Northern Ireland Assembly and Business Trust

Access to Finance: Briefing by Invest NI

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(Chairperson: Mr Phil Flanagan MLA)

Mr Phil Flanagan (Northern Ireland Assembly): Good afternoon, everyone. You are all very welcome, especially those who have decided to come up to the front. I do not know what is wrong with the culture in our society, but nobody sits at the front; we all seem to sit at the back. I do it as much as everybody else. So, fair play to those of you who have come up to the front.

You are welcome to the latest Assembly and Business Trust briefing on access to finance for local business. Every business survey that is done reveals that access to finance is one of the major problems facing our local businesses. Today's briefing will be delivered by William McCulla, who is the Invest NI director of corporate finance. Following William's presentation, we will hear from Martin Symington from Pure Roast Coffee Ltd, who has benefited from one of the two Invest NI loan schemes on offer. Martin will talk about his experiences of getting support and how it has helped his business, and, as normal, once the briefing is over, there will be an opportunity for you to put questions to the presenters. When you ask a question, I remind you to state your name and organisation. If you want to tweet about this, feel free. You can mention the Business Trust Twitter, which is @NIABT.

At the end of the event, I would appreciate it if you could fill in a feedback questionnaire, which you will find on your chair along with a pack from Invest NI. You can leave it at the back of the room. I will pass you over to William McCulla, Invest NI's director of corporate finance.

Mr William McCulla (Invest NI): Thanks very much, Phil, for that welcome, and thanks to everyone for coming. It is a great opportunity for us to talk about our access to finance strategy and what we have put in place. There has been good uptake of the suite of funds over the past couple of years, but there is more to be done, and awareness needs to be raised further. It is a good opportunity. I look after corporate finance with Invest NI. Effectively, that means that I make sure that there are funds in the market that will help companies to grow and give them the funding that they need.

This is a graphical take on what we offer. There is quite a bit there. We provide risk capital from start-up stage, and that can be loans from as low as £1,000 up to equity deals of £2 million. We do that because, from our point of view, there is market failure. That sort of equity funding is not available in the marketplace for early stage businesses, and it is those businesses that really will help to drive the growth agenda in Northern Ireland and, hopefully, create the jobs for the future. It is also quite a long-term strategy because those businesses need a lot of nurturing and take quite a long time to grow, but they are the ones that will drive the growth. The bottom left of the slide highlights the Northern Ireland Spin Out (NISPO) funds, and that is for very early stage businesses. It provides proof of concept grant and equity funding. Very early stage businesses do not even have revenues and have not got out of the blocks yet, but they have a good idea and want to see if there is some way of exploiting that.

We will move on to the co-investment fund. I should not say so much about these individually as I go, because I have other slides on them. It is maybe best just to say that there is a co-investment fund and two development funds. Since the slides were put together, there was a ministerial announcement yesterday to say that those two funds are now live and up and running. Crescent Capital, which has run funds here before for us, has one of those mandates, and the other is with a firm called Kernel Capital, which is based in Cork and has been successful in raising funding to set the fund up. The small business loan fund has been introduced more recently, and it provides small loans to small businesses. The growth loan fund has been going for over a year. It is a bigger fund with £50 million at its discretion to invest, and it has been doing very well for us.

I will set out some of the key criteria. All the funds are delivered through externally appointed Financial Conduct Authority-approved fund managers. The funds themselves are operated on a commercial basis, and we are looking for economic benefit. Our priority in Invest NI is to get the economic benefit and economic development, but studies across Europe show that the best way of doing that is by giving it over to private partners to run on your behalf and on a commercial basis and put it almost beyond the reach of government to make those investment decisions, because investment decisions made by government tend to get clouded by too many other issues. That is the approach that we use. That said, we set the investment criteria to make sure that the managers operate in the segment of the market that we believe they should operate in, and they must operate within those investment criteria. However, after that, they make the decisions on who they will lend to, or, in the case of a loan fund, if money is outstanding, they go after the company to collect it. It has to be done on that basis. Otherwise, it is not likely to give as good results in the long term.

To give some idea of the amount of funding involved, we have a slide on the annual funding, and that includes the private sector leverage that is included in the funds. About £28 million per annum can go into helping the funding of high growth potential businesses, and the first one of those is NISPO, which is at that start-up stage. A total of £5 million between grant and equity is available in that. About £3·5 million per annum is being spent on the co-investment fund, which can encompass start-up companies but can be at later stages of development as well. We expect the new development fund that has just been announced to put about £6 million into the market annually, and the growth loan fund, which has been going since about June last year, is running at a rate of about £12 million per annum. The small business loan fund, which looks after start-up companies and growth companies, probably puts about £1·5 million into the market. That adds up to £28 million. About 50% of that comes directly from Invest NI, although, that said, some of it will also come through European regional development fund funding, which lightens the load on the Northern Ireland block. The other 50% has been leveraged from the private sector. Some of that is at fund level. So, in the case of the development fund and the growth loan fund, the money has been raised up front, whereas, in the co-investment fund or NISPO, that money is generated on a deal-by-deal basis as a manager is investing in companies.

I will give a little bit more detail on the funds. The NISPO funds offer an enterprise escalator and are managed by a firm called E-Synergy. Enterprise escalator means that some guy maybe has an idea that he is developing in his bedroom. First, he will maybe apply for some proof of concept grant, which will help him to determine whether he has an idea that is able to be exploited and is worth commercialising. If he gets through that stage, he may then want to raise more equity to make it work and to generate the benefits for himself. For a company, that is to really increase its sales and ultimately be able to sell the business and make money. From our point of view, while they are doing that, they are developing their business, growing the number of employees and, hopefully, providing high-value jobs and all the things that Invest NI wants. Direct investment by Invest NI in the first NISPO fund is £14 million. The first slide mentions £17 million; the difference is what is raised with the private sector on a deal-by-deal basis. Seven million pounds of that £14 million is for start-up and early-stage SMEs as equity. Again, the deal sizes are quite small — they are £50,000 to £250,000 — but that is the appropriate level for the type of business that is just getting into early stages. It has made 21 equity investments to August 2013. The plan is that it will make at least another 10 investments by March next year. There is a very strong pipeline at the moment. There is also £2 million of seed equity for the two universities. That is to help to encourage spin-outs from the universities. Lots of great ideas are being developed by researchers. We are trying to help the commercialisation and exploitation of those ideas. It is a really hard challenge to get the seed investments out of universities because the researchers are — let us face it — quite comfortable with their lot. They are not generally young guys starting out in life and seeing the bigger picture of a future in which they can really develop a business. It is harder to get those to come out. A lot of work is required, but some very good businesses have come out. The likes of Andor Technology and Kainos are great successes in Northern Ireland. They originally started out as university investments. It is a prize worth putting the effort into to get them developed.

As I mentioned, there is also proof of concept grant. That is £5 million altogether for the non-university side. To the end of August, there were 193 awards. You can see the number; it is very significant. That hits a lot of small businesses, but the expectation is that probably only a small percentage of those will ultimately be successful. It is important for the guys who are developing ideas to work out early whether there is something that can be developed. For them, it is sometimes a success to spend £10,000 and discover that it is a dead end. They can move on to something else rather than spending years trying to develop an idea that is not going to work.

The final element of what NISPO does is called investment readiness, but it is to work with businesses and business owners to get them ready to take external investment. Taking external investment from a fund manager is very different from getting money from friends and family or putting your own money in; there is an expectation on you that you will be answerable to others, not just yourself. For some people, it is a success to know that they do not want to take equity or do not want somebody else involved in their business, but, for others, it is about getting them lined up so that they will take that. Equity investment can really accelerate the growth of businesses, but it has to work for both parties.

I want to say a little about a NISPO investment in a company called TreatTicket. Its daily website offers substantial discounts on a range of experiences. It is like Groupon, which I am sure that most people have heard of. It is trying to establish that business. We think that it has a reasonable chance of success, but, as with all of these, it is high-risk. There is a chance of failure, but at least it is being given the opportunity. We see the money as being able to help it to expand its market share in the UK and Ireland and hopefully create employment and revenues and be a successful business. However, it would not have been able to get up and running without that money. That is where it comes into play.

There is a NISPO 2, which is a follow-on fund for NISPO. NISPO's investment period ends in March next year, so we have to make sure that we have something coming into the market at that time. Invest NI has been criticised in the past for allowing gaps to appear in the market. It is a big problem whenever you have business that have been trying to raise money and, suddenly, there is no money there. So, we have to try to make sure that there is something in place for April next year. At the moment, we are progressing through the approvals process. It will be a significant expansion compared with the previous NISPO, probably not quite double but of that sort of scale. That is showing that we do not lack in ambition in terms of how much money should go into the space. We expect to go out to procurement this calendar year. I would like it to be November. We must get all our approvals in place first, but it is with a view to having a fund manager appointed in early 2014 and commencing investments in April 2014 to prevent any gap in the market.

The co-investment fund is under the name of Co-FundNI. It is managed by Clarendon Fund Managers and it is based on a model that came out of Scotland, which is a number of years ahead of us in that sector. We found that it had the best model, and we followed that model. Effectively, the fund aims to co-invest alongside business angels and private investors. Those angels and private investors will bring a deal that they have been trying to get in place. They will have set terms. They will have agreed the prices and everything else, but they will still have a funding gap. If they need £500,000 altogether and they have raised £300,000 of it but they cannot get the other £200,000, we will put the other £200,000 in on exactly the same terms as the private sector has put in place. Typically, we are operating something in which the deal size is between £250,000 and £450,000. However, there have been deals that have been much larger; there have been deals with perhaps £1 million going in, and our element was a substantial part to make that work. It cannot be more than 50% in any of the deals; we expect the private sector to lead them. If we are not getting at least 50% from the private sector, it is very difficult to sustain the argument that it is being led by the private sector.

We have set aside £7·2 million over six years, and we expect to achieve £16 million altogether for businesses. At the end of August, 17 deals were done. It is ahead of target. Against that £16 million, there is nearly £9 million in just over two years. If anything, the fund may need more investment at some stage in the next year or so. Again, that would be an approvals process, but that is for us to manage.

A case study is a company called BubbleBum in Derry. It is a manufacturer of inflatable car booster seats. The lady in charge of that company has been trying to develop it for a number of years. She has had great success in getting some inroads into America and has listings in a number of places, but she needed money to really help her to fund that growth. She brought in £500,000 altogether alongside five private investors. That is helping to drive its sales growth and fund new product development. Hopefully, the funding will help to roll out its product in Target stores in the US. I think that Target is second to Walmart; it has 1,800 stores. Potentially, there is a big market, and that could really help it to grow and bring developments to the north-west.

The growth loan fund is a fund with a minimum loan size of £50,000, estimating that there will be 50 loans per year. It is a fairly significant number that will be done by the fund. The terms are typically unsecured and commercially negotiated. Again, the manager negotiates those terms. We need to make sure that we are not competing with the banks. It is important that the pricing reflects that. If we were to price at low levels, we would be taking business away from the banks. No matter what people say about the banks and how much they are lending, the amount that we can lend is relatively small, so we need to hit the growth businesses that cannot get funding. We cannot afford to get to the position of displacing banks, because we will not be able to fund the amounts required.

Normally, the loan size will go up to £500,000, but, again, there is potential for that to go a bit bigger, and, hopefully, a loan will be announced in the next week or two that is for £1 million. So, it is a meaningful amount of money. There has been good take-up on this fund. It is a 10-year project, with lending over the first five years and then the rest of the time is really to collect out the money again. As I said already, it is a £50 million fund. Twenty-five million pounds of that came from us, with the balance coming from private sector funding. That private sector funding was from NILGOSC, which treats its money all as private when it is investing it on behalf of its pensioners. It is managed by a company called WhiteRock Capital Partners and has been operating since June 2012. At the end of August 2013, it had made 48 loans. It is getting well respected in the marketplace. The banks initially were thinking where were they going to get the business, but they have now found that there is a niche for growth businesses that really have not got sufficient security to support the bank funding that is required.

I will mention a case study. Later, Martin will talk more about the growth loan fund because he has been one of the recipients. The case study is Reach EPS, which is based in Lisburn and supplies uniforms, screen printing and embroidery services. A £200,000 loan was provided to it, and that has enabled it to hire an additional six employees. It will expand through investment in its IT systems and new machinery, and the loan will help to fund its working capital. So, it is really helping it to realise its growth plans, which could not have been done otherwise.

The small business loan fund has been operational only since February this year, and, as it says on the tin, it is a loan fund for small businesses. The loans are between £1,000 and up to £50,000. Again, they are typically unsecured, and the expectation that the businesses that apply will have been turned down for bank funding in the first place. The manager has to look at these and determine whether it is a viable business that can repay the debt or not. That is not to say that there will not be defaults. We expect that there will be defaults, because those loans are at the bottom end of the market and are fairly high risk. However, there should also be quite a number of successes to come out of that. The fund is aimed really at micro businesses, small and medium-sized enterprises and social enterprises. Given that, over the past year or two, Invest NI has been dealing with a wider business base, this is a fund that provides some money to a wider business base than our typical manufacturing and tradeable services sectors. However, there are manufacturing and tradeable services businesses in there as well.

Start-ups are eligible to apply for up to £15,000, and mentoring support will be available to those businesses. With mentoring, you help the companies to effectively make the best shot at their start-up, and, hopefully it will be a success or have a better a chance of success. It is managed by Ulster Community Investment plc, which people may know better as Ulster Community Investment Trust. ENI also subcontracts and does some of that lending under that umbrella. As I said, it was launched only in February this year, and, to date, 29 loans have been made. It is building decent traction in the marketplace and, again, showing that there is a real need for this fund.

I will give another case study. Teamwear Ireland is a Belfast-based firm that manages the design and running of online bespoke school and club e-shops. It has received a £50,000 loan, which allows it to invest something in capital investment and to roll out its distribution network throughout Ireland and Europe. It plans to recruit four new staff on the back of this and, fairly ambitiously, it is planning its turnover to grow from £675,000 this year to £1·2 million next year. Again, it is the type of business that we want to get in behind through the fund manager to invest and get those benefits, both for the company and for the economy.

On developing funds, there are two funds of £30 million each. That is the bigger end of the market from £450,000 up to £2 million in deals. That sounds like quite a bit, but normal venture capitalists that are completely privately run would generally not look at all at deals in this space. They are considered to be too small for them and too risky, and they just do not touch them. So, that is why we are there. The Minister has recently announced these funds, and they will be managed by Crescent Capital and Kernel Capital. That announcement was made just yesterday, and they are aiming to do deals with around 20 companies each over the next five years. The fund managers were required to raise private capital alongside our money and on a matching basis. That was a real challenge. About two years ago, we tried to get a fund off the ground, and the manager really struggled and could not get the funds raised. I think that that was just a reflection of how difficult the market has been since the financial crisis. The money just was not forthcoming, so we went back to the market, and, thankfully, we have now been successful. More importantly, the managers have been successful in raising that private money to allow these to get up and running.

Finance vouchers is another new initiative that we launched this year. A finance voucher can be used towards the cost of using external consultants to help a business to develop a professional funding proposal. Too many businesses were going to their banks and to other providers and did not really understand what they needed to provide that bank with to enable it to come to a decision to provide funding. It has only been operating for the past number of months, and we have not yet really got that much evidence to say that this is actually helping businesses to raise additional finance. That is what it is planned to do, and we are certainly anticipating that it will help some businesses. There will be other businesses that will put together plans with this, and I am sure that they will still be turned down. Unfortunately, we cannot make the banks lend. We would like to be able to make them lend, but we cannot make them do it. We want to help the businesses to put their best foot forward, and this is effectively what this is to do. It is aimed at small and medium-sized businesses from what is seen as the typical Invest NI customer base of manufacturing or tradeable services. It is to be hoped that this will help to fuel export growth over the coming years. This initiative is managed and administered in-house by Invest NI. Looking to the future, our priority is to ensure that the continuum of debt and equity funding remains in place for high growth potential businesses. As I said, we do not want there to be a gap in the market because, when a gap comes, it can really prevent businesses that want to grow being able to achieve their ambitions. We need to ensure that there are no gaps between those investment periods. Going back to what we are doing with NISPO, we are planning to get the new fund in place for when the investment period ends. We also want to encourage co-investment with our funds from outside Northern Ireland; we want to bring more money in and not just rely on what is here. It is a bit like other things that Invest NI tries to do to bring in businesses from outside Northern Ireland on the inward investment side; we would like to bring money in as well to encourage growth and make our money go further. It also brings benefits to businesses when outside money comes because, quite often, they will have access to other markets. If you bring US money, you might bring access to US markets as well. That will hopefully be helpful.

If we need to, we would seek additional funding if the demand exceeds the supply. That is what we did with NISPO; halfway through or a little bit more, we went back and looked for more money because investments were going ahead of schedule. We may do the same with the co-investment fund in due course if it continues to run ahead. Again, it is a new approvals process, and we have to make sure that we get value for money. That is what we would seek to do. We are also looking at what other regions in the UK and Ireland are doing to make sure that we are not missing anything and looking at whether there are positive things that we should do in access to finance that will help businesses to grow so that we learn those lessons and put initiatives in place to maximise the benefits.

We have put together an overarching strategy for venture capital and loan funds that will provide a continuum of funding of between £1,000 and £2 million for early-stage and growth companies. It is all about growth and exports. All the funds really have that as the target. We hope that they will help to drive the economy as time goes by. All the information will be up to date on our Boosting Business website. It has all the details. If anything new is added, it will be updated. Some of the information in the packs is already out of date, so that is where you get the absolutely up-to-date information.

That is the end of my presentation. Maybe you are all glad to hear that; I am not sure. It is pretty dry stuff for people who are not that involved in the area. Hopefully, it has helped to raise some awareness. I will hand over to Martin, who, hopefully, can bring it a wee bit more to life in terms of his own business.

Mr Martin Symington (Pure Roast Coffee Ltd): Thank you, William. Good afternoon, Mr Chairman, MLAs, ladies and gentlemen. Thank you for your kind invitation. My name is Martin Symington. I am the managing director of Pure Roast Coffee Limited. We are based in Lisburn. The company was formed in 2009 employing three people. We are coffee roasters. I do not want you to think that I am George Clooney. I know that I might look like him, but, trust me, I am not him.

Today, we export 98% of all we produce. Some of our clients include Emirates Airline, Nando's, Bewley's Dublin, Mitchells and Butlers, and Dualit, to mention just a few. Our unique selling point (USP) is single-serve coffee pods. We are the only company in Ireland to produce coffee pods, and only one of two in the UK. This year, we will produce somewhere in the region of 20 million coffee pods, which is not bad out of a wee corner of Lisburn.

From the foundation of the company, we have worked closely with Invest Northern Ireland and have accessed help through research and development, employment grants, marketing grants, resource efficiency grants and any grants that I can think of. As the business was growing, we had a need to raise working capital in 2012. As a relatively new company, we found it impossible to raise borrowing from the bank. Through Invest Northern Ireland, we were made aware of the growth loan fund managed by WhiteRock Capital Partners. From our initial enquiry and upon making an application, we were made an offer within 10 working days, subject to due diligence. The total process took six weeks. We received a loan of £250,000 to be repaid over five years.

What has that done for Pure Roast Coffee? We have doubled our turnover to £1·7 million, we have increased our profitability, and we now employ eight people. We have also created an e-commerce site, which is a channel in which we see tremendous growth. Today, we are in discussion with the providers of the co-investment fund. We are looking to expand our single-serve offering product, producing compatible Nespresso capsules. The single-serve market is estimated to be worth between $5 billion and $6 billion globally. For us, it is a £2 million investment. We hope to increase our staff over the next three years to in excess of 20 people. We forecast our turnover to be in excess of £15 million.

I thank the Assembly for its initiative in providing access to finance. I also thank the team at Invest Northern Ireland for its support. Thank you.

Dr Joanne Stuart (Northern Ireland Assembly and Business Trust): Thank you, Martin. It was excellent to hear a real-life story of how you use the funds and especially the timescale that it took to get through the process, which, I think, reassured everybody here. We have some time for some questions if anybody has any questions for either of our panellists this evening.

Mr Colin Pidgeon (Research and Information Service, Northern Ireland Assembly): I am one of the Assembly researchers. What I am interested in was maybe shot down by you, William, earlier. You talked about the funds being placed beyond the reach of government and you mentioned government decisions getting clouded by other issues. Is there any scope in the funds to leverage some of the Executive's other priorities beyond economic growth in terms of social outcomes? The procurement policy looks at bringing in people from long-term unemployment and giving opportunities to apprentices and so on.

Mr McCulla: There will be some opportunities. As we are going out to a new tender for the NISPO funds, that is one of the things that we have been looking at. We believe that the most appropriate thing in that fund is to provide student work placements. We are looking to put a clause in it that requires 40 weeks per year of student placements for the five years that they are investing. We felt that that was the most appropriate social clause that could be put in. The types of people required to run the funds are usually very experienced fund managers, so there is less opportunity for apprenticeships. That is something that Central Procurement Directorate (CPD) has spoken to us about. We have been in contact with the Department for Employment and Learning and are working with it on what was the most appropriate.

Mr Kieron Kent (Interim Selling Solutions): Mr McCulla, thank you very much for a very interesting presentation. It has certainly been helpful from my personal perspective. My question is very simple. I am a businessman who successfully applied for Local Enterprise Development Unit (LEDU) funding all those years ago. I ask you a very practical question. We prepared a business plan in the first instance through LEDU. We submitted it to LEDU, and LEDU came back with a template of its own. Is it better to supply your own business plan or to go to Invest NI and wait for the documentation that, from a practical point of view, you need in the formats that you require to be submitted? What is your best advice?

Mr McCulla: I think that the best advice is probably to, first, engage with a client executive, whoever that might be, in Invest and let them advise you on how to go through the process. Generally speaking, a business plan that is produced by the company will describe better what a business is able to do. If you get a consultant in, they will sometimes just run the figures through a model that they have. In the past, we have sometimes found that, when that happens, the manager of the company has never even looked at the business plan and that it is seen only as something to tick a box on to try to get a grant offer. You could also go on the wrong track at the early stage if you just produced your own business plan, but the reality is that there will very quickly be guidance on what should go in, and it is not that complicated. I do not imagine that it will have changed that much since you dealt with LEDU. You will deal with normal things such as the market opportunity, your processes, your management team, the funding and projections and, I suppose, how it all fits with the company's strategy. I am sure that you would get similar advice if you were to go back, but it is always worthwhile taking that advice before you launch in with a business plan.

Mr Roy Beggs (Northern Ireland Assembly): We have heard how the scheme has been successful in this instance and also that it is designed to fill a gap and not take on the commercial sector. Can you advise us of the typical interest repayment rates that can be expected, given that there is a risk environment? What growth rates and profits would have to be required to meet such repayments?

Mr McCulla: I will deal with interest rates first. They vary and are negotiated on a deal-by-deal basis, but, typically, on the growth loan fund, you will be looking at around 8% per annum as the interest rate. Over and above that, there will a share of the profits, involving around 2% of the annual profits going to the fund manager in the partnership. It is a bit more difficult to say what growth rates a company will have to deliver because we have not set parameters that say exactly what sorts of growth rates are required. However, I imagine that we are generally looking at at least 10% per annum, but I will not hold anyone to that. There has to be growth, and it is really the growth that is driving the fact that there is a funding requirement. So, it is not that there will be a business that has been ticking along and maybe been losing money and needs money to shore up its balance sheet because it is running out of money. It needs to be a working capital requirement or capital investment or investment in marketing or research and development to help you to grow. I cannot say an awful lot more, because each case will be different. In Martin's case, it looks as though there is substantially more than 10% of growth. It could be 100% per annum.

Mr Graham Stewart (PricewaterhouseCoopers): First, I congratulate you on getting the full suite of funding options available to the market. It is great to see, and we are currently working a couple of clients through a couple of the funds that are already in place. Obviously, we are trying to help clients develop their business plan for submission, and the finance voucher that is available from Invest is very helpful, because, obviously, there is a cost at the outset for these clients. Do you envisage that being available across the period during which the loans are anticipated to be available?

Mr McCulla: We have not got an end date for when the finance vouchers will be available. They have only been going since the spring of this year. We will evaluate that at some stage down the line, but at this stage, the expectation is that they will run probably for, I guess, at least two to three years before we will look seriously at whether or not that should be continued. At the moment, we are trying to increase the awareness of it, because, again, we are seeing quite a number of applications. At this stage, we have had around 140 applications. So, it has been quite good, but, in the past couple of months, it has tailed off a little. Therefore, we are out there trying to make advisors and banks more aware that it is available to try to boost demand. Currently, it is all about trying to boost demand and get more applications in, and, as we go further down the track, we will evaluate to ensure that it is delivering what it is supposed to deliver. In the end, we do not want just to be subsidising someone to produce a plan that does not deliver anything for them because that is totally counterproductive, and they will have spent even more of their money and not achieved anything.

Mr Gareth Quinn (MBA Association of Ireland): I have two questions, if you do not mind. William, you mentioned that a future priority is to encourage co-investment from outside Northern Ireland. Are any dedicated initiatives currently in place or planned that will help with that? My second question is for Martin. Out of curiosity, how does someone from Lisburn get involved in roasting coffee?

Mr McCulla: I will try to answer the first one for you. In the tender process for the development funds, we made it very clear to potential bidders that we expected them to come forward with their ideas on how they would increase co-investment with companies and businesses from outside Northern Ireland. That was part of the tender process and part of the reason that these two managers were appointed. During the management phase of this, we will have to hold them to that. It is to their benefit as well, because, ultimately, if they have a successful business that will grow really quickly, it will need more money. They could be looking at raising £5 million or £10 million or whatever. Those funds do not exist in Northern Ireland, so, for that level of funding, it is an absolute imperative that they can get future funding for the businesses to maximise the growth that can be delivered. Although the co-investment fund that is already in place has not been a deliberate initiative, they have been investing sometimes with investors from outside Northern Ireland as well. In one of the deals, with a company called PathXL, the co-investment was done with a company called Par Equity from Scotland. So, there are things going on, and we just want to accelerate that even further.

Mr Symington: How did I get involved in coffee? That is a big question. I was in food distribution for most of my life, and I sold my company. As you know, you do the earn-out, and that is fine and then it comes to the day when you decide that you would like to do something else. I had to undertake a non-compete clause for a year. I was 54, and I decided that that was my gap year, because I missed my gap year as a child or as a teenager. During that time, it became very obvious to me that there was a tremendous growth in the coffee market, particularly on the high street. The first place that I went to visit was Seattle, which is the home of coffee. It is where Starbucks is based, as you will know. I started to visit various coffee-growing countries, such as Colombia, Costa Rica and Brazil, and I learned something about the coffee market. I have a passion for it, and I think that it is a tremendous business and a global commodity. I suppose that the gross margin and net margin attracted me as well, if I am being truthful.

Dr Stuart: Martin, to finish off, having gone through the process successfully and got the loan through the growth fund, what one piece of advice would you give to other businesses? What have you learned through the process, and what helped to expedite that whole process?

Mr Symington: I have no doubt that my advice is to understand where you want to take your business. As William has said, it is about growth, and you have to be in that frame of mind. We found that it was important to have the right information at the right time. When the guys came to do the due diligence, we had everything that we needed to, if you like, underpin the business and where we were taking it. So, it is about understanding the business and where you are taking it.

Dr Stuart: I thank William and Martin again for a very informative and interesting briefing. As vice-chair of the Business Trust, I thank you all for coming. This whole mixture of getting that visibility of what is available out there plus that real-life example of someone going through the process is where we can learn a lot. I remind everyone that boostingbusinessni.com is where you can get all of the information. The slides will be available on our website, because there was some information on there that was really great. At the beginning, Phil mentioned the feedback forms. Please fill them in. We take on board your feedback to improve our event, so we would really appreciate it if you could take a couple of minutes to fill those out.

The Business Trust has a delegation going to Westminster next week from 15 October to 17 October. Although this programme is fully subscribed, in the following few weeks, we will be taking a delegation to Brussels. These education visits are about understanding how the Governments work in Westminster and Brussels and how we can engage better. There are a couple of spaces left for the European delegation if anyone is interested.

Our next briefing will take place on 26 November at 4.00 pm. We are delighted that we will have Robin Swann, the Chair of the Employment and Learning Committee, who will talk to us about the outcome from the Committee's review of careers education, information and guidance. I know that that is a real hot topic for businesses. I hope to see a lot of you there, and I wish you a safe journey home.