

Falkland Islands Development Corporation

Business Climate Survey 2014 Access to Finance Results Report



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Abbreviations

BCS	Business Climate Survey
FIDC	Falkland Islands Development Corporation
FIG	Falkland Islands Government
RBA	Rural Business Association
SCB	Standard Chartered Bank

INTRODUCTION

This Access to Finance survey was undertaken as a follow up to the question on barriers to economic growth in the main Business Climate Survey (BCS). In 2014 19 respondents, or 5% of the total sample, considered Access to Finance a barrier to economic development in the Falkland Islands. In both the 2014 and 2012 surveys access to sources of external funding has been highlighted as a significant barrier to business growth. In an attempt to better understand the issue behind this a follow up survey was developed to more clearly determine the causes and issues associated with accessing external finance.

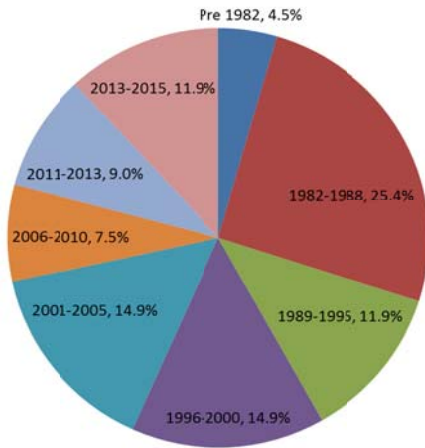
The survey was developed by FIDC, with input from FIG's Treasury Department and Policy Unit, and the Chamber of Commerce. The survey was available online and advertised via Facebook, the FIDC website and the Penguin News. An email was also circulated to RBA members and members of the Chamber of Commerce. The survey was available for completion between 3rd and 23rd February 2015.

A 33.5% response rate was achieved on this survey (67 respondents), which is on par with the 35% response rate achieved by the main Business Climate Survey. This is a reasonable response rate although over half of respondents (57%) had not tried to access finance over the previous 12 months. Over three quarters (78%) of those who did apply for funding, did so successfully which potentially suggests access to finance is not such an issue as initially perceived in the BCS. The full results are detailed in this report and will be used to inform and develop FIDC's loan strategy.

RESULTS

Question 1 – In what year was your business founded?

In what year was your business founded?

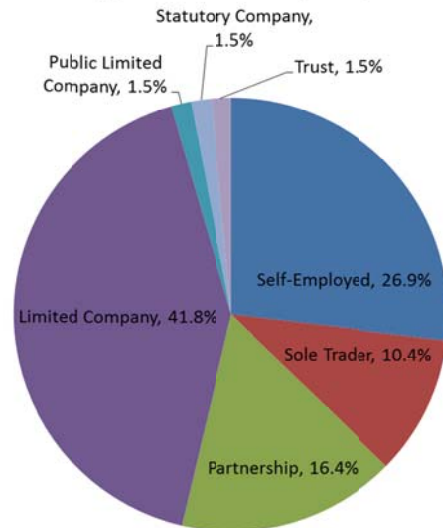


There were 67 responses to this question. 79.1% of business that responded are older than 5 years, so would be considered established. However a good range of respondents means that even newer businesses were covered by the survey. This was important as newer businesses can often experience different challenges than older, more established entities.

Question 2 – What type of business do you operate?

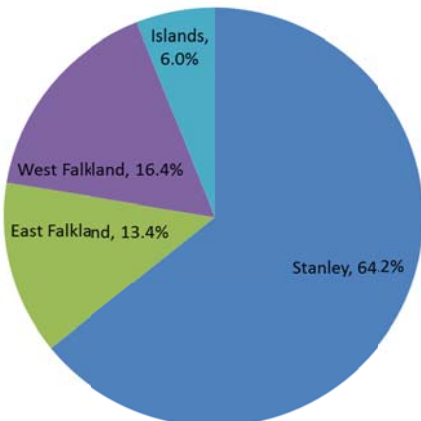
There were 67 responses to this question. 41.8% of respondents were limited companies, 26.9% self-employed. This mirrors the main BCS, though Partnerships represent a greater proportion of respondents in this survey.

What type of business do you operate?



Question 3 – Where is your business primarily based?

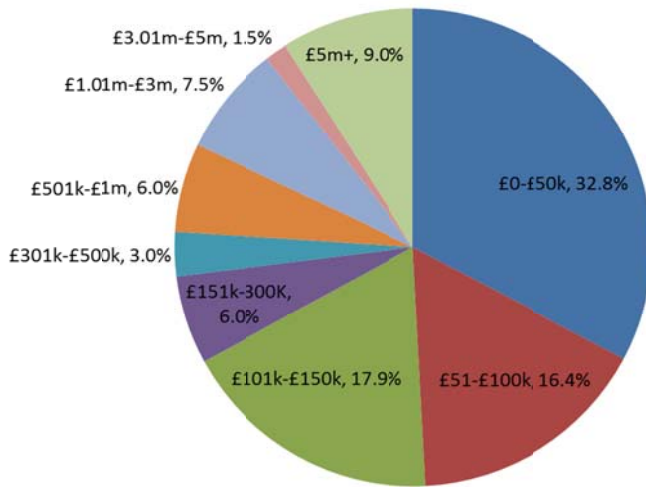
Where is your business primarily based?



There were 67 responses to this question. As in the BCS, the highest response rate was from businesses primarily based in Stanley, though this survey achieved a higher response rate from those on West Falkland. A traditionally agricultural area, the response rate likely reflects potential difficulties being experienced by that sector in gaining access to finance.

Question 4 – Approximately, what was your business turnover in 2014?

Approximately, what was your business turnover in 2014?



There were 67 responses to this question. 67.1% of respondents had turnover of less than £150k, which includes 32.8% with a turnover of less than £50k. 18% of respondents had a turnover of more than £1m. Combined this represents a good cross section of Falklands Businesses.

The breakdown of respondents with turnover of more than £500k by industry is:

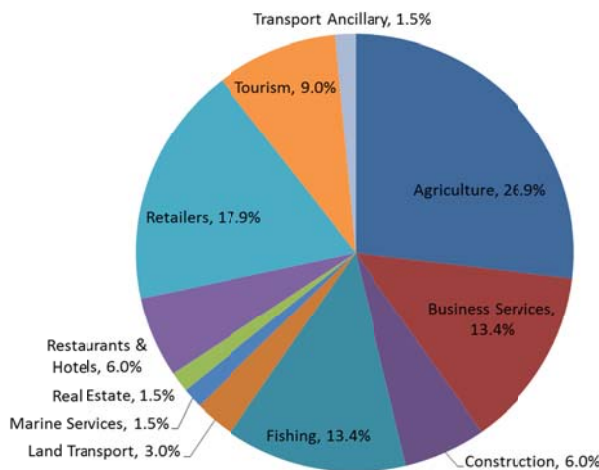
Construction	1
Fishing	4
Retail	3
Marine Services	1
Land Transport	1

Of those with turnover less than £50k:

Agriculture	9
Tourism	3
Business Services	4
Retailers	3
Restaurants/Hotels	2
Fishing	1

Question 5 – What industry does your business primarily operate within?

What industry does your business primarily operate within?

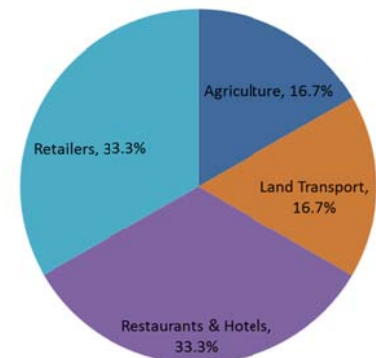


There were 67 responses to this question. Response rate by industry showed agriculture (26.9%), retailers (17.9%) and business services and fishing (both 13.4%) are the top sectors represented in the sample. This compares with the BCS which saw responses of agriculture 22%, fishing 15%, business services at 14% and retail at 13%. A slightly higher response rate in terms of retail possibly indicates a greater perceived issue for that sector in accessing external finance.

Question 6 – What sub-sector of the Tourism industry do you primarily operate within?

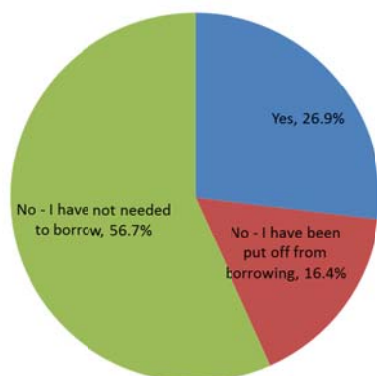
There were 6 responses to this question. Four sub-sectors were represented in this category, and they were Retailers (33%), Restaurants and Hotels (33%), Land Transport (17%) and Agriculture (17%). The sector type illustrates the range of different industries involved in the Falkland Islands Tourism industry.

What sub-sector of the Tourism industry do you primarily operate within?



Question 7 – Have you tried to secure external funding in the last 12 months?

Have you tried to secure external funding in the last 12 months?



There were 67 responses to this question.

No

56.7% of respondents had not tried to secure external funding in the previous 12 months. It is logical to assume that businesses are not seeking to develop and grow at this time, or any business development taking place was funded from within organisations.

Yes

26.9% of respondents had tried to secure external funding in the previous 12 months.

Businesses that have tried to secure external funding in the last 12 months:

By Industry:	
Fishing	2
Retail	6
Agriculture	4
Business Services	2
Construction	1
Tourism – Retail	1
Tourism – Restaurants	1
Real Estate	1
TOTAL	18

By Turnover:	
£0-£50k	7
£51k-£100k	4
£101k-£150k	2
£501k-£1m	1
£1m-£3m	1
£5m	3
TOTAL	18

By Company Type:	
Ltd Company	7
Partnership	1
PLC	1
Sole Trader	3
Self Employed	6
TOTAL	18

By Age:	
Pre 82	1
82-88	5
89-95	1
96-00	3
01-05	1
06-10	1
11-13	2
13-15	4
TOTAL	18

The results indicate that the greatest need for borrowing was amongst businesses in the retail and agricultural sectors, and businesses with turnover of less than £100k. 30% of those looking to borrow had been trading for less than 5 years with 30% trading for more than 25 years. The newer companies were predominantly in retail, the older in agriculture.

No – Put off from borrowing

16.4% of those who responded indicated that they considered applying for external funding but were put off from progressing an application.

These can be broken down as follows:

By Industry:	
Agriculture	6
Restaurants/Hotels	2
Business Services	2
Tourism - Agriculture	1
TOTAL	11

By Turnover:	
£0-£50k	8
£51k-£100k	2
£101-£150k	1
TOTAL	11

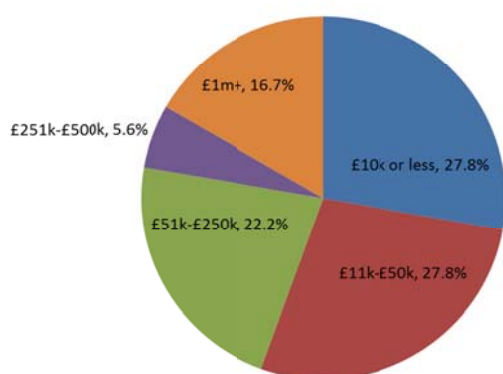
By Company Type:	
Ltd Company	1
Partnership	5
Self Employed	5
TOTAL	11

By Age:	
Pre 82	1
82-88	2
89-95	1
96-00	1
01-05	3
11-13	1
13-15	2
TOTAL	11

Of those put off from applying, the majority are working in the agricultural sector with turnover less than £50k a year. In terms of allaying the fears of those wishing to borrow it is clear where those offering finance should focus their attention.

Question 8 – If yes, approximately what was the value of the funding you were seeking?

If yes, approximately what was the value of the funding you were seeking?



There were 18 responses to this question. This question relates to those who indicated they had tried to borrow in the previous 12 months. 55.6% of respondents were seeking to borrow less than £50k. This amount should be within the flexibility of both SCB and FIDC to offer as a loan (assuming a viable business case) and indicates that existing arrangements are probably satisfactory for the majority of borrowers at present. Of those seeking over £500k (3 respondents), 2 were in the retail sector and 1 in fishing. It is perhaps obvious that the larger organisations required larger amounts of external funding, as expenditure is likely to be on a significantly higher scale and lower value developments can be funded from existing revenues.

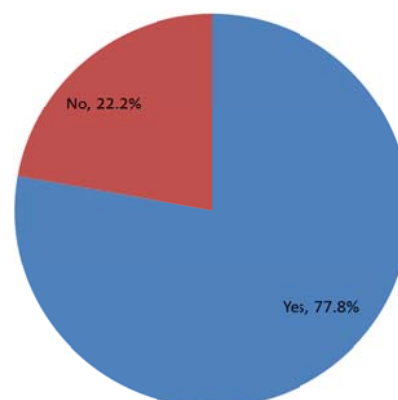
Question 9 – If yes, were you successful?

There were 18 responses to this question. 77.8% of respondents obtained the finance they sought. Of these, 6 got it from SCB, 5 from FIDC, 2 from Overseas Finance Institutions and 1 from an Overseas Private Investor. The table below shows the breakdown of the amounts sought by the sources.

Funding sought by lender:

	SCB	FIDC	O’SEAS Finance	O’SEAS Private
1	£10k or less	£10k or less	£51k-£250k	£11k-£50k
2	£10k or less	£10k or less	£1m+	
3	£11k to £50k	£11k-£50k		
4	£51-£250k	£51k-£250k		
5	£1m+	£51k-£250k		
6	£1m+			

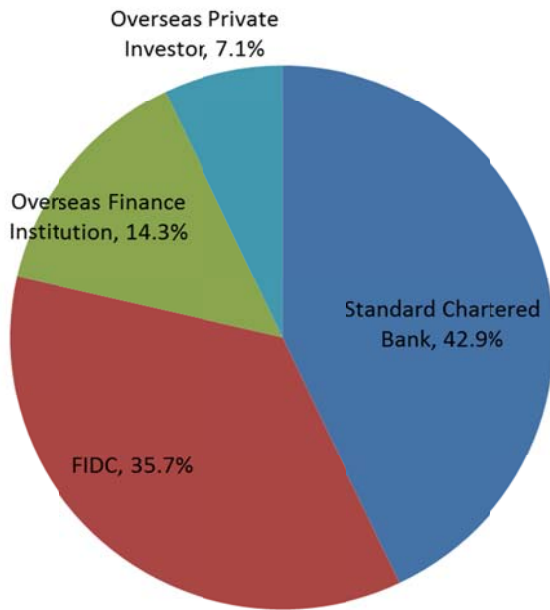
If yes, were you successful?



78.6% of borrowing was catered for from within the Islands; 42.9% was from SCB. 78.6% of borrowers got their funding from their first port of call. This would suggest that for the majority of borrowers there are sufficient sources of external financing available.

Question 10 – If successful, where did you get funding from?

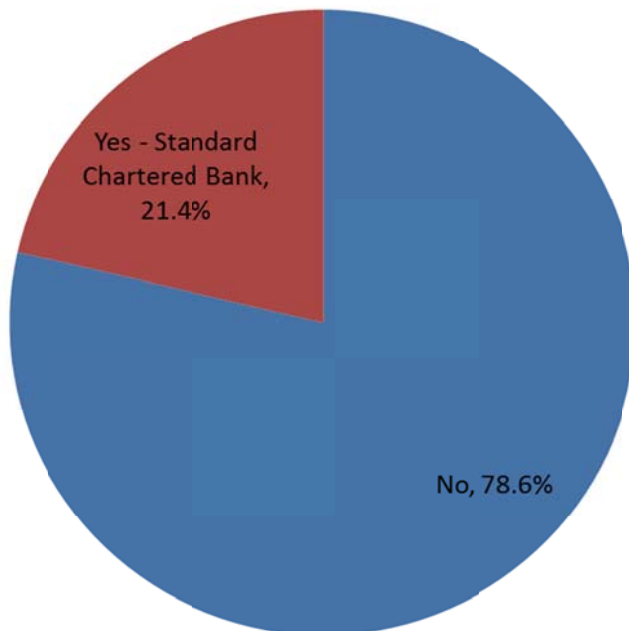
If successful, where did you get funding from?



There were 14 responses to this question. The largest funding source for Falkland Island businesses was Standard Chartered Bank at 43%, closely followed by FIDC at 36%. This is not surprising as they are the only two organisations that promote their lending services, but it is surprising to see that approximately 21% of respondents secured funding from other sources overseas. It is likely that these borrowers already had contacts overseas through their business ventures which opened up additional possibilities in terms of borrowing.

Question 11 – Did you apply for funding elsewhere first but were refused?

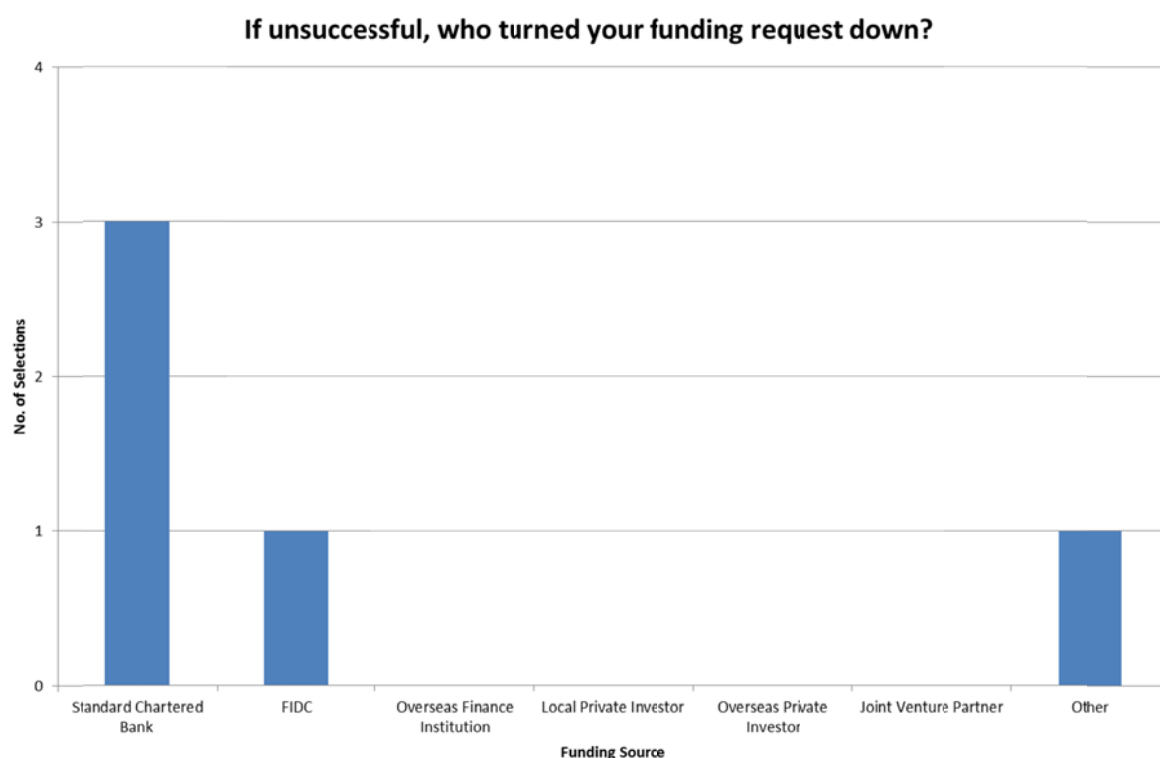
Did you apply for funding elsewhere first but were refused?



There were 14 responses to this question.

Question 12 – If unsuccessful, who turned your funding request down?

There were 4 responses to this question.



Funding Source	No. of Respondents
SCB	3
FIDC	1
Overseas Finance Institution	0
Local Private Investor	0
Overseas Private Investor	0
Joint Venture Partner	0
Other	1
Total	4

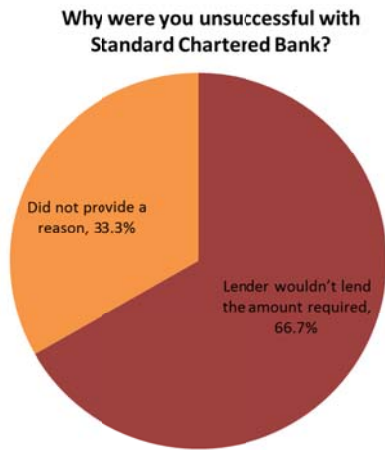
The total number of unique borrowers was 4 as one business stated they had been refused by both SCB and FIDC. There is no record of FIDC refusing a loan that meets the parameters of the one indicated here, though several borrowers were asked to return with additional information who subsequently decided not to progress their borrowing.

Of the refusals by SCB, 2 respondents said that the bank would not lend the amount required and the third said that the bank gave no reason for the refusal. In two cases issues were raised that farm income was not seen as guaranteed income by the bank which impacted on borrowing ability. This has been anecdotally highlighted as an issue previously and is something that needs to be clarified with SCB, or a clearer explanation provided to the applicant at the time of refusal as it is clearly causing an issue for those working in the agricultural sector who are trying to borrow.

Of the one “turned down by FIDC”, the reasons given were ‘arrangement fees too high’ and ‘interest rates too high’. FIDC does not charge arrangement fees, however any legal costs involved in setting up the borrowing are passed on to the customer. It could be that in this case legal fees have been confused with an arrangement fee.

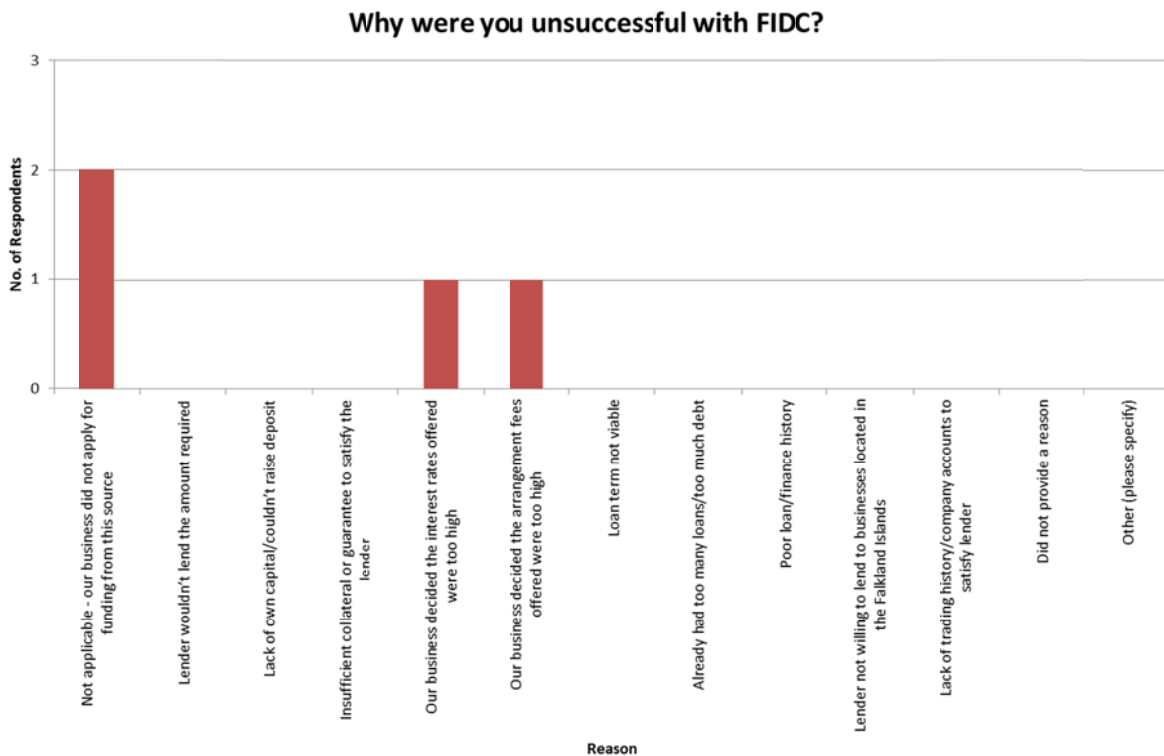
The funding turned down by the other source was due to the borrower being unable to comply with the security requirements of the lender.

Question 13 – Why were you unsuccessful with Standard Chartered Bank?



There were 3 responses to this question. Of the two borrowers who could not obtain funds from SCB due to the amount requested, both were seeking less than £50k. It is therefore unlikely that the amount of finance requested was the sole factor in SCB making their determination.

Question 14 – Why were you unsuccessful with FIDC?



As indicated under Question 12, the reasons for refusal by FIDC are less clear cut. Some applicants have indicated a “belt and braces” approach being adopted by FIDC with significant levels of financial information and security being sought. This criticism will inform the development of the new Loans Strategy.

Question 15 – Why were you unsuccessful with an Overseas Finance Institution?

No survey respondents were unsuccessful with an Overseas Finance Institution.

Question 16 – Why were you unsuccessful with a Local Private Investor?

No survey respondents were unsuccessful with a Local Private Investor.

Question 17 – Why were you unsuccessful with an Overseas Private Investor?

No survey respondents were unsuccessful with an Overseas Private Investor.

Question 18 – Why were you unsuccessful with a Joint Venture Partner?

No survey respondents were unsuccessful with a Joint Venture Partner.

Question 19 – What was the 'Other' funding source?

This question was not answered.

Question 20 – Why were you unsuccessful with the 'Other' funding source?

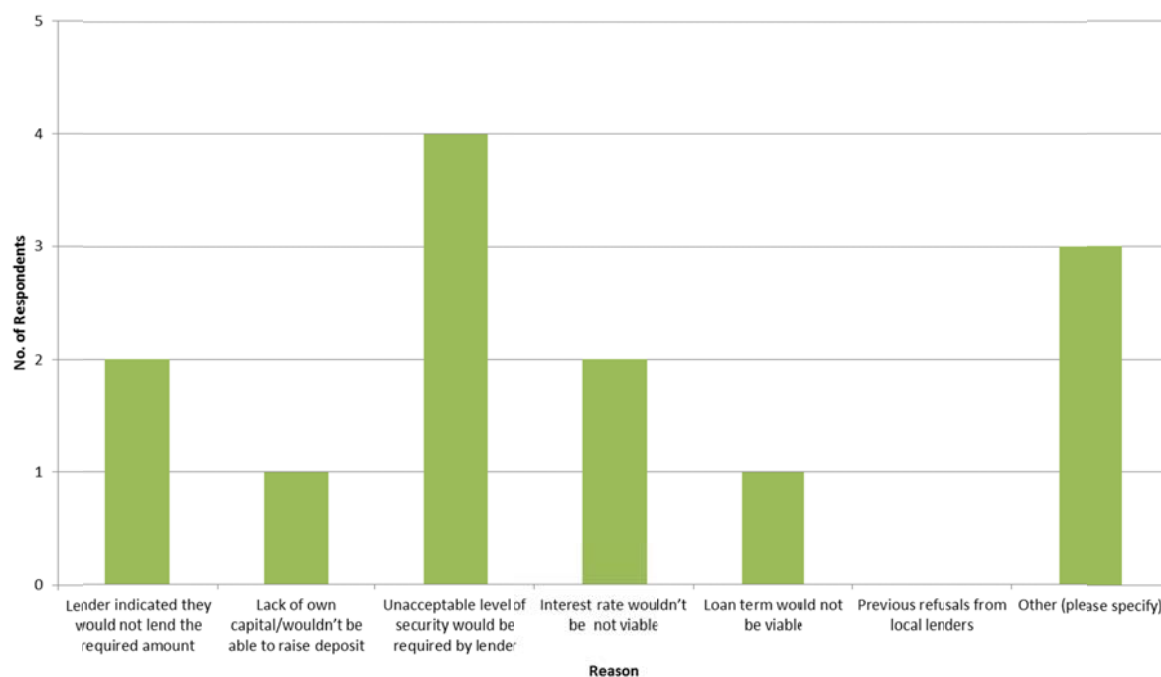
No survey respondents were unsuccessful with an 'Other' funding source.

Question 21 – What impact has not being able to access finance had on your business?

Narrative responses were received on the impact of not being able to borrow. These indicated that businesses missed opportunities to consolidate their position or expand, or that they had to turn to borrowing informally from friends and family to secure the required resources. In all cases there was a clear, adverse impact of not being able to borrow.

Question 22 – If you have considered borrowing but have not formally applied, what put you off applying?

If you have considered borrowing but have not formally applied, what put you off applying?

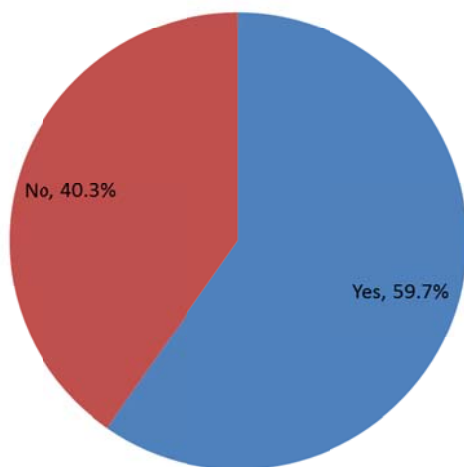


Reason	No. of Respondents
Lender indicated that they would not lend the required amount	2
Lack of own capital/wouldn't be able to raise deposit required	1
Unacceptable level of security would be required by lender	4
Interest rate wouldn't be viable	2
Loan term would not be viable	1
Put off by paperwork required/onerous process	2
Need to produce a business plan	1
Total	13

13 answers were received from 8 respondents. The issue of high levels of security being required, particularly by SCB, is one that will be explored. Whilst some sympathy might be expressed to those individuals daunted by the need to complete paperwork and produce business plans, the need to demonstrate the viability of businesses and business ideas cannot be understated. FIDC will certainly be revisiting its loan process alongside the development of its new Loan Strategy to see if the process can be streamlined, but a degree of paperwork will still be an essential element. FIDC, in addition to being able to offer finance, are also able to offer business advice and assist in terms of developing a business plan and this is something it will promote more in the future.

Question 23 – Looking ahead, do you think your business will potentially need access to finance over the next two years?

Looking ahead, do you think your business will potentially need access to finance over the next two years?

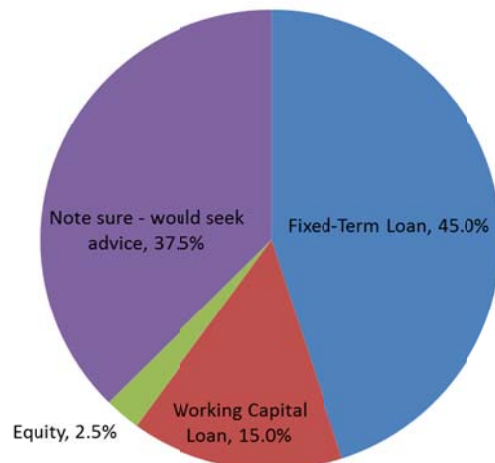


This question was answered by all 67 respondents. It was anticipated that the number of businesses answering yes to this question would have been higher given the opportunities which are expected to arise in the Falklands during the coming years. It is not possible to determine whether the 40.3% of respondents who are not looking to borrow are intending to expand organically, or are happy to stay as they are and are not looking to take advantage of future potential opportunities in the immediate future.

Question 24 – If yes, what type of finance are you likely to require?

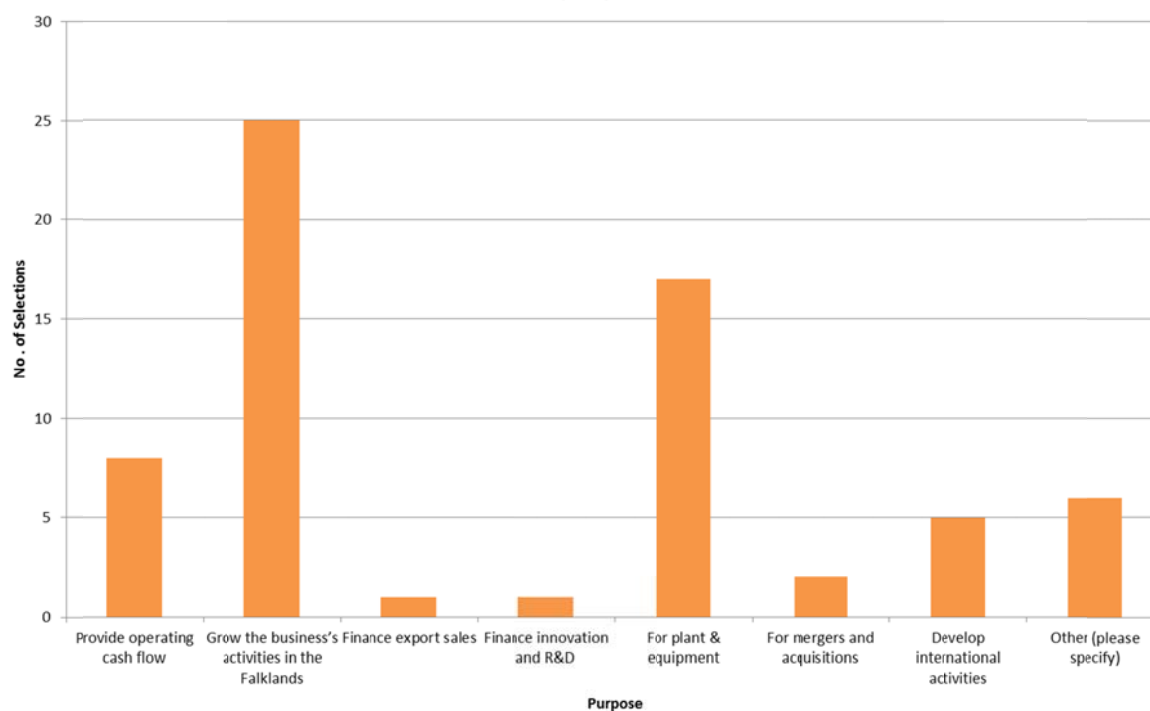
There were 40 responses to this question. Of those who would potentially need finance, almost 4 in 10 (38%) were unsure as to what finance they would require and would seek advice. FIDC now offers this service and Development Officers are available to offer advice regarding developing a business and potential finance options available. 45% looking to borrow are likely to need a fixed term loan (currently offered by FIDC) and 15% a working capital loan. Working capital loans have been identified as a key element of FIDC’s new Loans Strategy and these will be developed alongside traditional lending.

If yes, what type of finance are you likely to require?



Question 25 – What would be the purpose of the finance?

What would be the purpose of the finance?



Purpose	No. of Respondents
Provide operating cashflow	8
Grow the business' activities in the Falklands	25
Finance export sales	1
Finance innovation and R&D	1
For plant and equipment	17
For mergers/acquisitions	2
Develop international activities	5
Infrastructure (power and water)	1
Refurbishment	1
Additional equipment to expand business activities	1
Support training and secure accommodation	1
Training	1
Develop warehouse requirements	1
Total	65

65 comments were received from 37 respondents. Of those, 67.6% want funding to grow business activities locally in the Falkland Islands, 45.9% for the purchase of plant and equipment. Depending on the size of loan required and the status of the business (and assuming a viable business case) funding for these activities should be available from existing sources e.g. SCB, FIDC etc.

CONCLUSIONS

Access to finance was identified as a potential barrier to growth in the last two BCS and this survey was designed as a follow up in order to understand this further.

The results of this survey suggest that access to finance is perhaps perceived as a greater issue than it is in reality. Of those who responded to the survey, over half (57%) had not needed to access finance in the previous 12 months and three quarters (77%) of those who had, had done so successfully. Interestingly, 40% did not expect to need to access finance in the next two years which could suggest businesses are comfortable in their current situation and not looking to develop, expand or grow, or they currently have enough equity or capital within the business to develop activities without the need for borrowing.

That said, there are businesses who have indicated they may require access to finance. The results of this survey will be used by FIDC to inform and develop its loan strategy to ensure businesses in the Islands are able to take advantage of opportunities that may arise, and ensure that access to finance as a barrier is minimised.

APPENDIX - Data

Question 1 – In what year was your business founded?

Answer Options	Response Percent	Response Count
Pre 1982	4.5%	3
1982-1988	25.4%	17
1989-1995	11.9%	8
1996-2000	14.9%	10
2001-2005	14.9%	10
2006-2010	7.5%	5
2011-2013	9.0%	6
2013-2015	11.9%	8

Question 2 – What type of business do you operate?

Answer Options	Response Percent	Response Count
Self-Employed	26.5%	18
Sole Trader	10.3%	7
Partnership	16.2%	11
Limited Company	41.2%	28
Public Limited Company	1.5%	1
Limited Partnership	0.0%	0
Statutory Company	1.5%	1
Registered Charity	0.0%	0
Not-for-Profit	0.0%	0
Trust	1.5%	1
Other (please specify)	1.5%	1

Other:

- Co-operative trading as a Limited

Question 3 – Where is your business primarily based?

Answer Options	Response Percent	Response Count
Stanley	62.3%	43
Mount Pleasant	0.0%	0
East Falkland	13.0%	9
West Falkland	15.9%	11
Islands	5.8%	4
Other (please specify)	2.9%	2

Other:

- West and an Island;
- Fitzroy.

Question 4 – Approximately, what was your business turnover in 2014?

Answer Options	Response Percent	Response Count
£0-£50k	32.8%	22
£51-£100k	16.4%	11
£101k-£150k	17.9%	12
£151k-300k	6.0%	4
£301k-£500k	3.0%	2
£501k-£1m	6.0%	4
£1.01m-£3m	7.5%	5
£3.01m-£5m	1.5%	1
£5m+	9.0%	6

Question 5 – What industry does your business primarily operate within?

Answer Options	Response Percent	Response Count
Agriculture	26.9%	18
Business Services	13.4%	9
Communications & Finance	0.0%	0
Construction	6.0%	4
Fishing	13.4%	9
Land Transport	3.0%	2
Marine Services	1.5%	1
Mining & Quarrying	0.0%	0
Real Estate	1.5%	1
Restaurants & Hotels	6.0%	4
Retailers	17.9%	12
Tourism	9.0%	6
Transport Ancillary	1.5%	1
Oil & Gas	0.0%	0
Oil & Gas Services	0.0%	0

Question 6 – What sub-sector of the Tourism industry do you primarily operate within?

Answer Options	Response Percent	Response Count
Agriculture	16.7%	1
Business Services	0.0%	0
Communications & Finance	0.0%	0
Construction	0.0%	0
Fishing	0.0%	0
Land Transport	16.7%	1
Marine Services	0.0%	0
Mining & Quarrying	0.0%	0
Real Estate	0.0%	0
Restaurants & Hotels	33.3%	2
Retailers	33.3%	2
Transport Ancillary	0.0%	0
Oil & Gas	0.0%	0
Oil & Gas Services	0.0%	0

Question 7 – Have you tried to secure external funding in the last 12 months?

Answer Options	Response Percent	Response Count
Yes	26.9%	18
No - I have been put off from borrowing	16.4%	11
No - I have not needed to borrow	56.7%	38

Question 8 – If yes, approximately what was the value of the funding you were seeking?

Answer Options	Response Percent	Response Count
£10k or less	27.8%	5
£11k-£50k	27.8%	5
£51k-£250k	22.2%	4
£251k-£500k	5.6%	1
£501k-£1m	0.0%	0
£1m+	16.7%	3

Question 9 – If yes, were you successful?

Answer Options	Response Percent	Response Count
Yes	77.8%	14
No	22.2%	4

Question 10 – If successful, where did you get funding from?

Answer Options	Response Percent	Response Count
Standard Chartered Bank	42.9%	6
FIDC	35.7%	5
Overseas Finance Institution	14.3%	2
Local Private Investor	0.0%	0
Overseas Private Investor	7.1%	1
Joint Venture Partner	0.0%	0
Yes - Other (please specify)	0.0%	0

Question 11 – Did you apply for funding elsewhere first but were refused?

Answer Options	Response Percent	Response Count
No	78.6%	11
Yes - Standard Chartered Bank	21.4%	3
Yes - FIDC	0.0%	0
Yes - Overseas Finance Institution	0.0%	0
Yes - Local Private Investor	0.0%	0
Yes - Overseas Private Investor	0.0%	0
Yes - Joint Venture Partner	0.0%	0
Yes - Other (please specify)	0.0%	0

Question 12 – If unsuccessful, who turned your funding request down?

Answer Options	Response Percent	Response Count
Standard Chartered Bank	75.0%	3
FIDC	25.0%	1
Overseas Finance Institution	0.0%	0
Local Private Investor	0.0%	0
Overseas Private Investor	0.0%	0
Joint Venture Partner	0.0%	0
Other	25.0%	1

Other:

- Other.

Question 13 – Why were you unsuccessful with Standard Chartered Bank?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	0.0%	0
Lender wouldn't lend the amount required	33.3%	2
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	0.0%	0
Our business decided the arrangement fees offered were too high	0.0%	0
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	16.7%	1
Other (please specify)	50.0%	3

Other:

- Did not fit loan criteria;
- Bank unwilling to accept farm businesses as guaranteed income;
- Not keen/willing to lend on agricultural businesses due to no guaranteed income.

Question 14 – Why were you unsuccessful with FIDC?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	66.7%	2
Lender wouldn't lend the amount required	0.0%	0
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	33.3%	1
Our business decided the arrangement fees offered were too high	33.3%	1
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	0.0%	0
Other (please specify)	0.0%	0

Question 15 – Why were you unsuccessful with an Overseas Finance Institution?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	100.0%	3
Lender wouldn't lend the amount required	0.0%	0
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	0.0%	0
Our business decided the arrangement fees offered were too high	0.0%	0
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	0.0%	0
Other (please specify)	0.0%	0

Question 16 – Why were you unsuccessful with a Local Private Investor?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	100.0%	3
Lender wouldn't lend the amount required	0.0%	0
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	0.0%	0
Our business decided the arrangement fees offered were too high	0.0%	0
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	0.0%	0
Other (please specify)	0.0%	0

Question 17 – Why were you unsuccessful with an Overseas Private Investor?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	100.0%	3
Lender wouldn't lend the amount required	0.0%	0
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	0.0%	0
Our business decided the arrangement fees offered were too high	0.0%	0
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	0.0%	0
Other (please specify)	0.0%	0

Question 18 – Why were you unsuccessful with a Joint Venture Partner?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	100.0%	3
Lender wouldn't lend the amount required	0.0%	0
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	0.0%	0
Our business decided the arrangement fees offered were too high	0.0%	0
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	0.0%	0
Other (please specify)	0.0%	0

Question 19 – What was the 'Other' funding source? [Open-ended question]

One open-ended response:

1. The loan wasn't refused, I could not comply with the security the bank asked for because of company law.

Question 20 – Why were you unsuccessful with the 'Other' funding source?

Answer Options	Response Percent	Response Count
Not applicable - our business did not apply for funding from this source	100.0%	4
Lender wouldn't lend the amount required	0.0%	0
Lack of own capital/couldn't raise deposit	0.0%	0
Insufficient collateral or guarantee to satisfy the lender	0.0%	0
Our business decided the interest rates offered were too high	0.0%	0
Our business decided the arrangement fees offered were too high	0.0%	0
Loan term not viable	0.0%	0
Already had too many loans/too much debt	0.0%	0
Poor loan/finance history	0.0%	0
Lender not willing to lend to businesses located in the Falkland Islands	0.0%	0
Lack of trading history/company accounts to satisfy lender	0.0%	0
Did not provide a reason	0.0%	0
Other (please specify)	0.0%	0

Question 21 – What impact has not being able to access finance had on your business? [Open-ended question]

Four open-ended responses:

1. Stock not purchased;
2. Reduced funds for capital develop mentioned on start-up of the business, limiting business options at the beginning;
3. Having to borrow from family;

Question 22 – If you have considered borrowing but have not formally applied, what put you off applying?

Answer Options	Response Percent	Response Count
Lender indicated they would not lend the required amount	15.4%	2
Lack of own capital/wouldn't be able to raise deposit	7.7%	1
Unacceptable level of security would be required by lender	30.8%	4
Interest rate wouldn't be not viable	15.4%	2
Loan term would not be viable	7.7%	1
Previous refusals from local lenders	0.0%	0
Other (please specify)	23.1%	3

Other:

- The processes and criteria are too complicated;
- Put off by all the paperwork needed to fill in and what is required by lender!;
- Having to produce business plan.

Question 23 – Looking ahead, do you think your business will potentially need access to finance over the next two years?

Answer Options	Response Percent	Response Count
Yes	59.7%	40
No	40.3%	27

Question 24 – If yes, what type of finance are you likely to require?

Answer Options	Response Percent	Response Count
Fixed-Term Loan	41.9%	18
Working Capital Loan	14.0%	6
Equity	2.3%	1
Note sure - would seek advice	34.9%	15
Other (please specify)	7.0%	3

Other:

- All top three;
- And possibly working capital loan;
- Various. Standard loan, equity, working capital.

Question 25 – What would be the purpose of the finance?

Answer Options	Response Percent	Response Count
Provide operating cash flow	12.3%	8
Grow the business's activities in the Falklands	38.5%	25
Finance export sales	1.5%	1
Finance innovation and R&D	1.5%	1
For plant & equipment	26.2%	17
For mergers and acquisitions	3.1%	2
Develop international activities	7.7%	5
Other (please specify)	9.2%	6

Other:

- Infrastructure;
- Refurbishment;
- Additional equipment to expand business activities;
- Support training and secure accommodation;
- For training;
- Develop warehousing requirements.

Falkland Islands Development Corporation

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CONTACT DETAILS

For more information, or if you have any questions or comments regarding the Business Climate Survey please contact;

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