



## Venture Capital Starter Pack

Are you seeking to raise venture capital finance? **If you are, then you will be interested in our Venture Capital Starter Pack which we have developed to assist companies in your position. It is available free of charge to our clients.**

### MANAGING THE PROCESS

We have undertaken this initiative specifically to look at ways in which we can assist with the effective and timely progression of venture capital fundraisings by private companies.

Venture capital transactions are often not without their difficulties. The mismatched expectations of the company and the potential investor, the costs of doing the deal relative to the funds being raised, the complexity and volume of the documentation and the time it takes to raise the funds can all frustrate the good intentions of the parties. We believe, however, that with appropriate guidance the expectations of the company and the investor can be aligned to their mutual benefit and that with simplified and easy to understand documentation venture capital deals can be made to work where sometimes they would otherwise fail.

Preparing a good business plan is an essential pre-requisite to raising venture capital. The ability of a company to plan out its strategy and to provide sound arguments for the probable success of its business will be a key factor in establishing credibility with investors. Understanding what needs to go in a business plan to make it attractive to potential investors is an essential part of the process.

### KEEPING WITHIN THE LAW

The entrepreneurial investor market is expected to grow rapidly. Changes in the law in 2005 mean that high net worth individuals and sophisticated investors can certify themselves as being sufficiently expert to receive private company business plans.

This opens up a whole new source of venture capital finance, but the health warnings required by law to accompany such business plans are technically detailed and highly prescriptive. Failure to include the correct wording, or the distribution of a business plan to an investor who is deemed by the law not sufficiently expert to receive it, will result in a criminal offence being committed under the Financial Services and Markets Act 2000.

There is the further risk that a contract under which a non-expert investor acquires shares in a company will be unenforceable against him. He might also become entitled to recover the money he has invested plus compensation for any loss sustained by him.

### VENTURE CAPITAL STARTER PACK

The Venture Capital Starter Pack addresses these issues and guides young companies on the steps involved in raising venture capital. It comprises the following:

- **"Tips on preparing a business plan for a private company fundraising"**. In this memorandum you will find a series of detailed tips on what to include in a business plan and a suggested structure.
- **"Guidelines on lawfully issuing a business plan for a venture capital fundraising"**. This memorandum sets out guidelines on issuing a private company business plan in the context of an organised marketing campaign to raise new equity capital. It explains the categories of expert investor to whom a business plan can lawfully be sent. It also includes a specimen legal "health warning" in compliance with the Financial Services and Markets Act 2000.
- **"Why venture capital fundraisings fail"**. This is a presentation we use as a coaching tool to help young companies understand what is involved in a venture capital fundraising. It explains where things can go wrong and how to unlock the problems.

We are committed to working with young companies to help them meet their ambitions. If you feel that you could benefit from this initiative then we would be delighted to discuss it with you.



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CLARITY MATTERS

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