

**oxford**  
technology

## **Oxford Technology Combined SEIS and EIS Fund**

### **- OT(S)EIS -**

*Quarterly Report to 30<sup>th</sup> June 2015*

### **Summary**

By 30<sup>th</sup> June 2015, OT(S)EIS had completed 27 investments in 15 companies, as shown below.

The objective of the fund is to invest approximately 1/3 of the principal invested by any investor in SEIS qualifying investments within 12 months of the investment in the fund. This objective has now been met for the early investors in the fund and we expect it to be met for the later investors as well. The other 2/3 of the principal will then be invested in EIS investments, approximately 1/3 from months 12-24 from the date of investment, and 1/3 from months 24-36, and it is expected that most of these investments will be to support earlier SEIS investments which are showing promise. In December 2014 we invested £135,000 as an EIS investment in Lightpoint Medical, as part of a further fundraising for Lightpoint, which was achieved at 5 times the share price of the original SEIS investment. The fact that OT(S)EIS was able to participate in these fundraisings was a contributory factor to their success.

The fund will remain open for investment, so that investors who wish to make further SEIS and EIS investments may invest further in the fund. The minimum permitted investment is £15,000 per year. The maximum is £300,000 per year, which will result in the maximum limit of £100,000 SEIS investments per year. being achieved Some investors have already done this; please feel free to join them. The objectives will be the same - c1/3 of whatever you invest (less modest fees) will be invested in SEIS investments in months 1-12 post investment, c1/3 in EIS investments in months 13-24 and c1/3 in EIS investments in months 25-36. We receive a steady stream of approaches from scientists and entrepreneurs and would like to be able to invest in more of them.

In his 2014 budget, the Chancellor confirmed that the SEIS scheme would become permanent. Please see the next page for details of the SEIS and EIS tax reliefs and IHT benefits.

The following companies are currently in the process of fundraising:

- Lightpoint Medical
- Power OLEDs

If you would be interested in making a direct investment in any of these companies, please get in touch.

## SEIS Tax Reliefs Summary

- Income Tax bill reduced by 50% of investment
- Income Tax bill reduced further if the business fails - up to 22.5%
- Capital Gains Tax bill reduced by 14% of investment
- No tax on Capital Gains from investments
- No inheritance tax on shares after 2 years
- Tax reliefs can be claimed as if the investment had been made in previous financial year, if the investor wishes

## EIS Tax Reliefs Summary

- Income Tax bill reduced by 30% of investment
- Income Tax bill reduced further if the business fails - up to 31.5%
- Capital Gains Tax of up to 28% of investment is deferred. The Capital Gain to be deferred can be made three years before, or one year after the investment.
- No tax on Capital Gains from investments
- No inheritance tax on shares after 2 years
- Tax reliefs can be claimed as if the investment had been made in previous financial year, if the investor wishes

For more in depth details, please consult HMRC, or your financial advisor.

## Example SEIS investment

An investor with income tax of £25,000 to pay and capital gains of £100,000 (on which £28,000 is due to be paid) invests £20,000 under the SEIS scheme.

Investment:

Income tax bill reduced by 50% of this:	£20,000
Capital Gains tax bill reduced by 14% of this:	-£10,000
Net cost of investment:	-£2,800
	£7,200

Should the investee company fail, the remaining part of the investment on which income tax relief has not been claimed (£10,000 in this example), may be set against the investor's income tax liability.

For a 45% tax payer, this relief is worth £4,500






For a 40% tax payer, this relief is worth £4,000

For a 20% tax payer, this relief is worth £2,000

Therefore for a 45% tax payer, with Capital Gains to pay, the loss will be £2,700, so just 13.5% of the £20,000 cost. In the event that the investment fails. If the investments succeeds, and the shares are sold for £40,000 (so twice the purchase price) the £40,000 would be tax free, a multiple of more than 5 times the net cost.







# OT(S)EIS Fund Portfolio

as at 30<sup>th</sup> June 2015

Company	Business	Amount Invested	Date	SEIS/EIS	Net Cost	Fair Value	Multiple*	Method of Valuation	
Run3D		3D gait analysis for physiotherapy	£100,000	18/12/2012	SEIS	£50,000	£100,000	2.00	Latest Share Price
			£15,000	18/10/2013	SEIS	£7,500	£15,000	2.00	
			£10,000	18/10/2013	Non SEIS/EIS	£10,000	£10,000	1.00	
BioMoti		Improved Cancer Drugs	£75,000	08/01/2013	SEIS	£37,500	£37,500	1.00	Discounted by 50%
			£40,000	28/05/2014	EIS	£28,000	£23,200	0.83	
Combat Medical		Bladder cancer treatment	£75,000	05/04/2013	SEIS	£37,500	£86,600	2.31	Latest Share Price
			£75,000	05/12/2013	EIS	£52,500	£78,700	1.50	
			£10,000	29/10/2014	EIS	£7,000	£10,000	1.43	
			£34,300	05/12/2014	EIS	£24,000	£34,300	1.43	
Message Missile		Mobile App enhancement (geo-location notifications)	£16,000	23/05/2013	SEIS	£8,000	£13,000	1.63	Latest Share Price
			£5,000	18/10/2013	SEIS	£2,500	£2,200	0.89	
			£20,000	19/06/2014	SEIS	£10,000	£65,000	6.50	
Ibexis Technologies		Remote datalogging	£50,000	24/05/2013	EIS	£35,000	£14,000	0.40	Discounted to £0





\*Note: Multiple = Fair Value/Net Cost, where Net Cost takes into account only the tax relief against income tax and Fair Value includes loss relief where applicable (and both assume a 40% taxpayer)

**For those investors who also have capital gains tax to pay, there are further CGT reliefs (SEIS) or CGT deferrals (EIS) available.**

Company	Business	Amount Invested	Date	SEIS/EIS	Net Cost	Fair Value	Multiple*	Method of Valuation	
Lightpoint Medical		Real-time imaging for cancer surgery	£75,000	04/06/2013	SEIS	£37,500	£582,000	15.52	Latest Share Price
			£75,000	10/03/2014	EIS	£52,500	£144,700	2.76	
			£10,000	07/11/2014	EIS	£7,000	£15,500	2.22	
			£125,000	04/12/2014	EIS	£87,500	£193,800	2.22	
Metal Powder & Process		High quality metal powder production	£150,000	16/08/2013	SEIS	£75,000	£150,000	2.00	Latest Share Price
Power OLEDs		Improved OLED technology	£75,000	11/12/2013	SEIS	£37,500	£75,000	2.00	Latest Share Price
			£25,000	18/07/2014	EIS	£17,500	£25,000	1.43	
			£30,000	27/04/2015	EIS	£21,000	£30,000	1.43	
Abgentis		Improved antibiotics	£42,200	27/03/2014	SEIS	£21,100	£42,200	2.00	Latest Share Price
Designer Carbon		Endohedral fullerene production	£75,000	03/04/2014	SEIS	£37,500	£75,000	2.00	Latest Share Price
Sasets		Software for construction industry	£75,000	30/07/2014	SEIS	£37,500	£75,000	2.00	Latest Share Price

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Company		Business	Amount Invested	Date	SEIS/EIS	Net Cost	Fair Value	Multiple*	Method of Valuation
Sime Diagnostics		Rapid diagnostic to protect pre-term baby lungs	£75,000	04/09/2014	SEIS	£37,500	£75,000	2.00	Latest Share Price
Curoo		Software to reduce paperwork for expenses	£75,000	23/12/2014	SEIS	£37,500	£300,000	8.00	Latest Share Price
Molecular Warehouse		Proteins for diagnostics and therapeutics	£75,000	21/04/2015	SEIS	£37,500	£75,000	2.00	Latest Share Price
Animal Dynamics		Mechanical engineering inspired by animal motion	£75,000	29/06/2015	SEIS	£37,500	£75,000	2.00	Latest Share Price

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