

New report by UK accountancy firm Price Bailey reveals a decline in the UK True Venture market over the last two years

Price Bailey unveils a report highlighting the extremes of the True Venture market, challenging the mainstream view of True Venture investment.

BISHOPS STORTFORD,
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-- With the proportion of venture capital going to True Venture scale businesses still surprisingly low, [Price Bailey](#) unveils a report highlighting the extremes of the market, challenging the mainstream view of true venture investment.

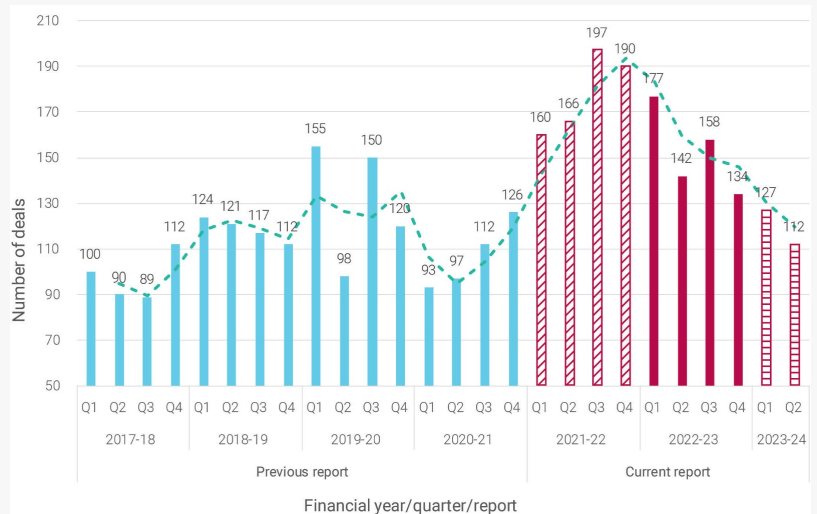
Findings show that raising True Venture capital is now at least twice as difficult as two years ago, highlighting “what’s really happening” for many smaller businesses trying to access more than £2m in equity capital.

Using Companies House and Beahurst data, Price Bailey analysed 1,563 fundraisings between Financial Year 2021 Q1 and Financial Year 2023 Q2 that meet the criteria of being an unquoted business (e.g. limited company), with aggregate equity funding of less than £1.5m and an equity funding round of at least £2m.

The report showcases that despite several quarters of decline, there has been an average of 156 True Venture deals completed per quarter in the last two years, representing a 37% increase on 2017-2021 quarterly average.



Price Bailey accountants, Norwich Office



Deals per quarter

The report also suggests signs of the market normalising, with 112 deals in 2023-24 Q2 outperforming the troughs of prior years.

A shift was also highlighted, with would-be True Venture businesses accessing funding at an earlier stage.

Between financial year 2021 Q1 and financial year 2023 Q2, 60% of True Venture deals in this period occurred for businesses who are on their 1st to 3rd round of funding, with 16% of all deals coinciding with the first time someone has put money at risk in that company.

Commenting on the findings, [Molly Rushworth](#), Research and Insights Manager at Price Bailey says:

"Since 2021, it has become progressively harder to raise VC funding. It is a tough funding landscape currently at all ends of the market due to interest rates putting funds under pressure, large failures occurring in unexpected parts of the market and higher scrutiny from investors.

"True Venture businesses can still access meaningful levels of investment, but the criteria has become narrower, with funding simply harder to access."

Rushworth continues: "Bootstrapping during these uncertain conditions, adequate preparation, and proof of consistent revenue and margin growth are just some of the ways 'would be' True Venture entrepreneurs can further their chances."

Venture Capital (VC) provides lifeblood capital to help businesses scale. Typically administered through a fund, these funds have a mandate to invest in the traditionally perceived illiquid, risky, space of equity positions in unquoted (often loss-making) businesses.

Fuelling innovation, jobs and technology to society, when successful, fund managers, investors, founders and their teams can make very healthy returns that can transform lives.

Equity funding into these types of businesses is a critical part of moving an economy forward.

Find out more in the [True Venture report by Price Bailey](#).

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