

SUPPORTING CREATIVE ENTREPRENEURS

EAST
LONDON

SMALL BUSINESS
CENTRE

Annual Review 2012

ELSBC/

East London Small Business Centre has been supporting new and existing small businesses since 1978. Our aim has always been to unlock and nurture the entrepreneurial talent within the local community. Our work is guided by the social return achieved through the encouragement of enterprise.

MISSION/

To help all entrepreneurs in London start-up and develop successful, sustainable businesses.

PURPOSE/

To increase social wealth and mobility through the stimulation and support of micro-enterprises and small businesses across communities in London.

CHAIRMAN'S WELCOME



Starting or maintaining a business, especially a small business, can be daunting, complex and sometimes precarious! The essential prerequisites for a would-be entrepreneur are a viable business idea and a determination to achieve success. Once this point is established, ELSBC is uniquely placed to get alongside a nascent or established entrepreneur to provide business planning and advisory skills and, if appropriate, financial support to enable the business to flourish.

In this regard, one cannot underestimate the impact on the effectiveness of our business support that is provided by having access to loan funds, where they are justified. We are indebted to those who have, over the years, provided these funds. We are particularly proud of our long relationship with one of our loan fund providers, Deutsche Bank, with whom we are delighted to be celebrating the 25th anniversary of their financial support of small business development through ELSBC.

As with so many agencies, we are feeling the impact of budget cuts in areas which have traditionally supported the work of ELSBC. Despite these challenges, we have still been able to initiate 125 new start up businesses and have recorded a 48% increase in the total number of businesses to whom we have provided advice and assistance. There has been a strong emphasis on businesses in the creative sector as this has been a feature of the funding we have been able to attract. We know that external funds will continue to be difficult to secure and we will inevitably be calling on our financial reserves to continue our work in the short term.

ELSBC continues to be held in high regard by fund providers and by clients and this is a reflection of the leadership and endeavour of our CEO, Pauline Barnett, together with her management team and the advisers and staff of the Centre. I would like to take this opportunity to thank them all on behalf of the Board of ELSBC.

A handwritten signature in black ink that reads "John Whiter". The signature is fluid and cursive.

John Whiter
Chairman

CHIEF EXECUTIVE'S OVERVIEW



This year we are celebrating 'creative businesses' in our Annual Review, and their importance in contributing towards growth in the economy. We are supporting hundreds of creative clients with 'hands on' practical business support, establishing creativity alongside commercial enterprise. Clients have been supported with access to finance and loan funding through the 'Creative Industry Finance Loan Fund', a partnership developed with ELSBC and ArtCo Trading Limited, funded by Arts Council England.

We also celebrate a milestone anniversary, through our 25 year relationship with Deutsche Bank, and the continuing success of supporting clients through the Deutsche Bank loan fund, and we thank them for sponsoring this Annual Review.

Our emphasis this year has been supporting and working with existing businesses pan London. Our loans made to businesses have decreased slightly, but we have developed and expanded our capital for lending through the creation of new loan funds, and are on target to lend in excess of £1 million through 2012/2013.

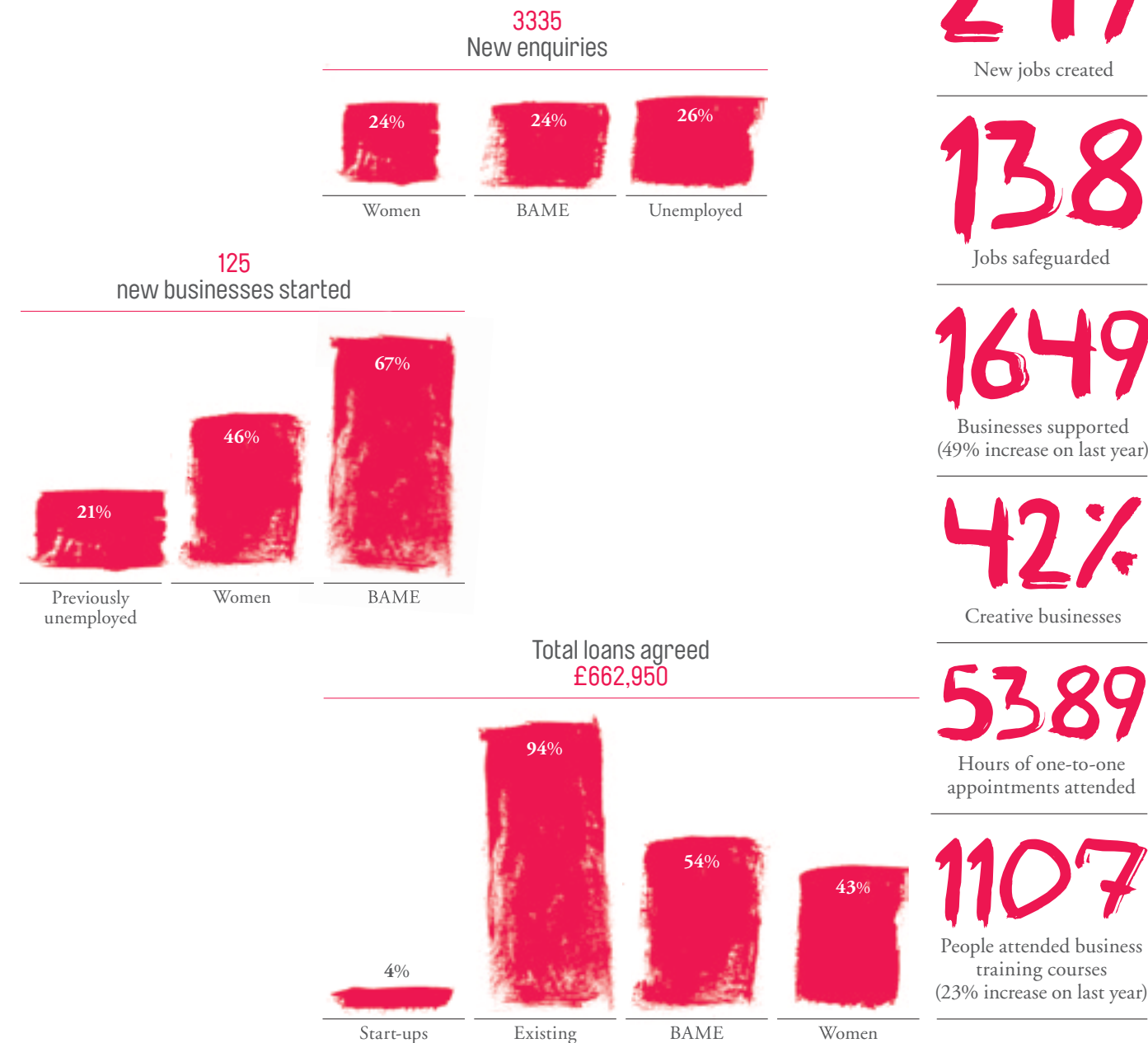
Funding for our start-up support continues to decline, while unemployment continues to increase in all sectors from young people coming out of university unable to find sustainable employment, long term unemployed people living in families where historically no family members are working and people recently made redundant. Self-employment/small business continues to be a real opportunity for people to move forward in their lives, achieve aspirations and in the long term create employment for others.

We are proud this year to have supported the creation of 249 new jobs and 125 new start-up businesses.

Thank you to all our sponsors and funders for their on-going support in helping ELSBC accomplish so much in challenging economic conditions, and as always thank you to the team at ELSBC who make it all happen.

Pauline Barnett
Pauline Barnett

2011/12 IN NUMBERS



SUPPORTING CREATIVE ENTREPRENEURS

Deutsche Bank and East London Small Business Centre

East London Small Business Centre has benefited from private sector support during the last three decades, and this year marks the 25th anniversary of the partnership between Deutsche Bank and ELSBC.

Deutsche Bank, a global universal bank, has committed to supporting ELSBC's small business clients through two specialised loan funds endowed to the centre as part of their commitment to society. Deutsche Bank has a long history of encouraging aspirations, supporting the development of education and skills and helping the most vulnerable people in the community to live independently and securely. The value of small businesses and entrepreneurship within the local community and its contribution towards the economy is undeniable. According to statistics from the Department of Business, Innovation and Skills, small businesses provide 60% of private sector jobs and contribute 50% of UK GDP. Nevertheless, funding from mainstream lenders to new and existing small businesses is the first to suffer in times of financial uncertainty. Consequently, the first Deutsche Bank Loan fund was initiated to support businesses aiming to grow, but unable to access finance from commercial lenders – either due to the lack of security or reluctance from the banks to lend.

Since 1988, the £250,000 loan fund has been lent to 98 small businesses, to the value of £1.05m, and to date has been recycled four times.

Four years after the initial fund, Deutsche Bank endowed a second fund to ELSBC – known as the Short-Term Clothing Loan Fund.

This is aimed specifically at east London based small businesses from the clothing and fashion sector, who, when in receipt of orders do not have the funds to meet them. Therefore, the loan enables the businesses to fulfill the orders, and deliver on time. Once the business has been paid, the loan is repaid to ELSBC.

During the last 21 years, this money has been recycled five times and supported over 133 fashion entrepreneurs meet their production costs.

Lareena Hilton, Deutsche Bank's Global Head of Brand & Visual Identity, UK Head of Communications & CSR said: "Twenty five years ago, we recognised that supporting business development in east London was a natural fit with Deutsche Bank's business – and to this day our partnership with ELSBC provides creative individuals the skills and support they need to achieve the success they deserve."

Collectively, these two loan funds have supported over 230 small businesses start, grow, survive and continue to do so.

Deutsche Bank's commitment to supporting East London Small Business Centre and its small business clients goes beyond that of the two loan funds. Over the years various Deutsche Bank employees have volunteered as ELSBC board members and non-executive directors, while others have given their time to be part of ELSBC's loan fund panels.

1988

1988

First loan
£250k – recycled
4 times – £1.05
million loans –
to 98 businesses

Deutsche Bank
employees have
served as ELSBC
board members
and non-executive
directors since 1988

"Throughout all of our activities we underpin our financial support with the commitment of our talent. Corporate Volunteering is an integral part of our programme both here in the UK as well as across the globe, with 25% of employees sharing their skills. We are delighted to have launched a business growth mentoring initiative to further celebrate our long-standing partnership."

Moreover, since 2004 the Annual Deutsche Bank Awards for Creative Enterprise winners have attended a tailored ELSBC 4-day business training course, where up to 120 creative entrepreneurs have been challenged to explore the business/commercial side of their creative ventures in the crucial year after leaving college.

Pauline Barnett, ELSBC's Chief Executive said: "Deutsche Bank's partnership with ELSBC has developed and grown, to where we are now, celebrating 25 years of working together. Thank you to all at Deutsche Bank for your ongoing support, and continued generosity in enabling us in assisting our clients, and improving their sustainability and growth."

1989

**Deutsche Bank
Volunteers sit on
various ELSBC loan
fund panels 1989 –
to date**

1992

Second loan
Short Term Clothing
Loan – 1992 – £95k –
recycled 5 times –
£436,596 – to 131
fashion businesses

2004

**Deutsche Bank
Awards for Creative
Enterprises (formally
Pyramid Awards)**
Winners have
attended ELSBC's
4-day businesses
training course since
2004 – around 120
creatives trained

2013

**Deutsche Bank
Mentors**
New project
starting in 2013
to support ELSBC
small businesses.

2013

NEW AND EXISTING BUSINESSES
WE'VE SUPPORTED HAVE CREATED
249 NEW JOBS.

CASE STUDIES

Over the past year we have supported 1649 businesses and given 5389 hours of advice. Seven entrepreneurs share their business stories and the impact of East London Small Business Centre's support.

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SARAH ANGOLD



Pushing the boundaries between design, graphic structures and industrial processes such as laser cutting, Sarah Angold works between a range of creative disciplines to create an astonishingly innovative jewellery brand.

Sarah formed her Islington based design studio in 2010, after designing concept cars for Toyota in Japan and working as the resident lighting designer at the Design Museum.

“Working in Japan was exciting, but I still craved a variety of projects,” explains Sarah. “After I returned to the UK to work at the Design Museum, Selfridges saw the designs and asked if they could be made into giant accessories for their store.”

“People who saw my oversized accessories in the windows kept asking where they could buy ‘the collection’, so I decided I’d better design one, and that’s how the jewellery label came about.”

Worn by celebrities and loved by fashion journalists, Sarah Angold has an impressive client list ranging from fashion houses, car manufacturers and jewellery brands. Not one to limit herself, Sarah is also a staff lecturer at two UK universities where she lectures on luxury brands and entrepreneurship.

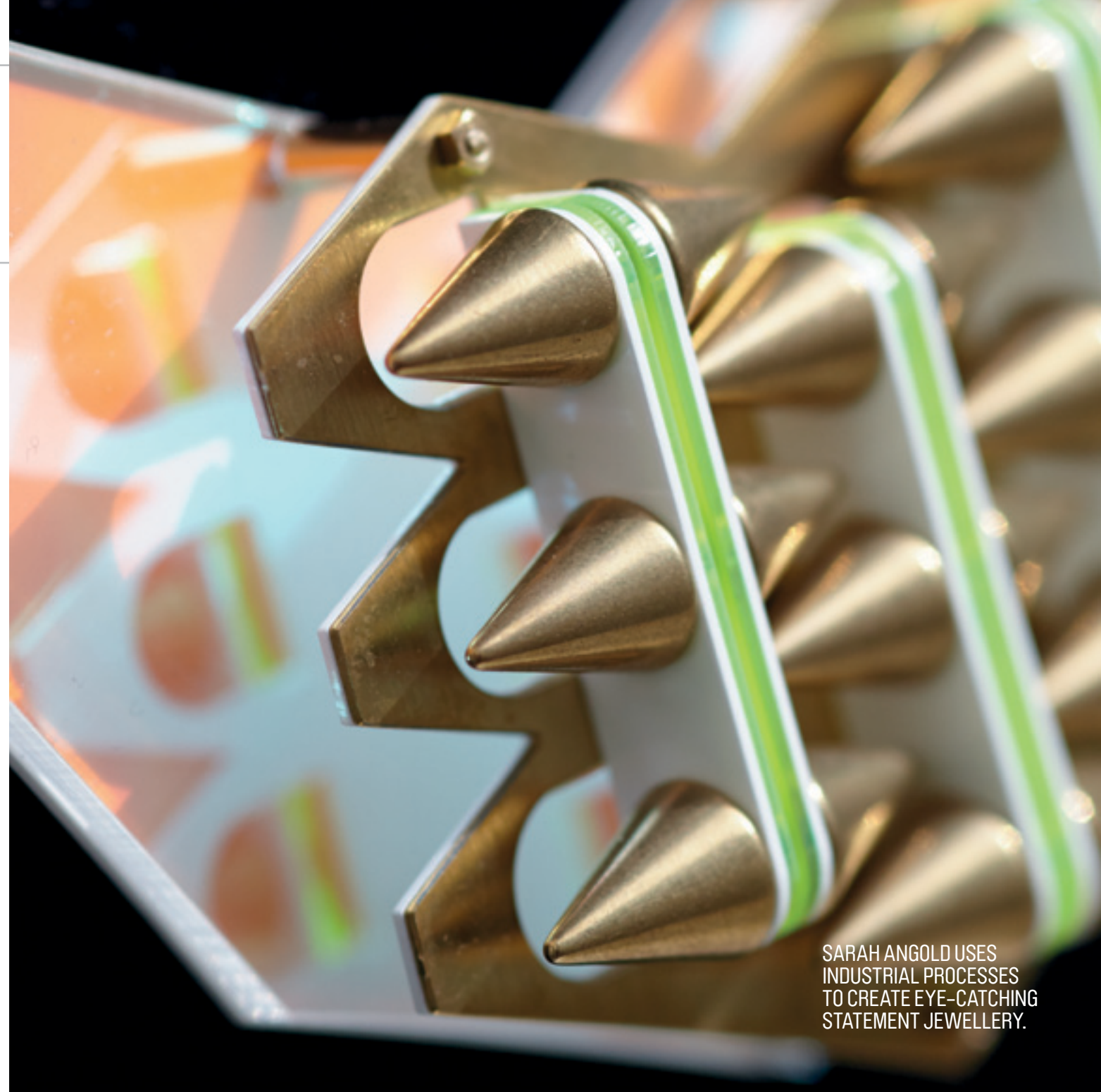
In 2012, after being declined further funding by her bank to support a new collection, Sarah was referred to the Creative Industry Finance programme which is delivered by ELSBC and funded by Arts Council England.

Since the loan, Sarah has released a new collection and has added Harvey Nichols Hong Kong as a stockist while the business has increased both in turnover and profit.

Supported under
Creative Industry Finance Programme

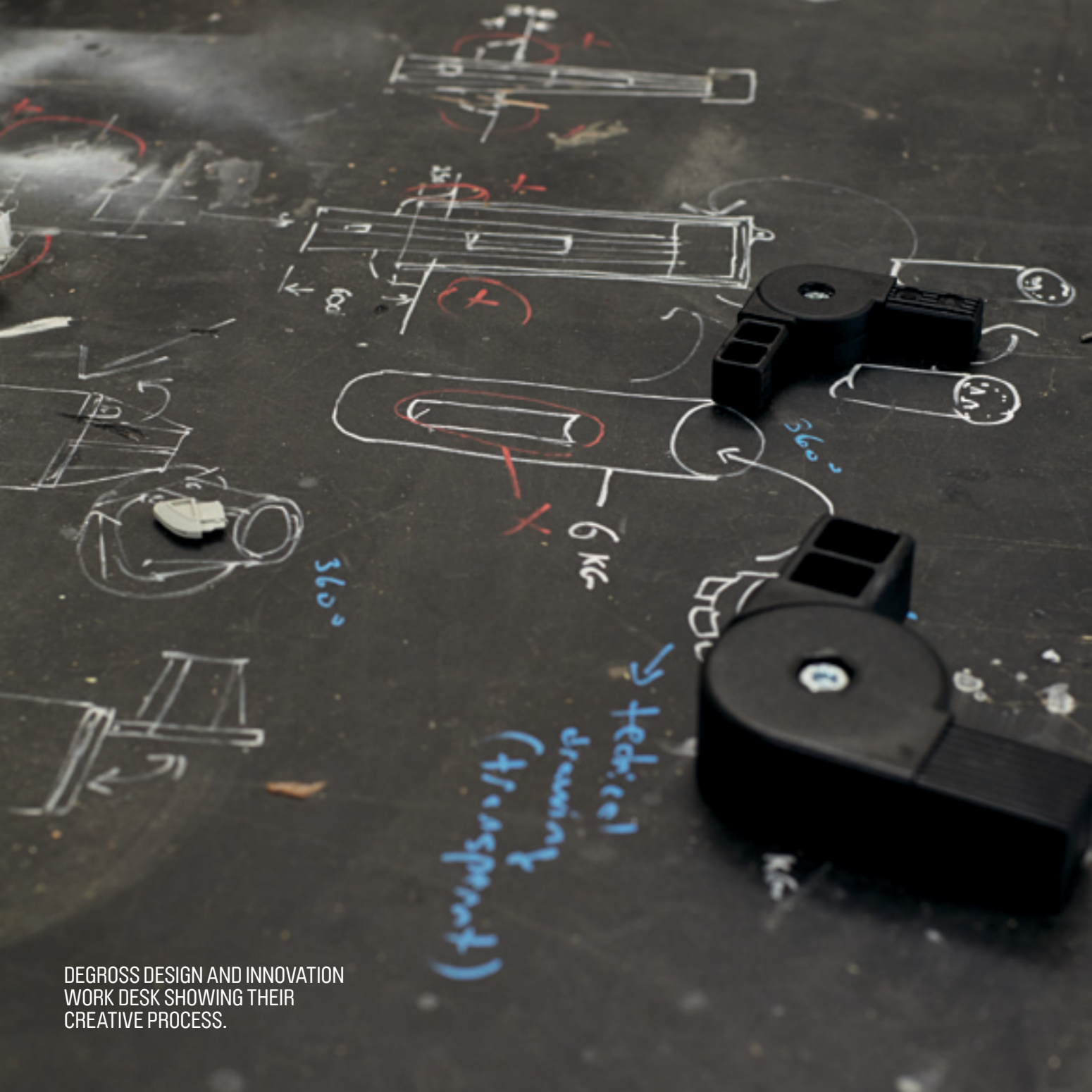
www.sarahangold.com

“WITHOUT THE LOAN WE WOULD HAVE STRUGGLED TO GROW IN THE WAY THAT WE HAVE, AND WOULD HAVE LOST THE OPPORTUNITIES TO WORK WITH EXCITING NEW CLIENTS.”



SARAH ANGOLD USES INDUSTRIAL PROCESSES TO CREATE EYE-CATCHING STATEMENT JEWELLERY.

DEGROSS DESIGN AND INNOVATION LTD



DEGROSS DESIGN AND INNOVATION WORK DESK SHOWING THEIR CREATIVE PROCESS.



Turning old glass bottles into environmentally friendly lamps, is what designer Alon Gross' business, Degross Design and Innovation, is built upon.

Founded in 2011, by Alon and his business partner, Sabrina Gross, they design and manufacture sustainable products at their west London studio as well as work on commission.

With an MA in Design, Alon worked over a decade in product design on several high profile projects, while Sabrina, responsible for the business side of the studio, worked as a software consultant before starting up.

“THE MONEY ALLOWED US TO MANUFACTURE AND SELL PRODUCTS FROM OUR OWN RANGE AS WELL AS OPENING ANOTHER INTERNSHIP POSITION AND EMPLOYING A DESIGNER ON A PART-TIME BASIS.”

“Our way to push sustainability was to open our own studio, and to demonstrate our approach with our products. Our services range from product design, prototyping, design to manufacture to exhibition and packaging,” explains Sabrina.

“Our biggest challenge has been managing the cash flow while working with big companies with payment terms of 60 days.”

In August 2012, the pair applied for the Creative Industry Finance Programme funded by Arts Council England and delivered by ELSBC as they needed capital to support the manufacturing of their range of lamps made from reused chemical glass bottles and wood offcuts.

“The money allowed us to manufacture and sell products from our own range as well as opening another internship position and employing a designer on a part time basis.”

Currently employing three staff and two interns, Sabrina says the funding gave them the opportunity that the banks wouldn't give to a new small business.

“In the last 12 months we have exhibited our range of up-cycled glass lamps ‘UTREM LUX’ at the London design festival and in Milan design week. We have also taken more clients,” adds Sabrina.

Supported under Creative Industry Finance Programme

www.degross.co.uk

HEIDI MOTTRAM



Eel skin may not be the first thing that comes to mind when thinking about luxurious leather bags, but for designer Heidi Mottram it's the perfect match for her accessories label.

The London based designer was working in Fashion PR, when she decided to quit her job to pursue her entrepreneurial dreams and founded her self-titled label in 2007.

As a student at Central Saint Martins, she had explored exotic leather and this later became the essence of the Heidi Mottram brand.

"I had learned about the leathers that were discarded from the food industry and realised that the bag industry was really missing out. We specialise in exotic by-product leather accessories and use leathers such as eel, salmon, poulard and wolf fish," explains Heidi.

The unique use of exotic by-product leather has made Heidi Mottram bags a success leading her to win industry awards as well as press coverage; however her biggest challenge was cash flow.

"Many big stores want discounts and credit. This can be challenging as I still have to pay for production of their orders and then have to wait months for payment."

Heidi was supported under the Creative Industry Finance Programme, funded by Arts Council England and delivered by ELSBC, where she worked with a fashion sector business adviser in applying for a loan.

"My counsellor has helped keep me focused when I have what I term as 'a momentary freak out'! I have also benefited from the Arts Council England fund to further my business development."

Heidi has recently included a men's line to her latest collection and is planning to expand internationally.

Supported under
Creative Industry Finance Programme
& ERDF Creative Industries

www.heidimottram.co.uk

HEIDI MOTTRAM USES EXOTIC BY-PRODUCT LEATHER TO MAKE HER BAGS.



"I HAD HEARD GOOD THINGS ABOUT THE CENTRE. AS I AM A SMALL BUSINESS, I SOMETIMES NEED AN OUTSIDE OPINION."

IAN DUNN WOODWORK & DESIGN



IAN DUNN DESIGNS AND MANUFACTURES ALL HIS BESPOKE FURNITURE AT HIS EAST DULWICH SITE.



“WE HAD A NUMBER OF ONE TO ONE MEETINGS WITH OUR ELSBC ADVISER – IN FACT HE WAS ONE OF THE FEW PEOPLE DURING OUR YEARS IN BUSINESS THAT WE FELT WAS TALKING SENSE.”

With a degree in Medieval History from LSE, Ian Dunn didn't plan on becoming a cabinet maker, let alone running a successful furniture business for over 25 years.

After finishing his degree in the early 1980s Ian landed a job with a local cabinet maker where as well as learning the trade he realised he wanted to carve that into a business.

In the early stages of his business, Ian Dunn Woodwork & Design, Ian made furniture from his mum's small garage, but has outgrown several workshops since and currently designs and builds all his hand crafted bespoke kitchens and furniture from his East Dulwich site.

With his business partner and wife, Jacqui, and employing 6 full-time staff, Ian's business has survived and grown at a time when many within the sector didn't.

“A lot of our competitors have closed because they were not changing with the times. We wanted to keep up with the latest in design and specifying software to develop the creative side of our business, streamline our production and ultimately offer more to our clients,” says Ian.

Through a recommendation, Ian and Jacqui came to East London Small Business Centre in 2012 seeking advice and finance to enable them update their IT infrastructure.

“We had a number of one to one meetings with our ELSBC adviser – in fact he was one of the few people during our years in business that we felt was talking sense. He understood our issues and gave us advice on how to manage and develop the business,” explains Ian.

As well as receiving advice on their growth strategy, the pair were successful in applying for a loan.

“The software and technology investments we made through the loan has improved our ability to respond to client requests faster; giving us a good platform to for future expansion on the manufacturing side of the business.”

Supported under Existing Business Intervention Loan & ERDF Access to Finance

www.iandunn.com

LOUISE GRAY



With a collection titled 'Hey, Crazy' at London Fashion Week in February 2013, Louise Gray is one of London's most exciting young designers whose design signature has captured the imagination of the industry.

Born in Scotland, Louise studied at Glasgow School of Art, before moving to London to study her MA at Central Saint Martins.

"I graduated from Central Saint Martins with an MA in fashion and was picked up by Lulu Kennedy to be part of Fashion East – an on-schedule London Fashion week platform for new designers. So essentially when you show your collection you have to be ready to sell too," recalls Louise.

As well as being discovered by Lulu Kennedy, known as the Fairy God Mother of fashion, Louise has won several awards since graduating and has had several high profile collaborations that include Nicholas Kirkwood, Judy Blame, ASOS.com, Victoria and Albert Museum and TopShop.

As a Tower Hamlets based designer, Louise came to East London Small Business Centre to fill the gap in the cashflow to meet production costs and was eligible to apply for the short-term clothing loan sponsored by Deutsche Bank.

"I was assigned an ELSBC business adviser who went through all of my options and was on hand for advice. They teamed me with someone who had in-depth knowledge of how the fashion business works and this reflected amazingly to how the advice was relayed – and it built my trust in them."

Currently exploring different aspects of her business, Louise's advice to new creative entrepreneurs is: "Remain practical in decision making – find your supporters and ask for advice!"

Supported under
Deutsche Bank Short-Term Clothing Loan
& ERDF Creative Industries

www.louisegraylondon.com

"THEY TEAMED ME UP WITH SOMEONE WHO HAD IN-DEPTH KNOWLEDGE OF HOW THE FASHION BUSINESS WORKS."

Start-up

AJENNIE SUBARAN

Having always been an avid cake baker, Newham resident Ajennie Subaran turned her favourite pastime into a business in 2011.

Ajennie, who took early retirement due to personal reasons, realised that being her own boss could give her the flexibility to work from home and do something she has always enjoyed.

"Growing up, I started cooking and baking from very early age and since 1994 I had taken various courses. I am now a trainee demonstrator for the British Sugarcraft Guild. I've also won three awards at the international cake Competition N E C Birmingham," says Ajennie.

In 2011, Ajennie attended East London Small Business Centre's business enterprise workshop where she was advised on the support available for new entrepreneurs and was assigned to ELSBC's Newham based business start-up adviser.

"I came to East London Small Business Centre, because I felt the need to have the knowledge of the rules and regulations around setting-up a business. I didn't want to find myself in any bother and I got all the help I needed and more," explains Ajennie.

As a sole trader, Ajennie relies on word of mouth recommendations; but has launched a website to increase awareness and sales, and runs a series of cake decorating workshops around Newham.

For those thinking of starting a new business, Ajennie advises them to 'start small, think big and maintain a high standard' adding: "I would advise any one who is thinking of starting up a new business to contact ELSBC and do the business training course, it's an eye opener."

Supported under
Newham Start-Up

www.ajheavenlycakes.com



"I CAME TO EAST LONDON SMALL BUSINESS CENTRE, BECAUSE I FELT THE NEED TO HAVE THE KNOWLEDGE OF THE RULES AND REGULATIONS AROUND SETTING-UP A BUSINESS."

MARZENA MAJEWSKA

Sole trader Marzena Majewska lost her job just before Christmas when she was suddenly faced with the daunting task of finding a job in a difficult market.

“I had considered self-employment in the past but never had the opportunity or the right idea to set up my own business,” recalls Marzena.

Polish born, Marzena, had the idea of her eCommerce export business, Taovital, whilst pregnant when she came across a range of UK produced skin-care products that were not available in many parts of Eastern Europe.

Once Marzena realised she wanted to pursue her export idea further, she was referred to ELSBC by the job centre. “I attended a workshop covering all the aspects of running a business and I never looked back since.”

“My business adviser at ELSBC helped me build a mutual trust between myself and the company in Liverpool, whose cosmetics I am selling. Most importantly, he oversaw writing of the business plan, which I presented before the loan fund panel and eventually got approved for start-up funding.”

As a Tower Hamlets resident and unemployed at the time, Marzena was eligible for Enterprise Support For Start-Ups programme, whereby as well as receiving one-to-one business support from an ELSBC business adviser, she was matched with a City based mentor.

“Through the Lloyd’s mentoring programme through ELSBC, I have had the opportunity of working with Jatin Sharma from GCube Underwriting Ltd, who has been the shaping force behind some of my strategic decisions.”

Marzena has been trading less than a year, however she reports increase in sales. “I am still at the beginning of a long journey, but would love to eventually create jobs and expand the range of products on offer and even introduce my own products – time will tell.”

Supported under
London Councils / ESF Enterprise support for Start-Ups

www.forever-young.pl



“MOST IMPORTANTLY, MY BUSINESS ADVISER OVERSAW WRITING OF THE BUSINESS PLAN, WHICH WAS EVENTUALLY APPROVED FOR START-UP FUNDING.”

FINANCIALS

Combined financials for the centre and charity.

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FINANCIAL SUMMARY 2011/12

Another challenging year for East London Small Business Centre, with public funding continuing to decline, and demand for our services increasing. We have continued to deliver business support, alongside access to finance to new and existing businesses across east London and Pan London.

Although East London Small Business Centre's turnover contracted by 9% to £988,000 for the year; previous year £1.08m, a surplus of £36,727 was recorded against a surplus of £117,257 in 2011.

East London Small Business Charity Ltd turnover reduced to £417,046, a reduction of 53% on the previous year, as the charitable income was dramatically affected by the continuing reduction in public sector funding towards the support of new start-up businesses. However, through previous action in reducing staffing levels, alongside reducing overheads, we have ended the year with a surplus enabling a contribution to reserves. Statutory accounts for both the centre and charity are available on request.

Loan funding operated by East London Small Business Centre continues to be in demand, and although lending reduced during 2011/12, we are on track to increase loans to clients by 50% during this financial year.

At the 30th September 2012, the combined centre and charity unrestricted reserves had grown to £963,637.

**Combined profit and loss account
for the centre and charity**
For the year ended 30th September 2012

	2012 £	2011 £
TURNOVER	1,404,599	1,970,804
Cost of sales	297,127	488,946
	<hr/>	<hr/>
GROSS PROFIT	1,107,472	1,481,858
Administrative expenses	1,097,982	1,382,039
	<hr/>	<hr/>
OPERATING SURPLUS/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	9,490	99,819
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>
SURPLUS/ (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	9,490	99,819
	<hr/>	<hr/>

BALANCE SHEET

**Combined balance sheet for the
centre and charity**
As at 30th September 2012

	2012 £	2011 £
FIXED ASSETS		
Tangible assets	83,896	91,855
Investments	3	3
	<hr/>	<hr/>
	83,899	91,858
CURRENT ASSETS		
Assets held in trust	376,472	480,644
Debtors	246,050	242,063
Loan fund assets	1,674,780	1,114,822
Cash at bank	698,925	661,969
	<hr/>	<hr/>
	2,996,227	2,499,498
CREDITORS		
Amounts falling due within one year	225,541	339,995
	<hr/>	<hr/>
NET CURRENT ASSETS	2,770,686	2,159,503
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	2,854,585	2,251,361
PROVISIONS FOR LIABILITIES	172,706	480,644
	<hr/>	<hr/>
NET ASSETS	2,681,879	1,770,717
	<hr/>	<hr/>
RESERVES		
Special reserve fund	1,718,242	977,615
Unrestricted reserves	963,637	793,102
	<hr/>	<hr/>
	2,681,879	1,770,717

We would like to thank our funders and sponsors for their continued support and shared vision.

EAST
LONDON
SMALL BUSINESS
CENTRE

PRIVATE SECTOR

Barclays
Deutsche Bank
Clifford Chance
HSBC
Kennedys
Kingston Smith
Lloyd's Community Programme
Lloyds TSB
Man Group Charitable Trust
Morgan Lewis & Bockius LLP
Nabarro
Natwest
RBS
The Mercers' Company

PUBLIC SECTOR

ArtCo Trading Ltd/Arts Council England
Bank of England
City of London
Start-Up Loans Company
Department for Work & Pensions
European Regional Development Fund
London Borough of Barking & Dagenham
London Borough of Havering
London Borough of Newham
London Borough of Redbridge
London Borough of Tower Hamlets
London Councils
Peabody Trust

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(Supporting ELSBC clients through supply chain)

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