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Media contact:  
HMRC Press Office  
(Business)  
03000 585028

Out-of-hours: 07860 359544

Statistical contacts:  
Vivienne Opoku  
[Vivienne.opoku@hmrc.gsi.gov.uk](mailto:Vivienne.opoku@hmrc.gsi.gov.uk)

Neil Wilson  
[Neil.Wilson@hmrc.gsi.gov.uk](mailto:Neil.Wilson@hmrc.gsi.gov.uk)

KAI Direct Business Taxes  
Room 2/43  
HM Revenue and Customs  
100 Parliament Street  
London  
SW1A 2BQ

Website:  
<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics>

# Enterprise Investment Scheme and Seed Enterprise Investment Scheme

## July 2015

### Statistics on Companies raising funds

An Official Statistics Release

# Contents

- Section 1: Introduction** **3**
  - About these statistics 3
  - Who might be interested in these statistics? 4
- Section 2: Key points and summary** **5**
  - 2.1 Key points** **5**
  - 2.2 Enterprise Investment Scheme** **6**
    - EIS: Number of EIS companies and amount of investment 6
  - 2.3 Seed Enterprise Investment Scheme** **8**
    - SEIS: Number of SEIS companies and amount of investment 8
- Section 3: Background information** **9**
  - Policy background 9
  - Data sources 9
  - Methodology 10
  - Reliability of the estimates 10
  - Revisions to previously published tables 11
  - Planned developments and changes 11
  - User engagement 11
  - UKSA Assessment 12
  - Contact points 13
- Annex A: Statistical reference tables** **14**

# Section 1: Introduction

## About these statistics

This is an Official Statistics publication produced by HM Revenue & Customs (HMRC). It provides information on the number of companies raising funds, number of subscriptions and amounts raised through the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS), with updated estimates for 2013-14. The figures for 2012-13 include small revisions and minor updates, arising from the receipt of a small number of further EIS1 and SEIS1 forms for these years.

This bulletin is the second quarterly release on these schemes – a change from the previous annual frequency - and has been produced in response to user demand for more frequent and timely updates on EIS and SEIS.

The statistics on number of companies raising funds, subscriptions and amounts raised have been previously published annually in the December of the year after the most recent tax year presented; these are now published on a quarterly basis and are based on the EIS1 and SEIS1 returns received so far. More detailed statistics, including statistics on investors using the schemes derived from Self Assessment tax returns, will now be published in October of each year.

We will be keeping the content of these quarterly releases under review and continue to welcome feedback on this release and the range of statistics presented. We will provide a response to any comments received within subsequent releases.

Section 2 summarises the key statistical points, gives an overview of the EIS and SEIS statistics and discusses recent trends. Section 3 provides background information, including a link to further detail on the policy background and key policy changes, and information on the data sources and methodology used to derive these statistics. Copies of EIS and SEIS tables 8.1 and 8.11 are included in Annex A.

Although not designated as National Statistics, these statistics are still produced to the professional standards set out in the Code of Practice for Official Statistics (2009)<sup>1</sup>. For more information on Official and National Statistics and the governance of statistics produced by public bodies, please see the UK Statistics Authority website: [www.statisticsauthority.gov.uk](http://www.statisticsauthority.gov.uk)

HMRC Official and National Statistics can be found on the gov.uk website:

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics>

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<sup>1</sup> <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/>

### **Who might be interested in these statistics?**

This publication is likely to be of interest to policy makers in government, academics, research organisations, the media, the Venture Capital associations and companies raising funds under Enterprise Investment and Seed Enterprise Investment Schemes. It will be of particular interest to investors investing in Venture Capital schemes.

People interested in this publication may also be interested in the National Statistics publication Venture Capital Trusts (VCT):

<https://www.gov.uk/government/collections/venture-capital-trusts-statistics>

## **Section 2: Key points and summary**

While companies have a period of several years after shares are issued to submit a compliance statement for EIS and SEIS (the EIS1 and SEIS1 forms), the majority of these returns are made within three years. Therefore, the figures in this release for 2013-14 remain provisional and liable to be revised slightly in future due to applications that have not yet been received.

### **2.1 Key points**

#### **Enterprise Investment Scheme**

- Since the Enterprise Investment Scheme (EIS) was launched in 1993-94, almost 22,900 individual companies have received investment through the scheme and over £12.2 billion of funds have been raised.
- Provisional data for 2013-14 shows that 2,710 companies raised a total of £1,457 million of funds under the EIS scheme. In 2012-13, 2,465 companies raised £1,032 million of funds.
- Provisional data for 2013-14 shows that companies raising funds for the first time under the scheme raised a total of £771 million compared with £576 million in 2012-13.

#### **Seed Enterprise Investment Scheme**

- In 2013-14, almost 2,000 companies received investment through the Seed Enterprise Investment Scheme (SEIS) and £164 million of funds were raised (provisional data). This compares with 1,155 companies raising a total of £86 million under SEIS in 2012-13.
- Almost 1,700 companies of these companies were raising funds under SEIS for the first time in 2013-14 – representing £148 million in investment.

## 2.2 Enterprise Investment Scheme (EIS)

### EIS: Number of EIS companies and amount of investment

Since EIS was launched in 1993-94, almost 22,900 individual companies have received investment through the scheme, and over £12.2 billion of funds have been raised.

The numbers of companies raising funds under EIS and the level of investment have shown similar trends since the scheme was introduced (Figure 1). The number of companies raising funds peaked at 3,315 in 2000-01, which reflects the dot com boom in 2000, but the amount raised in 2013-14 (£1,457 million) now surpasses the previous peak in the amount of funds raised (£1,065 million in 2000-01).

Figure 1: (a) Amounts of funds raised through EIS, 1993-94 to 2013-14.

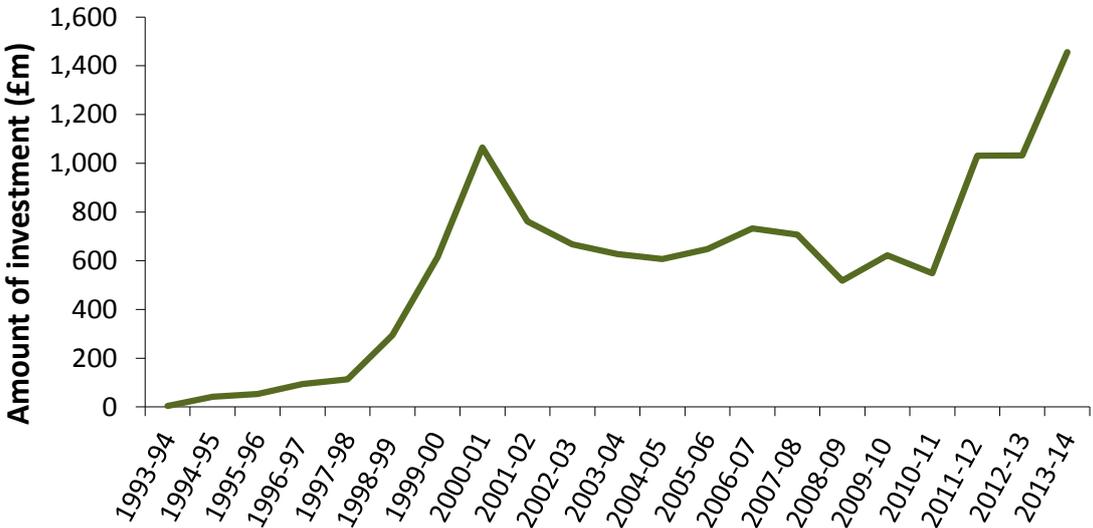
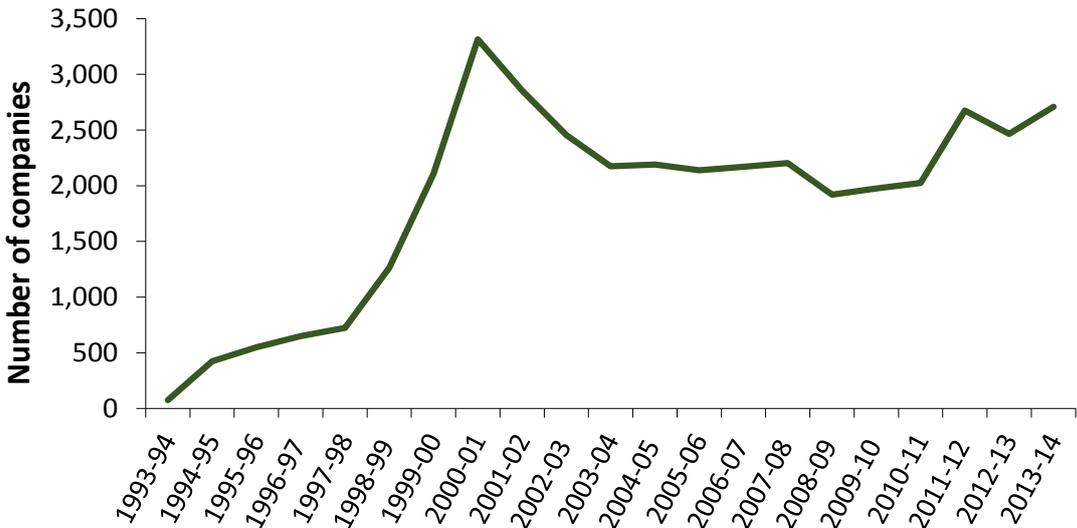


Figure 1: (b) Number of companies raising funds under EIS, 1993-94 to 2013-14.



Source: EIS1 forms

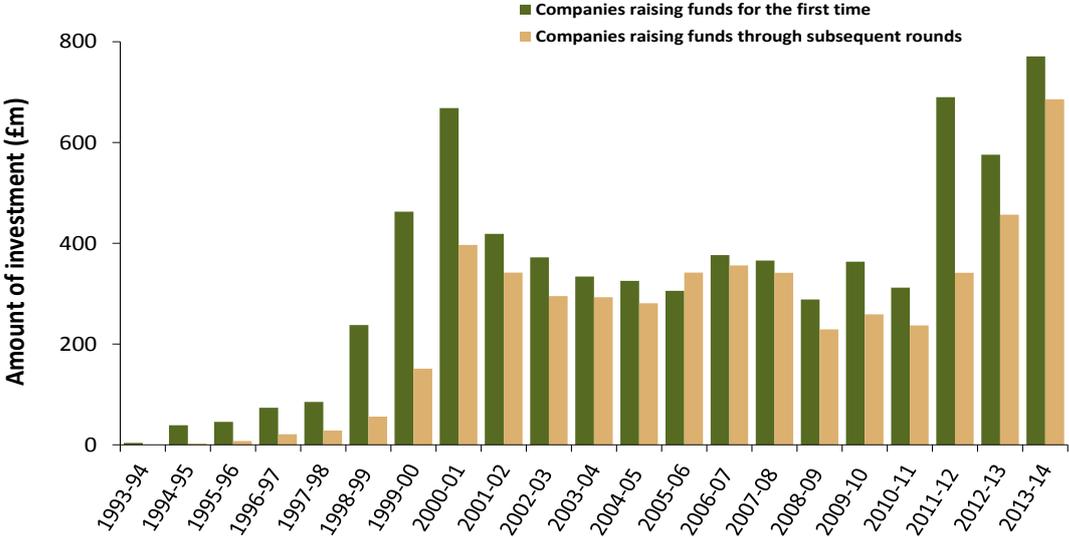
From 2000-01, there was a gradual decrease in the amount of investment up to 2004-05 when the amount of investment started increasing again. From 2007-08 to 2008-09, there was a sharp decrease in the amount of investment, most likely due to the economic recession and to additional eligibility restrictions for qualifying companies (from 19 July 2007, limits on company investment of £2 million and the number of employees, of fewer than 50 employees, were introduced). The change in the Income Tax relief from 20% to 30% in 2011-12 and the introduction of the Feed in Tariffs initiative<sup>2</sup> from April 2010 (resulting in large amounts of investment into the renewable energy sector) both attracted investment into EIS.

In 2012-13 most trades attracting FiTs or overseas equivalents were excluded from eligibility for EIS and companies benefiting from alternative DECC subsidies have not been able to benefit from venture capital schemes since July 2014<sup>3</sup>. The expansion of venture capital schemes in 2012-13, such as the increase in the annual EIS investment limit for companies of £5 million, also attracted significant investment.

**EIS: New investment**

The majority of investment through the scheme (58%) since the inception of EIS was investment into companies raising EIS funds for the first time. The exception to this was 2005-06 when a slightly higher proportion of EIS investment was into already established companies (53%). The proportion of funding raised in 2013-14 by companies using EIS for the first time was 53%.

**Figure 2:** Amount of investment received by new companies through EIS and by companies who received investment under EIS previously, from 1993-94 to 2013-14.



Source: EIS1 forms

<sup>2</sup> Introduced by the Department of Energy and Climate Change.  
<sup>3</sup> Excluding those generating energy by way of anaerobic digestion or hydroelectric power and certain community organisations. For further information FiTs and other DECC subsidies, please see the Office of Gas and Electricity Markets website: <https://www.ofgem.gov.uk/environmental-programmes>

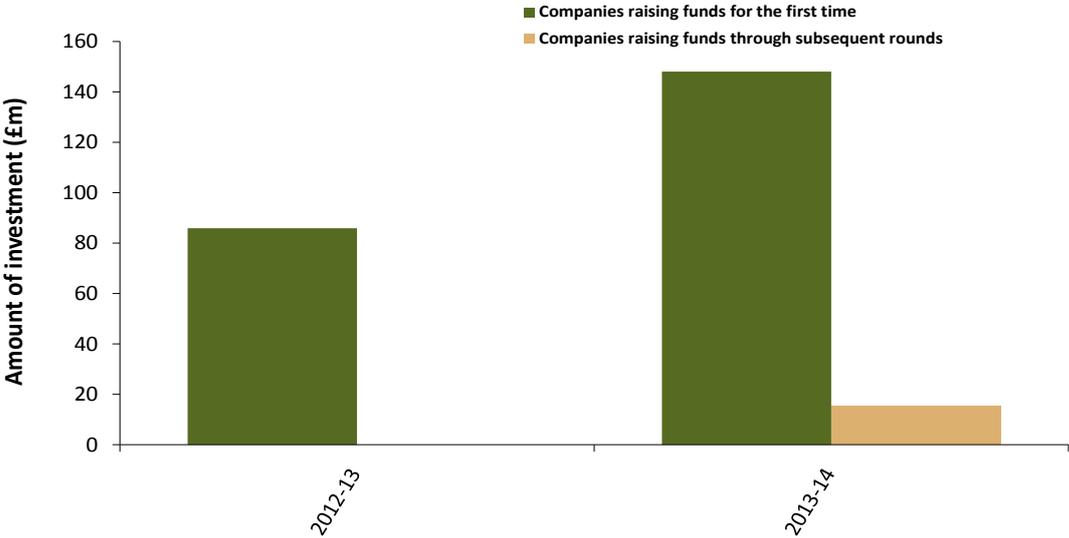
## 2.3 Seed Enterprise Investment Scheme

### SEIS: Number of SEIS companies and amount of investment

In 2013-14, provisional figures show that almost 2,000 companies received investment through the Seed Enterprise Investment Scheme (SEIS) and £164 million of funds were raised. Almost 1,700 of these companies were raising funds under SEIS for the first time, raising a total of £148 million in investment. The average investment per company under SEIS in 2013-14 was almost £82,000.

Since SEIS was launched in 2012-13, almost 2,900 individual companies have received investment through the scheme and over £250 million in investment has been raised.

**Figure 3:** Amount of investment received by new companies through SEIS and by companies who received investment under SEIS previously, for 2012-13 and 2013-14 (provisional).



Source: SEIS1 forms

## Section 3: Background information

### Policy background

The Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS) are two of three tax-based Venture Capital schemes, the other being the Venture Capital Trust (VCT) scheme.

The EIS was introduced in 1994 to help smaller, higher-risk trading companies to raise finance by offering a range of tax reliefs to investors who purchase new full-risk ordinary shares in those companies.

The SEIS was introduced in 2012 to complement EIS and is intended to recognise the particular difficulties which very early stage companies face in attracting investment by offering tax relief at a higher rate than that offered by EIS.

Further information on the policy background and key policy changes in EIS and SEIS is available in the EIS/SEIS introductory note. An amendment to tax-advantaged venture capital schemes, including EIS and SEIS, was published at Summer Budget 2015. Further information on these changes is available here:

<https://www.gov.uk/government/publications/income-tax-amendments-to-tax-advantaged-venture-capital-schemes>

The Official and National Statistics for the VCT scheme can be found here:

<https://www.gov.uk/government/collections/venture-capital-trusts-statistics>

### Data sources

The EIS and SEIS statistics in this release are compiled using data collected from companies' EIS1 and SEIS1 returns. All figures in this release are based on data extracted in June 2015.

The EIS1 and SEIS1 forms are statutory declarations that the company is compliant with the conditions of the Enterprise Investment Scheme. The data cover all EIS1 and SEIS1 returns received by HMRC and approved by the Small Company Enterprise Centre (SCEC) that administers the EIS and SEIS scheme. The SCEC decides if a company and a share issue qualifies.

Once the shares are issued, and once the company has traded for at least 4 months, the company has to submit form EIS1/SEIS1. This process is repeated each time a company issues shares in respect of which EIS or SEIS relief is to be claimed. The EIS1 and SEIS1 forms include details of investors who have indicated they will be claiming EIS/SEIS relief and the amount invested. The forms also include details of the date the shares were issued; these dates are used in the production of the statistics to record the investments within particular tax years.

Initial statistical checks carried out on the data include:

- Plausibility checking that the amount of the investment has a realistic value. Any record showing a very high amount is referred back to SCEC, which will check on these cases;
- Checking that the companies correspond to the company registration number. In case of inconsistencies, the correct information is retrieved from Companies House Database or SCEC; and
- Checking all the duplicate records, i.e. individual companies records with the same issue data and amount of investment are checked with SCEC.

Once the EIS1/SEIS1 forms data have been extracted from the analysis database:

- Any significant changes in figures from one statistical release to the next are investigated.

## **Methodology**

Tables 8.1 and 8.11 include every case captured via EIS1 and SEIS1 forms respectively. As no sampling is necessary, sampling error is not an issue.

## **Reliability of the estimates**

Sources of error in the published statistics include:

- The EIS/SEIS companies have a period of several years after shares are issued to submit an EIS1/SEIS1 compliance statement. Therefore, there are a small number of returns submitted later which add to the existing data and can therefore result in minor revisions to previously published figures. Accordingly, revisions have been made to EIS figures published previously as provisional for 2012-13 and 2013-14.
- Data capture errors: companies may make errors entering their information on the EIS1/SEIS1 paper forms. The data are subsequently entered onto HMRC's systems manually. This is another point at which data may be altered due to human error or software errors. There is a risk that errors involve very large investment amounts. To mitigate this, checks are carried out and any incorrect large values which are detected are investigated (and potentially altered) in the analysis database before the statistics are produced. An automated data entry to HMRC's system is being introduced and should reduce the number of these types of errors in future. We will provide notification in the appropriate release when this has been used in the creation of the estimates.

## Revisions to previously published tables

Companies' funds raised are subject to revision and, although the majority of assessments are finalised within three years after shares are issued, there are exceptional cases which can take much longer. As a result, there is no specific point at which EIS and SEIS claims for the latest years can be considered as complete or final. In practice, the statistics are revised to replace any figures marked as provisional in the previous release of the statistics. However, where the revision to a year is particularly small and would lead to the potential disclosure of individual companies, these revisions will be suppressed (based on our standard approach to statistical disclosure control) until a subsequent release.

## Planned developments and changes

HMRC outlined proposed changes to the content and timing of this publication in the December 2014 release<sup>4</sup>. The two areas being considered were the timing of the publication and the possible use of the Standard Industry Classification in the presentation of the statistics. We will present further information on our progress with these two areas in the October 2015 release.

If you wish to contact us on either of these items, please use the contact details in the section below.

## User engagement

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our National and Official Statistics and identify gaps in the statistics that we produce. Please see the following link for HMRC Statistics "Continuous User Engagement Strategy":

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/278751/HMRC\\_statistics\\_continuous\\_user\\_engagement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278751/HMRC_statistics_continuous_user_engagement.pdf)

If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts named at the end of this section and on the cover page. Alternatively, we would welcome any views or comments you have via the HMRC statistics blog:

<https://hmrstatistics.blog.gov.uk/>

Specifically, if you would like to be involved in future consultations about Corporation Tax statistics, please go to the survey at the following link, where you will be able to enter your contact details:

<https://www.surveymonkey.com/s/dbtsurvey1>

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<sup>4</sup> See: <https://www.gov.uk/government/statistics/enterprise-investment-scheme-and-seed-enterprise-investment-scheme-statistics-december-2014>

## **UKSA Assessment**

The EIS and SEIS National Statistics have been assessed for compliance with the Code of Practice for Official Statistics by the UK Statistics Authority (UKSA). The assessment report is available on the UKSA website:

<http://statisticsauthority.gov.uk/assessment/assessment/assessment-reports/index.html>

UKSA is an independent body directly accountable to Parliament with the overall objective to promote and safeguard the production and publication of official statistics. It is also required to promote and safeguard the quality and comprehensiveness of official statistics and good practice in relation to official statistics.

## Contact points

Enquiries about these statistics should be directed to the statisticians responsible for these statistics:

Vivienne Opoku/Neil Wilson

KAI Direct Business Taxes

HM Revenue & Customs

Room 2/43

100 Parliament Street

London SW1A 2BQ

Telephone: 03000 589 093/03000 574 402

E-mail: [vivienne.opoku@hmrc.gsi.gov.uk](mailto:vivienne.opoku@hmrc.gsi.gov.uk) or [neil.wilson@hmrc.gsi.gov.uk](mailto:neil.wilson@hmrc.gsi.gov.uk)

For all detailed enquiries relating to investing in Venture Capital Trusts, please contact:

Local Compliance

Small Company Enterprise Centre Admin Team

SO777, PO Box 3900

Glasgow G70 6AA

Telephone: 03000 588907

E-mail: [enterprise.centre@hmrc.gsi.gov.uk](mailto:enterprise.centre@hmrc.gsi.gov.uk)

Media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.

## Annex A: Statistical reference tables

### Enterprise Investment Scheme: Table 8.1

#### Enterprise Investment Scheme

**Table 8.1: Number of companies raising funds, number of subscriptions and amounts raised from 1993-94<sup>1</sup> to 2013-14<sup>P</sup>**

Claims data received by June 2015<sup>2</sup>

Numbers: actual; Amounts: £ million

Year <sup>2</sup>	Companies raising funds for first time	All companies raising funds	Subscriptions <sup>3</sup>	Companies raising funds for first time	All companies raising funds
	Number	Number	Number	Amount	Amount
1993-94	75	75	480	3.9	3.9
1994-95	400	425	4,970	39.0	41.4
1995-96	440	550	5,140	45.5	52.9
1996-97	475	650	11,820	73.4	94.3
1997-98	530	725	11,410	85.1	113.4
1998-99	1,035	1,265	15,330	237.8	294.0
1999-00	1,640	2,105	29,340	462.6	613.7
2000-01	2,380	3,315	45,780	668.5	1,065.2
2001-02	1,685	2,855	25,480	418.9	760.9
2002-03	1,340	2,455	27,635	372.2	667.3
2003-04	1,150	2,175	28,125	334.1	627.2
2004-05	1,210	2,190	32,360	325.4	606.4
2005-06	1,155	2,140	31,525	305.6	647.6
2006-07	1,150	2,170	39,680	376.6	732.5
2007-08	1,130	2,205	37,135	365.9	707.3
2008-09	940	1,920	23,545	288.4	517.7
2009-10	995	1,975	25,960	363.5	622.7
2010-11	1,070	2,025	32,425	311.9	548.8
2011-12	1,565	2,675	88,845	689.9	1,031.5
2012-13 <sup>r</sup>	1,185	2,465	64,070	575.7	1,032.3
2013-14 <sup>P</sup>	1,310	2,710	105,960	770.9	1,456.6
All Years	22,855	** <sup>4</sup>	687,015	7,114.6	12,237.7

Source: EIS1 forms

Statistics in this table are consistent with HMRC's policies on dominance and disclosure.

Numbers are rounded to the nearest 5 and amounts are rounded to the nearest £0.1m. Totals may not sum due to rounding.

1. Tax year ending 5 April.

2. Companies have a period of several years after shares are issued to submit an EIS1 compliance statement. Therefore, data for 2012-13 and 2013-14 remain provisional and subject to change due to claims not yet received.

3. The number of subscriptions is not equal to the number of investors as an individual can invest in more than one company.

4. The total is not given as companies may raise funds in more than one year.

p. Provisional.

r. Revised

#### Enquiries

Statistical enquiries should be addressed to: Vivienne Opoku VCS Statistics, KAI Direct Business Taxes, HM Revenue & Customs, Room 2/43, 100 Parliament Street, London, SW1A 2BQ. Tel: 03000 589 093, E-mail: [Vivienne.Opoku@hmrc.gsi.gov.uk](mailto:Vivienne.Opoku@hmrc.gsi.gov.uk)

For more general enquiries please refer to the HMRC website:

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

or contact the Venture Capital **Helpline** on **03000 588907** for general enquiries.

The next update of these tables, will be published in October 2015.

## Seed Enterprise Investment Scheme: Table 8.11

### Seed Enterprise Investment Scheme

**Table 8.11: Number of companies raising funds, number of subscriptions and amounts raised in 2012-13 <sup>1P</sup> and 20113-14 <sup>1P</sup>**

Claims data received by June 2015<sup>2</sup>

Numbers: actual; Amounts: £ million

Year <sup>2</sup>	Companies raising funds for first time	All companies raising funds	Subscriptions <sup>3</sup>	Companies raising funds for first time	All companies raising funds
	Number	Number	Number	Amount	Amount
2012-13 <sup>f</sup>	1,155	1,155	7,780	85.9	85.9
2013-14 <sup>p</sup>	1,695	1,995	30,750	148.1	163.5
All Years	2,850	** <sup>4</sup>	38,530	234.0	249.5

Source: SEIS1 forms

Statistics in this table are consistent with HMRC's policies on dominance and disclosure.

Numbers are rounded to the nearest 5 and amounts are rounded to the nearest £0.1m. Totals may not sum due to rounding.

1. Tax year ending 5 April.

2. Companies have a period of several years after shares are issued to submit an SEIS1 compliance statement. Therefore, data for 2012-13 and 2013-14 remain provisional and subject to change due to claims not yet received.

3. The number of subscriptions is not equal to the number of investors as an individual can invest in more than one company.

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p. Provisional.

r. Revised

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Statistical enquiries should be addressed to: Vivienne Opoku, VCS Statistics, KAI Direct Business Taxes, HM Revenue & Customs, Room 2/43, 100 Parliament Street, London, SW1A 2BQ. Tel: 03000 589 093, E-mail: [Vivienne.Opoku@hmrc.gsi.gov.uk](mailto:Vivienne.Opoku@hmrc.gsi.gov.uk)

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