How tax-efficient investments help the UK economy thrive

BLACKFINCH
VENTURES

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We live in uncertain and challenging times. The last few years have tested everyone's resolve and reminded us that factors outside our control can have a devastating impact on certain sectors of the economy. But it's important to remember that difficult times often lead to the greatest opportunities. That's definitely the case with smaller, more innovative companies.

The UK remains one of the best places in the world to launch and grow an ambitious start-up. Out of Europe's top 1,000 high-growth start-ups[1], 319 are UK-based, whereas second-placed Germany has 149. The tax incentives available through Venture Capital Trusts (VCTs) and the Enterprise Investment Scheme (EIS) are undoubtedly one of the reasons for this success, they leverage private capital to supercharge high potential companies. For investors, this doesn't just mean 30% upfront tax relief and strong return potential – it also means helping the UK's brightest entrepreneurs to build a better future.

This paper explores high-growth small and medium sized enterprises (SMEs) here in the UK, as well as explaining how such companies can be accessed via tax-efficient investments such as VCTs and EIS.

It explains the benefits and lifecycles of those vehicles. More importantly, we include details of how some of the innovative companies we have backed have managed not only to adapt and evolve in the face of a global pandemic, war in Europe, and the threat of recession, but to seize new opportunities and thrive.

As advisers, you may be having meetings with lots of people within your client bank who are looking for you to help solve their problems – such as reducing their income tax bill or capital gains tax liabilities – or are uncertain about where to invest in more strained times. We hope this paper: Tapping into UK SMEs will give you and your clients reasons to be more optimistic about the future.

As CEO of Blackfinch, I believe that difficult times unleash grit and passion in those with ambition, and nowhere is this more evident than within the UK SME sector. With the continued support from investment houses like Blackfinch, and with continued funding from UK investors, the future of the UK economy will undoubtedly thrive.

Richard Cook
Founder and CEO of Blackfinch Group

[1]McKinsey & Company Winning formula: How Europe's top tech start-ups get it right

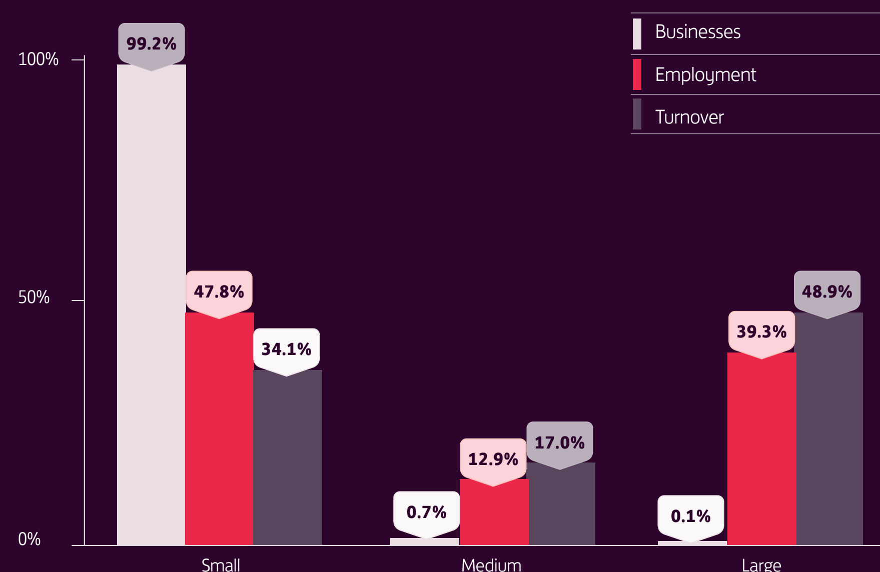
The UK's SME sector: facts and figures

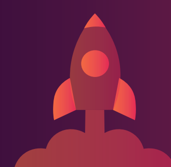
The UK has always had an enterprise culture, and it still does today. According to the Department for Business Energy & Industrial Strategy, the number of private sector businesses in the UK at the start of 2022 was 5.5 million. Of these, 5.47 million were 'small' (0-49 employees), 35,900 'medium-sized' (50-249 employees) and 7,700 were 'large' businesses (250+ employees). In other words, here in the UK, SMEs account for 99.2% of the business population[2].

While large businesses make a major contribution to UK employment and turnover, the contribution coming from SMEs is impressive. They account for three-fifths of the employment and around half of turnover in the UK private sector. At the start of 2022, total employment in SMEs was 16.4 million (61% of the total), while turnover was estimated at £2.1 trillion (51%). UK SMEs are indispensable to the growth and long-term health of the UK economy.

FIGURE 1

Contribution of different sized businesses to number of businesses, employment and turnover, start of 2022[2]





The total number of UK private businesses has fallen since reaching a peak of 6 million in 2020, an understandable consequence of the pandemic. **However, since 2000, the UK business population has increased by 2 million,** almost all of which has come from UK SMEs.

What makes the UK's SME sector so vibrant?

One of the biggest strengths of the UK's SME sector is its diversity. SMEs include sole traders, corner shops, plumbers, accountancy practices and so many more. The two sectors with the most SMEs are construction (12%) and professional, scientific and technical (11%)[2]. Many of these SMEs are providing a local service or a specialised, small-scale product. However, there is one type of business with broader ambitions that has a large impact on the economy: high-growth SMEs.

High-growth SMEs

High-growth SMEs start small but they are trying to change their industry in some way, and they potentially serve a global market. Instead of returning dividends to founders and shareholders, they take in additional funding to invest and scale into a far larger business.

The proportion of high-growth SMEs is comparatively small, but they have an outsize impact on the economy. In 2020 there were 21,200 startups with angel or Venture Capital (VC) funding, 96% of them employing fewer than 50 people. In total they employed 223,700 people and had turnover of £36.5bn. Productivity in these businesses was 60% higher than the private sector average, with each employee on average contributing an annual £88,100 to UK Gross Domestic Product (GDP). Adding in their UK suppliers and investors, total employment exceeded 500,000.[3]

As good as these figures are, they underplay the economic impact of high-growth start-ups, because their ultimate value comes from what that growth delivers in the longer-term. By definition, high-growth SMEs do not turn into large high-growth SMEs. They either turn into large companies, or more usually they get bought by large companies, adding to the employment and productivity of those firms.

It's also important to appreciate that these start-ups succeed because they are doing something innovative that is of benefit to the world. They are commercialising new science, helping deliver new products to improve consumers' lives, or making other businesses more efficient. Increasingly they even find successful and sustainable commercial models to tackle social and environmental challenges that will enable individuals, businesses and communities to thrive.

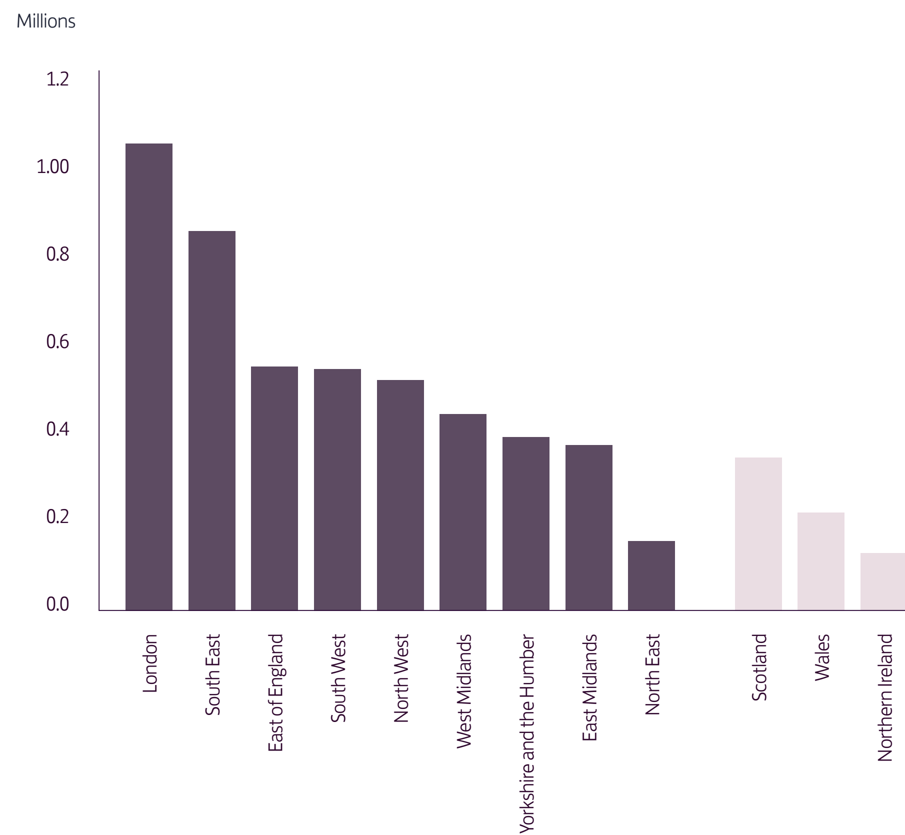
[2]Business population estimates for the UK and regions 2022: Statistical Release
[3]The British Private Equity & Venture Capital Association (BVCA) Innovation Nation 2020 Report

Wide geographical distribution

On a regional basis, London (1 million) and the South East of England (844,000) are home to most of the UK's private sector businesses, although other regions have a strong showing. At the start of 2022, there were 4.8 million businesses in England, 341,000 in Scotland, 207,000 in Wales, and 128,000 in Northern Ireland. The North East had the fewest private sector businesses among the English regions (155,000).

FIGURE 2

Estimated private sector businesses numbers by region and country (2022)[4]



[4]Business population estimates for the UK and regions 2022: Statistical Release

In 2023, 52% of investments were made into companies outside of London.

Although there's a concentration of high-growth startups taking investment in the capital,[5] there's also an exciting opportunity to increase diversification and invest across the UK.

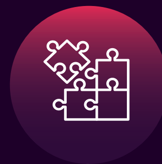
[5]Beauhurst 'The Deal 2023'

The Start-Up Journey

A high-growth start-up typically begins with an idea: an idea of how something can be made better in the world. It might be an idea for a new consumer service. It might be an application of an exciting new technology. It might be an insight from a career in a niche industry as to how that industry could operate more efficiently. Or it could be one of many other types of innovation.

Growth

Companies can show they're generating revenues and are building their customer base



Product-Market Fit

On the cusp of their scale-up journey

Minimum Viable Product

Searching for a compelling value proposition

Minimum Viable Product (MVP)

An idea isn't even a start if it's not implemented. The first real step is to create a 'Minimum Viable Product' or MVP. It's the most basic, rough version of a product or service that could deliver the essence of the idea to potential customers.

The purpose is to get something into the hands of potential customers at the earliest possible opportunity to see if anyone will really buy it. Because most attempts fail. Target customers may be enthusiastic about the idea, but perhaps the problem it addresses isn't sufficiently important, or the solution isn't practical, or there's no budget available, or they "just need this feature added". However, it's always an excellent opportunity to gain direct feedback and understanding of what is really needed in the market.

Creating the MVP is therefore nearly always an iterative process: creating a proposition, taking it to potential customers, getting feedback, then modifying the proposition – or sometimes modifying the target customers. Finding a receptive market segment – and focusing on it – is as important as getting the core product and pricing model correct. For example, the price that your target audience is prepared to pay for the value they perceive in the idea, compared to the cost of production and desired margins.

Founders are sometimes able to fund MVP work themselves, perhaps alongside another job, but often they have to take external investment. However, such investments are very high risk: the search for a successful MVP is essentially research, and there is no guarantee it will be achieved before any funds are exhausted.

Investing at this stage tends to be the preserve of the founders' friends and family or of angel investors. There is typically negligible concrete evidence of likely performance, with investment decisions based on conviction about the broad idea, and confidence that the founding team has what it takes to execute successfully. The attraction, though, is being able to get a significant stake (and influence) in a company for a relatively small cost. There are potentially very large returns available from those companies that do succeed.

Product-Market Fit

All going well, there comes a point where the MVP is snapped up by early-adopter customers. It may still be very basic, but it meets a commercial need of those customers. This is 'Product-Market Fit' – a product at a price that meets a need of the market.

Suddenly there is revenue to help fund the business, although initially it is likely to be very low. Equally important, there is solid evidence from the market that customers are willing to incur the cost and time to adopt the new product. It also allows the business to start collecting metrics about sales, business model, and the value it delivers to its customers. These metrics help the business understand its performance, operations and what to improve.

At the same time the founders face many fresh challenges. They must start delivering to customers and supporting them. Those customers won't tolerate the primitive product for long – quickly demanding the standards of established products – which necessitates rapid development work. Founders must get to grips with their finances and metrics. And unless they want the company to stagnate, they must expand or at least maintain their sales and marketing efforts.

All this requires an expanded team, and it requires funding. Angel investors will typically continue to invest at this stage, but it is often also when the first early-stage institutional investors get involved. Company valuations are still relatively low, offering the potential of attractive returns, but equally the risks are still relatively high.

The first consideration for any potential investor is whether the company really has achieved product-market fit. A few sales might be the result of a founder's 'black book' personal contacts, or of a consultancy process in which the solution has been designed for the individual circumstances of those first customers. Neither is necessarily indicative of wider market acceptance.

Investing therefore warrants extensive investigation into a company and its founders. It means not just counting customers, but talking to them; not just looking at early metrics but analysing assumptions about how those metrics may change as the company scales; not just talking to the founders, but talking to everyone in the business.

Such detailed analysis allows investors to blend initial financial and business metrics with qualitative assessments to build a full picture of what the founders have achieved, the challenges that still lie on the journey ahead, and their prospects of navigating them. The aptitude, attitude and abilities of founders are still crucial to the likely success of the company, but the company and the team they have already created offer far more evidence of these qualities than is available at MVP stage.

Growth

Companies that have achieved product-market fit are still very small relative to their market size, and they need to scale quickly. While they have many of the pieces of success in place, there is plenty still to be done. They must now build a team on a bigger scale. When the founders can no longer directly manage everything, how can they still preserve the values, agility and high levels of customer service that have brought the company to this point?

Competitors are also likely to start paying attention and reacting at this stage. It makes it even more important to scale the business quickly before others can catch up. Again, it normally requires further funding, which can start to be on a larger scale given that the business is that much bigger. Valuations also tend to be higher, but returns – and risks – are still high by the standards of mainstream investments.

Investing is a little more metric-driven at this stage but there are still many questions that investors need to explore. Does the company understand exactly where to spend each additional pound in sales and marketing in order to deliver specific additional revenue? How big is the market segment that this business can actually serve? (It's very rarely the whole market.) And how will the unit economics change as the business scales?

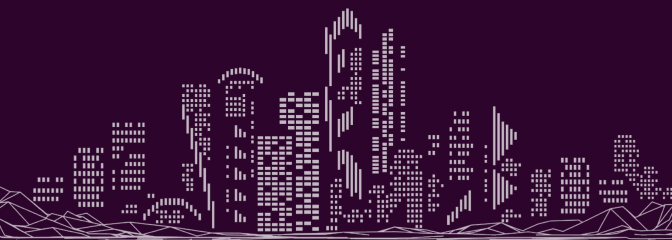
Similarly on the people side, it's still very important to interview many employees at all levels. What is the culture of the expanded team? And are the systems and processes able to service and support the greater number of customers. For example, with business customers needing individual attention, it's one thing handling 2 or even 20, but 200?

What is the role of tax-efficient investments in supporting these different stages of growth?

The UK government has long recognised the importance of early-stage start-up investing for the future of the economy. Given the high risks involved for investors, it introduced the EIS and VCT schemes in the 1990s to offer tax advantages to private investors willing to take those risks. Importantly, the tax incentives limit the losses to which an investor is exposed, but do not reduce the potential upside. The government gets ample reward in the form of higher taxes from successful businesses and the teams they employ.

The schemes have been hugely successful, helping to have established the UK as the leading centre for venture capital (VC) backed start-ups in Europe.

In just the first three months of 2022, VC investments into UK companies totalled c.£5bn, more than 30% of the total across Europe[6].



[6]Pitchbook, quoted by City AM

EIS
Investing in early-stage companies

The Enterprise Investment Scheme (EIS) was introduced in **1994,** since then it has become the standard way for qualifying early-stage companies to start their journey towards becoming market leaders.

According to HMRC, since 1994 more than **32,000 companies** have received investment through the scheme, and more then **£24 billion of funds have been raised[7].**

Companies must meet strict eligibility criteria to be permitted to raise funds under the EIS scheme. For example, while overseas companies can qualify, they must maintain a 'permanent establishment' in the UK, typically with senior employees based in the UK. See our comparison table on page 19 for more details.

More recently, the Seed Enterprise Investment Scheme (SEIS) was established in 2011 to encourage capital investment into even younger start-ups. It's also been highly successful, helping more than 13,800 businesses and raising more than £14 billion of investment. The SEIS scheme was extended in the 'mini budget' of September 2022 – one of the few announcements that wasn't subsequently withdrawn.

Both EIS and SEIS serve the same overarching purpose: to unlock capital on behalf of early-stage and pre-profitable companies that would otherwise present too great a risk for individual investors while being too small for more traditional Venture Capital firms.

Tax reliefs for EIS investors

Investing in EIS-qualifying companies means investors can claim a range of valuable tax reliefs, including 30% income tax relief and growth free of capital gains tax. These reliefs are designed to encourage investment and to offset the risks of investing in early-stage businesses.

For EIS investments to qualify for the reliefs, the investor must buy shares directly in the qualifying company or a firm must buy shares in the company on that investor's behalf. In either case, the investor must hold the shares for a minimum of three years.

Claiming loss relief

EIS investors can claim loss relief when any of the EIS-qualifying investments in their portfolio are disposed of at a loss. Loss relief can be set against the investor's capital gains or income tax at their marginal tax rate. Coming on top of the original income tax relief, loss relief limits the proportion of capital invested that can be lost.

It is loss relief that makes EIS a good mechanism for investing in young companies at the 'product-market fit' stage, where risks are higher than for slightly later stage growth companies. Excluding fees, a higher rate tax payer would lose only 42p per pound invested in a company that is completely written off, whilst gains on companies in their portfolio that succeed could still have the potential to be many times the amounts invested.

Carry back income tax relief

In addition, EIS investors can 'carry back' income tax relief to the previous tax year. In other words, if the investor is entitled to claim 30% income tax relief, but that 30% is higher than what they owe in income tax, they can 'carry back' the amount against the income tax paid in the previous tax year. The remainder can then be used to reduce their income tax due for the current year.

[7] GOV.UK Enterprise Investment Scheme, Seed Enterprise Investment Scheme and Social Investment Tax Relief: Commentary 2021

VCTs
Investing in high growth companies

The average age of a VCT investor has fallen from **67** years old in 2017 to just **56** in 2022, just going to show more people are looking to benefit from the growth opportunities and the tax incentives available through VCTs **before** they reach their retirement.

Investing in VCTs

VCTs have a different structure to the EIS scheme. A VCT is a specialist investment company listed on the London Stock Exchange. It has a board of directors responsible for overseeing the performance of the VCT and appointing the manager in charge of running the investments. Investors buy shares in the VCT, and it is the VCT that then invests its funds in start-up companies. The VCT must follow its own strict rules, for example ensuring that a minimum of 80% of funds raised are invested in qualifying high-risk businesses.

But in recognition of the risks of the smaller, younger companies in which the VCT deploys its funds, investors are again entitled to several tax reliefs, including 30% income tax relief and tax-free dividends, providing they hold their shares in the VCT for a minimum of five years.

Why are VCTs so popular?

It's clear that VCTs are both well-established and popular with investors. After a small decline during the coronavirus pandemic, in the most recent tax year investors placed more money into VCTs than ever before. In fact, VCTs broke through the £1 billion investment barrier in both the 2021/22 and 2022/23 tax years.[8] Individuals can currently make investments of up to £200,000 in a tax year, and over the last few years they've become an accepted, and often extremely useful, way for people to reduce their tax bills and as a complementary part of their pension planning arrangement.

But alongside tax planning opportunities, VCTs are an extremely useful investment vehicle in themselves. They allow investors to build a more diversified portfolio, by giving them exposure to exciting smaller companies they normally wouldn't be able to access. They can give investors access to specific areas of real growth potential, such as disruptive digital-first businesses. And investors can use VCTs to deliver a steady income stream in the form of tax-free VCT dividends. It's no surprise that more investors are realising the benefits of adding VCTs to their long-term investment plans. It's also well worth noting that VCT investors are getting younger too – the average age of a VCT investor has fallen from 67 years old in 2017 to just 56 in 2022. This means more people are looking to benefit from the growth opportunities and the tax incentives available through VCTs before they reach their retirement.

[8] Association of Investment Companies (AIC) article, September 2023

Which companies qualify for EIS or VCT investment?

HMRC has strict rules that companies must satisfy to be eligible for EIS and VCT funding. For example:

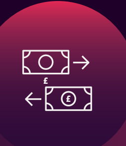
- A first SEIS, EIS or VCT investment can be no more than seven years* since a company's first commercial sale. Older companies are generally expected to have the track record to be able to raise funds without tax incentives.
- A company must have a permanent UK presence.
- A company must carry out a 'qualifying trade'. Trades such as banking, agriculture, property development and energy generation are excluded.
- A company must have fewer than 250 full-time employees.
- A company's gross assets must not exceed £15 million prior to the shares being issued.
- A company can raise no more than £5* million SEIS, EIS and VCT funds in any one year, or £12* million in its lifetime.
- The funds must be used for growth and development, and the investor's capital must be at risk.

While some rules only apply at the point shares are issued, others are applicable while the investment is held, or for the EIS three-year qualifying period.

**More generous limits apply for companies that meet additional conditions to qualify as 'Knowledge Intensive'.*

Choosing between VCTs and EIS investments

It's important investors understand the differences between VCTs and EIS as the investment structures are quite different.



VCT

With a VCT, the investor buys shares in the VCT

↓

They then receive dividends from it subject to the performance of its investments in early stage high growth companies

↓

The investor can choose when to sell their VCT shares – usually back to the VCT at a small discount – but they must hold them for at least five years to retain the initial income tax relief

EIS

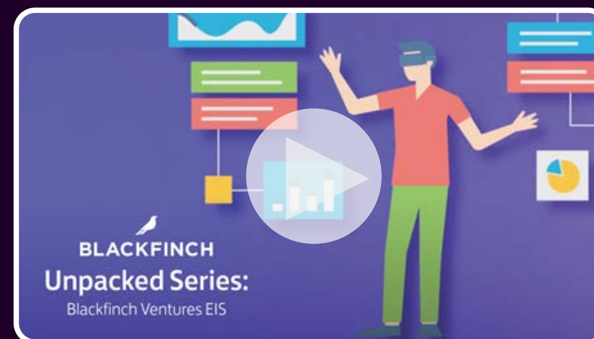
With an EIS fund or managed portfolio, the fund manager will invest the investor's funds into multiple early stage high growth companies over a defined period of time

↓

Tax reliefs will be granted on each of these investments as and when they are made

↓

Investors typically do not choose when to sell their shares; they will receive the proceeds from each company when it achieves an exit. An exit is usually when the company is sold or (less often) lists on a public market.



Watch more about VCT and EIS's in our new 'Unpacked' series. Just click the videos above to watch now!

The table below outlines other key points of difference for investors to consider before making any investment decision.

	VCT	EIS
Maximum subscription per tax year	£200,000	£1m (or £2m for knowledge-intensive companies) plus £1m carry back to previous tax year
Investment time horizon	5+	5-10 years
Average portfolio size	30-60 companies	4-15 companies
Is Income Tax relief available?	Yes: 30% provided shares held for minimum of five years	Yes: 30% provided shares held for minimum of three years
Can Loss Relief be claimed?	No	Yes
Can IHT relief be claimed?	No	Yes: after 2-year holding period
Are gains free from CGT?	Yes	Yes
Can it be used to defer a previous Capital Gain?	No	Yes
How is income taxed?	Dividends are tax free	Dividends are taxed

How to differentiate between VCT and EIS

Investors might want to consider the differences between VCTs and EIS is a question of size and maturity. A typical VCT will invest in lots of different portfolio companies at once, and this greater diversification is a good way to reduce the impact of any investments that fail or struggle to do well. Companies in a VCT portfolio are more likely to be already established and in the growth stage of the journey, possibly already making a profit.

With a portfolio of EIS-qualifying companies, the size of the portfolio is likely to be smaller. A more concentrated portfolio means there's a greater impact should some of the companies fail, though equally potentially greater returns should there be a large exit from one company. EIS companies are more likely to be in the 'product market fit' stage, needing investment to help them become profitable, although there's no guarantee of success. That's why an EIS investment comes with additional tax reliefs compared to a VCT, notably loss relief that helps minimise the loss on any one company.

Portfolio success stories

After a turbulent few years for UK SMEs, it's important to remember that some companies have proven their resilience and emerged from past uncertainty with even greater ambition for the future.

Let's take a moment to shine a spotlight on some of the exceptional companies Blackfinch has invested in over the past few years through their EIS and VCT.

tended

Tended

Preventing worksite accidents with state-of-the-art geofencing technology

www.tended.co.uk

Tended is a safety wearables start-up that designs innovative, proprietary hardware to prevent workplace accidents and fatalities. Run by visionary founder and CEO, Leo Scott Smith, Tended began developing wrist-worn devices that would call for help and send GPS (global positioning system) coordinates to trusted contacts in case of emergencies. Leo was inspired to start the company after spending time in some of Nepal's remotest earthquake-prone areas. Tended's latest product is a body-worn device that uses a highly accurate positioning system to alert workers should they stray into a dangerous zone, such as a live rail track. Centimetre-level accuracy and almost instant situational feedback, with no additional infrastructure required, make the Tended device unique in the industry.

It's been exciting to see how Tended has evolved since 2019 as it now looks to become an invaluable technology partner within the rail sector, saving hundreds of lives in coming years. Leo is named on the highly acclaimed Forbes 30 under 30 list of young innovators and Tended was recently named as one of TIME's best inventions of 2023.

"2023 was our most exciting year yet, with paid pilot schemes converting into fully-fledged customers who are now using our unique geofencing safety devices across their rail networks."

*Watch Tended Founder and CEO Leo in our **'Fearless Founders'** Series!*

Illuma

Advanced contextual targeting solutions for advertisers

www.weareIlluma.com/

Illuma's approach to programmatic advertising has set new standards in effectiveness. Its customers are enjoying exceptional returns on their advertising spend, as Illuma has continued to improve its technology since our first investment in 2021. This has driven strong year-on-year revenue growth, and it has also won a host of marquee customers over the last 12 months, including P&G, Lego, Meta, HP and Pfizer. When we first invested in Illuma, we saw a company poised to capitalise on a cookie-less world for online advertisers. It already had strong technology in place, including an artificial intelligence (AI) infrastructure that allows for super-fast identification of context-driven performance and recommendation. Since then, Illuma has executed its enterprise go-to-market strategy effectively, including establishing a US sales team.

Illuma is on track to be a leading online ad-targeting technology and within a few years could be deployed in many of the world's largest companies. For one customer, Illuma achieved an impressive 568% improvement in return on investment, highlighting the platform's effectiveness against competitors. Its objectives for 2024 include the completion of strategic platform integrations and a focus on partnerships.

"With Illuma, advertisers can reach their audiences more effectively, without compromising on privacy. Our AI-driven contextual targeting technology is a game-changer, offering brands the opportunity to scale their campaigns beyond the constraints of traditional cookie-based methods. As the industry prepares for a cookie-less future, Illuma is standing at the forefront of innovation."

Peter Mason, CEO of Illuma

Uplearn

Next-generation education

www.uplearn.co.uk

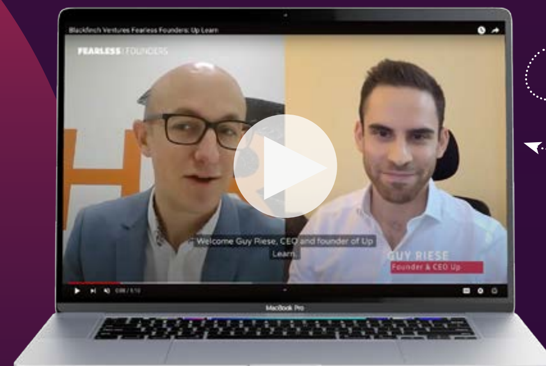
Up Learn is an educational software platform founded by Guy Riese and is the fastest way to guarantee A-level success for every student. Guy himself self-studied his way to straight A*s using the same cognitive science techniques he later built into the company. Since our investment, Up Learn has grown ahead of its ambitious plans, with September revenue doubling against the prior year and showing no sign of slowing down. The roadmap is also being delivered at pace. Key to this is the rollout of GCSE content, widening the target audience from A-levels alone. It launched its GCSE product launched to a select audience, and early feedback was extremely positive.

A critical commercial proof point for Up Learn was the extent to which schools (rather than parents) would pay for the platform. School sales have been extremely strong over 2023, with a landmark Multi Academy Trust deal signed late in the year. As Up Learn expands into more subjects and stages, it won't be long before it also begins to explore international opportunities, which increases the opportunity size even further.

> "Our comprehensive, science-backed content ensures that any student can attain A or A* grades, no matter their background or starting point. 97% of students that complete Up Learn A-level courses achieve just that."

Guy Riese, CEO of Up Learn

*Watch Tended Founder and CEO Guy in our **'Fearless Founders'** Series!*

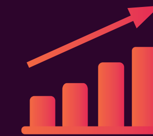


The Blackfinch Ventures approach

Blackfinch Ventures invests in exciting new tech firms with innovative ideas, strong teams and ESG (Environmental, Social and Governance) values at their core. A team of eight is supported by the wider Blackfinch Group of more than 120 talented staff, and a network of external Venture Partners.

The team's highly structured investment process is designed to avoid bias to region, people, culture or product. As a result, across the VCT and EIS portfolios managed on behalf of investors, the portfolio companies are exceptionally diverse, located from Lincoln to London, and operating in many sectors from Wearables to Water Technology. Through the Ventures team's experiences as founders of innovative and fast-growing tech companies – and with the assistance of Blackfinch's external Venture Partner network – they actively support companies from initial investment through to exit.

Here are some of the specific criteria that we look for.



High growth potential

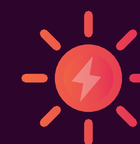
Companies must be capable of growth through disrupting large growing markets that are typically worth at least £1 billion. They must also offer the potential for significant returns at exit. We're focused on growth within the investment timeframe for EIS and VCTs. As a result, we avoid investing in companies operating in highly regulated industries that take a long time to get to market, and therefore to exit.

Existing revenues and customers

Companies need to show evidence of having gained traction in their respective market or sector (usually in the form of existing revenue). Companies also need to show their plans for customer acquisition and retention, including growth metrics. We know that firms with these characteristics have a higher chance for efficient, quantified growth which is key to future success.

Strong leadership teams

Companies must have management teams that are highly motivated, driven and have a track record of making excellent decisions under pressure. Team members must complement each other in their skills, and teams must have the strength and depth to cover core operational areas. We will assess each teams' work ethic, and how they handle challenges, to determine whether they are prepared for the next stage of the company's growth.



ESG focus

We will consider the company's overall purpose as well as its values and attitude towards sustainability. We only invest in companies that are aligned with our own views on ESG issues. We look to support young, entrepreneurial companies that offer solutions that make a positive contribution to the world. Our investments are also aligned with the UK government's focus on technology firms, supporting innovation, creating jobs and strengthening the UK economy.

Venture Partners

Growing a start-up can present new challenges on a weekly basis, so guidance and input from experienced board members can be invaluable.

We have built a network of Ventures partners who have a broad range of experience that spans from founding and exiting their own tech start-ups to leadership roles in some of the country's biggest organisations. We appoint one of these talented individuals as our director on the board of portfolio companies. Not only does this drive good governance and best practice, but it also means ambitious young founders can benefit from having someone experienced on the board who has been there and done it before.

And recently, our Venture Partners have been an invaluable extension to the core Blackfinch Ventures team, adding meaningful input, guidance and professional support to the portfolio companies.

"We've received an abundance of support and guidance from Blackfinch and its Venture Partners that has been critical to our growth, from technical support to strategy and go-to-market planning."

Leo Scott-Smith, founder of Tended

Ashley Unitt (co-founder of NewVoiceMedia) gave regular support to CompareSoft, helping it to become one of the most capital-efficient companies in the portfolio.

Andrew Hughes is an entrepreneur with a track record of success, having successfully established three high-performing digital start-ups from concept to exit.

Ex-founder **Geraldine Osman** has been sharing her marketing expertise with service governance company Clientshare.

Next Steps

Investing in the Blackfinch Spring VCT

Our VCT invests in established firms at the growth stage of development. This brings a higher chance of success, alongside VCT tax benefits. We invest in firms that have already raised funding, gained traction and are seeking investment to help accelerate the scale-up process.

We target companies with the potential for higher returns at exit. They need to show they have revenue and customers, and are capable of disrupting large, growing markets. We invest in companies with strong management teams that have complementary skills and are ready for the next phase of growth.

Find out more →

Create an VCT Illustration

Apply Online

Invest in the Blackfinch Ventures EIS Portfolios

Our EIS supports new firms that can demonstrate product-market fit as they grow. We're focused on supporting disruptive businesses, offering products that address real-world needs. These firms have the potential to change the way we live and work, and are set to transform global markets.

While higher risk investments, these firms offer higher return prospects. We target a base return of 3x on investment across a portfolio of at least 10 companies. This is alongside providing access to Enterprise Investment Scheme (EIS) tax benefits.

Find out more →

Create an EIS Illustration

Apply Online

Looking for Funding?

We invest in innovation, with a technology mandate, supporting exciting new and growing tech firms with great ideas, strong teams and ESG concerns at their core.

We're always on the hunt for exciting companies that are disrupting their markets so if you' re looking for funding or you'd like to hear more about how we work don't hesitate to get in touch!

Find out more →

IMPORTANT INFORMATION

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