



THE DOLEMAN
Five Star
WHEELS
WEEKLY

Cromer
Carriages



Foundation
East

Realising
dreams



Annual Review
2010 - 2011



Welcome

This year has been one of great challenges for us all. Smaller businesses are particularly vulnerable to adverse economic conditions so it is therefore particularly rewarding to see so many of the people we are helping to prosper and achieve their ambitions.

Our focus this year has been to encourage business people to look for finance and not to give up on their dreams. Many of our clients have done just this, set up companies, changed careers, gained new skills and carved themselves new niches within a changing environment.

The launch of our 'Safety Net' loan in November focused on the availability of short-term finance to help businesses cover the gap between the delivery of orders and payment. This campaign achieved television coverage across the region and raised awareness that funding is available for businesses with viable business plans.

In addition to finance, companies also appreciate the support and advice they receive from the team, and in particular access to the business coaching scheme which has increased the chance of success for start-up and growing companies alike.

Earlier this year we also actively promoted membership of Foundation East as a way for individuals and companies to get involved, to make a difference to their communities. Part of this has been the development of our Community Land Trust initiatives, which are empowering local people to improve their community assets. Inspiring projects are emerging across the region.

Changes in the political arena have also created uncertainties and challenges for the Society. The disbanding of the Regional Development Agencies, changes to Business Link, as well as

the formation of Local Enterprise Partnerships, the launch of the Big Society agenda and the new localism bill will all have an impact on our operations in different ways.

The significance of these developments is not yet clear, but Foundation East has risen to the challenge of uncertainty by embracing change with a positive attitude. We believe that the work we do, can and will, continue to make a difference to communities in our region.

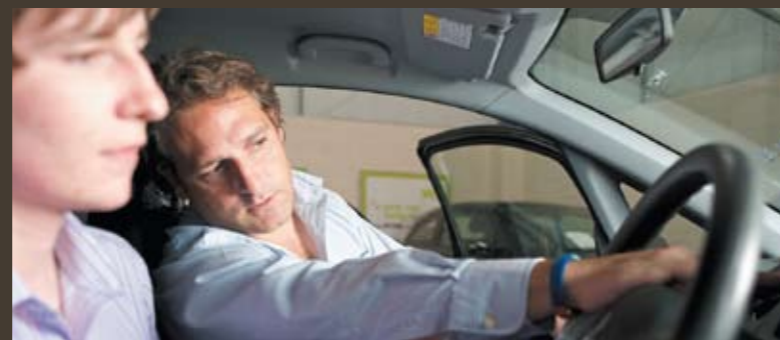
During the year we have welcomed new members to the Society, who are keen to get involved in any way they can. We have been joined by new board members offering fresh perspectives, and have taken on additional staff to deliver the Society's vital community solutions.

In this review you will find fantastic stories from real people who, with the help of Foundation East, have successfully overcome many hurdles and are realising their ambitions.

If you want to be part of our vision, and if you feel you can make a difference where you live, we would love to welcome you as a member. Please get in touch.



Katy Ford, Chief Executive



Above are just a small selection of the diverse range of businesses that we have been able to help. These include:
Skeldale Flock, Cambridgeshire
Hubbard's Pork Shop, Suffolk
Chordal Green, Essex
David Coe Goldsmith, Norfolk
CEG Productions Ltd, Suffolk
Provisional Marmalade, Cambridgeshire

Front cover:
Cromer Carriages, Joseph Cook
with Blaze and Tinker.

Chief Executive Katy Ford was invited to attend a meeting at No 10 Downing Street in December along with representatives from other innovative Community Development Finance Institutions across the country. The aim was to discuss ways in which new businesses could be supported through the recession. This was one of several meetings with MPs during the year.

Katy Ford, Chief Executive



Chair's Review

Never has it been so important for our region, that small businesses prosper and jobs be created. After a period of stability it is now time to plan to grow. The focus of the Society will be on those services which provide the greatest outcomes, in order to provide its stakeholders and funders with the best value for money.

This year we have moved forward on a number of initiatives, which will help the growth, and long term sustainability of the Society. Work started on the development of a new 5-year plan early in the year. The Society's aim is to achieve financial sustainability whilst continuing to offer focused products to fill a market gap.

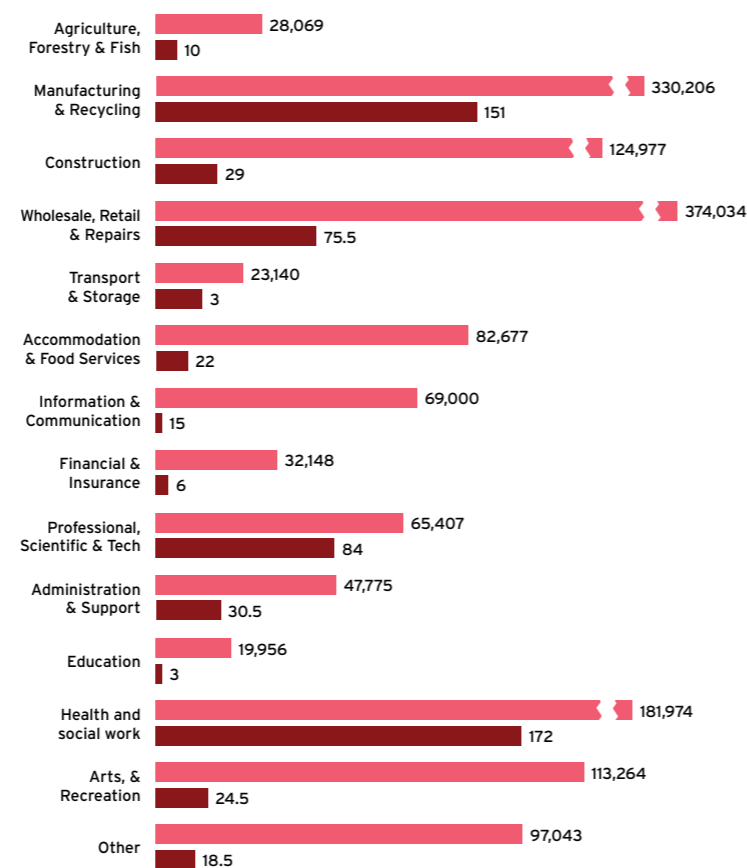
To show our commitment to growth we have been joined this year by three new staff. Phil Rose joins us as Community Land Trust Development Manager to assist communities to take advantage of the new localism bill, and to help them convert their plans for community cohesion projects into reality.

Joining us as Business Loans Manager for Hertfordshire and Bedfordshire is Bob Shimmon. Bob has been ardent in his desire to raise the Society's profile in this part of the region and has successfully supported a number of businesses through from concept to reality. Strengthening our team is Asha Wysocka who provides essential support in the finance and administration team. Lending to small businesses has always been a core activity of the Society and in the last 12 months we have seen this increase by 50%. 48 small businesses benefited from the finance products we offer.

We are delighted that 74 new jobs were created and 211 jobs were safeguarded in the region as a direct result of our lending activity. In the next 12 months, we expect to double the number and amount of lending we offer to small and medium sized businesses struggling to access finance to start up and grow.

I am especially pleased to welcome the new members who joined us in the year. Their contribution, both in terms of their financial investment and in their time and commitment, has greatly assisted the Society in its success in the year and is most appreciated. This year we will be focusing on increasing the number of members further, and will be employing the services of a dedicated marketing and membership resource to take this objective forward. The Board and I are grateful for the hard work and conscientiousness of our staff, led by the Chief Executive Katy Ford. Furthermore, their support and innovative ideas have helped our clients to overcome obstacles and therefore prosper in a difficult world.

Analysis of loans portfolio by market sector at 31 March 2011 (£ Sterling)



Total loaned to business £1,589,750
Total jobs saved or created 644

■ Total amount loaned £ sterling
■ Jobs saved or created

About us

Foundation East is a community finance organisation that is run by its membership. It provides loans of up to £50,000 to small companies that have a viable business plan and cash-flow analysis but cannot obtain bank finance.

There is a growing consensus across our society in general that a more pragmatic approach is needed to the way in which finance is provided to local businesses. There is also an understanding of the wider benefits that can be gained from maintaining employment in the community.

Foundation East seeks to address both these aspirations with a people-centred approach to finance. Over the last year it has loaned over £750,000 to individuals and organisations. By providing relatively small sums of money to these companies it has given many an essential first step towards profitability. Repaid loan capital is lent to more businesses creating a virtuous circle.

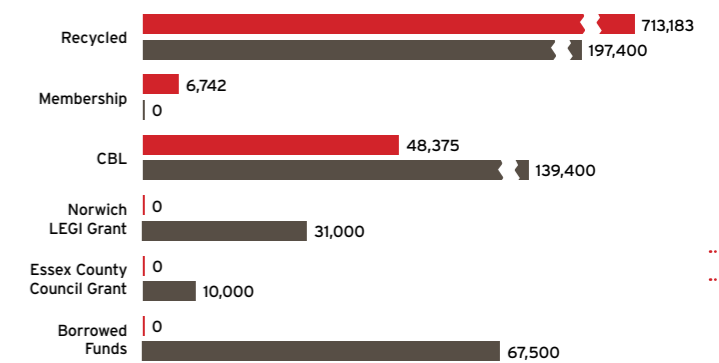
In addition, the Society also supports the development of Community Land Trusts, where local people purchase and develop community assets. These could be affordable housing and workspaces, or saving an amenity, for example a pub, shop or library, from closure.

Foundation East is a membership organisation and its members are individuals and organisations that share the Society's vision, which is to increase prosperity and quality of life by improving access to finance. Many of the members are themselves business people and professionals who understand the needs of smaller 'home grown' businesses and lend their time and experience to support Foundation East's work.

This support may be through the Finance Committee, which is responsible for financial management; fundraising and budget setting; the Property Committee, which oversees the development of property projects; the Marketing Committee, which is responsible for awareness raising, or the Loan Assessment Panel, which plays the important role of making the final decision about whether to agree to a loan application.

Members, both individuals and corporates, invest in the Society in the form of non-transferable shares. Finance also comes from charitable and local government grants and through borrowing from its own bankers. Foundation East is an Industrial and Provident Society established in 2004.

Sources of Capital (£ Sterling)



Total capital 2010/11 £768,300
Total capital 2009/10 £445,755

■ 2010/11
■ 2009/10

Recycled = repaid loan capital re-lent to new borrowers.

The sources of capital show that Foundation East has become more sustainable within the last year. It relies less on grants, with funds instead coming from recycled capital and its members.



On behalf of the Board I am delighted to present our new mission statement:

"To champion, support and sustain social inclusion and community enterprise by providing accessible financial products and services; and by engaging in property and land transactions that work to provide assets which benefit local communities."

Next year's theme will be:

"To further develop our product range, both in the Community Land Trust and finance activity, and to increase the number of members to ensure we remain rooted in the community we serve."

Peter Jones, Chair



You will meet our team in this review. They are:
Bob Shimmon, Business Loans Manager
Phil Rose, Community Land Trust Development Manager
Asha Wysocka, Finance and Administration Assistant
Peter Davis, Business Loans Manager
Peter Wood, Business Loans Manager
Katy Ford, Chief Executive

Rebecca Allen (not in photo), Finance and Credit Controller
Valerie Jarrett (not in photo), Business Loans Manager

Community Land Trust

There have been exciting developments within our Community Land Trust (CLT) initiative. CLTs enable local people to create social assets such as affordable housing and workspaces within their own communities.

Phil Rose was appointed Community Land Trust Development Manager to expand Foundation East's remit in this area and to help community projects get off the ground.

He joined just as the Government published the Localism Bill, which promises to make it easier for community groups to buy and run community assets. The bill gives local people extra time to put together bids before the assets are sold on the open market.

Community groups encouraged by the new legislation can get help and advice from Foundation East. Over the last year this support has included a facilitated workshop to help stakeholders in the Halesworth Campus project in Suffolk, an ambitious scheme that involves the acquisition of the former school. Phil helped with the development of the business plan and looked into sources of funding to meet the costs of ongoing work.

Phil has also been accepted as a technical advisor to the national CLT Fund. This well-established fund provides community groups with start-up grants so they can employ a consultant to develop their initial plans into a comprehensive business plan that is 'investment ready'.

As an approved consultant, Phil will be able to provide crucial grant-funded support for emerging CLT projects that will help groups determine whether their scheme is viable.

Other schemes Foundation East has supported include a project in Stretham in East Cambridgeshire, which will create affordable housing. A project-scoping day, paid for by the CLT Fund, was held with the villagers to gain feedback about they wanted from the CLT and to develop an action plan.

Another promising project is Highpoint CLT in Stradishall in Suffolk, where local people want to develop housing and use the income generated to improve play areas and roads on their estate. This is still at the early planning stage.

A highlight came in July when Foundation East hosted a CLT training day for the National CLT Network in Cambridge. Phil, who is also a board member for the Network, played a leading role in the event which attracted 50 delegates. Community volunteers from across the region and further afield travelled to hear about how to set up a CLT and how to finance and run it. It was excellent to see the enthusiasm of these volunteers and Phil expects a number of new opportunities to emerge from the day.



"By developing property assets for use by local people, Community Land Trusts help villages and market towns to continue to prosper and become increasingly self-reliant. Foundation East is helping to raise awareness of CLTs in the East of England, and as local people are given new powers to plan for their own communities I look forward to helping them turn their ideas into reality."

Phil Rose,
Community Land Trust Development Manager

Phil has been working in the property industry for 20 years, providing development advice to builders, housing associations and volunteer groups. He believes CLTs create genuine and lasting benefits for their communities.

Around our region



It's never too late to change direction
Many of the people that Foundation East has helped this year, such as Keith Wilson of Cambridge Strings, have used their business loans to start a new venture.



Window of opportunity

When Andrew Mayze offered to wash a friend's windows he never imagined it would lead to a major career change.

He was a senior manager in a retail organisation with a lifestyle to match, when the company he was working for went under and he was made redundant. He sent out hundreds of job applications but found he was often rejected for being over qualified.

"I had always worked and was becoming really frustrated being at home," Andrew explains. "I was having a moan when a friend said jokingly 'As you've got some time on your hands, you couldn't give my windows a going over could you?' I agreed and it was a life-changing decision.

"I borrowed some ladders from another friend and armed with a bucket and a couple of cloths I started to clean the windows. Then passers-by kept asking me if I was a window cleaner and if I could clean their windows. So I said yes and it all took off from there."

Andrew quickly built up the business, AMayze'n'Glaze, and realised that he would need to purchase a van.

He says: "I wanted to be seen as a professional and reliable window cleaner so a van was essential to the success of the business. Trips to banks for funding were futile, but Foundation East was great and loaned me the money. They also introduced me to a business coach who has helped me to build my business and to overcome hurdles. I've picked up loads of jobs from people seeing the van with the company name on."

Heavenly Cakes rise to the challenge

Melt in the mouth shortbread, irresistible chocolate brownies - these are some of the homemade treats that have created a successful business for Heavenly Cakes.

Nigel Green and his wife Maeve worked hard for four years to build the business and were delighted to secure a substantial order from Costco. The deal soon lost its sugar coating when their bank refused to grant them the bridging loan they needed to fulfil it.

Nigel explains: "An order of this size from a well known retailer suddenly opens doors to other opportunities. Although it would require extra packaging and stock, the investment would more than repay itself in repeat orders and additional business.

"But I was told, in no uncertain terms, that there would be no way we would receive funding."

The Greens were advised to try Foundation East, which lent them the money they needed to pursue the lucrative Costco deal. Going ahead with the deal opened new doors. The company now has accreditation from the British Retail Consortium through its Safe and Local Supplier Approval scheme, which has led to interest from large supermarkets and a deal with the National Trust to supply their cafés.

Nigel says: "Foundation East were like a beacon of light as a very non-traditional avenue. They were so supportive that I would recommend them to anyone."

Cambridge company track their success

A major trial to evaluate how Omnisense's technology can promote efficiencies in the logistics industry is just about to start.

Omnisense's wireless sensor system tracks the location of people or assets in real time using lightweight tags. It can be used, for example, by the fire brigade to track the location of firefighters in a burning building.

But to get to the stage where they were ready for trials, the technology required investments of time and money. The company had secured a substantial European grant in partnership with a Spanish company to enable the trials, but it needed to buy expensive components for its prototypes.

Adam Mills, Executive Chairman, says: "It was premature for us to obtain bank funding. Although we knew the technology would work, we didn't yet have a product, so we couldn't convince the banks of the large market we knew our technology could reach."

The company was able to secure a loan from Foundation East that bridged an awkward cashflow period before the grant could be drawn. It has also funded the building of products for the trials.

Adam says: "We now employ two extra people and our team is set to grow as we hire more people in 2011. We are really grateful to Foundation East for recognising the potential of our technology and providing the loan to help us get to where we are now."

Age is no barrier

When Keith Wilson hit 62 he had to act fast to achieve his life-long ambition of setting up a thriving music shop. With more than 30 years in music retail, Keith knew there was a niche for his specialist knowledge and personal approach.

Keith says: "I thought to myself: 'If I don't do it now, I'll never do it. This is my last chance!'"

Even the stiff local competition was not enough to put off the entrepreneur who had always wanted to set up shop in the city centre.

Whilst taking a Business Link course, Keith found out about Foundation East, which was able to give him a loan. With this extra funding, he is now the proud owner of the flourishing Cambridge Strings shop, in King Street, Cambridge.

Since setting up in business, turnover has increased by 60 per cent and Keith has now hired two part-time staff and is looking to employ more.

Keith says: "Setting up my own business was a very scary prospect but I felt there was a niche market for the type of music store I wanted to provide. We're not a big high street store and we can give a more personal service. We really are a part of a musician's musical life."

Keith believes he would have got nowhere without the support of Foundation East. He says: "Peter Davis has been very supportive. The whole organisation is extremely co-operative and not simply a cold provider of finance."



"Once an application has been made, I make a visit to get a better understanding of the business and the people behind the company. We don't just make a decision based on the numbers but look at the management team, their experience and passion for the enterprise. If we are able to support the business with a loan, you can see the difference it makes and this is very rewarding."

Bob Shimmon
Business Loans Manager,
Hertfordshire and Bedfordshire

Bob has lived and worked in the region for many years. Before joining Foundation East he was part of the commercial banking team at Lloyds TSB. He enjoys getting out of the office and meeting applicants in their place of work.



"Traditionally many companies have started with financial help from a family member. We are doing something similar but on a much larger scale and want to encourage individuals and established businesses to participate in our work. Small local businesses benefit not just through the financial help but also through access to a wide network of useful contacts."

Peter Davis
Business Loans Manager, Cambridgeshire

Peter joined Foundation East following four years working for a community finance provider in London. He is keen to encourage more people to get involved in the Society.



A trip back in time

A passion for horses has led to a booming seaside business for one entrepreneur and his family.

Joseph Cook and his wife Amanda were treating their children to an exciting trip out on their horse-drawn cart when they discovered a potentially lucrative business opportunity at the scenic town of Cromer, in Norfolk.

Joseph says: "My wife was buying ice creams when locals and tourists came up to me asking for a horse-drawn ride in our tatty old cart. We were just out for fun. But we soon realised there was a potential business opportunity so we started looking into whether it would be feasible."

After successfully gaining the relevant licence from North Norfolk District Council the couple started looking for funding to help turn their dream into a reality.

Turned down by the bank, they turned to Foundation East, which gave them a cash injection of £5,000 to buy a smart new carriage, harnesses and more horses that could share the workload.

Cromer Carriages has quickly gone from strength to strength. Amanda now also has eight donkeys which she takes to Cromer East Beach and the couple provide carriages for weddings and other special occasions.

Former care worker Joseph says: "I really enjoy what I do now. We meet some lovely people - and have given rides to everyone from a three-day old baby to pensioners up to 96 who remember the milk rounds."

A growing passion

When he left school Adam Thurkettle intended to read history at University after a gap year. But when his parents encouraged him to do something practical with his year off, he discovered a new passion.

He says: "I fell in love with tree surgery. It's invigorating to be outside. We travel to jobs in gardens, forests, estates, and along roadsides. I also like the academic aspects - everything from learning the scientific names of the trees to running the accounts."

Adam set up Viking Tree Surgery with his friend Rob Sayer, who had originally planned to become a paratrooper in the army. They established the business with some financial help from their families but quickly realised they needed further qualifications to take on larger projects.

Before applying to Foundation East, Rob and Adam had looked into getting a bank loan. However, they were only 18 and 19 respectively so the banks weren't interested in lending to them.

Adam says: "The loan has meant we have improved our qualifications and can take on bigger jobs and so earn more money. That means our business is sustainable and even expanding. We've also appreciated the advice we've had."



"I enjoy the mix of people I meet in the course of my work. This year it has included a number of people who have turned their lives around, such as a goldsmith who has started a new business in his early 60s, two young men straight from college and a couple who have turned their hobby into a business."

Valerie Jarrett,
Business Loans Manager, Norfolk and Suffolk

When talking to business owners, Valerie can draw on her experience, both working as a professional in the finance industry and from running her own company for 14 years. She understands the pressure points and what is needed to build a successful business.

Best break of Aidan's career

When Aidan Owens first visited Pot Black Snooker Club in Kirkley, Lowestoft he saw huge untapped potential. A professional snooker and pool player, Aidan has used his experiences and those of his partner Fran Calvert, a former England pool player, to turn Pot Black's fortunes around.





Full speed ahead for nautical company

When the dedicated team of yachting experts at Essex-based Sailspar received a £170,000 order for an annual contract they were thrilled. The guaranteed work would bring greater security for the family-run firm, which manufactures masts and rigging.

But they knew it would not be plain sailing as the company, which was established in 1968, needed funding to fulfil the order.

The first port of call was their bank, but, despite being a long-standing and successful company, all attempts to borrow money failed.

Penny Beech, who is married to Managing Director David Beech, and is Sailspar's Office Manager, says: "We needed to invest to be able to fulfil the order. We needed money from the banks but we were just turned away. It was crazy, as we had a confirmed order and to turn work away during a recession would not have made any sense."

50 per cent of the work done by Sailspar, based in Great Bromley, Essex, is repeat work for small catamaran boat builders. This large order would have enabled the company to grow but it also posed a risk to Sailspar if payments were delayed.

Penny explains: "We were worried about what would happen to the business if we over-stretched ourselves to meet the order. We also worried about what would happen to the business if we turned the order away. Either option could have led to Sailspar having to make people redundant and jeopardise our livelihood."

Thankfully the team found out about Foundation East which was able to provide Sailspar with the £30,000 they needed to fulfil the order for masts and beams. It also paid for business coaching.

Penny says: "The money has allowed us to go from strength to strength."

Peter Wood, Business Loans Manager, Essex says: "Originally our goal was to help people get to the first rung of the funding ladder, but over the last couple of years we have seen successful businesses, with longstanding relationships with their banks, needing our support."

"A common problem is cash-flow, particularly when there is a delay in payment or the company needs to invest to meet a large order. Our short-term easy access 'safety net' loan is proving very successful in de-risking this investment for the company."



"It is particularly rewarding when companies we have helped are able to move back into mainstream banking and repay our loan quickly. For us this is a good job done. Many of our clients have found coaching extremely valuable. Business coaches offer sound advice and can help boost confidence."

Peter Wood,
Business Loans Manager, Essex

Peter was in the banking sector before joining Foundation East. He enjoys meeting clients face-to-face and getting to know them and their businesses.

Continued growth for family-run firm
Sailspar team Penny and David Beech have seen their business go from strength to strength thanks to timely help from Foundation East. Quite an achievement during the recession.

Our mission | Financial summary

Our mission

To champion social inclusion and community enterprise by providing accessible financial products and services; and by engaging in property and land transactions that work to provide assets which benefit local communities.

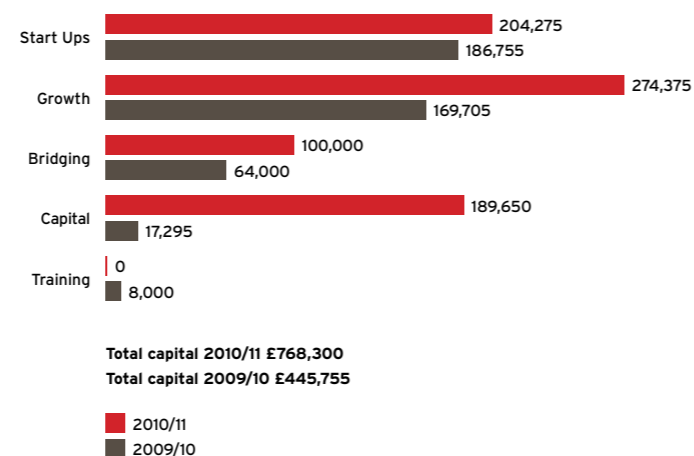
Our objectives for the next five years

- Grow the lending business to offer more targeted products to meet changing client needs and to improve the quality of the loan book, to financially contribute to the Society's future over the next 5 years.
- Develop a self-financing Community Land Trust support service for community groups that are seeking to develop affordable land and property within their localities, and to further develop the Society's own portfolio of property assets across the region.
- Increase the number of Industrial and Provident Society members, both to raise capital for on-lending and to ensure that the Society remains rooted in the community it serves.

Our values

Foundation East's officers, members and board of directors all work in line with our agreed values: **Honesty, Service, Respect** and **Responsibility**.

Types of lending (£ Sterling)



Summary Financial Information 2011 to the year ended 31 March 2011. (£ Sterling)

Statement of Income & Expenditure

	2011	2010
Net Interest	145,836	135,537
Revenue Grants	161,914	154,154
Capital grants for loans	(18,355)	255,000
Capital grants for property development	-	29,626
Rental income	27,140	23,042
Other income	17,726	10,548
Income	334,261	607,907
Operating Expenses	(438,656)	(332,620)
Provision for loan losses	(123,720)	(209,893)
Impairment losses on revaluation of property	-	(179,540)
Governance	(18,546)	(38,944)
Expenditure	(580,922)	(760,997)
Transfers from/(to) other reserves	212,332	120,516
Surplus/(deficit)	(34,329)	(32,574)

Balance Sheet

	2011	2010
Loans	1,096,489	911,151
Other current assets	1,373,851	1,931,143
Property assets	397,982	404,560
Other fixed assets	15,572	18,333
Assets	2,883,894	3,265,187
Long term loans	801,087	810,652
Current liabilities	164,390	282,107
Liabilities	965,477	1,092,759
Loan Capital	180,546	206,617
Restricted funds	1,313,988	1,497,214
Property development fund	343,634	343,908
Fixed asset fund	15,572	18,333
Retained surplus (deficit)	3,327	37,656
Share Capital	61,350	68,700
Liabilities & reserves	2,883,894	3,265,187

This summary information has been prepared from the management accounts for Foundation East Limited to give an overview of the results for 2011 and the state of affairs at the end of the year. The full annual financial statements have been audited and the auditors' opinion was unqualified.

This summary information is not intended to contain sufficient information to allow for a full understanding of the financial affairs of the Society.

For further information, the full financial statements, the auditors' report on those financial statements, and the Board's annual report should be consulted. Copies of these may be obtained from the Secretary at: 7 Hillside Business Park, Kempson Way, Bury St. Edmunds IP32 7EA.

Directors

Peter Jones, Chair
Tom Cook, Vice Chair
Jolyon Larkman, Treasurer

David Bell
Steve Clarke
Steve Cook
Mark Gipson
Richard Glinn
James Murray
John Stenhouse
Christopher Storey
Deborah Wildridge

Secretary

Katy Ford

Chief Executive

Katy Ford

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Friendly House
52 - 58 Tabernacle Street
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Bankers

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Balloon Street
Manchester
M60 4EP

Unity Trust Bank plc
Nine Brindleyplace
Birmingham
B1 2HB

Status

Foundation East Limited is an Industrial and Provident Society that has exempt charitable status. The Society changed its name from Suffolk Regeneration Trust Limited on 25 January 2007.

I&P Society number 29722R



www.foundationeast.org

“I became a member of Foundation East because I wanted to make a real difference and make my own contribution to the local economy. When we approve a loan we are enabling someone to make a difference to their lives and community and I get a real buzz from that.”

Nicki Hayes, Nicki Hayes Unlimited



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