

How to fund the growth of your IT or consultancy business

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Agenda



- Intro and my journey
- A little about FounderCatalyst
- The different sources of funding (Grants vs Debt vs Equity)
- An introduction to SEIS / EIS
- Q&A



Entrepreneurs giving advice:

"Here are the numbers I used to win the lottery!"

















20002013

20132017

2017 on 2020 on

"Employee" Phase

Engineer -> Tech Dir PM -> Dir Projects Buy and build £450m company

Accidental Entrepreneur

£0 to £27m in 3yrs Lots of Awards Exit to PE

Angel Investing

29x investments, average £25k Preference for early stage (SEIS)

Intentional Entrepreneur

2x startups



A little about FounderCatalyst



Free Stuff

Guides, advisor agreements and other templates, calculators and much more

Legal Documentation

FounderCatalyst provides all the legal paperwork required to implement your funding round, all based upon the market standard model documents

from the BVCA.



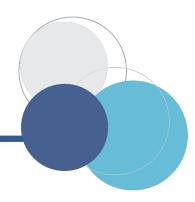
SEIS and EIS adv assurance

FounderCatalyst is helps you obtain advance assurance from HMRC to give your investors comfort that any investment will be eligible for the expected tax reliefs.

Introductions

We have a network of brokers, platforms, HNWs, Angel Groups / PE Clubs and junior VCs that we

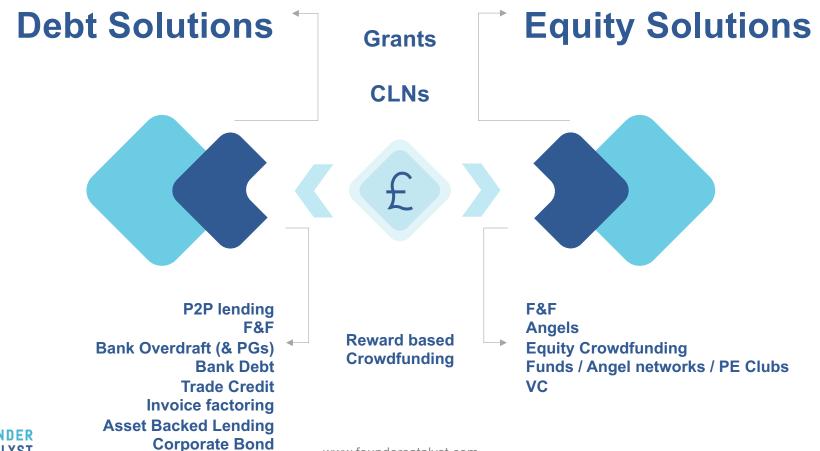
Funding Options





Sources of funding





Equity Options





Bootstrap

Working capital provided by Founders



Friend & Family

Typically small sum, low valuation Friendly investee driven terms Maybe able to use (S)EIS



Angels

Perfect for early stage
Relatively relaxed investee driven terms
(S)EIS essential
Cash + Contacts



Angel Networks

Avoids 'kissing the frogs' More stringent terms (S)EIS probably essential



VC

Big cheques and big valuations Toughest terms & investor driven (S)EIS not relevant

Board Seat(s)
Consents
Step in / Swamping rights
Liquidation Preferences
Antidilution
Non-dilution



Strategic Investor

Big cheques and big valuations Investor driven terms Potential acquirer / partner (S)EIS not relevant



SEIS VC Funds

Very variable terms
Relatively high fees
(S)EIS normally essential



Crowdfunding

Need to be coupled with angels / funds Slightly more stringent terms Relatively high fees / high valuation (S)EIS normally essential Brand ambassadors

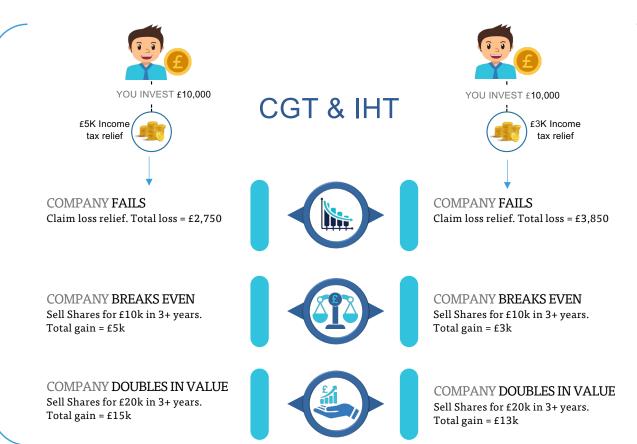


The benefits of SEIS & EIS





£150k 2 years



EIS

£12m / £5m PA 7 years

EIS (KIC)

£20m / £10m PA 10 years



The benefits of SEIS & EIS 2023



- Gross asset test from 200k to 350k
- Personal limit from 100k to 200k



CGT & IHT



SEIS

£250k 3 years **COMPANY FAILS**

Claim loss relief. Total loss = £2,750



COMPANY FAILS

Claim loss relief. Total loss = £3,850

COMPANY BREAKS EVEN

Sell Shares for £10k in 3+ years. Total gain = £5k



COMPANY BREAKS EVEN

Sell Shares for £10k in 3+ years. Total gain = £3k

COMPANY DOUBLES IN VALUE Sell Shares for £20k in 3+ years.

Sell Shares for £20k in 3+ years. Total gain = £15k



COMPANY DOUBLES IN VALUE

Sell Shares for £20k in 3+ years. Total gain = £13k EIS

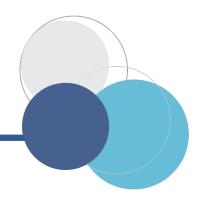
£12m / £5m PA 7 years

EIS (KIC)

£20m / £10m PA 10 years



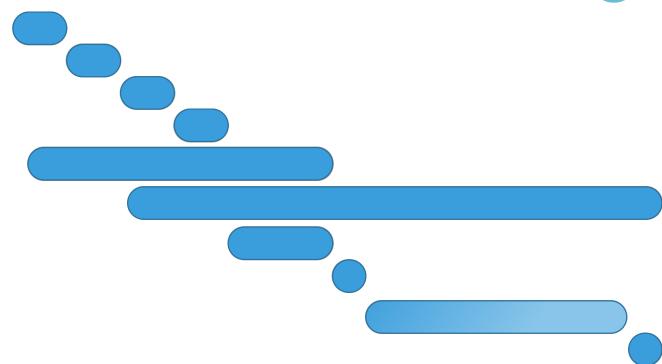
Funding Journey





From bright idea to fully funded

Pick a name
Registered address
Incorporate
Obtain Bank Account
Produce pitch deck & 3-year model
Look for / engage with investors
Create your legal paperwork with FounderCatalyst
Advance assurance submission to HMRC
Await advance assurance response
Accept angel investment





The key documents in a funding round



(S)EIS Adv Assurance

Pitching

Onboarding Investors

The Round

Post Round

- Shareholders Agreement
- Articles
- HMRC VCSAA
- HMRC Checklist(s)
- Pitch deck
- 3-year+ forecast model

- Pitch Deck
- 3-year+ forecast model
- Term Sheet
- Proof of advance assurance
- NDA
- FCA Consent
- Term Sheet

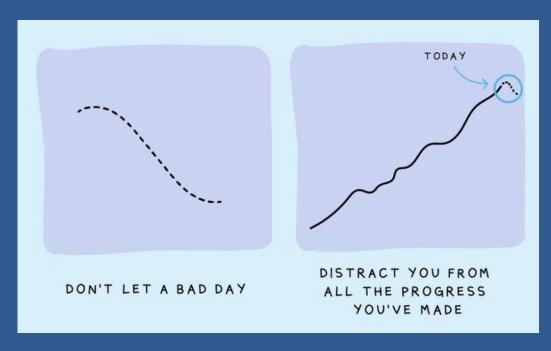
- Founder Service Agreement
- IP Assignment
- Disclosure letter
- Articles
- Shareholder Resolutions
- Board Minutes
- Shareholder Agreement

- Share Certs
- SH01
- (S)EIS1



www.foundercatalyst.com

Thank you

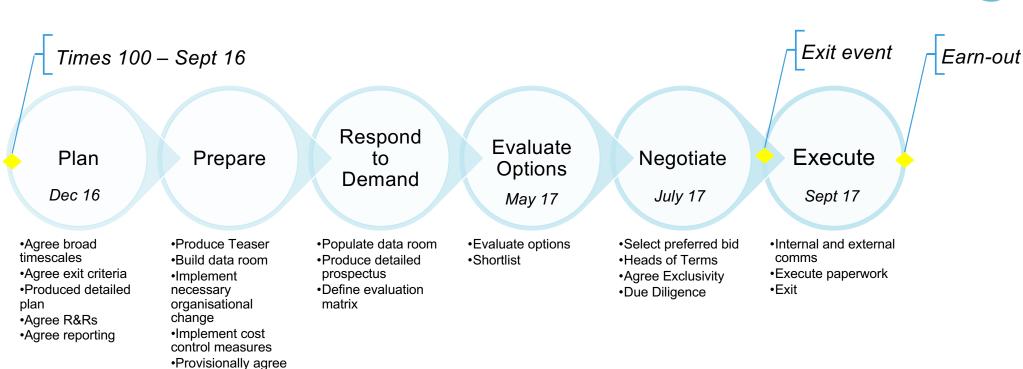




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The path to exit







3rd party involvement •Identify target potential acquirers •Ramp up PR & marketing

etc

Bolster case studies