



Annual Impact Report

Financial Year 2013 - 2014



Foreword

Small and Medium sized businesses are vital to the growth and health of the economy, yet gaining access to finance for many startups can be difficult. The Start Up Loans scheme exists to address this problem. Whilst still relatively young, the programme's impact has been immediate. As stated in this report, over 12,400 recipients have received loans between 1 April 2013 and 31 March 2014, resulting in £69 million in lending to new and early stage businesses.

Of course some businesses will fail. That is a fact of life. However it is Start Up Loan's founding aim to provide the necessary tools for those who wish to start a business and create a job for themselves and others. By creating businesses and jobs, the overall success of the scheme must be judged on its economic and social return on investment, helping people into gainful employment activity, the up-skilling of individuals and its ability to address barriers to accessing finance from mainstream lenders.

It is also important to state that the scheme is open to individuals from all walks of life and I am immensely proud to see more than 3,500 previously unemployed individuals take the first steps in starting a business.

I look forward to another strong year for the Company in 2014-2015.

James Caan, Chairman

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Vision

"We aspire to foster an entrepreneurial society that drives economic value."

Mission

"We will ensure provision of affordable finance, mentoring and support for entrepreneurs starting businesses in the United Kingdom who cannot obtain finance from other sources to enable startup businesses to succeed."

We Provide:



Business Support

Access to training, business helplines and community business support networks.



Mentoring

1-2-1 tailored support from small business owners and professionals.



Finance

Low cost finance on clear terms for early stage businesses.



Exclusive Business Offers

Heavily discounted offers from leading businesses including Regus, eBay and Intuit.

Welcome

In 2013/2014, Start Up Loans helped UK entrepreneurs start a business every 90 minutes. With advice and guidance from the scheme's mentors and delivery partners these entrepreneurs are creating substantial economic and social value through job creation and business growth.

At the end of March 2014, the programme had generated 17,000 jobs. In addition, the median annual turnover of businesses supported was more than £23,000 with some achieving in excess of £1 million.

Particularly pleasing is the extent of support we have given to disadvantaged groups, as represented by 30% of loans going to previously unemployed applicants, 13% to those who were previously economically inactive, almost 30% to members of BAME communities and over 40% of lending was to individuals living within areas of high deprivation.

We look forward to helping even more loan recipients achieve their goals as we strive to support over 15,000 new businesses next year.

Tim Sawyer, CEO

About Us

The Start Up Loans Company (SULCo) was created in September 2012 to deliver the Start Up Loan programme on behalf of the Government, with the aim of addressing the need for startup businesses to have access to finance. Most startups cannot borrow from mainstream lenders due to a limited credit history and a lack of collateral or, in many cases, because lenders take the view that it is simply not commercially viable for them to lend to this sector. SULCo's aim is to address this imbalance. Total funding to 2018/19 is set at £329 million.

The Start Up Loans scheme is not designed to generate a commercial profit. Rather it delivers affordable lending, mentoring and business support to applicants unable to borrow through mainstream lenders. In addition, SULCo's activities result in a wide range of social outcomes. The programme initially focused on funding and supporting young entrepreneurs aged 18-24 but was subsequently extended to those aged up to 30. In September 2013 this age restriction was removed, and now all individuals over the age of 18 throughout the UK can benefit from the scheme.

Whilst the scheme has evolved, the core product remains the same. Everyone who comes into the programme receives help to develop their business plan. Those who receive a loan will also receive free mentoring and other support including training to develop their ideas or passion into a business and create a job for themselves and potential employees.

Whilst the Company manages the programme centrally, it is delivered through a network of commercially contracted Delivery Partners. Along with SULCo, they are responsible for the provision of pre-business support, loan administration and mentoring services. In addition, the Company offers customers unlimited access to training courses as well as exclusive access to discounted products and services offered by the Company's Corporate Partners.

Leadership Team

Board of Directors



LORD YOUNG
Founder



JAMES CAAN
Chairman



LUKE WILLIAMS
Deputy Chairman



DAVID HUTCHISON OBE
Non Exec Director



BEV JAMES
Non Exec Director



PETER IBBETSON
Non Exec Director



PETER SEARLE
Non Exec Director



SUSAN HICKEY
Non Exec Director



RICHARD ABEL
Non Exec Director

Senior Management Team



TIM SAWYER
Chief Executive
Officer



JOANNA HILL
Chief Operations
Officer



YASMINA SIADATAN
Creative Director



NICHOLAS DEAR
Strategy & Impact
Director



ALEX DALY
Chief Financial
Officer

Economic Journey

START UP LOANS PROGRAMME

AIMS:

Create Economic Value
Improve Access to Finance for Startups
Up-skill Loan Applicants

ACTIVITIES:

Business Support
Preparing the Applicant for Finance
Training
Mentoring
Exclusive Business Offers

OUTPUTS:

Business Plans Developed
Loans Provided
Loan Recipients Paired with Mentors

OUTCOMES:

New Businesses Trading
Early-Stage Businesses Supported
Up-skilling of Loan Recipients
Jobs Generated

IMPACT

Increase in Gross Value Added
Enhanced Attitudes to Entrepreneurship
Improved Access to Finance Markets

Success Story

NAME: Neomi Bennett

COMPANY: Neo-Slip

PRODUCT: Anti-embolism medical stocking aid

JOBS GENERATED: 2

TURNOVER: £50,000

LOCATION: London

WEBSITE: www.neo-slip.com



The Neo-Slip was created by Neomi Bennett, a nursing graduate from Kingston University and a registered nurse. Neomi was inspired to create an anti-embolism stocking aid after seeing patients, particularly the elderly struggling to put on anti-embolism stockings (to help prevent Deep Vein Thrombosis).

Mother of three Neomi had her eldest son when she was 18. As her children grew she decided she wanted a better life for them and to be a role model so she enrolled on a nursing access course. At Kingston University she was asked to carry out a project looking at health and safety. She noticed the problems people were having putting on the anti-embolism stocking. Her tutors were impressed with her solution so she entered her neo-slip idea into a university competition, which she won. Neomi then entered the Nursing award which she once again won, and was asked where her product was available. Neomi decided to manufacture her product, which is completely made in the UK.

The neo-slip is currently sold at selected pharmacies and used by nursing homes. Neomi is also working in partnership with the NHS. So far Neo-slip has won 14 awards.

Financial Year 2013/2014 in Numbers

51 Delivery Partners



12,418

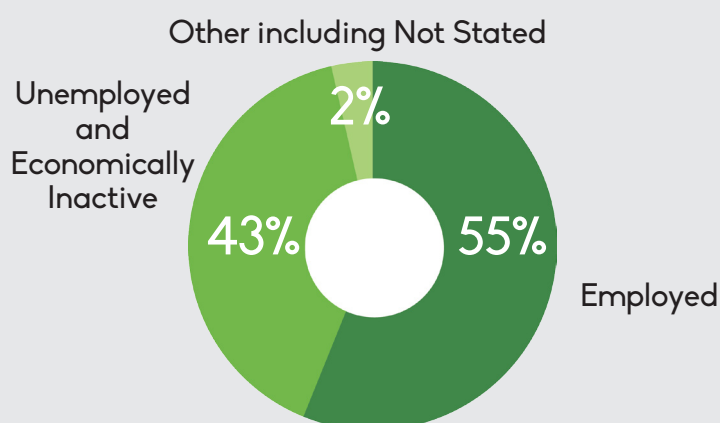
Loans

£69m

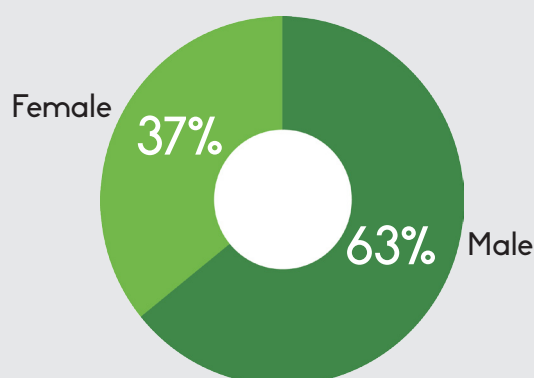
Money Lent

Demographics

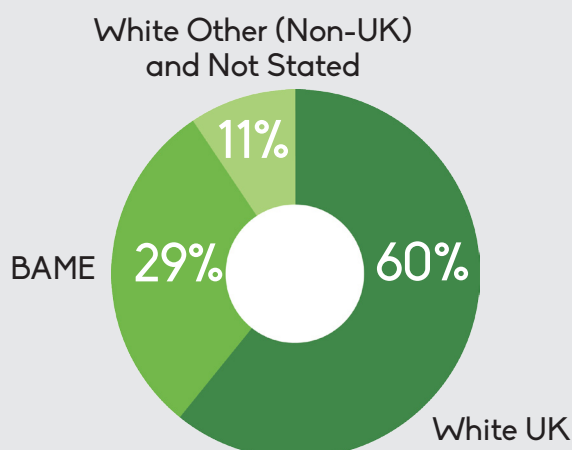
Previous Status



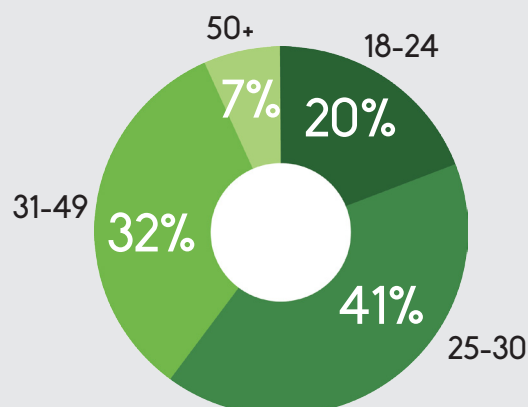
Gender



Ethnicity



Age*

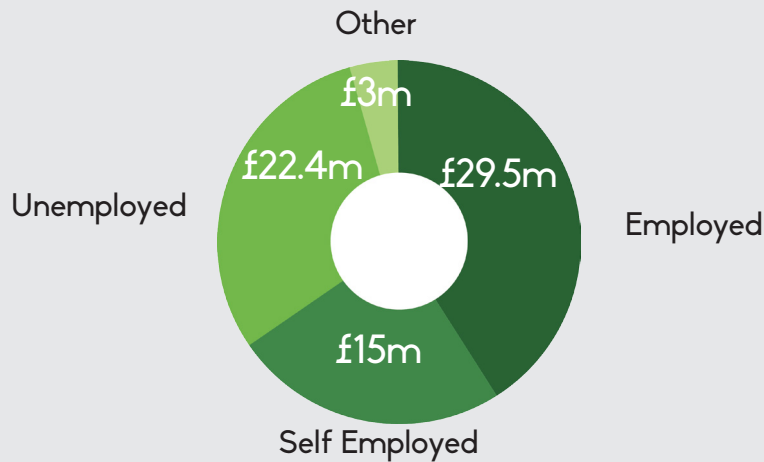


*Lending was extended to the over 30s in the second half of the financial year.

Throughout this report, all numbers and data analysis referring to loans drawn down, the demographics and prior status of loan recipients, are taken from Start Up Loans Customer Relationship Management (CRM) system. Numbers, data and analysis and reporting of outcomes are based upon provisional findings from externally commissioned research with a 10% sample of the Loan Book for the year April 2013 to March 2014. The report has been externally reviewed prior to publication.

Financial Year 2013/2014 in Numbers

Total Lending Value by Previous Status



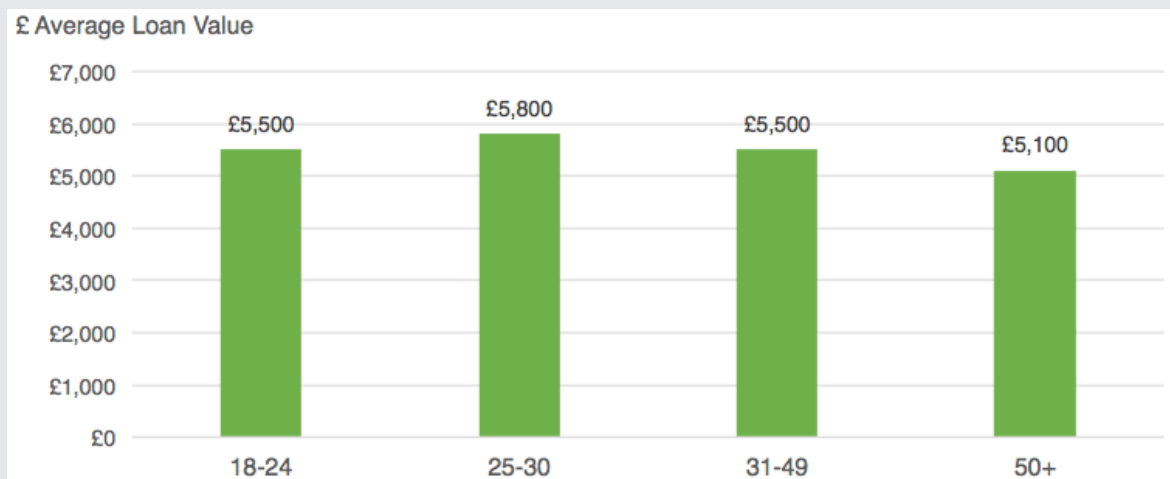
Prior Status and Average Loan Value (£Mean)

Loan recipients who were employed and self-employed, prior to applying to Start Up Loans generally take out a higher value loan than those previously unemployed.



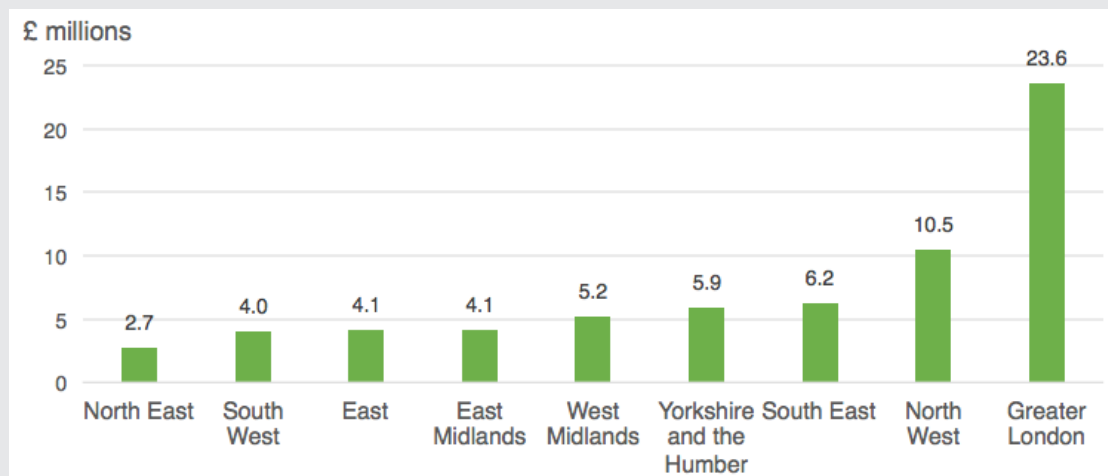
Age and Average Loan Value (£Mean)

There are some slight variations in loan value drawn down by age - most notably amongst older loan recipients who were likely to apply for less capital than their younger counterparts.



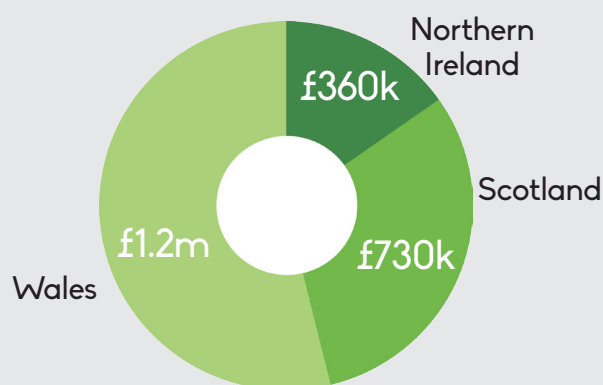
Financial Year 2013/2014 in Numbers

Total Lending in English Regions

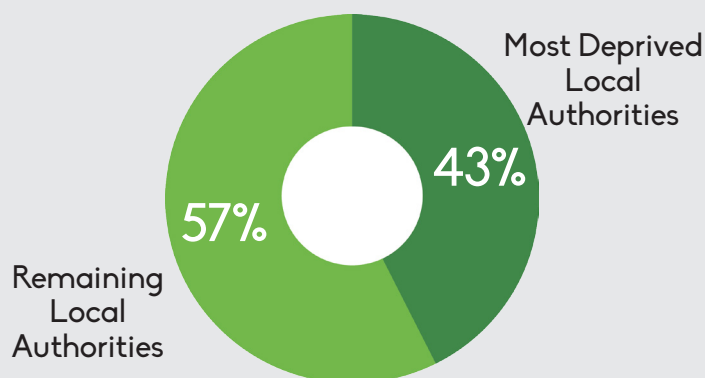


**Eligibility was extended to Northern Ireland in June 2013 and Scotland in February 2014.*

Total Lending in Devolved Nations*



Percentage Lending in Deprived Areas (UK)



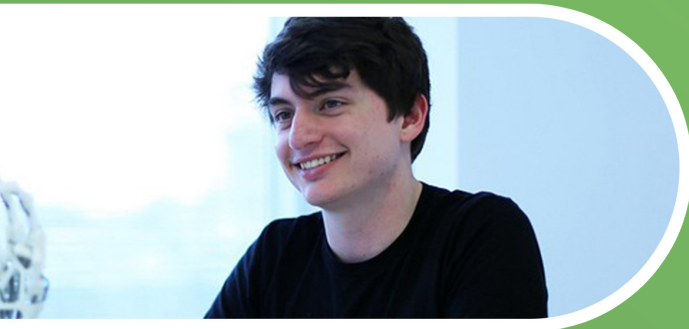
Percentage of Total Lending in Most-Deprived Areas across the UK[#]

The following chart demonstrates the impact Start-Up Loans is having in the UK's most-deprived Local Authorities.



[#]Most deprived equates to the fifth most deprived local authorities in each country based upon ranked order (Index of Multiple Deprivation).

Success Stories



NAME: Josh Valman, 19
COMPANY: MiProto
PRODUCT: Prototype production service
JOBS GENERATED: 46
TURNOVER: £1million+
LOCATION: London
WEBSITE: www.miproto.com

Josh had always been interested in engineering, and loved TV shows like Robot Wars growing up. He began designing his own robots and entering competitions. By 15 he began to design things that were too advanced for him to be able to make in his bedroom. Despite protest from his parents he sent £500 to a factory in China to produce some of his designs, so he was able to assemble his robot and take part in the World Series. During the event he was flooded with requests to design for other people.

During his last year of A Levels Josh secured his Start Up Loan. He set up MiProto which allowed design ideas to be manufactured into a prototype even on a small scale. After a year of trading he raised a further £150,000 of finance, and opened the B2B arm of the company RPD International in late 2013.

Josh now employs 46 staff worldwide and his team is continually growing. He is hoping the company can take on some more high tech projects particularly in the motorsport and aerospace industries.

NAME: Gemma Roe, 34
COMPANY: Rotunda Living
PRODUCT: Modular eco-friendly building units
JOBS GENERATED: 15
TURNOVER: £300k
LOCATION: Cheshire
WEBSITE: www.rotunda-living.co.uk



Gemma launched Rotunda Living when her baby was just two weeks old. The company makes outdoor buildings in round, modular compartments.

Rotunda Living has been awarded a unique commission, to build the country's first completely round modular eco-classroom for a primary school in the region. The building will be used by the school for lessons and for events such as parents evenings.

Gemma also recently sold her first three module home. The building will be completely off-grid. She is in talks with TV series Grand Designs with the possibility of featuring the build of her design in a future episode. On top of this Gemma is also currently working on a commission for a rural landowner for circular holiday lodges.

As a social enterprise, Rotunda Living gives all its profits into woodland regeneration and conservation projects in the UK. Gemma already employs a team of 15 and plans to expand the business in both the domestic and commercial markets, focusing on the UK holiday and tourism lettings market in particular.

Mentors



Carole Davidson, Business Coach to SMEs

Carole built her experience in HR, achieving director level and working across sectors as diverse as finance to retail, legal to trading. She first became interested in mentoring through coaching in her profession and became involved in a government scheme to encourage people to become qualified as a coach.

Carole was working as a mentor with Business West (a Delivery Partner for Start Up Loans) when the programme started in 2012 and has since then supported seven businesses.

She describes working with one mentee, Katie Sergeant, an organic peanut butter producer and founder of Utta Nutta, as “hugely rewarding.”

“It is the enthusiasm of startups that keeps me mentoring, and their ambition to do well.” Utta Nutta’s popularity means that company owner and part-time teacher Katie is very busy and Carole helps her balance her time. They are also looking at how to manage steady growth for the company through signing up at least two distributors each month. Carole says that it can be difficult for busy startups to take the time to understand that a mentor is not there to work in the business. But once this is understood, the positive experience that she has from supporting startups means that she hopes to keep in touch with some of her mentees for many years to come.



Katie Sergeant, Founder of Utta Nutta, mentored by Carole.



Michael Heinrich, Founder of Muzicall

Michael started his professional career in the early 90s as a software consultant. He moved to California’s Silicon Valley for 10 years where he saw startups thriving from the atmosphere and opportunities available to young entrepreneurs.

Michael was inspired to become a mentor from the lack of support available to him when he was younger. He is convinced that if the kind of startup ecosystem available now had been available when he was starting out a business, the ride would have been a lot smoother.

Michael dedicates half a day per week through email and phone conversations with his mentees. Once the initial contact is made through a face-to-face meeting, the relationship becomes more informal, giving Michael and the mentee enough flexibility to work around their business schedules. His first mentee was an aerial photography business, which Michael could relate to due to his interest in technology.

From his experience he understands that mentoring is not without challenges, it is keeping the business focused. Instead of trying to juggle lots of opportunities, it is wise to keep a business owner focused on one to give it the best shot.



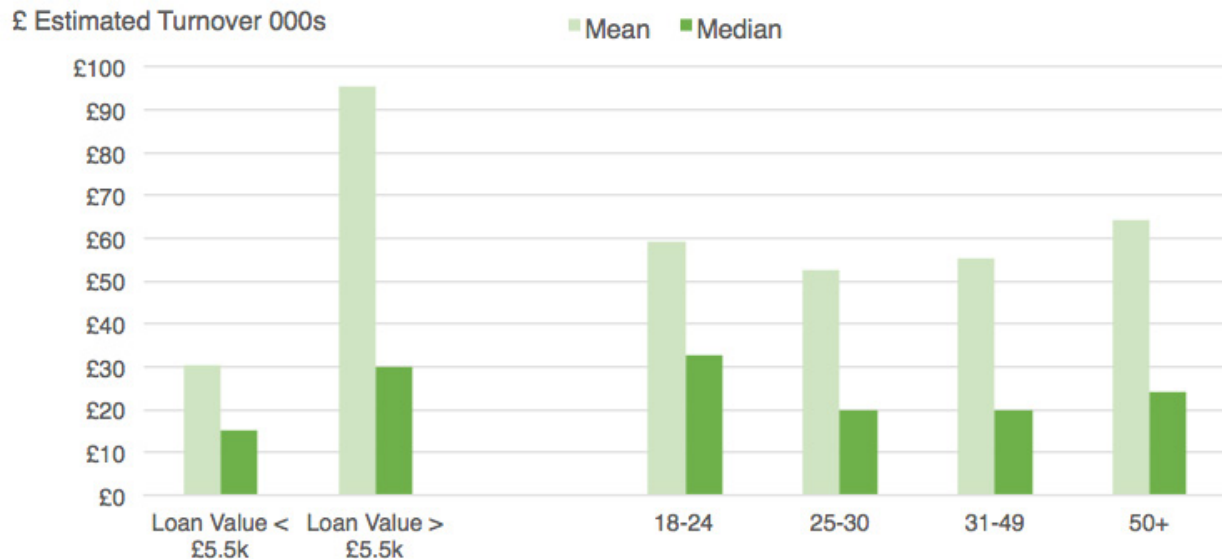
David Hogg, Founder of Horizon Imaging, mentored by Michael.

Outcomes and Impact: Financial Year 2013/2014

Estimated Annual Turnover by Loan Value and Age (£Median)

Based upon loan recipient estimates, there are some identifiable variations in annual turnover by loan value and age, albeit to a lesser extent, by age.

Annual median reported turnover: **£23,000**

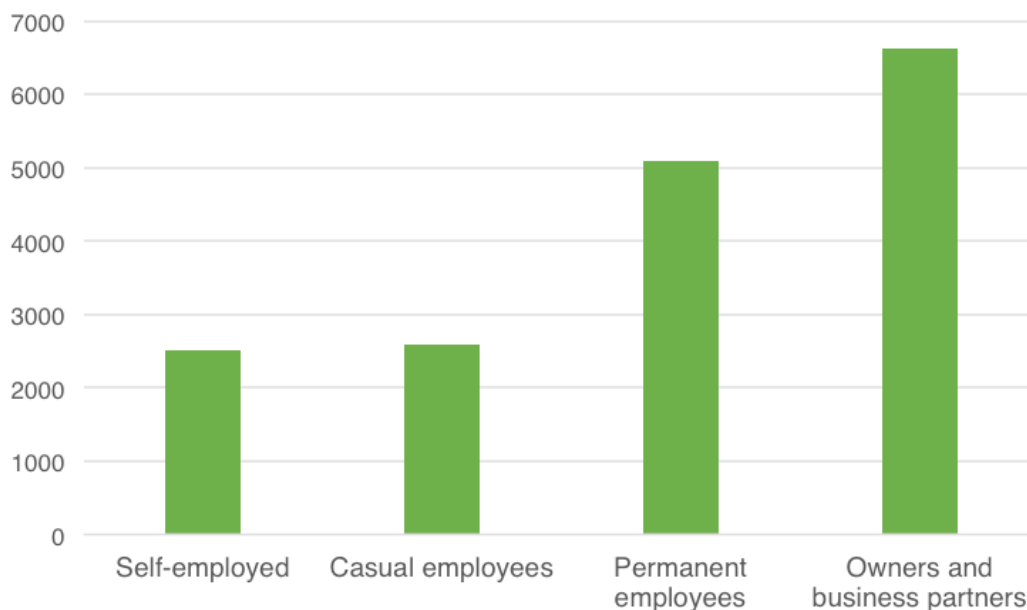


Jobs Generated

Start Up Loans estimate over 17,000 jobs were generated from the 12,400 loans drawn down within the year, a ratio of job generation to loan approved of approximately 1.4. The jobs are;

direct jobs generated: 6,500 – all business owner and co-owners who were not in gainful economic activity prior to drawing down their loan.

indirect jobs generated: 10,500 – any new employee within a business started up by a loan recipient.



**All new business owners and co-owners were either unemployed or economically inactive prior to loan drawdown.*

Outcomes and Impact: Financial Year 2013/2014

Stage of Business Development at Loan Draw Down by Prior Status and Loan Value

70% of loan recipients report they start up in business after drawing down their loan, 16% were already trading and 14% had yet to start trading.

Loan recipients who were previously unemployed were more likely to report they had yet to start trading. The employed and self-employed were more likely to already be trading. Those receiving a loan less than £5,500 were more likely to report they started trading upon drawing down their loan.

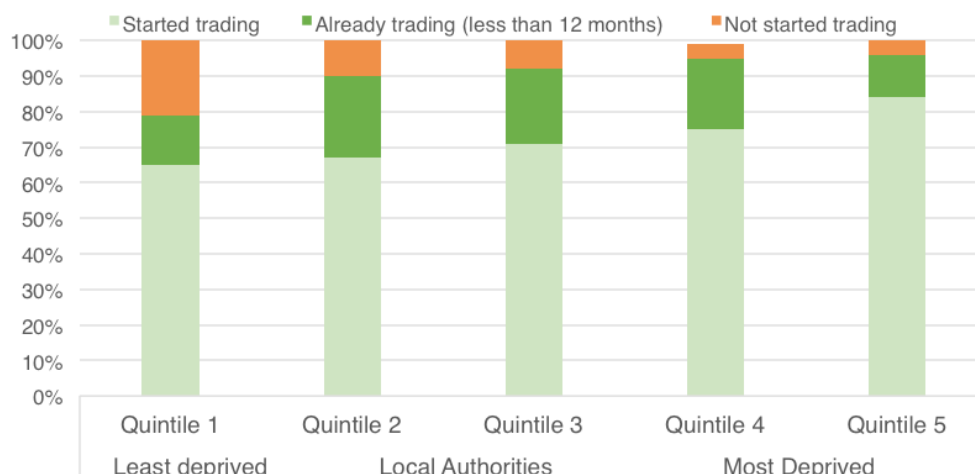


There are some slight variations by age: the main one being that the younger the loan recipient the more likely they were to have reported that they had not yet started trading upon receipt of their loan.

Outcomes and Impact: Financial Year 2013/2014

Stage of Business Development in Least and Most-Deprived Areas

Start Up Loans is supporting business startups in the UK's most deprived communities: 84% of loan recipients in the fifth most deprived local authorities in the UK report they start up their business after drawing down a Start Up Loan.



Most deprived equates to the fifth most deprived local authorities in each country across the UK based upon ranked order (Index of Multiple Deprivation)

Factors Driving Startup Activities

Entrepreneurial ambition is a strong factor driving startup activity for Start Up Loan recipients: approximately one half of all loan recipients report they wanted to become an entrepreneur.*



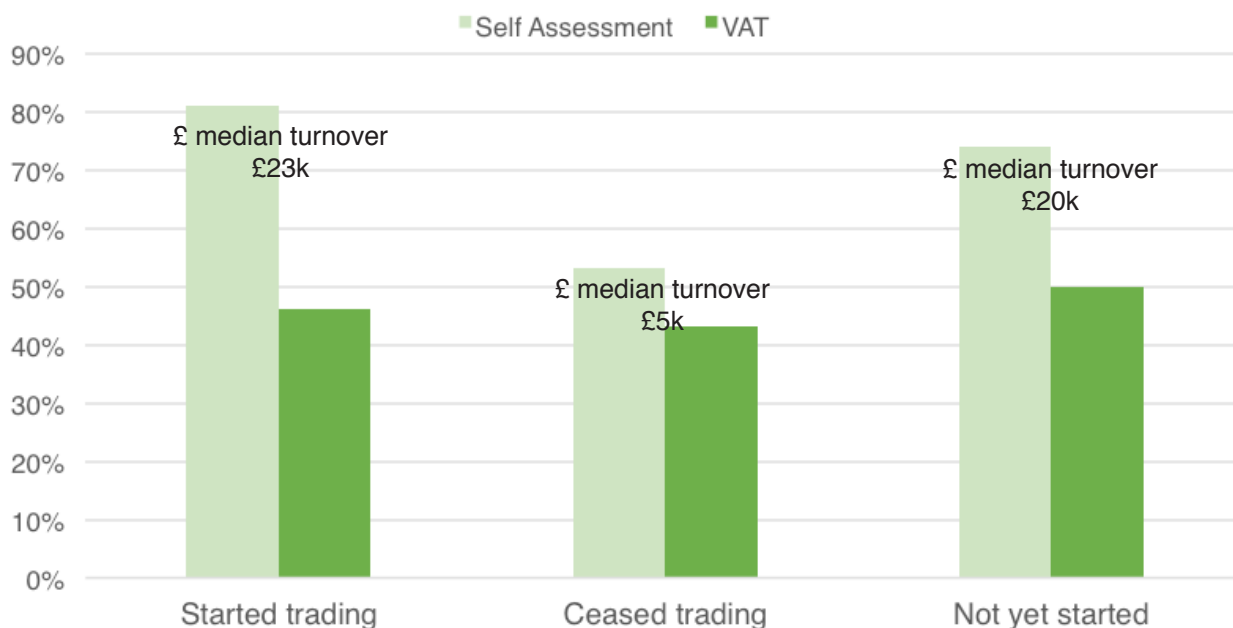
Most deprived equates to the fifth most deprived local authorities in each country across the UK based upon ranked order (Index of Multiple Deprivation)

*Data only focuses on the two main factors (Entrepreneurial and Self Employment) driving startups.

Outcomes and Impact: Financial Year 2013/2014

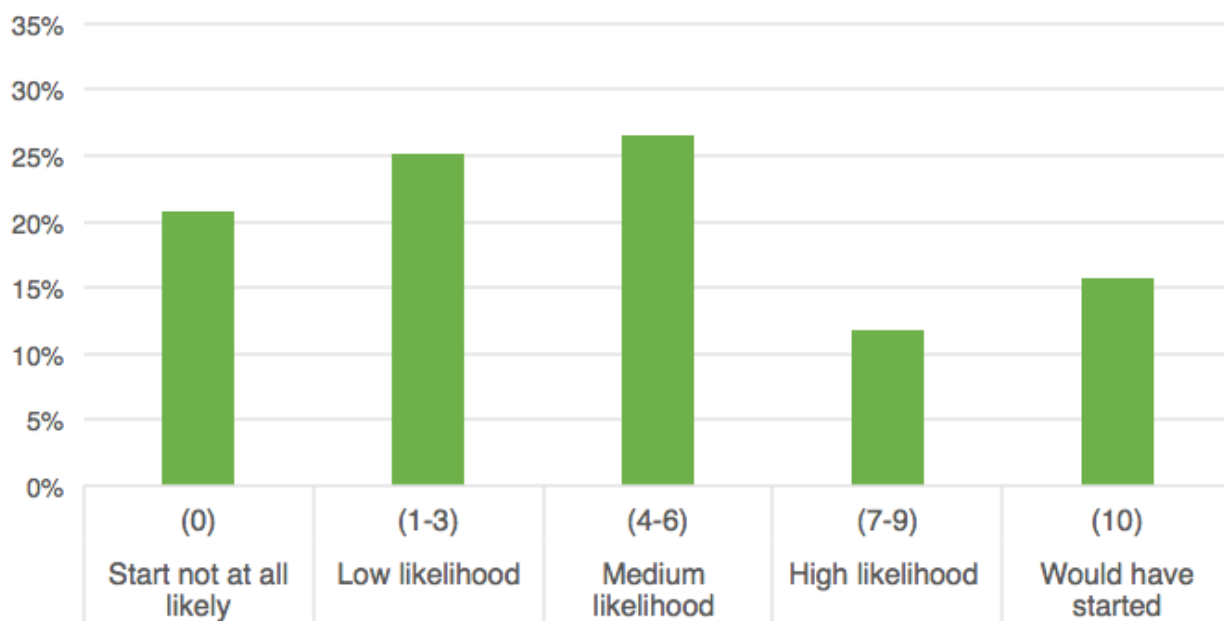
Registration with HMRC for Self-Assessment and VAT by Stage of Business Development

Over 80% of loan recipients with businesses that are currently trading have registered for Self-Assessment and 46% for VAT. Loan recipients with businesses that have ceased to trade are less likely to report they registered for Self-Assessment (53%) and VAT (43%). The median estimated turnover for businesses that are currently trading was £23,000, whereas the median estimated turnover for businesses that have ceased to trade was much lower at £5,000.



Likelihood of Start Up Without the Start Up Loan

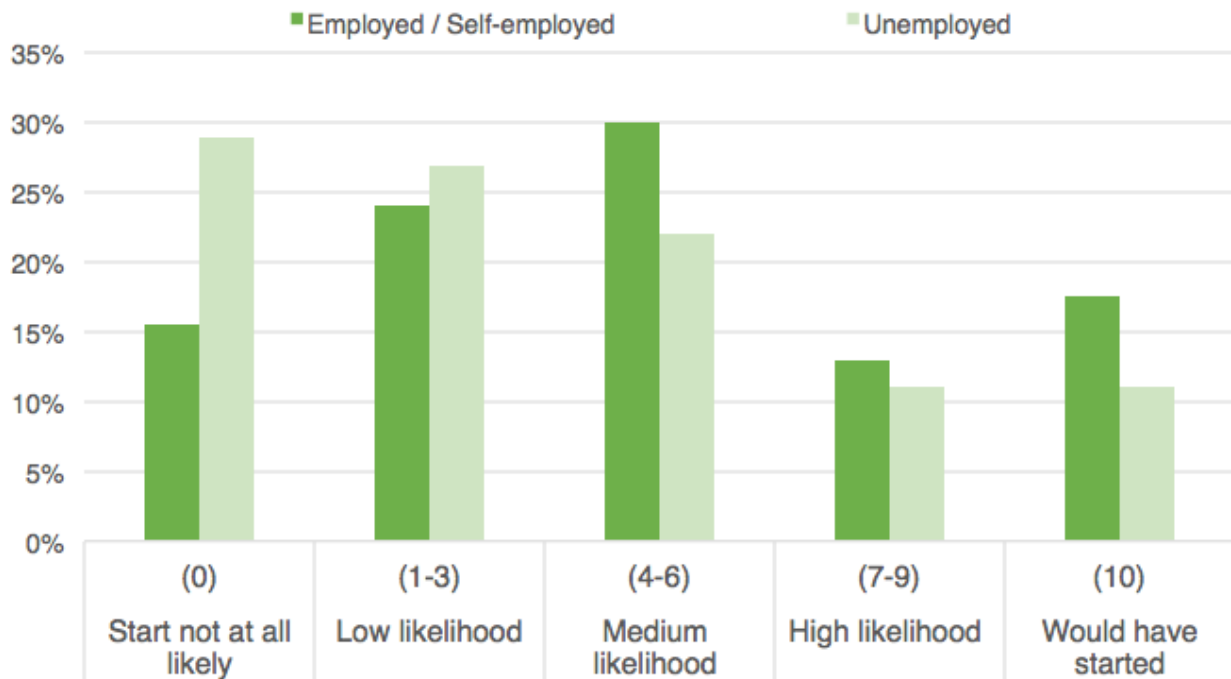
Overall, 46% of all loan recipients reported it was “highly unlikely”, or there was a “low likelihood”, and a further 27% that there was a “medium likelihood”, that they would have started up in business without the loan.



Outcomes and Impact: Financial Year 2013/2014

Likelihood of Startup Without Start Up Loan by Previous Status

A higher proportion of loan recipients who were previously unemployed were “not at all likely” or had a “low likelihood” of starting a business than their counterparts who were employed prior to applying to Start Up Loans.



Success Story



NAME: Andrew Stephenson
COMPANY: Weekend Box Club
PRODUCT: Creative activity kits for children
JOBS GENERATED: 7
TURNOVER: £150k+
LOCATION: Newcastle
WEBSITE: www.weekendboxclub.com

Andrew started Weekend Box, providing creative and educational activity packs for children to do with their parents. The boxes are sent out every fortnight and everything is included.

Andrew started working on Weekend Box during April 2013 this year and within 30 days of inception, crafted a product, prototyped it with a large set of consumers and then completed his first sale. The business has grown at a fast rate, supported by lots of blog coverage as well as two articles on Netmums (UK's biggest parenting website).

With support from the Start Up Loans company, he is now on the brink of signing some nationwide deals that will catapult Weekend Box as a mainstream product. He recently secured premises, hired new staff members and won Startup of the Year at the Big Start Up Loans Competition 2014.

Events 2013/2014



May 2013: Women in Business

Vince Cable, Secretary of State for Business and Start Up Loans Chairman James Caan hosted an event celebrating women in business with guests Kanya King, Shaa Wasmund and Sahar Hashemi.



September 2013: 10 Downing Street Event

The Start Up Loans Company took a selection of loan recipients to 10 Downing Street to meet Prime Minister David Cameron, who announced additional budget for the scheme and the lifting of the age cap.



November 2013: Global Entrepreneurship Week

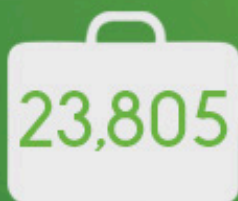
To mark Global Entrepreneurship Week, Start Up Loans Chairman, James Caan and Secretary of State for Business, Vince Cable held a marketplace event with loan recipients at Impact Hub Westminster to announce the 10,000th business backed.



March 2014: Scotland Launch

The scheme was extended to Scotland which was marked with a launch event attended by Tim Sawyer, CEO of Start Up Loans, and the scheme's first Scottish loan recipient Sharon Shearer.

Statistics to Date - Nov 30th 2014



BUSINESSES
BACKED
SO FAR

£125,416,386
MONEY LENT
SO FAR



AVERAGE LOAN SIZE

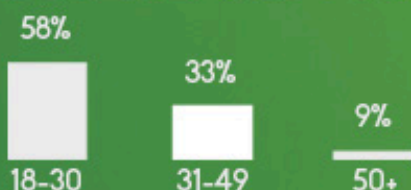


BUSINESSES
BACKED
PER DAY



37% 63%

AGE BREAKDOWN



46%
UNEMPLOYED
BEFORE
APPLYING