



**BANK OF ENGLAND**

# News release

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## **Finance for Small Firms - A Ninth Report**

The Bank of England today publishes its ninth annual report on finance for small firms.

The report reviews the financing environment for small businesses in the UK during 2001 against the background of wider developments in the economy. While recognising the dispersion in performance within the small firms sector, it concludes that the sector, as a whole, finished 2001 in a reasonable financial state. Deposits at banks were at record levels and there was little evidence of difficulties in accessing finance.

In addition, the report reviews four key policy issues which may influence the future financing of small and medium size businesses - the findings of the Competition Commission, the implications for SMEs of Basel II, changes in the law affecting secured lending and the proposed EU Prospectus Directive.

The report also includes two special articles. "Finance for small businesses in deprived communities" reports new evidence on some characteristics of small firms in these areas which may inhibit their access to mainstream bank finance. It also updates the data on bank lending to small firms in deprived areas given in the Bank's first special report on this subject in November 2000.

"The financing of university spin-outs" is based on new survey evidence from both universities and specialist venture capital funds and identifies five key areas for action. The most important is the need to introduce experienced management into spin-out companies, which should in turn make it easier for them to attract private sector investment.

### **Executive Summaries**

The Conjunction for Small Firms in 2001

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2002/conjuncture.pdf>

Key Policy Issues

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2002/policy.pdf>

Finance for Small Businesses in Deprived Communities

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2002/depcom.pdf>

The Financing of University Spin-Outs

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2002/spinouts.pdf>

### **Full Report**

Finance for Small Firms - A Ninth Report

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/financeforsmallfirms/fin4sm09.pdf>

### **Notes to Editors**

1. The Executive Summaries for each part of the report (pages 3, 23, 35 and 65) highlight the key points in the Bank's analysis.
2. Copies of the Finance for Small Firms Report are available from the Public Enquiries Group, Bank of England, EC2R 8AH (Tel 020 7601 4012; Fax 020 7601 5460).