

MERCIA CORPORATE FINANCE: An intermediaries view

This edition's intermediaries view comes from John Phillips, of Mercia Corporate Finance.

The Fund works closely with a range of business advisers including Mercia Corporate Finance.

Mercia is based in Sheffield and specialises in raising Development Capital for businesses mainly in the South Yorkshire and East Midlands area and has particularly focussed on the 'Sunrise' industries, including the environmental, medical, IT and creative sectors.

We base our service on private sector finance options, both debt and equity, including South Yorkshire Investment Fund which offers low-cost unsecured 'gap' funding on a medium term loan basis. We also act as an intermediary for appropriate grants, but we advise clients not to pursue grants unless the criteria are consistent with the clients' business strategy.

We usually introduce clients to SYIF and other lenders at an early stage, prior to business planning, in order to identify any lender issues before structuring the finance, and to avoid delayed or unsuccessful outcomes. Often this will result in a smoother process 'down the line'.

Mercia has delivered over ten 'early stage' funding projects in the last 12 months, from between £75k - £500k, and we subscribe very strongly to the 'Money with Management' principle built into the SYIF model. All our advisers are qualified accountants with previous industrial management and corporate finance experience, usually as managing directors, and act as 'mentors'/non-executive post deal. We



John Phillips - Mercia Corporate Finance

believe this is critical to our success rate and unique amongst corporate finance houses, many of which have limited business management experience.

Deals delivered with SYIF to date have been predominantly in the environmental sector in which we are the leading adviser in the region. These include:

- **Eco Heat Pumps Ltd**
Sheffield based national leader in the supply and installation of ground source heat pumps.
- **Environmental Monitoring Solutions Ltd**
A Mosborough based water treatment consultant and equipment supplier.
- **Square One Advertising & Design Ltd**
The Sheffield based media services business

Our success rate with SYIF has been very high, because of the close working relationship and understanding of their process and criteria, and our dedication to providing high quality business plans combined with a detailed understanding of the funding options available in the market.

Outside the 'early stage' scenario we work on bigger deals, currently including advising on the sale of a £15 million turnover information technology business, and an 'inward investment' project for an Australian land remediation company.

Our knowledge and contacts within the region means we can "make it happen" for clients, and usually present some options they never contemplated before we sat down to talk!

If you would like to find out more about the services Mercia Corporate Advisers can offer, please call John Phillips on 0114 2550808 or at j.phillips@merciacorp.co.uk

South Yorkshire Investment Fund

Investing In Business In South Yorkshire

...profile

Winter 2005 Issue 9



Eye on the future. Tony Goulbourn, Chief Executive of SYIF, and Malgosia Jarnolowicz, CellTran's Chief Executive.

Innovative company receives £500,000 backing

An innovative Sheffield based life sciences company has won a £500,000 financial backing from SYIF – and the money will mean it can continue working towards helping patients' wounds heal more quickly.

Scientists at CellTran have developed a "biological bandage", which capitalises on the healing power of a patient's own cells. Cells taken from the patient are cultured on a specially synthesised polymer layer at CellTran's production facilities in Sheffield before being returned for application to a patient's wounds. The use of the patient's own cells speeds wound repair and recovery.

Building on the success it has achieved in clinical trials, CellTran is now looking for sales growth and to roll-out a portfolio of products that will both facilitate healing for the patient and offer cost saving benefits to healthcare providers.

CellTran's Myskin product for burns has already been launched and is winning enthusiastic support from clinical specialists in that sector. David Best, Investment Director, commented: "The investment from SYIF will allow the Company to address the chronic wounds market. In particular CellTran is aiming to provide an active healing and wound management service for people suffering from the leg and foot ulcers that are so often associated with vascular disease and diabetes."

The origins of the CellTran business lie in research carried out in the division of Clinical Sciences and Department of Engineering Materials at the University of Sheffield. With help from the University's spin-out arm, Sheffield University Enterprise Limited (SUEL), CellTran was established with first round funding secured from the White Rose Technology Seedcorn Fund.

Malgosia Jarnolowicz, CellTran's Chief Executive Officer, said: "We have the basic building blocks in place - innovative technologies that are protected by worldwide patents, our own bespoke production facilities, excellent results from the clinical trials conducted to date, the necessary regulatory approvals and a strong distribution partner. The task now is to build sales and to manage carefully what is likely to be a rapid expansion of the business."

Tony Goulbourn, Chief Executive of SYIF, added: "We are so pleased to be investing in such a hi-tech South Yorkshire business. Their products could be beneficial to so many people. We wish them well for the future."

ROADSHOWS TO ROLL-OUT

We are holding a series of four roadshows across South Yorkshire in November...and we've got a new venue for the Sheffield event!

The roadshows aim to spread the latest news from SYIF and to highlight what the Fund can do for businesses in the region.

The roadshows, similar to last year's, will include; a presentation of SYIF's 2004/2005 annual report, an update on the Fund and a client testimonial. There will also be a question and answer session.

The roadshows will be held on:

Tuesday, November 1
at **Doncaster Exhibition Centre.**

Wednesday, November 2
at **Rotherham's Courtyard by Marriott Hotel.**

Wednesday, November 9
at **Hilton Hotel, Sheffield**

Thursday, November 10
at **the Brooklands Hotel, Barnsley.**

All of the roadshows open at 8am, with the first speakers taking to the stage at 8.30am.

If you would like to attend, and have not already subscribed, please phone **01709 386 377** and let us know which event you would prefer to come to.

In This Issue:

Page 2
- Atlas expands thanks to
£100,000 loan

Page 3
- Special deal on selected loans
- New board appointments.

Page 4
- John Phillips gives an
intermediaries view.

LOAN BOOST FOR SHEFFIELD RECYCLING FIRM

South Yorkshire Investment Fund provides £50,000 loan for Carwick Recycling

A Sheffield-based waste recycling firm will create four new jobs as the business continues to expand following a £50,000 loan from South Yorkshire Investment Fund (SYIF).

Carwick Recycling Ltd, which has a head office in Attercliffe, operates a licensed recycling centre, collecting and recycling waste from commercial and industrial clients across a range of sectors.

Big client wins, positive references and the changing public attitude to environmental responsibility meant that Carwick required external funding to invest in its continued growth.

Michael McLrain, Carwick's company secretary, said: "South Yorkshire Investment Fund were great to work with. They were highly efficient with decisions

made quickly and their financial and business advice has also helped take things forward.

"We are a local company providing a full range of waste systems, from Euro Bins and FELs (Front End Loaders) to skips and 'rollonoffs'. I knew we had the potential to keep the business moving in the right direction but we needed a little help to maintain our momentum. The loan and services provided by SYIF have proven invaluable in doing this."

Investment Manager Karl Hodson, said: "It's important that local businesses such as Carwick Recycling are not unnecessarily restricted in their ambitions. South Yorkshire Investment Fund is always looking for local businesses and business people who need a little extra in order to make the next big step."



Investment Manager Karl Hodson with Michael McLrain, Carwick's Company Secretary

South Yorkshire Investment Fund Ltd is a company limited by guarantee (Registered No 3936065). South Yorkshire Investment Fund comprises three sub funds, the South Yorkshire Investment Capital Fund, the South Yorkshire Investment Development Fund, which are each managed by YFM Venture Finance Limited, and the South Yorkshire Investment Small Business Fund, which is managed by UKSE Fund Managers Ltd. YFM Venture Finance Limited (Tel 0113 294 5000) and UKSE Fund Managers Ltd (Tel 0114 270 0933) are each authorised and regulated by the Financial Services Authority. South Yorkshire Investment Fund also provides a number of services including Mentorbank, and provides access to South Yorkshire Microloan and Yorkshire Association of Business Angels, none of which are regulated by The Financial Services Authority.



Part funded by the European Regional Development Fund.

If you have a business in South Yorkshire then the fund wants to hear from you.
Call **01709 386 377** or log on to: **www.syif.com**

To subscribe to an electronic version of this newsletter visit **www.syif.com/subscribe**

Welcome...



...to the ninth edition of Profile – and as you can see it's got a brand new look.

In this issue, I invite you along to one of South Yorkshire Investment Fund's road shows – which will roll out across the county in November. So come along for breakfast and find out all you need to know about SYIF, how we are going from strength to strength and how we can help your business.

SYIF also has a special offer running for businesses paying rates to Barnsley, Doncaster and Rotherham Councils. The Fund wants to increase the number of applications from these areas, so businesses who complete and draw down loans by March 31st 2006 can benefit from a 12 month effective interest free period. Turn to page 3 for more details.

South Yorkshire Investment Fund firmly believes in investing in businesses across the region and this issue shows how busy the team has been with a range of deals we have been involved in.

We are also gearing up to celebrate our 4th anniversary in November. Since we first started out we have helped and supported a wide range of businesses – helping them to go on to even greater success. We will look at some of these businesses in our next issue.

I hope you like the new look newsletter.

Tony Goulbourn, Chief Executive South Yorkshire Investment Fund

LOAN TO SUPPORT COMPANY GROWTH



Steve Roberts, EMS Managing Director, right, with investment Manager Andrew Chaffer.



Atlas expands

thanks to £100,000 loan

A Barnsley-based design and construction company that specialises in sets, staging and stands for exhibitions and corporate events has expanded into larger premises and created three new jobs with the help of a £100,000 loan from South Yorkshire Investment Fund.

The SYIF investment in Atlas Event Construction Ltd also supported the purchase of new computer-based machinery to speed up and expand production capacity.

Atlas was formed four years ago by its three co-directors Jim Roe, Ian Jones and Andrew Fielding and has established an international reputation for its work in designing and building sets and staging for exhibitions, conferences and other corporate events. Rather than focusing just on the construction of sets, Atlas also provides tailor-made designs, including computerised "virtual tours" of proposed sites.

The 16-strong company has worked for leading blue chip clients in the pharmaceutical, finance and food sectors on contracts around the world including Australia, Asia, the United States and Europe as well as throughout the UK.

Atlas recently moved into a new 9,000 sq. ft. combined production and administration building at the Wharnccliffe Business Park, Carlton, near Barnsley.

• Picture: From the left, Investment Manager Alan Wood with Atlas Directors Ian Jones and Jim Roe.

Said Jim Roe: "Our success to date has been due to our focus on providing clients with an integrated design and build package tailor made to their requirements. The new premises have given us more space and better efficiency on a single site and provided space to expand further in future.

"The loan from SYIF provided additional funding for the expansion and the purchase of the latest CNC cutting machine that helped speed up production of bespoke products. They were fantastic and provided not only financial support but also sound advice on our business processes which has been invaluable."

Allan Wood, Investment Manager, said: "Atlas is a young company that has come a long way in a short time by delivering clients high quality products and solutions. It has succeeded by offering bespoke design and construction services for a wide range of companies around the world and we are very happy to be helping the firm achieve the next stage of its development."

A Sheffield-based company that distributes environmental monitoring equipment and provides environmental and waste management training will use a £50,000 loan from South Yorkshire Investment Fund to boost sales of its growing product range.

Environmental Monitoring Solutions Ltd recently expanded its range of products by becoming the UK distributor of a new range of flow monitoring equipment from the United States.

It marks the latest development for EMS whose sales have consistently outperformed its business plan since its launch in 2001. EMS also provides a comprehensive range of consultancy and training services for clients whose activities may cause pollution to the environment.

Founder and managing director Steve Roberts, who worked in the water and IT industries before starting his own business, said EMS was on target to achieve sales of around £850,000 this year, maintaining its record of performing ahead of target.

The company, which employs 13 staff, is now planning to move from its current offices at Moss House, Mosborough, and is seeking larger premises in the Sheffield area.

Said Mr Roberts: "I have found SYIF very helpful, supportive and efficient. This loan, together with other funding and business advice will help us take the company to its next stage of development."

Andrew Chaffer, Investment Manager, said: "EMS is a successful business that has consistently exceeded its business targets and is continuing to expand. The SYIF loan will help it to broaden its product base and maintain its progress from its South Yorkshire base."

Special 0% Interest deal on loans taken before March 31st 2006

South Yorkshire Investment Fund has launched a special time-limited offer on loans for businesses in Barnsley, Doncaster or Rotherham.

The initiative, which offers an effective interest rate of 0% for 12 months on selected loans, is aimed at increasing applications to the Fund from these areas.

It means that businesses who pay their rates in Rotherham, Barnsley or Doncaster, who complete and draw down loans by March 31st 2006, can effectively enjoy an interest free loan for the first 12 months.

Tony Goulbourn, Chief Executive of South Yorkshire Investment Fund Ltd, said: "We ran a similar initiative before and we were delighted with the number of applications that we received. We now want to hear specifically from businesses based in Barnsley, Doncaster or Rotherham who are looking to take their business to another level."

To benefit from this offer a business is required to use a mentor or non-executive director from the Funds' Mentorbank project, or if appropriate, an existing mentor who is working with the business. The mentor can give invaluable help and advice and the Fund will even subsidise their cost up to a maximum total of £6000.

The offer, which is subject to availability and take-up, is also dependent on timely repayments and the provision of monthly management accounts and reports. The minimum qualifying loan term is three years. Some restrictions apply to the types of businesses the Fund can finance – including retail, primary industries such as coal mining, agriculture and some property development.

To make an application, go to: www.syif.com or telephone us on 01709 386 377

Duo on board with South Yorkshire Investment Fund

SYIF has appointed two new board members – Julie Readman and John Warner (pictured).



Business Link South Yorkshire Managing Director Julie Readman has been involved with the regeneration of the county for 16 years with organisations such as Training and Enterprise Councils and Business Links. She has shaped many local projects in the business support arena. John Warner is a partner of Sheffield-based

accountants Barber, Harrison and Platt and specialises in corporate finance, strategic planning and profit improvement. He primarily works with solicitors, general insurance brokers and financial services companies.

He has been with Barber, Harrison and Platt since 1977 and was made partner a decade later. John

Mentorbank event races to success

Racing champion Sir John Whitmore helped put SYIF's Mentorbank in the driving seat at a recent networking event.

More than 75 mentors from across the county turned up to hear the ex-British and European saloon car racing champion offer tips on how to use modern coaching techniques to make firms run more efficiently.

Sir John, who was guest speaker at the Mentorbank event in Rotherham, is an internationally renowned expert in executive coaching.

Said Deputy Chief Executive and Mentorbank Manager Jonathan Dixon: "It was good to see so many people attending an event which could genuinely add value to South Yorkshire businesses.

"The afternoon also offered numerous networking opportunities for participants."