



Emsworth
Corporate
Planning Ltd

RAISING CAPITAL TO GROW YOUR BUSINESS



Tier 1 Entrepreneur Visa Scheme



Facilitating international investments

www.emsworth-corporate.co.uk

RAISING CAPITAL

Are you looking to raise capital to develop your business?

ECP provide opportunities for investors and businesses to invest in innovative start up companies looking to raise capital.

We pride ourselves on our ability to match the right investor with the right company. This will lead to an effective, happy and most importantly successful partnership for both parties involved. We work closely with and take into account the requirements and circumstances of your business and the investor.

We always ensure that the non-EU investor will be highly qualified, experienced and possess a good standard of spoken and written English as required by the legislation involved.

We will then match the investor with a startup company that has a history of generating revenue and will have a strong and passionate management team. The company may also be able to benefit from the international contacts associated with the investor.

Are you looking to grow your SME?

For SME's looking to help their business grow, there are many different routes that can be taken in order to raise capital. One of the lesser-known routes for SME's is the Tier 1 Entrepreneur Visa Scheme.

This is a government-backed scheme that allows non-EU nationals to invest a minimum of £200,000 (via equity or debt) into a UK registered company. Given that certain criteria are met and documentation is validated, the investor will then be granted indefinite leave to remain in the UK after 5 years.

In order to secure funding from a non-EU investor, certain criteria must be met in order to validate the investment and both parties involved. This helps to ensure a successful working partnership and prioritise effectiveness within the business.



ENTREPRENEUR VISA SCHEME REQUIREMENTS

The legislation behind the Tier 1 Entrepreneur Visa Scheme states that the applicant must:

1. Become a Director of the investee company with a seat on the board
2. Speak English to a specified level
3. Pass a 'genuine entrepreneur test' which tests the veracity of their application.

The investment must:

1. Meet the minimum of £200,000
2. Be in the form of an equity share or a director's loan
3. Create two new jobs for persons settled in the UK where the employees work at least thirty hours per week and must each be employed for a total of twelve months (minimum) of the three year period of 'initial grant' to the point of extension (the initial grant of leave to remain is for three years which then needs to be extended by separate application by a further two years before indefinite leave to remain can be applied for) and for a further twelve months of the two year extension.

What details will we need from your business?

1. Business plan
2. Historical accounts (if the company is generating revenue)
3. Projected revenues (for the next three years) and method used to calculate these
4. Details of main shareholders and shareholdings, the board and the core management team
5. A completed Investee Company Questionnaire
6. A detailed description of what the funds will be used for
7. Articles of Association
8. Shareholder Agreement
9. Valuation and method used to calculate this
10. Directors' CVs.

A typical Tier 1 Entrepreneur Visa business plan includes the following (cases will vary):

- ▶ A description of the business idea/existing business and any Intellectual Property
- ▶ Any previous experience and qualifications (Curriculum Vitae) of the owner(s)
- ▶ Summary of market research and why the product/service is of use to the customers
- ▶ Why the business is registered in the UK
- ▶ Competition (what is available on the market now)
- ▶ Detailed description of product/service, compared to competitor's product/service



- ▶ Target customers
- ▶ Revenue model
- ▶ Licences and professional registrations required for the type of business
- ▶ Details and experience of core management team and current employees (including the two new jobs the company will create through the investment)
- ▶ What professional services are needed to run the business and what work has been done to acquire them (or contacts made) i.e. accountant, business insurance, employment/business lawyer, IT support etc.

Marketing

- ▶ Advertising and promotion
- ▶ Website, social media and similar
- ▶ SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis
- ▶ PEST (Political, Economic, Social and Technological factors) analysis
- ▶ Where the company will be based and whether another office is needed.

Financials

- ▶ Goals to achieve in the 1st year and the subsequent 2 years (duration of the initial Entrepreneur Visa) on sales and profit
- ▶ What form the £200,000 investment will be in (directors loan or share capital)
- ▶ What the investment funds will be used for
- ▶ Cash flow forecast for the first 12 months (and if required, we could add for the subsequent 2 years). Cash flow forecast includes sales targets (or expected sales), expenses (regular, yearly and one-off), profit/loss.

CASE STUDY

Miss Sophie Wu, Graduate

Source of funds – gifted from Parents

We received Sophie's CV in March 2016, and after a telephone meeting, we realized that she was a serious and well-qualified candidate for the Tier 1 Entrepreneur visa scheme.

Having completed her A-Levels at Roedean school in Brighton, she then went on to receive a first-class degree in Media Studies from York University, followed by a Masters degree in Media from University College London.

Sophie, after spending several years in the UK, decided that she would then like to gain citizenship. She found that this was possible through investing and working in a thriving media business. We met with Sophie in April and discussed several investee options which we felt were suitable.

Sophie felt that she wanted to move to the next step – meeting with two of the companies to determine how strong and relevant the actual fit would be.

After the initial meetings and some further email exchanges between both parties, she agreed terms with her number one choice. In return for an equity investment of £200,000, she would receive an 8% shareholding plus the opportunity to work within the company.

In addition, the investee company agreed to make her a Director with a seat on the Board as well as hiring two full-time employees as a consequence of her investment. The documentation, including the shareholders' agreement and business plan, were then drawn up.

In July 2016 Sophie returned to Beijing and submitted her visa application along with the business plan, and she was called for an interview at the end of August. By the third week of September, Sophie was informed she had been granted her visa and in November she returned to the UK and completed her investment.



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If you own a SME and are looking to raise capital and grow your business, get in touch with our Tier 1 team on **01243 432430** or email **info@emsworth-corporate.co.uk**

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