


**THE INNOVATION CHALLENGE**

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Innovation

# Welcome

# The Innovation Challenge

Finance Workshop – All you need to know to fund your business growth and innovation



| Innovation

Headline Sponsor



Workshop Sponsor



# Before we begin...

# Housekeeping



- Please keep your microphone muted for the duration of the workshop
- Please use the chat function for any questions throughout
- We will have a 10 minute comfort break at 2.05pm and 3:00pm
- There will be two Q&A opportunities and we will finish with a panel discussion

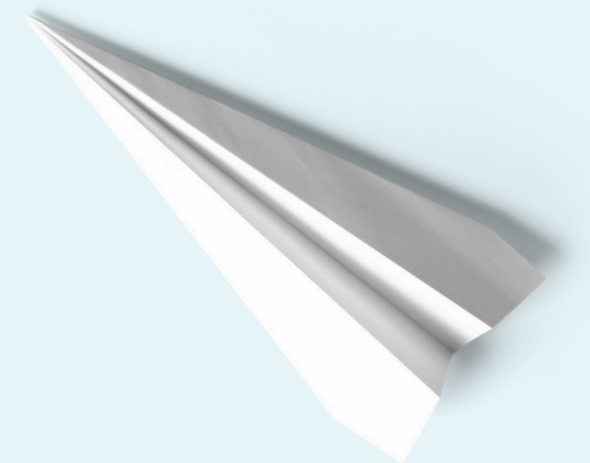
## Full Application Stage

Due to open 24<sup>th</sup> March & close 31<sup>st</sup> July 2023

Submit your business plan and further information, for a chance to be selected to pitch at the final showcase on 11th October and have a chance to win the prize package.

## Prize Package includes:

- £5000 cash
- Support from selected partners based on the winner's requirements
- 2 runners up will also receive support from partners



# Why run a finance workshop?

# Why run a finance workshop?

“As we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns—the ones we don’t know we don’t know.”

Donald Rumsfeld 2002

# Speakers

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Sam Stephens  
TBAT Innovation



Lewis Stringer  
British Business Bank



Jenna Lloyd  
Modus Accountants



Hugo Spowers MBE  
Riversimple



James Davis  
Rocking Horse Group



Rob Fabbro  
Rocking Horse Group



Roger Harcourt  
Shakespeare Martineau



# THE INNOVATION CHALLENGE

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**MODUS**  
ACCOUNTANTS

**Speaker:** Jenna Lloyd

**Presentation Title:**  
Accountancy Tips For New Business Owners

# Be Numbers Ready

- Know your numbers! Headline figures and basic P+L/B.sheet understanding is essential
- Correlate your Business Plan with the numbers and Cashflow forecasts
- Keep up to date records
- Company Set up and Structure



# Records Management

- Accounting software (Xero & Dext)
- Clear and accurate bookkeeping – Revenue vs Capital expenditure
- Tracking those R&D costs
- Helps with managing cashflow & working capital
- Time management
- Paperwork
- Be aware of turnover threshold for VAT registration

# Accountancy Tips For New Business Owners

- Get the basics right – Numbers and knowledge
- Ensure there is an enough fuel (cash), monitor cashflow forecast to ensure no surprises
- Avoid lengthy, stringent supplier contracts, delivery times and customer payment terms
- Stay on top of the records from day 1
- Think about what YOUR business needs (DvE)



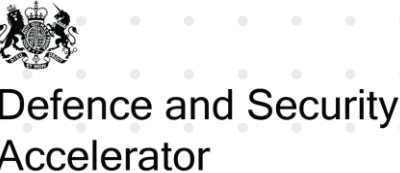
**Jenna Lloyd**  
Modus Accountants Ltd

# Grant Funding and R&D Tax Credits

**Sam Stephens**  
**TBAT Innovation Ltd**



# Funding Bodies



# What is Grant Funding?

Research and Development Funding is:

Cash grants provided by the UK Government, issued by Innovate UK and other funding bodies to stimulate and de-risk innovative new products, processes and services developed by UK businesses.



# Why bother with Grant Funding?



Free money



Green light for investment

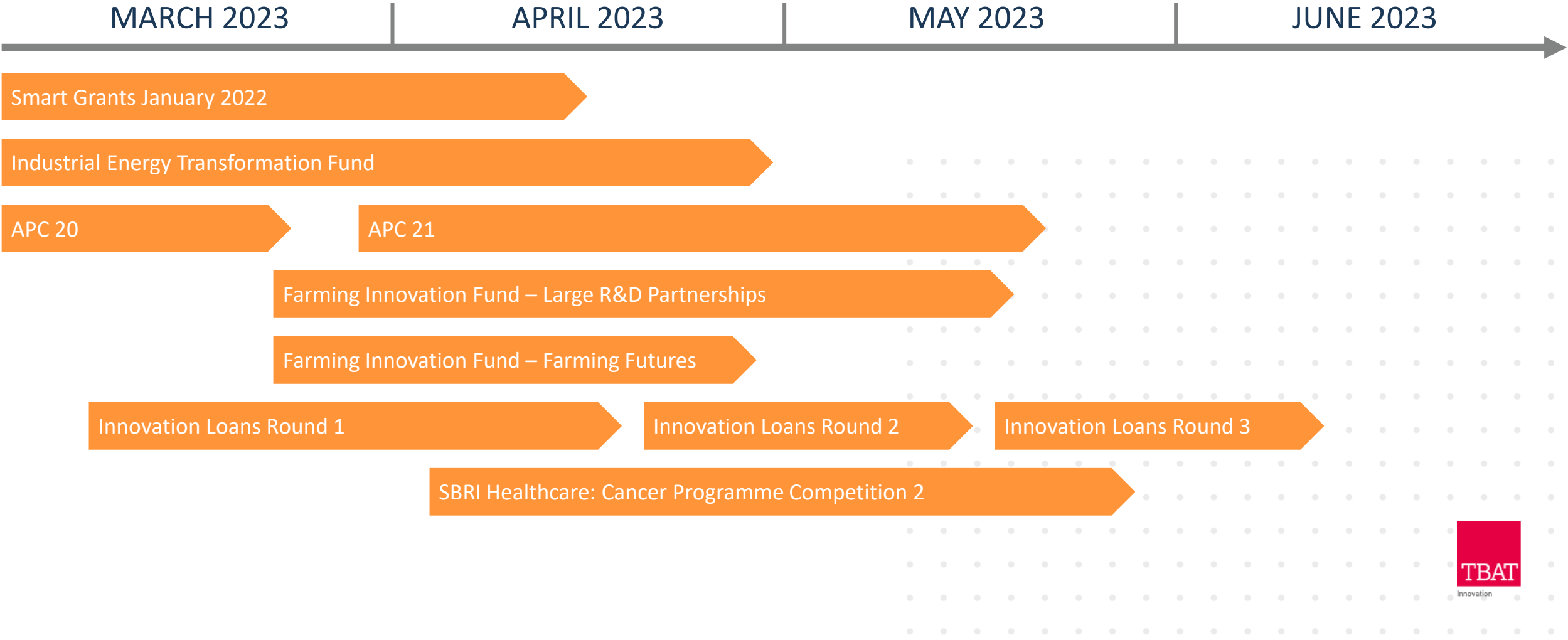


Stimulates collaboration



Reduces risk of investing own cash

# Grant Funding Landscape



# Cash-Flow Projection

Project Size	£250,000	£500,000	£1,000,000
Grant %	70%	70%	70%
Grant Amount	£175,000	£350,000	£700,000
Month of first grant payment	4	4	4
Duration (months)	12	18	24
Cash-flow required	£83,333.33	£111,111.11	£166,666.67



# Eligible Project Costs



Labour



Subcontractors



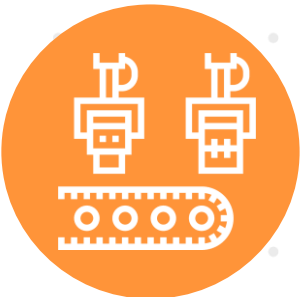
Overheads



Materials



Travel



Capital  
Depreciation

# Standard Application Questions

The 10 application questions:

1. Challenge
2. Innovation
3. Team
4. Market Awareness
5. Route to Market
6. Impact
7. Risks
8. Project Management
9. Added Value
10. Costs

# Top Tips!



Answer all questions  
& bullet points



Get the project plan  
sorted asap



Secure partner  
commitment asap



Avoid using acronyms  
& technical jargon



Leave plenty of time  
for writing, reviewing  
& uploading



Make sure your  
project meets the  
scope

# What are R&D Tax Credits?

The R&D Tax Credit Scheme is a HMRC incentive designed to inspire innovation & increase spending on R&D activities by companies operating in the UK.

For tax purposes, R&D is considered as –

Activities that seek to:

- Achieve an advance in overall knowledge or capability in the field of science or technology; and;
- resolve scientific or technical uncertainty



# R&D Tax Credit Schemes – to end March 2023



## SME Scheme

- Less than 500 employees or less than €100 million turnover.
- Benefit of £24.70 per £100 on R&D if profit making
- Benefit of £33 per £100 on R&D if loss making
- Claims can go back 2 full years



## RDEC Scheme

- Over 500 employees or more than €100 million turnover.
- No minimum R&D spend
- No upper limits on claims
- Benefit of £10.50 per £100 on R&D

# R&D Tax Credit Schemes – from April 2023



## SME Scheme

- Less than 500 employees or less than €100 million turnover.
- Benefit of £16.34 to £21.50 per £100 on R&D if profit making
- Benefit of £18.60 per £100 on R&D if loss making
- Claims can go back 2 full years



## RDEC Scheme

- Over 500 employees or more than €100 million turnover.
- No minimum R&D spend
- No upper limits on claims
- Benefit of £15.00 per £100 on R&D

# Other changes

Submit electronically

Claims to include supporting information

Details of any agents if used to compile the claim

Company officer must named as signing off on the claim

Some companies must pre-notify HMRC of their intent to make a claim

Now includes webservices, cloud computing and datasets

# Eligible Costs



Staff Costs



Materials Costs



Software Costs



# How does the SME Scheme work?

	No R&D Claim	With R&D Claim	With R&D Claim
Turnover	£100,000	£100,000	£0
Costs	£50,000	£50,000	£50,000
<b>R&amp;D Costs</b>	<b>£20,000</b>	<b>£20,000</b>	<b>£20,000</b>
Net Profit	£30,000	£30,000	£-70,000
R&D Uplift @130% Enhanced 230%		£26,000 £46,000	£26,000 £46,000
New NP for Tax	£30,000	£4,000	£-96,000
Tax @ 19%	£5,700	£760	£0
Profit to take home	£24,300	£29,240	£0
<b>Benefit</b>		<b>£4,940</b>	<b>£6,670</b>

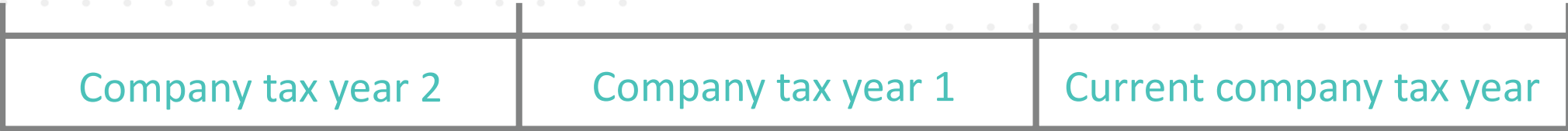
# The Timeline

31<sup>st</sup> Dec 20

31<sup>st</sup> Dec 21

31<sup>st</sup> Dec 22

31<sup>st</sup> Dec 23



**Must be claimed by 31/12/23**  
Generates Tax Repayment or  
extended losses

Must be claimed by anniversary  
of accounts submission to  
generate repayable credit

# Benefits of R&D Tax Credits



Non-competitive  
funds



Cashback or CT  
reduction



Invest in future  
R&D

# HMRC Enquiries



## Enquiries are looking for:

- Fraudulent claims
- Spurious claims
- Ineligible R&D activities
- Ineligible expenditure



## Minimise the chance of enquiries:

- Anti-Money Laundering (AML) check
- Well evidenced technical report
- Compliance with BEIS guidelines
- Correctly apportioned costs

# Top Tips!



Start your claim early  
– especially for cash



Document costs and  
projects - ongoing



Read and understand the  
BEIS Guidelines for R&D



Balance quality of  
technical evidence  
against costs



Drive your  
accountants to  
complete asap



If using an agent – make  
sure they undertake an  
AML check

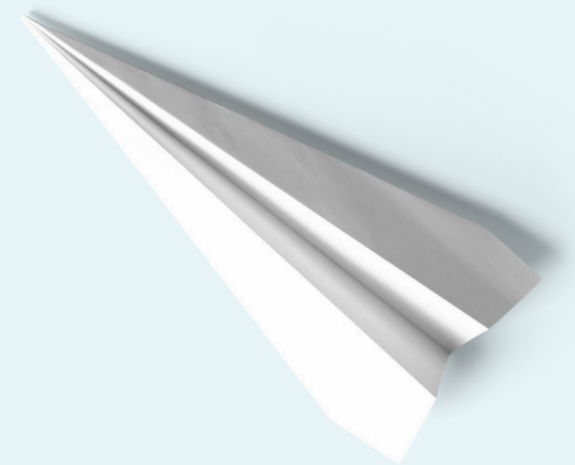
# Questions?

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# Break

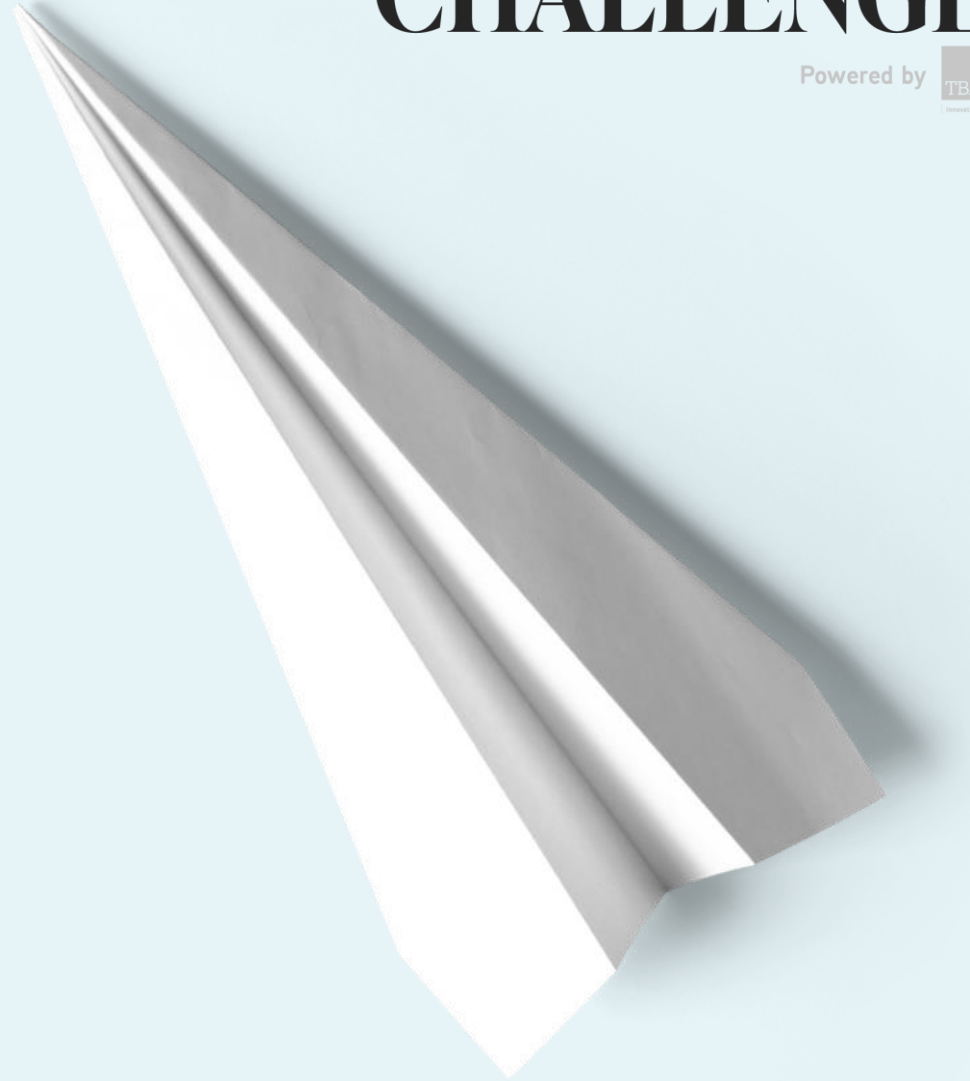
# We will resume in 10 minutes

TBAT

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# SEIS and EIS

**Sam Stephens**  
**TBAT Innovation Ltd**





# EIS/SEIS

EIS Tax Relief and SEIS Tax Relief are two generous tax relief schemes created by the UK Government, which aim to stimulate entrepreneurship and encourage investment into start-ups and early-stage businesses.



# Eligibility Criteria



## EIS Scheme

- Have less than 250 full-time employees (or equivalent)
- Not have gross assets worth more than £15 million before shares are issued
- £5m in any year, £12m lifetime



## SEIS Scheme – Change 04/23

- Have less than 25 FTE
- Under 2 years old (3 years)
- Must be raising no more than £150,000 (£250,000)
- Not be a member of a partnership
- Investor limit £100k (£200k)

# Benefits of Using the Schemes



## For Your Company:

- Potentially speed up investment
- Sell less company for more cash
- Differentiate opportunity for investors



## For Your Investor:

- Income Tax Relief (50%/30% of investment)
- Capital Gains Tax (0%) - 3 year
- Getting more for their money!

# Worked Example for an investor

Initial Investment	£100,000
Income Tax Relief (30% of the investment)	£30,000
Investment Returns (after 3 years)	£200,000
Capital Gains Tax (on the sale of shares)	£0
Total Returns	£230,000

# Advanced Assurance

Gain Advanced Assurance to tell potential investors that your company meets the criteria needed for EIS/SEIS Relief.



Give investors confidence  
in your company



Provide assurance they'll  
receive 30%/50% tax relief

## Check List

Business Plan

Cash flow forecast

Slide Deck

Legal info regarding company – Mems &  
Arts, Register of members

Accounts

HMRC forms

Potential investors

# Zero-emission hydrogen-powered vehicles

The Riversimple Funding Story



# Introduction to Riversimple



- Riversimple stands for affordable, hassle free, fun-to-drive, hydrogen cars.
- We need both battery and hydrogen cars, but nothing can be as sustainable as a hydrogen car for the range to which we have become accustomed.
- Our vehicles will be offered to customers on a subscription basis; one all-inclusive, cost-transparent monthly payment will cover all costs, including fuel.
- Our business model is focussed on making sustainability profitable; the longer the cars last, the more efficient they are, the more profitable we are.

We have developed the most sophisticated fuel cell powertrain in the world; we are now in transition to production engineering.

# The Riversimple Rasa: our trial car



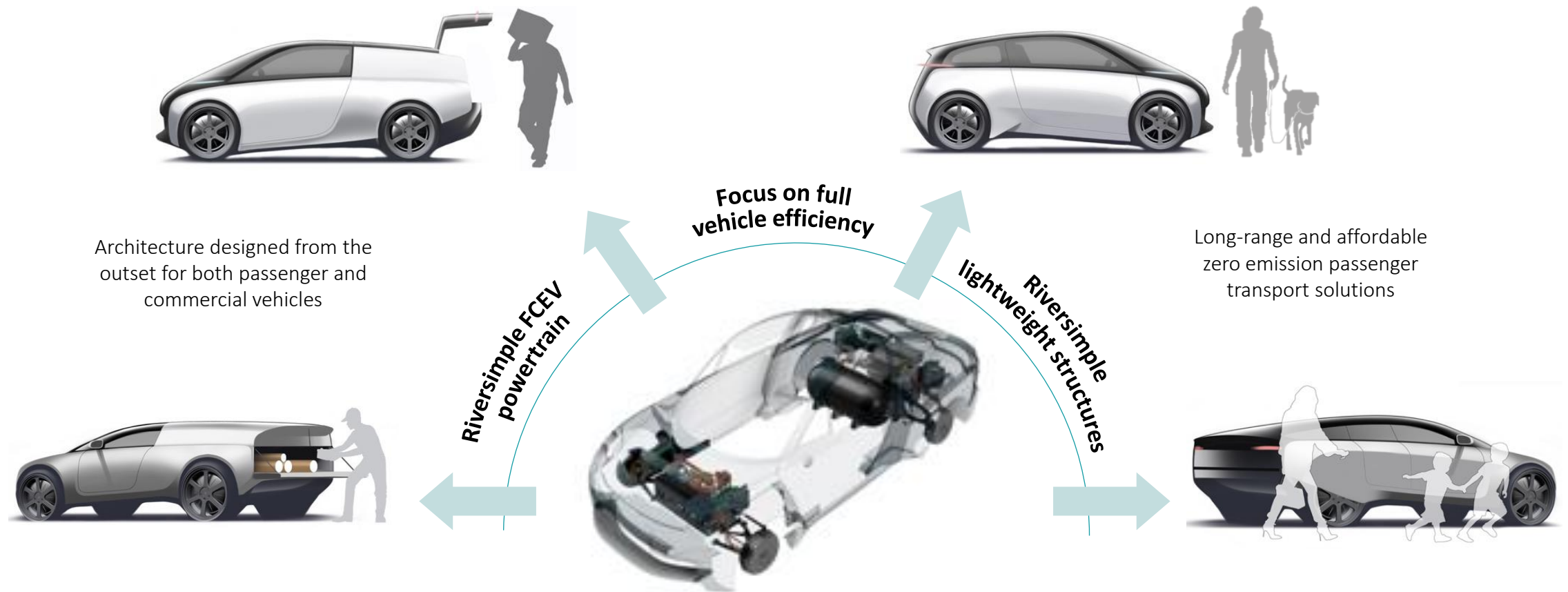
- ✓ 10kW fuel cell, supercapacitors (45kg), no batteries
- ✓ 4 in-wheel motors, 170Nm each, peak power of 15kW
- ✓ Carbon fibre chassis, carbon/flax composite bodywork
- ✓ Vehicle weight: 655kg
- ✓ Drag co-efficient: 0.248
- ✓ 0-60mph in 9.7 seconds, top speed 60mph
- ✓ Refuelling in 5 minutes
- ✓ 40gCO<sub>2</sub>/km from grey H<sub>2</sub>, 4gCO<sub>2</sub>/km from green H<sub>2</sub>





# Adaptable vehicle architecture

The powertrain and lightweight architecture we have developed can be used in multiple applications and can be scaled up to service wider segments of the passenger and commercial vehicle market.



Nb. The sketches above are not finalised designs – they serve to illustrate a number of use cases.

# Vehicle-as-a-Service rather than car as a product

This inevitably leads to different vehicles – more efficient, more sustainable

**Lifetime cost:** Pricing is driven by lifetime cost rather than build cost so we design for:

- + Maximum efficiency
- + Minimal maintenance
- + Maximum product life
- + Maximum recovery of value at End of Life

**Resilience:**

In economic downturns, people stop buying cars but they don't stop driving them.

**No price premium:**

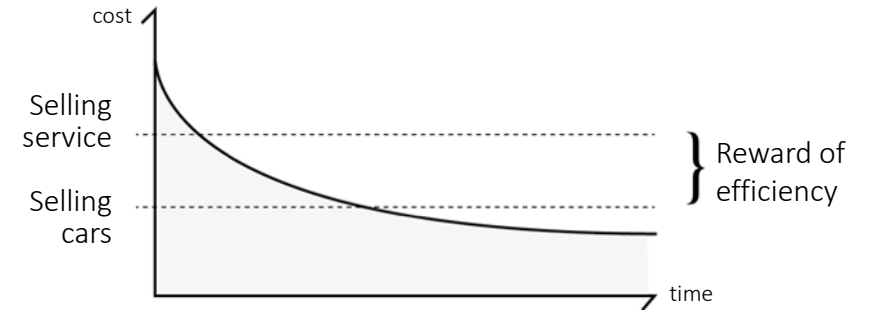
Longer revenue streams, lower operating costs and end of life value recovery all offset build cost.

**Entry barrier:**

This eliminates the economic barriers to bringing Low Carbon Vehicles to market.

**Future-proofing:**

Revenue is gradually decoupled from virgin material consumption, future-proofing the business against commodity price shocks.

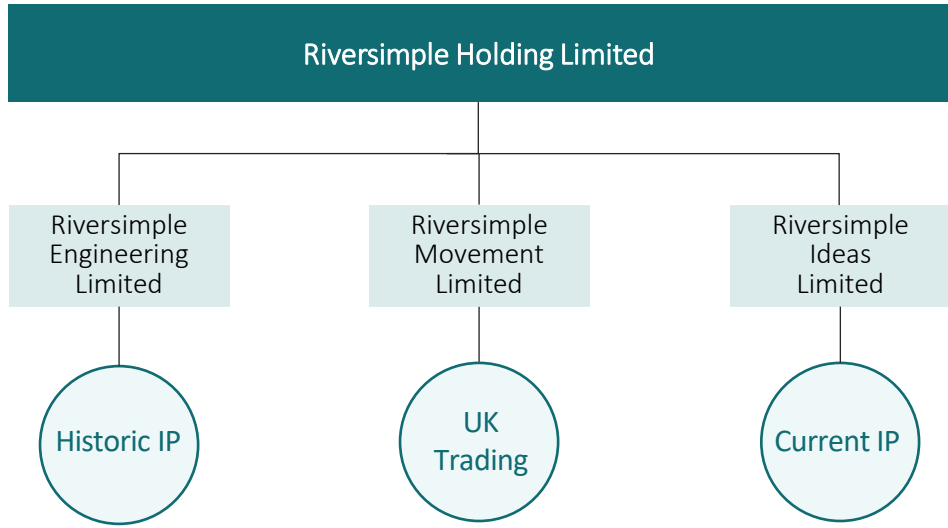


Supply chain costs to achieve TCO parity

**VaaS: pricing is driven by lifetime cost rather than build cost**

# Corporate structure

The Group consists of Riversimple Holding Ltd and four wholly-owned subsidiaries:



Capitalisation Table	Issued shares + Convertible loans + Options
Financial investors	8.7%
Legacy/sweat equity	15.4%
Staff/directors/custodians etc	17.8%
Founders	58.1%
<b>Total</b>	<b>100%</b>

**Riversimple Holding Limited**

The entity in which investment shares are being offered

**Riversimple Engineering Limited**

A non-trading company and holds historic IP for the Group

**Riversimple Movement Limited**

The trading entity of the group

**Riversimple Ideas Limited**

Holds the Group's current IP

# History of vehicle Development

“This is Riversimple. Fuel cell cars done differently. Maybe, just maybe, fuel cell cars done right.”

Top Gear

Over £40m invested by Riversimple and partners over 19 years through a combination of private investment and grants



2004  
ECH<sub>2</sub>O:  
Shell Eco-Marathon  
contender for BOC

2005-2008  
LIFECar:  
Collaborative R&D project with Morgan, Cranfield and Oxford universities, BOC and Qinetiq; shown at Geneva Motor Show 2008

2008-2012  
Hyrban:  
Technology demonstrator, now in Science Museum’s permanent collection; led to spin out of Oxford Yasa Motors, now owned by Daimler-Benz; Riversimple joint patentees

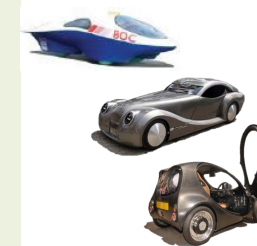
2013-2016  
Rasa Alpha:  
Engineering prototype of first Network Electric car designed for road certification; awarded SIMMS medal by the RAC Club

2019  
Rasa Beta:  
Significant redesign, new motors & software platform; production run of 20 cars for Beta tests in Milford Haven and Monmouthshire

# Timeline



Entities:									
Incorporation	Abbreviation	Name							
2001	OA	OSCar Automotive Ltd							
2007	RSLLP	Riversimple LLP							
2007	RSE	Riversimple Engineering Ltd							
2013	RSL	Riversimple Ltd							
2015	RSH	Riversimple Holding Ltd							
2015	RSM	Riversimple Movement Ltd							
2018	RSI	Riversimple Ideas Ltd							
Riversimple Funding history			Equity			Grant			Tax credits
	Entity	Description	Equity	Convertible loan	Pre-money valuation	Riversimple grant	Consortium partners' relevant grant	Partners' min contribution	
2005	OA	Grant	£200,000			£200,000	£700,000	£700,000	
	OA	Grant	£100,000			£100,000			
2007	RSLLP	Equity	£1,000,000		£1,820,080				
2009	RSLLP	Convertible Loan		£1,000,000					
2011	RSLLP	Grant				xxx	xxx	xxx	
2012	RSLLP	Grant				xxx	xxx	xxx	
2014	RSL	Equity	xxx		£10,539,394				
	RSE	Grant				xxx	xxx	xxx	
2015		Restructuring							
	RSM	Grant				xxx			
	RSE	Grant				xxx	xxx	xxx	
2016	RSM	Grant				xxx	xxx	xxx	
	RSM	Grant				xxx	xxx	xxx	
	RSM	Grant				xxx	xxx	xxx	
	RSE	RDTC							xxx
2017	RSE	RDTC							xxx
	RSH	Crowd round	xxx		£37,000,000				
	RSE	RDTC							xxx
	RSM	RDTC							xxx
2018	RSM	RDTC							xxx
	RSM	Grant				xxx			
	RSH	Crowd round	xxx		£45,108,072				
	RSM	RDTC							xxx
2019	RSM	Grant				xxx			
	RSH	Crowd round	xxx		£53,893,056				
2020	RSM	RDTC							xxx
	RSM	Grant				xxx	xxx	xxx	
	RSH	Convertible Loan		xxx					
	RSM	Grant				xxx	xxx	xxx	
2021	RSM	RDTC							xxx
	RSH	Crowd round	xxx		£62,514,512				
2022	RSM	RDTC							xxx
	RSM	Grant				xxx			
2023	RSM	RDTC							xxx
	<b>Totals</b>		<b>£42,732,057</b>	<b>£13,377,922</b>	<b>£1,748,180</b>	<b>£6,642,045</b>	<b>£9,958,239</b>	<b>£8,451,580</b>	<b>£2,554,092</b>

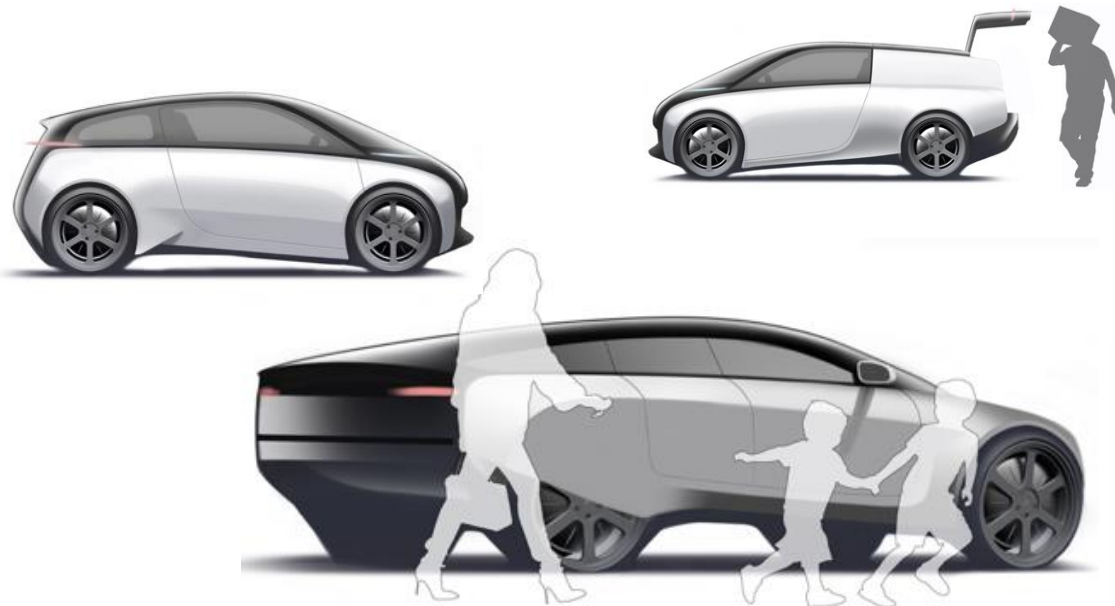


# An invitation to participate in the growth of the company

Lighter zero emission cars

For an underserved market

Designed to make more money from doing the right thing than business as usual makes from doing the wrong thing



Notes: Please find all sources and references before the Appendices

Share Price: £18

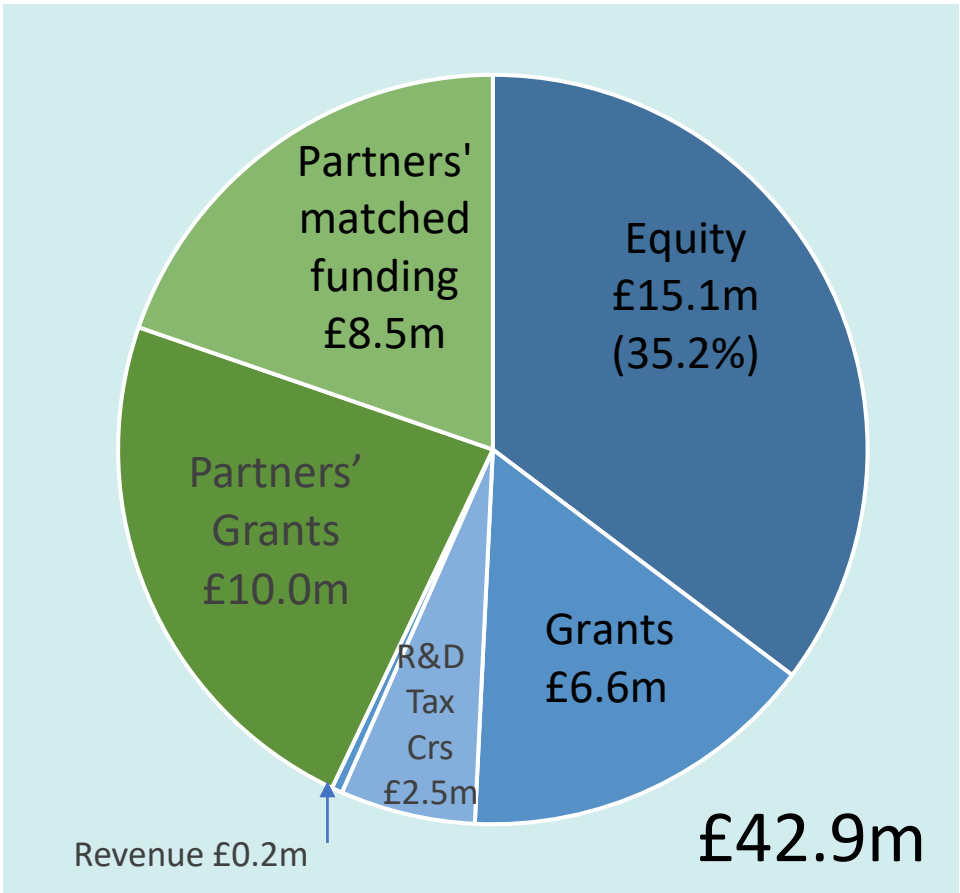
Pre-money valuation of £73.5M  
(fully diluted valuation £79.9M<sup>1</sup>)

- ✓ Riversimple has secured Advance Assurance from HMRC for the Enterprise Investment Scheme (EIS), through which qualifying UK investors can benefit from tax relief.
- ✓ We will be ringfencing a proportion of institutional funding rounds to provide exit opportunities for early stage investors.

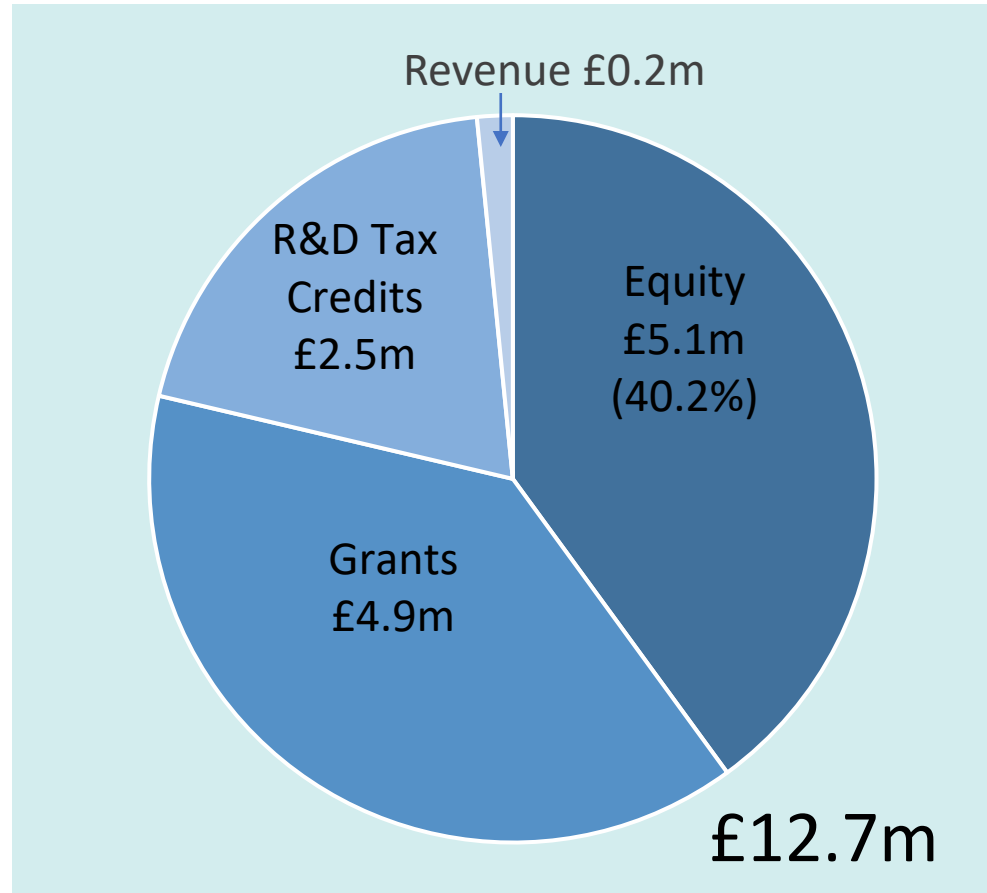
## Our Purpose

To pursue, systematically, the elimination of the environmental impact of personal transport

# Source of funds (£Ms)



Inc. partners, 2005-2023

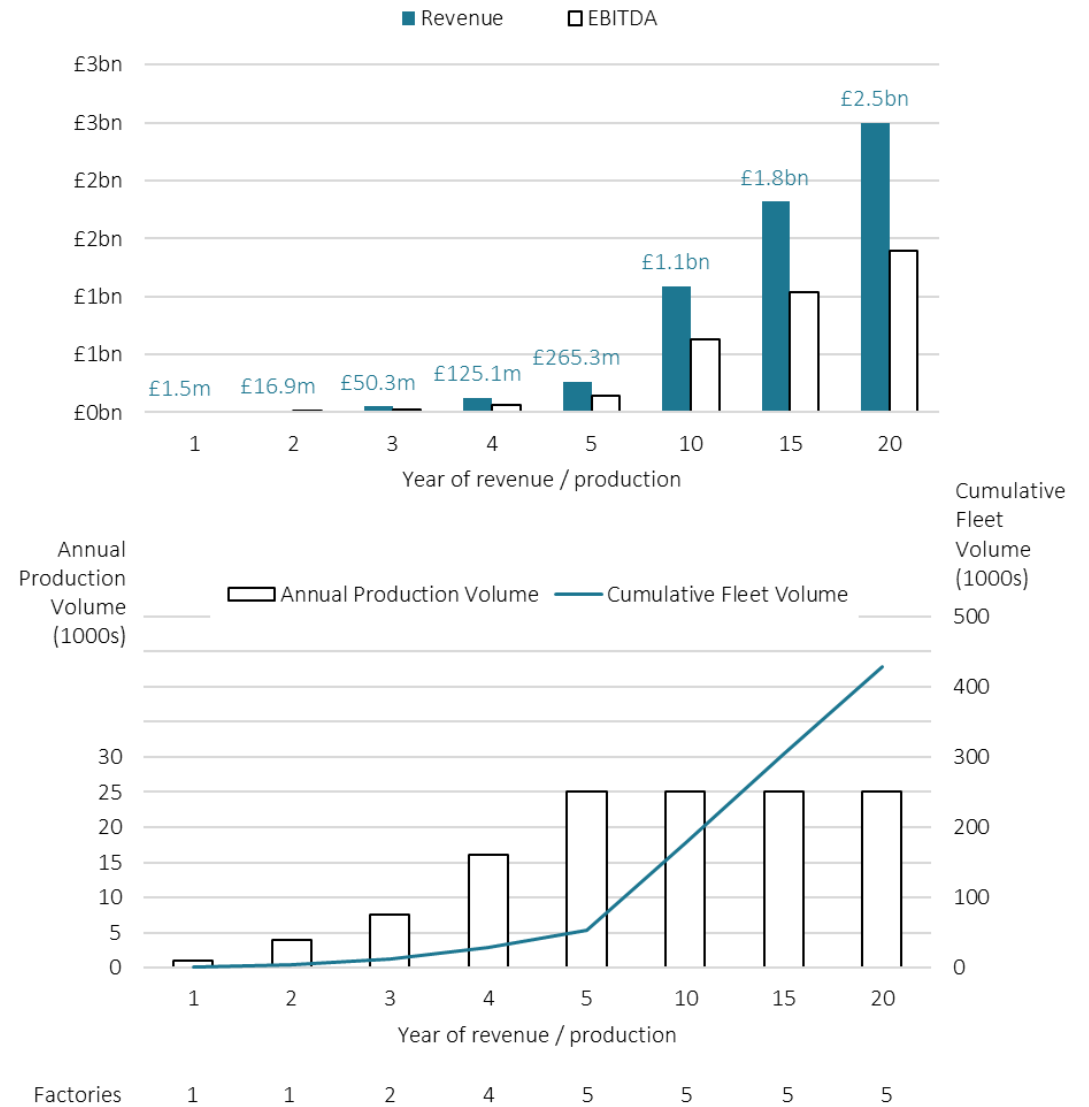


Riversimple 2016-2022

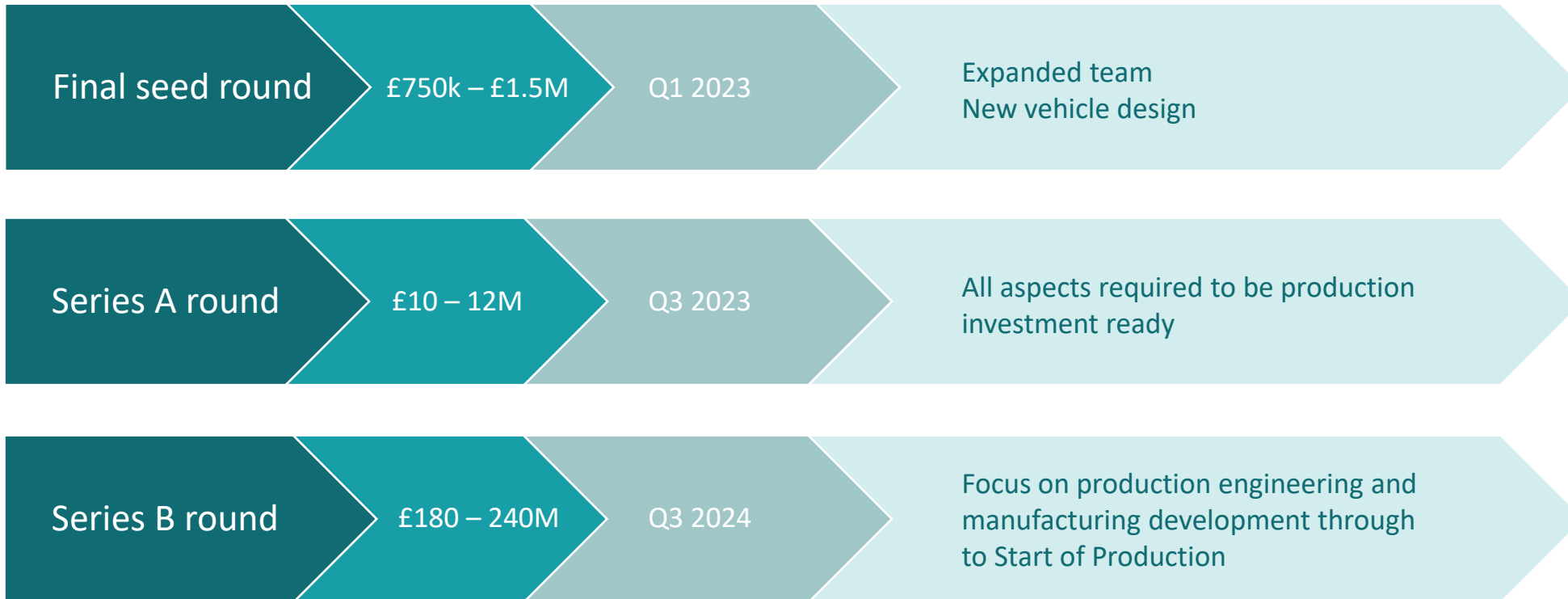


# Financial roadmap

- Riversimple’s subscription-based model allows the company to capture the complete lifetime revenue of each vehicle.
- Revenue growth is driven by the vehicle fleet (rather than annual production) which compounds with each year of production.
- Initial production volumes will increase from 1,000 vehicles in revenue year 1 to a factory capacity of 5,000 vehicles per annum.
- A further four factories, giving a production volume of 25,000 vehicles per annum, are targeted by the end of revenue year 5.
- EBITDA positive is forecast in revenue year 2.
- By revenue year 10, Riversimple is forecasting c.180,000 vehicles in the revenue-generating fleet.



# Funding requirements for scaling up



“You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.”

*Buckminster Fuller*

[riversimple.com](http://riversimple.com)



Chwyldro Cychol  
Circular Revolution



Cronfeydd yr UE:  
Buddsoddi yng Nghymru  
EU Funds:  
Investing in Wales



Office for  
Zero Emission  
Vehicles



UK Research  
and Innovation



ENERGY KINGDOM  
DEYRNAS YNNI



Llywodraeth Cymru  
Welsh Government



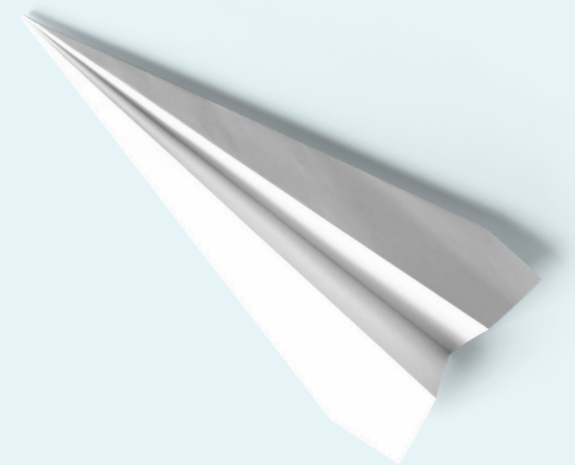
# Questions?

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# Break

# We will resume at 3:05pm

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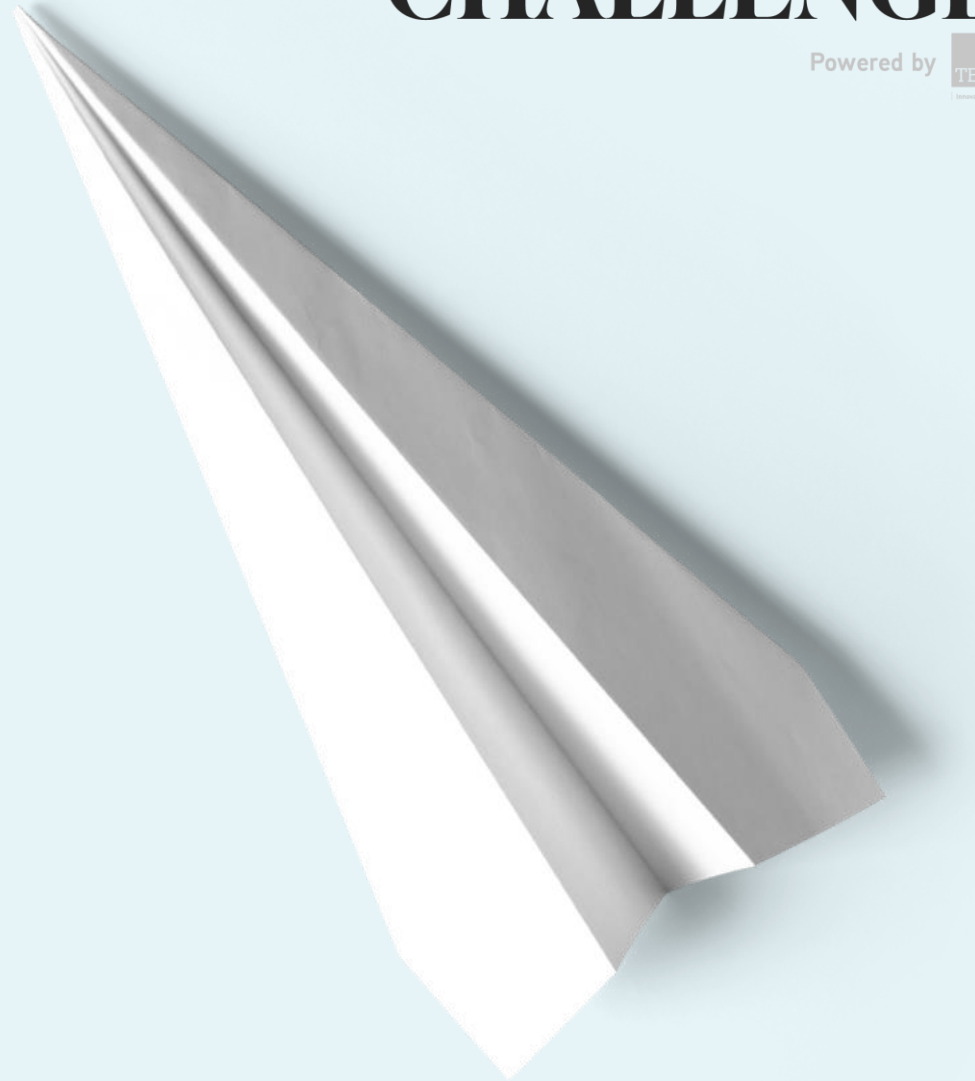
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# TBAT Innovation Challenge 2023

## Workshop 1



**Roger Harcourt**

 SHAKESPEAREMARTINEAU

# Overview

Finance and funding options from a legal perspective. Legal considerations when growing a business.

- # Legal Considerations
- # Funding Documentation

# Legal considerations – Top tips

- # Reflect your business strategy
- # Protect your assets
- # Focus on key risks
- # Economics
- # Build a relationship
- # Never put off until tomorrow.....





# Key [legal] risks

- # Compliance
- # Ownership
- # Governance
- # Trading
- # Employees
- # Intellectual Property



# Ownership and governance

- ✦ Share ownership

- ✦ Constitution:

  - ✦ Shareholders' Agreement

    - (a.k.a Founder's Agreement, Subscription Agreement, Investment Agreement)

  - ✦ Articles of Association

  - ✦ Companies Act 2006



# Shareholder Agreements

The 5 “must haves”

- # Share ownership
- # Governance
- # Restrictions
- # IPR's & confidentiality
- # Dispute resolution



# Shareholder Agreements

Share ownership

- # Distinction between directors and shareholders
- # Majority rules
- # Restrict transfers
- # Pre-emption



# Shareholder Agreements

## Governance

- # Roles and responsibilities
- # Directors/board
- # Decision making
- # Information..... and don't forget your statutory registers



# Shareholder Agreements

## Restrictions

- # Non-compete
- # Non-poaching
- # Enforceability



# Shareholder Agreements

IPR's & confidentiality

- # Founder/employee/consultant IP
- # Domain names
- # Valuable trade secrets
- # Dirty laundry



# Shareholder Agreements

## Dispute Resolution

- ✦ Avoid eye-watering litigation costs/delay
- ✦ Assume common sense won't prevail
- ✦ Companies Act isn't "helpful"
- ✦ Time for some "Russian Roulette"?



NED's, consultants, equity and options.....



# NED's/Consultants

- # Role (Exec vs. Non-Exec)
- # Confidentiality & IP ownership
- # Restrictions
- # Insurance
- # Termination
- # Remuneration
- # Equity?



# Equity

- # Shares or Options?
- # EMI scheme
- # Vesting conditions





# Equity Funding documentation

# Equity Investment journey

1. Pre-seed - friends, family (& fools!)
2. Seed – F&F, angels
3. Series A – venture capital
4. Series B – VC or PE
5. IPO?



# Investment Documents – Seed/Series A

- # Termsheet
- # Governance
- # Leavers
- # Warranties
- # Consent matters



# Termsheet

- # Headlines of investment
- # Non-binding.....but crucial
- # Amount/valuation
- # Investment – equity/[convertible] loan
- # Scope of due diligence
- # Consent matters
- # Warranties
- # Founder Leaver
- # Fees
- # Exclusivity & Confidentiality (if no NDA)



# Investment Agreements

‡ Governance

but...



new disciplines,  
new board, new  
information





# Consent matters matter



# “reasonable”



- # Warranties
- # Disclosure
- # Claim limits



"Damocles, did I sit in the wrong chair?"



## # Leavers



# Just don't die or be naughty!

# SEIS/EIS .....what a relief!!

SEIS	EIS
£150k limit for company/£100k for investor	£5m/£10m limit p.a. for company/£1m - £2m limit per investor
50% income tax relief	30% income tax relief
Available for growth capital/UK tax paying individuals only	
<b>No CGT payable on sale</b>	
No share sale within 3 years, buy-backs, below market value transactions, call options	
Apply for certificate after 4 months trading or 70% of invested monies spent	
Investor to apply for relief within 5 years	
Advance assurance available	



# Debt Funding documentation

# Debt Documents

- # Termsheet/Indicative offer:
  - Amortisation vs. repayment
  - Business plan
  - Covenants
- # Loan Facility Agreement
- # Security
  - Debenture
  - PG
- # Convertible loan



# # Thank You

# Mobile : 07789 746016

# Email :  
roger.harcourt@shma.co.uk



# ROCKINGHORSE

Fund the finance gap for R&D Tax Credits and Grants



# Providing Smart Investment to Clever Innovation

---

## ROCKINGHORSE

Provides **R&D and IUK  
finance** up to **£10M** for high  
potential innovative firms  
undertaking eligible R&D  
activities



# Who is Rocking Horse

2015



- ▶ Rocking Horse was started in Australia

2018



- ▶ Rocking Horse was started in UK

2020



- ▶ Brought in new institutional funding

2022



- ▶ Brought in senior bank funding
- ▶ Been able to provide more than 200 loans

# Debt Is Better Than Equity

Lender has no claim to equity in the business



Lender has no claim on any future profits of the business



Keeping control of your business



Principal and interest obligations are known amounts



# Why Finance Your R&D?



Drawdown multiple times through the year



Cash boost to hit milestones



Increase your company's valuation

# The Process

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Provide company information  
and contact



Check



Lend the money



# Financing Models

## Short Term Funding



Between **3 – 6** months



Up to **80%** of current 'year to date' R&D refund.



### • Funding calculation: •

**(Total tax refund to date x 80%) – any statutory payments = payment to company**

# Financing Models

## Quarterly Funding



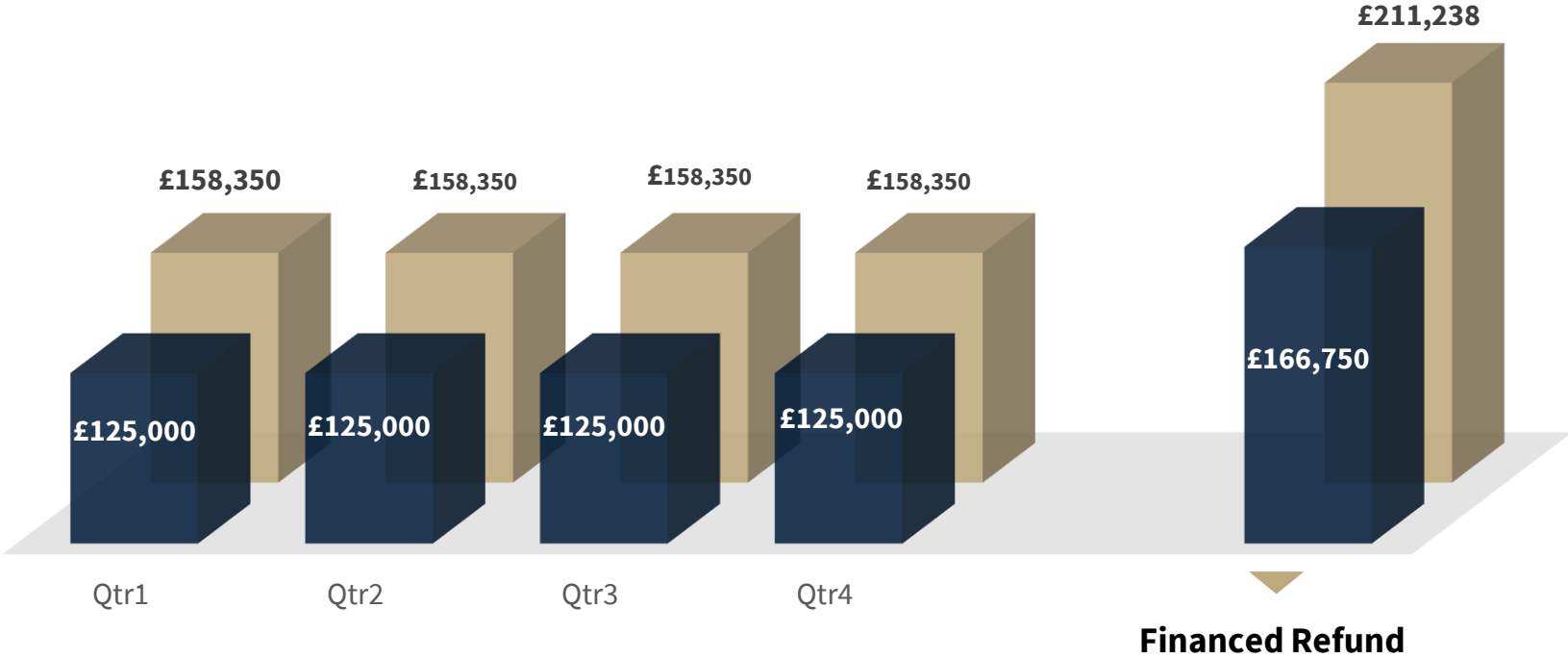
Around **9 month** duration



Funding for current year R&D on a quarterly basis increases R&D expenditure and cash benefit from the scheme.

# Quarterly Financing

**WITH AN OPENING CASH BALANCE OF £500,000 FINANCING OF R&D CAN ENHANCE GROWTH**





# Why Us



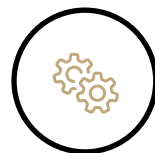
Fund innovation.



Accelerate Commercialisation.



Hit milestones ahead of capital raises.



Retain control of your own business.



Get the finance approved quickly.

# ROCKINGHORSE



## Presented By:

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James Davis - Co-Founder  
[james@rockinghorsegroup.co.uk](mailto:james@rockinghorsegroup.co.uk)

Rob Fabbro - Head of Distribution  
[rob@rockinghorsegroup.co.uk](mailto:rob@rockinghorsegroup.co.uk)

## Website:

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[www.rockinghorsegroup.co.uk](http://www.rockinghorsegroup.co.uk)



# British Business Bank

## Innovation Challenge 2023 – Finance Workshop

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**23<sup>rd</sup> March 2023**

**Lewis Stringer, Senior Manager – East and South-East  
Midlands, UKN**

**The British Business Bank  
is the UK's economic  
development bank,  
breaking down barriers in  
access to finance for  
businesses across the UK.**

# Our mission

Drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by improving access to finance for smaller businesses



## Who we are

The British Business Bank is 100% Government owned, but independently managed. We bring expertise and capital to the smaller business finance markets.



We don't generally lend or invest directly. Instead, we work alongside over **218** delivery partners such as banks, leasing companies, venture capital funds and web-based platforms.



Businesses access capital through our partners who, because they work with us, can lend and invest more, especially to younger and faster growing companies. Operating indirectly gives us greater scale, reach and impact to our interventions.

# Our objectives



**Increase the supply of finance** to smaller businesses where markets don't work well.



**Help to create a more diverse finance market** for smaller businesses, with greater choice of options and providers.



**Identify and help reduce regional imbalances** in access to finance for smaller businesses across the UK.



**Encourage and enable SMEs** to seek the best finance suited to their needs.



**Be the centre of expertise for smaller business finance in the UK,** Providing advice and support for government.



**Achieve the bank's other objectives whilst managing tax payers money efficiently** within a robust risk management framework.



**Support the UK's transition to a net zero economy.**

Start up

Scale up

Stay ahead

Supporting the UK economy through increased business investment, growth and jobs

# How we operate



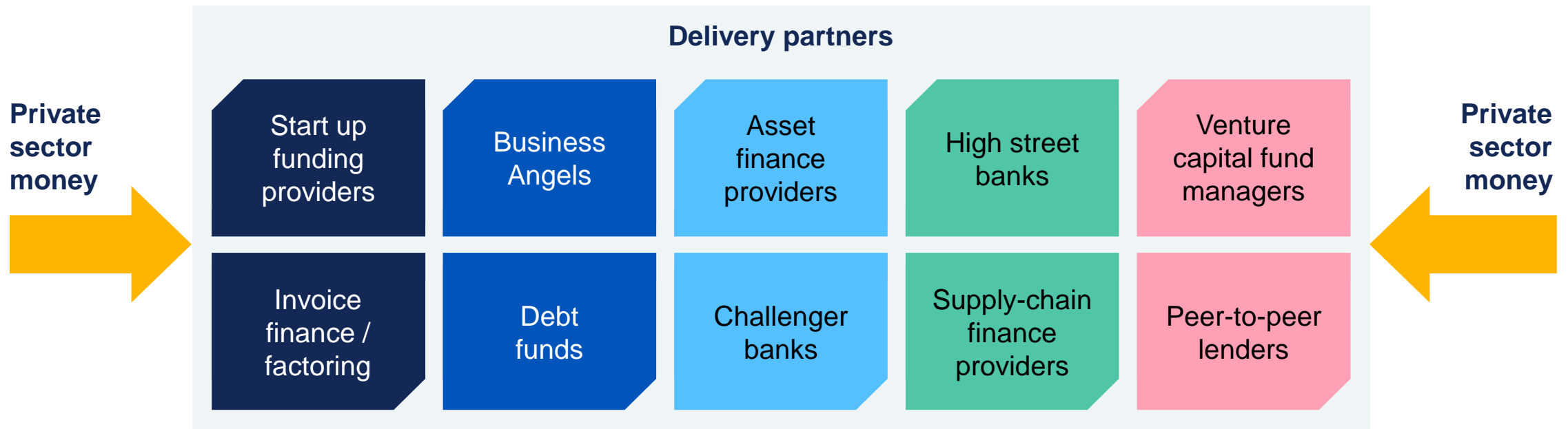
## Expertise

Designing solutions to make finance markets work better for small businesses



## Money

Over £10.8bn of finance supported by core Bank programmes





# Who we work with



# Start up, scale up, stay ahead

## Start up

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Mentoring and loans to 'be your own boss'

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Start Up Loans

## Scale up

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Finance for higher growth potential businesses

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Regional Angels Programme

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Enterprise Capital Funds

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Managed Funds Programme

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British Patient Capital

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National Security Strategic Investment Fund

## Stay ahead

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More finance options and choice of provider

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Investment Programme

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ENABLE programmes

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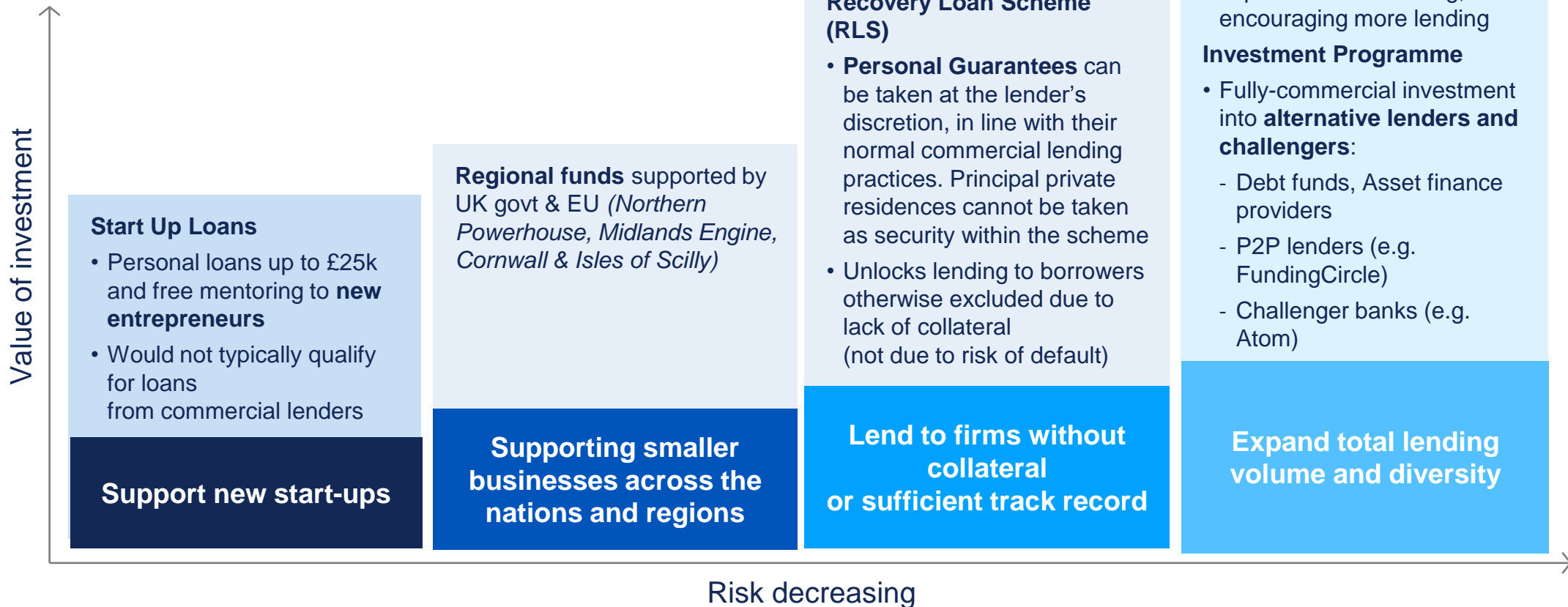
Enterprise Finance Guarantee

We also deliver debt and equity funding to specific regions through our regional funds: **The Northern Powerhouse, Midlands Engine, and Cornwall & Isles of Scilly Investment Funds**. We encourage and enable SMEs to seek the finance best suited to their needs through our online **Finance Hub**.

**Resulting in increased business investment, growth and jobs.**

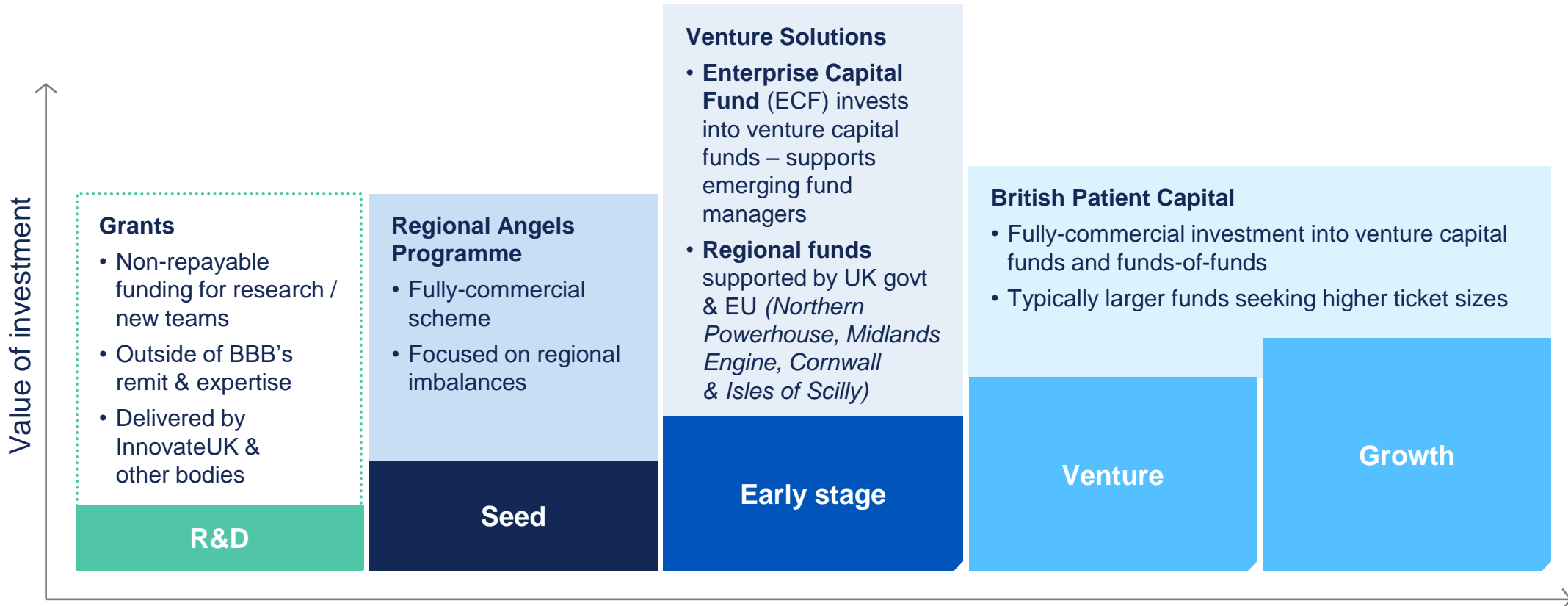
# Overview of debt solutions

Illustrative



# Overview of equity solutions

Illustrative



# Equity programmes

## Regional Angels Programme

Invests alongside groups of angels



£150m fully commercial co-investment programme



Commits £5-£15m to angel groups and participates up to 50% of all transactions



Focused on investments in UK regions underserved by angel capital



Groups of individual business angels with a track record of working together in a formal and commercial way

## Enterprise Capital Funds – ECF

Supports early stage fund managers



'Geared' return structure – capped Bank upside



'Bank commits up to £50m and 60% to 66% of the fund



Must benefit the UK economy via injecting fresh capital into equity gap in 'qualifying trades'<sup>1</sup>



Emerging and first-time fund managers

1. Most trades qualify, provided that they are conducted on a commercial basis with a view to making profits. Excludes sectors such as farming, financial activities, hotel industry, leasing, commodities.

## British Patient Capital

Invests into venture and venture growth funds



Fully commercial investments alongside other private investors



Typically a cornerstone investor in a fund



Significant investments into UK-based SMEs



Strong management team with track record and relevant sector / stage experience

# Start Up

Mentoring and loans to  
'be your own boss'

## Start Up Loans

Loans of £500 - £25,000  
available

Business support and  
access to a business  
mentor for 12 months after  
receiving funding



**100,000+**

Start Up Loans delivered  
since 2012



**£941 m**

of loans delivered since 2012

# Start Up Loans - impact



**More than 100,000 loans delivered since 2012**



**More than £941m of funding delivered since 2012**



**Average loan size of £8,850**



**40% of loans to female founders**



**21% of loans to Asian, Black or other ethnic minority people**



**5% of loans to people formerly unemployed**

# Our regional funds

● **£500m Northern Powerhouse Investment Fund (NPIF)**



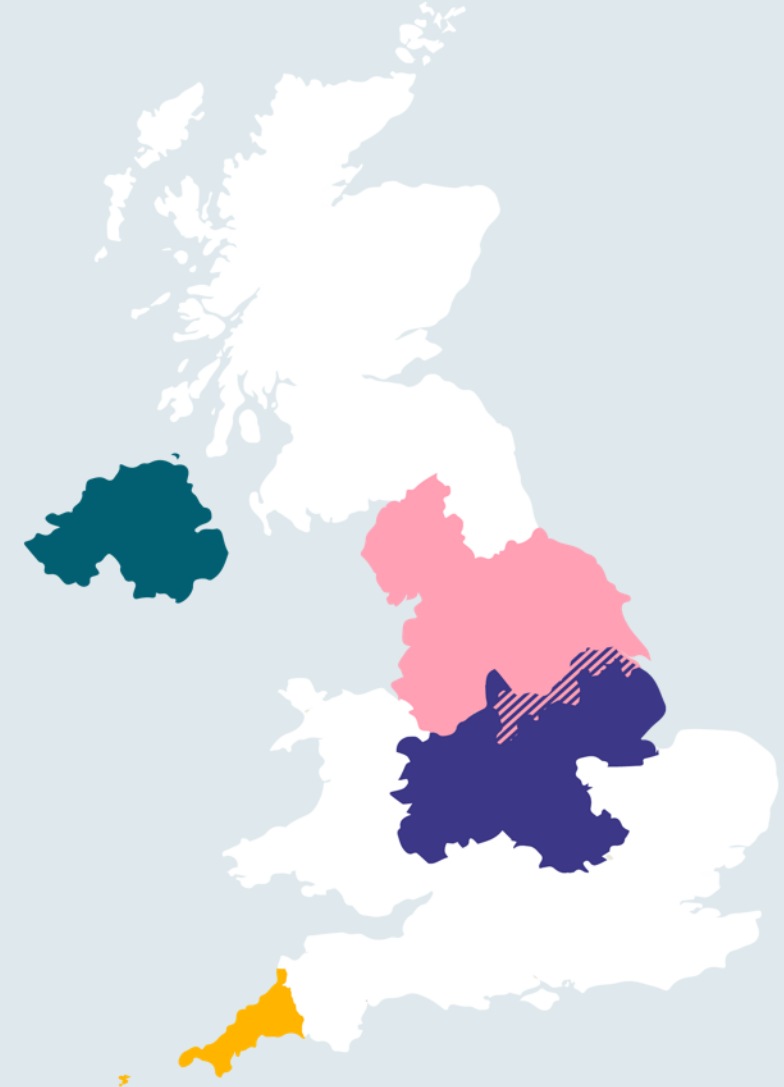
● **£300m Midlands Engine Investment Fund (MEIF)**



● **£40m Cornwall & Isles of Scilly Investment Fund (CIOSIF)**



● **£30m Northern Ireland Growth Finance Fund**





# Our new nations and regional funds

- £660m – North of England
- £400m – Midlands
- £200m – South-West England
- £70m – Northern Ireland
- £150m – Scotland
- £130m – Wales



# UK Network

**Local British Business Bank experts** based in every English region and Devolved Nation.

**Strengthening Bank relationships across the UK** to help smaller businesses access finance.

**Collaborating with** business advisers, associations, intermediaries, investors, and more to:

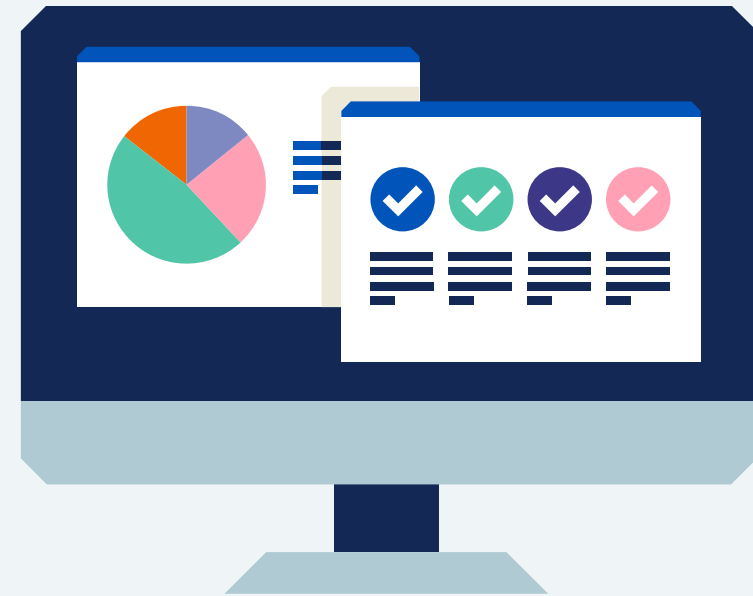
- **Understand** local, region and nation insights.
- **Share best practice** across the UK.
- **Strengthen** local finance ecosystems.



# Building a centre of expertise

## Market insight and analysis

- Research and publications
- SME surveys
- Finance market surveys
- Specific research into market issues
- Programme evaluations



# Backing Innovation-Led Businesses 2022

1. Crossover between ‘research council spinouts’, companies receiving R&D project funding from Innovate UK and recipients of investment through a British Business Bank programme is strong.
2. ‘Research council spinouts’ with support from both Innovate UK and the Bank have almost double the survival rates and much stronger employment growth.
3. ‘Research council spinouts’ with support from both Innovate UK and the Bank were four times as likely to have raised external finance.
4. Equity-backed spinouts are found across the UK, but those in the ‘Golden Triangle’ secured four times more investment.
5. Supporting and financing innovation doesn’t follow a standard sequence: businesses need different and tailored types of support, in different combinations and at different times.



# Small Business Finance Markets Report 2022/23

1. 2022 has been a challenging year for the UK's 5.5m smaller businesses, with high energy prices and inflation
2. Lending volumes grew in 2022 with challenger and specialist banks accounting for a record share of gross lending in 2022. Increasing signs of difficulties in accessing finance.
3. Equity finance raised by small businesses saw a turning point midway through 2022 following two years of very strong growth.
4. Finance to support both new-to-market and new-to-business innovations are essential to delivering long-term economic growth in the UK economy.
5. Equity flows are supporting smaller businesses to develop net zero solutions, with net-zero related deals making up an increasing share of activity.



# The Finance Hub

Our Finance Hub has been built to help businesses understand and find the finance options best suited to their business, to enable them to survive, prosper and grow

[www.british-business-bank.co.uk/finance-hub/](http://www.british-business-bank.co.uk/finance-hub/)



# Thank you

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## Contact details

[lewis.stringer@british-business-bank.co.uk](mailto:lewis.stringer@british-business-bank.co.uk)  
07810 054221

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[british-business-bank.co.uk](http://british-business-bank.co.uk)  
@BritishBBank

# Panel Discussion

THE INNOVATION CHALLENGE

Powered by TBAT Innovation



Sam Stephens  
TBAT Innovation



Lewis Stringer  
British Business Bank



Jenna Lloyd  
Modus Accountants



Hugo Spowers MBE  
Riversimple



James Davis  
Rocking Horse Group



Rob Fabbro  
Rocking Horse Group



Roger Harcourt  
Shakespeare Martineau



# Next Workshops

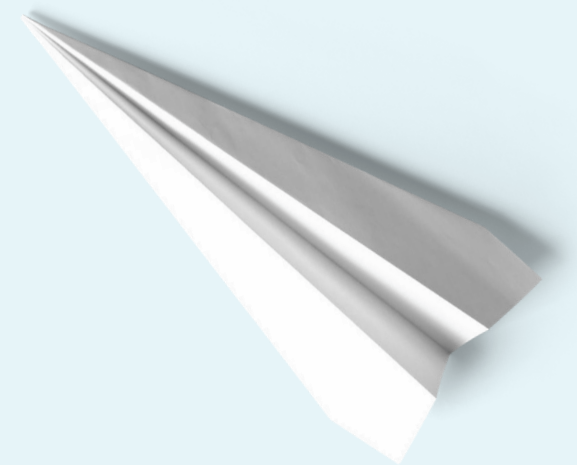


- **People & Recruitment** – Retaining the best people you can. **Thursday 27 April (1-5pm)**
- **Product Design & Protection** - How to design and protect your innovation. **Thursday 25 May (1-5pm)**
- **Commercialisation** – Successfully heading to market. **Thursday 15 June (1-5pm)**

To register, please visit: <https://tbat.co.uk/the-innovation-challenge/>



| Innovation



# Next Steps

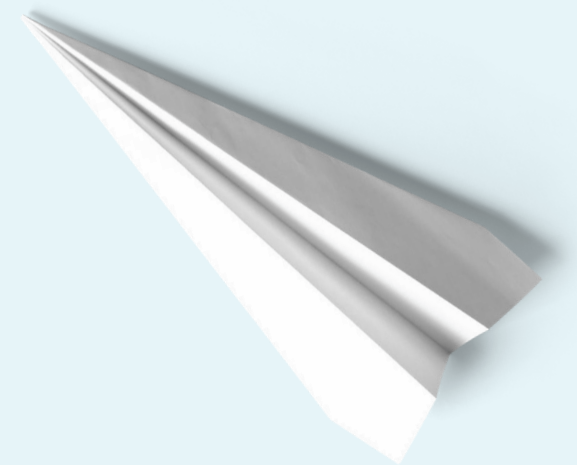


## Full Application Stage

- Due to open 24<sup>th</sup> March & close 31<sup>st</sup> July 2023
- Submit your business plan and further information, for a chance to be selected to pitch at the final showcase on 11th October and have a chance to win the prize package. **Apply here:** <https://tbat.co.uk/the-innovation-challenge-application/>

## Prize Package includes:

- £5000 cash
- Support from selected partners based on the winner's requirements
- 2 runners up will also receive support from partners



# Thank you

# The Innovation

# Challenge

Finance Workshop – All you need to know to fund your business growth and innovation



| Innovation



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Presenters



ROCKINGHORSE

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