

**ANNEX B**  
**APPLICATION ANNEX TO CITR MATERIAL - 15 JANUARY 2003 VERSION**  
Annex B to CITR Material.doc mrh 15/01/03 1  
**COMMUNITY INVESTMENT TAX RELIEF**  
**APPLICATION FOR ACCREDITATION AS A**  
**COMMUNITY DEVELOPMENT FINANCE INSTITUTION (CDFI)**

**PART ONE – SUMMARY INFORMATION**

1. Organisation's name:

*Prya UK Capital Ltd*

2. Organisation's legal form or status:

*Company limited by shares*

3. Framework within which organisation operates:

*Free-standing organisation with associated company limited by guarantee (Prya Partnerships)*

4. Date organisation founded and commenced community development finance operations:

*Founded December 2003. Will commence operations as soon as possible.*

5. Brief description of the disadvantaged community served by the organisation:

*The intention is to act as a wholesale and retail CDFI Fund which can provide funds to any organisation or business which is legally eligible, but with particular emphasis on businesses which are based on an innovatory product or service.*

6. Main partner organisations (identify partners and explain the nature of the relationships):

**Prya Partnerships** (a company limited by guarantee whose aims are to help create prosperous and caring local communities, primarily by improving the number and quality of local job opportunities) which will be the vehicle for links to many support organisations in each region. The first such pilot project will be with Prya Partnerships London, which was launched by the Rt Hon Stephen Timms MP on 1<sup>st</sup> April 2003

**The Prya School of Social Entrepreneurship:** The School is entering into a Memorandum of Cooperation with the University of East London Business School. The School will have a contract with Prya Capital to provide screening of candidates, management support and training to those seeking or receiving Prya funds. The School will be paid a percentage of funds under management to enable it to undertake this work. The School will also, through Prya Partnerships, source other funds where possible for the benefit of its students and their companies.

**The University of East London and UEL Business School:** The Business School is aiming to provide a series of entrepreneurship courses for all the university's first year students. In a pilot project students may be given access to a very small seed capital grant fund. Those who graduate through this to the stage of starting businesses within the associated UEL 'Hatchery' will be eligible for support from firstly a Phoenix Guarantee Fund and then further funding from the Prya CDFI

**The Thames Gateway Technology Centre:** (TGTC) based at the Docklands campus of the University of East London is becoming another partner of Prya Partnerships. TGTC can provide access to many resources including business incubation, rapid prototyping, a design lab and a large number of funded personnel resources to help new and growing companies. The intention is that it will pilot projects in London with Prya Partnerships for replication in other areas.

**The East London Inventors Club** This is run by its members with help from TGTC. The Club has a very active membership, many of whom are from ethnic minorities and disadvantaged groups. In spite of this some of the members have won national and international awards for their inventions and seen them become household names. Many more businesses could be started if only a small amount of capital could be available to 'match' research grants. The intention is that where possible the Phoenix Guarantee will first be used, for loans up to £20K and then the follow-on funding from the CDFI.

**Business Link for London.** Excellent relationships have been built up with the organisation and its personnel facilitating referrals and enabling access to all the wider resources available.

**London Development Agency:** The LDA, and particularly its Innovation Division under Sarika Patel, is immensely supportive and good relationships exist with all divisions. The LDA is a co-funder of the Thames Gateway Technology Centre

**Thames Gateway Partnership** is an association of a large number of local authorities. Their office is on the same corridor at Thames Gateway as the Prya Partnerships office and they have been very supportive at an advisory and practical level.

**London First** is an association of some 300 of the largest companies in London. Most London universities, Health Care Trusts and other not for profit bodies are also members (as is Prya Partnerships) The founder of the Prya group, Sheila Bailey, is a member of their Regeneration Task Force for London and also of their Sustainability Task Force for London. London First undertook to launch Prya Partnerships London last April with sponsorship from one of its larger members.

**Launch Pad:** This pilot project, developed by Ian Cruddas and Kevin Caley will provide a model for much of the CDFI's operations and it is intended that close liaison will be maintained with other projects in which Launch Pad is involved.

**Business Link Merseyside:** Excellent relationships have been built up with the organisation and its personnel facilitating referrals and enabling access to all the wider resources available.

**Liverpool City Council:** Relationships have been built up with the Council through referrals and introduction from Councillor Flo Clucas who chairs several relevant committees.

**Liverpool John Moore's University:** Relationships have been developed with several Schools within the university, particularly in relationship to a major Social Enterprise project in printing and manufacture of copyrighted designs.

**The International Centre for Digital Content:** A relationship has been developed with this free standing incubator company within the LJM University. Its manager, Peter Leather has received the permission of the University to join the board of Prya Informatics Ltd, which will become a 'virtual' incubator providing services to help turn new ideas into businesses (including social enterprises)

**The Digital Academy** has been developed within LJM University and ICDC under Professor Simon Robertshaw. The intention is that it will partner with the Prya School of Social Entrepreneurship to facilitate distance learning, particularly into some pilot disadvantaged housing estates in Liverpool where an innovative TV based system has been piloted with Sun Microsystems.

Main existing funding sources:

*Funds for the development of projects to date have been provided by Sheila Bailey and her family in memory of Prya, a much-loved grandchild who died in an accident in a children's playground.. A formal Prya Foundation has now been established to hold the shares of Prya UK Capital and the support companies.*

*A sum of up to £3m is being sought from individual banks and commercial lenders for on-lending under a Phoenix Guarantee.*

*A grant of £25k has been provided from the Phoenix Fund for a research project to identify ways of raising CDFI funds from private investors, through a bond issue listed on AIM.*

*A further sum of £1m will be sought as a pilot capital grant to pump prime the raising of the CDFI funds and enable follow-on funding to take place into the businesses which grow through the use of the Phoenix Guarantee Fund.*

*A supportive merchant bank, Singer and Friedlander, have offered to host a luncheon in Manchester to introduce the concept to some of their wealthier clients who are interested in social investment.*

*In addition, Singer and Friedlander in the Isle of Man and Barings Bank Isle of Man are helping to establish an Experienced Investor Fund which will invest in the Prya support structure, especially the Prya School of Entrepreneurship and the specialist technology development companies.*

*Prya Partnerships will seek funds for some of its operations from appropriate charitable sources and discussions have been started with the Esme Fairbairn Foundation which was established by the founder of M&G Unit Trusts in memory of his wife who was killed in an air raid. Preliminary discussions led to an invitation to apply formally, and this application is in progress. It may be some five months, however, before the outcome is known.*

## 8. Anticipated impact of CITR on funding:

*Experience over many years of trying to establish an investment fund of this type have demonstrated clearly that without some form of tax relief no funding can be raised. The development of very early stage businesses, and associated development of incubators, needs funding for several years before returns can be shown. The ability to raise funds as 5 year zero coupon bonds will be immeasurably enhanced if the purchasers can get a 5% pa return, essentially providing the 'coupon' that they require. They may also get a capital return in addition after 5 years if the bonds are sold at a discount and if the operations are*

*successful. Much depends on the purchasers' perception of risk, and their perception of the quality of the managers of the company. The fairly recent, (in this country) acceptance of the importance of Socially Responsible Investing also helps the Prya case, but the prospect of 5% pa tax free in these times of low interest returns is a very important incentive and an annual cash return now is of more interest to potential bond purchasers than a possible profit in 5 years time.*

*Another incentive which is being offered by the Prya 5 year zero coupon bonds is the offer of warrants to invest in shares or options held by Prya Capital. The method of giving bond purchasers access to the rapid growth companies which emerge from the Prya process is to have a 'closed' Prya Bourse on which all the companies can be listed. Prya bondholders will have preferential rights to invest in those shares or options held by the Prya group. The operation of the establishment of the Bourse is being assisted by specialist professionals under the who have many years experience in this field.*

*It is anticipated that up to £20 million may be raised in this offer. Discussions are being held with local people about the advisability of raising regional bonds through specialised issued, such as London Innovation Bonds and Merseyside Innovation Bonds to raise in each case a proportion of the possible £20 million total*

*Discussions are also being held with a some venture capitalists and private equity investors regarding the possibility that they will buy bonds in order to access the deal flow of businesses which the group are spinning out. A number of businesses are already in a pipeline waiting for start-up funding. Their presence, and the track record of the founders in helping start businesses, offers an encouragement to fund managers who have difficulty in accessing a deal flow of investment ready businesses. Often they are not allowed to invest in other funds, but the bonds are so designed that they do not constitute an 'investment'.*

9. Whether the CDFI is applying for accreditation as a retail or wholesale CDFI:

*Prya UK Capital Ltd is applying for Accreditation as a wholesale and retail CDFI. Initially in the pilot projects, the funding will be placed directly into businesses, but once experience has been gained, and once potential retail CDFI's can be identified and their managers trained in the Prya methodology, then it is anticipated that Prya Capital will provide funds via local Prya Partnership CDFI's. In the first instance they may be provided with sums of up to £500K in a pre-Accreditation phase, and once they have built up a track record, then they will be helped to gain Accreditation as a Retail CDFI and Prya Capital could help them raise up to £10million each in their own right.*

10. Named contact within the organisation with whom the SBS can discuss this application:

Sandy Saunders

10. Position in organisation:

Chairman

11. Address:

3 Bedford Row, London WC1R 4BU

12. Telephone: Tel 0207.242.5624

13. Fax: 0207.405.6287

14. E-mail: [sandy@bedfordrow.fsnet.co.uk](mailto:sandy@bedfordrow.fsnet.co.uk)

## **PART TWO – DETAILED DISCUSSION**

*Please discuss the following aspects of the organisation's structure and operations:*

15. The organisation's structure, aims and activities, including the composition of the Board of Directors or equivalent, relationships with partner organisations and processes for setting and reviewing strategy.

**Prya UK Capital Ltd** is a company limited by shares whose object is 'To help create prosperous and caring local communities by developing and launching new companies, to carry on business as a General Commercial Company and to do all such things as are incidental or conducive to the carrying on of any trade or business'

It is structured as a company with a nominal share capital of £1,000 and the first two subscribers are Sheila Bailey and Kate Norman. It is intended that beneficial ownership will be held by a Prya Foundation which has now been formed.

The founding directors of the company are Sheila Bailey, Kate Norman and Kevin Caley and the chairman is Sandy Saunders. The company will be managed by its board, which will be augmented by further directors to be appointed. A number of very senior consultants are being retained to advise the board on specialist issues. Some cvs are appended.

**Prya Partnerships** is a company limited by guarantee whose aims are 'To help create prosperous and caring local communities, primarily by improving the number and quality of local job opportunities' It is designed to offer membership to organisations, companies and individuals who share its aims and objectives, and to help access all the resources available. It will source charitable and grant funding for the Partnership and its members where appropriate.

**Prya Partnerships London** is the first local partnership becoming established. It was introduced to the business community by London First and launched by the Rt Hon Stephen Timms MP on April 1<sup>st</sup>. Other potential local Partnerships are under discussion with possible members in several regions.

**The Prya Foundation** has been established to act as the Appointing Trust for local licensed Prya partnerships and to hold the shares of Prya UK Capital Ltd, The Prya School of Social Entrepreneurships Ltd and other Prya entities.

**The Prya School of Social Entrepreneurship** will also be beneficially owned by the Foundation. The Prya School is entering into a Memorandum of Cooperation with the University of East London Business School to enable it to access all their

resources, and avoid having to create an expensive bureaucracy. It is anticipated that possibly only three people will be directly employed by the Prya School initially.

Screening of potential applicants, together with management support to the board and to its investees, will be carried out under contract by the Prya School of Social Entrepreneurship in association with members of each local Prya Partnership and in the first pilots with University of East London Business School and Thames Gateway Technology Centre and with Liverpool John Moores University including their Digital Academy and the International Centre for Digital Content.

16. Target market, both in terms of the geographic and/or thematic community it serves, and the types of business served within that community.

- i. The first target market for Prya Capital is represented by people with innovative ideas who do not wish, or are incapable, of developing those ideas into businesses on their own. They may be lone inventors, academics within a university, or large businesses with a research base and no outlet for many of their projects.
- ii. The second target is undergraduates and school leavers who have developed an interest in entrepreneurship and want to start on the ladder for themselves.
- iii. A third target is people who may be either unemployed or working in large organisations but wish to find a niche in a small, rapidly growing innovative company but have neither a viable business idea, or appropriate business experience and need to link with others.
- iv. A fourth target, (and a very important one) is women who may be isolated for one reason or another, members of ethnic minorities, disabled persons and offenders or ex-offenders. These people may need a lot more support and personal development courses to build up self esteem and to help them recognise and achieve their potential. This is a slightly longer term process, but it is the task of the Prya School to help these groups, and, when necessary, to establish wholly owned social enterprises for perceived markets to provide them with initial employment.
- v. A fifth target is the identification of business opportunities, particularly in recycling, food manufacturing, retailing and creative industries, and the establishment of companies, initially as social enterprises, for these identified niche markets. This again will be carried out within the Prya School by groups identified, trained, tasked and funded for the purpose. It is hoped that examples of these types of businesses can be piloted and then franchised through other Prya Partnership groups to help create sustainable employment opportunities. Ideally, in time, it is hoped that the

management teams would have gained sufficient experience to undertake management buyouts.

17. The interface with the overall business support provision in that community, including relationships with main partner organisations and processes for referral of clients in both directions.

It is vitally important to interface with all the business support organisations in a community and Prya Partnerships has been designed specifically to provide that interface. It will aim to ensure that all the resources available to businesses are accessed by client businesses of the Partnership either through referrals or direct introductions. The value of speaking to a person in an organisation to make a personal introduction for a client cannot be overstated. It will never be acceptable to simply send people from 'pillar to post' causing them to have to explain themselves over and over again to an often disinterested individual.

18. The loan and investment management approach of the organisation, including reference to:

a) Management of the supply of capital for on-lending and investment.

Money held will normally be placed on deposit with a participating bank. Currently the Bank of Scotland is offering up to full base rate for larger sums, and only one-quarter of a per cent below for smaller sums.

A proportion will be utilised (within the rules of the CITR) for investment in retail property, particularly workshops and incubation facilities. These will be primarily for the use of investee companies and gain in value as they become fully let (normally valued at ten times annual rentals) At any stage the value can be realised for lending to new businesses by either sale and leaseback or straight sale. The profit gained on these operations will help to provide the means of redeeming bonds at the end of the 5 year period. The intention will be to help businesses in the earliest stages to become acceptable to providers of loan and equity capital at an early stage so that loans can be refinanced as soon as possible and the CDFI finance (though not the guaranteed element of funds) recycled as often as possible.

b) Terms and features of loans provided, including interest rates charged

Loans will be provided at a sufficient margin above base to be equitable and profitable. Margins may vary dependant on the degree of perceived risk. Advice on credit management is being provided by the former head of Credit at Chase Manhattan Bank, who also has recent experience of serving on a Prince's Youth Business Trust Committee for two years.

The emphasis is going to be on potential growth businesses and therefore loans to private businesses will usually require share options to be provided. It will not be policy to ask people to mortgage their homes. The stress that this occasions can force people into wrong decisions. It has been wisely said that “If the wrong decision could bankrupt you, then you’ll never make the right decision” Commitment will be required, but it can be demonstrated in many better ways than this.

If the company is a Prya Social Enterprise then it may become a wholly owned Prya enterprise, held by a Prya entity, until the management team are sufficiently experienced, and the company sufficiently profitable, to enable its management team to buy it out.

c) Projections for, and processes for monitoring and management of, default and delinquency rates.

It is vital to manage the degree of exposure and risk and to have an exit strategy in place for the fund’s exposure in all businesses assisted. Experience suggests that there may be 15% high flyers, 15% falterers, and 70% may progress to a steady ‘bread-and-butter’ returns type of business where they become acceptable to commercial lenders and/or public sector supported lenders who will take over their loans, enabling Prya Capital to exit at an early stage.

All businesses will be managed within an incubator or innovation centre and a ‘virtual’ management team and book-keeping service provided for each business. Cash flow will be monitored on at least a monthly basis and strict purchase order processes and other structures put in place. Some of the loans to companies may be retained to ensure that the company can pay for the specialised services it needs.

It will be the aim to identify the businesses which ought to cease trading as early as possible, and to try to utilise the experience gained, perhaps by offering the team another opportunity if it is felt that they deserve a second chance. Money will be drip fed sparingly, and losses limited as far as possible. The use of the Phoenix Guarantee Fund will be invaluable in helping the very earliest stages of the businesses at the ‘proof of concept’ stage which is often unbankable. Even where public sector funding is available it always requires some private ‘matching’ funds and when a bank is unwilling, then the business has nowhere to go. The Prya fund, provided as a private sector fund, can thus fulfil a vital ‘bridge’ between the public sector funds and grants and commercial lenders.

d) Identifying the outcomes anticipated from intervention, monitoring them and

measuring their impact.

The Prya School of Social Entrepreneurship, together with the University of East London Business School, will carry out detailed monitoring and recording of all loans and their outcomes, measured against anticipated returns. This research project may seek funding from an appropriate Research Council or possibly the Phoenix Fund, to enable the knowledge and experience gained to be utilised by other practitioners.

e) Relations with commercial lenders, recognising the “viable but not bankable” status of the organisation’s clients.

Initially support for the Guarantee Fund and the CDFI is being sought from several commercial lending organisations. It will be the aim to get each business standing on its own feet as soon as possible and a relationship is being built up with the normal business banking arm of supportive banks to ensure that this takes place. The banks welcome this approach, as the Prya organisation can, it is hoped, gain a measure of credibility for each client introduced once they are able to stand on their own feet. Normal bank finance and support, including where appropriate, the Small Firms Loan Guarantee Scheme, should then be forthcoming as businesses graduate into the normal commercial world.

19. The organisation’s approach to fund raising, with particular reference to the investments qualifying for tax relief under the CITR, including reference to:

a) The anticipated value of investments qualifying for tax relief to be raised during the accreditation period.

Prya UK Capital will be guided in this by its very experienced professional advisers. However it is anticipated that there may be a two-stage approach, with initially bonds to the value of £10 million being offered as 5 year zero coupon bonds, (possibly in smaller tranches if advisers feel this is sensible) to be followed by a further £10m as required. The reason for staged investments is that once a track record can be shown bonds will not need to offer such a large discount to attract purchasers.

Once the process had been tested, and further Prya Partnerships formed, it would be the intention to help regional groups to become Accredited as a Retail CDFI and raise up to £10m each by similar bond issues.

b) The sources and forms of those investments.

The form of the investment will be 5 year zero coupon bonds and the sources are envisaged as being:

1. Participating banks, (discussions are on-going with several banks and a commercial lender)
2. Private Equity Funds and Investment Trusts seeking early introduction to growth companies (discussions on-going with Pantheon International Participations, a very successful quoted investment trust which invests in venture capital funds and secondary interests)
3. Business Angel organisations and high net worth individuals, (e.g. introductions offered by Singer & Friedlander Manager via a luncheon for invited guests) will benefit most of all from CITR which is worth over 8% pa gross to them.
- 4.
5. Ethical Investors will value the 'double bottom line' approach of CDFI Social Investments. A number may particularly welcome the opportunity to support 'green' investments in businesses based on environmental technologies.
6. Larger corporates wishing to demonstrate their commitment to Corporate Social Responsibility, either locally or nationally are also interested in the bonds. Such businesses could not usually, invest in other businesses, but they could buy listed bonds and have them listed as assets on their balance sheets. In London access to these larger firms can be facilitated by a major launch by London First

c) The impact of CITR on the organisation in general, and that of the new investments attracted in particular, on the organisation's existing sources of funds.

The organisation currently has no funds to invest. It has been designed and developed over many years to act alongside funds such as these. Indeed the founder of the Prya group put a suggestion some years ago to HM Treasury for funds on this model to be given tax reliefs and so become attractive to pension funds and others by combining an element of property investment to act as a 'sink' for the funds until needed and to diversify perceived risks. The Prya organisation has been designed over several years specifically to be ready to operate such funds as these once tax reliefs were obtained.

## FOUNDERS

### **Sheila Bailey**

Sheila Bailey, the founder of the Prya organisation and group of companies, is Chairman of Prya UK Capital Ltd. She holds a City and Guilds Diploma in Farm Business Management, is a Fellow of the Institute of Directors and is a Churchill Fellow. Her Churchill Fellowship was based on a study of the creation of small business in America and Canada in 1984. She founded a number of very early Enterprise Trusts from 1979 onwards, bringing together teams of professionals who gave their time free to assist start-ups. She founded The Heart of Wales Business Centre over 20 years ago which continues today as a publicly funded centre. She has been a member of several committees and working parties concerned with better methods of financing small businesses. She was a member of Manpower Services Commission Area Board for Clwyd and Powys, of the DTI's Information Technology Committee for Wales and of the Opportunities for Volunteering in Wales Committee which provided government funded small loans to voluntary groups of unemployed people. She has also helped establish a number of innovative developments in the Isle of Man, (including Enterprise in Mann which has been by run by volunteer business people run some 16 years and has helped establish over 300 businesses with a better than 90% success rate at a cost per job of under £50) She also helped establish a Manx Community Housing Trust which has been providing short term housing to families for some 14 years.

Five years ago established a company which purchased with family funds a former hospital in a rural area to form The Prya Centre as a base where innovative businesses can be developed. The Centre has been run by Sheila's daughter Julia and a small management team. There are some 35 tenants including an internet based trading company and another technology based company providing services to City based clients including several financial institutions. A rural Call Centre has been established, and is set to grow. As the Centre is in a National Park and not in an assisted area no grants have been available and the business has had to stand on its own feet. Very valuable experience has been gained in the process. Sheila was a finalist in the Welsh Woman of the Year Award in 2001

### **Kate Norman**

Kate is one of the two subscribers to Prya Capital and a Director and Company secretary. She has supported and advised on the development of the Prya concept for some years and is the founder of **Adminet Ltd** which is providing administrative support to Prya companies and will assist Prya Capital's investees. A graduate of Girton College, Cambridge and a Fellow of the Institute of Directors, she is a qualified Company Secretary with experience of a wide range of statutory and administrative tasks and is also a director of several small businesses.

She was at one time Assistant General Secretary of the World University Service (a charity providing aid to third-world universities and scholarships at Western universities for their post-graduate students). She was also on the General Service Staff of United Nations, New York (principally in the Comptroller's Office of UNICEF).

She was Projects and Events Manager at the British Computer Society with responsibility over that period for their Awards Scheme, Schools Competitions, Young Professionals Group, Disability Project, Annual Dinner and other ad hoc events. She set up and was first Manager of their conference department. Major events staged include the 1984 World Communications Year Conference for the Department of Trade and Industry

From 1987 to 1995 she was Managing Editor of the PITCOM Journal. (The Parliamentary Information Technology Committee is a Parliament-Industry group concerned with the politics of

the Information Society) and also Council Member of PITCOM from its formation in 1981 to present.

She is Editorial Executive and Rapporteur for EURIM - an all party Parliament/Industry lobby group with a focus on the European Information Society scene and Company Secretary and Head of Administration for this company limited by guarantee.

Over the years she has developed a "portfolio" career which has included conference and exhibition management and technical editing and authoring. Extensive periods of teleworking have been interspersed with office based activities, resulting in an understanding of the modus operandi of government departments, academic institutions, professional societies and charities as well as the business world. She has led major project teams and had direct line management responsibilities. She understands the need to deliver work electronically, to a high standard and on time and to motivate others to do so too. She is comfortable in the IT world, both as a user and as a reporter and commentator on public policy.

In addition to specific expertise, she has a wide range of managerial and administrative experience gained through working in five continents and in most types of large and small organisations. She has lived (and brought up a family) in several countries and cultures, and travelled in many more. She is accustomed to working in a virtual environment and to achieving results at a distance, making use of volunteers as well as employees and contractors.

### **Kevin Caley**

Kevin, a co-founding director of Prya Capital, holds a BSc in Metallurgy, a Diploma in Management Studies, and an MBA from Cranfield School of Management. He has spent the past 20 years in small scale venture capital management (16 at Chief Executive/MD level) personally responsible for making over 130 investments; ranging from £2,000 to £350,000, averaging about £90,000. He is a leading figure in the field of small VC investments and "Community Development Finance" and author of several books, papers and CD ROM's on small business finance, information and advice. He has raised over £4m of commercial capital for new venture capital funds. He is an IMRO 'Approved Individual' and former IMRO Compliance Officer. His expertise includes investment appraisal, deal making and negotiation, business mentoring including investment monitoring, project planning and implementation and the training and development of staff.

Kevin is currently managing two venture capital funds totalling £3m: The Birmingham Enterprise Fund which makes investments of up to £50k in Birmingham based businesses and The Creative Advantage Fund making investments of up to £130,000 in the "creative" industries of the West Midlands (see: [www.Creative-Advantage-Fund.co.uk](http://www.Creative-Advantage-Fund.co.uk)). Birmingham Venture Capital was established by Birmingham City Council and has an independent, private sector, board. Kevin has also managed several major conferences relating to Community Development Finance, and acted as editor and main contributor to "The Interactive Business Assistant", a CD ROM of business information, advice and software.

Kevin is joint editor with Ian Cruddas of "Launch Pad" a First Stage Equity & Loan Fund Model – April 2003 ([www.launchpadfund.org.uk](http://www.launchpadfund.org.uk)) This is a DTI/SBS research publication based on research funded by the Phoenix Fund of the SBS, which has established and documented a way of making and monitoring small scale loans and investments. (A similarly published document for a model wholesale and retail Prya CDFI Fund is proposed as a result of the Prya/Phoenix research study) Much of the material developed by Launch Pad will be put into practical operation by the Prya School of Social Entrepreneurship. The document 'Launch Pad' is appended to this proposal. Kevin's other publications include:

- The Structure and Financing of Your Small Business (1989), published by Business in the Community and Lancashire Enterprises and sponsored by SG Warburg's. Print run 6,000.
- Joint Editor of: Small Firms Development - Policy and Practice in Action (1992) - the Book of the best papers from the 14th National Small Firms Conference, price £35
- Filling the Equity Gap - 11th National Small Firms Conference 1988 (paper on the Rosebud Fund)
- Small Firms Development in Eastern Hungary (with members of my staff) - 14th National Small Firms Conference, 1991 - paper on Funding initiatives for Hungarian SMEs.
- The Equity Gap in the East Midlands (with staff from Loughborough University) - 16th National Small Firms Conference 1993 - on the operation of the Midland Enterprise Fund for the East Midlands.
- Interactive Business Assistant - CD ROM of business advice and software - Editor and contributor
- Annual Community Development Finance Conference 2001 and 2002 - Papers on aspects of VC fund management

## CHAIRMAN

### **D M SANDY SAUNDERS, RD**

Sandy Saunders has combined a career as an Executive Chairman of publicly quoted companies with Consulting roles on Corporate Strategy. In recent years he has specialised in providing development capital and recommending growth policies to private companies wishing to expand their operations

#### **Background**

After a Short Service Commission in the **Royal Navy**, he spent 10 years in manufacturing industry, latterly as **Honeywell's**, UK Director of Marketing for North Europe. In 1967 he joined the UK Management Consultancy practice of **McKinsey** to advise on re-organising marketing operations and developing Business Plans for major multi-national organisations. He then moved into Investment Banking, working closely with the Boards of International Groups on the longer term strategies necessary to improve profitability. This led to invitations to take on the Chairman's role in a number of industrial companies, working with **Samuel Montagu, County NatWest, Schroders, Lazards, Rothschilds and BZW**, and with leading Institutional Investors.

#### **Executive Appointments**

In 1971 he was appointed to the Board of Evered, now **Aggregate Industries**, then specialising in Engineering and Plastic products; he subsequently became Chairman and Chief Executive. He also developed the initial acquisition policies for **TT Group**. From the mid 1970s to 1990, he was additionally Chairman of some fifteen quoted Industrial Holding companies. During this period he was also a Council Member of the **CBI**, and Industrial Advisor to several International Banks; He also worked with the Industrial Unit of the **Bank of England** on proposals to restructure sub-sectors of the engineering industry, and was a member of **dti** trade missions to the Far East and to Central America.

In 1986, at the request of **Lloyds Bank**, he developed a recovery strategy for **Beacon Group**. As Chairman, he led its expansion programme into the electronics and telecommunications sectors, negotiating support services to Central Government, Local Authorities and the Emergency Services.

In 1992, with the support of **Barclays Bank**, he carried out a similar role in refocusing a group of electrical engineering businesses.

Three years later, in July 1995, in partnership with **3i**, he acquired control of one of the UK's largest telecomms dealerships. He initiated the merger which created a maintenance business with some 10,000 contracts, before it was acquired by **Canon** in 1999. He was then approached to become Chairman of **Touchbase Communications**., a leading supplier of telecomms solutions to the financial services sector internationally. He subsequently assisted **NatWest Bank** in an asset recovery programme. This led to the formation of **SME Capital** to formulate strategies for Fund Managers and other investment institutions providing Development capital to unquoted companies. He is now Chairman of a privately owned Group providing professional services to both Government and Industry.

### Additional Activities

1972-1991 Industrial Advisor	<b>Singer &amp; Friedlander, Chemical Bank International, Swiss Bank Corporation, Guinness Mahon</b>
1980-1982 Committee Member ,	<b>NEDO; 1981-1984; Council Member, CBI</b>
1990-2003 Nominee Director	<b>West Midlands Enterprise Board, 3i Group plc</b>
1995-1997 Special Advisor	<b>European Bank for Reconstruction and Development</b>
1996-1999 Director, London Bd,	<b>Stroud &amp; Swindon Building Society</b>
1998-2002 Member of the Court,	<b>Worshipful Company of Tin Plate Workers alias Wire Workers</b>
1999-2000 President	<b>Old Cholmeleian Society</b>
2004 Chairman	<b>The Alliance of Brain Tumour Charities</b>

## **Retained Consultants**

## CHRIS PRIOR-WILLEARD

### Achievements:

- Led PwC's thought-leadership initiative – Tomorrow's Leading Investment Bank
- Managed Chase Manhattan's European Corporate Trust business to become market leader
- Global Head of Marketing for Institutional Trust – Chase Manhattan Bank
- Launched HSBC's depositary banking business
- Established Bank of New York's European ADR sales team
- Developed the UK's first Exchange-Traded Fund (ETF)
- Devised Crest Depositary Interests (CDIs) – giving UK investors access to foreign securities in UK form
- Worked with AITC to list Investment Trusts in US markets
- Revived concept of regional stock exchanges in the UK
- Developed SEAQ International at the London Stock Exchange
- Negotiated the "passive market making" exemption for UK securities with the SEC
- Conceived and launched The London Meat Futures Exchange
- Wrote the "Guide to the Agricultural Commodity Futures Markets" pub 1984

### Career History:

2000 – 2001	CapCLEAR Ltd	Business Development Director
1997 – 2000	PwC	Director – Exchanges and Markets
1995 – 1997	HSBC Holdings	Head of Depositary Receipts
1989 – 1997	Chase Manhattan Bank	Head of Corporate Trust – EMEA Global Head of Marketing- ITG
1988 – 1989	Bank of New York	Head of ADR Product Development
1986 – 1988	London Stock Exchange	Senior Manager
1982 – 1986	GAFTA/Baltic Exchange	Director of Futures Markets
1980 – 1982	W.Weddel & Co	Trader
1974 – 1980	Merchant Navy	Deck Officer
2001 - 2004	PricewaterhouseCoopers	
<u>Director - Corporate Finance (Strategy)</u>		

European lead advisor on exchanges and capital market infrastructure

Developing Corporate Finance's market profile in strategic risk advisory and valuation services to Financial Intermediary sector

Advising on key market infrastructure projects: e.g. G-30 recommendations

Current clients include: Investment Banks, Exchanges, Transfer Agents, Company Secretarial Groups, Clearing Houses, Fund Managers and Stock Brokers.

**Kenneth A. Picknell ACIB**



### **January 2003 to date ShareMark**

Head of Listings at ShareMark, the matched bargain market for smaller companies. Recruited to add corporate finance and regulatory nous to this fledgling market for smaller companies and to draw the attention of intermediaries to the market.

### **April 2002 to December 2002**

Advising clients to identify acquisitions and also to establish new businesses within their organisations. Acting as Company Secretary to a listed company.

### **August 2000 - April 2002 WEBER SHANDWICK/ WS SQUARE MILE: Director**

Recommended to Weber Shandwick by an ex client, I developed, largely through my own contacts, a portfolio of clients whose financial public relations I looked after on a day-to day basis. This involved regular contact with clients' other advisers to ensure that all necessary regulatory requirements were met in making announcements and also in preparing clients' communication strategies and dealing with the media. Work included cross border flotation and M & A advice. Responsible for a team of four; I have also helped Weber Shandwick develop an investor relations product aimed at private client stockbrokers. Following the merger of Weber Shandwick, Ludgate PR and Square Mile in December 2001 I was a director in their Growth Companies team

### **November 1999 – August 2000 BROWN SHIPLEY CORPORATE FINANCE: Director**

Recruited to add experience to a young corporate finance team. Responsible for looking after a portfolio of the Bank's clients. Floated Clipserver and Just 2Clicks in my time there as well as introducing some take-over work. I remain a Consultant to Brown Shipley Corporate Finance.

### **July 1998 - October 1999 BINNS & COMPANY PUBLIC RELATIONS LIMITED: Director**

Joined to add professionalism, organisational skills, experience and knowledge to a relatively young public relations agency. Responsible for day-to-day financial public relations advice to, inter alia, Aquarius, Britt Allcroft, Comino, Compco, Countryside Properties, Euro Sales Finance, Global Group and Polypipe. Initiated an investor relations service for smaller clients. Rapidly built relationships with key financial journalists on national newspapers. Worked with the chairman to develop future growth strategy of the agency.

### **1995 – May 1998 CHARTERHOUSE TILNEY SECURITIES LIMITED: Director, Corporate Broking**

Recruited to add transaction related experience to a ten man corporate broking team. Provided financial advice and corporate broking expertise to a portfolio of FTSE 250 and smaller companies. Clients included Belhaven Brewery, Britt Allcroft, Mersey Docks and Harbour Company, Polypipe, Rea Brothers, T & S Stores, Trinity International and Sunderland.

\* Led the Trinity International Holdings £200 million rights issue which accompanied the purchase of most of Thomson Corporation's UK regional newspapers.

\* Responsible for implementing a comprehensive share register analysis system and also for enhancing the logistics of executing marketings. Recruited and managed the person responsible for both functions.

## **1990 – 1995 S. G. WARBURG SECURITIES**

Divisional Director, Corporate Broking

Headhunted to add regulatory expertise to the corporate broking department. Responsible for providing advice to, and arranging transactions for, a wide range of clients spanning a number of market sectors including building materials, electricals, retailers and investment trusts. Clients were mainly FTSE 100 and 250 companies and included Wolseley, Scottish and Newcastle, Kingfisher, Kenwood, Moss Bros, Powell Duffryn and Volex.

\* Led a number of multi-million pound deals including flotations, fund raisings, offers, acquisitions and disposals and reconstructions.

## **1969 – 1990 INTERNATIONAL STOCK EXCHANGE**

### **1983 - 1990 Head of Secretariat, Listing Department**

Responsible for ensuring a consistent and proactive application of the rules applying to listed issuers and those seeking a listing. This covered all aspects of information required by investors. Also responsible for providing input into and developing listing rule policy. Managed 30 staff.

\* Managed the introduction of a number of progressive changes to the Listing Rules, especially those related to marketings.

\* Instrumental in a smooth transition of authority from Stock Exchange Committee to staff as the Stock Exchange moved to a more modern organisation structure.

\* Responsible, inter alia, for the introduction of the USM, Third Market, EC directives on listing and the reduction from a 5 to 3 year record for companies seeking a listing.

\* Management responsibility for the Continuing Regulations and Listing Applications areas; this involved setting and collecting listing fees of circa £25 million annually.

Prior to this appointment held a number of increasingly senior advisory roles in the same Department.

### **Education and Qualifications**

1962-1969 Selhurst Grammar School, Croydon

Associate of the Institute of Chartered Secretaries and Administrators (ACIS)

Member of The Securities Institute (MSI)