



## RAISING FINANCE...

Securing funding is one of the most common problems. There are various ways to raise finance, which is a good thing, but many people are unaware of all the options open to them or unsure how they work.

Do your research to find out how you can raise the funds you need in a way that best suits your business. Please be aware that in each case you will have to have a business plan and your plan will need to stand up to scrutiny from the potential investor, so do make sure it is realistic and adds up!

### BANKS AND BUILDING SOCIETIES

**Amounts:** Various depending on size of business and situation.

**What is it:** Application for a loan submitted to the bank which then decides if it will lend you the money based on your business plan.

**Pros:** Tried and tested method with (usually) very transparent Terms and Conditions.

**Cons:** These days, very hard to secure, financials and good credit history required.

**Tax incentives:** No.

### VENTURE CAPITAL TRUSTS

**Amounts:** £200k pa to qualify for tax relief.

**What is it:** Invest indirectly in a range of small higher risk companies whose shares and securities are not listed.

**Pros:** There are VCT companies looking for companies to invest in.

**Cons:** Must be approved by HMRC and there are various conditions to meet.

**Tax incentives:** Yes - No tax on dividends from VCT's, income tax relief of 30% on amount invested, capital gains tax relief (very brief summary, there are rules and qualifications to note).

*Banks and Building Societies  
Venture Capital Trusts  
Crowd funding and peer-to-peer lending  
Grants*

### CROWD FUNDING AND P2P LENDING

**Amounts:** Usually from £5k to £250k, but can be larger amounts.

**What is it:** Individuals or companies can put in their funds in return for a share of the business equity.

**Pros:** Removes the risk of having one main investor.

**Cons:** More admin involved as more investors to communicate with.

**Tax incentives:** Many of the projects qualify for EIS or Seed EIS schemes and Entrepreneurs Relief.

### GRANTS - GOV'T AND CHARITY

**Amounts:** Various depending on the type of project.

**What is this:** Government bodies, charity groups or industry bodies reserve funds for specific grants which individuals or businesses can apply, usually focused around innovation, energy saving and job creation.

**Pros:** Possible to obtain resources or funding at nil cost.

**Cons:** Hard to find, conditions can be complex and confusing.

**Tax incentives:** Depends on the type of grant.

*We look forward so you  
can move forward...*