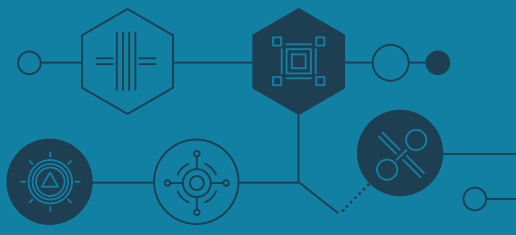
Roxburgh Milkins



Getting Funding Ready

A practical guide for founders building the legal and commercial foundations for a successful funding round.

The excitement of a new business idea often means founders focus on the product, customers and growth. Legal and administrative foundations can feel less urgent. The reality is that investors, lenders and potential buyers will scrutinise these foundations closely. Small issues that are easy to fix at the start can become expensive, time-consuming problems later on.

By taking a few key steps early, founders can put themselves in the best possible position to secure investment, scale effectively and avoid unnecessary distractions further down the line.

Whether you're launching a technology start-up, a services business or the next high-growth success story, these are some of the key areas you should be thinking about from day one.

Why Roxburgh Milkins?

We work with founders, management teams and investors throughout the growth journey - from incorporation and seed funding through to later-stage investment rounds, acquisitions and exits.

Because we regularly see the issues investors focus on during due diligence, we can help founders address them before they become obstacles.

Our approach is practical, commercial and focused on helping businesses grow efficiently without unnecessary complexity.

What investors will be looking for

A funding process is much easier when the obvious questions already have clear answers. The aim is not to create unnecessary complexity, but to avoid gaps that undermine confidence.

Corporate records

- accurate statutory registers
- proper board and shareholder approvals
- up-to-date Companies House filings

Ownership and incentives

- clear cap table
- founder vesting arrangements
- option pool structure

IP and commercial rights

- founder IP assignments
- contractor/employee IP terms
- trade mark/patent strategy where relevant

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Seven steps to becoming investment ready

1. Incorporate the company and keep records straight

Starting with a clean corporate structure can save significant time and cost later. Ensure the company is incorporated correctly, statutory registers are maintained, share certificates are issued, Companies House filings are up to date, and key decisions are recorded properly.

Many businesses only discover gaps in their records when an investor or buyer starts due diligence. By then, reconstructing the history can be both frustrating and costly. Good housekeeping now makes future investment and transaction processes significantly smoother.

2. Structure the initial shareholdings

One of the most common issues we encounter is a cap table that has evolved organically without proper planning. Founders should think carefully about current ownership, future fundraising requirements, option pool expectations and the likely impact of dilution. A simple cap table model prepared at the outset can avoid surprises later.

3. Create an employee share option pool

Investors frequently expect companies to have an employee incentive strategy. A properly considered option pool can help attract and retain talented employees and align key contributors with growth, but it should be modelled carefully as it can impact future ownership percentages and investment discussions.

4. Agree founder terms early

Founder arrangements are easiest to discuss at the outset while relationships are strong. Vesting, good leaver/bad leaver provisions, decision-making responsibilities, restrictive covenants and founder agreements can avoid uncertainty and reassure investors.

5. Secure the company's intellectual property

For many scale-ups, IP is the core asset. Investors will want confidence that the company owns the technology, software, brand, designs and other assets it relies on. Founder and contractor IP assignments, robust employee IP provisions and confidentiality protections are often essential and failure to deal with IP ownership properly can become a major issue during investment due diligence.

6. Understand SEIS/EIS from the start

SEIS and EIS can materially improve fundraising prospects by offering tax incentives to qualifying investors. Consider eligibility early and avoid actions that might cause problems. Obtaining advance assurance can help give investors confidence before the fundraising process begins and businesses that understand and plan for SEIS and EIS early are often in a stronger position when approaching angel investors and early-stage funds.

7. Build the investment story

Investors are backing more than an idea – they are also backing the team, the market opportunity and a credible growth plan. Before launching a fundraising process, prepare a business plan, sensible forecasts, a compelling pitch deck and thorough market analysis.

The strongest fundraising processes generally involve businesses that are well prepared and capable of answering investor questions quickly and confidently.

The bottom line

Preparing for investment is not simply about raising money. It is about building a business on foundations that allow it to scale efficiently. By getting the fundamentals right from the outset - ownership, governance, intellectual property, founder arrangements and investment readiness - businesses can improve their prospects with investors and avoid costly distractions later.

If you are preparing for your first funding round, or simply want to make sure your business is investment ready, we would be delighted to help.

Speak to your usual Roxburgh Milkins contact or visit www.roxburghmilkins.com.

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