

INVESTMENT JARGON BUSTER

TERM	DEFINITION
ANTI-DILUTION RIGHTS	If company needs to do further rounds, investors can subscribe for further shares at the same price.
ARTICLES OF ASSOCIATION	A Company's constitution setting out the share rights. Filed at Companies House.
BVCA	British Private Equity and Venture Capital Association.
CAP TABLE	Table (usually a spreadsheet) showing all details of each shareholder's shareholdings pre and post raise.
CO- SALE RIGHTS	If any shareholder gets the opportunity to sell shares, the investors have the right to sell a percentage on the same terms.
EIS/ SEIS	Enterprise Investment Scheme/ Seed Enterprise Investment Scheme- tax relief schemes for individuals investing in early stage companies.
FOUNDER(S)	Run the business day to day. Usually been there from the start. Investors may insist that they be subject to restrictive covenants/ sometimes vesting provisions.
FULLY DILUTED POSITION	Position once all options have been issued.
INVESTOR DIRECTOR	A director appointed by the lead investor/ angels.
LIQUIDATION PREFERENCE	Usually investor class will get at least 1x their investment back on a sale or liquidation of the Company. Participating preference- also get further distributed assets. Non-participating- just get preference.
SHARE OPTION	A contract with a company giving the holder the right to be issued with shares in the company at a later date, sometimes subject to certain things happening e.g. time passing or certain KPIs being met.
UKBAA	UK Business Angels Association
VESTING	When an option becomes capable of future exercise. Also see it in Founder leaver provisions. Once a founder's shares have 'vested' it means that they count towards their share entitlement in the company in the event that they leave.
WARRANTIES	Statements given by company and Founders to the Investors on the business as at signing.