



## SYIF reaches 500th investment milestone

*Pictured: Dennis Engel, founder and managing director of Web Marketing Group, with investment manager Chris Fitzsimmons and chief executive Tony Goulbourn from SYIF.*

*South Yorkshire Investment Fund has made its 500th investment in local business.*

The Fund completed the milestone with a £300,000 equity linked investment in Web Marketing Group. A further investment of £200,000 will follow in December 2008.

Internet marketing experts Web Marketing Group specialise in getting more traffic through company websites. It works with 800 businesses around the country to increase search traffic through link-building, copy-writing and website design.

Web Marketing Group will use the funding from SYIF to open a new regional base in South Yorkshire, adding to the sites it already has in Harrogate and Peterborough. The business, which was established in 2000, has enjoyed rapid growth.

Dennis Engel, founder and managing director of Web Marketing Group, said: "We wanted to expand the business and reach out to a new area of the country.

"South Yorkshire was an excellent opportunity to enable us to achieve this. The region is a good place to invest in, with a highly skilled population and a large catchment area. It therefore filled our objectives as a company.

"Gaining access to SYIF funding was also an attractive proposition to us and we will now look to use the money to bring in up to 20 new employees from within the local area to service the new office in South Yorkshire once it opens."

Tony Goulbourn, chief executive of South Yorkshire Investment Fund, said: "The investment in Web Marketing Group is an example of how the Fund can play a key role in the region's economy.

"By attracting companies to South Yorkshire, it not only helps provide new employment opportunities for local people, but increases the services available to support the development of businesses in the area."

Since it was established in 2001, SYIF has invested almost £50million in South Yorkshires businesses (including money with management), created and safeguarded 7,987 jobs and helped to generate more than £425million worth of additional sales.

Tony added: "These latest figures show that SYIF has achieved all of its targets in providing business support to the region, making it one of the most successful Funds in the country."

## SYIF announce interest rate changes

*South Yorkshire Investment Fund has responded to the recent reduction in the Bank of England base rate by making changes to its interest rates.*

The changes for new lending begin with immediate effect to demonstrate SYIF's responsibility to the needs of local businesses.

SYIF's Small Business Fund gross interest rate charged on all loans remains unchanged at 12% fixed, but rebates have been increased by 1%.

The rates below apply depending on the stage of development the business is in:

- Established and profitable business with three years profitable trading, forecasts and commensurate with the proposed debt levels – **net 7%**
- Established business with three years trading – **net 9%**
- Early stage businesses trading for less than three years – **net 11%**

These new rates have been set in line with European State Aids which limit the minimum net rates which SYIF can charge.

Meanwhile, the Capital and Development Funds continue to offer a rebate on its loans. The level of rebate and the underlying net interest rate paid will be dependent upon the risk associated with the investment.

The Seedcorn Fund continues to make investments in the form of equity deals and convertible loans. Larger investments are made in phased payments related to progress against agreed development milestones.

The rebates are subject to certain conditions, including the provision of management accounts and compliance with the terms of the loan agreement.

SYIF has also announced that from January 1, 2009 all new business loans will attract an arrangement fee and the dispensation for loans up to £50,000 will come to an end.

Further details are available at [www.syif.com](http://www.syif.com), via SYIF investment managers or by calling **01709 386377**.

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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](http://www.syif.com)

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# Welcome...



...to the 21st edition of Profile.

As we enter the festive period, may I take this opportunity to wish everyone a very Merry Christmas and a Happy New Year!

We've some great news in this winter edition of our newsletter, including details on SYIF making its 500th investment in local business. The milestone was completed with an equity linked investment in Web Marketing Group.

The Fund has enjoyed another successful year. The latest figures show that the Fund will fully invest and from January 1, 2009 the Fund will concentrate on the critical objective of realisation, which we expect will provide £20 million for further investment.

The £50 million (including Money with Management) that has been invested to date has been crucial to the region's economy, helping to generate business growth and create a foundation for future investment in the region.

Importantly, during the current period of economic uncertainty the involvement of SYIF in providing extra financial liquidity in the market will be pivotal to sustaining the region's economy during these tough times.

SYIF continues to work closely with Yorkshire Forward and Partnership Investment Finance (PIF) to develop plans for a Regional Successor Fund which we anticipate will start investing by the autumn of 2009.

In the meantime SYIF continues to invest, ensuring that South Yorkshire businesses can continue to access finance when they need it and more critically that the momentum we have gained will not be lost.

Remember SYIF provide seedcorn, loan and equity linked investments, ranging from £15,000 to £2.5m, specifically to help small and medium businesses meet the gaps in funding they need for growth and development.

If your company is requiring financial assistance, please give us a ring on 01709 386377 or email us at [info@syif.com](mailto:info@syif.com) and we can explain how we can help you.

Roll on 2009!

**Tony Goulbourn**  
Chief Executive  
South Yorkshire Investment Fund Ltd



## Barnsley company

*Pictured: Sonelli Director Zoe Wilson, Andy Chaffer from SYIF, John Hall of the BBIC and Vanessa Ely, Sonelli Director.*

# sitting pretty after investment

*A Barnsley hair and beauty company is sitting pretty after receiving a £15,000 investment from the South Yorkshire Investment Fund.*

Sonelli Hair and Beauty Ltd supply tools, products and equipment to the beauty industry – as well as running training courses on everything from luxury manicures to hair colouring, spray tanning and waxing.

Directed by two former Barnsley College hair and beauty lecturers, Zoe Wilson and Vanessa Ely, the company has used the investment to help launch their business, which is based in the Oaks Business Park, Barnsley.

Zoe Wilson, co-director of Sonelli, said: "As trained hair and beauty technicians, we want to use our business to introduce as many new faces as we can into the industry. We want to provide a quality service, not just for people who come and train with us, but for the companies we supply.

"We have put everything we've got into starting this business and the investment from SYIF gave us a tremendous boost in the right direction. Things have really took off since we opened in September this year, we've already trained 25 people to date and several of our courses are already fully-booked!

"Hopefully, as time goes by, the company will continue to

grow and we will have a really successful business. We're extremely grateful to SYIF for their help getting Sonelli off the ground, it's been a huge benefit to us."

Andy Chaffer, business director at SYIF, said: "Sonelli Hair and Beauty is quite a young company, but very exciting nonetheless. Their combination of supplying the beauty industry with products, as well as using their own skills to train others is fantastic.

"SYIF are delighted to have played a part in helping them get their business off the ground and to have assisted them in achieving their ambition of running their own company. We wish them the best of luck for the future."

The company was introduced to SYIF by John Hall of the Barnsley Business and Innovation Centre (BBIC) in Wilthorpe, Barnsley.

Andy added: "John has acted as a mentor to the Directors, advising on the business from the early stages of development right through to the opening. He also reviewed the business plans and forecasts, ensuring they were suitable for the SYIF application."

## Local investors get national accreditation

*A local business investor has strengthened its links with the community after gaining accreditation from a prestigious national finance group.*

Finance South Yorkshire, which manages the South Yorkshire Investment Fund's Small Business Fund, has joined the Community Development Finance Association (CDFA).

By joining CDFFA, Finance South Yorkshire will have better access to small enterprises through networking events and seminars, designed to put businesses from the region in touch with investment opportunities.

The CDFFA is the UK trade association for financial institutions that provide capital and support to enable individuals or organisations to develop and create wealth in disadvantaged communities or under-served markets.

Tony Goulbourn, chief executive of South Yorkshire

Investment Fund, said: "We're delighted to have been accredited by the CDFFA. We look forward to working with such a prestigious association and to forging new relationships with small businesses and entrepreneurs across the region.

"Our key objective is to sustain funding for SME's in South Yorkshire and to also provide more than monetary investment. We aim to provide investees with management support and mentoring to help them achieve their objectives and in turn, to help business in the community to flourish."

Harry Glavan, membership and events manager at CDFFA, said: "By joining the CDFFA, Finance South Yorkshire has become part of a strong network of non-profit lenders around the country – all of them providing support to businesses and individuals who can't access finance from the high street banks or mainstream lenders.

"At this time, the services they provide are needed more than ever. We warmly welcome Finance South Yorkshire to the CDFFA."

# Yorkshire technology to cure carbon quandary

Researchers in Yorkshire are developing a new technology that could help aluminium manufacturers dramatically reduce carbon emissions.



Pictured: Peter Pridham, investment manager at SYIF with Inertius chief executive, Richard Wright.

Inertius Ltd, based at the Advanced Manufacturing Park's Information Technology Centre, is developing an inert anode that will replace the currently used carbon anodes and eliminate the release of carbon dioxide during the refining of aluminium.

About 100 million tonnes of carbon dioxide is released into the earth's atmosphere every year from using the current process. A £120,000 investment from South Yorkshire Investment Fund is helping Inertius get its patented technology to market.

Current refining of aluminium, known as the Hall-Heroult process, is expensive, uses large amounts of energy and releases carbon dioxide and emissions into the atmosphere. As a result the industry is coming under increased political and legislative pressures to become more environmentally friendly.

The inert anode technology, devised by Professor Animesh Jha at the University of Leeds, is moving into the next stage of its development with the loan from SYIF. The money will be used to fulfil a prestigious project with professors at the University of Auckland, a world leader in electrochemical metal production processes.

Inertius chief executive, Richard Wright, a former President of Sheffield Chamber of Commerce, said: "This piece of research could be the Holy

Grail to the aluminium industry.

"Not only will this process mean a huge reduction in the industry's carbon footprint and benefit the environment but it will also save companies vast sums of money, particularly given the government's new policy on making them pay for the right to emit greenhouse gases.

"The investment from SYIF allows us to focus on the next stage of development including work in South Yorkshire, Leeds and Auckland Universities. It also means we can pour some resources into forming industrial partnerships, which will help us get the system to market as soon as possible."

Inertius Ltd has also received funding from Enterprise Ventures and the Carbon Trust.

Peter Pridham, Investment Manager at SYIF, said: "The far reaching implications of Inertius and its research will be felt around the world and we're delighted to be involved.

"It is ground breaking developments such as this that have given our region its rich industrial heritage and Inertius is proving that legacy is alive and well with a system that will benefit the aluminium industry around the world"

# SYIF appoints two new managers

South Yorkshire Investment Fund has made two new additions to the team.

Ian Waterfield, 34, joins SYIF from the YFM Group in Leeds, where he worked as investment manager for their Yorkshire and Humber Equity Fund, while Debbie Sorby joins the team from 3i plc, a world leading private equity company.

Ian's role as investment manager for SYIF will involve appraising new opportunities to invest in small and medium-sized enterprises (SMEs) and ensuring investments are completed as smoothly as possible.

Ian said: "I was attracted to this position at SYIF because it gives me the opportunity to work with ambitious, young businesses across the region, helping them to grow."

Debbie's new role as portfolio manager with SYIF will see her managing investments once they have been made.

Debbie, from Nottingham, added: "I'm looking forward to getting to know the investee companies as I work more closely with them, as well as working with my new colleagues."



Pictured: Debbie Sorby becomes portfolio manager with SYIF.



Pictured: Ian Waterfield joins SYIF as a new investment manager.

# PKF Corporate Finance: An intermediary's view



Pictured: Patrick Abel from PKF

PKF has worked with South Yorkshire Investment Fund on a number of transactions, including the largest single investment it has made to date. The deal was the management buy-out of JDF Logistics of Barnsley, where the Fund invested £1.5million in a mixed equity and debt package.

Smaller deals have included an unsecured loan of £50,000 to support the balance of funding for the Internet Refractories management buy-in.

And more recently PKF and SYIF were involved with the equity investment provided to support the management buy-in of Hardmetal Products Ltd, in which SYIF made a syndicated investment of £400,000 alongside another local fund provider, UK Steel Enterprise.

PKF's Sheffield office is one of South Yorkshire's leading firms of accountants and business advisers and last year completed transactions with a total value of around £90million. PKF specialise in advising the management of developing private and public businesses.

The team is led by corporate finance partner, Patrick Abel, who last year advised on South Yorkshire's "Deal of the Year" - the institutionally backed management buy-out of ESS Steels Holdings with business units in Sheffield and Rotherham.

Patrick said: "PKF find it easy to work with SYIF because they offer a range of practical funding solutions from small unsecured loans, where we may be looking for additional headroom for working capital, through to equity and mezzanine finance. This can support acquisitions for companies or for individuals looking to execute management buy-outs or buy-ins. Each deal is viewed on its own merit and the Fund has a very much can-do attitude to getting involved."

Patrick identified that the support of SYIF has been vital during the last seven years, but particularly in the last 12-month period.

He added: "The involvement of the Fund is vital to many local transactions and

even more now than ever before with the current turmoil in the banking markets. The Fund gives confidence to banks and other funders as it will undertake its own due diligence on transactions.

"The Fund can bridge the funding gaps that would not be available from conventional banking due to lack of security from a company's asset base.

"We look forward to working with SYIF for a long time to come and welcome the arrival of the Yorkshire-wide Successor Funds planned for 2009."

PKF (UK) LLP has 23 offices in the UK with 1800 partners and staff. It is a member firm of PKF International, a global association of legally independent firms with 400 offices in 119 countries.

## Loans aid growth for environmental consultancy

A Sheffield consultancy that advises and supports companies in managing their environmental impact has received loans totalling £85,000 to strengthen its position in the UK.

South Yorkshire Investment Fund provided ECUS Ltd with a loan of £50,000 last year to complete a Management Buy Out from the University of Sheffield, where the organisation was established in 1986.

The company will use a further £35,000 from SYIF to improve infrastructure and help the directors actively seek new business opportunities.

ECUS, which has a strong client base throughout the region as well as contracts around the world, specialises in five principal areas - environmental management, geoscience, ecology, environmental impact assessment and landscape architecture.

The environmental industry is highly competitive



Pictured: John Phillips of Mercia Corporate Finance with Chris Routh from ECUS and Grahame Lunt of SYIF.

with more than 700 consultancies registered in the UK. ECUS will use the money from SYIF to develop new business by improving its IT infrastructure and project management software, as well as dedicating more resources to marketing and a new website.

Chris Routh, managing director of ECUS, who in 1990 became the company's first full time member of staff, said: "We've been able to grow our fee income by over 30 per cent in 2008 and added five new staff. But we're in a fiercely competitive industry and need to be able to go out there and continue to develop the business and our market share.

"This means having the right structures in place and putting resources into marketing ECUS and the

services we provide to a much larger audience."

Grahame Lunt, investment manager for SYIF, added: "ECUS is an innovative and inventive organisation that has all the ingredients to develop its operations as far as it wants.

"Green issues are increasingly vital for companies and corporate social responsibility is something they need to take very seriously. ECUS is well placed to provide this expertise."

John Phillips of Mercia Corporate Finance, who is also NED chairman at ECUS, introduced the deal to SYIF.

