

29th November 2011

Government announces major catalyst for angel investing in innovating entrepreneurs

Business Angel Investing received a strong boost from Government today, through both a new major **50%** tax relief for seed stage investing and the launch of a new **£50m** angel co-investment fund.

Notably in his Autumn statement today, Chancellor George Osborne has announced that investors wishing to back very early stage seed stage businesses can gain up to 50% tax relief. Under this new **Seed Enterprise Investment Scheme (SEIS)**, commencing from April 2012, which will be similar in design to the current Enterprise Investment Scheme (EIS), the focus will be on supporting new early stage companies with **25 or fewer employees and assets of up to £200,000** which are carrying on or preparing to carry on a new business. For investors the maximum an annual investment limit for will be **£100,000** and the maximum that any early stage business can receive cumulatively under this scheme will be **£150,000**.

Today also marks the launch of the **new £50M Business Angel Co Investment Fund**, to be named the *Angel CoFund* and will be investing alongside Business Angel syndicates from across England. The fund shortly opening for business is administered with the support of Capital for Enterprise Limited (CfEL) and set up with a grant from the Regional Growth Fund.

The fund is able to make initial equity investments of between **£100K and £1M** in to SMEs alongside syndicates of business angels, subject to certain geographical restrictions and an upper limit of 49% of any investment round. Investment decisions will be made by the independent Investment Committee of the fund based on the detailed proposals put forward by business angel syndicates.

Anthony Clarke, Chair of BBAA stated: "As the trade body for angel and early stage investment in the UK, we are extremely pleased that the Government has recognised the importance of backing angel investors to bring their financial capacity and business experience to support small business growth and jobs. This enhanced 50% tax break will

stimulate high net worth individuals to see the benefits of using their cash for investments in very early seed stage businesses where, even with the current EIS scheme, these deals may have seemed too risky.

BBAA has been working with Capital for Enterprise for some time to support this new co-investment fund and we are delighted that this has now been launched to bring angels together in syndicates to pool their resources and expertise. This will significantly strengthen the angel market, offering the opportunity to leverage up to £1m additional finance in each deal to support high growth potential businesses”.

End

For further enquiries, contact jenny@bbaa.org.uk, 0207 321 5675

Notes to Editors:

About the BBAA www.bbaa.org.uk

The BBAA is a national trade association representing early stage investment in the UK. The BBAA represents a membership that is committed to promoting the asset class as a viable form of both investment opportunity for investors and a form of capital injection for companies starting up and wishing to grow and develop whilst utilising the experience of their angel/early stage investors.

Each year private investors account for between £800 million and £1 billion of early stage investment in the UK – the single largest source of early stage capital in this country. The BBAA works to create an eco-system to help support the industry bringing together angel networks and their investors with early stage venture capital funds and their advisors.

The BBAA exists to represent UK early stage investment and has a number of roles which include:

- Promoting angel finance as the primary mechanism for new and high growth potential businesses to fund their growth requirements.
- Encouraging contact and the exchange of experience and ideas between angel groups and other sources of funding – most notably VCs through networking events and regular communication with its membership.
- Creating links with other UK and international associations and organisations.

- Engaging in regular dialogue with government and other opinion formers at a national level to help shape policy for the benefit of the industry.
- Having an agreed code of conduct for all Members to promote best practice and transparency across the industry.

New Angel Co-Investment Fund

For more information on the Angel CoFund please click [here](#).

NB The fund is not open to direct approaches from individual businesses and **those seeking investment should first secure the interest of the business angel syndicate or network**. Businesses seeking investment can find more information on business angels, syndicates and networks from the **British Business Angels Association** website www.bbaa.org.uk.

To download details on the Investment Paper and Due Diligence requirements please click [here](#).