



Dear Readers,

With the autumn now upon us and the Enterprise Capital Funds bidding closed, our members are turning to their thoughts to their autumn schedule of investor events and the prospects for 2006. Across the country there are not only investor presentation events taking place at least once a week somewhere, but there are also an increasing number of related events – be they seminars, like the one Kingston Smith is hosting on selling your business or TECHiNVEST's all day Workshop on Raising and Making Risk Investment - The Reality. Within the association we are also busy – not least planning our own winter workshop for members (see below). We have also been represented our members at the 2005 Risk Capital Summit earlier this week October, which is being organised as part of the UK's presidency of the EU, and which shall be reported upon later in the year.

We are very pleased to announce that several new members have joined BBAA in the last month, including Yorkshire Business Angels Network, Pi Capital, South Yorkshire Investment Fund and Advantage West Midlands. If you know of anyone else who might be interested in joining please contact Liz Carrington who can let you have the appropriate marketing materials, email her on: [liz@bbaa.org.uk](mailto:liz@bbaa.org.uk).

Kind Regards,

A handwritten signature in black ink, appearing to read 'A.R. Clarke', is set against a light grey, dotted background.

Anthony Clarke  
Chairman

\*\*\*\* BBA Debate \*\*\*\*

**David Beer's response to Vivienne Upcott-Gill's views on the debate  
"What do you think is important in the roles of head of a business angel network?"**

Vivienne is right to be proud of what she has achieved at TECHiNVEST but I have identified three other key characteristics required for a head of a business angel network. Firstly, a network head needs to be able to manage cash. Secondly, the network head has to be able to sell, understand market forces for pricing and increasingly worry about completions to ensure their reputation remains high. Thirdly, there is something that is particularly relevant to the private sector - worrying about the law. At Beer and Partners we need to fret about making sure our staff are "fit and proper" as well as financial promotions and other legislation, let alone all the form filling and fees behind being regulated. We are looking forward to a time when the market place is made more equal between the for-profit and not-for-profit sectors.

\*\*\*Angels Down Under\*\*\*

**An overseas report from Anthony Clarke**

I was invited by the Australian Government to speak about Business Angel investment in Europe at the 12<sup>th</sup> Australian Venture Capital Conference (AVCAL) held on the Brisbane Gold Coast on 28<sup>th</sup> /29<sup>th</sup> September 2005. I also had the opportunity to meet their Government in Canberra on 26<sup>th</sup> and 27<sup>th</sup> September to review the steps that they were reviewing to stimulate their early stage venture capital market.

But first some impressive facts and figures to chew over from down under. The Australian economy has experienced unprecedented growth in the last 12 years. They have a 14 billion dollar budget surplus, almost full employment, record stock market highs all of this fuelled by consumer spending up to the last two years and thereafter by the demand for their raw materials particularly from China. The Australian economy is now approximately one third of the size of the UK economy. The UK has between 20,000 – 40,000 angels investing circa £1 billion per annum so there must be potential for many thousands of active angels investing in SMEs down under.

The problem is that angel investing in Australia is not yet “on the radar” although it was clear from the delegates that I met at AVCAL that there are pockets of angels in most Australian cities. Their Government is now giving serious consideration to kick starting their angel market having reviewed the recent growth of the UK market following intervention by our public sector.

We discussed immediate acceleration measures such as:

- The provision of public sector finance to accelerate the setting up of privately run angel networks in each state facilitating interaction between investors and SMEs seeking equity capital and the incorporation of a national trade body modelled on British Business Angels Association and European Business Angel Network
- Publicly funded capacity building programmes for virgin and latent angel investors run by these new networks
- The setting up of angel co investment funds alongside each of the new regional networks modelled on the UK's early growth funds.
- Tax breaks for angel investors similar to those in the UK.

We now look forward to future collaboration with angel groups down under.

#### **\*\*\*\* BBA Winter Workshop \*\*\*\***

A couple of the ideas that have been suggested for the Winter Workshop are the ramifications of the proposed changes to Companies Law (please see the advice from the expert below) and also the effect on the changes to SIPPs from A-day next year. Please let us know if you think these would be useful topics to cover.

#### **\*\*\* Technical update \*\*\***

#### **ANNUAL GENERAL MEETINGS - WILL THEY DISAPPEAR?**

Currently, Company Law requires all Companies to hold an Annual General Meeting (AGM) at least once a year. Private Companies may opt to dispense with this requirement but only by an elective Written Resolution, that is a Resolution signed by 100% of the members.

The proposed Company Law Reform Bill, proposes that private companies will automatically not have to meet the requirement to hold an AGM unless they opt in to do so by way of resolution of the members or putting the necessary provisions into their constitution on a voluntary basis.

It follows therefore that private companies will not be required to lay their accounts before or to appoint an Auditor if they have one at an AGM.

The opportunity at such annual general meetings for minority shareholders to raise questions on the accounts and ask questions of the directors generally, and indeed for Shareholders to meet, is therefore lost.

Taking this proposed amendment, together with the recent relaxation, whereby limits of turnover have been raised, below which companies are not required to have auditors and audited accounts, means there is less protection for minority shareholders.

Minority Shareholders (particularly Business Angel Investors) will therefore need to take care that when making investments, they ensure that companies opt into the requirement to hold an AGM, either specified in the Shareholders Agreement or in the Articles of Association.

**Ron Norman**

### \*\*\* Update on the Enterprise Capital Funds \*\*\*

Bids have now closed. We understand that at least four of our members have put in bids. We wish you all the best of luck and look forward to hearing who has been shortlisted from the DTI in just under three months' time.

### \*\*\*\* BBAA Members Events by region \*\*\*\*

#### Greater London

**Kingston Smith** is holding a seminar on Selling Your Business at their offices in Goswell Street on 27<sup>th</sup> October

#### Thames Corridor

**TVIN** is holding an investment presentation event on 20<sup>th</sup> October at Green Park, Reading.

**OION** is holding an Isis Innovation Investment Presentation evening on 25<sup>th</sup> October at the Clarendon Laboratory, Oxford.

#### Scotland

**Beer & Partners** is holding an investment fair on 11<sup>th</sup> October in Edinburgh

#### South East

**Finance South East** is holding a r2ise Awareness Event for professional advisers in Tunbridge Wells, Kent on 6<sup>th</sup> October and an Alchemists Investors Event on 18<sup>th</sup> October at the University of Kent.

#### North

**Entrust** is holding an Investors Forum on 18<sup>th</sup> October at The Netpark Incubator in Sedgefield. In addition, North East Equity Matching Fund (NEEMF), managed by Entrust, is celebrating its first birthday following the launch at Ramside Hall in July 2004. The £2.5m Fund has made five investments in its first year, proving an invaluable source of finance which can be accessed in an efficient and cost effective way.

**TECHINVEST** is holding an all-day Training Workshop on Raising and Making Risk Investment - The Reality on 11<sup>th</sup> October at The Park Royal Hotel, Stretton Warrington.

**YABA** are holding an Investment Forum on 25<sup>th</sup> October

BBAA News is a monthly e-newsletter delivered to all members and to other interested parties. It is a plain text email with appropriate links to PDFs or websites etc for further information. BBAA News circulation currently comprises our existing members, prospective members, the press, government officials, the academic community, advisers who take an interest in the industry and other interested parties.

BBAA News offers a major form of communication with members and other recipients. Readers and others provide regular information about their activities - particularly opinion, research results and, in the case of full members, investment success stories to provide readers with an up-to-date and interesting news service on the business angel industry in the UK and how it fits into the wider national financial services environment and the international business angel community. BBAA News also offers a forum to support BBAA's role in lobbying government and promoting the growth of angel investing.

## **ABOUT THE BBAA**

The British Business Angels Association is the new National Trade Association of the UK's business angel networks and associate organisations. It has a number of other roles ranging from supporting its members and lobbying government to encouraging the exchange of best practice, experiences and ideas between its members. It specifically does not have a purpose to promote investment opportunities to investors or to advisers.

If you would like to obtain more detail about the purpose and objectives of the BBAA or to obtain membership application forms please go to [www.bbaa.org.uk](http://www.bbaa.org.uk). In the meantime, if you have any other questions you can contact Liz Carrington either by telephone 0207 089 2305 or e-mail [liz@bbaa.org.uk](mailto:liz@bbaa.org.uk)

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