

Employment Subsidy Scheme (Temporary)

Client Information Memorandum

Deadline for submission: 23/12/2009



info@wheatleyassociates.ie

01-691-0151

Contents

1. Qualification Criteria
2. The Application Process
3. Assessment Criteria
4. Funding Available
5. Payment Process
6. Application Checklist

1. Qualification Criteria

The employment subsidy scheme is open to enterprises who:

- Must not have been a firm in difficulty (*For large companies, a firm in difficulty as defined in point 2.1 of the Community Guidelines on State Aid for rescuing and restructuring firms in difficulty (2004/C 244/02).* • *For SME's a firm in difficulty as defined in Article 1 (7) of Commission Regulation (EC) No.800/2008.*), on 1st July 2008 but are now facing significant difficulties as a result of the global and financial economic crisis;
- Are now considering redundancies;
- Must have already taken significant restructuring measures to improve their competitive position through full engagement at enterprise level on measures to sustain jobs. This could include strategies to reduce costs and improve productivity;
- Employ 10 or more full time employees (working an average of 35 hours or more per week) in Ireland at the 2nd November 2009;
- Can demonstrate that the enterprise has sufficient cash taking into account this employment subsidy to trade up to 31/12/2010 and beyond;
- Have committed to maintain a number of jobs until 30/11/2010 (see assessment criteria);
- Must be judged to have sound, robust and sustainable business models and business plans that are financially viable in the medium term (see assessment criteria);
- Must be capable of growth in the global upturn;
- Have not received any payment under the Employment Subsidy Scheme (Temporary), which closed on the 4th September 2009. Where an applicant has received an offer of support under that Scheme, the applicant must have formally withdrawn from any contract entered into under that Scheme before applying under this Scheme;
- Are not active in the fisheries sector
- Are not active in the primary production of agriculture products
- An enterprise active in the processing and marketing of agriculture products is eligible.

2. The Application Process

- Gather the necessary information
- Apply Online
- Submit Supporting Information
 1. audited accounts for the last financial year end (where such audited accounts do not exist, management accounts for the same financial year end, to include a detailed balance sheet and a detailed profit & loss account, must be submitted instead)
 2. management accounts (to include a detailed balance sheet and a detailed profit & loss account) in respect of the period from the last financial year end to the 30th September 2009
 3. quarterly cash flow statements from the 1st October 2009 to the 31st December 2010 taking into account the anticipated employment subsidy.
- Deadline for submission **2 p.m.** **23rd December 2009**

3. Assessment Criteria

Each application is assessed based on its score. The higher the score, the more likely the application is to be successful.

The three assessment criteria are as follows:

a) Ratio of Supported Jobs to Additional Committed Jobs [Max score=55points]

“Supported Jobs” means the number of jobs (both full time and part time), in respect of which the applicant is seeking a subsidy.

“Additional Committed Jobs” means the number of jobs (both full time and part time), that the applicant will maintain up to and until the end of November 2010 in addition to the Supported Jobs.

A higher ratio of Supported Jobs to Additional Committed Jobs will result in a higher score being awarded to the applicant.

| Ratio of Supported Jobs to Additional Committed Jobs | Score |
|---|--------------|
| 1:10 or greater | 55 |
| 1:8 or greater | 45 |
| 1:6 or greater | 35 |
| 1:4 or greater | 25 |
| 1:2 or greater | 15 |
| 1:1 or greater | 5 |
| Less than 1:1 | Zero |

Examples

- a ratio of 1:2 means that for every one subsidised job the applicant will be required to commit to retaining two other jobs for the duration of the subsidy.
- If a company employs 30 people, and it requests 10 job subsidies, then the maximum number of Additional Committed Jobs it can have is 20, which gives it a ratio of 1:2, a score of 15 points.

An enterprise may not be granted a subsidy for a number of jobs greater than the number of jobs at risk in that enterprise (which is the number of jobs at risk stated on its application form).

3. Assessment Criteria (*cont'd*)

b) Credibility of the enterprise's restructuring plan [Max score = 35points].

The credibility of the enterprise's restructuring plan to improve their competitive position and emerge from the current economic crisis with the agreed number of employees.

The restructuring plan must include strategies to improve the enterprise's competitiveness and productivity levels, and to position them for future growth.

Factors that may be taken into account in assessing this restructuring plan could include plans to reduce costs and introduce new work processes, restructuring of the business functions and so on, and should demonstrate a clear commitment to sustained competitiveness.

Factors that may be taken into account in assessing the positioning of the enterprise for future growth could include the historic growth track record of the enterprise, the innovative and competitive nature of the offer, the introduction of new marketing plans, the development of new products and services, and the specific plans to enter new markets with potential for sustainable sales growth.

Such factors also include the long term future of the enterprise and the prospects for growth in the specific markets that the company is servicing

c) The viability of the enterprise in the medium term/potential for growth[Max score = 10 points]

An enterprise's ability to continue to fund its operations up to the end of 2010 and beyond will be assessed. This assessment will also take into account the credibility of the enterprise's growth plan and its capacity for growth over the next two years.

Factors that may be taken into account in assessing the viability of the enterprise in the medium term include the credibility of the cash flow projections, the adequacy of the financing of the enterprise based on the financial information received, its financial track record to date, the cash flow available to the company, the facilities available to fund the company, and the alignment with the plan outlined in addressing criterion (b) above.

Factors that may be taken into account include whether the applicant shows need for money, in the context of his or her existing and/or projected resources and of the scale of the plan outlined at (b) above.

4. Funding available

Enterprises can apply for funding for full time and part time jobs (as defined above) at risk in the enterprise. This is a cash limited scheme. Funding is based on the following limits:

- The maximum employment subsidy per full time worker is €200 per week with 100% of the subsidy being approved for the first 26 weeks and 75% for each of the following 13-week periods. Based on this breakdown, the maximum cost to subsidise one employee would be €9,100 over 52 weeks to the 31/10/2010. (“Full Time Subsidy”)
- The maximum employment subsidy per part time worker is 70% of the Full Time Subsidy, i.e. €140 per week with 100% of the subsidy being approved for the first 26 weeks and 75% for each of the following 13- week periods. Based on this breakdown, the maximum cost to subsidise one employee would be €6,370 over 52 weeks to the 31/10/2010 (“Part Time Subsidy”)
- The maximum funding available per enterprise/group is €500,000. This maximum amount may be reduced where companies have been approved other funding under the Temporary Aid Framework or have been approved De Minimis aid.
- Scheme size - €70m. The available funds will be used to pay the subsidy to the enterprise with the highest score, and thereafter with the next highest score and so on until the funding runs out

5. Payment Process

The subsidy shall be payable in arrears in four tranches as set out in the table overleaf, each tranche payable after the relevant Claim Date provided that the enterprise has maintained for the relevant Qualifying Period both:

(a) the Committed Jobs.

(b) The number of full time workers included in the Committed Jobs as set out in its application

5. Payment Process (*cont'd*)

| <i>Max amount per fulltime employment subsidy per week*</i> | <i>Number of Weeks</i> | <i>Claim</i> | <i>Max amount of subsidy per job (rounded)</i> | <i>Qualifying Period</i> | <i>Claim Date</i> |
|---|------------------------|----------------------------|--|---|----------------------------------|
| €200 | 13 | <i>First claim period</i> | €2600 | <i>Mon 2/11/2009 to Sun 31/01/2010</i> | <i>End of March</i> |
| €200 | 13 | <i>Second claim period</i> | €2600 | <i>Mon 1/02/2010 to 02/05/2010</i> | <i>23rd May 2010</i> |
| €150 | 13 | <i>Third claim period</i> | €1950 | <i>Mon 3/05/2010 to Sun 1/08/2010</i> | <i>22nd Sept 2010</i> |
| €150 | 13 | <i>Final claim period</i> | €1950 | <i>Mon 02/08/2010 to Sun 31/10/2010</i> | <i>21st Nov 2010</i> |
| | 52 | | €9,100 | | |

Before the first Claim Date an enterprise must submit an auditor's certificate confirming that:

- (a) the enterprise at the 2nd November 2009 employed the number of full time workers included in the Committed Jobs figure in its application form.
- (b) the enterprise at the 2nd November 2009 employed the number of part time workers included in the Committed Jobs figure in its application form.

A failure to submit such a certificate by the First Claim Date shall render the enterprise ineligible under the Scheme.

To receive payment, an enterprise shall submit the following documents (and such other documents as Enterprise Ireland may require) in hard copy:

1. Directors statement duly signed
2. Valid Tax Clearance Certificate

In addition, the enterprise's auditor will independently submit the following document:

3. an Auditors Certificate certifying the number of full time and part-time employees during the Qualifying Period to which the claim relates.

Should all of the above documents not be received by the relevant Claim Date as set out in the payment schedule table above, the tranche of the subsidy payable in respect of that Qualifying Period shall not be paid.

6. Application Checklist



Employment Subsidy Scheme (Temporary) – Second call: Application Checklist

| Application Section | Required Information | Ready |
|----------------------|--|--------------------------|
| Online Form – Part 1 | Registered Company Name/Trading Name | <input type="checkbox"/> |
| Online Form – Part 1 | Company Address and Contact Person Information | <input type="checkbox"/> |
| Online Form – Part 1 | CRO Number | <input type="checkbox"/> |
| Online Form – Part 1 | VAT Number | <input type="checkbox"/> |
| Online Form – Part 1 | PPS Number only if applicant is a Sole Trader | <input type="checkbox"/> |
| Online Form – Part 1 | Partnership Number, Names of Partners and PPS Numbers of Partners only if applicant is a Partnership | <input type="checkbox"/> |
| Online Form – Part 1 | Relevant Registration Number and Legal Entity Description for legal entities other than company's, sole traders and partnerships | |
| Online Form – Part 1 | Tax Clearance Certificate Number and Expiry Date | <input type="checkbox"/> |
| Online Form – Part 1 | Short Description of the business (can be typed in a text editor and copied into the form – max of 100 words). | <input type="checkbox"/> |
| Online Form – Part 1 | Name of Development agency and Contact Name only if known | <input type="checkbox"/> |

| Application Section | Required Information | Ready |
|----------------------|--|--------------------------|
| Online Form – Part 2 | On 2 nd November 2009 the number of full-time employees and part-time employees in the Republic of Ireland in your company/group | <input type="checkbox"/> |
| Online Form – Part 2 | On 2 nd November 2009 the number of full-time employees and part-time employees in the Republic of Ireland now at risk of being made redundant as a result of the economic crisis | <input type="checkbox"/> |
| Online Form – Part 2 | On 2 nd November 2009 the total number of employees in the Republic of Ireland you are seeking employment subsidies for | <input type="checkbox"/> |
| Online Form – Part 2 | On 2 nd November 2009 the number of full-time employees and part-time employees in the Republic of Ireland you commit to retaining up to 30/11/2010 in the event of receiving employment subsidies. | <input type="checkbox"/> |

| Application Section | Required Information | Ready |
|----------------------|--|--------------------------|
| Online Form – Part 3 | Sales figures for the accounting year end from 2007-2011 | <input type="checkbox"/> |
| Online Form – Part 3 | Net profit margin (as % of sales) figures for the accounting year end from 2007-2011 | <input type="checkbox"/> |
| Online Form – Part 3 | Net assets from balance sheet for 2007 and 2008 | <input type="checkbox"/> |
| Online Form – Part 3 | Number of full-time employees based in the Republic of Ireland for the accounting year end from 2007-2011 | <input type="checkbox"/> |
| Online Form – Part 3 | Short summary of your restructuring plan to help you emerge from this current crisis with the committed number of employees. Your answer will be no more than 500 words and could cover your strategy to address; <ul style="list-style-type: none"> <input type="checkbox"/> Competitiveness and improving productivity levels <input type="checkbox"/> Cost reduction including new work processes <input type="checkbox"/> Market/product development <input type="checkbox"/> Prospects for growth <input type="checkbox"/> Show need for money <input type="checkbox"/> Long term future of the enterprise (can be typed in a text editor and copied into the form) | <input type="checkbox"/> |

For any assistance in compiling an application contact
Richard on (087) 647 4809
David on (087) 675 0390

6. Application Checklist (*cont'd*)



Employment Subsidy Scheme (Temporary) – Second call: Application Checklist

| Application Section | Required Information | Ready |
|----------------------|---|--------------------------|
| Online Form – Part 4 | Information relating to company group structure. Is the company part of a group? | <input type="checkbox"/> |
| Online Form – Part 4 | Details of funding received under the EU temporary Aid Framework received in 2009 | <input type="checkbox"/> |
| Online Form – Part 4 | Details of funding received under De Minimis in 2007, 2008 and 2009 | <input type="checkbox"/> |

The following information should be submitted as soon as possible after receipt of the email confirmation of the completed and submitted online application form.

| Application Section | Required Information | Ready |
|---------------------------|---|--------------------------|
| Supporting Document No. 1 | Audited accounts for the last financial year end (where such audited accounts do not exist, management accounts for the same financial year end, to include a detailed balance sheet and a detailed profit & loss account, must be submitted instead) | <input type="checkbox"/> |
| Supporting Document No. 2 | Management accounts (to include a detailed balance sheet and a detailed profit & loss account) in respect of the period from the last financial year end to the 30th September 2009 | <input type="checkbox"/> |
| Supporting Document No. 3 | Quarterly cash flow statements from the 1st October 2009 to the 31st December 2010 taking into account the anticipated employment subsidy. The cash flow statement must outline the additional funding facilities that are in place or proposed to meet any cash deficit. | <input type="checkbox"/> |