



RSC Enterprise Platform  
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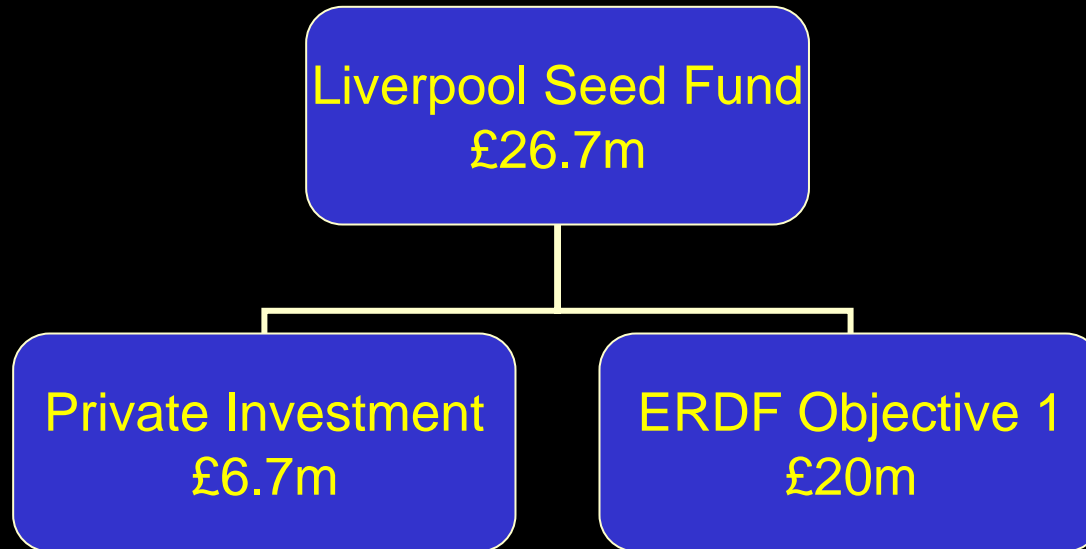
# Overview

## Liverpool Ventures

- MSIF/Liverpool Seed Fund
- Role of Liverpool Ventures

## Managing Company Finances During Growth

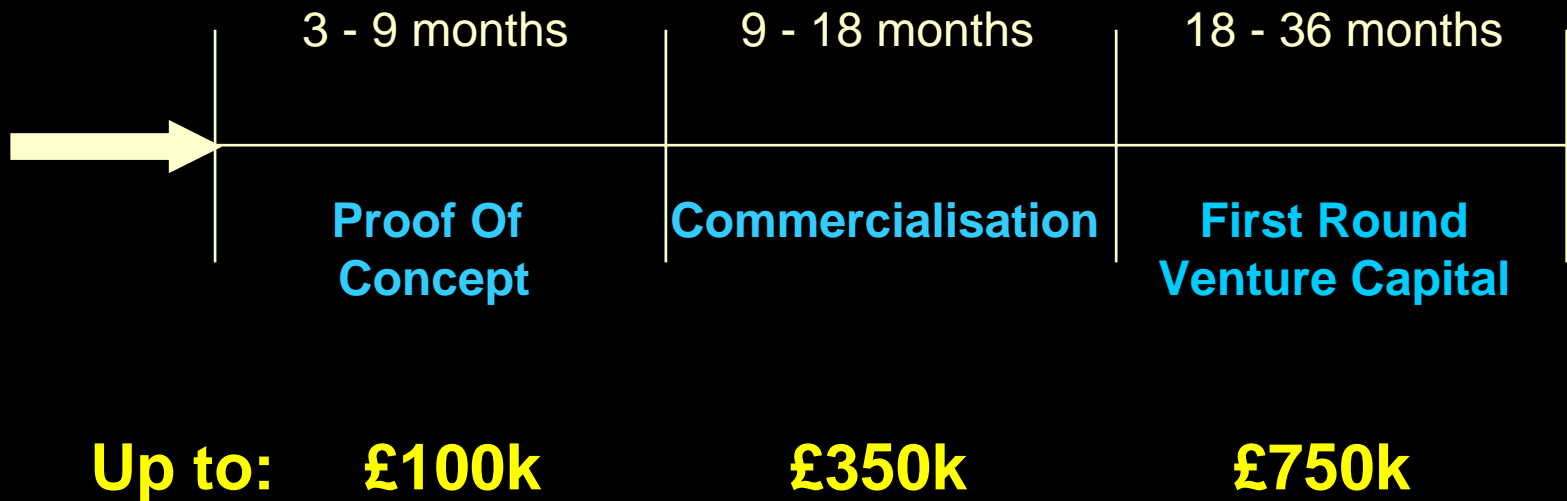
# Liverpool Seed Fund – an M.S.I.F fund



Managed by Alliance Fund Managers Ltd\*  
See [www.msif.co.uk/liverpoolseedfund](http://www.msif.co.uk/liverpoolseedfund)

\* Alliance Fund Managers Ltd is a wholly-owned subsidiary of MSIF and is regulated by the Financial Services Authority in the management of venture capital funds

# Liverpool Seed Fund investment phases



*Ideas and investment opportunities may be taken at any stage*

# Role of Liverpool Ventures



# *Managing Finance For Growth*

The emphasis is on “management”!

- solid foundations (book-keepers/accountants)
- planning ahead
- make time to get things done
- build in contingencies/alternatives
- have a Plan B

# *Time value of money...*

- Time **cost** of raising money
  - Consumes time (several months elapsed)
  - Consumes critical management resource
- Money **cost** of raising money
  - Remember who is selling what
  - Is the total package competitive

# Sources of Finance

- Founders, Friends & Family
- Director Loans
- Banks
- Business Angels
- Asset based financing
- Institutional Investors
- Grants & Credits

# Banks

- Bank overdraft (still there when you need it?)
- Small Firms Loan Guarantee Scheme
- Personal guarantees/security?

– Build a relationship with your bank

*“A bank is an organisation that will lend you money if you can prove you don’t need it” Bob Hope*

# Business Angels

Typically £20 – 100K

May ...

be quick, bring experience/contacts

have limited funding capacity

*“Pride, the gravest of the seven deadly sins, eventually led to the expulsion from Heaven of certain beings, up to and including the highest orders of angels”*

See: [www.bbaa.org.uk](http://www.bbaa.org.uk) or TechInvest

# Asset Finance

Release of finance from balance sheet -  
- fixed & working capital

“stretch” financing

Many providers, competitive market

# *Institutional Investors*

£100k - £'millions

- Equity and/or debt components
- Other people's money
  - FSA regulations, due diligence requirements, reporting requirements ....
- Professional investors, driving value creation through management team development

# *Institutional Investors*

- Research your market
  - Sector players / Regional players
  - Stage of investment (few early stage institutional investor)
- Remember you're making a sales pitch
  - Concise, informative executive summary!

# Capital Markets

- IPO
  - (Very) large sums of capital
  - Process
    - Team of advisors (Broker, NOMAD, accountants, lawyers, PR, registrars)
    - Prospectus
    - Roadshow
    - Intense period of activity over 6 months
    - Admission



# Capital Markets

- Pros
  - PLC Profile and credibility
  - Liquidity of shares and exits for early investors
  - Use of shares for employees and M&A
- Cons
  - Cost / Management diversion
  - Transparency
  - PLC regulations and obligations
  - Keep the market informed
  - Valuation



# Grants & Credits

- NWDA “GRAND” scheme & equivalents
- EU “Framework” projects
  - Beware “additionality” and administrative burdens
  - Is it central to achieving the business plan
- R&D Tax Credits

# R&D Tax Credits

## SMEs with losses

- £24 for every £100 of actual R&D expenditure can claim payable tax credits = cash back!

## SMEs with profits

- can deduct 150% of qualifying expenditure for tax purposes

# R&D Tax Credits

Can claim for

- Staff directly & actively engaged (directly or indirectly employed)
- Consumable or transformable materials, power, water, fuel and computer software
- Subcontracted R&D

# *R&D Tax Credits - eligibility*

## YES

Construction & testing of prototype

Construction & operation of pilot plants - until scientific or technological uncertainty is resolved

## NO

Market research

Production of samples for market testing

Discuss eligibility with your accountant!

# *Salaries in growth businesses*

There is no right or wrong answer

- Founders/management
  - Everyone is in it to make money (but when?)
  - Capital growth & dividends
  - “Skin in the game”, sweat equity
- Employees
  - Competition for quality people

# Conclusions

Research your market

Remember what you're buying & selling

Manage like a project

- if you're in the market for investment  
give Liverpool Ventures a ring!