**InvestUK – Investment Module Assignment**

Amy has worked in leadership positions across the telcoms industry for a number of years.

In her spare time, she had devised a new way for people to communicate through a mobile app, rather than text messaging (SMS) or a voice call on a mobile phone. Amy expects this will particularly appeal to the youth market, who tend to quickly adopt app-based propositions and are keen to chat and share numerous times throughout the day with their friends and family.

A year ago, Amy left her job to start a new business, called ChitChat.

To date, she has used all of her savings and some help from family members to get the ChitChat app developed and launch a beta version. Since putting it in the app-stores, it has been downloaded much more than Amy expected and new users are being attracted in very large numbers from a number of different countries. It has also gained exposure on social media, showcased by a number of bloggers. The App is currently free (both to download and use), but she does get some in-app advertising income – Amy thinks she will have to continue offering it for free to maximise the downloads and usage.

A few investors have already reached out to Amy. She is very pleased as she wants to move as quickly as possible to beat out any competition thinking about a similar product. Amy has calculated that she will need to immediately raise £150K to bring a full product to market and make a few key hires. Sometime in the future, it is likely that Amy will need to raise additional working capital for the business.

**YOU are Amy’s business advisor.**

She expects you to guide her on the best fund-raising choices. Consider the stage that ChitChat is currently in and Amy’s business plans. You need to consider the source of funds that would be open to the business and how to best to structure any investment deal.

You should pick one from each column.

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| --- | --- | --- | --- |
| Source of Funds | Scheme | Basis of Business Valuation | Expected Equity to Give Up |
| Bootstrap  Friends & Family  Bank Loan  Business Angels  Venture Capitalist | None / Not Applicable  SEIS  EIS  Other (please specify) | Current Revenue / Profit Multiple  Future / Forecast Revenue / Profit Multiple  Current Business Growth Rate (based on App downloads/users)  Other (please specify) | 0% - 5%  6% to 20%  21% to 50%  51% to 75%  76% and over |