

SOCIAL IMPACT REPORT  
& ANNUAL STATEMENT

16 → 17



FINANCE AND SUPPORT FOR SMALL BUSINESSES  
IN YORKSHIRE AND THE NORTH EAST

16

17



The year  
**AT A GLANCE**



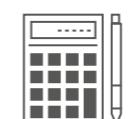
**452**

CLIENT  
DEALS



**£7m**

OF CLIENT  
INVESTMENTS



**£29m**

ADDED TO THE  
REGION'S ECONOMY  
(£86M IN THE LAST 5 YEARS)



**175**

NEW UK BUSINESSES  
CREATED



**750**

UK JOBS CREATED  
& SAFEGUARDED



**£95k**

GRANTED TO ORGANISATIONS  
MATCHING OUR AIMS AND  
OBJECTIVES, INCLUDING CHARITIES

A note from our  
**CHAIRMAN &  
CHIEF EXECUTIVE**



Since 2004, we've been lending money to small businesses that need access to finance to thrive and grow. In the beginning, our social mission was to support businesses in Bradford, particularly set in deprived communities. 13 years later we've grown considerably, covering the wider region of Yorkshire and the North East but our core aims haven't changed.

We're motivated by seeing change in communities by the investments we make to local businesses. Following the financial crisis in 2007, we responded to the changing market and grown as an organisation, unlocking much needed funding streams from UK and European government initiatives, to serve SME businesses. In 2010, we set a target to lend £1,000,000 in a year. Now, we can see up to £500,000 worth of applications at our weekly credit panel meetings!

This growth is not only a result of the different lending landscape for SME businesses, but it's down to our commitment to lend responsibly, in a way that's sustainable to the businesses we lend to. Our social impact figures re-enforce this, and alongside our Board, I'm proud that we are making a real difference by supporting the growth of dynamic businesses across the region.

**Malcolm Lynch**  
Chairman



Welcome to our first full Social Impact Report. As part of the West and North Yorkshire Chamber of Commerce family, we're proud to have been part of the effort to support and grow the regional economies that make up the North of England. I hope the following pages help paint a picture of the businesses we support and the impact our lending has made. For us, the impact our service makes is integral, and it continues to define how we operate, even though we're unrecognisable in many ways from when we first started.

To continue business growth and maintain our social focus, we're always looking at ways we can evolve our service. We are currently focused on enhancing our digital proposition and are investing in cutting-edge technology to speed up and streamline the loan application process. As well as improving the customer journey experience, this will create more time for our expert Investment Team to discuss and advise on the client's loan application when other lenders cannot.

With recent successes such as becoming a Fund Manager of the Northern Powerhouse Investment Fund (Microfinance) and serving a broader region, we're looking forward to further growth; and whilst we're investing in technology, I'm certain that we wouldn't exist without our talented and committed team, and the support that we receive from our partners.

**Steve Waud**  
Chief Executive



## OUR IMPACT

BEF CAPITAL

£4.4m + £2.5m + £0.05m

=  
£6.95m

NPIF\*



2016/17

£7m  
OF CLIENT  
INVESTMENT

452  
CLIENT  
DEALS

175  
NEW UK BUSINESSES  
CREATED

5 YEAR TOTAL

1,830  
CLIENT DEALS

£86m  
ADDED TO THE  
REGION'S ECONOMY

£33m  
OF CLIENT  
INVESTMENT

824  
NEW BUSINESSES  
CREATED



2,000  
JOBS CREATED OR  
SAFEGUARDED

£300,000  
GRANTED  
OVER 3 YEARS



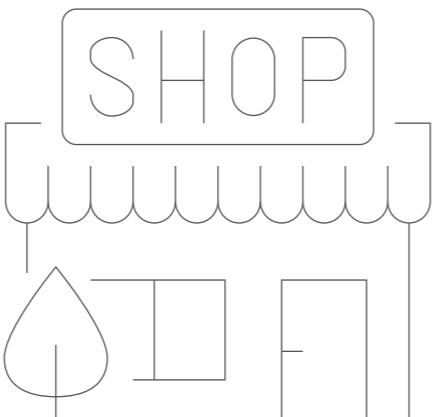
600 staff hours  
SUPPORTING CHARITIES  
AND LOCAL INITIATIVES

\*Appointed NPIF fund manager in March 2017

SOCIAL IMPACT REPORT & ANNUAL STATEMENT

## What makes us UNIQUE?

Our mission is to provide flexible finance to businesses, helping grow and improve the wealth of the regional economy and the people we serve. We provide loans to SME businesses to help them thrive and grow when other lenders can't fully assist and, as a social enterprise, our profits are re-invested in the company to further our social aims.



## OUR LOANS

**1**

**START UPS**

Government backed loans for businesses trading less than two years  
£500–£25,000 | 6% fixed

- Terms up to 5 years
- Support on offer from experienced business mentors
- No set up or early repayment fees
- Personal loans for business use

**2**

**GROWING BUSINESSES**

Unsecured finance for businesses of all ages  
Up to £100,000

- Terms up to 10 years
- Finance for cash flow, asset purchase and business growth
- Flexible and personally tailored

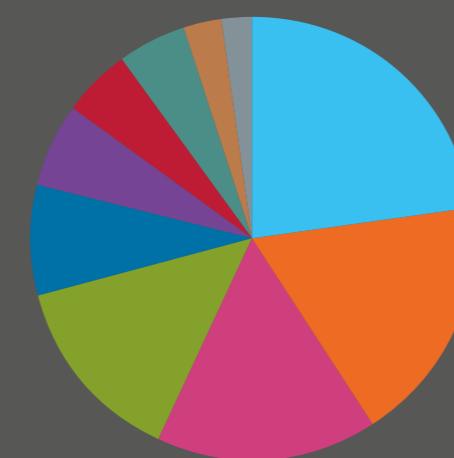
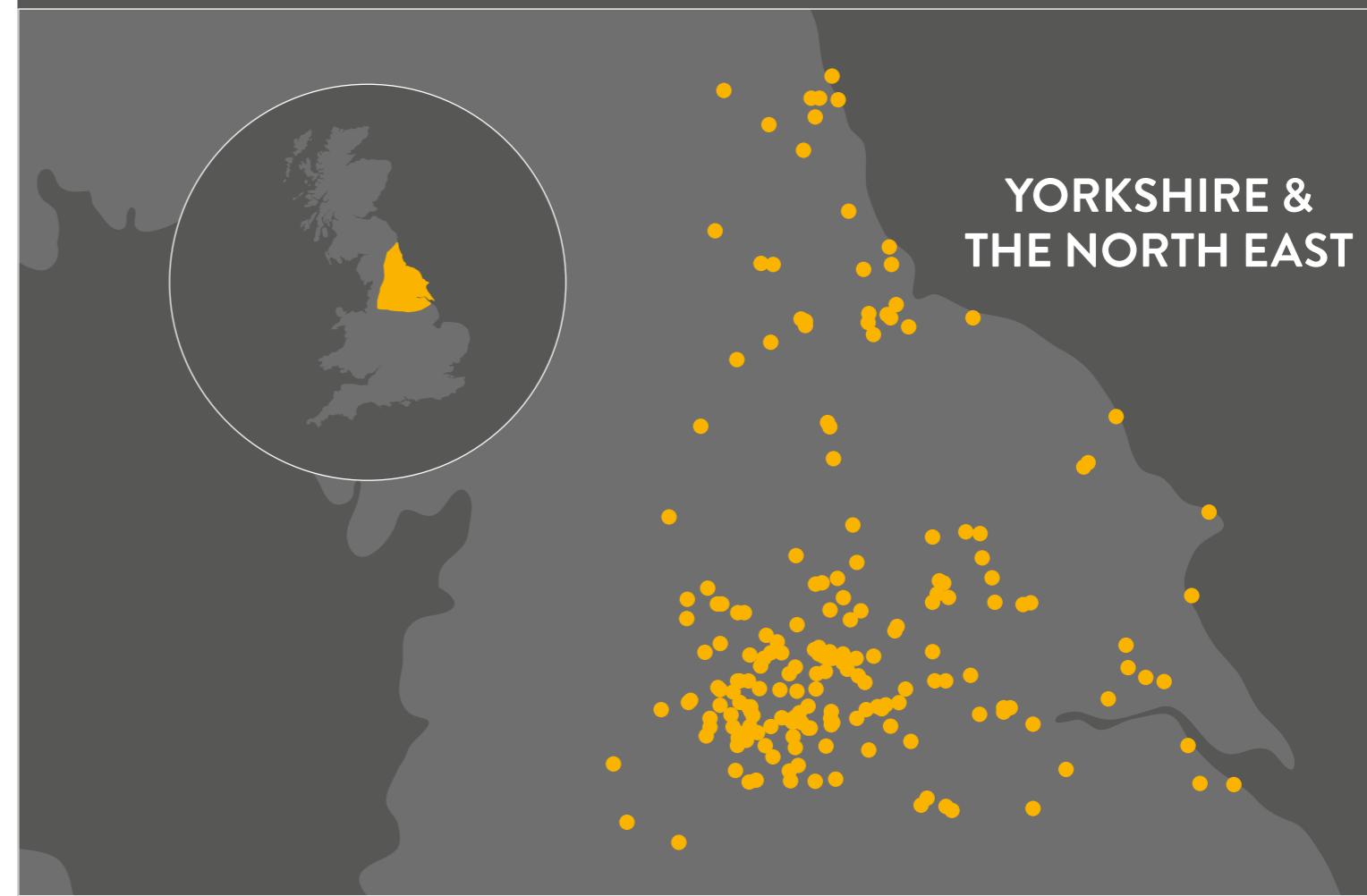
**3**

**ESTABLISHED BUSINESSES**

Secured finance for businesses trading over 5 years  
Up to £150,000

- Terms up to 15 years
- Finance for premises, plant and machinery, stock and acquisitions
- Can be tailored in conjunction with existing arrangements
- No early repayment fees

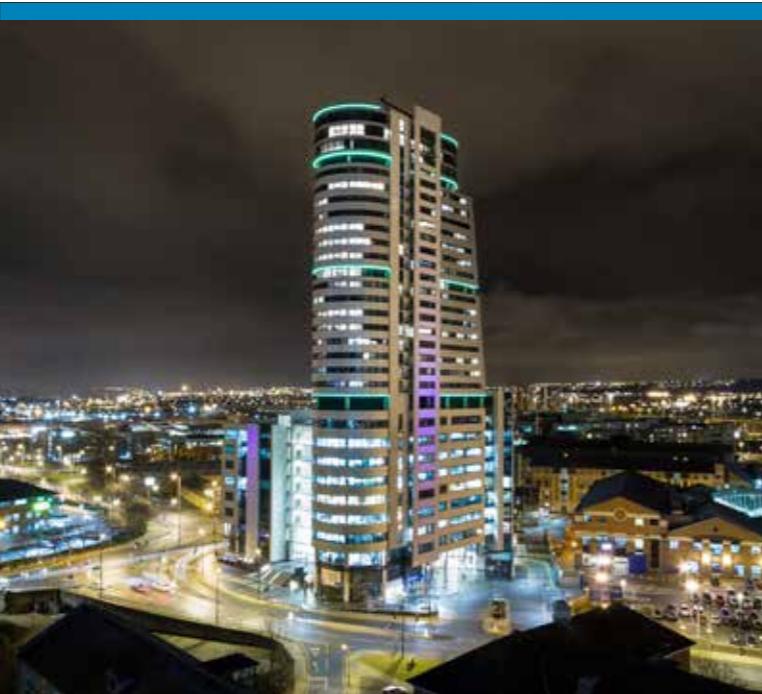
## Where we INVEST



<b>Manufacturing</b> <b>23%</b> £783k	<b>Healthcare &amp; beauty</b> <b>6%</b> £213k
<b>Business services</b> <b>18%</b> £600k	<b>Education</b> <b>5%</b> £185k
<b>Retail</b> <b>16%</b> £548k	<b>Logistics</b> <b>5%</b> £180k
<b>Hospitality</b> <b>14%</b> £475k	<b>Creative</b> <b>3%</b> £103k
<b>Construction</b> <b>8%</b> £255k	<b>Social enterprise</b> <b>2%</b> £50k

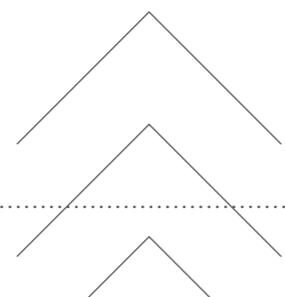
\*FIGURES EXCLUDE START UP LOANS COMPANY LOANS (SULCO)

In April 2017, alongside Finance For Enterprise, we were announced as joint fund managers of the Northern Powerhouse Investment Fund (NPIF), collaborating with the British Business Bank to provide Microfinance to a range of businesses in Yorkshire, Humber and Tees Valley. This is part of NPIF's £400m investment to boost SME growth in the North of England and we are proud to have been chosen to offer this finance option alongside our existing flexible product set.



## City hub

City Hub consists of 18 offices and 5 meeting spaces spread across 4 floors in the heart of Little Germany in Bradford. Owned by The Business Enterprise Fund, it was renovated and launched in 2013 as an incubator office space for local SME businesses. In that time, an estimated 90 jobs have been created from resident businesses and is constantly in demand. Plans for the future are to develop this proposition to continue to support new and young businesses in the area.



## Case study CRIMSON BEAR



In 2014, seasoned buyers Paul Johnson and Andrew Smith formed Crimson Bear, a firm that sources high-end radiators and heating solutions for the home from across the world.

As the business gained momentum, Paul approached BEF where an unsecured loan was arranged for stock purchases.

The business then employed two apprentices, who assisted in managing orders as well as gaining experience in different areas of the business.

After the first investment, demand for their products grew faster than expected. Paul and Andrew returned to BEF for further finance via the Northern Powerhouse Investment Fund, which they used to arrange larger orders of stock for high street lenders.

66 The cash from BEF and support given has been a springboard for us, we really don't know how we would have got here without it.

99



### Results

**Loan**  
£31,000 NPIF

**Feature**  
Second loan swiftly delivered to finance business expansion

**Purpose**  
Purchase of stock

**Impact**  
2 apprentice jobs created, plus 3 existing employees

Case study  
**EVERYBODY'S ALL DAY SOCIAL**



Business partners, Adam Lewis and Paul Glendinning launched gastro bar Everybody's All Day Social in Guiseley, West Yorkshire.

The owners first settled on the up-and-coming site after identifying a gap in the market for a location to meet, eat and drink that appeals to a wider audience. Following planning support from ABL Business, BEF became involved and a loan was arranged to complete construction work and fitting.

With up to 1,000 customers a day, the bar has become a popular venue at all times of the day, drawing in both locals and visitors.

#### Results

**Loan**  
£50,000 BEF

**Feature**  
Collaboration with intermediary to serve the business' needs

**Purpose**  
Building and development

**Impact**  
50 jobs created

Case study  
**ADRENALINE INTERNATIONAL**



Adrenaline International is Yorkshire's largest trampoline and soft play centre. Based in Liversedge, the centre features 140 connected trampolines, a giant air-bag, basketball slam-dunk courts, children's party rooms and an in-house café.

Michael and Debbie Fitzpatrick poured savings and investments into the project which included an overhaul of a 40,000 square foot warehouse. Swift service from BEF freed up cash, ensuring that the project was completed on time for the busy summer period.

The loan bridged the funding gap for the start-up business, where other lenders were unable to assist.

#### Results

**Loan**  
£9,500 Start Up Loan and £20,500 BEF

**Feature**  
Combination of start-up and BEF funds for a cost-effective solution

**Purpose**  
Start-up costs, including equipment purchase

**Impact**  
35 jobs created

Guiseley is an expanding town which has been in desperate need for a more upmarket venue and we've kicked off with a really positive start!

everybody's

We'd spent so long researching and planning our dream business so we're over the moon when the team at BEF were able to support us.



Case study  
**CUSTOM CONTROLLERS**



Custom Controllers UK, Europe's leading manufacturer for customised gaming controllers, moved into its new 5,500 square foot premises in South Leeds and required additional funding to develop the warehouse.

The loan from BEF allowed the business to buy new computers and equipment to support the growth of the operation.

Founder, Ben Lawton, started Custom Controllers UK when he was 16 from the garage of his family home in Manchester.

After moving to Leeds in 2012 for university, Ben won The Duke of York's Young Entrepreneur of the Year in 2015 and now has contracts with the UK's leading games retailer, Game.

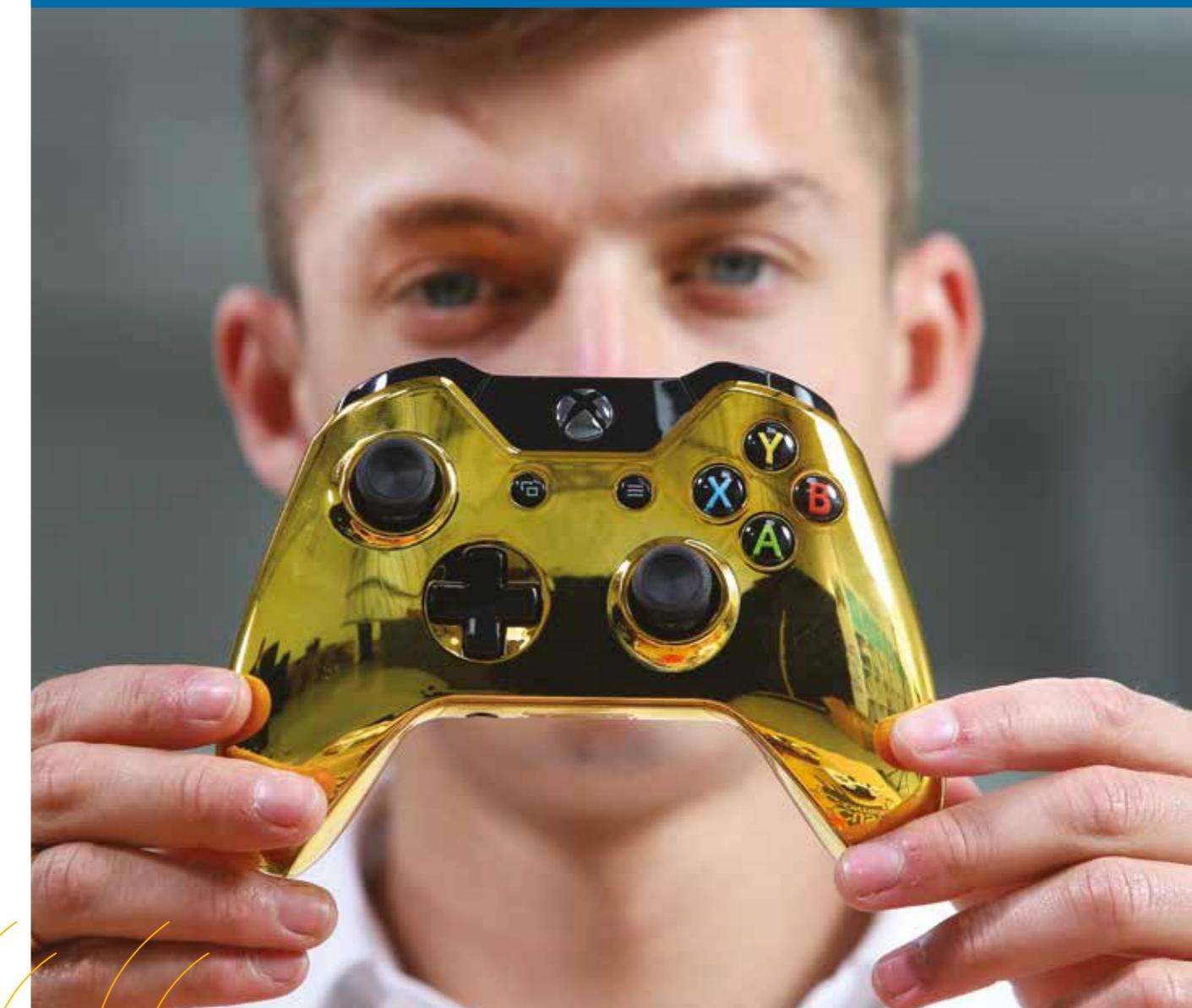
#### Results

**Loan**  
£50,000 BEF

**Feature**  
Unsecured loan tailored to young business

**Purpose**  
Business expansion

**Impact**  
Secured contracts and created 24 jobs



AS A 22-YEAR-OLD BUSINESSMAN WITH LITTLE PREVIOUS TRADING EXPERIENCE, I FOUND IT EXTREMELY DIFFICULT TO SOURCE OUTSIDE SUPPORT AND FUNDING. I'M VERY THANKFUL TO BEF FOR ITS BACKING.



Case study  
**ALLEGRO OPTICAL**



Musicians and entrepreneurs Sheryl Doe and Stephen Tighe developed a unique range of glasses and spectacle lenses dedicated to prolonging musical careers.

With unsecured start-up funding from BEF, Allegro Optical in Meltham, near Huddersfield was opened.

As well as every-day eyecare to the local community, the shop has become the hub for musicians worldwide.

The unique and innovative design of the specialised lenses allows musicians in orchestras to focus simultaneously on their short and long sight.

The funding helped fit the shop with the advanced equipment needed and contributed to website development ahead of the store's opening.

**Results**

**Loan**  
N/A

**Feature**

Unsecured lending for brand new businesses at 6% flat

**Purpose**

Start-up costs

**Impact**

Product launched with exploration of overseas markets

Allison Whitmarsh founded award-winning bakery Proper Maid Limited in 2008. After receiving backing from Deborah Meaden in 2012, the business received funding from BEF to further expand its manufacturing facilities.

The placement of the products has found success in supplying the catering market, with the range of traditional cakes featuring a unique twist, including dandelion and burdock flavour.

Successful contracts with outlets such as Pret a Manger and Manchester Airport were growing, so the business received further BEF funding to help the business move to a larger premises.

**Results**

**Loan**  
£20,000

**Feature**  
Top up on existing loan to allow client to move premises

**Purpose**  
Business scale-up

**Impact**  
Able to support increased sales



66 The technology behind our innovation is a closely guarded secret. It involves complex mathematical formulae and every case we see is unique. Thanks to support from BEF, we now have the technology onsite to deal with customers from a distance.



66 The prompt and efficient response from BEF enabled me to begin our expansion on schedule and meet customer deadlines.





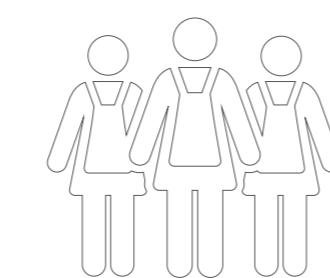
## Creating a support network

We've partnered with a host of organisations that range from marketing and business advisors to grant schemes.

Collaboration is key when it comes to supporting the businesses we work with, and it's something that we see increasing as we provide more businesses than ever with the finance they need to thrive and grow.

Whether it's joining forces with other lenders, connecting with brokers and accountants or teaming up with support programmes, a large portion of our lending has been made possible thanks to these partnerships.

Here are some organisations we are proud to work with:



## Our people

A business like BEF would be nothing without a talented and driven workforce.

Our Investment Team possess a wealth of experience in banking and business advice. They have a keen knowledge for the area they serve, resulting in a detailed understanding of the applying business and where it is based.

This unique service is down to human experience. That's why we've spent the year continuing to invest in our younger members of staff. Our apprentices Ellie Hogarth and Katie Revitt are now fully qualified and have moved through the organisation to the Start Up Loan and Accounts teams respectively. Their prior knowledge of the business within their admin roles has given them a head start, and has now been passed on to our new apprentice, 17-year-old Olivia Critchley.

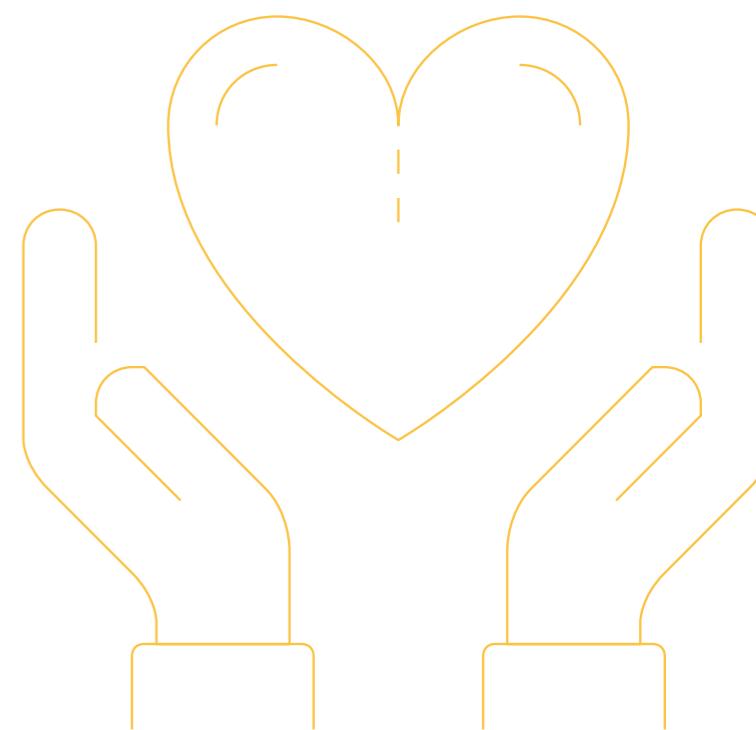
This year we also welcomed Economics graduate, Doug Heseltine to BEF who joined the Start Up Loans Team before moving into an Investment Manager role. He is currently studying for his Chartered Banking exams.

## Supporting good causes

As a not-for-profit organisation, we re-invest into causes which help develop enterprise and support disadvantaged communities.

We grant money to a range of organisations including the University of Leeds, West and North Yorkshire Chamber of Commerce and Bradford charity One In A Million. One In A Million works with disadvantaged children and young people, engaging them through sports, the arts and enterprise.

We've raised money for One In A Million by testing our bodies to the limit – including walking the Yorkshire and National 3 Peaks, and taking part in a charity football tournament. Kind donations received for these activities and more have helped us contribute over £10,000 for the cause this year. Over the last three years our overall giving, including Chamber of Commerce grants, has reached nearly £300,000.



# ANNUAL STATEMENT

## Group companies

Business & Enterprise Finance Ltd

Business & Enterprise Finance (NE) Ltd

Goole Development Trust Ltd

## FINANCIAL PERFORMANCE

Group level	2017/16 £k	2016/15 £k
Income	1,974	1,681
Admin expenditure	1,614	1,604
Operating profit	360	77
Write-offs	708	451
Write-offs %	6%	4%
<b>Gross loan portfolio</b>	<b>11,082</b>	<b>11,206</b>
<b>Yield %</b>	<b>17%</b>	<b>14%</b>

## FUTURE FOCUS

As a social enterprise, our goal is simple; to provide flexible finance to businesses in areas that need it most.

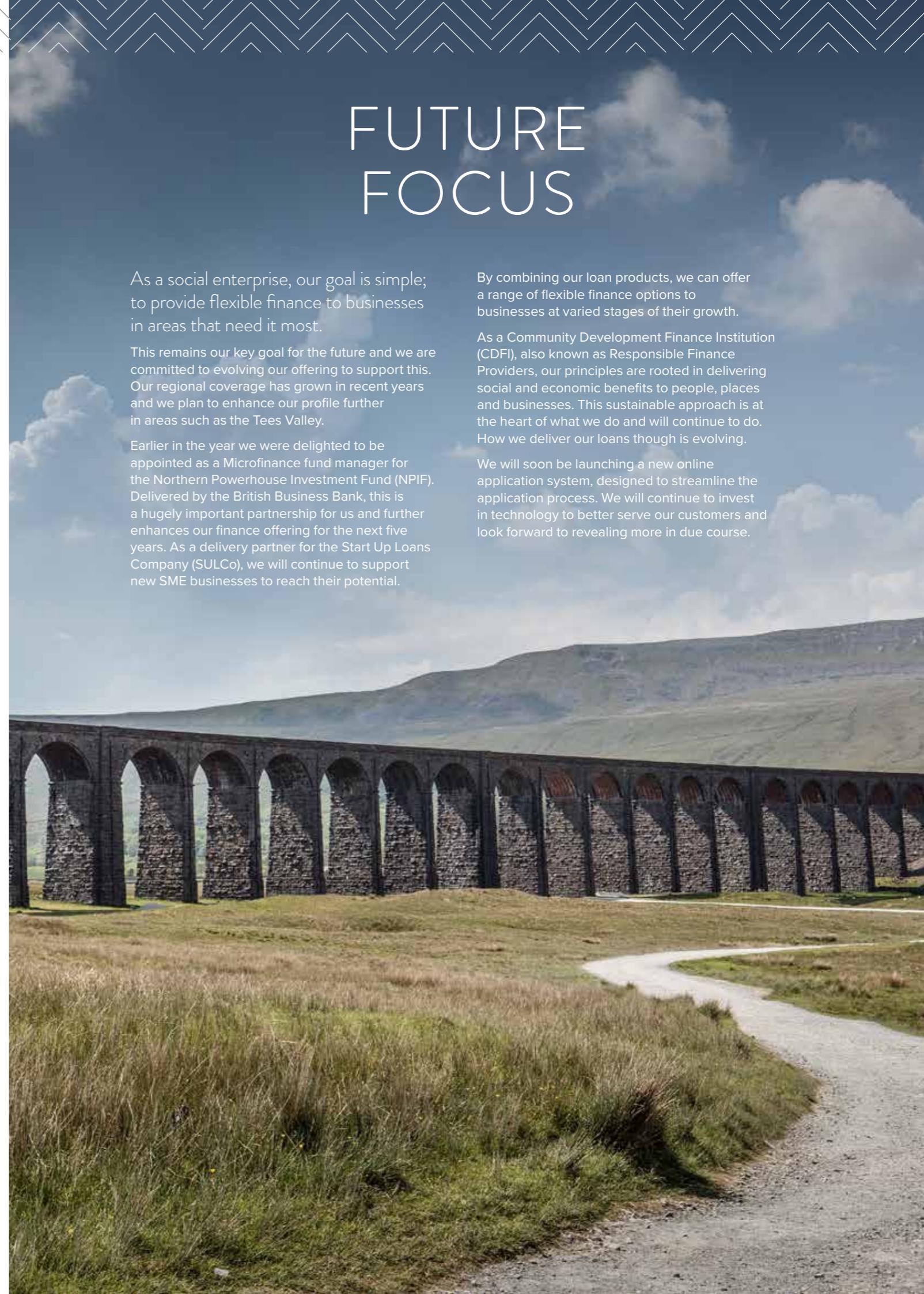
This remains our key goal for the future and we are committed to evolving our offering to support this. Our regional coverage has grown in recent years and we plan to enhance our profile further in areas such as the Tees Valley.

Earlier in the year we were delighted to be appointed as a Microfinance fund manager for the Northern Powerhouse Investment Fund (NPIF). Delivered by the British Business Bank, this is a hugely important partnership for us and further enhances our finance offering for the next five years. As a delivery partner for the Start Up Loans Company (SULCo), we will continue to support new SME businesses to reach their potential.

By combining our loan products, we can offer a range of flexible finance options to businesses at varied stages of their growth.

As a Community Development Finance Institution (CDFI), also known as Responsible Finance Providers, our principles are rooted in delivering social and economic benefits to people, places and businesses. This sustainable approach is at the heart of what we do and will continue to do. How we deliver our loans though is evolving.

We will soon be launching a new online application system, designed to streamline the application process. We will continue to invest in technology to better serve our customers and look forward to revealing more in due course.



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FOR MORE INFORMATION, VISIT:  
[WWW.BEFUND.ORG](http://WWW.BEFUND.ORG)

#### OUR PARTNERS



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