

Innovation Loans – FAQs

Eligibility Questions

Who is eligible for an Innovation Loan?

Innovation loans are available to SMEs for later stage R&D with a clear route to commercial success where they can evidence that their business is suitable to take on a loan and there is a need for public sector support.

We are a UK company, but involved in an international project in which Innovate UK funds both our business and our international partners: will we/they be eligible for a loan?

Only individual SMEs – not consortia, sub-contractors or other project partners (e.g., universities or large companies) – may apply for an innovation loan. Only UK-registered SMEs may apply.

We incorporated a JV in Sep 2021 to further develop and commercialise our project result. It does not have Financial history. Does it matter and is it going to make us ineligible if we want to apply as the JV?

We will consider applications from businesses with limited history.

Does the R&D have to be for a product that is being offered in the UK market?

No – we are very happy to see innovative products and services that will be offered in international markets or globally.

Does the loan have to be tied to a specific project? (e.g. an R&D project). If it is tied to a project, does it have to be a UK project, or can we use our own project?

The loan must be to fund the costs of a specific R&D project that you propose in your application.

Can you have partners in the application?

No. This is for single applicants only, not for collaborative R&D.

What's the definition of SME? Specifically, would a UK-based subsidiary of a Canadian organisation be allowed (Canadian company is itself small and probably an SME...)?

The SME definition is based on the requirements for filing accounts, with a link in the competition brief. A UK registered subsidiary of an overseas company is eligible to apply. We would expect the project and the exploitation of the results to be carried out in or from the UK so that economic growth accrues to the UK, since the funding is from UK taxpayers.

We have a SMART grant award currently undergoing assessment... should we build the loan application on the assumption we're unsuccessful? What would happen to this loan application if we are subsequently awarded the SMART grant? I'm a bit concerned we would go for both and end up getting neither if they clash in any way?

If a business is awarded support under Smart and the innovation loan for the same project activity, it will not be possible to take both, since this would be two forms of subsidy for the same costs. In this case, it would make sense to make a loan application on the assumption that the Smart award was not in place. If both applications were successful, then you would be able to choose which one is better for your business' funding strategy and withdraw your application for the other.

We received an Innovate UK grant last year, and the project is successfully completed in January 2022. Can we apply for this loan to take the project to the next level based on our successful outcomes which require further R&D?

Yes

Will we have a lower chance of securing funding if our team is not as diverse as others?

No. We are keen to encourage applications from under-served businesses, but will always consider the quality of the project application and the suitability of the business for a loan.

Scope Questions

Scope

Projects must fit the scope of the competition and focus on one or more of the following themes or sub-themes as set out in the [Innovate UK plan for action](#). If the project is not in scope it will be rejected.

Net Zero

- energy
- impact of industrial processes and use of materials
- agriculture and food and other sources of emissions
- capital intensity

Health and Wellbeing

- tackling ill health
- enhancing Wellbeing
- diet and food

Next generation digital technologies

Technology families

- advanced materials and manufacturing
- artificial intelligence
- digital and advanced computing
- bioinformatics and genomics
- engineering biology
- electronics, photonics and quantum technologies
- energy and environment technologies
- robotics and smart machines

Applications must be for projects that fit at least one of these Future Economy areas. If the project covers more than one area it will be in scope. The application of technologies in the technology families will be in scope. This scope will apply in all four rounds of this competition up to July 2022.

What can an Innovation Loan be used for?

The funding is available for late stage R&D (experimental development) projects.

An innovation loan can cover up to 100% of the eligible project costs of your project. The guidance for applicants describes 'eligible costs' in detail: [Guidance for Applicants](#) and [Project Finance Guidance](#)

Can the loan be used for capital equipment needed for the R&D project?

Usage of capital equipment in the project is an eligible cost. This is described in the guidance for applicants: [Guidance for Applicants](#) and [Project Finance Guidance](#). The amount of eligible cost relating to usage of capital equipment in the project can be drawn down when needed to fund the purchase of the equipment.

Can I use the loan to (partially) refinance more expensive debt?

No. Refinancing existing debt is not an eligible cost for which an innovation loan can be used. This would also not demonstrate the required value add or 'additionality' of government funding.

If our business plan includes a future fundraise to crowd-in private sector capital, would that invalidate us for the innovation loan on the suitability / affordability test? On that basis we'd be treating this similar to a bridge loan and would repay - in whole or in part - with the private sector raise. Technically that'd mean we repay your loan with a future, venture-like raise rather than free cash flow from operations given our total project costs will exceed £2m

This loan is not a bridging facility to a future capital raise. We would expect to see repayment from the operating profits and cashflows of the business. Raising further capital does not make a business unsuitable, though, and is frequently seen in successful applications where the loan can extend the runway towards the next investment round.

Are scale up activities in scope assuming innovation R&D is required to complete this?

Yes

Are commercialisation activities such as future fund raising for growth stage eligible ?

No. Only eligible costs of a late stage R&D project can be funded by the loan.

We are a well-being company working on a prototype sensor/AI. We expect to have a working prototype in June. We have qualified for a small innovation grant that we are using to develop prototype. Are we eligible to apply now?

You should be in scope if you have a new project that is for late stage R&D that follows on from your previously completed project.

Are social media companies allowed to apply?

Projects must fit in the scope described above. For a social media company, we would expect you to show how this applies – for example in using “next generation digital technologies” or having an innovative application in one of the areas such as net zero or wellbeing (and requiring research & development activities, of course).

We have used IUK grants to carry out industrial trials to determine the efficacy of the product. We are now aiming to follow this up and set up a demonstration site producing 400t/pa to run further trials and start commercialisation. Can this loan be used for capital cost and site fees for production.

Usage of capital equipment in the project is an eligible cost. This is described in the guidance for applicants: [Guidance for Applicants](#) and [Project Finance Guidance](#). The amount of eligible cost relating to usage of capital equipment in the project can be drawn down when needed to fund the purchase of the equipment.

Are you able to apply for more than one loan to support different areas of innovation within a business (perhaps one application now and one at a later stage)?

We currently have a Continuity Loan with IUK, are we eligible for another loan?

Yes. You can apply for more than one loan. We will evaluate your suitability based on the overall exposure of both loans.

What is the ideal Technology Readiness Level (TRL) stage for applicants?

Projects must be “experimental development”. The competition brief includes a link to the guidance which sets out the definition of this. In rough terms, this is likely to be TRL4/5 to 7/8 or thereabouts. Or, it may be that the TRL is high, but the Manufacturing Readiness Level (MRL) needs to be brought up to be able to manufacture at scale (or the equivalent in ensuring the readiness level of a software platform is right to deliver at scale).

In the financial spreadsheet, should we show only financials, such as sales, cost of sales, etc for the project we are applying the innovation loan to cover, or everything in the company?

The business financial spreadsheet should cover the entire business, not just the project and its outcomes.

Operating the loan

How much can I borrow?

Innovation Loans are available from £100,000 to £2m or up to 100% of eligible costs of the project.

How long can I borrow for?

The maximum term of an Innovation Loan is 7 years. This can be made up of any structure of the following:

Stage 1: availability period of up to 3 years during which drawdowns will be permitted.

Stage 2: extension period of up to 2 years during which no further drawdowns will be permitted.

Stage 3: repayment period of up to 5 years.

When can I make drawdowns on the innovation loan?

Drawdowns will be staged and paid quarterly in advance based on project milestones. Drawdowns will be subject to project progress, monitoring officer sign-off and financial and reporting covenants being met. The full amount cannot be drawn at the outset.

We will baseline the drawdown profile up front. If the requirement changes, this will be managed through the monitoring officer.

You mentioned a project 'start date' in July 2022, however we're keen to work in advance of this date, accelerating our development work if we receive the loan. Is there any issues with us commencing our work on the project prior to the loan decision being communicated?

The loan can only fund costs incurred during the defined project period. Work in advance may be carried out, but would be outside the project funded by the loan and would be entirely at your own risk.

What is the interest rate and when is interest payable?

The interest rate is 7.4% per annum. Interest is payable in the availability and extension periods, at 3.7% pa on amounts drawn, with interest at 3.7% pa deferred to the repayment period. Interest is payable in the repayment period at 7.4% pa, together with repayment of amounts drawn and the deferred interest.

We believe that innovation loans will stimulate and support innovation while also providing value-for-money for the taxpayer.

Is quarterly interest charged on the full amount of the loan or the amount drawn down? Can you give an example of how the interest works? Is there a sample repayment schedule showing how the different stages of the loan would work?

The repayment calculator in the financial spreadsheet provides this information.

My project is not commercialised yet so I have no income, why are you asking me to pay interest in the first 2 phases rather than delaying all interest repayment into the Repayment Period.

Innovation loans, because they are for SMEs who are carrying out projects that are highly innovative, are very risky for government as a funder through Innovate UK Loans Ltd. In our judgement, the deferral of all interest in such a high risk situation is likely to increase the possibility of a borrower being unable to repay loans when the repayment period starts. We wish to be a responsible lender and we will only lend to organisations who we consider to be suitable to take on a significant loan commitment and who are likely to be able to make payments of interest and repayments. In order to reduce the impact on cashflows in the early period of the loan, we have structured the loan to have a partial interest deferral during the availability and extension periods, as well as having the interest-only extension period to provide an opportunity to reach commercial success from the results of the project before repayment begins.

Can the loan be repaid early without penalty?

Yes - no early repayment fees apply.

Delivering the project and project cost questions

How much (%) of the project costs can be used for subcontractors/suppliers, and can any (%) of the project costs be for overseas purchases?

There are no specific percentages. You should demonstrate in your application why subcontractors and/or overseas costs are necessary, proportionate and value for money.

Can you have a team of freelancers rather than employees for the project?

Yes, but they should be shown as sub-contractors if not employed by the applicant and paid through PAYE.

Are sales and marketing costs applicable?

Sales and marketing activities are typically considered to be commercial activities and therefore not part of R&D activities - and therefore not eligible project costs.

If you can reasonably demonstrate costs that are 'pre-commercial' rather than 'commercial' then they may be considered to be eligible costs.

Can you revise your project forecast timetable so that drawdowns match actual spend rather than forecasts made up to 2 years in advance?

Yes, there is a project change request and drawdown change request process.

Are there limitations to when the company can start the commercialisation of the products that will come out of the project funded by the loan?

We expect that 'pre-commercial' activity will occur in the extension period and that 'fully commercial' activity will occur in the repayment period. The extension period ends when the first commercial sales from the exploitation of the results of the project funded by the loan are achieved.

Security for the loan

Will the innovation loan be secured?

We will take security over the assets of the company in the form of a debenture. This covers all assets of the business.

The innovation loan does not depend on the value of the assets as security.

IP / intangible assets do not need to be valued. The debenture is a fixed and floating charge over all assets of the company, without ascribing any particular value.

We will not require any personal guarantees from founders / directors / shareholders etc. We will not take security over personal property.

Where there is a charge in favour of a senior secured commercial lender (now or in the future), we will expect to be subordinated and cede priority through a deed of priority. Since they can participate in the 'upside' of the growth of the business, we do not consider equity holders to be senior secured commercial lenders, so we would expect to have priority over any charge that they may have (for example if there is a secured convertible loan) and would require them to cede priority to us by way of a deed of priority.

Covenants and other ongoing obligations

Is the standard loan agreement available to review?

The main terms of the loan agreement and debenture are set out in the terms & conditions. If it is essential to see the full agreement template early in the process, then you should send an email request to Customer Support Services.

Are there any ongoing requirements during the period of the loan?

You will be required to adhere to both financial and information covenants as set out in the loan agreement. Failing to meet the covenants would constitute a breach of the terms of the loan agreement. If not rectified within the period permitted in the loan agreement, this is likely to constitute a default, which might lead to a demand for repayment. Please read our guidance for further information: [What Happens if you Default on the loan](#)

Financial covenants

- Liquidity Ratio of 1.1x throughout the loan. This means the business' current assets exceed its current liabilities by 10% and shows the business is able to meet the interest payments in the availability and extension periods and thereafter meet loan repayments.
- Debt Service Coverage Ratio of 1.2x throughout the repayment period. This shows your earnings before interest, tax, depreciation and amortisation (EBITDA), effectively your free cash flow, will be 1.2X your interest and repayments.

The financial Covenants are tested quarterly.

Do we need to have Liquidity ratio of 1.1x at the time of the application or is it a requirement for once the loan is approved? In regard to 1.1x liquidity, do intangible assets count?

The liquidity ratio (current assets of at least 1.1x current liabilities) will apply at first drawdown and at each quarter end thereafter. Intangible assets are not included within current assets (which are typically cash, debtors and inventories.)

Do these ratios include predicted sales from the innovation we are seeking funding for, or does it only include sales from other aspects of your business?

The covenants cover the operations of the entire business.

If a business is investing heavily in R&D and not yet profitable does that make us ineligible for the loan? If we have a roadmap to profitability during the term of the loan is that sufficient or do we need to be profitable at the point of applying?

The DSCR ration applies in the repayment period only, not at the point of application or during the project period.

Information covenants

You will also be required to meet some information covenants:

- Project monitoring – This will be through a Project Monitoring Officer. They will make sure that your project is on track and performing well to achieve success at the end of the project.
- Provision of Quarterly management accounts
- Provision of Annual accounts (within 6 months of year-end)

As a start-up we've spent about 18 months building intellectual property and other intangible assets. As co-founders / Directors we haven't given ourselves employment contracts (+ paid ourselves salaries) so that we can maximise investment into the business. For your balance sheet assessment and evaluation of our creditworthiness, can we capitalise these intangible assets based on an imputed salary cost from our previous employment?

This is a matter for you to consider with your accountants.

Why will I have to provide quarterly financial information?

It is important that regular financial information is provided to us so that we can be sure of the financial health of your business. If you fail to meet any of the regular financial tests of liquidity and/or debt service, we may have to withhold any further drawdowns of the loan until the situation is rectified and may need to take further steps to

recover the loan and enforce our security. This is described in the loan agreement and it is important that you take legal advice before you enter into the loan agreement.

The impact of innovation loans

If I take a loan now, what will happen when I need to raise investment in the future?

The innovation loan will remain in place when you raise new investment, although you are permitted to repay early without penalty if you wish. In the existing innovation loans pilot programme, we have found that our loans have not been a barrier to raising additional investment. If you take on senior secured commercial debt in the future, we will be prepared to cede priority in our security to a commercial lender.

Are there any particular VC'S who understand and like this funding model or would they all be keen to participate in the loan/equity mix?

We have seen a wide range of VCs who understand and like innovation loans, and who value the validation of support from Innovate UK and funding through a loan where it fits with the business' overall funding strategy for growth through innovation. We have seen some investors who prefer to invest in companies without any debt or who do not like a lender having a senior secured position, but this has not often been the case that we're aware of.

What if I can't pay back the loan?

If your business is unable to make payments of interest when they fall due and/or unable to make repayments of the loan, then we will follow the terms of the loan agreement and the security document. This means that we may withhold further drawdowns under the loan and may need to make a formal demand for repayment and enforce the terms of the agreement and the security document. Our policy is to be a responsible lender and we will work closely with you. We have also included a provision in the loan agreement that permits us, in certain circumstances, to convert the loan and accrued interest into shares in your company if you are, or are unlikely to be able to, repay the loan. The intention of this provision is to enable us to consult with you and seek to find an alternative repayment mechanism if you encounter financial difficulties.

Do these loans take up EIS and SEIS?

You should check with an accountant or tax advisor. Our understanding is that the subsidy in the loan relates to your R&D project only and so should not take up these investment reliefs.

Where does the project expenditure sit in terms of R&D Tax credits, is the cost eligible for RDEC or Small Company Relief or neither?

You should check with an accountant or tax advisor. Our understanding is that the costs are likely to be eligible for RDEC only.

Suitability for a loan and our approach to credit decisions

How will the applications be assessed?

The project proposals will be assessed on the quality of the innovation by Assessors who will have the necessary expertise in your innovation area to assess the project. Assessors are briefed and given specific guidance on the scope of the competition, as well as a scoring matrix.

The Business and Financials assessment will be undertaken by the Credit Team of Innovate UK Loans Ltd (IUUKL) with final decisions resting with the Credit Committee of IUUKL. We consider both historic and forecast information in our credit evaluation. It's about understanding how you will grow the business through innovation to get to profitability - and telling that story in a credible way.

Is there a minimum revenue requirement?

There is no minimum revenue requirement. We consider the overall suitability of the business for an innovation loan.

Insofar as this is R&D to what extent do you need proof of customer interest in the solution? How important is this in the application? i.e. Repaying a loan without proof of customer interest seems unusual?

We expect you to provide us with information in your answers to the business questions. If your application progresses to detailed credit analysis, we may ask further questions to substantiate the level of customer traction.

By "scale up" rather than "start-up", does this mean an innovative idea that already has some progress on technology readiness levels, or does it mean a business that has traded for some years, and might have some new innovation they want to fund?

You mentioned that the loans are intended for 'scaling stage' businesses, rather than brand new startups, however we're a startup with a mature business model, and are at the right point to scale a critical climate change technology - are we disadvantaged in applying for the loan if we can clearly demonstrate commercial viability and ability to make the repayments?

Innovation loans are for late stage R&D (experimental development), where progress on TRL levels will already have been made.

Further innovation by established businesses would be within the scope as well as new innovations by less established businesses.

If ramp-up of full commercialisation potential over 5 years foresees additional equity in say year 3 does this disqualify company for this loan application?

No. We would wish to see a clear funding strategy and we would need to be comfortable that the resources and capability will be in place to ensure that such a future equity raise is likely to be achievable.

We plan to raise equity finance from institutional VCs to part fund the innovation project alongside applying for the Innovation Loan. How will this be viewed?

We would welcome seeing a clear funding strategy and we would need to be comfortable that the resources and capability will be in place to ensure that such an equity raise is likely to be achievable. Sometimes we will make the completion of the planned equity raise a condition to be met before the loan can be drawn.

What level of management team needs to be on-board?

You should demonstrate the availability of suitable management resources for your business when required to deliver both project and commercial success.

Does the Management Team have to be in place? Can they be recruited as part of the plan?

The management team should be in place when needed. If there are gaps at the outset, we would certainly expect to see a credible plan to fill these gaps so that the business is able to achieve its objectives. In some cases, we have made completion of planned recruitment for key positions (e.g. Commercial Director or full / part time CFO) a condition in the loan agreement.

Can you apply for the innovation loan if you are proposing to use subcontractors that are yet to be employed/assembled?

Yes

Do you have loans for start-ups? In our case we are a new company.

You might consider Start Up Loans offered by the British Business Bank.

Can a one-man start-up company with one -man management team apply? Can a start-up with dormant annual account /trading status and no historic financial information apply? For a one-man startup business with no sales and historical financial information, how do I show the business is able to meet the interest payments.

The loan must be for a business, not an individual. We would expect there to be a clear and strong proposal to show how the business turns from a “one man start-up” to a “real business” that is suitable for a loan, with credible forecasts to demonstrate the ability to pay interest, repay the loan and sufficient capital to permit all aspects of the business to scale and grow.

Is there any precedent for pre-revenue early stage companies getting a loan? If so, how do they typically meet the liquidity criteria.

Pre-revenue companies may apply. We will consider affordability, based on the capital position of the business and its forecasts for revenue generation, in our credit evaluation to ensure that a loan is suitable.

In some cases, they are able to meet the liquidity criteria through having raised capital from investors.

On the 1.1. X liquidity requirement it would be good to know what evidence is needed of the future cash flows to repay the interest and capital? Does the business have to have been profitable/cashflow positive in the past or currently? Or what evidence is necessary of its likelihood to be sufficiently cashflow generative in future years?

We ask you to provide information to answer to these questions in the business and financial part of the application process.

With the business financials spreadsheet, can we customise our submission to share business and environmental KPIs as we grow (i.e. non-GAAP accounting metrics)?

You can provide additional information in the financial spreadsheet.

Can you include your slide deck in the application if it presents a better overview of the project?

The project part of the application allows appendices for specific questions, but not a full slide deck. The business and financial part of the application allows you to upload a slide deck about your overall business.

Does the balance sheet need to have IP value included? (past and future)

We do not require this.

What proof in the application is required to 'demonstrate' that commercial business loans have not been able to be obtained elsewhere? Or is this part of due diligence?

You should describe your funding strategy and your efforts to raise suitable commercial finance in your application. If your application progresses to detailed credit analysis, we may ask you to provide further information on this topic.

Do the provisions for NI based companies who have to go through EU regulations make it more difficult for these companies to receive a loan? (i.e. the “undertakings in difficulty” test)

No. We will expect all applicants to be suitably capitalised.

Why do I have to provide so much financial information?

You must provide historic and forecast financial information so that we can form a judgement about your suitability to take on a loan of the amount and for the period you have requested. We recognise that forecasts will involve judgements and we are interested in the assumptions that you use in your forecasts, as set out in the narrative answers to the survey questions. We want you to be sure that you can demonstrate to your own business (including for example your Board and your shareholders), as well as to us, that a loan is suitable for you.

Will you undertake stress analysis of our financial information?

Yes, particularly if your application progresses to detailed credit analysis. We will consider scenarios that are appropriate for the business, which will typically include delays and reductions in revenue generation, reductions in gross margins, delays and reductions in capital raising.

What is involved in the management presentation

If a business progresses to detailed credit analysis, the credit committee may ask for a presentation from the management team of the business as part of its process to make a decision on a possible loan offer. The presentation takes about 1.5 hours and will typically include an overview of the business, with a focus on commercial and financial issues, and answers to any specific questions / concerns that came up in the credit analysis.

Can I get help to complete the business information survey?

The business information survey contains a link to detailed guidance to help you complete this.

Can I get help to complete the financial spreadsheet?

The financial spreadsheet contains a link to detailed guidance to help you complete this.

Is the loan right for me?

Innovate UK are not able to offer financial advice. For more information on the types of support available to businesses we recommend the following sources:

- Further advice and support designed to help you grow your business is available from Innovate UK EDGE. This is a key part of the UK innovation agency's investment in the innovative businesses that drive economic growth. They bring together a range of services to help ambitious, innovative SMEs scale and grow and help them with exploiting innovation, entering new markets and sourcing funding [Innovate UK EDGE](#)
- Additional support is also available from [Great Business Gov](#) 0300 456 3565 in England, Invest Northern Ireland [Invest Northern Ireland](#) 0800 181 4422, Business Wales [Business Wales](#) 03000 6 03000, Scottish Enterprise [scottish-enterprise](#) 0845 607 8787 or Highlands and Islands Enterprise [Highlands and Islands](#)
- The British Business Bank website provides information, advice and useful links for smaller businesses that are seeking finance. To understand and identify other finance options to help grow your business you can click here: <https://british-business-bank.co.uk/finance-options/>. The British Business Bank has also designated a number of online finance platforms that the main banks are obliged to refer small businesses to if they reject their applications. While Innovate UK is not a participant in this referral scheme, further information about these finance platforms and links to them can be found at: <https://british-business-bank.co.uk/finance-platform-referrals-designated-platforms/>.
- The UK Business Angels Association and British Private Equity & Venture Capital Association websites also provide useful advice and links for entrepreneurs that are considering raising equity investment to grow their business. The UKBAA services for entrepreneurs can be found here: <https://www.ukbaa.org.uk/services-for-entrepreneurs/>. The BVCA services for entrepreneurs can be found here: [BVCA](#)
- We would like to take this opportunity to remind you of the Government's commitment to promote innovation and to encourage you to remain aware of opportunities offered by future competitions. Details of all future competitions are posted on the Innovate UK website <https://www.gov.uk/government/organisations/innovate-uk>.

Should I be getting an accountant to submit the financial information?

Whilst this is not a requirement to submit an application for an Innovation Loan, it may allow for a more complete and thorough application. A loan is a significant commitment, so we would always recommend that you take expert legal and financial advice in deciding whether to apply for an innovation loan and in preparing your financial submission. Links to the main accountancy bodies are set out below:

- The Institute of Chartered Accountants in England & Wales (ICAEW) has an online [directory](#) of its members across the UK, including those who are also part of the Business Advice Service, which enables SMEs and start-ups to receive an initial consultation at no charge from an ICAEW Chartered Accountant. (<https://www.icaew.com/about-icaew/find-a-chartered-accountant>). Businesses who are also seeking specialist corporate finance advice may also refer to a listing of the [member organisations of ICAEW's Corporate Finance Faculty](#) (www.icaew.com/cff).
- The Institute of Chartered Accountants of Scotland (ICAS) has an online [directory](#) of its members. (<https://www.icas.com/find-a-ca>).
- Chartered Accountants Ireland (CAI) has an online directory of its members, including those in Northern Ireland. (<https://www.charteredaccountants.ie/Find-a-Firm>)
- The Association of Chartered Certified Accountants (ACCA) has a directory of its member firms. (<https://www.accaglobal.com/an/en/member/find-an-accountant/find-firm.html?isocountry=GB>)

Can you please clarify how the financial requirements differ from those of a bank?

We have a very different risk appetite from commercial lenders (as we accept innovation and associated market risk) and a different approach to credit analysis (which is more focused on future cashflows than on historic performance and the availability of collateral). We must be a responsible lender and manage public money, so we do consider suitability and affordability.

Can I appeal if I get turned down?

The decision of the Innovate UK Credit Committee is final and there is no right of appeal.

If you are dissatisfied with the process leading to the decision then you should follow Innovate UK's standard process set out here: <https://www.gov.uk/government/organisations/innovate-uk/about/complaints-procedure>.

Can I resubmit an application if I am unsuccessful?

Yes – although it is always worthwhile ensuring that you take on board the feedback from our innovation assessors and from our Credit team.

What do I need to do if I have been told I have been successful?

Upon notification of a successful application, applicants will have received a link to electronic loan documentation for review and e-signature.

I don't like [X] clause in the loan agreement - how do I get it changed?

It is not our intention to negotiate loan agreements individually.

Are you regulated by the FCA?

Innovate UK Loans Ltd is not authorised or regulated by the Financial Conduct Authority. Innovation loans are offered only to corporate entities or large partnerships for business purposes and are therefore not covered by the Financial Services and Markets Act 2000 or the Consumer Credit Act 1974. You should take specific legal advice if your organisation is either a partnership consisting of two or three persons, not all of whom are bodies corporate, or an unincorporated body of persons that does not consist entirely of bodies corporate.

Will there be further innovation loans competitions after this one?

There are 4 rounds in the current innovation loans competition. The available funding will be used across these rounds so we do not believe that there should be any benefit from applying into an earlier or later round. All 4 rounds have the same scope. Our intention is to enable businesses to apply when it suits their business needs, rather than our competition timetable.

Round	Opens	Closes	Expected first drawdown
1	10 th March 2022	13 th April 2022	July 2022
2	14 th April 2022	11 th May 2022	August 2022
3	12 th May 2022	8 th June 2022	September 2022
4	9 th June 2022	13 th July 2022	October 2022

We will publicise these in newsletters, social media, online websites and through our teams and other partner organisations. Each round will have briefing events.

After these 4 rounds, we will consider the approach to further competitions. This may include moving to an “always open” approach, where we consider applications as and when received rather than in “batches”.

What do you think the success rate will be for applicants?

We cannot tell in advance what the level of applications will be, what the quality of the applications will be or whether applicants will be suitable to take on an innovation loan. Across our pilot and continuity loan programmes the overall success rate for applications was about 20%.