of skills brokers whose services are free of charge.</p> <p>The Government recently announced a boost to the funding budget for apprenticeships in sectors such as the automotive industry. Apprenticeships are based on training from a national framework designed by employers for employers to meet the needs of individual sectors. There are over 160 occupational frameworks, which cover more than 80 different industry sectors ranging from management to manufacture, engineering to care and IT to hospitality.</p>
<p>Regional ProAct Scheme (Wales)</p>	<p>ProAct aims to help businesses in Wales cope with the downturn, and develop staff skills ready for the upturn. The scheme provides training for employees who are on short time working, and helps businesses to keep skilled staff who may otherwise be made redundant. ProAct is flexible, but broadly offers:</p> <ul style="list-style-type: none"> • up to £2,000 per individual towards training costs • a wage subsidy of up to £2,000 (at a rate of £50 a day) per individual whilst this training is being undertaken • free one-to-one expert advice to help create a ProAct Training plan

4. Energy efficiency

	Scheme	Description
National Carbon Trust	Carbon surveys	The Carbon Trust offers products and services to help accelerate the move to a low carbon economy by developing commercial low carbon technologies and working with business and the public sector to reduce carbon emissions.
		The Trust can help to identify energy - saving opportunities and provide practical advice on how to achieve them. They help companies reduce their carbon footprint and save money. These surveys are available to all companies, not just those in the energy sector.
	Energy efficiency loans	Interest free loans to companies to invest in energy efficient equipment. In England and Scotland SMEs can borrow between £5,001 and £100,000. In Wales companies of all sizes can apply for this loan while in Northern Ireland a loan of up to £400,000 is available to companies of all sizes. The loans are unsecured, interest free and repayable over four years. There are no arrangement fees.
	Low-carbon building design advice service	New-build and regeneration projects that are over 2,500 m ² may be entitled to free or subsidised design and construction consultancy. This may be offered from initial planning through to project completion.
	Venture capital	Invests in early stage technologies with the ability to create and develop low carbon businesses. The Carbon Trust will provide up to 50% of the funding but typical investments are between £250,000 and £3 million.
Regional Department of Energy & Climate Change	Bio energy capital grant scheme - England <i>5th round now closed – further rounds expected</i>	Funding is available to support the installation of biomass-fuelled heat and combined heat and power projects in the industrial, commercial and community sectors. In the 5 th round the funding could cover up to 40% of the difference in cost of installing the bio-mass plant compared to installing the fossil fuel alternative. The maximum award was £500,000 per installation and applications covering several installations could apply for up to £500,000 for each installation.

4. Energy efficiency (continued)

	Scheme	Description
Regional (continued) WRAP	Mixed plastics capital grant competition - England, Wales and NI Scheme now closed – further round <i>expected to be announced soon</i>	This grant scheme can provide financial assistance towards a facility (or facilities) that will be capable of sorting, recycling and reprocessing a range of mixed plastic (non bottle) packaging arising from the domestic (household) waste stream. WRAP can offer up to £2m as a grant and providing that the total State Aid intensity does not exceed 30% of the total eligible capital costs of the project, applicants may wish to seek public funding from elsewhere.
	Capital Support for Waste Reprocessing - Wales Second round now closed – third round <i>expected to be announced soon</i>	WRAP (Waste & Resources Action Programme) has launched a funding scheme to boost the Welsh recycling and reprocessing sector aimed at tackling commercial food waste. Funding will be available until March 2011. Funding will be available to projects that tackle food waste from Commercial & Industrial sources using Anaerobic Digestion treatment and waste from Construction, Demolition & Excavation. Up to 30% of grant funding can be awarded towards the capital costs to create a new or expand an existing facility.
	AWM 100 & 200 - West Midlands Closing dates: 30/10/09 & 31/03/11	AWM 100 is capital grant programme which aims to help tackle the challenges of waste generated by businesses in the West Midlands. The programme can support projects tackling commercial and industrial food waste; and commercial and industrial mixed plastics. AWM 200 support includes grant funding of up to 50% for West Midlands businesses who are investing in new or expanded commercial and industrial waste capacity. Grants of up to 200,00 euros (£187,000) are available for capital costs to collect, recycle or reprocess commercial and industrial waste from the region.

5. General business support

	Description
Enterprise Finance Guarantee (EFG)	<p>The Enterprise Finance Guarantee (EFG) is a guarantee facility available for small businesses in the UK with an annual turnover of up to £25 million. The scheme is aimed at improving the availability of working capital through term loans and the consolidation of overdrafts. It will also support lending for business growth and development in cases where a sound proposition may otherwise be declined due to a lack of security. The scheme replaces the Small Firms Loan Guarantee scheme (note that eligibility for the EFG is expanded from the previous scheme).</p> <p>Up to £1.3 billion of new bank lending will be guaranteed by the Government. Eligible businesses are able to borrow between £1,000 and £1,000,000 when this would not otherwise have been possible. The guarantee will fund working capital and investment by businesses seeking to grow or develop.</p> <p>In addition to regular capital and interest payments to your lender, and any arrangement fee which they may charge, a premium of two per cent per annum is payable to BERR (Department for Business Enterprise & Regulatory Reform) for the guarantee.</p> <p>The following main lenders will lend to eligible businesses under Enterprise Finance Guarantee: HSBC, Barclays, Clydesdale/Yorkshire Bank, HBOS, Lloyds TSB and RBS/Natwest.</p>
Supplier Credit Finance Facility (SCF)	<p>The Exports Credits Guarantee Department (ECGD) provides the Supplier Credit Finance facility (SCF) to banks to enable exporters to pass the payment risk on exports to banks. SCF also allows exporters access to finance at preferential interest rates for capital goods or services contracts.</p> <p>Any exporting company based in the UK can apply via their bank.</p> <p>Exporters will be able to offer buyers credit for up to 85 per cent of the contract price, at a fixed interest rate, with payment periods from two to five years. The minimum loan amount is £25,000 (or foreign currency equivalent) and the maximum amount is discretionary.</p>
Transition Loan Fund	<p>SMEs in the West Midlands may be able to access loans through the newly launched Transition Loan Fund which will offer businesses loans of between £50,000 and £250,000 to help bridge the gap for SMEs suffering short-term funding problems due to the current financial crisis. The model for the loan fund is similar to the one offered after the collapse of MG Rover and, if successful, could be copied in other regions.</p> <p>The fund will be administered through Advantage West Midlands and is currently only available to companies in the West Midlands.</p>

Meet our team - Regional development services

Alistair Davies



Alistair heads our Regional Development Services Service line. Alistair works with clients to advise on business diagnostic support and on site selection. He is a Chartered Accountant and has previously spent a year seconded to a division of UK Government where he was responsible for the negotiation and detailed financial appraisal of a wide range of grant applications. He has more than seventeen years experience helping clients to tap into available grants and incentives.

Key areas of activity:

- Business diagnostics and corporate site selection
- Delivery of grants and incentives

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Shyla Pathy Sudhir



Shyla is a Certified Accountant and has an audit and business advisory background with SME and charitable companies. She works directly with clients on business diagnostics and to help secure grants and incentives towards their investment plans.

Key areas of activity:

- Assisting growing SME businesses
- Delivery of incentive packages
- EU Collaborative grant programmes

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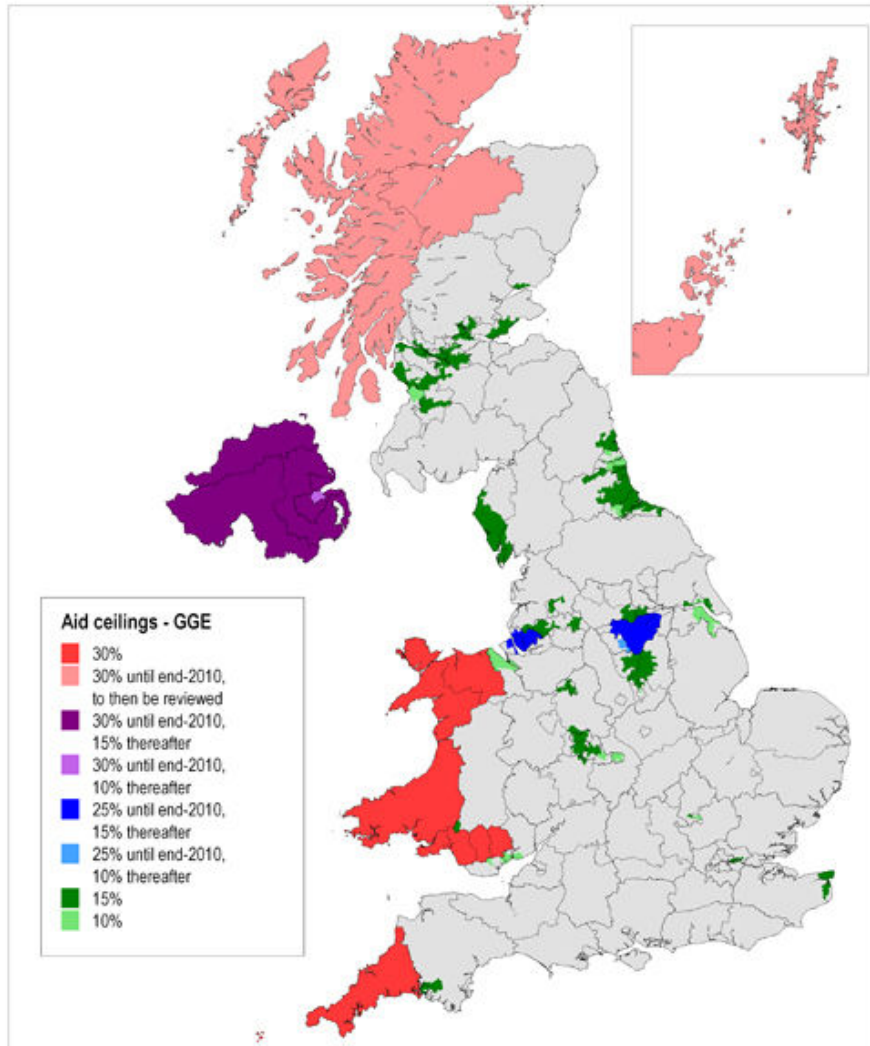
Appendix

Appendix 1 - Examples of potential projects

Project examples.....	Scheme examples
<p>Research and development Development of new technologies to either improve the efficiency of an existing product or development of a new one.</p>	<p>There are a wide range of programmes available, including direct grants and tax credits. This is potentially one of the largest pots of funding available.</p>
<p>A company isn't investing in new products but may like to get involved in development programmes</p>	<p>There is significant funding provided by the EU to support collaborative R&D projects throughout Europe. A company could lead a project or simply become a (minor) partner. This programme can offer grants of up to 75% of eligible costs and helps the company to establish a strong network of companies (and academia) within Europe.</p>
<p>Manufacturing Expansion or contraction of capacity</p>	<p>Depending on location, grant support can be available to support a sustainable business. Even where there is a reduction in jobs, grant can still apply if the absence of the grant means that more jobs could be lost.</p>
<p>Business support A customer contact centre/ back office or shared service centre to support the business</p>	<p>Grant can be available to support the creation of new or the safeguarding of existing jobs. Grant will be influenced by location but many projects like this are located in towns and cities which offer grants. Grants can be worth £5,000 or more per job.</p>
<p>Sales outlets Retail stores to support the business (including car dealerships)</p>	<p>Grant aid can be available to support staff training/development but no grant aid is available to support the investment/fit-out of retail stores (in or out of town).</p>
<p>Working capital Our client is short of working capital and/or is losing money</p>	<p>This can be challenging. The government will not want to risk providing finance if there is a serious risk of failure. However, support may be offered if the project also involved a further capital investment and/or capital injection to achieve a turnaround.</p>

Appendix 2 - Assisted areas (investment grants)

Assisted Areas in Great Britain, 2007-2013
Aid ceilings, expressed as Gross Grant Equivalents (GGE)



Region	Area	Maximum grant	
		2007-2010	2011-2013
Scotland	Highlands and Islands	30%	20%
	South Ayrshire	10%	
	Angus and Dundee City, Clackmannanshire and Fife, Falkirk, Perth and Kinross, Sterling, South Western Scotland, East and west Dunbartonshire, East and north Ayrshire, Glasgow city, Inverclyde, East Renfrewshire and Renfrewshire, North and South Lanarkshire	15%	
North East	Tees Valley and Durham, Northumberland, Sunderland	15%	
	Darlington, Tyneside	10%	
Yorkshire	South: Barnsley, Doncaster, Rotherham	25%	15%
	Sheffield	25%	10%
	East Riding, North and West Yorkshire	15%	
	Kingston upon Hull, north and NE Lincolnshire	10%	
North West	Merseyside, Wirral	25%	15%
	Greater Manchester	15%	
	Cumbria (west and east), Lancashire	15%	
East Midlands	East/south/west Derbyshire and north/south Nottinghamshire	15%	
	Nottingham	10%	
West Midlands	Stoke-on-Trent, Staffordshire, Birmingham, Dudley and Sandwell, Walsall and Wolverhampton	15%	
	Solihull, Coventry	10%	
	Worcestershire	15%	
East of England	Bedfordshire	15%	
	Luton	10%	
Wales	West Wales and the Valleys	30%	
	Monmouthshire and Newport, Flintshire and Wrexham	10%	
	Powys	15%	
South East	London (inner/outer), Kent	15%	
South West	Cornwall and Scilly Isles	30%	
	Devon (Plymouth)	15%	
Northern Ireland	Belfast	30%	10%
	Outer Belfast, East, West, South and north of NI	30%	15%

Appendix 3 - SME definition

Micro, small and medium-sized enterprises are defined according to their staff headcount and turnover or annual balance-sheet total. In all cases they must comply with the full-time headcount requirement.

A **medium**-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover does not exceed €50 million or whose annual balance-sheet total does not exceed €43 million.

A **small** enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million.

A **micro** enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2 million.

If your business owns more than 25% of other businesses, this will need to be taken into account when assessing your SME status.

If your business is more than 25% owned by one or more owners that are not classed as SMEs you may not qualify as an SME (public investment corporations and venture capital companies are exempted from the 25% threshold as are institutional investors provided they exercise no control over the business).

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	≤ € 50 million		≤ € 43 million
small	< 50	≤ € 10 million		≤ € 10 million
micro	< 10	≤ € 2 million		≤ € 2 million



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