

## Document D9

### Rural Development Programme 2014-2020

### FINANCIAL APPRAISAL REPORT

<b>Scheme:</b>	RCDF
<b>Measure:</b>	7
<b>Sub Measure:</b>	7.7
<b>Applicant:</b>	Pumpkin Patch Cookery and Gardening School and Cafe
<b>Project Title:</b>	The Pumpkin Patch Cookery & Gardening School and Café
<b>PPIMS Case ID Number:</b>	81123

#### FINANCIAL & COMPLIANCE

##### Evidence Assessed:

Application, business plan and financial forecasts

##### Initial Assessment:

<ul style="list-style-type: none"><li>Has the applicant ownership and SME status been checked and confirmed and the correct grant intervention rate applied?</li></ul>	<b>Yes</b> – Pumpkin Patch Cookery and Gardening School is a <b><u>Exempt under Section 43</u></b> at application date. RCDF grant requested of £128,000 on project costs of £160,000 (80%).
<ul style="list-style-type: none"><li>Do the applicant latest accounts submitted show a positive balance sheet net asset position?</li></ul>	<b>Yes</b> – Net assets of <b><u>Exempt under Section 43</u></b>
If no has this been adequately explained?	
<ul style="list-style-type: none"><li>Do the applicant latest accounts submitted show a positive profit in the profit and loss account?</li></ul>	<b>Yes</b> – <b><u>Exempt under Section 43</u></b>
<ul style="list-style-type: none"><li>Do the applicant latest accounts submitted show a positive balance sheet net current asset (working</li></ul>	<b>Yes</b> – <b><u>Exempt under Section 43</u></b>

capital) position?	
If no has this been adequately explained?	
<ul style="list-style-type: none"> <li>Are there any recent issues e.g CCJ's etc in the credit report and if yes have they been adequately explained?</li> </ul>	<b>N/A – <u>Exempt under Section 43</u></b>
<ul style="list-style-type: none"> <li>Are there any issues in the WG Due diligence portal?</li> </ul>	<b>No – <u>Exempt under Section 43.</u></b>
<ul style="list-style-type: none"> <li>Has the applicant submitted their statutory accounts within the required timescale (if applicable)?</li> </ul>	<b>N/A – <u>Exempt under Section 43.</u></b>
<b>Additionality / Need for Grant</b>	
<ul style="list-style-type: none"> <li>Has the applicant explained and demonstrated that without grant support they would not proceed with the project.</li> </ul>	<b>Yes</b> – Project spend including Vat is significant for applicant and nature of scheme means intervention rate is fixed at 80% as need is assumed.
<ul style="list-style-type: none"> <li>If the need for grant is financial does the cashflow forecast show a cash deficit without grant support?</li> </ul>	<b>N/A</b> – Need is assumed by scheme with fixed intervention rate. Cashflow forecasts show project activity only.
<b>Evidence of Funding</b>	
<ul style="list-style-type: none"> <li>Has the applicant explained how the private element of funding will be provided. Ideally this will include evidence of funding.</li> </ul>	<b>Yes</b> – The Pumpkin Patch already secured via <b><u>Exempt under Section 43</u></b> has been provided confirming the availability of funds.
<b>Reasonableness of Forecasts</b>	
<ul style="list-style-type: none"> <li>Do the financial forecasts include the project activity as described in the project plan including additional turnover and costs, capital expenditure and project funding.</li> </ul>	<b>Yes</b> – cashflow forecast provided for trading activity only.
<ul style="list-style-type: none"> <li>Are the project assumptions adequately explained i.e basis for additional turnover, any additional</li> </ul>	<b>Yes</b> – various revenue sources explained in application form and business plan provided.

grants awarded etc?	
<ul style="list-style-type: none"> <li>Is the project turnover/profitability reasonable in comparison to recent accounts trends and stated project activity?</li> </ul>	<b>Yes</b> – Increases based on project activity show <b><u>Exempt under Section 43</u></b>
<b>Procurement</b>	
<ul style="list-style-type: none"> <li>Does the project plan specify how the project procurement will be managed?</li> </ul>	<b>Yes</b> –Reference to tenders in the value for money section of the application form.
<b>Simplified Costs</b>	
<ul style="list-style-type: none"> <li>Has the applicant requested or forecast based on simplified costs and if so have these been checked and agreed?</li> </ul>	<b>No</b> – Capital project so not applicable in this case.

**Date : 21/3/2017**

**Completed by : Welsh Government Official**

**Initial Score:** Medium

**Further information required from Applicant:** Additional Accounts to 2015- provided.

**Final Assessment:**

**Final Score:** Medium

## **SUMMARY & RECOMMENDATIONS**

The business has a positive balance sheet.

The need for grant is assumed by the nature of the scheme and project applicants.

The project defrayment will be managed by scheduling contract payments and claim submission.

The private element of funding has been detailed and evidence provided for the main element.

The contingency element of project costs would not be eligible.

The potential issue is that the organisation registers for VAT in the future (as they forecast turnover at the VAT registration threshold and may be able therefore to recover the project cost VAT retrospectively. The offer letter

specifies they should notify us should circumstances change but we may want to include a special condition to review the VAT status at claim stage and final inspection stage to ensure they have not claimed VAT on grant and then reclaimed from HMRC as well.

The overall financial and compliance element of the application are assessed as Medium.

<b>Completed by:</b>	Welsh Government Official
<b>Signature:</b>	Electronic copy only
<b>Date:</b>	17/5/2017

### The Pumpkin Patch Cowshed - Project Cost Estimate

<b>Element</b>	<b>Cost</b>	<b>Notes</b>
Demolitions, alterations and site clearance	<u><b>Exempt under Section 43</b></u>	General site clearance within the building and to perimeter where levels may require adjusting
Substructures	<u><b>Exempt under Section 43</b></u>	Removal of existing concrete floor and replace with new insulated floor and screed
External walls	<u><b>Exempt under Section 43</b></u>	Allowed for removing limewash and new render finish
Roof structure, coverings and rainwater goods	<u><b>Exempt under Section 43</b></u>	Assumed 25% new second hand slates and £2,000 allowance for timber repairs
Upper floors	<u><b>Exempt under Section 43</b></u>	
External doors and windows	<u><b>Exempt under Section 43</b></u>	Assumed all to be in softwood and includes decoration and window boards
Internal partitions and wall linings	<u><b>Exempt under Section 43</b></u>	Assumed all walls to be lined with external walls in 50mm insulated plasterboard
Internal doors	<u><b>Exempt under Section 43</b></u>	Pine doors and stain allowed
Stairs and walkway	<u><b>Exempt under Section 43</b></u>	£12,000 allowed for walkway
Floor finishes	<u><b>Exempt under Section 43</b></u>	polished cement downstairs and finished timber floors upstairs

Wall finishes	<u>Exempt under Section 43</u>	Decoration and 10 sq m of wall tiling
Ceiling finishes	<u>Exempt under Section 43</u>	Insulated plasterboard to sloping ceilings and plasterboard to underside of first floor
Mechanical and Electrical Installations	<u>Exempt under Section 43</u>	Allowance of <u>Exempt under Section 43</u> for both M&E
Builders work in connection with M&E	<u>Exempt under Section 43</u>	Drilling holes making good etc.
Fixtures, fittings, cubicles, shelving and sanitary ware	<u>Exempt under Section 43</u>	WC cubicles etc.
External work and drainage	<u>Exempt under Section 43</u>	Allowed <u>Exempt under Section 43</u> for foul and <u>Exempt under Section 43</u> for surface
Incoming services	<u>Exempt under Section 43</u>	Assumed there would be a new sub main to the barn and oil supply pipe together with trenching works
<b>Sub-total</b>	<u>Exempt under Section 43</u>	
Contractor's Preliminary costs	<u>Exempt under Section 43</u>	Scaffolding, access platforms, supervision and travelling. Assumed free use of electric and water
<b>TOTAL CONSTRUCTION COSTS</b>	<u>Exempt under Section 43</u>	
Professional, building regs, planning and survey fees (details below)	<u>Exempt under Section 43</u>	
<b>PROJECT COSTS INCL FEES say £160,000</b>	<u>Exempt under Section 43</u>	
<b>Detailed Breakdown of Professional Fees</b>		
Building Surveyor	<u>Exempt under Section 43</u>	
Architect, Planning Application (Stage A-D)	<u>Exempt under Section 43</u>	
Planning Application Fee	<u>Exempt under Section 43</u>	
Bat Survey & Licence	<u>Exempt under Section 43</u>	
Highways Survey & Design	<u>Exempt under Section 43</u>	
Quantity Surveyor	<u>Exempt under Section 43</u>	
Architect, Building Regulation Application / Tendering (Stage E-H)	<u>Exempt under Section 43</u>	
Architect, letting of building contract / managing construction / post project admin (Stage J-K)	<u>Exempt under Section 43</u>	
<b>TOTAL PROFESSIONAL FEES</b>	<u>Exempt under Section 43</u>	

