



Llywodraeth Cymru
Welsh Government

Dairy Support Scheme: Guidance Notes



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Introduction

The Dairy Support Scheme has been introduced to support those dairy producers hardest hit by the recent exceptional market conditions due to Covid-19. The scheme was announced by the Minister for Environment, Energy and Rural Affairs on 9 May 2020.

The COVID-19 public health crisis is having a significant impact across some parts of Welsh dairy farming. The sector, which plays an important part in feeding the nation, has felt the immediate impact of the global pandemic with the closure of the food service and hospitality sectors.

The Dairy Support Scheme is to assist the hardest hit dairy producers following severe impacts in some parts of the sector. The support is designed to assist producers with meeting their fixed costs in order to sustain productive capacity for milk and maintain their environmental and animal health and welfare standards.

Eligible dairy producers will be entitled to a one off payment of up to £10,000, to cover 70% of their lost income to help them to continue to meet fixed costs and sustain production capacity without impacts on animal welfare and the environment.

Who is eligible?

- The scheme will be open to cattle, sheep, goat and buffalo dairy producers who are able to evidence a milk price reduction of 25% or over from sales of milk under contract to a third party/processor.
- This scheme is for producers in Wales only. However, if you are a cross-border farmer with land in more than one part of the UK you may apply if the majority of your land is located in Wales and you received your Basic Payment Scheme (BPS) 2019 payment from Rural Payments Wales (RPW).
- Dairy producers will need to demonstrate they have suffered a reduction of 25% or more in the average price paid for their milk in April and subsequently May, when compared to February 2020.
- Payments will **not** be made for May losses alone.
- To be eligible for May, dairy producers must have first suffered a loss of 25% or more to their average milk price in April.
- Direct sellers of milk are not eligible for the Dairy Support Scheme, please do not apply if you fall into this category.

- Applicants must not have been in financial difficulty¹ on 31 December 2019.

Eligibility Calculation

There are considerable variations in milk contracts, pricing structures and production volumes which will need to be taken into account, so this guidance presents outline principles to determine eligibility. Whilst there are differences in contract arrangements, the principles and guiding approach will remain the same for all applicants.

Milk producers who believe they may qualify for the scheme are encouraged to complete the application form and submit their supporting information. Subject to all the required supporting documentation being submitted, the Welsh Government will process the applications forms as quickly as possible and let applicants know the outcome.

Eligibility against the percentage change condition will be calculated by comparing the average price in February and April 2020 (excluding bonuses, for example Butterfat, Protein & Volume bonuses and excluding deductions, for example Levy, SCC, Bactoscan & Antibiotic etc.*). A and B pricing structures/ weighting will be taken into account when calculating averages.

*This list is not exhaustive

February 2020 is the reference period as it was the last month before the impacts of Covid 19, and is therefore the most recent complete month to use for the comparison.

Milk producers who did not produce milk in February (for example spring block calvers/ lambers) and believe they have incurred a loss of 25% or more specifically due to Covid19 should complete an application form and supply further evidence to substantiate their position.

Calculation methodology

The general approach to calculating the relevant price change between periods (in the case of a single price paid for all volumes of milk supplied) is as follows:

$$\frac{\text{Feb 2020 base price} - \text{Apr 2020 base price}}{\text{Feb 2020 base price}} \times 100 = \text{Apr price change (\%)}$$

Illustrative Example

- February 2020 average² base price (excluding adjustments): 26ppl
- April 2020 average² base price (excluding adjustments): 18ppl

$$\frac{26ppl - 18ppl}{26ppl} \times 100 = 30.8\%$$

¹“Financial difficulty” is defined within Article 2(18) of the General Block Exemption Regulation at Annex B.

² A/B pricing structures/ weighting will be taken into account when calculating averages.

The same calculation will be undertaken separately for May if the 25% condition is met in April.

A/B pricing structure – calculation of average base price

Where an A/B pricing structure is in place, weighting will be taken into account when calculating averages. Illustrative example below of a farm producing 300,000 litres in a month:

'A' Price – 25ppl (excluding adjustments) x 180,000 litres = £45,000

'B' Price – 15ppl (excluding adjustments) x 120,000 litres = £18,000

Total amount paid (excluding adjustments) = £63,000

$$\frac{\mathbf{£63,000}}{\mathbf{300,000\ litres}} = \mathbf{21ppl\ average\ base\ price}$$

What is the value of the grant?

Eligible dairy producers will be entitled to up to £10,000, to cover 70% of their lost income (based on average milk price) in April (or April and May) to help them to continue to meet fixed costs and sustain production capacity without impacts on animal welfare and the environment. Once calculated the payment will be rounded up to the nearest £250.

Eligible dairy producers who wish to apply must register on RPW Online.

Supporting Documentation

You must submit payment statements issued by your milk buyer for the full calendar months of February, April and May 2020 showing:

- the total volume of milk collected by first buyer (in litres or kilograms) during that calendar month;
- the price you were paid by your buyer for that calendar month;

Welsh Government may need to contact your milk buyer to obtain further information.

Reductions made in volume

Volume reduction undertaken on a voluntary basis will **not** be taken into account when calculating the value of the grant.

The scheme is designed in response to decisions which are outside of the control of the dairy producer, primarily as a consequence of the actions of their milk buyer. Whilst under pressure to make decisions to voluntarily reduce production, these decisions were not mandated. Reductions in production could have also occurred for other non-Covid 19 reasons.

Non-collected milk

Non-collected milk by the milk buyer is outside of the control of the dairy producer. Where applicable and supporting documentation can evidence, non-collected milk will form part of the payment calculation. **However, any income received from alternative use or buyers, from insurance policies or any financial settlement with the original buyer must be declared on the application form and will be offset against the support payment.**

Non-collected milk will be calculated by averaging the volumes collected on the two previous collection dates of the non- collected milk.

Calculating the payment value

- a. Calculate difference between average³ April and Feb prices x volume collected in April (a)*
- b. Calculate difference between average May and Feb prices x volume collected in May (b)*
- c. *If applicable include non-collected volume - Volume not collected by processor x average Feb price (c)*

*Subject to loss meeting eligibility criteria of over 25%

Calculate total losses based on price reductions = ((a*) + (b*) + (c)) x 70%

The total payment for any applicant will be capped at £10,000, and in circumstances where the cap is not met, the payment will be rounded up to the nearest £250.

³ A/B pricing structures/ weighting will be taken into account when calculating averages.

When will the grant payment be paid?

The online application window will open on **18 June 2020**.

Completed applications and all supporting documentation must be submitted no later than **14 August 2020**.

Processing of your application will not be made until all supporting documents have been submitted.

The on-line application must be submitted to Rural Payments Wales by this date. You will not be able to submit the form after this date, even if you started filling in the form on or before 14 August 2020.

As part of this application process you will be required to declare any aid you have received under the COVID-19 Temporary Framework to evidence that you will not exceed the maximum level of aid allowed and that you were not an undertaking in difficulty⁴ on 31 December 2019.

How will the Grant payment be made?

Completed applications along with supporting documentation, will be reviewed and, subject to all the necessary checks, it is expected the payment process will take approximately 10 working days from receipt of a complete online application form and supporting documentation.

Processing of the application will not commence until all supporting documents have been submitted.

All Grant payments will be made direct to your bank account. **Please ensure your bank details held by Rural Payments Wales are correct and up to date.**

Any recent amendments to your bank account details may result in delays to payments.

How will I be notified the grant payment has been paid?

A letter confirming payment will be added to your RPW Online account.

The letter confirming the Grant payment will only detail the amount of the payment being made.

⁴ Aid may be granted to undertakings that were not in difficulty (within the meaning of Article 2(18) of the General Block Exemption Regulation at *Annex B*) on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak.

If your application is unsuccessful, you will be notified of the decision, and the reasoning behind the decision, via your RPW Online account.

Legal powers

The Welsh Ministers have powers to provide financial assistance in both the Welsh Development Agency Act 1975 and the Industrial Development Act 1972.

The terms and conditions under which this grant scheme is operated are contained in *Annex A*.

State Aid

The grant will not exceed the financial threshold set out within the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework” as published by the European Commission on 19 March 2020). The Commission will consider such State aid compatible with the internal market on the basis of Article 107(3)(b) TFEU.

The United Kingdom (the “UK”) notified aid under this temporary framework in the form of an umbrella scheme (the COVID-19 Temporary Framework for UK authorities, or the “measure”) under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (“the Temporary Framework”) and this was approved by the European Commission under State aid notification SA.56841 on 6 April 2020.

Aid to undertakings active in the agricultural sector must not concern any of the categories of aid referred to in Article 1 of Commission Regulation (EU) No 1408/2013 (Agriculture De Minimis Regulation).

The accumulation of previous state aid (De Minimis) does not apply to schemes notified under the Temporary Framework, however any other aid received under the Temporary Framework must be declared and you must not exceed the maximum level of aid which is €100,000 per undertaking active in the agriculture sector.

A state aid statement will be issued shortly after the grant is paid.

In order to ensure the relevant aid thresholds under the Temporary Framework are adhered to, you will be required to complete a declaration as part of the grant application form to confirm the aid you are receiving will not breach the limits.

You should contact individual scheme providers if they have not yet notified of any state aid you have accrued under the temporary framework e.g. the Coronavirus Business Interruption Loan (CBIL)/ Bounce Back Loan (BBL)

Please note Basic Payment Scheme and support provided under the Welsh Government Rural communities Rural Development Programme 2014-20 will not need to be declared.

See also *State Aid and Your Grant Award* section under *Annex A, Terms and Conditions*.

How do I apply for a Dairy Support Scheme grant?

This guidance is for applicants of the Dairy Support Scheme.

You can apply for the Dairy Support Scheme by accessing Rural Payments Wales (RPW) Online. You will need a Government Gateway account in order to access RPW Online. You may already have a Government Gateway account or you may need to set one up. If you require information on how to log in to or set up a Government Gateway account, please refer to the Government Gateway guidance available here: <https://gov.wales/sites/default/files/publications/2019-02/rpw-online-how-to-access-the-government-gateway.pdf>.

The application is available on the “Home” page or from the “Forms” section of your account. Step-by-step guidance on how to complete the application form can be found here: <https://gov.wales/dairy-support-scheme-using-rpw-online-apply>

If the dairy business that you are claiming for has multiple dairy herds/flocks, only one application per CRN is allowed.⁵

Full guidance on registering for RPW Online can be found on the Welsh Government website: <https://gov.wales/rpw-online-how-register> or call the Customer Contact Centre on 0300 062 5004.

If you have any questions about registering or about completing your grant application, please contact the Customer Contact Centre on **0300 062 5004**. Our staff will be able to provide advice, including the digital assistance that is available to you.

If you do not have internet access, you can apply for the grant by calling 0300 062 5004. One of our staff will call you back and enter your information onto the system on your behalf.⁶

Please note the RPW Customer Contact Centre is operating with reduced hours. This is due to staff absence and adjustments to home working arrangements. The latest information on opening hours can be found here: [RPW Customer Contact Centre](#)

Further details regarding Rural Payments Wales Online are available on the Welsh Government’s Website (<https://gov.wales/rural-grants-payments>).

⁵ As part of the application process, Welsh Government will verify that multiple applications are not received for the same business. Only one payment will be made per milk contract, even if they operate across multiple CRN numbers.

⁶ Standard RPW requirements state that the applicant bears responsibility for the application.

Appeals process

Should you wish to appeal the decision, you will need to provide clarification or further details addressing the areas of concern using your RPW Online Account or write to Rural Payments Wales, PO Box 251, Caernarfon, LL55 9DA within 30 days of notification of application outcome.

Complaints process

If you believe that there has been maladministration and wish to make a complaint, then you can complain through the Welsh Government's Complaints procedure. A link to the procedure can be found here:

<https://gov.wales/complain-about-welsh-government>

Contacts

Enquiries – Customer Contact Centre

For all enquiries, please contact the [RPW Customer Contact Centre](#)

Enquiries can be submitted via RPW Online at any time.

If you are a cross-border customer you can contact the Rural Payments Agency (RPA) on 03000 200 301. Lines are open from 8.30am – 5.00pm Monday-Friday or email dairyresponse@rpa.gov.uk.

Welsh Government Website

For the latest information visit <https://businesswales.gov.wales/coronavirus-advice/agriculture>

Privacy notice: Welsh Government grants

How we will handle any personal data you provide in relation to your grant application or request for grant funding.

The Welsh Government will be data controller for any personal data you provide in relation to your grant application or request for grant funding. The information will be processed as part of our public task (i.e. exercising our official authority to undertake the core role and functions of the Welsh Government) and will help us assess your eligibility for funding.

Before we provide grant funding to you, we undertake checks for the purposes of preventing fraud and money laundering, and to verify your identity. These checks require us to process personal data about you to third party fraud prevention agencies.

If we, or a fraud prevention agency, determine that you pose a fraud or money laundering risk, we may refuse to provide the grant funding you applied for, or we may stop providing existing grant funding to you.

A record of any fraud or money laundering risk will be retained by the fraud prevention agencies, and may result in others refusing to provide services, financing or employment to you.

We will keep personal information contained in files in line with our retention policy. If successful in your application then your personal data will be kept for 10 years from the conclusion of any aid award. If you are unsuccessful your details will be kept for one year after the date you provided them.

Under the data protection legislation, you have the right:

- to access the personal data the Welsh Government holds on you;
- to require us to rectify inaccuracies in that data;
- to (in certain circumstances) object to or restrict processing;
- for (in certain circumstances) your data to be 'erased';
- to lodge a complaint with the Information Commissioner's Office (ICO) who is the independent regulator for data protection.

For further details about the information the Welsh Government holds and its use, or if you want to exercise your rights under the GDPR, please see contact details below:

Data Protection Officer:
Welsh Government
Cathays Park
CARDIFF
CF10 3NQ
Email: dataprotectionofficer@gov.wales

The contact details for the Information Commissioner's Office are:

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
Telephone: 01625 545 745 or 0303 123 1113
Website: <https://ico.org.uk>

Should you have any queries regarding this privacy statement please contact the RPW Customer Contact Centre or read our full privacy policy here:

<https://gov.wales/sites/default/files/publications/2018-05/rural-grants-and-payments-gdpr-privacy-notice.pdf>

Annex A - Terms & Conditions

1. Award of Funding

- a) The Grant is made under the Dairy Support Scheme.
- b) Dairy Support Schemes are discretionary, and there is no automatic entitlement to any grant.

2. State Aid and Your Grant Award

- a) All projects must comply with all eligibility rules of the scheme and State Aid rules to be deemed eligible for funding.
- b) Under Article 107(3)(b) of the TFEU, the Commission may approve aid to remedy a serious disturbance in the economy (i.e. the Commission has discretion). In order to assist countries in designing State aid compliant schemes to manage the impact of COVID-19, the Commission published a Temporary Framework on 19 March 2020. The Commission updated the Temporary Framework to provide further flexibilities, and this was adopted on 3 April 2020.
- c) The United Kingdom (the "UK") notified aid under this temporary framework in the form of an umbrella scheme (the COVID-19 Temporary Framework for UK authorities, or the "measure") under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak ("the Temporary Framework") and this was approved by the European Commission under State aid notification SA.56841 on the 6/04/2020.
- d) The maximum level of aid that a company may receive is €800,000 (€120,000 per undertaking active in the fishery and aquaculture sector or €100,000 per undertaking active in the primary production of agricultural products.
- e) Any aid provided under this measure will be relevant if you wish to apply, or have applied, for any other aid granted based on the European Commission's Temporary Framework. You will need to declare the amount of aid received under this Grant scheme to any other aid awarding body who requests information from you on how much aid you have received. You must retain the Grant award letter and your self-declaration of all aid received under the Temporary Framework for four years after the conclusion of the UK's transition from the EU and produce it on any request from the UK public authorities or the European Commission.

3. Statutory Authority

This award of Funding is made on and subject to the Conditions and under the authority of the Minister for Environment, Energy and Rural Affairs, acting pursuant to powers in the Welsh Development Agency Act 1975 and the Industrial Development Act 1972

4. Interpreting these Conditions

Any reference in these Conditions to:

'the Grant' is to the payment made to you, the Grantee, under the Conditions of the Welsh Dairy Support Scheme Grant;

'you', **'your'** is to the Grantee;

'we', **'us'**, **'our'** is to the Welsh Ministers;

'Conditions' is to the terms and conditions set out in this note;

'Schedule' is to the schedule attached to the Conditions;

'Notification Event' is to any of the events listed in *Schedule 1*.

5. What you must use the Funding for:

You must use the funding solely for the purposes of meeting fixed costs and sustaining production capacity without impacting on animal health and welfare and the environment during the COVID-19 pandemic period and for no other purpose whatsoever.

6. Funding Pre-Conditions

Where you are required to provide information and documentation to us as evidence that you have satisfied a particular pre-condition, condition or in support of a claim, the information and documentation must be in all respects acceptable to us. We reserve the right to reject any information and documentation which is for any reason not acceptable to us.

7. Your general obligations to us:

You must:

- a) safeguard the Funding against fraud;
- b) comply with all applicable laws or regulations or official directives whether derived from domestic, EU or international law;
- c) co-operate fully with Welsh Government or consultant appointed by us to monitor your use of the Funding and your compliance with these Conditions;
- d) inform Welsh Government in writing of any change in circumstance which may affect the accuracy of the information given whilst this application is being considered by Welsh Government;
- e) ensure that your employees shall not breach the terms of the Bribery Act 2010 in relation to this or any other grant. The Grantee shall ensure that adequate controls are in place to prevent bribery.

8. Notification Events and their consequences

- a) You must notify us immediately if a Notification Event (see *Schedule 1*) has occurred or is likely to occur but we also reserve the right to notify you where we believe a Notification Event has occurred or is likely to occur.

- b) We will seek to discuss the Notification Event with you and to agree a course of action to be taken to address the Notification Event and in doing so we will consider both the seriousness of the Notification Event and whether or not it can be remedied.
- c) We will be entitled to take any of the actions listed in Condition 8(d) if:
 - (i) despite our reasonable efforts we have been unable to discuss the Notification Event with you, or
 - (ii) we notify you that the Notification Event is not capable of remedy, or
 - (iii) a course of action is agreed with you but you fail to follow it, or any conditions attached to it are not met (including without limitation the timescale for such course of action), or
 - (iv) the course of action fails to remedy the Notification Event to our satisfaction.
- d) If any of the circumstances set out in Condition 8(c) occurs we may by notice to you:
 - (i) withdraw the award of Funding; and/or
 - (ii) require you to repay all or part of the Funding immediately; and/or
 - (iii) suspend or cease all further payment of Funding; and/or
 - (iv) make all further payments of Funding subject to such conditions as we may specify; and/or
 - (v) deduct all amounts owed to us under these Conditions from any other funding that we have awarded or may award to you; and/or
 - (vi) exercise any other rights against you which we may have in respect of the Funding.
- e) All repayments of Funding must be made to us within 28 days of the date of our demand. You must pay interest on any overdue repayments at a rate of 1.5% per annum above the Bank of England base rate from time to time or at such other rate as may be required by the State Aid Rules. Interest will accrue on a daily basis from the date the repayment is due until actual repayment of the Funding, whether before or after judgment. You must pay the interest together with the overdue repayment.

9. Audit Requirements

- a) You must:
 - (i) maintain clear accounting records identifying all income and expenditure in relation to the Purposes;
 - (ii) without charge, permit any officer or officers of the Welsh Government or Audit Wales at any reasonable time and on reasonable notice being given to you to visit your premises and/or to inspect any of your activities and/or to examine and take copies of your books of account and such other documents or records as in such officer's reasonable view may relate in any way to your use of the Funding. This undertaking is without prejudice and subject to any other statutory rights and powers

exercisable by the Welsh Government, Audit Wales or any officer, servant or agent of any of the above;

- (iii) retain this letter and all original documents relating to the Funding until we inform you in writing that it is safe to destroy them.

- b) Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to monies provided by the Welsh Government. He and his officials have the power to require relevant persons who control or hold documents to give any assistance, information and explanation that they may require; and to require those persons to attend before them for such a purpose. The Auditor General and his staff may exercise this right at all reasonable times.

10. Third Party Obligations

- a) Nothing in the Conditions imposes any liability on us in respect of any liability incurred by you to any third party (including, without limit, employees and contractors).

11. Access to Information

- a) You acknowledge that we are subject to the requirements of the Freedom of Information Act 2000 (the "FOIA"), the Environmental Information Regulations 2004 (the "EIR") and the Data Protection Act 2018 (the "DPA").
- b) You acknowledge that we are responsible for determining in our absolute discretion whether:
 - (i) to disclose any information which we have obtained under or in connection with the Funding to the extent that we are required to disclose such information to a person making a disclosure request under the FOIA or the EIR; and/or
 - (ii) any information is exempt from disclosure under the Code, the FOIA or the EIR.

12. Welsh Ministers' Functions

- a) You acknowledge that the Welsh Ministers have a range of functions which will continue to accrue and be amended and that decisions in relation to each such function are obliged to be taken in the light of all relevant and to the exclusion of all irrelevant considerations. You agree that nothing contained or implied in , or arising under or in connection with, these Conditions will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh Ministers or any of them to exercise, or refrain from exercising, any of their functions in any particular way.

13. General

- a) If at any time any of these Conditions is deemed to be or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

- b) No failure or delay on our part to exercise any power, right or remedy under these Conditions will operate as a waiver of any such power, right or remedy or preclude its further exercise or the exercise of any other power, right or remedy. The powers, rights or remedies hereby provided are cumulative and not exclusive of any powers, rights or remedies provided by law.
- c) Any amendment or variation these Conditions must be in writing and signed by us and you.
- d) You may not assign or otherwise dispose of in any way your rights, benefits, obligations or duties under these Conditions.
- e) Conditions 6, 7, 8, 10, 11, and 13(e) and such other Conditions which by implication need to continue in force beyond the final payment of Funding will so continue in full force and effect.
- f) These Conditions are to be governed by and construed in accordance with the laws of Wales and England as applied in Wales and the parties hereto submit to the exclusive jurisdiction of the courts of Wales and England.

14. Declarations

You declare that:

- a) you have the power to enter into and to perform the obligations set out in these Conditions and you have taken all necessary action to authorise the entry into and performance of the obligations under these Conditions;
- b) no litigation or arbitration is current or pending or, so far as you are aware, threatened, which have or could have an adverse effect on your ability to perform and comply with any of these Conditions;
- c) the information contained in your Application is complete, true and accurate;
- d) you have disclosed to us all material facts or circumstances which need to be disclosed to enable us to obtain a true and correct view of your business and affairs (both current and prospective) or which ought to be provided to any person who is considering providing funding to you;
- e) you will notify the Welsh Government if you are convicted of any of the following offences:
 - (i) An offence resulting in the imposition of points for serious infringements as defined by Article 90(1) Council Regulation (EC) 1224/2009 and set out at Annex A to the Guidance on Serious Infringements and Fraud;
 - (ii) An environmental offence which falls within one of the categories of offences under Directive 2008/99/EC and set out at Annex B to the Guidance on Serious Infringements and Fraud;
 - (iii) An offence of fraud relating to European funding.

- f) you or your business have not been convicted of an offense that the Welsh Government or EU consider to be a 'serious infringement', or fraud, in the 12 months before applying.

Annex B – Undertakings in Difficulty

Source: Article 2(18) General Block Exemption Regulations⁷

'Undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:

- (a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.
- (b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- (c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- (d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- (e) In the case of an undertaking that is not an SME, where, for the past two years:
 - (i) the undertaking's book debt to equity ratio has been greater than 7,5 and
 - (ii) the undertaking's EBITDA interest coverage ratio has been below 1,0.

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

Schedule 1

Notification Events

1. repayment of any part of the Funding is required under Law (whether under State Aid Rules or otherwise);
2. you fail to comply with any of the Conditions;
3. we have made an overpayment of Funding to you;
4. the Welsh Ministers consider that an alternative form of support for the Grantee has been made available by the UK Government or the Welsh Government during the COVID-19 pandemic period;
5. you receive funding from another source that overlaps/compensates for the same loss;
6. any declaration made in Condition 13 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect;
7. any petition is presented or resolution passed or other action taken for your bankruptcy or winding-up or a petition is presented for an administration order against you;
8. a receiver or an administrative receiver is appointed in respect of you or in respect of all or any part of your assets;
9. a moratorium in respect of all or any of your debts or a composition or an agreement with your creditors is agreed, applied for, ordered or declared;
10. you are unable, or admit in writing your inability, to pay your debts as they fall due;
11. any distress, execution, attachment or other process affects any of your assets;
12. a statutory demand is issued against you;
13. you cease, or threaten to cease, to carry on all or a substantial part of your business;
14. any event occurs or circumstances arise which in our opinion gives reasonable grounds for believing that you may not, or may be unable, to perform or comply with any of your obligations under these Conditions.