SCOTTISH ENTERPRISE TECHNICAL FEASIBILITY STUDY SCHEME 2014

LEGAL BASIS

The Scottish Enterprise Technical Feasibility Study Scheme 2014 (the “Scheme”) operates under Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General Block Exemption Regulation) as published in the Official Journal of the European Union on 9 August 2008 (the “Regulation”)


OBJECTIVE

The Scheme covers discretionary funding awarded to enterprises to help them carry out technical feasibility studies to explore innovative products, processes and services in preparation for industrial and experimental research and development activity. The principal objective of the Scheme is to encourage enterprises in Scotland to undertake innovative research and technological development with commercial potential in order to stimulate growth, strengthen competitiveness and boost employment in Scotland.

GENERAL PROVISIONS

There is no automatic entitlement to support from Scottish Enterprise (“SE”). Assistance may be offered through a range of products and services delivered by SE, based on the merits of the proposed project, and an assessment of need for assistance. Any funding is subject to rigorous due diligence appraisal and internal approval by SE. Any business interested in assistance from SE relating to the Scheme outlined below should consult www.scottish-enterprise.com, or contact us by phone on 0845 607 8787 or by e-mail to enquiries@scotent.co.uk.

Aid can be awarded to enterprises of all sizes.

Applicants must submit an application for assistance to SE before work on the project or activity has started, and the application must be approved in writing before work can commence on the project.

Where the applicant is a large company, additional conditions will be applied to ensure that the aid has an incentive effect. The applicant must provide documentation which establishes that the aid will achieve one or more of the following: a material increase in the size or scope of the project/activity; a material increase in the total amount spent by the beneficiary on the project/activity; or a material increase in the speed of completion. This documentation will be verified by SE before the application is approved.

SE is required to provide annual returns to the Scottish and UK Governments and European Commission detailing aid provided under this Scheme, and to maintain detailed records regarding individual aid provided under the Scheme. Such records must contain all information necessary to establish that the conditions laid down in the Regulation are fulfilled, including information on the status of any undertaking whose entitlement to aid or a bonus depends on its status as an SME, information on
the incentive effect of the aid, and information making it possible to establish the precise amount of eligible costs for the purpose of applying the Regulation. Records must be maintained for 10 years from the date on which the last aid was granted under the Scheme. The information which must be provided to SE and/or retained by the aid recipient will be set out in any offer of grant made under the Scheme.

TYPES OF AID UNDER THE SCHEME

The information below is intended to be a helpful summary of the types of aid which may be granted under the Scheme. Any award will, however, be subject to assessment against the detailed conditions of the Regulation. It should be noted that the aid amounts stated reflect the maximum levels of support permitted under the Regulation and SE may set lower aid intensities for specific products or programmes created under the Scheme, taking into account the strategic rationale and market failure being addressed through the aid.

Aid for technical feasibility studies

Aid to support companies with the costs of technical feasibility studies carried out in preparation for industrial research or experimental development activities may be provided in line with the conditions set out in Article 32 of the Regulation.

The maximum amount of aid that can be granted per company per feasibility study is:
- EUR 10m where the feasibility study is preparatory to industrial research activities; and
- EUR 7.5m where the feasibility study is preparatory to experimental development activities.

The eligible costs are the costs of the study.

The aid intensity shall not exceed the relevant maximum amounts set out in the table below:

<table>
<thead>
<tr>
<th>Feasibility study</th>
<th>SME</th>
<th>Large company</th>
</tr>
</thead>
<tbody>
<tr>
<td>preparatory to industrial research activity</td>
<td>75%</td>
<td>65%</td>
</tr>
<tr>
<td>Feasibility study preparatory to experimental development activity</td>
<td>50%</td>
<td>40%</td>
</tr>
</tbody>
</table>

EXCLUSIONS

Export Aid

The Regulation and accordingly the Scheme does not apply to:

- aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity.

- aid contingent upon the use of domestic over imported goods.
**Sectoral**

The Scheme applies to all sectors of the economy, with the exception of:

- activities in the processing and marketing of agricultural products where aid is aimed at directly influencing the price or quantity of primary production (i.e. where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned or the aid is conditional on being partly or entirely passed on to primary producers).

**Recovery of Illegal Aid / Undertakings in Difficulty**

The following are explicitly excluded from the Scheme:

- Payment of aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the common market; and

- Aid to undertakings in difficulty.

**CUMULATION OF AID**

Aid provided under the Scheme may be cumulated with other forms of aid exempted under the Regulation and provided through this or another SE scheme as long as those aid measures concern different identifiable eligible costs.

Aid provided under this Scheme may only be cumulated with other aid exempted under the Regulation and/or the de minimis regulation, where, in respect of the same totally or partially overlapping eligible costs, such cumulation does not result in the highest aid intensity or aid amount applicable under the Regulation and/or relevant scheme(s) being exceeded.

All sources of public funding shall be taken into account when considering cumulation and in determining that the relevant aid intensity or aid amount is not exceeded.