

# Venture Capital businesses receive less capital and lower valuations than their 2021 counterparts, Price Bailey reveals

*A new report released by Price Bailey highlights 'high potential' businesses now face lower quality funding deals and valuations compared to two years ago.*

UNITED KINGDOM, March 18, 2024 /EINPresswire.com/ -- The Venture Capital businesses that matter most to the UK's economic growth are receiving 11% less capital and 30% lower valuations than their 2021 counterparts, a new report reveals.

The report also highlights that despite the reduction in funding there is £6.6bn[1] of cash to invest among London funds. However, investors remain hesitant to deploy the capital. This challenge is even harder to resolve outside of London.



City of London

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*Chand Chudasama, Partner  
at Price Bailey*

[Chand Chudasama](#), Partner at [Price Bailey](#) comments:

“Venture Capital businesses are the lifeblood of how Britain grows into a positive future. These businesses are innovating, employing great people, exporting and have the potential to buck the stagnant growth many UK companies find.”

He adds: “Entrepreneurs have faced lower quality funding rounds recently and now may be forced instead, to engage in smaller “top-up” rounds to keep the lights on, rather than grow according to their potential – in aggregate, this is compromising Britain’s ability to build the next generation

of high quality businesses.”

Despite a challenging environment for the would-be True Venture entrepreneur, the report goes on to reveal that between Financial Year 2021 Q1 and Financial Year 2023 Q2, 60% of True Venture deals occurred for businesses who were on their 1st to 3rd round of funding, with 16% of all deals coinciding as the first time someone has put money at risk in that company.

Commenting on this, Chudasama says: "With our previous data suggesting businesses must complete at least one equity round before a True Venture round if they want to go on to raise £2m+, this marks a seismic shift for entrepreneurs seeking True Venture investment."

He adds: "The data now shows that previous investment from angels and other early-stage sources of funding is no longer a pre-requisite for success and this makes intuitive sense – high potential businesses often need to be capitalised beyond the means of angels. Skipping individuals and going straight to an institutional VC round is becoming more necessary for some companies."

See more information and advice for True Venture entrepreneurs in the report [here](#).

[1] Data obtained through Pitchbook

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