

# The Creative Capital Fund

Investing in London's early-stage creative businesses



# THE CREATIVE CAPITAL FUND

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*Are you a creative company or entrepreneur based in London seeking investment to take your business to the next level?*

*Do you have an interest in becoming actively involved, either as an executive or non-executive, in one of the fastest growing sectors in the capital?*

*Or do you have private funds to invest and would like to learn more about the potential returns from the creative sector?*

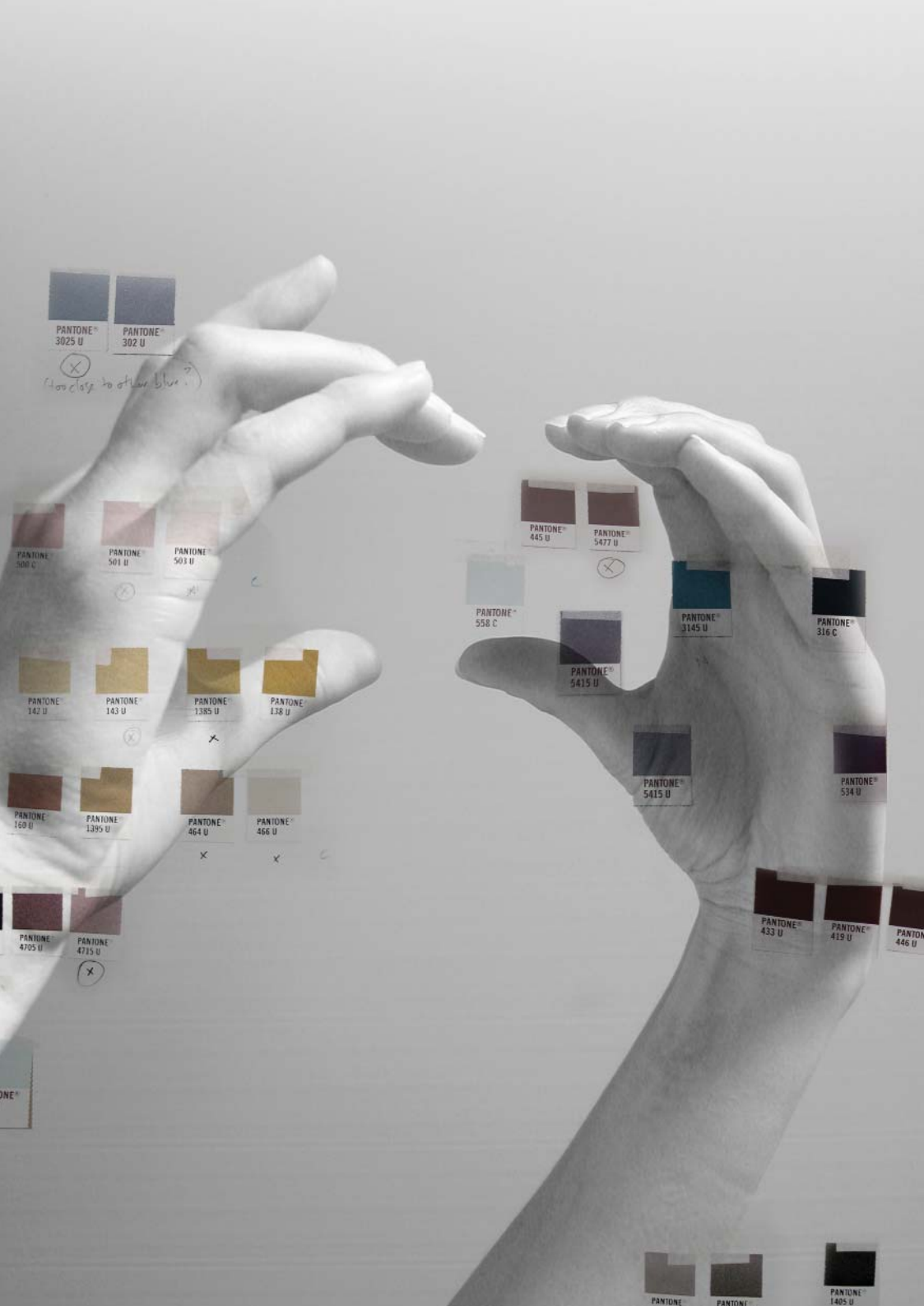
*If the answer to any of these questions is yes, then the Creative Capital Fund (CCF) could be of interest to you.*

## What is the CCF?

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The CCF is an independently managed venture capital fund for which the London Development Agency (LDA) has provided cornerstone funding of £5million as part of their Creative London programme. It is designed to address a genuine need for funding and advice for the capital's creative sector. Together with matching private investment, which is required for each transaction, the CCF results in over £10million of new funding available for creative enterprises.

London's creative industries have shown to be a major driving force behind the overall growth of the capital's economy. To support this, one of the tasks of Creative London has been to provide support and funding to encourage growth for the abundance of creative talent in the capital and turn it into a competitive advantage.



## About the fund

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The CCF is independently managed by AXM Venture Capital Limited (AXM), whose team have a depth of financial expertise and experience of investing in the creative sector. AXM is regulated and authorised by the Financial Services Authority.

The CCF is run on a venture capital model with the aim of making good commercial returns. The fund will initially contribute up to £75,000 to the first funding round, which is typically matched or exceeded with equivalent equity funding. It can continue to invest a further £425,000 in any one company, although the matching rules continue to apply.

## How it works

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AXM identifies creative companies with high growth potential in need of finance and, if not already in place, helps the business raise matching equity funding from private investors. The private investors may be high net worth individuals (business angels), but may also include corporations and other funds. Equally, the entrepreneur may provide the matched funding.

AXM's role also includes attracting business advisors and mentors who can bring commercial expertise. While raising investment is critical, creating the right advisory support team is also vital because a company's management is likely to need guidance and the benefit of an extended network during periods of rapid growth.

## Who is the CCF aimed at?

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The fund is dedicated to the creative sector and is limited to businesses based within London, as defined by the Greater London Authority. Applicants for funding must be privately held small or medium-sized enterprises in the start-up, seed or early-stage of their development – a full list of eligibility criteria is given under the application procedure online at [www.ccfund.co.uk](http://www.ccfund.co.uk).

Creative industry companies (for our purposes) fall within the following sectors: advertising; architecture; arts and antiques; crafts; design; designer fashion; video, film and photography; computer games software and electronic publishing; music and the visual and performing arts; publishing; television and radio. If you are unsure whether you fit any of these categories, please contact the CCF for advice.

## Explaining venture capital

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It is worth discussing what venture capital is not. It is not a grant, nor a bank loan and it is not a gift or charity. A venture capital investor will expect a share of a company's equity in return for its investment. Venture capital funding can be particularly suitable for creative start-up companies since a venture capital investor will not generally require assets, personal guarantees or other collateral to be provided as security, unlike more conventional funding sources such as a bank loan. Also, the venture capital investor is typically networked in the financial community to be able to bring other sources of finance as the company evolves and grows.

A venture capital investor provides a cash injection in return for a minority shareholding in your company. As a shareholder, the venture capital investor has a vested interest in the business succeeding, and may therefore take an active role in how the company is run. This may mean that the venture capitalist may play an influential role in the growth of your business, and may even take a board seat. However, although the influence may extend to the financial and strategic direction of the company, the venture capitalist would not normally intervene in the creative process of the company.

Although a venture capital investor will typically not require interest or loan repayments as a bank might, you might expect some fees to be charged for their investment. Initially there is likely to be an arrangement fee plus legal fees (both of which may be deducted from the invested funds). There may also be ongoing monitoring fees charged to the business thereafter. For more details on fees, again see the CCF website.

One further thing you should consider is a venture capital investor's requirement eventually to exit from their investment. The timing of such an exit will depend on the life of the fund and you should be prepared to discuss how this requirement might be met, although this will usually be in the form of a trade sale to another (larger) company.

## Is your company 'investment ready'?

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Ultimately a potential investor needs to feel confident that the business will provide an appropriate return on the money invested. They will be looking for the following as proof of 'investment readiness', which will ideally (but not necessarily) be in the form of a robust business plan, which will highlight:

- A strong and committed management team
- A clear demand for the company's products or services
- An effective set of financial controls in place
- A convincing sales and marketing strategy

## How to apply

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**As a business seeking funding or support:** the CCF website provides information on the type of company suitable for CCF funding and guides you through the application procedure. There is also a section of Frequently Asked Questions (FAQs).

**As a potential investor or mentor:** please read the FAQs section on the website and fill in your details online or email [info@ccfund.co.uk](mailto:info@ccfund.co.uk) to register your interest or simply call the CCF.

## Evaluation procedure and next steps

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If an applicant is successful, they will be invited to present their ideas and introduce their team. This will be followed by a period of due diligence before a decision is made as to whether to invest in the business. The whole process should take approximately 12 weeks. If unsuccessful, AXM may be able to advise companies on seeking alternative sources of help or funding, or you may wish to visit the Creative London website for information about other forms of business support.

If your company shows potential but is not quite ready for venture capital funding, the Creative London Business Accelerator programme could bridge the gap. The Accelerator is designed to assess the potential of breakthrough creative enterprises, deliver an individualised action plan and provide a package of tailored services through existing business support agencies. See the Creative London website for more information on Accelerator.

So, whether you are a creative business with high growth potential or an investor looking to reap the rewards of investing in this dynamic sector, the CCF is keen to hear from you.

## Contact CCF

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**Web:** [www.ccfund.co.uk](http://www.ccfund.co.uk) / **Email:** [info@ccfund.co.uk](mailto:info@ccfund.co.uk) / **Tel:** 0870 909 6333

## About Creative London

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Creative London, the strategic agency for London's creative industries was set up in 2004. With the capital's creative economy contributing £21 billion annually, generating over half a million jobs and always at the cutting edge, London is stellar in driving creative enterprise.

Creative London is part of the London Development Agency (LDA), the Mayor of London's agency for economic development. To find out how our support is helping to make London one of the most vibrant, creative and dynamic cities in the world please visit our website.

The CCF is a key part of the Creative London programme on growth finance and is part of a wider support network available to London's developing businesses. The ultimate aim is to train people to run their businesses and manage their finances more effectively thereby reducing the risks of business failure.

**Web:** [www.creativelondon.org.uk](http://www.creativelondon.org.uk) / **Email:** [info@creativelondon.org.uk](mailto:info@creativelondon.org.uk) / **Tel:** 020 7954 4189

## Other languages and formats

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A summarised version of this document is also available in large print, Braille, on disk, audio cassette and in some other languages.

For a copy, please contact:

London Development Agency, Devon House, 58-60 St Katharine's Way, London E1W 1JX

**Web:** [www.lda.gov.uk](http://www.lda.gov.uk) / **Email:** [communications@lda.gov.uk](mailto:communications@lda.gov.uk) / **Tel:** 020 7954 4500

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[www.ccfund.co.uk](http://www.ccfund.co.uk)

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