

BY POST AND EMAIL

Please find below our feedback on **The Graham Review of SFLGS – Call for Submissions**.

About us

- *Investors Private Investor Network Ltd*, is a London-based business angels network with 40 investor members. Deals tend to be £50k to £500k. *Investors Advisory Services LLP* helps businesses raise finance of up to £1m.
- In the course of helping companies raise finance, through our own network or from other sources (Regional Venture Capital Funds, NESTA, banks and other investment funds), we have helped companies raise SFLGS on seven separate occasions. All of these have (i) been start-up companies or early stage (trading for less than two years), (ii) have raised SFLGs of £50k to £100k and (iii) have been given SFLGs alongside other equity injections to a minimum of 30% of the SFLG value (e.g. £90k SFLGS alongside a new injection of equity of £30k).

Comments

- Overall, we think the SFLG is a very useful scheme in helping companies, both start-up and existing, raise small amounts of debt (typically £50k to £100k).
- However, the willingness of bank managers at high street banks to use the SFLGS varies, not only from bank to bank, but from bank manager to bank manager.
- We would like to see (a) a greater willingness for lenders to lend under the SFLGS and (b) increasing the initial lending cap from £100k to £200k, for companies less than two years old. We welcome this review.

Responses to specific questions in the paper.

1 Understanding the Market

- (i) Increased private investor participation through EIS tax relief; SFLGS; Regional Venture Capital Funds; NESTA
- (ii) Yes
- (iii) Start-up companies and technology companies
- (iv) No comment
- (v) Possibly

2 Understanding how SFLG is used today

No comment

3 Delivery and administration of SFLG

- (i) It is good to keep the interpretation of 'available assets' flexible. A common issue here is whether or not equity in a property shared with a partner is considered 'available' for security. In most cases, we believe it is not available, but lenders should be given discretion as to whether or not this is the case.
- (ii) No comment
- (iii) No comment
- (iv) For start-up companies, this should be increased by at least 50%, ideally 100%. There are some good cases where early-staged businesses would benefit from SFLG of greater than £100k.
- (v) No comment
- (vi) They are fine.

For your information, we produced a Guide to Raising Finance of up to £1m, which we believe companies have found useful (attached).

Yours faithfully,

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