ZAZEN TAX

Fundraising Readiness

About an hour to score yourself honestly, and most of a year to fix what the scoring finds. That is why this list runs before the round, not during it.

Company .... **Target raise** .... **Target date** ....

Rounds are rarely lost to the idea. They are lost to a cap table that does not reconcile, a metric that moves mid-process, or a surprise that arrives after the term sheet, when every surprise is priced against you. Everything below is fixable cheaply now and expensively later.

1. The numbers that have to hold up — about 15 minutes

- [ ] **Management accounts within ten working days, reconciling to the bank**
  Two years of monthly history an investor can tie to bank statements. If the books and the bank disagree, the process stops while they learn why.
- [ ] **A three-statement model with the balance sheet balancing by construction**
  Twelve months back, twenty four forward. The model IS the raise: the ask, the runway and the milestones all come off it.
- [ ] **Revenue recognised on a written policy, applied consistently**
  Deferred income handled properly. A recognition change mid-diligence reads as either incompetence or dishonesty, and both reprice.
- [ ] **The metrics deck computed from the books**
  Churn, concentration, unit economics, from a query anyone can rerun, not a spreadsheet only one person understands. Diligence will rebuild them; match before they do.
- [ ] **A board-approved budget the raise is priced on**
  If the board has not approved the plan being sold, that surfaces in the first reference call.

2. The legal spine — about 15 minutes

- [ ] **Cap table reconciled to Companies House and the share certificates**
  Every allotment filed, every certificate signed, every SEIS and EIS round documented. This is the first thing checked and the most common late killer.
- [ ] **EMI options granted properly, with valuations**
  Signed agreements, a valuation at grant, the notification made. An option pool that exists only in a spreadsheet is a repair bill during the round.
- [ ] **IP assigned in writing by every founder and contractor**
  Especially work done before incorporation and by freelancers. The company must own what it is selling.
- [ ] **Key contracts signed, both sides, findable**
  Top customers, key suppliers, the lease, the facility. Unsigned contracts are worth what they cost to print.
- [ ] **Statutory registers up to date**
  Members, directors, PSC. Ten minutes now; a red flag in legal DD if missing.

> ADVANCE ASSURANCE, BEFORE THE ROUND
>
> If your investors will claim SEIS or EIS relief, get HMRC advance assurance before you open conversations. It costs weeks when investors are waiting on it, and angels walk over it.

3. The tax file — about 10 minutes

- [ ] **VAT and PAYE filed and paid, or on a documented plan**
  Arrears are fundable; undisclosed arrears are fatal. Time to pay arrangements disclosed up front.
- [ ] **Corporation tax returns filed, computations kept**
  With the R&D claims defensible on contemporaneous records - who did what, when, and why it was R&D.
- [ ] **SEIS and EIS compliance for previous rounds**
  The certificates issued, the three year conditions not breached. New investors check the old ones' relief.

4. The story and the ask — about 10 minutes

- [ ] **A use of funds tied to the model, line by line**
  Not a pie chart. Hires, months, and the revenue or milestone each block of spend buys.
- [ ] **The downside case in the deck, not discovered in DD**
  Showing the downside yourself keeps you the author of it. Diligence finding it makes it worse than it is.
- [ ] **The data room built before the term sheet**
  Momentum is the scarcest asset in a round. Answering in hours instead of weeks is how you keep it.

5. What kills rounds late — about 10 minutes

- [ ] **Related-party transactions, listed and explained**
  The founder's consultancy invoice, the family loan. All fine disclosed, all fatal discovered.
- [ ] **Change-of-control clauses in key contracts**
  The customer contract that can walk on an investment or sale gets found. Know before they do.
- [ ] **Debt and quasi-debt, all of it on one page**
  The bridge loan, the director loan, the deferred consideration. A liability that arrives late reads as hidden.
- [ ] **Founder alignment, tested before references are**
  Vesting, roles and the plan agreed in writing. Reference calls find disagreements you have not had yet.

Zazen Tax

Accountants and fractional CFO support for growing companies. zazentax.com/contact