

Why you should invest in social enterprise:

Investing in a social enterprise is more than your standard business investment. As well as investing in a company with social concerns at their core, you may also be eligible for other benefits, including:

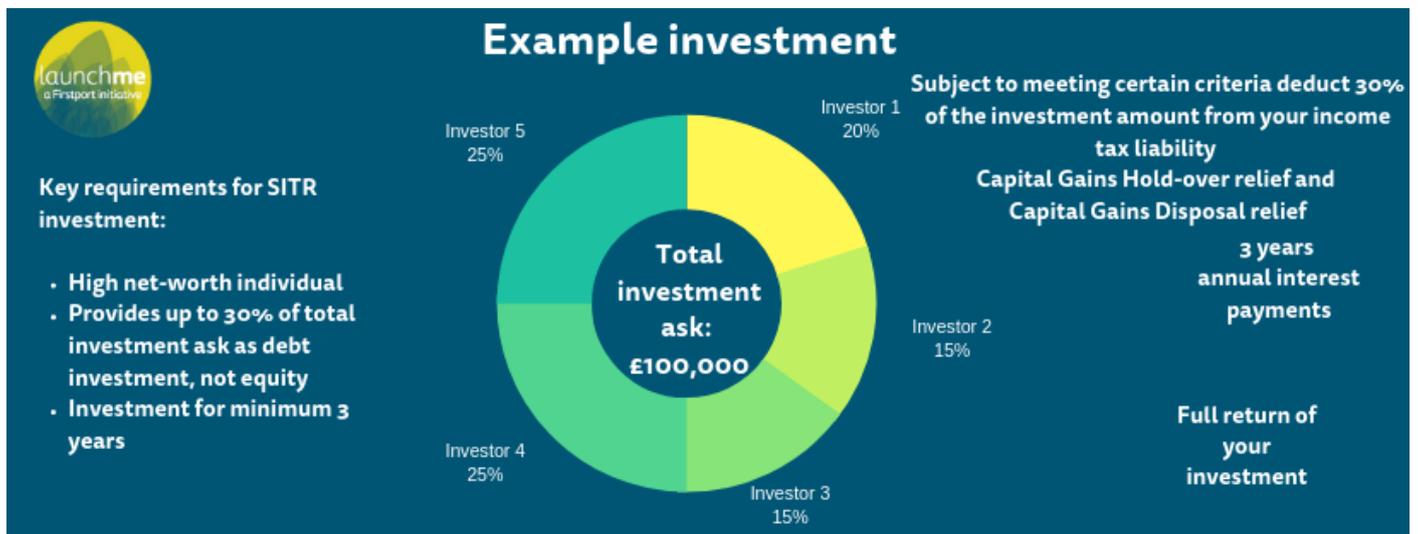
- Social investment tax relief on your investment
- Interest Payments
- Capital gains tax savings

Social enterprise

A social enterprise is a business that trades to tackle social problems, improve communities, people's life chances, or the environment. Just like any other business, social enterprises make money from selling goods and services in the open market, reinvesting their profits back into their social aims. So when a social enterprise profits, society profits.

Social Investment Tax Relief

Social Investment Tax Relief (SITR) is a government scheme that encourages private investors to support high growth social enterprises to access new sources of finance.



Individuals making an eligible investment can deduct 30% of the amount invested up to a maximum annual investment of £1m. Additional benefits could include deferral of capital gains tax liability for the duration of the loan and capital gains disposal relief¹. Businesses must also qualify for SITR, most that have come through LaunchMe have been eligible.

The diagram above shows an investment example for a business seeking £100,000 based on SITR compliance. Individuals support the business on a co-investment basis. At the end of the three-year agreement, investment is paid back by the businesses under repayment terms previously agreed between the investor and the business. One individual could invest more than 30% of the overall ask, however their investment would not be eligible for SITR while others investing less than 30% would be. There is no minimum investment limit.

LaunchMe helps connect you with social enterprises that are SITR qualified to co-invest with other social investors.

Firstport: Firstport is Scotland's development agency for start-up social entrepreneurs and social enterprise.

LaunchMe: Scotland's first accelerator programme for early stage, ambitious social enterprises. LaunchMe consists of a nine-month intensive business support and investment-readiness programme that prepares ambitious social enterprises to secure investment.

To date 29 social enterprises have been supported, 13 of which have gone on to raise over £1 million of private loan funding. Examples of previous participants include Social Bite, Locavore and The Scottish Design Exchange.

¹ Firstport are not financial advisers. You should take independent legal and tax advice before investing and are advised to take advice from a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on investments of this nature. The rates of tax, tax benefits and allowances are based on current legislation and HMRC practice. These may change from time to time and as such, they are not guaranteed and are subject to the personal circumstances of the investor. Investing in early-stage businesses carries a high degree of risk and investors may lose all or part of their investment. Any changes to the leadership team can have a big impact on the success of the company.