

RESPONSE FROM PETER VG WALL

I write in response to the consultation document regarding informal capital raising.

For many years I have been involved with a number of Business Angel Groups, including Techinvest in the NW and YABA in Yorkshire, and have myself made a quite large number of investments, some of them very small, some closer to the average. Some have been successful, some a disaster, some neutral. All have been a challenge and all have been exciting to be involved in.

Q.1. The business angels (ba) I know are not bothered about certification, because either they do not know about it, they do not care for it, they would find it difficult to conform - they are themselves 'serial entrepreneurs', or they believe they find all the opportunities they need already from their own networks.

Q.2. Small firms may find raising capital challenging, but probably not as a result of certification. It is difficult to believe that increasing the number of certificates will increase a worthwhile smaller company's ability to reach its 'target' investor more economically or more satisfactorily than the present networks, like Techinvest or YABA. Unsolicited mailings to certificate holders is unlikely to do much to promote the cause of the fund seeker; it might even have the reverse effect. Certainly it will be costly.

Q.3. Unsolicited, unqualified approaches to ba are likely to be greeted with considerable scepticism, and perhaps even displeasure, by a group of individuals who are themselves, by their very nature, already quite capable of discovering new opportunities of interest within their own networks.

Q.4. Seems irrelevant to me, given my belief that certification is not a useful criteria.

Q.5. As Q.4.

Q.6. No.

Q.7. - Q.10. Seem irrelevant to me, given my belief that certification is

not a useful criteria.

Q.11. All the usual complications with tax relief etc., all of which, including EIS, remains complicated and too narrow. The small firms loan guarantee scheme could also benefit from an overhaul to simplify and widen the net. Ba take risks. They can do well, but so then does the economy. It would be good to try further to emulate the much more encouraging and enterprising tax regime in the USA regarding private investment and personal tax.

Q.12. I rarely syndicate, but I believe the standard Revenue issues can be a problem, especially if one investor has greater tax saving capacity than others. There may be a case for treating a syndicated investment as a tax effective instrument of itself.

Q.13 & Q.14. Forms, complexity and meanness!

Peter Wall.
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