

A MESSAGE FROM OUR EXECUTIVE



The Finance For Enterprise Executive Committee:

Back Row: Chairman Mike Shepherd, Vice-chair Kelvin Fitton and Operations Manager, Paula Foreman.

Front row: Joint Managing Directors, Arthur Foreman & Andrew Austwick.

Since the financial crisis of 2009, access to finance has continued to prove problematic for many businesses, particularly in the north and midlands.

Finance For Enterprise (FFE) is committed to addressing these inequalities. We work with stakeholders to develop the means to support the aspirations and ambitions of those marginalised businesses in our region which struggle to source capital.

Since FFE was re-launched ten years ago, we have invested £43 million across 2,000 businesses, including 600 EFG loans totalling £23 million. We are the sixth most active EFG lender nationally behind only the major banks.

Our positive approach towards businesses, alongside excellent fund performance (bad debts below 2%) has helped FFE to become one of the major community finance institutions (CDFIs) in the UK. We are a not-for-profit social enterprise and our annual surplus is invested back into supporting SMEs, ensuring maximum and continuing impact for every pound we invest.

As a fund manager for the Northern Powerhouse Investment Fund (NPIF) and a delivery partner for Start Up Loans (SULs), we play a vital role in providing access to finance for the underserved businesses and entrepreneurs in our region. NPIF and SULs are backed by the British Business Bank and we are proud to be associated with these vitally important programmes.

Beyond our involvement in government-backed loan funds, our principal lending activity comprises investments using a combination of our own capital and debt raised from a variety of institutions. In this respect, Unity Trust Bank plc has been incredibly supportive over a number of years, alongside Co-operative Bank plc: both of these banks share similar objectives and culture to our own.

This year saw FFE secure £15 million capital via the Community Investment Fund, created by Big Society Capital and Triodos Bank UK Limited, enabling us to provide enhanced coverage across the region.

Our mission is to be a responsible and ethical lender to viable but underserved businesses, thus maximising the economic and social impact in the communities in which we operate.

The benefits accruing from our investments in SMEs are significant. Beyond the economic impact (£43 million of value added in the year), there are numerous social benefits resulting from the creation and safeguarding of jobs in the businesses we support and their associated supply chains.

We continue to work with our partners and stakeholders to bring additional capital to our region and look forward to further enhancing our impact in 2019-20.

Arthur Foreman & Andrew Austwick
Joint Managing Directors, Finance For Enterprise



2018-2019: OUR YEAR IN NUMBERS



311

Loans agreed



449

Jobs created



£7.51m

Loaned to SMEs



£42.68m

Added to the local economy



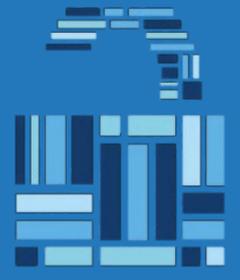
129

Businesses created



415

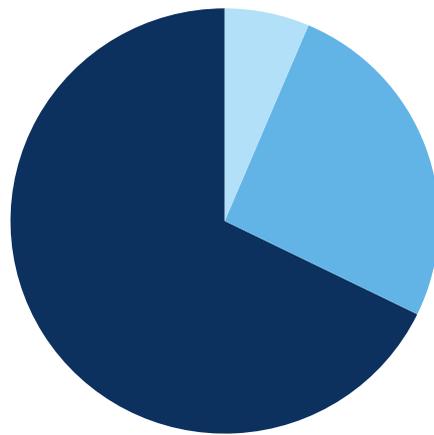
Jobs safeguarded



BREAKDOWN OF LENDING

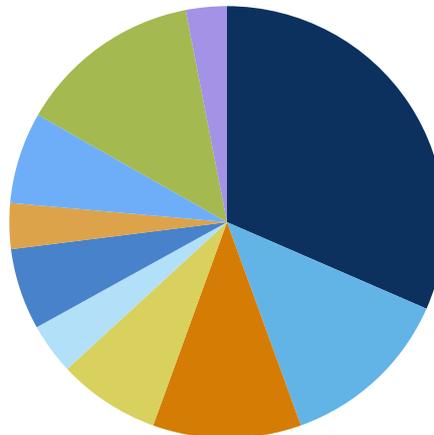
Loans made during the year:

£5.09m FFE capital
£1.94m Start Up Loans
£0.48m NPIF



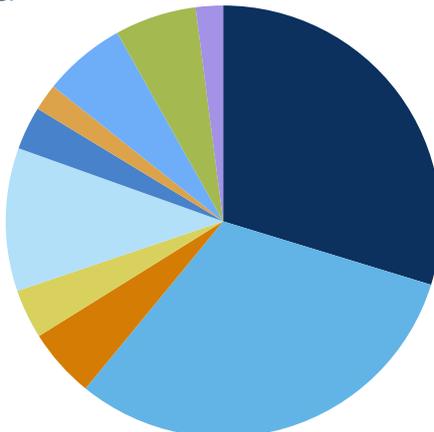
- Finance For Enterprise
- Start up loans
- NPIF

Location breakdown of loans by number:



- Sheffield
- Doncaster
- Rotherham
- Barnsley
- Derbyshire
- Notts
- Lincolnshire
- West Yorks
- Hull & East Yorks
- Other

Location breakdown of loans by value:



- Sheffield
- Doncaster
- Rotherham
- Barnsley
- Derbyshire
- Notts
- Lincolnshire
- West Yorks
- Hull & East Yorks
- Other

BREAKDOWN OF LENDING *(Continued)*

Current loan portfolio:

1230 loans outstanding

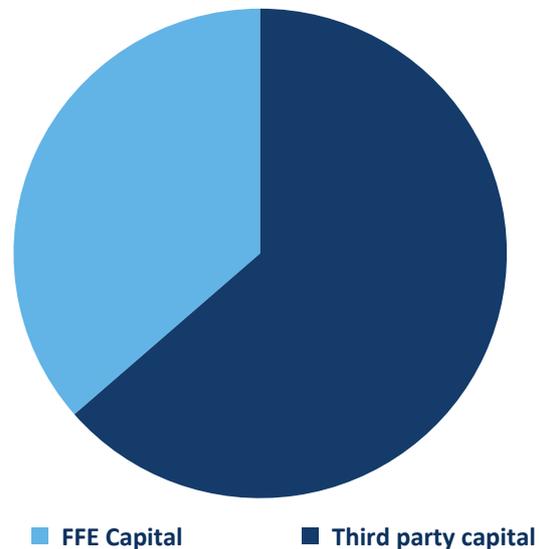
448 FFE capital / 782 Third party loans.

£19.76m balances outstanding

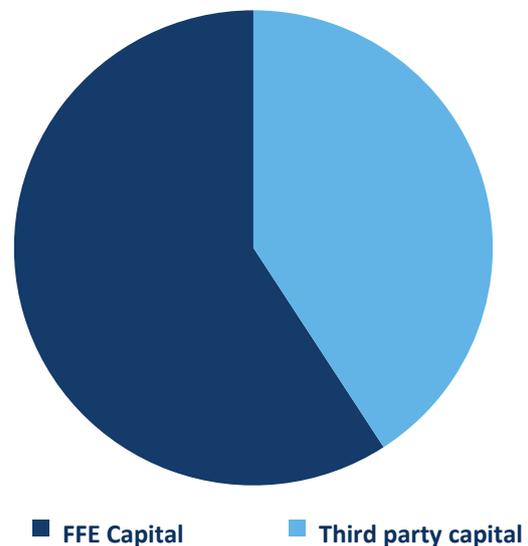
£11.69m FFE capital / £8.07m Third party capital.

Third party capital and third party loans include both NPIF loans and Start Up Loans approved by Finance For Enterprise. NPIF loans have usually formed part of a wider FFE investment.

Loans by number



Loans by value outstanding (£millions)



INVESTING IN INNOVATION

“Securing lending from Finance For Enterprise has had an immediate impact, helping us to accelerate our plans to recruit staff and enter new markets.”

A Sheffield-based emotional wellbeing company is offering a helping hand to sufferers of mental illness after securing a six-figure investment from Finance For Enterprise, alongside capital from the Northern Powerhouse Investment Fund.

Company founders Chris Winter and Bernard McMahon recognised there was a need for people to be able to objectively assess their mental health and used their knowledge and expertise to launch TranQuality Solutions Ltd, with the aim of utilising powerful, science-based technologies to identify and treat conditions such as depression, anxiety and stress.

After contacting Finance For Enterprise, TranQuality was able to access a business loan, backed by capital from FFE as well as funds from the Northern Powerhouse Investment Fund. The investment has enabled the business to recruit and train new staff, as well as using part of the finances to develop marketing materials and technology.

The loan has also enabled the company to develop their organisational Mental Health Assessment programme. TranQuality plans to recruit and train up to 60 coaches and will continue to provide the service to Grimsby-based Navigo Health and Social Care CIC, as well as expanding through national healthcare companies in the UK and internationally. The long-term vision is to create walk-in clinics where mental health assessments will be available to the public.

Bernard McMahon, Director of TranQuality Solutions Limited, said: “Our aim is to make our services and support available nationally as quickly as possible to benefit people in the UK, then expand internationally. The funding provided by



FFE Investment Manager David Lee (Centre), with the Tranquality team.

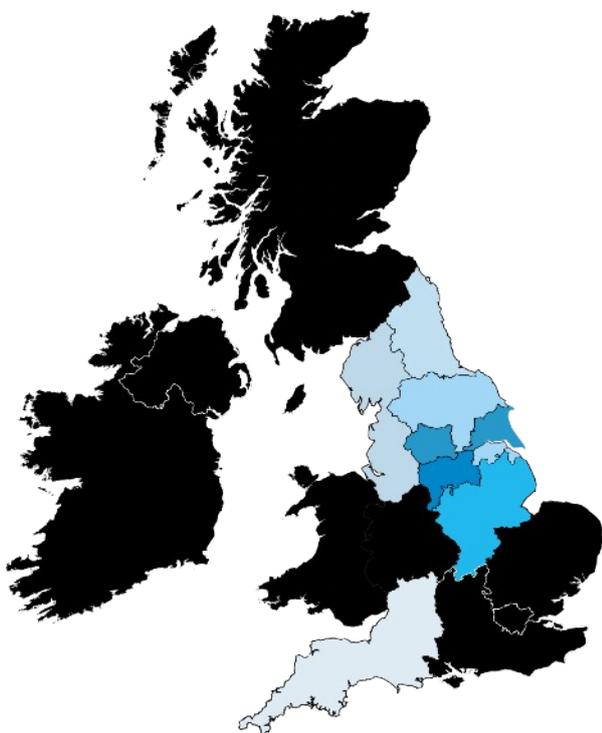
Finance For Enterprise has had an immediate impact on TranQuality. It has helped us to accelerate our plans to recruit staff and enter new markets.”

David Lee, Investment Manager, Finance For Enterprise, said: “TranQuality is helping to shape attitudes towards mental health within a variety of organisations, and it has been both a pleasure and learning experience working alongside Chris and Bernard as their Investment Manager.

Mark Wilcockson, Senior Manager, British Business Bank, said: “The Northern Powerhouse Investment Fund ensures businesses, whether start-up or established, small or large, can access tailored business loans when they need it the most. With the NPIF – BEF and FFE Microfinance Loan, Chris and Bernard have been able to provide employment within the Sheffield City Region and make a real difference to the issues surrounding mental health.”



LENDING REACH



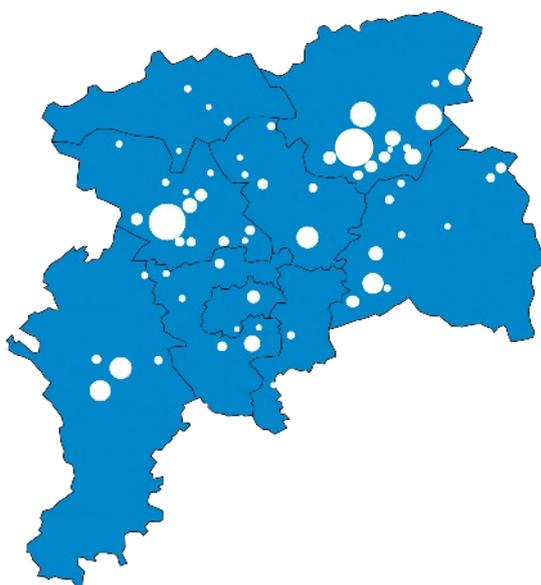
These maps illustrate locations throughout the UK where businesses have benefitted from Finance For Enterprise lending.

Based upon the values of loans provided, 62% of all funds were used to support businesses based in the Sheffield City Region, accounting for a total of £5.93m.

Businesses based in the East Midlands received a total of £2.39m.

Breakdown of loans provided:

- Sheffield City Region: £5.93m
- East Midlands (Excluding Lincs): £2.39m
- Hull, East Yorkshire & Lincs: £0.60m
- Leeds & West Yorkshire: £0.46m
- York & North Yorkshire: £0.07m
- North West: £0.05m
- South West: £0.02m



Breakdown of loans provided within the Sheffield City Region:

- Doncaster: £2.30m
- Sheffield: £2.20m
- Chesterfield: £0.54m
- Rotherham: £0.38m
- Barnsley: £0.27m
- Retford: £0.23m
- Worksop: £0.02m

INVESTING IN GROWTH

“Finance For Enterprise was acutely aware of the time pressures we were facing. We were able to secure the vital funds we needed within just one week”

Ant Marketing created more than 50 new jobs after securing £100,000 of lending from NPIF – BEF and FFE Microfinance, alongside £100,000 of FFE capital.

With a growing customer base which includes household names such as British Gas, Nestle, Royal Bank of Scotland and The Economist, the telemarketing specialist approached Finance For Enterprise for support after securing one of its largest contracts to date.

The sales, research and customer service support company successfully fought off competition from competitors across the UK and abroad to secure work with energy giant Scottish Power.

After hearing they had been successful in bringing the business to South Yorkshire, the business contacted Finance For Enterprise in a bid to secure the vital funds needed to add additional members of staff to the workforce, as well as providing working capital to invest further in the business.

Working closely with Tim Daniels, Investment Manager at Finance For Enterprise, the loan was secured within just one week.

In addition to adding new members of staff to the business, the funds have enabled Ant Marketing to invest in its existing workforce. Twelve members of staff have been awarded promotions and the company appointed a further 25 new members of staff within the following few weeks.

Anthony Hinchliffe, founder and CEO of Ant Marketing said: “Over the past 28 years, we’ve been proud to have supported some of Britain’s best known brands and the contract we secured with Scottish Power forms a key part of our future growth plans.



FFE Investment Manager Tim Daniels (Centre-right), with Ant Marketing.

“Investments in staff, training and new equipment can place considerable pressure upon our cashflow – the lifeblood of any business- and so we called upon Finance For Enterprise to enable us to undertake the all-important preparation work, prior to the beginning of the new contract.

“Finance For Enterprise was acutely aware of the time pressures we were facing, however, we were able to secure the funds we needed within just one week. As a result of the lending we’ve received, coupled with the success we’ve achieved to date, we’re looking to add more people to our workforce.”

Tim Daniels, Investment Manager, Finance For Enterprise said: “Ant Marketing is a real South Yorkshire success story. From very humble beginnings it has evolved to become a major employer.

“Securing additional finance was critical to fulfilling the company’s contractual obligations and vital in enabling the company to invest in its internal management procedures and staff to equip them with the skills and knowledge needed to succeed. I’m delighted to see that the result of this has not only seen the creation of a significant number of new jobs, but also helped to create an environment which has enabled Ant Marketing to prosper.”



ECONOMIC IMPACT

The total value added to the region's economy arising from Finance For Enterprise activities during the year amounts to **£42,680,640***.

This brings the total added over the last five years to **£152,729,283***.

* The method of calculation has been developed by Responsible Finance with responsible finance providers across the UK. It is used by community finance organisations which provide:

- Business loans
- Social enterprise loans
- Personal loans
- Home improvement loans

It is based on existing evidence, using data collected by responsible finance providers and defines the value of a small set of core outcomes. It does not currently capture the full range of impacts that responsible finance providers have on the economy and society and it is not a cost benefit analysis tool.

The calculation is underpinned by a relevant and robust evidence base, which has undergone a peer review process.

Impact Calculations

Start-up lending:
£9,053,690 of value added

Loans to established businesses:
£33,546,620 value added

Financial advice to individuals:
£80,330 value added.

Gross benefit:
Every £1 invested in a start-up business delivers an average cost ratio benefit of £4.80.

In an established business, this rises to an average of £5.40.

INVESTING IN SOCIETY

At Finance For Enterprise, we provide loans exclusively to SMEs experiencing problems accessing finance from banks and other mainstream sources of finance and thus, our capital targets only those businesses which would otherwise be unable to raise the capital necessary to achieve growth ambitions or even to just survive.

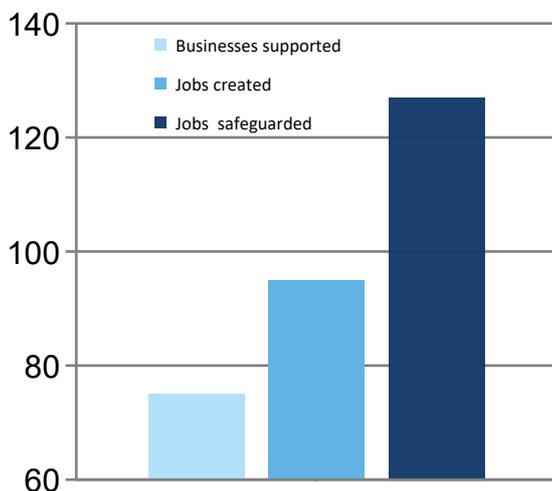
Additionally, over half of the businesses we support are located in the top 35% deprived Local Super Output Areas (LSOAs) or in the Top 50 deprived Local Authorities based on measures of deprivation including income, employment, health, education, access to services, housing and crime.

Funding businesses in these areas has a trickle-down effect in terms of the benefits which accrue in their communities.

Our aim is to assist all underserved businesses which can demonstrate viability and outputs which will benefit the local economy and community. We are also delighted to provide support across the disadvantaged demographic spectrum, including young entrepreneurs as well as those of a more mature age. Consequently, more than half of the business owners we help are under the age of 30 or older than 55.

Other examples of the breadth of our impact include:

Female-led businesses



Investing in society: FFE recently supported the Sheffield City Launchpad Awards, which recognises the achievements of the region's newest entrepreneurs and business owners

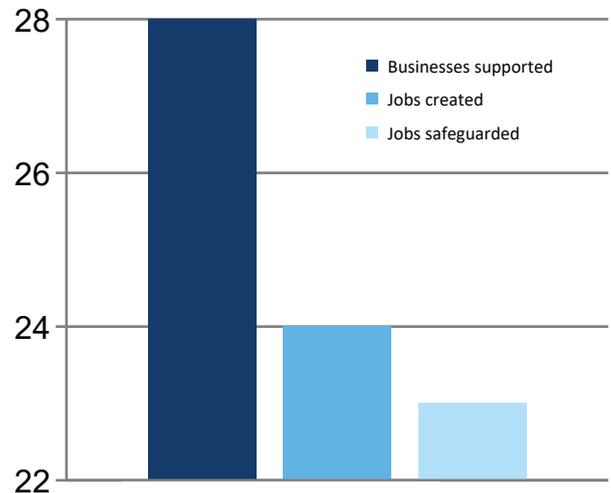
Female-led businesses:

75 businesses supported
95 jobs created
127 jobs safeguarded

BAME businesses:

28 businesses supported
24 jobs created
23 jobs safeguarded

BAME-led business

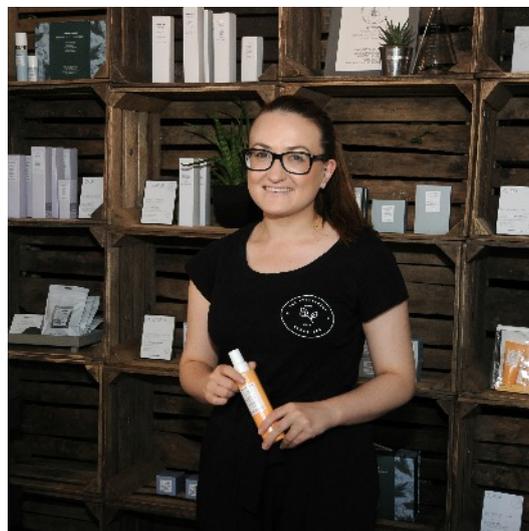




“My Investment Manager at Finance For Enterprise helped me to believe in myself and revived my business confidence.

“I think myself lucky every day for being able to be my own boss and to have the support from Finance For Enterprise whenever I need it.”

- Lindsey Jones, The Apothecary Salon



“Since securing support from Finance For Enterprise, the business has grown beyond my wildest dreams and we are on course to enjoy a record year.”

- Jamie Wright, JM Trucking

“Many banks are reluctant to lend to new businesses with no proven trading history, and so I decided to contact Finance For Enterprise.

They have been incredibly supportive and without their help, I suspect I'd still be wondering 'what if'.”

- Simon Evans, The Dragon's Tap





FINANCE FOR
ENTERPRISE

<https://finance-for-enterprise.co.uk/>

Tel: 0333 014 3455