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Finance – Project Appraisal – ACPA 7002

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Current UK small business statistics

Business type	Size (number of employees)	Amount	% of all businesses	Turnover (millions)
Micro	1-9	5,337,075	95.5%	636,893
Small	10-49	210,550	3.9%	649,883
Medium	50-249	35,620	0.6%	720,540
Large	250+	7,655	0.1%	2,139,334

Establish Purpose

Innovate/Challenge/SROI/ROI

Barriers to starting a business

Increasing revenue – 25%

Embracing technology – 22%

Maintaining profitability – 14%

Securing finance – 12%

Other – 2%

(Startup, 2022)

Small Business Failure Rate.



Objectives & Scope



Scope

Scope a more permanent framework to develop SME's, in a continuous Business Space.



Consider

Consider ongoing viability



Process

Build upon a previous trail Pop-up Concept.



Tech.

Bring innovative change to how SME business support is currently offered.



Outcomes

Improve SROI and ROI for Grant provision provided by WG

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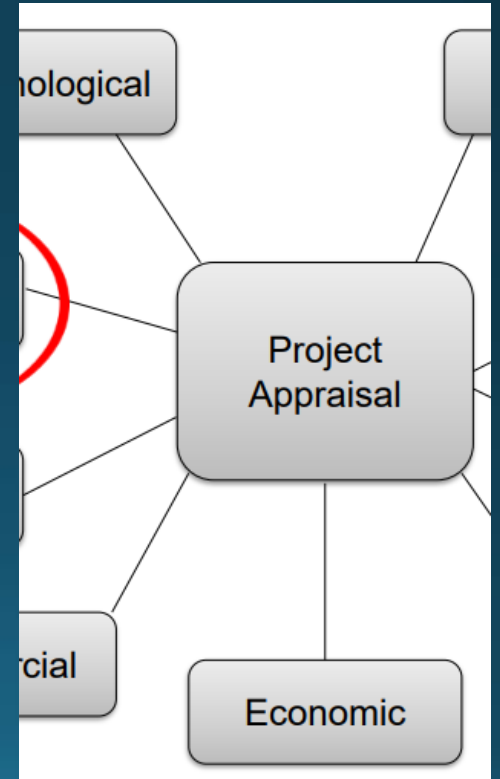
Business Wales
Supporting businesses in Wales

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Barriers To Start Up Grant

13 December 2021

The Barriers To Start Up grant is a £1million fund to enable economically inactive, unemployed individuals and young people not in education, employment or training to start their own business.



Conceptualise & Plan

Scope/ Feasibility	Can a new framework become self- financing and improve business support?
Testing	Previous tests, show potential with 4/6 businesses in growth
New Framework	New framework with offer, an extended design incorporating theatre
Finance	Financial ratios will be 1 assessment measure
SROI	Social Return on Investment will be considered in terms of savings/wellbeing/inclusion/diversity
Evaluation	Project will be evaluated in its entirety

Future Opportunities ?

- Commercial Incubator Hubs
- Initial Funding to Self Funding
- Sustainable Growth
- Digital Growth/ Develop ECommerce trading for unit. ?
- A place to learn & grow ? Library of Things ?
- Repair Hub ?
- Café to test trade food

<u>Significant Project Costs</u>		<u>Funding</u>	
Project Investment	250K	Grant Funding	£255K
Capital Expenditure	81K	Organisation Investment	£5K
Annual Running Costs	200K		
<u>Annual Running Cost Breakdown - Avg.</u>		<u>Income/Revenue</u>	
		Commission from stall holders @	
Admin. Fee /Wages/PM/ - 70% of ARC	140	20%	42k
Lease LA - Agreement - Regeneration		6 Café Sales	56k
Overheads		9 E-Commerce N/a	
Cost of Goods		16 Library of things Rental N/A	

Establish Financial Viability of New Model

Financial Appraisal – Using Payback

[illegible]

Financial Appraisal - Considering other Calculations

Project A		Year				
	Investment	1	2	3	4	5
Present Value	(250,000)	98000	20500	18626	0	0
Payback	1	Manually Calculated				
Discount Rate (WACC)	0.00%					
		From Present Value Table				
Denominator	1.00	0.926	0.857	0.794	0.735	0.000
Future Value	(250,000)	90,748.00	17,568.50	14,789.04	-	-
NPV	(126,894)					
NPV (Excel Calculated)	(112,874)			PI	0.55	
				BCR	-0.51	
IRR (Excel Calculated)	-32.38%					



Commercial Conclusion

SROI Measures

‘When considering innovative solutions to problems, it is important to consider the financial numbers. Using metrics such as net present value or return on investment as rough guidelines is fine. Using them as strict ranking guidelines is foolhardy.’ According to (Anthony. Scott D, 2008)

The Innovators Guide to Growth



Establish scope – identify stakeholders



Map success criteria



Evidence outcomes



Establish impact

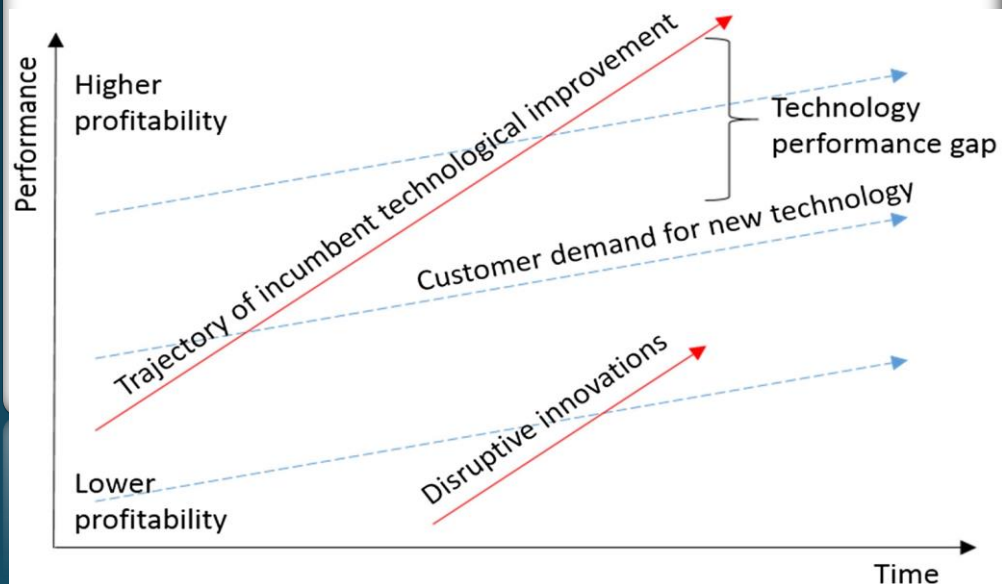


Calculale SROI /Report and Embed.

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Calculate SROI /Report and Embed.

Q & A