



Innovate  
UK

# Innovation loans



## **Innovation Loans Future Economy Round 21 Applicant Briefing Webinar**

**21 May 2025**

- The briefing will be recorded and available to refer to through the IFS date page
- Recordings of this webinar, a webinar on project application advice and a webinar focused on completing the business and financial submission, together with further resources, are available on the Innovate UK KTN website: <https://iuk.ktn-uk.org/programme/innovation-loans-future-economy/resources/>
- PDFs of the presentation will also be available on request
- For more information on the competition process, please go to: [Competition briefing: applicant information - YouTube](#)

# Welcome and Introductions

Hemaxi Bhatt – Investment Specialist

Pamela Bal – Senior Credit Specialist

Laura McCartney – Competition Manager



# Innovate UK

- We are the UK's innovation agency
- We support business-led innovation in all sectors, technologies and UK regions
- A key delivery body of the Government's Innovation Strategy

## Our Mission

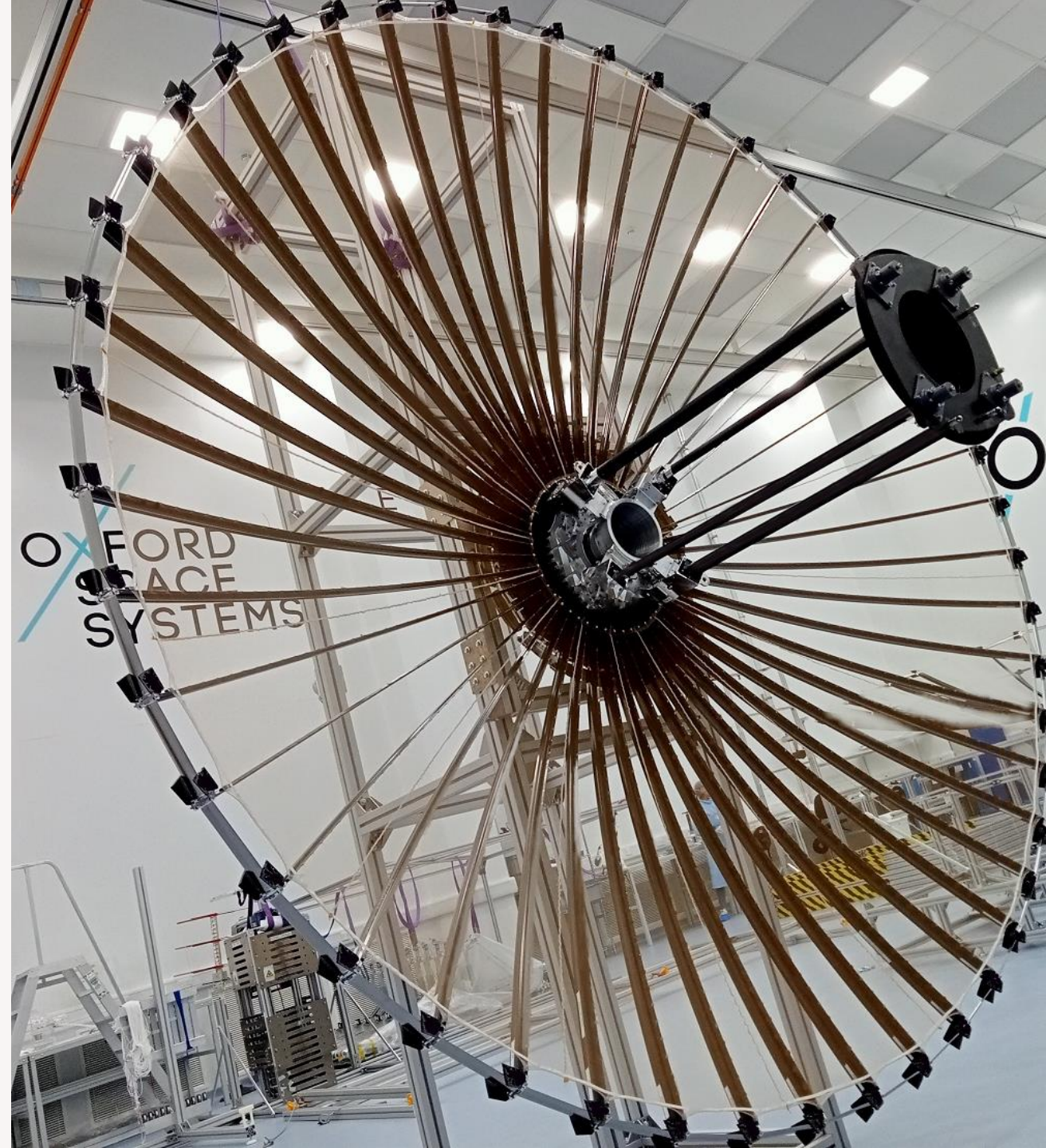
To help UK businesses grow through the development and commercialisation of new products, processes, and services, supported by an outstanding innovation ecosystem that is agile, inclusive, and easy to navigate.





# Agenda: Innovation Loans applicant briefing

- What are innovation loans?
- How do we decide who to lend to?
- Our credit evaluation process and approach
- Q&A (1)
- How to complete your application
  - IFS account set up
  - Business and financial information
  - Business financial spreadsheet
  - Project Proposal and Project Costs
- Eligibility considerations
- Additional Support
- Q&A (2)



# Key dates for Round 21

| Timeline   | Dates  |
|--|--|
| <b>Competition Open</b>  | <b>8 May 2025</b>  |
| Applicant Briefing Webinar   | 21 May 2025  |
| Good Application Guide Workshop (Answering the Assessors Prayer)             | Please view a recording at <a href="#">Innovation Loans Future Economy - Resources on Vimeo</a><br><br>Or read the Guide at <a href="#">Good Application Guide - Innovate UK Business Connect (ktn-uk.org)</a> |
| How to Complete the Financial Submission Workshop                            | Please view a recording at <a href="#">Innovation Loans Future Economy - Resources on Vimeo</a>  |
| Financial Submission 'Deep Dive' Workshops – Register to attend one workshop | Workshop 1: 28 May 2pm - 3.30pm<br>Workshop 2: 2 June 9.30am - 11am<br>Workshop 3: 4 June 11am – 12.30pm   |
| <b>Submission Deadline</b>   | <b>2 July 2025 (11am)</b>  |
| Initial notification to applicants   | 25 August 2025   |
| Decision Notification following full Credit Analysis                         | 1 October 2025   |
| Expected project start   | 1 December 2025  |



# What are Innovation Loans?



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# Innovation Loans

Helping businesses to access funding at all stages of innovation

- Late-stage R&D
- Clear route to commercial success
- Innovative and growth orientated
- 'Scaling' rather than 'starting'
- Credit Constrained



**Single SME  
Applicants**

**7.4%**

**Below-market  
Interest rate**

Partial deferral during  
project period

**7 Years**

**Flexible &  
Patient**

Up to 7 years Availability,  
Extension and Repayment



**Up to 100% of  
Eligible  
Project Costs**



**Loan size  
£100k to £2m**

**Security**

- Debenture
- No personal guarantees

**Covenants**

- Liquidity ratio of 1.1X throughout loan
- Debt Service Coverage Ratio of 1.2X throughout repayment period



# Innovation Loan Structure

## Availability Period

### R&D Activity

Quarterly loan drawdowns in advance  
Interest payable quarterly in arrears on amount borrowed  
3.7% payable and 3.7% deferred to repayment period  
Project monitoring by Monitoring Service Provider and Portfolio Team  
Up to 3 years

## Extension Period

### Commercialisation Activity

No further drawdowns permitted  
Ends on earlier of agreed date or first commercial sale from results of project  
Interest payable quarterly in arrears on amount borrowed  
3.7% payable and 3.7% deferred to repayment period  
Project monitoring by Monitoring Service Provider and Portfolio Team  
Up to 2 years

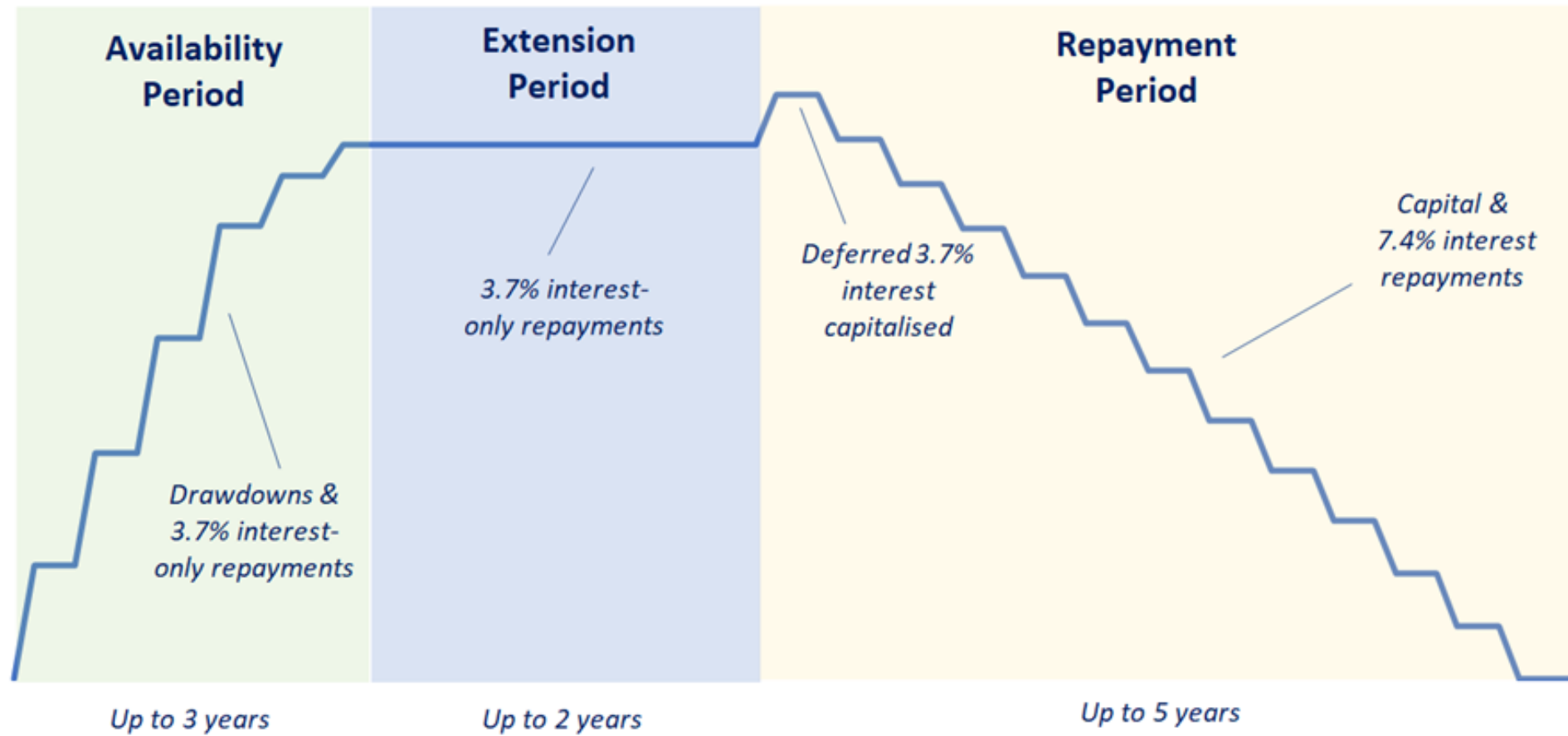
## Repayment Period

### Repayment of Capital and Interest

No further drawdowns permitted  
Repayment of principal and deferred interest  
Interest payable at 7.4%  
Quarterly level payments  
Monitoring by Portfolio Team  
Up to 5 years

Maximum overall loan term of 7 years

## Innovation Loan Structure Example (max 7-year term)



# Innovation Loans: Security, Covenants and Monitoring

- Security – Debenture
  - Senior subordinated debt/priority
  - No personal guarantees
- Liquidity Ratio of 1.1x throughout the loan
  - Current assets exceed current liabilities by 10%
- Debt Service Coverage Ratio of 1.2x throughout the repayment period
  - Cash EBITDA exceeds interest and debt repayments on all debt by 20%
- Project monitoring
- Quarterly management accounts
- Annual accounts (within 6 months of year end)

▪ Summary heads of terms in competition Terms & Conditions





# Strategic Theme

## Future Economy

- The future economy will be very different as we improve the quality of life for all, protect the environment and conserve Earth's resources
- To help UK business realise the opportunities, we will deliver ambitious and purpose-driven programmes in 4 areas:



### Net Zero

Innovations in energy, transport, agriculture, buildings, manufacturing and more



### Health & Wellbeing

Innovation in diagnostics, medicines and novel therapies, connected health, diet and more



### Technologies

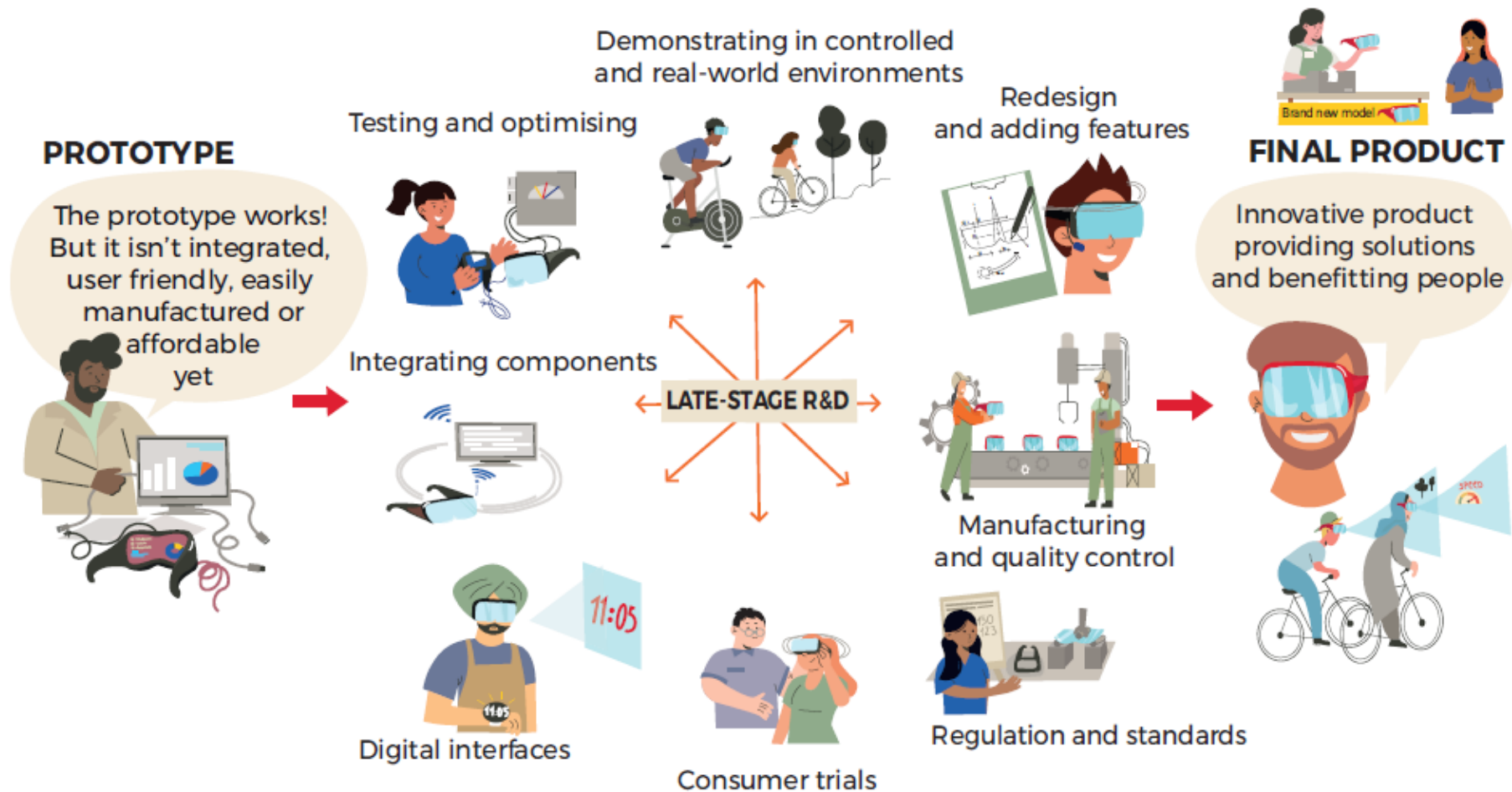
Developing 7 technology families to help solve the world's biggest problems and grow the UK economy



### Foresight

Horizon scanning to enable an agile and intelligent respond to disruptive, emerging technologies

## Late-stage R&D: from prototype to commercialisation





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# Innovation loans



## Innovation Loans Portfolio Overview

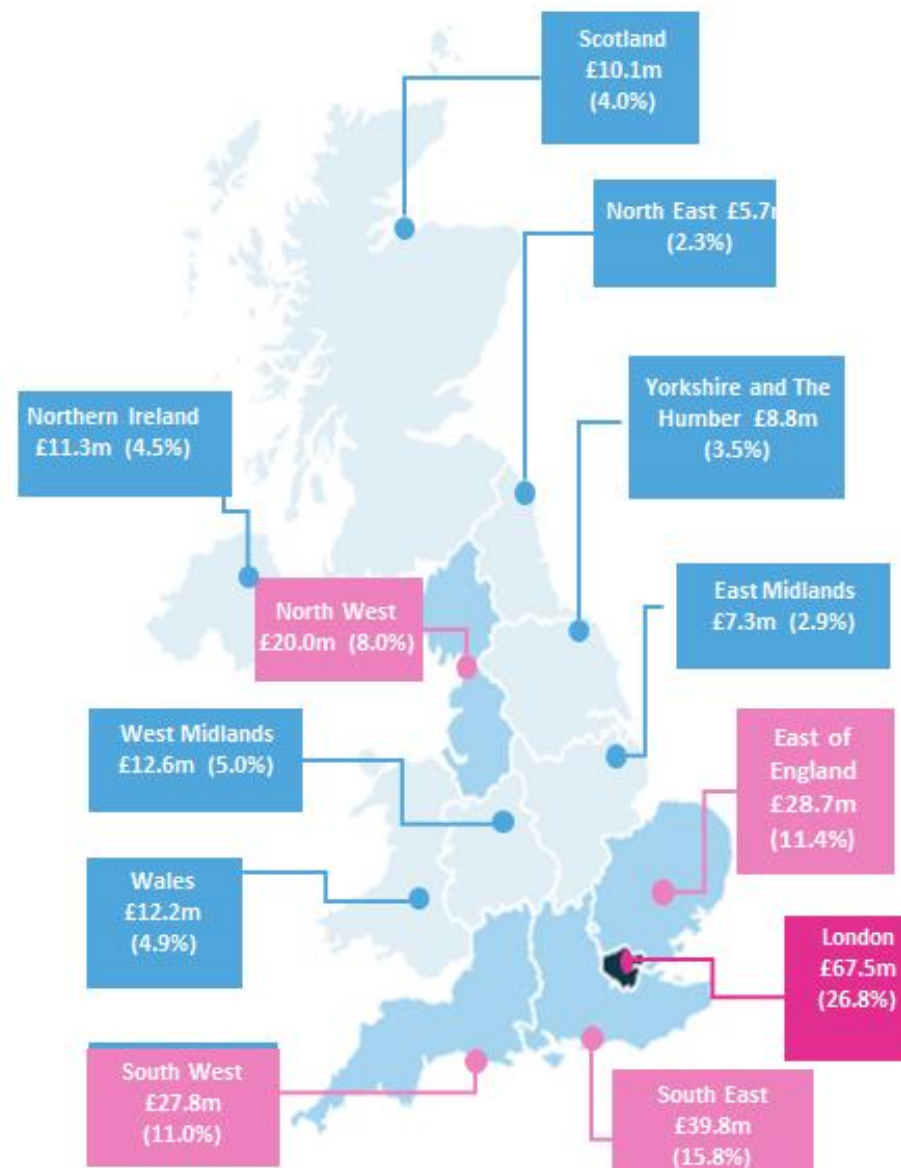
**289** loans  
**269** companies  
**£252m** committed  
**£208m** drawn

 **7** in Execution  **37** in Extension  
 **50** in Availability  **118** in Repayment & **34** Exits  
 **43** in Recovery



# Innovation loans

## Regional Portfolio Commitments



# Innovation loans

## Sector Portfolio Commitments



**How do we  
decide who to  
lend to?**





# What are we looking for?

We are looking for businesses who can demonstrate that their innovation activities have the best potential for future growth

Your application will be evaluated on:

- the quality of your project
- our judgement on the suitability of your business to receive a loan

We look for applications that show:

- an appropriate and evidenced borrowing proposal from a suitable business
- a high quality later-stage R&D project
- a clear route to commercial success
- a strong management team
- why you need additional public funding in order to be able to carry out your project
- why you are unable to fund the project from your own resources or other forms of private-sector funding

# How are successful applicants selected?

## Project proposal

- Assessors will score each question in your project proposal.
- After the assessor process, Innovate UK will independently moderate assessor scores. Any outliers in scores may be removed and your total score will be updated.

## Initial credit evaluation

- Our Credit team will carry out an initial evaluation of your suitability to take on a loan

## Progress Panel

- Your innovation score together with the credit evaluation will be used in deciding the next steps.
- You will receive email notification that your application is progressing to detailed credit evaluation or to inform you that your application has been unsuccessful on this occasion.

## Detailed credit evaluation and final decision

- Our Credit team will carry out a detailed credit evaluation and will contact you for further information
- You may need to present to the Credit Committee
- A final lending decision will be made by our Credit Committee, which may include conditions

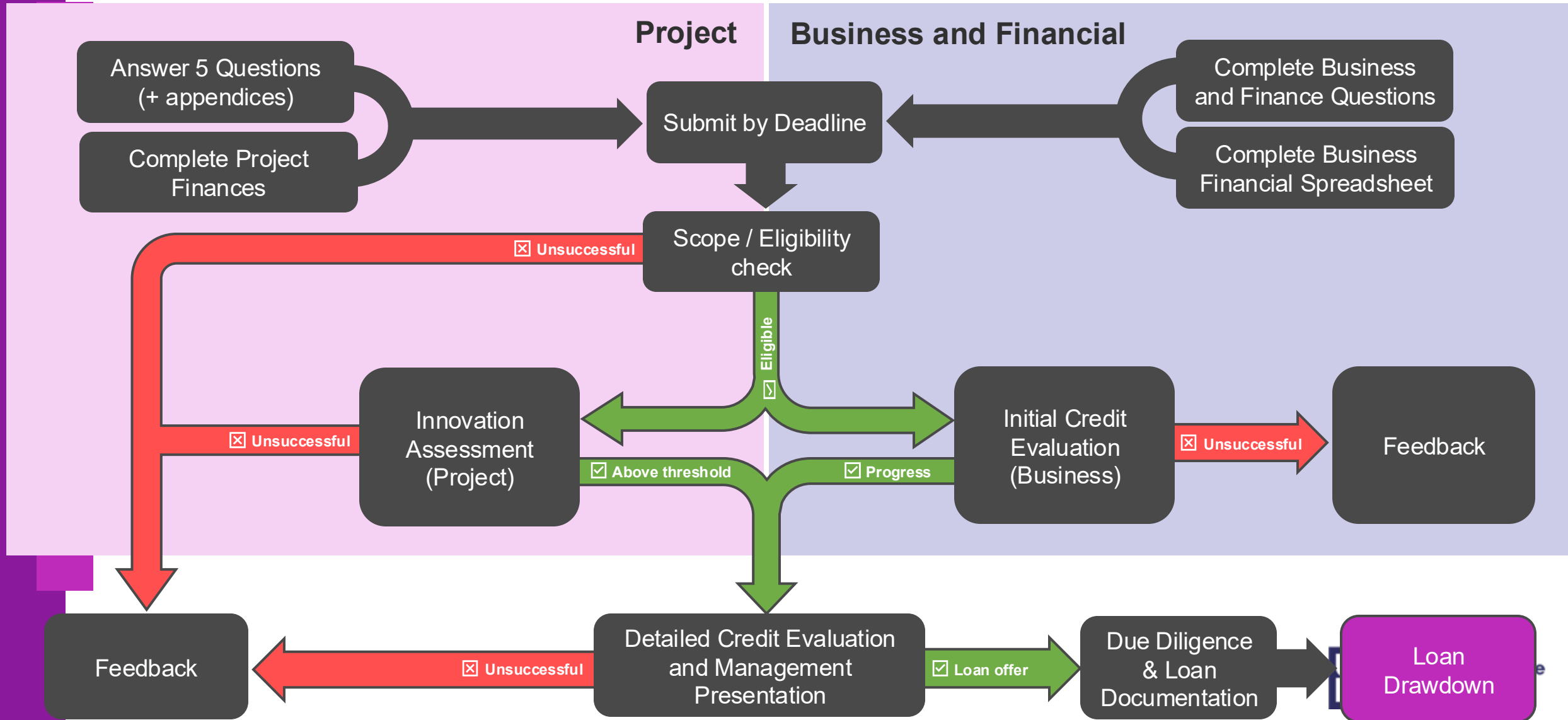
*Whether successful or unsuccessful in receiving loan funding, you will receive feedback on your application.*

*Feedback from assessors will be through IFS*

*Feedback from Credit will be sent by email*

*It is intended to be constructive in nature and to highlight both the strong as well as the weak areas of your application.*

# Application Process







# **Innovation Funding Service (IFS)**

# Search for a funding competition and review criteria

## Innovate UK innovation loans future economy: round 20

### Innovate UK innovation loans future economy: round 21

UK registered businesses can apply for loans for innovative projects with strong commercial potential to significantly improve the UK economy.

- **Competition opens:** 8th May 2025
- **Competition closes:** Wednesday 2nd July 2025 at 11am

Funding competition

### Innovate UK innovation loans future economy: Round 21

UK registered businesses can apply for loans for innovative projects with strong commercial potential to significantly improve the UK economy.

**Competition opens:** Thursday 8 May 2025

**Competition closes:** Wednesday 2 July 2025 11:00am

[Start new application](#)

Or [sign in](#) to continue an existing application.

Summary

Eligibility

Scope

Dates

How to apply

Supporting information

#### Description

Innovate UK is offering up to £25 million in loans to micro, small and medium sized enterprises (SMEs). Innovate UK innovation loans are for highly innovative late stage research and development (R&D) projects with the best potential for the future. There must be a clear route to commercialisation and economic impact.

Your project must lead to innovative new products, processes or services that are significantly ahead of others currently available, or propose an innovative use of existing products, processes or services. It can also involve a new or innovative business model.

Your project must focus on one or more of the future economy areas included in the [Innovate UK plan for action](#).

You must be able to show that you:

- need public funding

# Create an account

You must create an account:

## UK registered businesses

Use Companies House lookup as it speeds up our checks by providing your company number. You are unable to enter this at a later date.

## Research organisations, academics and universities

Enter your information manually so you are not listed as a business on IFS and ensure you receive the correct funding.

The screenshot shows the 'Create your account' page for 'Your organisation'. It includes a 'Business' section with a 'Find your organisation on Companies House' search bar. The search results for 'NOMENSA LTD' are displayed below.

GOV.UK Innovation Funding Service

BETA This is a new service - your [feedback](#) will help us to improve it.

[Back](#)

Create your account

### Your organisation

**i** Your organisation must be UK based to receive funding from Innovate UK

**Business**

Find your organisation on Companies House

Enter your organisation name or registration number

**Companies House search results**

Select your organisation from the options below

**NOMENSA LTD**  
04214477 - Incorporated on 10 May 2001  
13 Queen Square, Bristol, BS1 4NT

The screenshot shows the 'Please sign in or create an account' page. It has two columns: 'Used this service before?' with a 'Sign in' button, and 'New to this service?' with a 'Create account' button. Below is a 'Sign in' section with fields for 'Email address' and 'Password', each with a 'Show' button. A link for 'Need help signing in or creating an account?' is present. A message states: 'My email and/or password isn't working. If you applied previously using the old service, you will need to create a new account.' The link 'Forgotten your password?' is circled in red.

GOV.UK Innovation Funding Service

BETA This is a new service - your [feedback](#) will help us to improve it.

[Back](#)

## Please sign in or create an account

**Used this service before?**

Please sign into your Innovation Funding Service account.

**New to this service?**

If you haven't used the new Innovation Funding Service before you will need to create an account.

### Innovation Funding Service Sign in

Email address  
Please enter your email address.

Password  
Please enter your password.

▼ [Need help signing in or creating an account?](#)

**My email and/or password isn't working**

If you applied previously using the old service, you will need to create a new account.

[Forgotten your password?](#)

# Pros & Cons of using AI to support you

*With the advances in AI technology it is only natural to use technology to support you in applying to our competitions. Whilst we don't recommend or advise against it we would like to make you aware of the following which could potentially impact your application.*

## Pros

- Removes barriers for people with disabilities and non-English speakers
- Allows you to rephrase your content to meet the word count in a question
- Ensures all aspects of a question are answered
- Can aid a better understanding of:
  - intended/wider market
  - best practice in project management
  - complementary technologies and advances in the industry
  - expected project impacts

## Cons

- It is not always correct in its assumptions and can get things wrong
- AI learns from the information you give it as well as what it has already learnt
- May provide a generic response meaning your application could use similar phrasing to others
- AI can be detected as non-human as it lacks expression and insight because it relies on logic to summarise information based on the question asked

Whilst AI offers many benefits, it is important you are aware that **you are potentially sharing your idea with the world**, so be careful what you share as you have no control over how it is shared on once you do.

## **Project Proposal:**

***Are you proposing a high quality, late-stage R&D project that will deliver commercial growth through innovation?***



# Project Proposal Questions and Costs

## Applicant Location

- Name of your organisation and full registered address

## Animal Testing

- Will your project involve any trials with animals or animal testing?

## Project Proposal

- What is the business need, technological challenge or market opportunity behind your innovation? What approach will you take and where will the focus of the innovation be?

## Market Opportunity

- What does the market you are targeting look like and how are you going to grow your business as a result of the project?

## Project Delivery

- Who is in the project team, what are their roles and how will you manage the project effectively?

## Project Risks

- What are the main risks for this project?

## Project Costs and Value for Money

- How much will the project cost and how does it represent value for money for your business and the taxpayer?

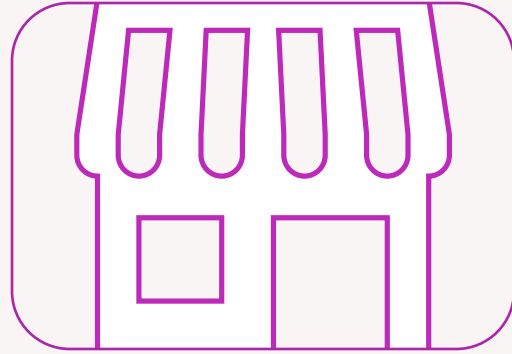
## Project Finance

- You must complete your project costs, organisation details and funding details in the application.

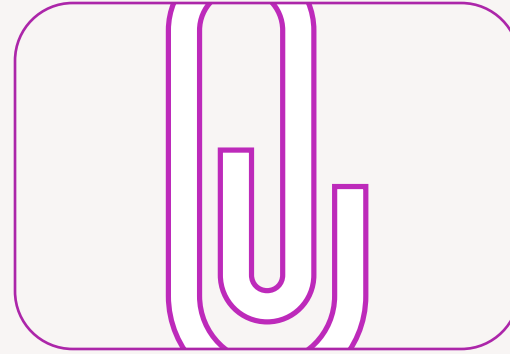
# Your Project Cost Categories



Labour



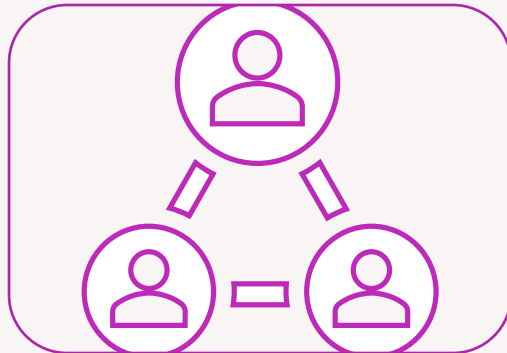
Overheads



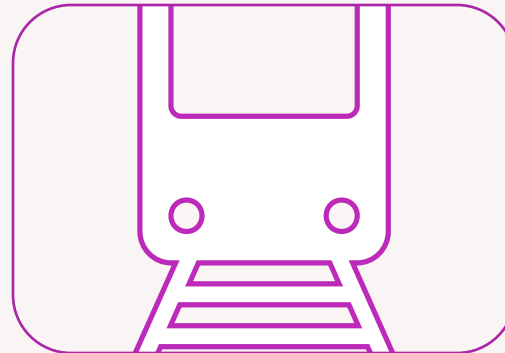
Materials



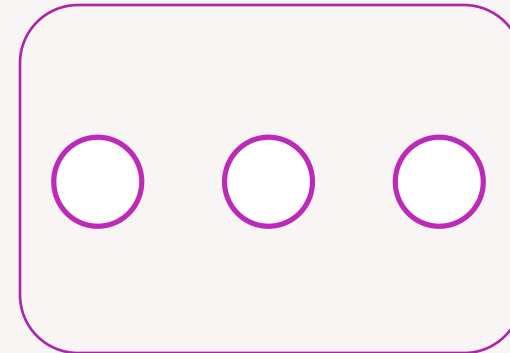
Equipment  
Usage



Subcontractors



Travel &  
Subsistence



Other

# Project application assessment

All eligible and in scope project applications will be assessed by **3** independent Assessors

## What do they look for?

- **Clear** and **concise** answers
- **The right amount of information**
  - not too much detail
  - no assumptions
- **Quantification** and **justification**
- A proposal that presents:
  - a **viable opportunity for growth**
  - a **level of innovation that necessitates public sector support**
  - the right **team and approach** to be successful
  - an **appropriate level of costs** that represent **value for money**

**Keep your Assessors engaged and interested in your proposal.**  
**You want them to be fascinated and excited by your idea.**  
**You want them to see that your project is credible and deliverable.**

*Watch our “Answering the Assessors’ Prayer” video:*  
[Innovation Loans Future Economy - Resources on Vimeo](#)

# Eligibility Considerations



# Eligibility criteria

|                     |  |
|---------------------|--|
| Project eligibility | <ul style="list-style-type: none"><li>• lead must be a UK registered micro, small or medium sized business (SME)</li><li>• carry out its project work in or from the UK</li><li>• intend to exploit the results in or from the UK</li><li>• give evidence that your business is suitable to take on a loan</li></ul> |
| Loan amount         | Between £100,000 and £2 million  |
| Project length      | Projects can last up to five years, including both the R&D and commercialisation phases.   |
| Project start date  | Projects are expected to start by 1 September 2025. Your exact project start date and first innovation loan drawdown will depend on the timing of the final credit committee decision and completion of loan documentation.  |



# Previously submitted applications

This competition **does** allow you to submit a previously submitted application.

| Previously submitted application   | Not a Previously submitted application   |
|--|--|
| A previously submitted application is an application Innovate UK judges as <u>not</u> materially different from one you have submitted before (but it can be updated based on the assessors' feedback) | A brand-new application, project or idea that you have not previously submitted into an Innovate UK competition<br><br>OR<br>A previously submitted or ineligible application which: <ul style="list-style-type: none"><li>✓ has been updated based on assessor feedback</li><li>✓ <u>and</u> is materially different from the application submitted before</li><li>✓ <u>and</u> fits with the scope of this competition</li></ul> |

*Before resubmitting, make sure that you have taken both assessor and credit feedback into account*

# Number of applications

Your business can only submit one application per round of this competition. If you submit more than one application, only the first application will be considered for assessment.

You cannot submit an application in this competition at the same time as submitting an application in any other innovation loans or defence innovation loans competition.

# Compliance with the UK Subsidy Control Regime

On 1 January 2021, the UK left the EU and is no longer subject to EU laws on State aid. We draw your attention to the guidance issued by BEIS: [Complying with the UK's international obligations on subsidy control: guidance for public authorities](#). Please be aware this is a living document and may be updated by BEIS as time progresses.

The set rules (typically GBER) which we previously relied on for the limits of what we could award, have now been replaced by internal decisions based on the new BEIS Subsidy Control Regime, and on policy, which will in turn set out bespoke eligibility requirements for each funding opportunity.

**Innovate UK is offering funding for this competition in line with the UK's obligations and commitments to Subsidy Control. An innovation loan is a form of UK Subsidy – registered scheme SC10698.**

To ensure that Innovate UK remains compliant with the UK's international Subsidy Control duties in respect of:

- the EU-UK Trade and Cooperation Agreement;
- Article 10 of the Northern Ireland Protocol (successful applicants which are affected by the Northern Ireland Protocol will be funded in line with EU State aid regulations)
- Article 138 of the Withdrawal Agreement (some Union law applicable after 31 December 2020 in relation to the UK's participation in Union programmes and activities)
- the Subsidies and Countervailing measures within the WTO (ASCM)
- any other Free Trade Agreements active at the time of award

All awards will be conditional on compliance at all times with the UK's International obligations on Subsidy Control - this will be reflected in the terms and conditions of any award.

# Due diligence for UK Subsidy Control Regime

Under the Subsidy Control Regime, we will carry out financial health checks and going concern assurances on your organisation.

## Certify you are eligible

When submitting an application, you must certify that you are eligible for funding. If you are unsure, please take independent legal advice before applying. Should you be successful, we will complete these financial checks and assurances before confirming the loan offer.

- For more information on company sizes, please refer to the [Company accounts guidance](#).
- Further information is available on our website in the general guidance.

# Eligibility Criteria: EU State Aid Regulations – Windsor Framework

If you are an applicant who is conducting activities that will affect trade of goods and/or electricity between Northern Ireland and the EU as envisaged by [Article 10 of the Windsor Framework](#), then you must apply under European Commission State aid rules.

## Undertaking in Difficulty

For applicants subject to the European Commission State aid rules, you will be required to prove that they were not an “Undertaking in Difficulty” (UiD). We will ask for evidence of this.

This test applies to:

- companies that are more than 3 years old
- companies where more than half of its subscribed share capital has disappeared as a result of accumulated losses.
- your parent or holding company

## Certify you are eligible

When submitting an application, you must certify that you are eligible for State aid. If you are unsure, please take legal advice before applying. Should you be successful, we will apply this test as part of our viability checks before confirming the loan offer.

Further information is available on our website in the [general guidance under state aid](#).

If you are applying for an award funded under State aid Regulations, the definitions for company size are set out in the [European Commission Recommendation](#) of 6 May 2003.



# British Overseas Territories

You are unable to claim funding if your company is based in any of the British Overseas Territories (BOTs):

- Anguilla
- Bermuda
- British Antarctic Territory
- British Indian Ocean Territory
- British Virgin Islands
- Cayman Islands
- Falkland Islands
- Gibraltar
- Montserrat
- Pitcairn Islands
- Saint Helena, Ascension and Tristan da Cunha
- South Georgia and the South Sandwich Islands
- Turks and Caicos Islands

# Other Innovate UK projects

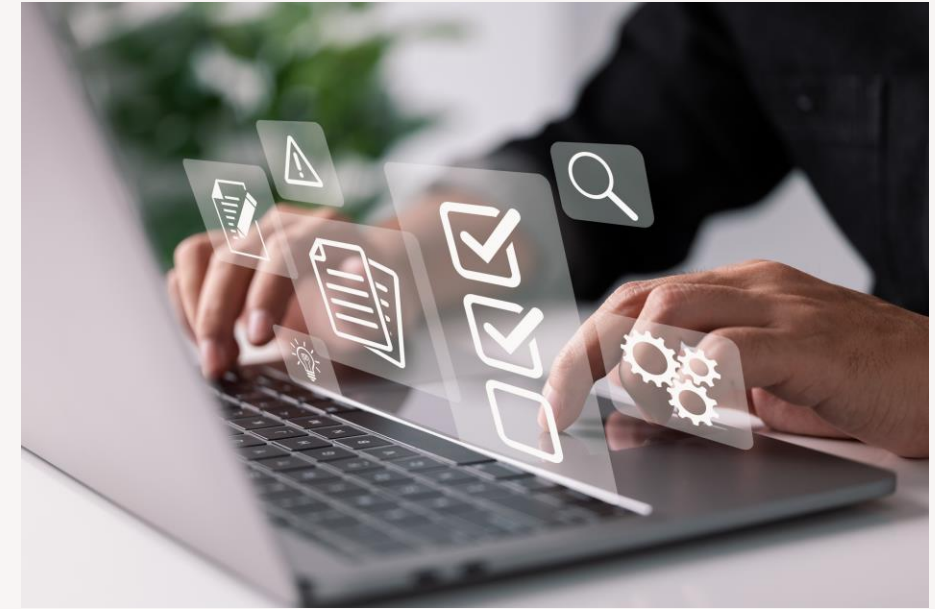
If you have an outstanding final claim or Independent Accountant Report (IAR) on a live Innovate UK project, you will not be eligible to apply to this competition, as a lead or a partner organisation.

We will not award you any further funding if you:

- applied to a previous competition as the lead or sole company and were awarded funding by Innovate UK, but did not make a substantial effort to exploit that award
- applied to a previous competition as the lead or sole company and failed to comply with loan or grant terms and conditions.

# Project Impact questions

- **Successful applicants will complete Project Impact questions at the start of their project**
- The Project Impact questions ask for data about your business and innovation and its contribution to the UK economy, society, and the environment
- Visit the [Project Impact guidance](#) page for more information, the types of questions you will be asked and how to get further support
- By providing this data, you are enabling us to better understand the impact of our support. It will help us identify success stories and provide evidence to government and the public of the value of supporting innovative businesses



## For more information:

- Watch Our Impact Management Framework video [here](#)
- Watch How is the Project Impact data collected? video [here](#)

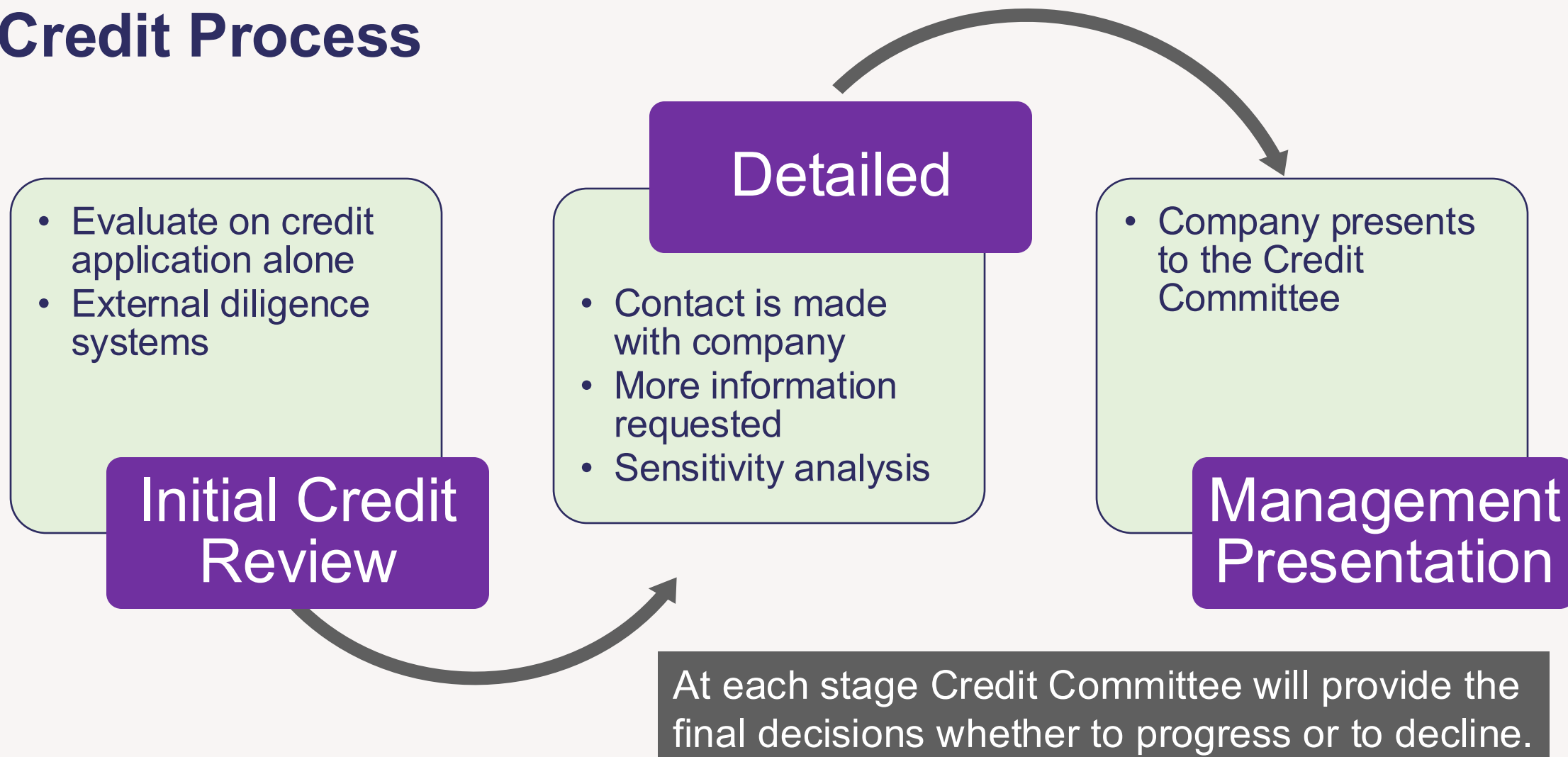
# Q&A



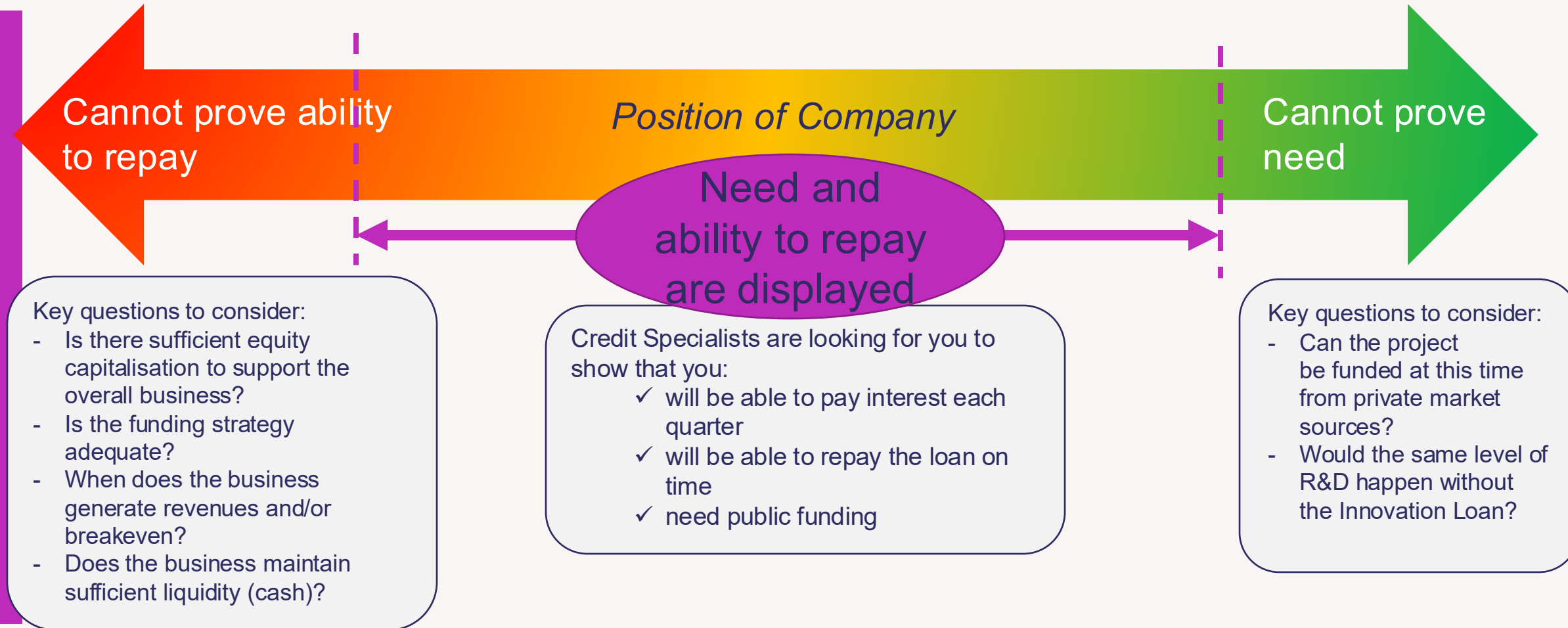
# Credit Evaluation: our process and approach



# Credit Process



# “Suitability” versus “Additionality”



# Initial Credit Evaluation

- All applications are reviewed by our Credit Team
- An initial credit evaluation is undertaken, focusing on the **business** and **financial submission**
- The **Early Metrics High Growth Startup Index** informs our review
- **External credit models** are utilised based on the application responses
- Diligence systems are used for company and director checks

From the initial analysis, the Credit Committee will decide on the following **four outcomes**:

|                           |  |
|---------------------------|--|
| <b>Recommend</b>          | Credit concerns appear manageable from initial analysis        |
| <b>Marginal Recommend</b> | Credit concerns exist, but more positive factors than negative |
| <b>Marginal Decline</b>   | Credit concerns exist, but more negative factors than positive |
| <b>Decline</b>            | Credit concerns are not likely be overcome                     |

# Progression to detailed credit evaluation

Both:

- Innovation quality and
- Credit suitability required

Bias towards innovation

|   |  |
|---|--|
| Risk appetite: Recommended<br>Innovation: Above quality line  |  |
| Risk appetite: Marginal Recommend<br>Innovation: Top c75% above quality line                                  | Risk appetite: Marginal Decline<br>Innovation: Top c25% above quality line   |
| Risk appetite: Marginal Recommend<br>Innovation: Lower c25% above quality line                                | Risk appetite: Marginal Decline<br>Innovation: Lower c75% above quality line |
| Risk appetite: Any<br>Innovation: Below quality line<br>or<br>Risk appetite: Decline<br>Innovation: Any score |  |

# Our approach to Detailed Credit Analysis

## The 5 Cs of Credit

1. Character (credit history)
2. Capacity to repay (the financial standing of the business)
3. Capital (the equity in the business)
4. Conditions (terms of the transaction)
5. Collateral (your security)

- Character:
  - Likely commitment of the business to repay
- Management team / people:
  - Capability / capacity of the business as a whole
  - Corporate governance
- Liquidity / affordability: suitability of business for proposed loan
  - Cashflow
  - Interest and debt service coverage
  - Leverage
  - Sources of additional capital
  - Balance sheet
- Market:
  - Route to market
  - Resilience
  - Competitor / market analysis
  - Innovation risk
  - Political / regulatory risk
- Control culture:
  - Awareness and management of risks
  - Project spend control environment

# Management Presentation

If successful through both initial and detailed credit evaluation stages, then you may be asked to present your case to the Credit Committee directly

## What are they for?

- Final chance to pitch the business to Credit Committee
- May lead to a loan being offered
- Used where the Credit Committee feel more information is required before making a decision
- Can be based on an underlying recommend/decline decision from the Detailed stage

## How do they work?

- Management will present for 30 minutes with additional time for Q&A and a tour of facilities (if held physically)
- Credit Specialists provide feedback from the Detailed stage to concentrate the presentation on key areas
- Credit Specialists will also offer to review the management presentation content ahead of time and provide feedback



# Lending Decisions and Documentation

- Final decision rests with the Credit Committee, following the detailed credit analysis
- We will use our standard loan agreement and security documentation
- Execution is by electronic signature, using DocuSign
- Conditions:
  - Know Your Customer / Anti Money Laundering / Politically Exposed Persons
  - Specific conditions may be required – before and after drawdown
- Corporate authorisations will be required to evidence that the loan agreement has been entered into with appropriate approval

# Credit Specialist Observations

To ensure that your application has the greatest chance of success, please:

1. Evidence an adequate funding strategy
2. Consider liquidity throughout the forecast
3. Provide justifiable forecasts with well-considered assumptions
4. Consider downside risks and impact on financials
5. Explain the value proposition and quantify where possible
6. Ensure financial template is correct and complete

# Q&A



## **Business and Financial Information:**

***Is your business suitable to take on a significant long term loan commitment?***

# Business and financial information

**Application progress**

0%100%

**Applicant details**

Please provide information about your project. This section is not scored but will provide background to the project.

|  |            |
|--|------------|
| <a href="#">Subsidy basis</a>                      | Incomplete |
| <a href="#">Business and financial information</a> | Incomplete |
| <a href="#">Application team</a>                   | Incomplete |
| <a href="#">Application details</a>                | Incomplete |
| <a href="#">Research category</a>                  | Incomplete |
| <a href="#">Equality, diversity and inclusion</a>  | Incomplete |
| <a href="#">Overview and Project summary</a>       | Incomplete |
| <a href="#">Public description</a>                 | Incomplete |
| <a href="#">Scope</a>                              | Incomplete |

**Application questions**

These are the questions which will be marked by the assessors.

|  |            |
|--|------------|
| <a href="#">1. Applicant location (not scored)</a> | Incomplete |
| <a href="#">2. Project proposal</a>                | Incomplete |

# Business and financial information

**BETA** This is a new service – your [feedback](#) will help us to improve it.

[◀ Back to application overview](#)

Untitled application

## Business and financial information

✓ This question is marked as complete.

### Business and financial information

#### Business and financial details

For us to consider the suitability of your business for a loan, we need detailed information about your business as well as financial information and forecasts.

#### Financial information

You must submit financial information to us about your business. This is done through completion of a spreadsheet template. Please download the financial spreadsheet template and fill this in offline. At the end of the business and financial information you will be asked to upload the financial spreadsheet.

#### Edit the online business survey

At any stage, you can return here to carry on editing incomplete form.

[Continue](#)

Need help with this service? [Contact us](#)



# Business information



GOV.UK

## Innovation Funding Service

Application Overview

[< Back to Application Overview](#)

Application Number: 10033540

### Business and financial information

**What is the purpose of this business and financial information section in the application for an innovation loan?**

We will use the business and financial information that you provide us, alongside your project application on the Innovation Funding Service, to consider the suitability of your business for a loan.

For us to consider the suitability of your business for a loan, we need detailed information about your business as well as financial information and forecasts.

#### Business information

Guidance on completing the Business Information Questions can be downloaded [here](#)

#### Financial information

You must submit financial information to us about your business. This is done through completion of a spreadsheet template that you should download and fill in offline. At the end of this part of the application you will be asked to upload the financial spreadsheet. You must use the template provided to complete the financial information submission form, which can be downloaded here: [Financial information form](#)

Guidance on completing the Financial Information form can be downloaded [here](#)

Continue



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# Business Information: questions about your overall business

## Business Overview

- What is your business, core product offering / value proposition? How will it be impacted by this project?

## Loan request

- What loan amount and period do you require?

## Human resources / company structure

- Who are the founders / management team, what experience do they have and what is the management structure?

## Commercial activity

- What is the past, current and forecast commercial activity / customer base / sales channels / domestic and international?

## Product development

- What is the past, current and forecast stage of development of your technology and plans for future developments?

## Finance and fundraising

- What is the financial situation for your business and why do you need public funding?

## Growth challenges

- What are the main challenges and risks to your business growth?

*There are 78 important questions to answer about your business and a detailed spreadsheet – don't leave this until the last minute!*

## **Business Financials Spreadsheet:**

***Do your historic and forecast financial statements provide evidence to support your suitability to borrow?***

# Financial information



Innovation Funding Service

Application Overview

[< Back to Application Overview](#)

Application Number: 10033540

## Business and financial information

**What is the purpose of this business and financial information section in the application for an innovation loan?**

We will use the business and financial information that you provide us, alongside your project application on the Innovation Funding Service, to consider the suitability of your business for a loan.

For us to consider the suitability of your business for a loan, we need detailed information about your business as well as financial information and forecasts.

### Business information

Guidance on completing the Business Information Questions can be downloaded [here](#)

### Financial information

You must submit financial information to us about your business. This is done through completion of a spreadsheet template that you should download and fill in offline. At the end of this part of the application you will be asked to upload the financial spreadsheet. You must use the template provided to complete the financial information submission form, which can be downloaded here: [Financial information form](#)

Guidance on completing the Financial Information form can be downloaded [here](#)

Continue

*Follow the detailed guidance*

*Watch the recorded webinar on completion of the financial submission:*

<https://vimeo.com/showcase/10436032>

# Business Financials

## Required:

- Profit & Loss Account
- Balance sheet
- Cashflow Forecast
- Historic (3 years if available) and
- Forecast (**must cover full loan term**)

### P&L / Balance Sheet Summary (annual)

|                                | Actual |        |          | Forecast  |           |           |           |           |           |           |           |
|--------------------------------|--------|--------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Financial year                 | FY2018 | FY2019 | FY2020   | FY2021    | FY2022    | FY2023    | FY2024    | FY2025    | FY2026    | FY2027    | FY2028    |
| Turnover                       |        |        |          | 250,000   | 1,125,000 | 1,750,000 | 2,375,000 | 3,375,000 | 4,375,000 | 6,000,000 | 8,250,000 |
| Other income / grants          |        |        |          |           |           |           |           |           |           |           |           |
| Total income                   | -      | -      | -        | 250,000   | 1,125,000 | 1,750,000 | 2,375,000 | 3,375,000 | 4,375,000 | 6,000,000 | 8,250,000 |
| Cost of Sales                  |        |        |          | 150,000   | 650,000   | 1,000,000 | 1,350,000 | 1,900,000 | 2,450,000 | 3,350,000 | 4,600,000 |
| Gross Profit                   | -      | -      | -        | 100,000   | 475,000   | 750,000   | 1,025,000 | 1,475,000 | 1,925,000 | 2,650,000 | 3,650,000 |
| Administrative and other costs |        |        | 50,000   | 200,000   | 250,000   | 350,000   | 400,000   | 450,000   | 500,000   | 550,000   | 600,000   |
| EBITDA                         | -      | -      | - 50,000 | - 100,000 | 225,000   | 400,000   | 625,000   | 1,025,000 | 1,425,000 | 2,100,000 | 3,050,000 |
| Innovation Loan Interest       | -      | -      | -        | 9,250     | 64,750    | 92,500    | 92,115    | 64,645    | 31,220    | 2,289     | -         |
| Other Interest                 |        |        |          |           |           |           |           |           |           |           |           |
| Depreciation / amortisation    |        |        |          |           |           |           |           |           |           |           |           |
| Tax                            |        |        |          |           |           |           |           |           |           |           |           |
| Net profit                     | -      | -      | - 50,000 | - 109,250 | 160,250   | 307,500   | 532,885   | 960,355   | 1,393,780 | 2,097,711 | 3,050,000 |

# Business Financials

## Required:

- Profit & Loss Account
- **Balance sheet**
- Cashflow Forecast
- Historic (3 years if available) and
- Forecast (**must cover full loan term**)
- Working capital **must** be detailed – cash, debtors, creditors

|  |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
|--|---|---|----------------|----------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|---|
| Fixed assets (tangible & intangible)                     |   |   | 75,000         | 425,000        | 750,000          | 1,000,000        | 1,250,000        | 1,500,000        | 1,750,000        | 2,000,000         | 2,250,000         |   |
| Cash   |   |   | 25,000         | 376,625        | 2,188,000        | 2,329,250        | 5,202,198        | 5,291,963        | 5,781,727        | 7,211,981         | 9,605,731         |   |
| Debtors  |   |   |                | 62,500         | 281,250          | 437,500          | 593,750          | 843,750          | 1,093,750        | 1,500,000         | 2,062,500         |   |
| Inventories  |   |   |                | 18,750         | 81,250           | 125,000          | 168,750          | 237,500          | 306,250          | 418,750           | 575,000           |   |
| Other current assets                                     |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| Total current assets                                     | - | - | 25,000         | 457,875        | 2,550,500        | 2,891,750        | 5,964,698        | 6,373,213        | 7,181,727        | 9,130,731         | 12,243,231        |   |
| Total assets   | - | - | 100,000        | 882,875        | 3,300,500        | 3,891,750        | 7,214,698        | 7,873,213        | 8,931,727        | 11,130,731        | 14,493,231        |   |
| Trade Creditors  |   |   |                | 37,500         | 162,500          | 250,000          | 337,500          | 475,000          | 612,500          | 837,500           | 1,150,000         |   |
| Bank loans / overdrafts repayable <1 year                |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| Other current liabilities                                |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| Total current liabilities                                | - | - | -              | 37,500         | 162,500          | 250,000          | 337,500          | 475,000          | 612,500          | 837,500           | 1,150,000         |   |
| Bank loans repayable >1 year                             |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| Directors loans  |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| Innovation Loan  |   |   |                | 504,625        | 1,137,000        | 1,333,250        | 1,035,814        | 596,473          | 123,708          | 0                 | 0                 |   |
| Other long term liabilities                              |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| Total liabilities  | - | - | -              | 542,125        | 1,299,500        | 1,583,250        | 1,373,314        | 1,071,473        | 736,208          | 837,500           | 1,150,000         |   |
| <b>Total Net Assets</b>                                  | - | - | <b>100,000</b> | <b>340,750</b> | <b>2,001,000</b> | <b>2,308,500</b> | <b>5,841,385</b> | <b>6,801,740</b> | <b>8,195,520</b> | <b>10,293,231</b> | <b>13,343,231</b> | - |
| Subscribed share capital (share capital + share premium) |   |   | 150,000        | 500,000        | 2,000,000        | 2,000,000        | 5,000,000        | 5,000,000        | 5,000,000        | 5,000,000         | 5,000,000         |   |
| Accumulated Profit and Loss                              |   |   | - 50,000       | - 159,250      | 1,000            | 308,500          | 841,385          | 1,801,740        | 3,195,520        | 5,293,231         | 8,343,231         |   |
| Other Reserves   |   |   |                |                |                  |                  |                  |                  |                  |                   |                   |   |
| <b>Total Equity</b>                                      | - | - | <b>100,000</b> | <b>340,750</b> | <b>2,001,000</b> | <b>2,308,500</b> | <b>5,841,385</b> | <b>6,801,740</b> | <b>8,195,520</b> | <b>10,293,231</b> | <b>13,343,231</b> |   |



# Business Financials

## Required:

- Profit & Loss Account
- Balance sheet
- **Cashflow Forecast**
- Historic (3 years if available) and
- Forecast (**must cover full loan term**)

| Cashflow Forecast (annual)        |        |        |         |           |           |           |           |           |           |           |           |
|-----------------------------------|--------|--------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Financial year                    | Actual |        |         | Forecast  |           |           |           |           |           |           |           |
|                                   | FY2018 | FY2019 | FY2020  | FY2021    | FY2022    | FY2023    | FY2024    | FY2025    | FY2026    | FY2027    | FY2028    |
| Cash from debtors                 |        |        |         | 187,500   | 906,250   | 1,593,750 | 2,218,750 | 3,125,000 | 4,125,000 | 5,593,750 | 7,687,500 |
| Other income / grants             |        |        |         |           |           |           |           |           |           |           |           |
| Other Loans/Equity introduced     |        |        | 150,000 | 350,000   | 1,500,000 |           | 3,000,000 |           |           |           |           |
| Innovation Loan drawdowns         | -      | -      | -       | 500,000   | 600,000   | 150,000   | -         | -         | -         | -         | -         |
| <b>Total cash inflows</b>         | -      | -      | 150,000 | 1,037,500 | 3,006,250 | 1,743,750 | 5,218,750 | 3,125,000 | 4,125,000 | 5,593,750 | 7,687,500 |
| Cost of sales                     |        |        |         | 131,250   | 587,500   | 956,250   | 1,306,250 | 1,831,250 | 2,381,250 | 3,237,500 | 4,443,750 |
| Administrative and other costs    |        |        | 50,000  | 200,000   | 250,000   | 350,000   | 400,000   | 450,000   | 500,000   | 550,000   | 600,000   |
| Other interest payments           |        |        |         |           |           |           |           |           |           |           |           |
| Innovation Loan interest payments | -      | -      | -       | 4,625     | 32,375    | 46,250    | 80,553    | 64,645    | 31,220    | 2,289     | -         |
| Other loan repayments             |        |        |         |           |           |           |           |           |           |           |           |
| Innovation Loan repayments        | -      | -      | -       | -         | -         | -         | 308,999   | 439,341   | 472,765   | 123,708   | -         |
| Assets purchased                  |        |        | 75,000  | 350,000   | 325,000   | 250,000   | 250,000   | 250,000   | 250,000   | 250,000   | 250,000   |
| Dividends                         |        |        |         |           |           |           |           |           |           |           |           |
| Tax payments                      |        |        |         |           |           |           |           |           |           |           |           |
| <b>Total cash outflows</b>        | -      | -      | 125,000 | 685,875   | 1,194,875 | 1,602,500 | 2,345,802 | 3,035,235 | 3,635,235 | 4,163,496 | 5,293,750 |
| <b>Opening balance</b>            |        | -      | -       | 25,000    | 376,625   | 2,188,000 | 2,329,250 | 5,202,198 | 5,291,963 | 5,781,727 | 7,211,981 |
| <b>Net cash movement</b>          | -      | -      | 25,000  | 351,625   | 1,811,375 | 141,250   | 2,872,948 | 89,765    | 489,765   | 1,430,254 | 2,393,750 |
| <b>Closing balance</b>            | -      | -      | 25,000  | 376,625   | 2,188,000 | 2,329,250 | 5,202,198 | 5,291,963 | 5,781,727 | 7,211,981 | 9,605,731 |

## Repayment Calculator Template will show quarterly payments

|  |                    |
|--|--------------------|
| <b>Total Interest (A &amp; E &amp; R period)</b> | <b>£ 356,769</b>   |
| <b>Interest paid (A &amp; E periods)</b>         | <b>£ 94,813</b>    |
| <b>Deferred interest (A &amp; E periods)</b>     | <b>£ 94,813</b>    |
| <b>Interest paid (R period)</b>                  | <b>£ 167,144</b>   |
| <b>Fees paid</b>                                 | <b>£ -</b>         |
| <b>Total Principal</b>                           | <b>£ 1,250,000</b> |
| <b>Total amount borrowed</b>                     | <b>£ 1,344,813</b> |
| <b>Total payments (principal+interest)</b>       | <b>£ 1,606,769</b> |
| <b>Quarterly Payment (excl fees)</b>             | <b>£ 125,996</b>   |

|           |           |
|-----------|-----------|
| Quarter 1 | £ 500,000 |
| Quarter 2 | £ 150,000 |
| Quarter 3 | £ 150,000 |
| Quarter 4 | £ 150,000 |
| Quarter 5 | £ 150,000 |
| Quarter 6 | £ 150,000 |
| Quarter 7 |           |
| Quarter 8 |           |

|           |             |
|-----------|-------------|
| Quarter 1 | £ 500,000   |
| Quarter 2 | £ 650,000   |
| Quarter 3 | £ 800,000   |
| Quarter 4 | £ 950,000   |
| Quarter 5 | £ 1,100,000 |
| Quarter 6 | £ 1,250,000 |
| Quarter 7 | £ 1,250,000 |
| Quarter 8 | £ 1,250,000 |

|                 |              |
|-----------------|--------------|
| Arrangement     | 0%           |
| Monitoring      | 0.00%        |
| <b>Interest</b> |              |
| Reference       | 10.75%       |
| <b>Actual</b>   | <b>7.40%</b> |
| Current         | 3.70%        |
| Deferred        | 3.70%        |

| Availability Period      | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 5 | Quarter 6 | Quarter 7 | Quarter 8 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Interest paid (A period) | £ 4,625   | £ 6,013   | £ 7,400   | £ 8,788   | £ 10,175  | £ 11,563  | £ -       | £ -       |
| Deferred interest        | £ 4,625   | £ 6,013   | £ 7,400   | £ 8,788   | £ 10,175  | £ 11,563  | £ -       | £ -       |
| Fees                     | -         | -         | -         | -         | -         | -         | -         | -         |
| Total                    | £ 9,250   | £ 12,025  | £ 14,800  | £ 17,575  | £ 20,350  | £ 23,125  | £ -       | £ -       |

|                          | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 5 | Quarter 6 | Quarter 7 | Quarter 8 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Interest paid (E period) | £ 11,563  | £ 11,563  | £ 11,563  | £ 11,563  | £ -       | £ -       | £ -       | £ -       |
| Deferred interest        | £ 11,563  | £ 11,563  | £ 11,563  | £ 11,563  | £ -       | £ -       | £ -       | £ -       |
| Fees                     | £ -       | £ -       | £ -       | £ -       | £ -       | £ -       | £ -       | £ -       |
| Total                    | £ 23,125  | £ 23,125  | £ 23,125  | £ 23,125  | £ -       | £ -       | £ -       | £ -       |

[illegible]

# Suitability for an innovation loan

You are applying for a Loan

For our Credit Team, the Business and Financial questions and financial spreadsheet are even more important than the Project Application.

Make sure you allocate sufficient time to complete the business questions fully

Allocate even more time to complete the financial spreadsheet in full – and get expert support

Failure to do this, will result in your application not being successful

## HOW TO IMPROVE YOUR CHANCES OF SUCCESS

View the recorded webinar for the financial submission and consider attending a financial submission 'Deep Dive' Workshop

# Financial submission “Deep Dive” workshops

Areas of the financial submission where applicants struggle to evidence their suitability:

- Presenting credible forecasts for future revenues and costs
- Demonstrating effective management of liquidity and working capital
- Evidencing adequate capitalisation

Online 90 minute workshop, with a maximum of 30 participants, to cover:

- The three core ‘problem areas’, with anonymised examples
- Engaging discussions, led by a member of the innovation loans team, to enable participants to take a ‘deep dive’ into each of the core areas
- Reflections on the ‘deep dive’ discussions as a group

Prior [registration](#) is mandatory for these workshops

One participant per applicant at one workshop

We recommend that this should be the Chief Financial Officer or another member of the Board or Senior Leadership team with responsibility for developing the funding strategy of the business.

3 opportunities to join



# A great idea can come from anyone

- Diversity in businesses contributes to enhanced performance and commercial success
- We welcome and encourage applications from people of all backgrounds and are committed to making innovation support more visible, accessible, and inclusive.
- We can provide support for people who have a disability or long-term condition and face barriers applying to us
- If you would like any support or advice, please contact Customer Support Service on 0300 321 4357 or [support@iuk.ukri.org](mailto:support@iuk.ukri.org)



# Additional Support







## Innovate UK Business Connect

Innovate UK Business Connect exists to connect innovators with new partners and new opportunities beyond their existing thinking – accelerating ambitious ideas into real-world solutions.



Innovate  
UK

Business  
Connect

# Investor Engagement in Action - Examples



## Investor Connect

Flagship event to drive engagement of investors with IUK Group, its products and services, and domain areas



## Innovation Loans

Supporting the competitions and striving to reach diverse audiences, connect portfolio businesses to investors



## Investor Partnerships

Supporting the competitions and connecting investors to the programme, increasing the pool of active and diverse investors



## Financing Net Zero

Convening and catalysing dialogue with investors exploring barriers & solutions and informing future programmes

# Good Application Guide

[Good Application Guide - Innovate UK Business Connect](#)

Please view a recording of 'Answering the Assessors' Prayer at:  
[Innovation Loans Future Economy - Resources on Vimeo](#)



Innovate  
UK

Business  
Connect





# Innovate UK Business Growth

An innovation and growth specialist, or scaleup directors, work with a company's leadership to hone its commercial strategy and help it take targeted action to, for example:

- Build investment readiness
- Manage innovation effectively
- Enter global markets
- Providing local to national to international growth and scaling support



# Innovate UK Business Growth

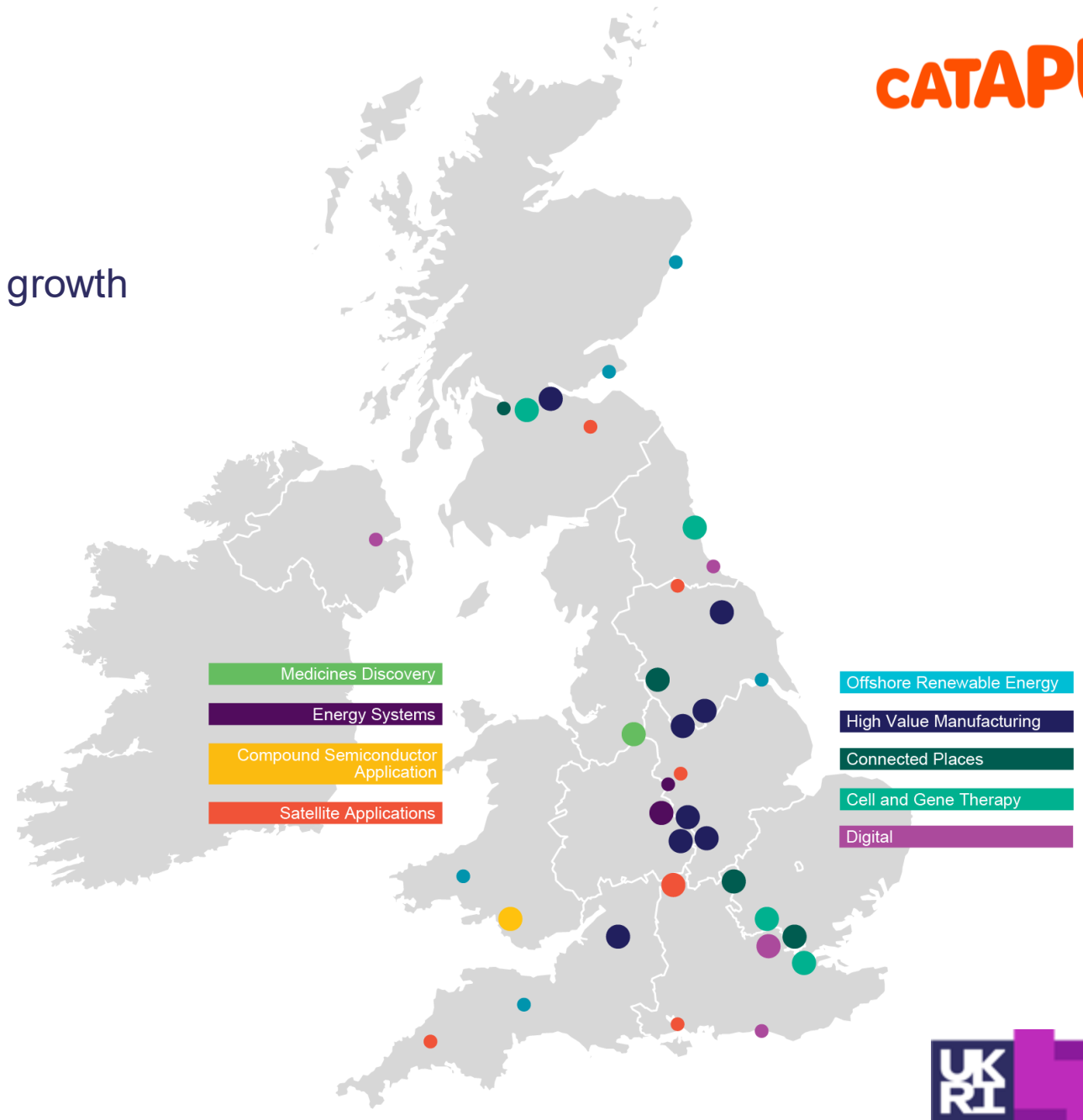
*Bespoke growth and scaling support at the business end of innovation*

- Intensive growth and scaling support tailored to the needs of each of our ambitious innovation-driven clients
- Offered alongside project funding to Innovate UK award winners, most of whom engage us. We are also available to all high growth potential innovative small or medium-sized businesses\*
- Engagement at early, growth and scaling stages, with our core high growth service and enhanced Scaleup Programme
- Delivered by over 400 innovation and growth specialists embedded in regional ecosystems across the UK, including a board of expert scaleup directors

## Catapults

Fostering innovation to drive economic growth

- bridge the gap between businesses, academia, research and government
- transforming the UK's ability to create new products and services
- ensure global opportunities for the UK and sustained economic growth for the future

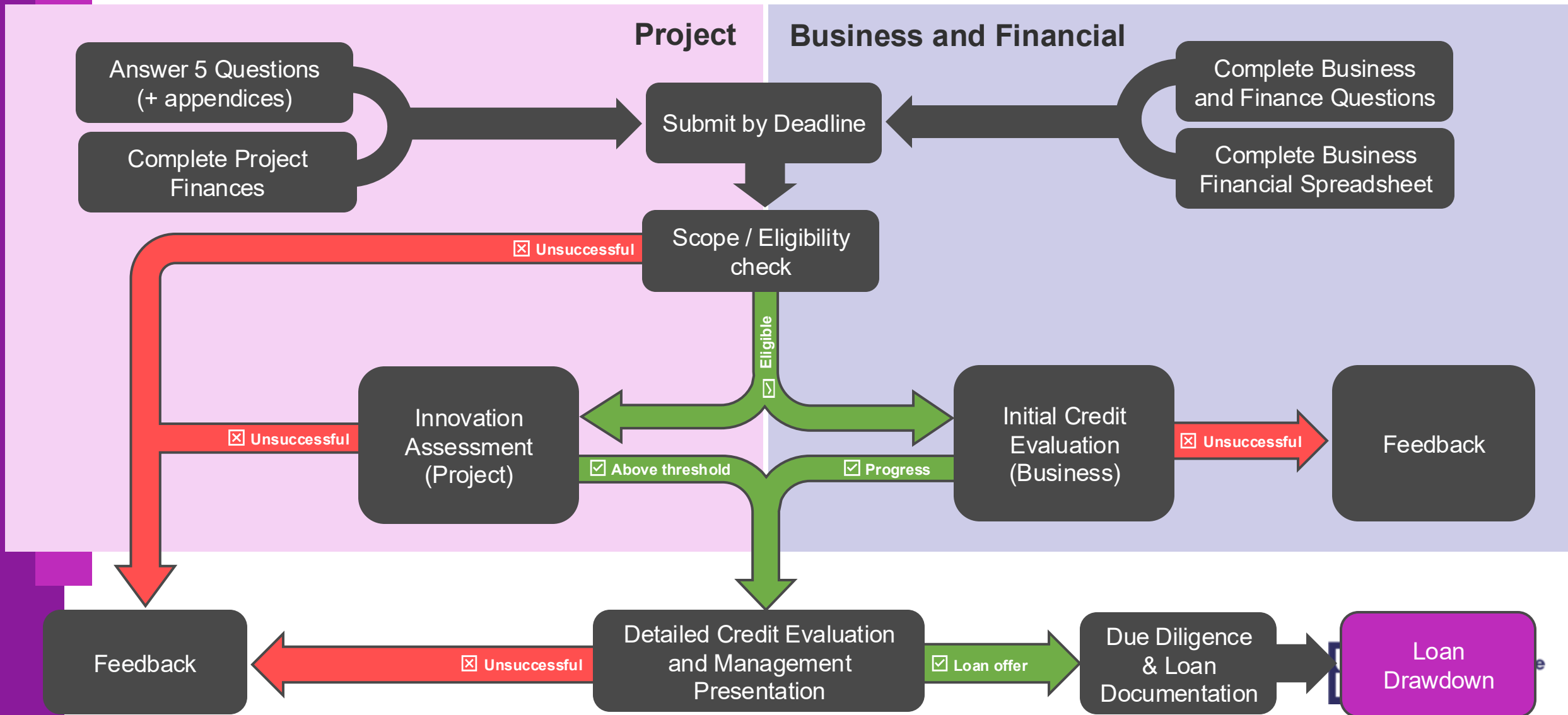




# Recap and 'Top Tips'



# Application Process



# Key dates for Round 21

| Timeline   | Dates  |
|--|--|
| <b>Competition Open</b>  | <b>8 May 2025</b>  |
| Applicant Briefing Webinar   | 21 May 2025  |
| Good Application Guide Workshop (Answering the Assessors Prayer)             | Please view a recording at <a href="#">Innovation Loans Future Economy - Resources on Vimeo</a><br><br>Or read the Guide at <a href="#">Good Application Guide - Innovate UK Business Connect (ktn-uk.org)</a> |
| How to Complete the Financial Submission Workshop                            | Please view a recording at <a href="#">Innovation Loans Future Economy - Resources on Vimeo</a>  |
| Financial Submission 'Deep Dive' Workshops – Register to attend one workshop | Workshop 1: 28 May 2pm - 3.30pm<br>Workshop 2: 2 June 9.30am - 11am<br>Workshop 3: 4 June 11am – 12.30pm   |
| <b>Submission Deadline</b>   | <b>2 July 2025 (11am)</b>  |
| Initial notification to applicants   | 25 August 2025   |
| Decision Notification following full Credit Analysis                         | 1 October 2025   |
| Expected project start   | 1 December 2025  |

# Start early and submit your application early!

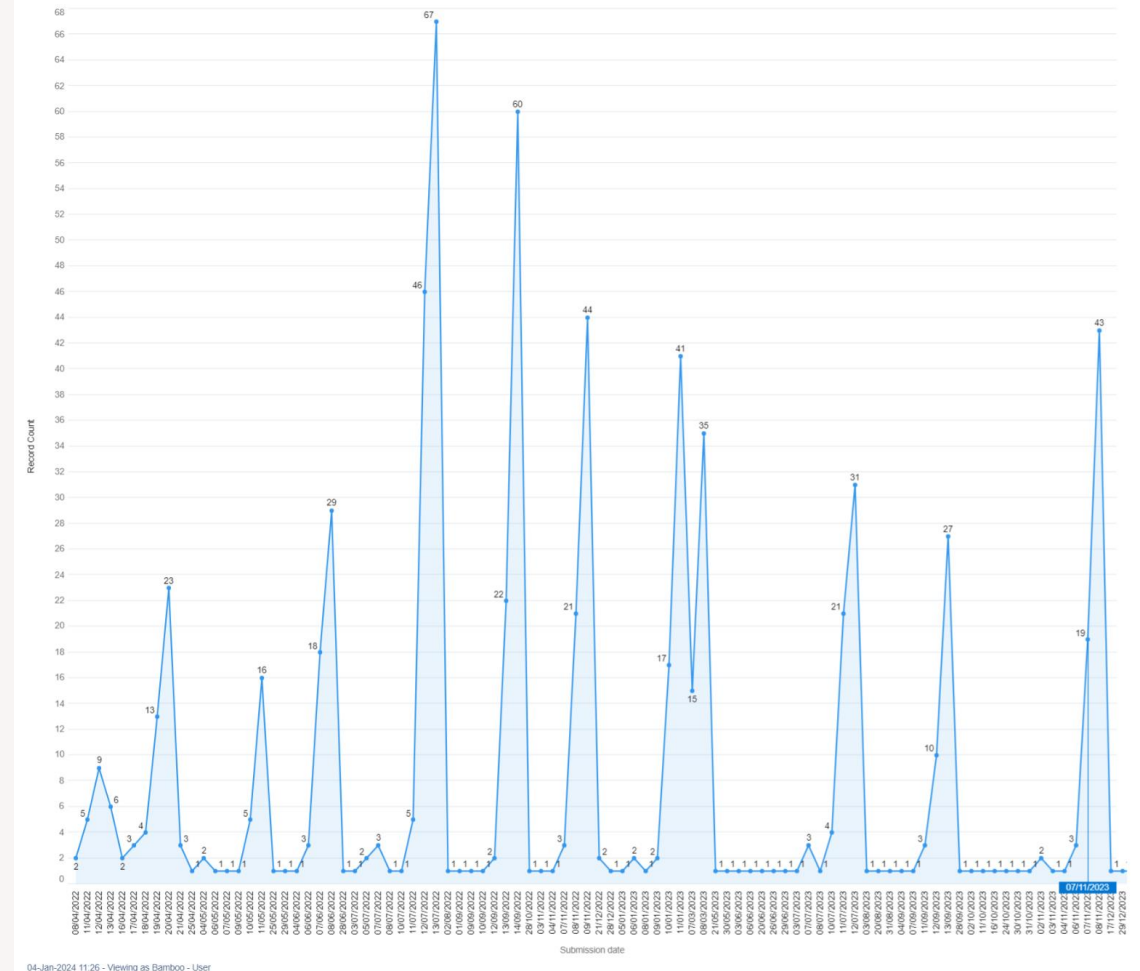
Be aware of the potential for last minute technical issues. They happen!

**c65% submitted on the last day**

**c31% submitted in the last 2 hours**

**Complete the business and financial questions  
and  
Upload the business financials spreadsheet  
and  
Complete the project questions  
then  
SUBMIT ALL  
BEFORE 11am  
2nd July 2025**

Loan Applications by Date



04-Jan-2024 11:26 - Viewing as Bamboo - User

# Our top tips...

- FOLLOW THE GUIDANCE and WATCH THE WEBINARS
  - Prepare well in advance
  - Seek financial and legal advice
  - Submit ALL parts of the application
  - **Complete ALL parts of the business financials**
    - **Profit and loss**
    - **Balance sheet**
    - **Cashflows**
  - Cover the full loan period
  - Evidence your liquidity and working capital
  - Balance the balance sheet and match cash in the balance sheet and cashflow
- Describe the assumptions in the financials
    - Revenues – top down and bottom up, realistic
    - Costs – including all costs needed to deliver your ambitious growth plan
  - Think about sensitivities and stress cases
    - Delays invariably happen
    - Revenues are rarely as high as forecast
    - Costs are typically higher than expected
    - Is the loan affordable?
  - Have adequate capital
  - Have sufficient cash throughout
  - Use our Customer Support Services team for questions.
  - Submit all parts of the application on time
  - READ THE INSTRUCTIONS

# Contact

## Customer Support Services

0300 321 4357

(Mon – Fri: 9am – 12pm and 2pm – 5pm)

[support@iuk.ukri.org](mailto:support@iuk.ukri.org)

## Useful Links

- [Innovation Loans Round 21](#)
- Financial Submission Webinar and Answering the Assessors' Prayer  
[Innovation Loans Future Economy - Resources on Vimeo](#)
- [Innovation Loans: Guidance for Applicants](#)
- [Innovate UK: General Guidance for Applicants](#)
- [Innovate UK – UKRI](#)
- [Home - Innovate UK Business Connect](#)
- [The Good Application Guide](#)
- [Scale your company with Innovate UK Business Growth](#)
- [British Business Bank Business Guidance](#)



# Q&A



# Thank You



The UK's innovation agency

