



FINANCE FOR GRADUATE FOUNDERS

A clear, honest roadmap from idea to funded business

GUIDE 09

You are not at a disadvantage — you are at a different starting point.

Starting a business as a student or recent graduate puts you in a unique position. This guide maps out the finance options most relevant to graduate founders, explains how to make the most of university and Accelerator support, and gives you a clear roadmap from idea to funded business.

GUIDE 09 | Business Lincolnshire Finance Accelerator

Who this guide is for: current students and recent graduates starting a business in Greater Lincolnshire.

YOU'LL GET

- Plain-English guidance tailored to Greater Lincolnshire businesses
- Practical steps, checklists and decision points
- A clear route into Accelerator support and adviser conversations

START: Use this guide alongside the Finance Accelerator resources and book a fully funded Funding Diagnostic Session when you are ready to discuss your options.

ABOUT THIS GUIDE

Starting a business as a student or recent graduate puts you in a unique position. You have something many experienced founders lack — time, fresh thinking, access to university resources, and proximity to cutting-edge research. But you also face challenges most finance guides do not address: limited credit history, no trading track record, and often very little personal capital.

You have more going for you than you think

Graduate founders are increasingly sought after by early-stage investors. Universities are a rich source of innovation, IP, and technically skilled teams. The SEIS tax relief scheme was designed in part with early-stage businesses like yours in mind.

SECTION 1 — YOUR STARTING POINT

Graduate founders typically fall into one of four stages — each with a different set of priorities and most appropriate finance sources.

Stage	Where you are	Most relevant finance
Idea stage	An idea but no product, no customers, no revenue	Personal savings, friends & family, university funds, competitions
Validation stage	A prototype or MVP, first customers, pre- or very early revenue	University enterprise funds, SEIS angel investment, Innovate UK Young Innovators, Start Up Loans
Early revenue	Trading, building a customer base, probably 6–18 months old	Start Up Loan, small angel round (SEIS), sector grants, MEIF II smaller business loan
Growth	Revenue established, clear product-market fit	Angel investment (EIS), MEIF II equity/loan, Innovate UK, venture capital

Start where you are

The biggest mistake graduate founders make is trying to access funding before they have the evidence to support an application. Focus first on building evidence — customers, revenue, traction.

SECTION 2 — UNIVERSITY RESOURCES: USE THEM FIRST

Your university is one of the most underused resources available to a graduate founder — often including funding, mentoring, workspace, and connections.

Resource	What it offers
Enterprise funds & grants	Internal grant/loan programmes, often £1,000–£25,000, less competitive than external grants
Startup competitions	Cash prizes often £500–£10,000, plus pitch practice and visibility
Mentoring and advisors	Experienced entrepreneurs who give time to support student ventures
Incubators / accelerators	Dedicated workspace and sometimes seed investment for selected businesses
IP and commercialisation support	Technology transfer offices help with ownership, licensing, and commercialisation
Alumni networks	Successful alumni often willing to mentor, invest, or make introductions

Knowledge Transfer Partnerships

If your business has a specific technical challenge academic expertise could solve, a KTP may be relevant even at an early stage — typically costing the business 33% of project costs, with Innovate UK funding the rest.

SECTION 3 — FINANCE SOURCES FOR GRADUATE FOUNDERS

Before seeking external finance, be clear on how much you can contribute yourself — even a small personal investment signals commitment.

	Start Up Loan	SEIS angel investment
What it is	Government-backed personal loan of £500–£25,000 at a fixed 6% rate	Selling a share of your business to an individual investor under the SEIS scheme
Why it suits you	No assets or trading history required; assessed on plan and commitment	SEIS gives investors 50% income tax relief, making early investment more attractive to them
What you get	Free mentoring for 12 months from an approved mentor	Investors backing you as much as the business at this stage
Key consideration	It is a personal loan — you are personally liable if the business fails	Apply to HMRC for SEIS Advance Assurance before approaching investors

	Innovate UK Young Innovators	University enterprise funds
What it is	Awards up to £5,000 with mentoring, for innovators aged 18–30	Internal grants or soft loans, typically £1,000–£25,000, usually equity-free
Who it suits	Highly competitive — worth applying if your idea is genuinely innovative	Current students and recent graduates, typically within 2–5 years of graduation

Competitions and prizes — the James Dyson Award, Shell LiveWIRE, Santander Universities awards, Virgin StartUp, and the Accelerator's own Taming the Dragons — provide pitch practice and visibility beyond the prize money itself.

SECTION 4 — BUILDING YOUR FINANCIAL FOUNDATIONS

Many graduate founders focus entirely on finding money and forget the financial habits every funder requires: separate business and personal finances from day one, keep records of every transaction, issue proper invoices, and file your confirmation statement and accounts on time.

The question	Why it matters
How much does it cost to run the business per month?	Your 'burn rate' — divide your cash by this to know your runway
How many customers / revenue do you need to break even?	Know this number before approaching any funder
What will you do with external funding, specifically?	'Working capital' is not enough — be specific

SECTION 5 — MANAGING EQUITY WISELY FROM THE START

One of the most common and costly mistakes graduate founders make is selling too much equity too early. Every percentage point you sell now is a percentage point of future value you no longer own.

	Founder A: careful early equity	Founder B: generous early equity
SEIS round: raises £50k	Sells 15% — retains 85%	Sells 30% — retains 70%
Angel round: raises £200k	Dilutes to 72% (from 85%)	Dilutes to 59% (from 70%)
MEIF II/VC round: raises £500k	Dilutes to 58%	Dilutes to 47%
Exit at £3,000,000	Receives £1,740,000 (58%)	Receives £1,410,000 (47%)

The golden rule

Only sell equity to people who are genuinely adding value you cannot easily get another way. Cash, services, advice and introductions can all be obtained without selling equity. Equity is permanent — treat it that way.

SECTION 6 — THE ACCELERATOR'S GRADUATE TRACK

The Finance Accelerator has a dedicated strand of support for graduate founders, working in partnership with universities across Greater Lincolnshire.

Support	What it offers
Funding Diagnostic Session	A fully funded, one-to-one session with an adviser specialising in graduate and early-stage finance
Graduate Founder Workbook	A structured workbook on the key financial decisions for a new business
Investment Readiness Self-Assessment	A 25-criterion self-assessment useful even at the earliest stages
Financial Forecast Template	A free Excel template covering 3-year P&L, cashflow and balance sheet
Taming the Dragons	The Accelerator's flagship annual pitch event, open to early-stage graduate ventures

SECTION 7 — YOUR 12-MONTH FINANCE ROADMAP

Month	Focus	Key actions
1–2	Foundations	Incorporate, open a business bank account, register for SEIS Advance Assurance, complete the Readiness Self-Assessment
2–3	University resources	Apply to your university enterprise fund; enter a startup competition
3–4	Evidence building	Get your first paying customer; document everything, including R&D time
4–6	Start Up Loan	Apply through Business Lincolnshire if you need capital for product development
6–8	Financial model	Build your forecast; know your burn rate, runway and break-even
8–10	SEIS preparation	Receive SEIS Advance Assurance; book a Funding Diagnostic Session
10–12	First angel conversations	Approach SEIS-eligible angels through the Accelerator / LBA

This roadmap is a guide, not a guarantee. Some graduate founders close their first round in 3 months; others take 18. The key is consistent, focused progress.

SECTION 8 — USEFUL RESOURCES AND NEXT STEPS

Resource	What it does
GLBFA-GUIDE-001	Business Finance Fundamentals — the full overview of debt, equity and grants
GLBFA-GUIDE-004	Equity Investment for First-Time Founders — dilution, EIS/SEIS, term sheets
GLBFA-TOOL-001	Investment Readiness Self-Assessment — 25-criterion self-assessment
GLBFA-XLS-001 / XLS-002	3-Year Forecast and 12-Month Cashflow templates
GOV.UK Start Up Loans	gov.uk/guidance/start-up-loans
HMRC SEIS	gov.uk/guidance/venture-capital-schemes-apply-to-use-the-seed-enterprise-investment-scheme

START YOUR JOURNEY TODAY

Visit our website to learn more and access support

Ready to move forward?

The Business Lincolnshire Finance Accelerator gives you the knowledge, tools and expert support to understand your options and prepare to access funding at the right time, in the right way.

FIND OUT MORE

- Book a fully funded Funding Diagnostic Session
- Access Finance Accelerator tools and templates
- Speak to an experienced Business Lincolnshire adviser

FIND OUT MORE



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