CAPACITY BUILDING IN THE CULTURAL AND CREATIVE SECTORS GUARANTEE FACILITY

A guide to assessing loan applications from CCS SMEs

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EXECUTIVE SUMMARY

Introduction of the CCS

- The **C**ultural and **C**reative **S**ectors (CCS) represent a crossroad between arts, business and technology
- Key common characteristics of CCS SMEs are related to their intangible nature of production, complex business models and value chains dominated by business to business (B2B) networks
- Access of CCS SMEs to third party financing is hindered by specific risks inherent to their business models and overall perception of higher riskiness of CCS companies by capital providers
- As a consequence, each step of the lending and risk assessment process needs to be tailored to CCS specificities

This is a three step guide for financial institutions to assess loan applications of CCS SMEs

The "Origination" phase should include the following elements:

- Raise awareness of the economic potential of CCS as well as understanding of related value chains
- Analyse CC sub-sectors as well as the functioning of the specific value chains
- Define specific CCS strategy and identify target SMEs per sub-sector
- Identify public support schemes, potential partners and relevant business opportunities through networking in the CCS ecosystem

The "Underwriting" phase should consider the following aspects:

- Analyse the strategy, business plan, financial plan, competitive environment as well as related business partners of the SME
- Understand and evaluate the business owner's vision, track record in the CCS market and access to distribution networks
- Evaluate intangible assets of the CCS SME

The "Closing and monitoring" phase should entail the following elements:

- Aside from standard banking practices, an additional risk management dashboard could be used to facilitate the monitoring process
- Participate in the CCS Guarantee Facility, an EU Programme managed by the European Investment Fund on behalf of the European Commission, which provides free-of-charge capped portfolio (counter-) guarantees for partial credit risk coverage

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CULTURAL AND CREATIVE SECTORS DEFINITION

"CCS" as a crossroad between arts, business and technology

Definition

- **Creative industries** correspond to 'those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional' (European Commission, Com 183 Final, 2010)
- **Cultural activities** correspond 'to those activities, goods and services, which at the time they are considered as a specific attribute, use or purpose, embody or convey cultural expressions, irrespective of the commercial value they may have' (UNESCO)
- **Cultural and Creative sectors:** CCS means all cultural and creative sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management. The cultural and creative sectors include inter alia architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts (EIF)

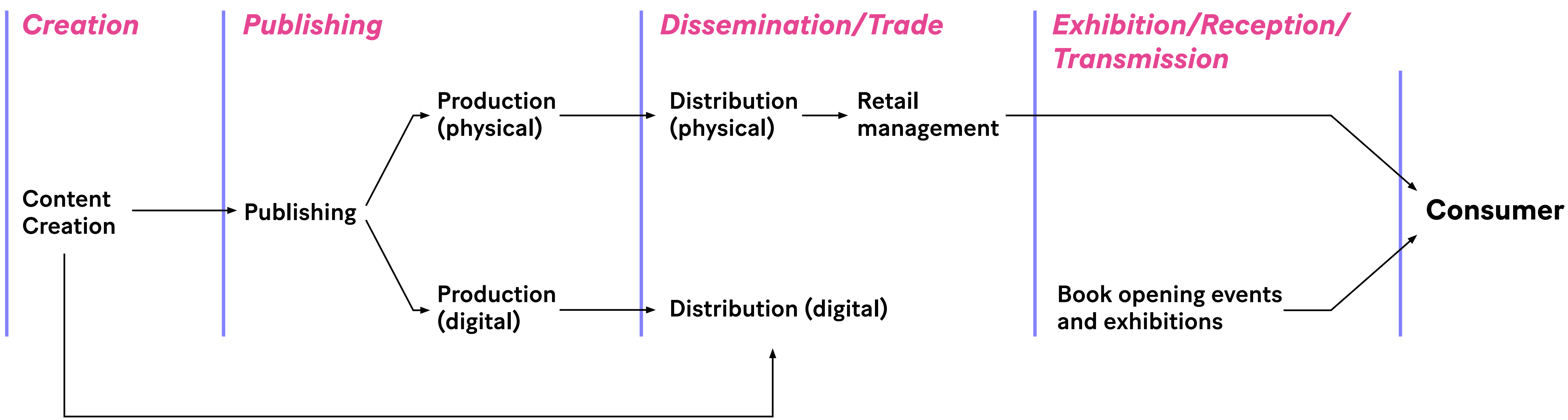
Sub-sectors	Description	Examples
Heritage, Archives and Libraries	• Library and archives activities • Museums activities • Operation of historical sites and buildings	
Books and Press	• Book, newspapers and journals publishing and retail sales in specialised stores	
Visual arts	• Artistic creation • Photographic activities • Specialised design activities	
Architecture	• Architectural activities (advisory, technical consultancy, design and planning)	
Performing arts	• Operation of arts facilities • Performing arts and its support activities	
Audio-Visual and Multimedia	• Production, recording and distribution of motion picture, video and music • Radio and TV broadcasting	
Education & Memberships	• Cultural education • Activities of professional memberships organisations	
Other cultural and creative sectors activities	• Wholesale of other household goods • Retail of second hand goods in stores	

Source: European Commission, Survey on access to finance for CCS (2013), KEA (2006)
Note: *Please refer to the dedicated material circulated by EIF for detailed information

CCS SPECIFICS AND VALUE CHAIN EXAMPLE

Key common characteristics of CCS SMEs are intangible nature of production, complex business models and a value chain dominated by B2B network

Typical CCS value chain



Overview

- Each CC sub-sector has its own specificities in terms of business model and market structure.
- However, there are certain **characteristics which are common** for all CC sub-sectors:
  - Dependence on **intangible assets** and often intangible nature of the projects and production
  - **Value chain** is dominated by a network of agreements with partners, and 2/3 of the revenues are based on B2B relationships
  - Complex and evolving **business models** subject to **external trends** such as technology disruptions and shift in consumer preference (digital distribution channels, impact of social networks, sharing vs. ownership-based consumer consumption etc.)

Source: Mapping the Creative Value Chains - A study on the economy of culture in the digital age, 2017

CCS ACCESS TO FINANCING

Access to third party financing is facilitated by financiers' ability to address a number of risks specific to CCS SMEs

CCS financing overview and opportunities

- CCS SMEs' access to third party financing is hindered by specific risks inherent to their business models and overall perception of riskiness of CCS companies by capital providers:
  - CCS suffer from lack of "own capital (e.g. equity)", which is a main hindrance for their growth. Self financing remains the most important source of finance for most small and very small CCS organisations
  - Government funding is a very important funding source for enterprises in CCS (exceeding EUR 80 billion in 2014), in particular for large SMEs. However, public support kept falling since the 2008 financial crisis due to general public spending cuts
  - Depending on the size of CCS SMEs, banks have been an external source of financing mostly in the form of short term (micro-) credit
  - VC and PE investors are less present in the sector as they perceive limited potential upside and insufficient returns
  - Other sources of funding may encompass donations, sponsorships, patronages, etc. Between 2013 and 2017, CCS firms launched more than 75.000 crowdfunding campaigns, raising for example more than EUR 247 million, just for audiovisual and music
- While the sector has its specifics, there is no evidence that CCS underperform in terms of profitability and financial health compared to other sectors:
  - Financial health (Current ratio - 3.5, Solvency ratio - 37.9) in line with the average total business economy
  - Profitability (ROE- 14.3%, EBIT margin – 6.9%)
  - Capital structure (38% - Equity, 27% - Long term liability, 35% -Short term liability)
  - CCS' contribution to GDP is similar to the sectors of ICT and Accommodation and food services*
  - CCS generates almost similar value added as the Accommodation and food services sector*
  - The number of companies in the CCS exceeds those in ICT and Accommodation and food services*
  - While CCS companies are smaller than companies in other industries this may not present a weakness*
  - In many European countries it is becoming now more prominent that CCS are (or have the potential) to be the fastest growing sectors of the economy

*Please refer to the market study document
Source: European Commission, Survey on access to finance for CCS (2013)

Boosting the competitiveness of cultural and creative industries for growth and jobs (2016)

CCS ACCESS TO FINANCING

CCS financing requires an assessment approach that takes specific risk factors into consideration

CCS-specific risk factors

Intrinsic characteristics

- Dependence on intangible assets (Intellectual property "IP") providing few (or no) capital release as collateral for credit risk
- Long term projects and generation of value over a long period of time
- High uncertainty of market success ("hit –based" business) and project pipeline volatility
- Complex value chain dominated by B2B relationships

Market-level risks

- Highly fragmented market (culturally, linguistically)
- Niche and difficult to reach critical mass except for IP based business
- Lack of good market intelligence (i.e. uniform sector definitions and harmonised data)
- Digitalisation and other technology trends disrupting traditional value chains
- Competitive pressure for GAFA like global actors
- Shifts in consumer behavior
- Working capital needs are relatively important and there are typically treasury constraints

Company-level risks

- Lack of management skills, financial and business planning (especially over 2 year horizon)
- In some cases, lack of commercial ambition and scalability opportunities
- Insufficient operating track records and cash flow volatility depending on project success
- Business model driven by creative process built on personal talents and charisma
- Strong reliance on key people skills and company reputation

Financing CCS requires a specific approach to risk assessment and tailored financing products

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LENDING TO CCS AND RISK ASSESSMENT

Each step of the lending and risk assessment process needs to be tailored to CCS specificities

Approach	Top down and macro-economic	Bottom up & micro-economic	Mixed approach specific to sub-sector
Phase	**1. Origination**	**2. Underwriting**	**3. Closing and monitoring**
Key steps	1.1 CCS sector awareness development	2.1 CCS SME risk	Signing & Closing*
	1.2 CCS Industry risk	2.2 Owner's track record	3.1 Monitoring
	1.3 CCS strategy & prospecting	2.3 Risk mitigation	3.2 Distressed situations management
	1.4 Partnering & identification of support schemes	Structuring*	
Challenge	• Reluctance to lend in the CCS market due to perceived complexity of the business models and associated risks	• Limited track record and experience with CCS SMEs' risk assessment • Inflexibility and lack of willingness to structure tailored products	• Lack of operational resources and tools of financial KRIs set-up and risk monitoring • Lack of tangible collateral in case of loan default and restructuring
Solution	• Dashboard by targeted sub-sector describing key risk indicators* • Newsletter on main events	• SME risk assessment based on CCS specific criteria	• Regular monitoring of targeted CCS sub-sectors and evaluation of CCS SMEs according to defined KRIs

We have included these steps in this overview as they are part of a typical lending/risk assessment process. However, there is no specific guidance provided in this document as they do not depend on CCS specifics.

*E.g. sample of macro-economic factors that drive the business in each sub-sector, number of entities in default per sub-sector etc.

LENDING TO CCS AND RISK ASSESSMENT

Origination

Phase	1. Origination	2. Underwriting	3. Closing and monitoring
Key steps	1.1 CCS sector awareness development	2.1 CCS SME risk	Signing & Closing*
	1.2 CCS Industry risk	2.2 Owner's track record	3.1 Monitoring
	1.3 CCS strategy & prospecting	2.3 Risk mitigation	3.2 Distressed situations management
	1.4 Partnering & identification of support schemes	Structuring*	

We have included these steps in this overview as they are part of a typical lending/risk assessment process. However, there is no specific guidance provided in this document as they do not depend on CCS specifics.

ORIGINATION PHASE

Raise awareness of the economic potential of CCS and understand related value chains

1.1 CCS sector awareness development

Understand the economic potential and attractiveness of CCS SMEs

Analyse the functioning of the value chain of the specific sub-sector

Section overview:

Key takeaway

- CCS is an expanding sector across Europe
- Digitalisation has a strong impact on traditional CCS VCHs

Potential challenges for financial institutions

- Little understanding of specific CCS market dynamics per sub-sector
- Significant differences between the value chains of CCS sub-sectors
- Perception of higher-than-average riskiness of CCS SMEs

ORIGINATION PHASE

Raise awareness of the economic potential of CCS and understand related value chains

1.1 CCS sector awareness development

Understand the economic potential and attractiveness of CCS SMEs

- Perform research to understand key economic variables related to the CCS market on each subsector.
- Consult studies and databases such as:
  - https://ec.europa.eu/eurostat
  - http://ecbnetwork.eu/ [EU level]
  - http://ec.Europa.eu/culture/library_en [The European Commission's Culture Document library]
  - https://www.bmwi.de/Redaktion/EN/Dossier/cultural-and-creative-industries.html [GERMANY]
- Consult with external service providers to obtain market intelligence tailored to your needs
- Set up an advisory board composed of experts from the targeted CC sub-sectors that will provide support in entering the CCS and assess risks associated to applications
- Liaise with key associations and stakeholders in the targeted CCS sub-sectors

The following slide provides a high-level overview of the economic potential of the CCS market in Europe

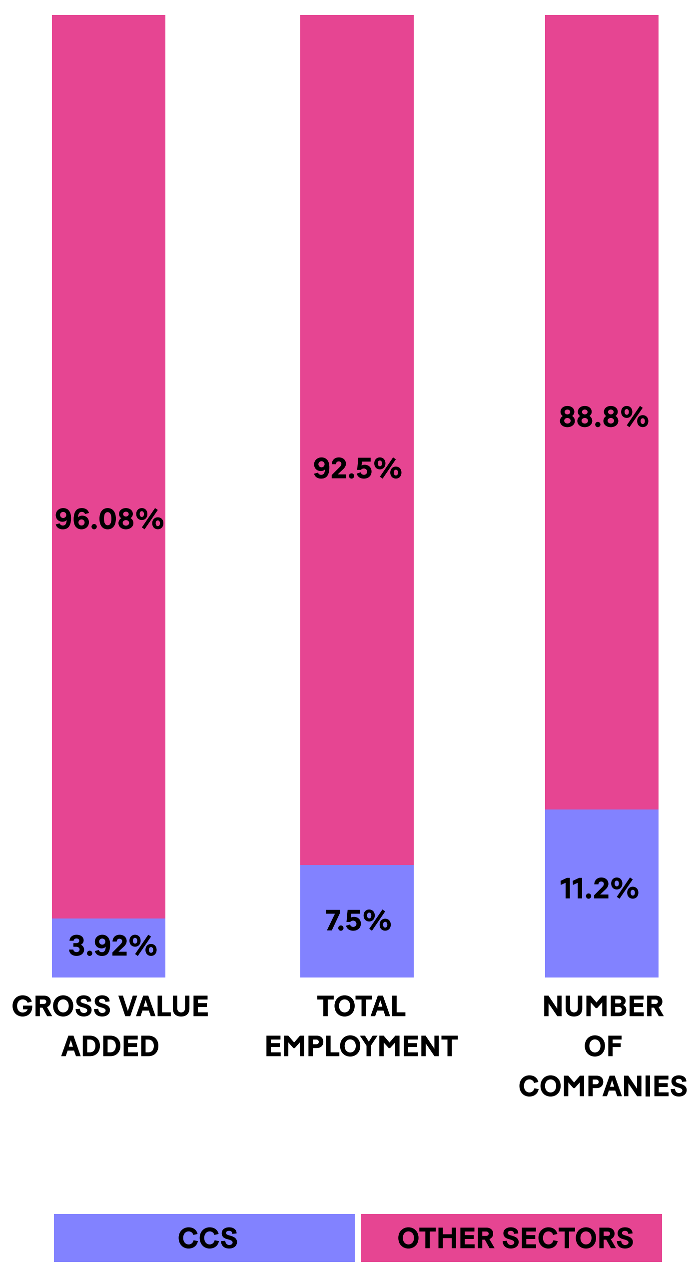
Analyse the functioning of the value chain of the CC sub-sector under review

- As a first step, it is important to understand the very specific VCHs of each CCS sub-sector
- Sub-sectors include (non exhaustive): Book publishing, Music publishing & Recording, Film, Multimedia
- VCHs generally consist of 4 core functions: Creation, Production/publishing, Dissemination/trade, Exhibition/reception/transmission.
- The impact of Digitalisation on the CCS VCHs is ubiquitous. While from creation to actual consumption all steps in the VCH have evolved due to new digital solutions, the digital shift has brought forward major challenges for CCS actors, such as costs associated with the digital transformation, piracy, and increased competition, lower barriers to entry and pressure on existing financing and pricing models. In some sub-sectors new actors have quickly gained economic weight in the VCH and have even taken a dominant position, particularly in terms of dissemination (e.g. e-books vs traditional books)
- Consult slides 17-20 for a more detailed presentation of key VCHs
- For a more detailed description please refer to "Mapping the Creative Value Chains - A study on the economy of culture in the digital age", 2017

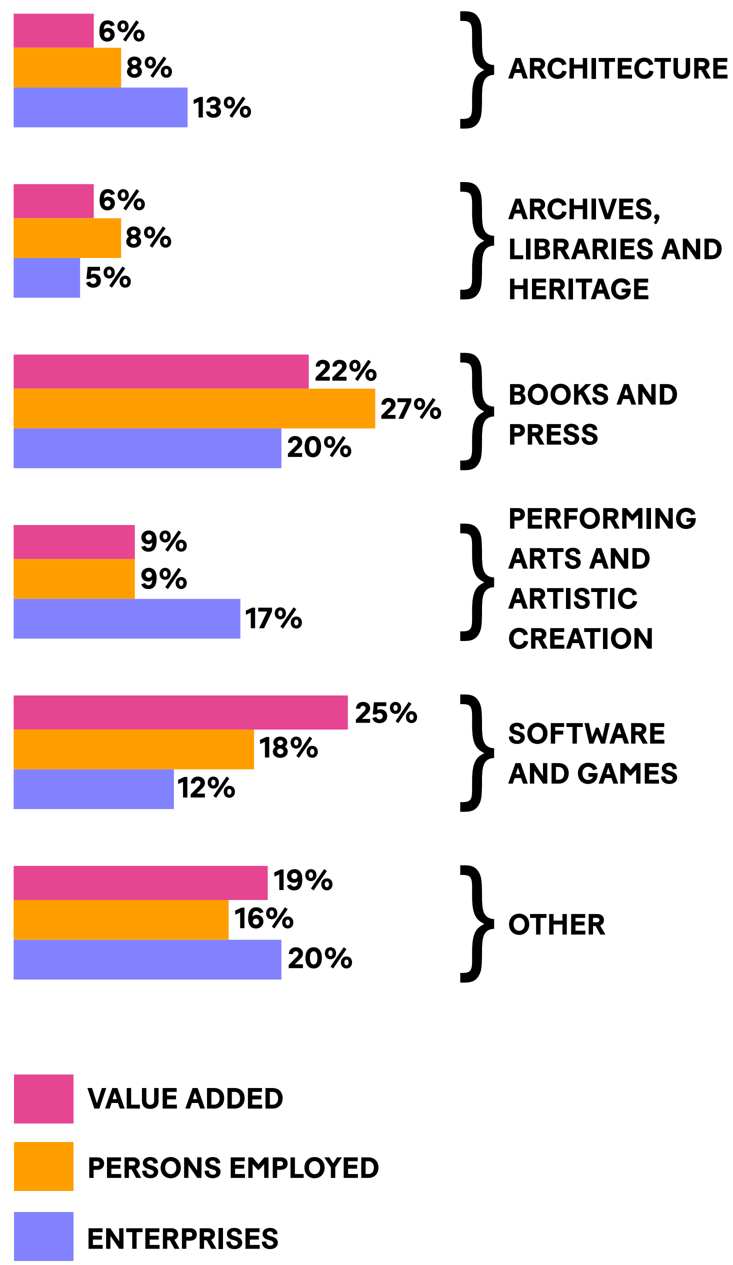
ORIGINATION PHASE

CCS have a significant economic and wealth creation potential and are major contributors of jobs' creation; hence an attractive sector to develop

CCS contribution to the European economy



CCS market by sub sectors



Key observations

- The **European CCS** make up 26% of employment and 31% of revenues compared to global CCS figures. This makes European CCS the **second largest** contributor after the Asia-Pacific region.
- In total, the CCS make up **11.2 % of all private enterprises** in Europe
- **7.5 % of all individuals employed** in the European economy work in the CCS
- The CCS generate **3.9 %** of the total **European gross value added**
- The CCS are characterised by a high portion of **very small firms** - 95% of CCS firms are businesses with up to 9 employees
- **95%** of the enterprises in CCS engage in a **"trade and services"** activity, while 5% in a "production" activity
- The biggest subsectors within the CCS, in term of economic value added and employment, are **books & press, software & games,** and **performing arts**
- CCS' contribution to GDP **is similar to the sectors of ICT** and Accommodation and food services
- **CCS generates almost similar value added** as the Accommodation and food services sector
- The number companies in the CCS exceeds those in ICT and accommodation and food services

Source: Boosting the competitiveness of cultural and creative industries for growth and jobs (2016)

ORIGINATION PHASE

Analyse the CCS sub-sector as well as the functioning of the specific value chain

1.2 CCS Industry risk

Analyse size and growth of the market under review, its trends, drivers, competition

Analyse the functioning of the value chain of the specific sub-sector

Section overview:

Key takeaway

- Identify growth potential and trends
- Gain understanding of VCH specificities and impact of Digitalisation

Good to know

- The CCS are a highly fragmented market (culturally, linguistically)
- Most ventures are "Niche" and have difficulties to reach critical mass
- There is lack of good market intelligence (i.e. uniform sector definitions and harmonised data)

Potential challenges for financial institutions

- High uncertainty of market demand - CCS sub-sectors characterised by lack of available market data
- Complex and fast evolving business model dominated by B2B relations which varies depending on the CCS sub-sector
- Assessment of the impact of changing customer preferences, technology and digitalisation on the value chain
- Capacity to capture the relevant KPI for each sub-sector in order to align the financing priorities to the risk appetite of the financial institutions

ORIGINATION PHASE

Analyse the CCS sub-sector as well as the functioning of the specific value chain

1.2 CCS Industry risk

Analyse size and growth of the market under review, its trends, drivers, competition

CCS projects are often complex projects and of an intangible nature in terms of production/product

There may be high uncertainty of market success ("hit –based" business) and project pipelines may be volatile

- Collect data on industry trends, past performance/growth rates, competitors and overall growth perspectives of the CC sub-sector as well as total revenues generated in the market
- Perform analysis of competitive environment (number of incumbents), type of competition (monopoly, oligopoly, monopolistic or perfect competition), assess barriers to entry and related costs
- Identify key drivers in the particular market and assess the proposed venture/project against these
- Identify size of client base and potential demand for the product (e.g. is the product restricted to only one market due to a language barrier or will it be relevant for international markets e.g. English music vs. music in less internationally known languages such as Greek, Danish etc.)

Analyse the functioning of the value chain of the specific sub-sector

- Review the value chain of the relevant CCS sub-sector (see summary for the most important VCHs in the following slides: Book publishing, Music publishing & Recording, Film, Multimedia)
- Analyse key local actors, financial flows and revenues generated at each step of the VCH
- Use sector-specific publications and news from sources such as:
  - Europa-cinema.org for the film sector
  - Author societies (e.g. GESAC, CISAC)
- Evaluate the impact of digital shift in the CC sub-sector:
  - Digitalisation and other technology trends are disrupting the traditional VCHs (e.g. classical publishing vs emergence of e-books)
  - Digitalisation will lead to shifts in consumer behavior and has potentially an impact on the business model of the venture/project that is being assessed
  - Digitalisation will impact the demand for the product in the foreseeable future

ORIGINATION PHASE – BOOK PUBLISHING

Analyse the value chains of the relevant sub-sector

Creation

Content Creation
(e.g. text, illustrations and drawings)

Publishing

Publishing
(e.g. aggregation, reading, editing, designing, pricing and marketing of stories)

Production (physical)
(e.g. typesetting, printing)

Production (digital)

Dissemination/Trade

Distribution (physical)
(e.g. bookstores, discounters)

Retail management
(e.g. shelf-space)

Distribution (digital)
(e.g. e-bookstores, website, apps)

Exhibition/Reception/ Transmission

Customer events

Consumer

Ancillary goods & services

Support activities
(e.g. software and application development)

Hardware production
(e.g. e-reader)

Typical Funding/ Risk

Creation

Funding Need:
LOW HIGH

Risk Level:
LOW HIGH

Publishing

Funding Need:
LOW HIGH

Risk Level:
LOW HIGH

Potentially high investment required for tech platforms

Dissemination/Trade

Funding Need:
LOW HIGH

Risk Level:
LOW HIGH

Overview of each step in the VCH

Creation

Key actors:

Authors/ Illustrators

Key activity:

Content creation

Impact of Digitalisation:

Authors may skip the step of publishing and directly disseminate an e-book via digital services

Publishing

Key actors:

Book publisher

Key activity:

- Commission/acquisition, copy-editing, proof reading, index making and rights management (selling usage rights – ex cinema)
- Physical and digital production (typesetting, layout and design, printing and binding, insurance and shipping)

Impact of Digitalisation:

Traditional actors (e.g. active in printing, binding) are replaced by digital production activities

Dissemination/Trade

Key actors:

Book distributor/retailer

Key activity:

- Distribution (sales and marketing, promotions and management of publicity)
- Physical delivery of books (and digital delivery) to stores (online stores), packaging, transport, ordering process and servicing and management of IT systems and warehouses
- Handling of returns of unsold books from stores

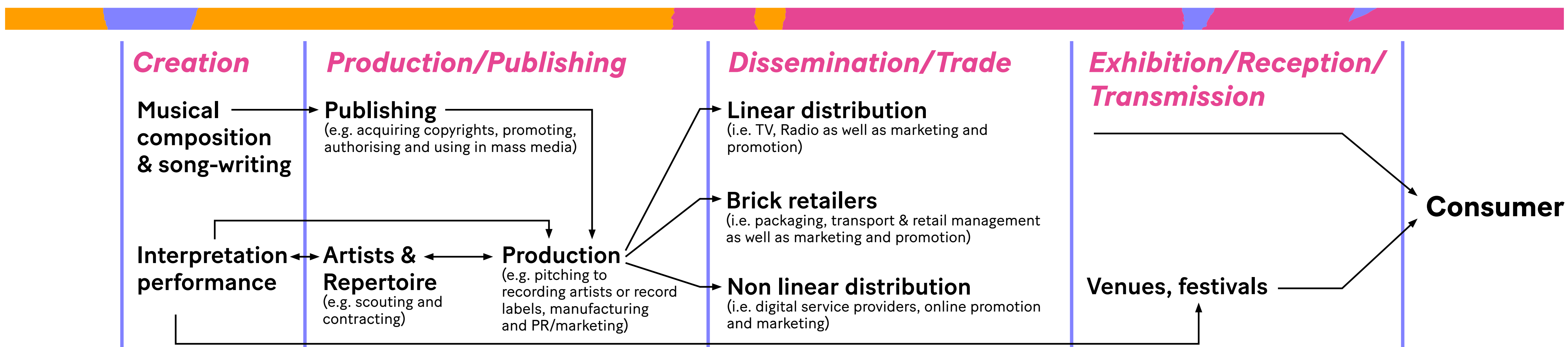
Impact of Digitalisation:

Libraries are catching up on the digital trend and offering more and more e-books (e.g. e-loans* vs e-book sales)

Source: Mapping the Creative Value Chains - A study on the economy of culture in the digital age, 2017
* E loan is a loan offered by a company that allow its costumers to rent a book online.

ORIGINATION PHASE – MUSIC PUBLISHING, RECORDING

Analyse the value chains of the relevant sub-sector

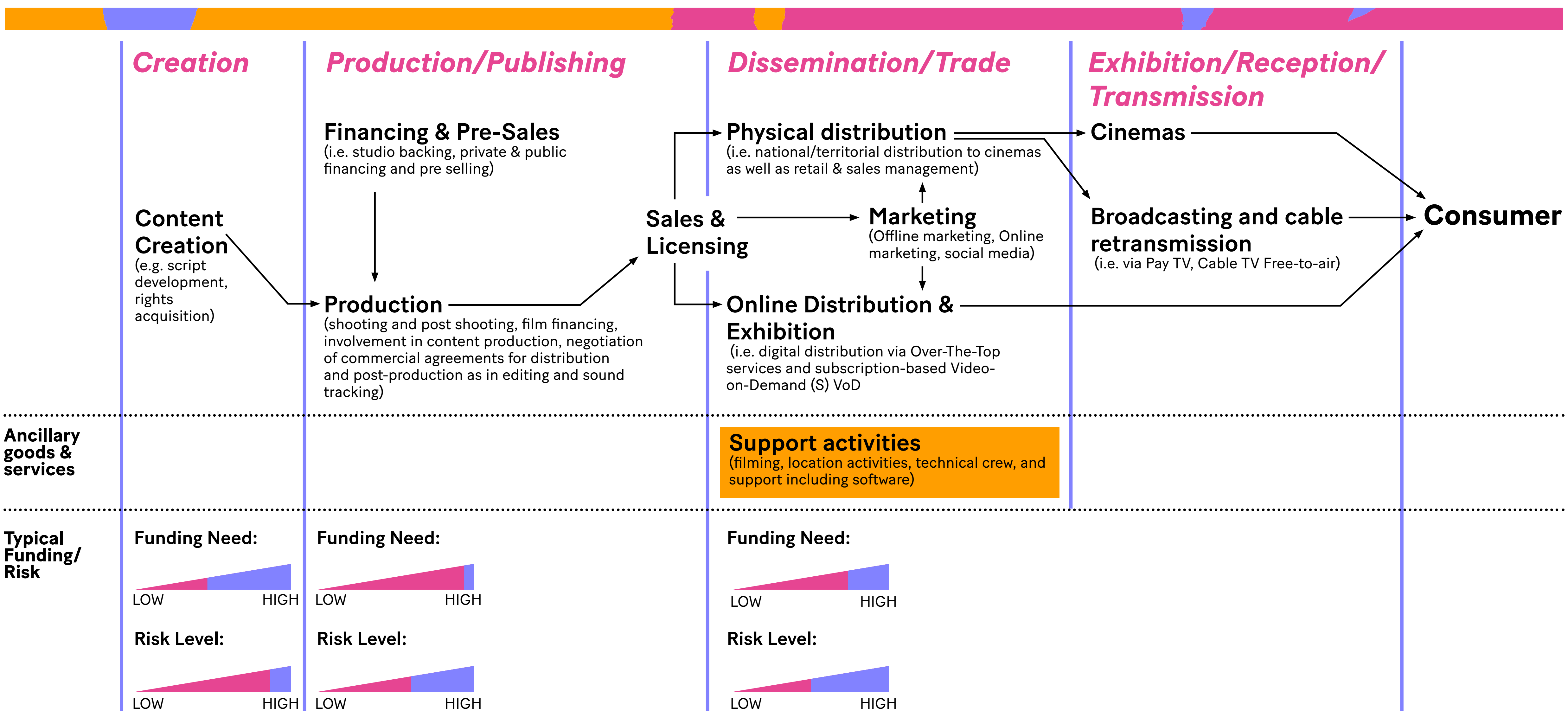


	Creation	Production/Publishing	Dissemination/Trade
Ancillary goods & services	**Support activities** (e.g. music recording software, manufacturing of musical equipment)		
Typical Funding/ Risk	**Funding Need:** LOW – HIGH **Risk Level:** LOW – HIGH	**Funding Need:** LOW – HIGH **Risk Level:** LOW – HIGH • Pre-financing of CD releases by producers is disappearing due to long term streaming revenues • Risk is mainly borne by producers	**Funding Need:** LOW – HIGH **Risk Level:** LOW – HIGH
Overview of each step in the VCH	**Key actors:** composers, writers, performers, musicians **Key activity:** composing music, writing lyrics, interpretation **Impact of Digitalisation:** direct access to fans	**Key actors:** Music publishers / Record companies, collecting societies **Key activity:** discovering and signing new artists for publishing and/or recordings. Rights management, manufacturing (CDs, Vinyl etc.) **Impact of Digitalisation:** talent self-publishing or production / direct deals with digital platforms	**Key actors:** record companies, aggregators, rights collection **Key activity:** Promotion/Marketing, distribution deals, touring, artists management **Impact of Digitalisation:** streaming main revenue source, increased importance of live performance and merchandising. Brick retailing major victim. Price dictated by digital media players (Apple, Amazon, Spotify, Deezer, etc.)

Source: Mapping the Creative Value Chains - A study on the economy of culture in the digital age, 2017

ORIGINATION PHASE – FILM

Analyse the value chains of the relevant sub-sector



Overview of each step in the VCH

Creation

Key actors:

screenwriters, film directors, talent

Key activity:

development of story

Impact of Digitalisation:

short stories

Production/Publishing

Key actors:

film producer

Key activity:

financing, casting, distribution deals, production of the movie

Impact of Digitalisation:

shorter format for new media platforms (mobility), Virtual Reality, Augmented Reality

Dissemination/Trade

Key actors:

film distributor, theaters, media (linear, nonlinear), sale agents, festivals

Key activity:

Promotion, marketing, rights acquisition and sale

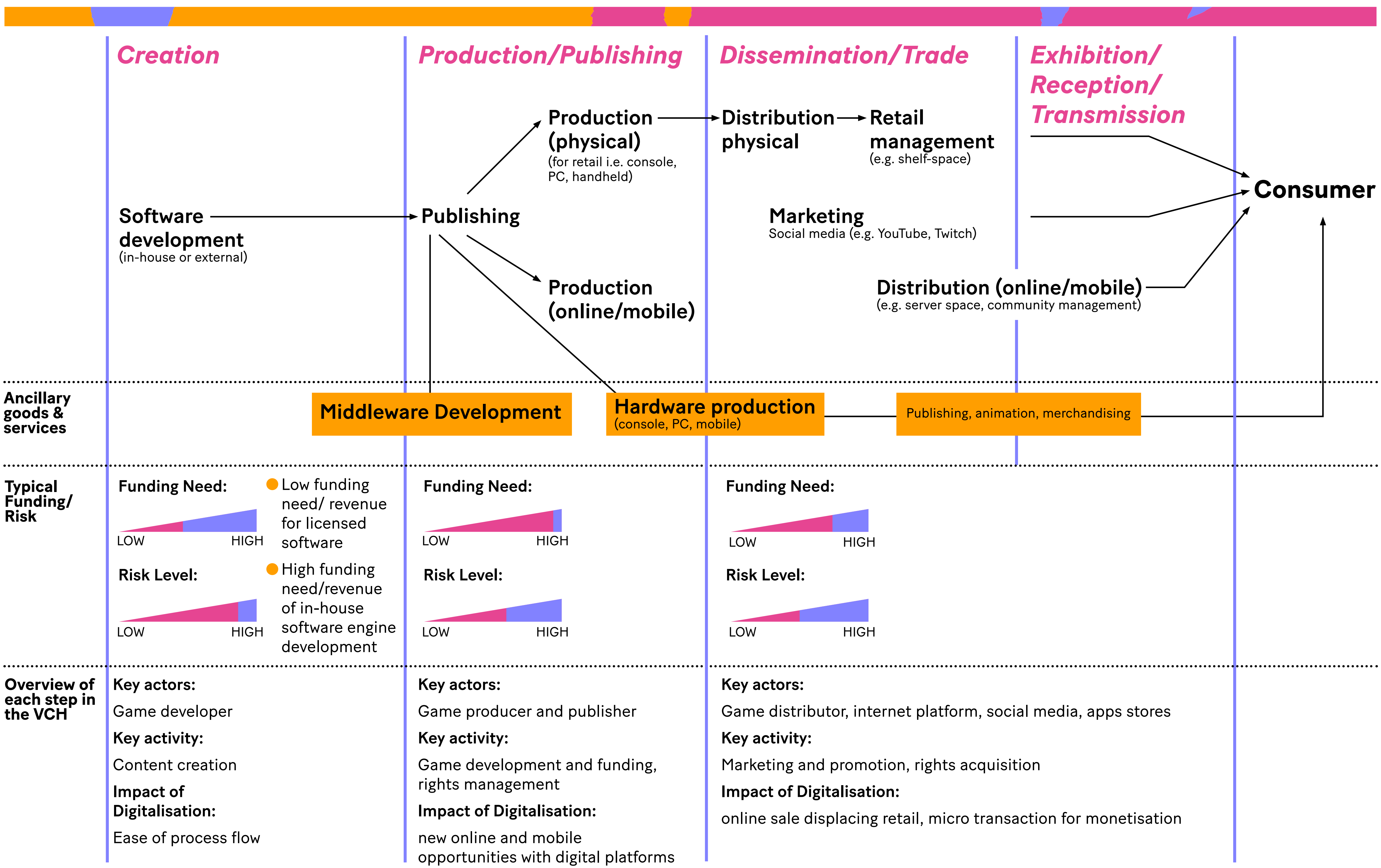
Impact of Digitalisation:

So far limited impact, however, Netflix buy out system challenges versioning business model. Increase interest in streaming (access vs. ownership) – market consolidation, new media players (GAFA) – importance of social media

Source: Mapping the Creative Value Chains - A study on the economy of culture in the digital age, 2017

ORIGINATION PHASE – MULTIMEDIA

Analyse the value chains of the relevant sub-sector



Source: Mapping the Creative Value Chains - A study on the economy of culture in the digital age, 2017

ORIGINATION PHASE

Define CCS strategy, and support identification and approach of potential borrowers

1.3 CCS strategy & prospecting

Define CCS strategy

Identify potential companies per sub-sector

Target marketing in the sector to reach out to CCS audiencE

Contact the potential targets identified and understand their financial models

Section overview:

Key takeaway

- Identify member(s) of staff (from sales and/or risk departments) that will specialise in CCS and should take the lead on tasks set out in this document. Alternatively, liaise with local expert(s) to act as an intermediary
- Define specific strategy to target CCS sub-sector(s)
- Adapt marketing of products to CCS

Potential challenges for financial institutions

- Lack of defined CCS strategy and difficulty to identify target companies
- Limited experience in tailoring financial products and services to CCS SMEs
- Limited experience in approaching CCS SMEs (mutual misunderstanding / misconception barriers)
- CCS SMEs lack information and understanding about relevant sources of finance, perceive external finance as complex and risky

ORIGINATION PHASE

Define CCS strategy, support identification and approach of potential borrowers

1.3 CCS strategy & prospecting

Define CCS strategy and targets

- Analyse industry data and identify CC sub-sectors to be targeted based on growth prospect of the sub-sector or in house expertise in the sub-sector etc.
- For the selected target sub-sector(s), identify key metrics (e.g. market growth, revenue generated, number of companies and companies of interest)
- Identify reliable data sources to access market/CCS SME data (e.g. IFPI for recorded music industry; European Audio-visual Observatory for Audio-visual industry)
- Track market developments
- Monitor political agenda / priorities

Identify potential companies per sub-sector

- Based on selected sub-sector(s) and performed market analysis perform a mapping of SMEs operating in the selected sub-sectors (e.g. by geography).
- From the list of potential SMEs select the ones that have the highest growth potential and financing needs in terms of loans
- List “target SMEs” by order of priority and identify key stakeholders to contact

Target marketing in the sector to reach out to CCS audience

- Based on selected sub-sector(s) and list of selected “target SMEs” adapt marketing approach:
  - Identify potential funding gaps within the SMEs’/ sub-sectors’ VCHs
  - Identify how your financial products may be beneficial for the target SMEs within the context of their specific VCH and financing needs (e.g. content creation, production, dissemination/ trade)
  - To overcome prejudices and misconceptions, take into account CCS specific terminologies to tailor your product marketing (e.g. instead of intangible assets refer to catalogue of rights or repertoire)

Contact the potential targets identified and understand their financial models

- Arrange initial contact with target SMEs (for instance, in the film industry, large professional events offer networking/ meeting opportunities between financiers and CCS) to:
  - Understand the business model, positioning in the value chain of the respective CCS sub-sector, key partners and financial flows
  - Understand SMEs’ financing needs (amount, duration, potential terms of pay back etc.)
  - Evaluate whether the financing need can be covered by existing financial instruments offered by your organisation
  - Consider adapting the financial offer to meet specific financing needs of CCS

ORIGINATION PHASE

Identify public support schemes, potential partners and relevant business opportunities through networking in the CCS ecosystem

1.4 Partnering and identification of support schemes

Identify public support schemes such as grants

Identify tax incentive schemes

Identify potential partners offering co-financing, guarantees or other public funding programs

Network among existing sector investors in the industry to increase awareness and understanding of CCS business opportunities

Section overview:

Key takeaway

- Identify public support schemes
- Identify potential co-financing partners
- Liaise with CCS ecosystem

Good to know

- In most countries a series of public funding programs and tax incentives exist to foster the development of specific CC sub-sectors and to mitigate sector specific risks. Access to support schemes demonstrates the viability of a CCS SMEs' business models

Potential challenges for financial institutions

- Lack of potential co-financing partners
- Lack of knowledge of eligible public funding programs, guarantees, support schemes, tax incentives, etc.

ORIGINATION PHASE

Identify public support schemes, potential partners and relevant business opportunities through networking in the CCS ecosystem

1.4 Partnering and identification of support schemes

Identify public support schemes such as grants

- Public grants are traditionally a very important source of finance for cultural and arts projects, training activities or support for the mobility of cultural stakeholders. The audiovisual sector is the main beneficiary of these subsidies, followed by the core arts fields (visual arts, performing arts and heritage)**
- Grants come from the different government levels and agencies dealing with cultural affairs e.g.:
  - In many countries dedicated funds have been set up to provide grants and financing for the production and distribution of films
  - In 2014, film support schemes accounted for 2.41 Billion Euro* in the EU

Identify tax incentive schemes

- Tax incentives are usually used to stimulate external private investment in CCS SMEs. Alternatively, they are used to encourage creatives to pursue business opportunities

Identify potential partners offering co-financing, guarantees or other public funding programs

- Due to the fact that CCS SMEs typically have insufficient tangible assets that may be used as collateral it is important to mitigate sector specific risks by identifying:
  - Potential partners (e.g. public banks and funds, governments) on a national and international level
  - Types of co-financing support available (e.g. Interim Finance, Tax-Incentive Financing, Gap Finance, Working Capital/Corporate, Finance, Bank Guarantees)
  - The most relevant co-financing instruments and eligibility criteria
  - European access to finance schemes at European level (e.g. CCS GF)

Network among existing sector investors in the industry to increase awareness and understanding of CCS business opportunities

- Liaise and cooperate with incubators dedicated to the CCS
- Identify industry/sub-sector events and profiles of attending companies and investors (e.g. VC, angel investors, banks)
- Select and attend relevant events to promote your organisation's interest in the CCS market and financial products
- It is important to get involved with CCS entrepreneurs as early as possible in their ventures to ensure that both sides fully understand each other and the cooperation can run smoothly

*Source: Public financing for film and television content – The state of soft money in Europe, A report by the European Audiovisual Observatory, July 2016, page 98
**Source: European Commission – Financing the arts and culture in the EU, November 2006

LENDING TO CCS AND RISK ASSESSMENT

Risk assessment

Phase	1. Origination	2. Underwriting	3. Closing and monitoring
Key steps	1.1 CCS sector awareness development	2.1 CCS SME risk	Signing & Closing*
	1.2 CCS Industry risk	2.2 Owner's track record	3.1 Monitoring
	1.3 CCS strategy & prospecting	2.3 Risk mitigation	3.2 Distressed situations management
	1.4 Partnering & identification of support schemes	Structuring*	

We have included these steps in this overview as they are part of a typical lending/risk assessment process. However, there is no specific guidance provided in this document as they do not depend on CCS specifics.

UNDERWRITING PHASE

Analyse the CCS SME's strategy, business plan, financial plan, competitive environment as well as related business partners

2.1 CCS SME risk

Assess the SME's value chain positioning and its strategy	*Evaluate competitive advantages and key success factors*	*Analyse operating model, business plan and key value drivers*	*Perform financial analysis*	*Assess counterparty risk*

Section overview:

Key takeaway

- Position SME in VCH and assess competitive advantages
- Evaluate operating model
- Discuss with the person filing the loan application/business owner

Good to know

- CCS SMEs generally rely on intangible assets such as human capital and IP
- CCS SMEs often lack management skills, financial and business planning skills

Potential challenges for financial institutions

- Evaluating profitability and probability of success of business plan / business model
- Difficulty in assessing risk-return characteristics and business model of the specific CCS sub-sector
- Low quality of financial information and management's inability to produce financial forecasts
- Evaluating tax and legal implications of the SME's business model

UNDERWRITING PHASE

Analyse the CCS SME's strategy, business plan, financial plan, competitive environment as well as related business partners

2.1 CCS SME risk

Assess the SME's value chain positioning and its strategy

- Assess the VCH that the SME's business model relies on vs the typical VCH for the sub-sector. Is it in line with the standard model, does it add any promising innovative aspects? Note that CCS SMEs typically produce "prototypes" and can thus not be easily compared to products of other SMEs in the same sub-sector
- Analyse the VCH in the context of complex B2B relationships and how it strategically fits into the wider context of the market in question
- Discuss the business model with the person filing / drawing the loan application to fully understand the vision, objectives and strategy of the project: the business model is usually driven by a creative process built on personal talents and charisma and may deviate from typical business models for a good reason

Evaluate competitive advantages and key success factors

- Identify the key criteria (success factors) that need to be met for the venture/project to be a commercial success e.g. (list non-exhaustive): content needs to resonate with customers, content needs to be unique, marketing needs to ensure that the content will be recognised by potential customers, etc.
- Evaluate the likelihood of the proposed project/venture meeting the success criteria
  - Assess future growth potential by comparing content created to current trends in the sector (research whether past work has been reviewed by critics, assess whether the content is in line with market trends "Zeitgeist")
  - Assess how the proposed venture/ project will be performing against it's competitors (does it have a competitive advantage?). Will the SME be a market leader/follower compared to its competitors?

Analyse operating model, business plan and key value drivers

- Review operating model and business plan:
  - Who are the key contributing stakeholders in the proposed business model? Is the business plan clearly understood and shared by all of these stakeholders?
  - Are roles and responsibilities clearly set out and understood by all stakeholders involved? Has a governance model been set up for the project/venture to manage the decision-making process?
  - On whom does the operating model rely?
    - Solely on the team? Do they have sufficient expertise in accounting, finance, legal expertise etc. to ensure a smooth operation?
    - Does the SME work with external experts? e.g. a dedicated incubator may support the set up and implementation of the operating model

UNDERWRITING PHASE

Analyse the CCS SME's strategy, business plan, financial plan, competitive environment as well as related business partners

2.1 CCS SME risk

Perform financial analysis

- Check that the financial analysis is performed on the right entity (i.e. SMEs may create dedicated SPVs for projects which result in non existing track records and perceived low financial performance)
- Collect information about projected financial performance from the proposed venture/project (revenue, profitability, leverage, cash flow, liquidity, financial discipline and asset base). Assess projections. Are they realistic? Do they meet eligibility criteria to receive financing support from your organisation?
- Funding from other investors (e.g. co-financing, grants, equity) can be considered as an indicator of quality. While public grants are common in the CCS and provide financial support and security for a defined period of time, their renewal is not guaranteed and thus represents a risk of business disruption due to lack of financial resources. Furthermore, as financial plans of CCS ventures typically rely on multiple sources (public funds, crowdfunding, private loans, funds from cultural philanthropists) it is important to take the availability of those sources into consideration.
- In particular, it is important to understand the role of Intellectual Property ("**IP**") in CCS as CCS SMEs depend on intangible assets (IP) which need to be evaluated (see also evaluation methods for intangible assets - page 31/32):
    - For instance, by virtue of IP rights producers of cultural content are granted exclusive rights of exploitation (monopoly of exploitation):
        - An **author** is protected for his/her life and **70 years after death** (so is a film or AV producer by way of assignment)
        - A **performer** is protected **70 years from the date of the fixation** of his performance
        - A **producer** is protected **70 years from publication** or communication to the public
    - Author societies manage the rights of their members' works and represent them in negotiations to secure the remuneration of creators
- CCS SMEs often have insufficient operating track records and cash flow volatility depending on project success. This is a common feature and should not as such lead to the rejection of a loan

Assess counterparty risk

- Identify all related partners, clients, investors, subcontractors etc. that are related to the venture/project
- Due to its importance in the CCS value chains, special emphasis should be put on assessing the distribution/ dissemination of the product
- Perform background checks for each party (e.g. check financial viability of publishing company that will produce the content of an author who applies for a loan)
- Assess whether there are any risks/weaknesses that may lead to failure of the venture e.g. content creator does not deliver, production company backs out, distribution/retail phase is not clearly planned

UNDERWRITING PHASE

Understand and evaluate the business owner's vision, track record in the CCS market and access to distribution networks

2.2 Owner's track record

Evaluate dependence of the success of the SME on the character and charisma of the key people/owner

Analyse management's performance and reputation track record, signs of any aggressive accounting and tax strategy

Assess the capacity to manage artistic/creative talents and business developments

Evaluate access to a wide (and international) distribution network

Section overview:

Key takeaway

- Understand and assess owner's vision for the project
- Evaluate owner's track record and wider integration in the CCS ecosystem

Potential challenges for financial institutions

- Difficulty in assessing quality and character of the SME's management team
- Difficulty in assessing key people risk

UNDERWRITING PHASE

Understand and evaluate the business owner's vision, track record in the CCS market and access to distribution networks

2.2 Owner's track record

Evaluate dependence of the success of the SME on the character and charisma of the key people/owner

- Discuss the proposed venture/project with the owner/staff/co-workers to understand the motivation and vision of the project. Often, CCS entrepreneurs are driven by their artistic ideas/projects and show a high level of resilience
- Assess whether the project vision and objective is realistic given the owner's/team's character/attitude. However, it is important to understand that CCS entrepreneurs (artists) are not driven by commercial success motivations and are unlikely to modify their project in this sense

Analyse management's performance and reputation track record, signs of any aggressive accounting and tax strategy

- Collect historical information regarding the management team (quantity and quality of previous content creation, quantity of production/publications, frequency of content creation, revenue generated from past projects, historical time-to-market etc.)
- Assess position and career development at previous employers / on previous endeavors

Assess the capacity to manage artistic/creative talents and business developments

- Verify whether the project/venture owner has a particularly positive (e.g. reception of recognised prizes, awards, public grants) or negative (e.g. negative press) track record of working in the CCS market
- Liaise, if possible, with people that the owner has worked with in the past to corroborate your initial analysis

Evaluate access to a wide (and international) distribution network

- Does the owner have access to a local or international network to promote the content produced?
- Does he/she have contacts with and access to publishers and retailers/distributors?
- Is the distribution strategy adapted to international markets?

Understand and evaluate the business owner's vision, track record in the CCS market and access to distribution networks

2.3 Risk Mitigation

Assess the quality of the assets i.e. the nature and amount of intangible assets on the balance sheet (e.g. a portfolio of rights)

Perform valuation of potential collateral

Section overview:

Key takeaway

- CCS SMEs intangible asset evaluation requires an understanding of the sub-sector and a thorough analysis of the likelihood of success of the business plan

Potential challenges for financial institutions

- CCS business models rely mainly on human and intellectual capital not captured on the balance sheet
- Difficulty of valuation of intangible assets
- Lack of collateral to cover for potential loan default

Evaluate intangible assets of CCS SMEs by building expertise in the sector and the capacity to estimate the chances of success

2.3 Risk Mitigation

Assess the quality of the assets i.e. the nature and amount of intangible assets on the balance sheet (e.g. a portfolio of rights)

- CCS companies typically rely on a catalogue of exploitation rights that may be:
  - **Detectable assets:** financial assets in the form of credits or deposits, and
  - **Non detectable assets** (« goodwill ») that relate to human capital, management quality, image or reputation. To assess the quality of these assets it is advisable to analyse:
    - The SME's business plan
    - The general default rate of SMEs in the sub-sector and their longevity

Perform valuation of potential collateral

- Due to the general lack of tangible assets in CCS ventures/projects it is advisable to analyse the track record of CCS SMEs (e.g. number of projects realised, longstanding experience in the sub-sector) as these may indicate whether the venture is likely to succeed
- Another important element in this regard is the evaluation of the business plan. This is because only with a solid business plan (taking into account production/publishing and trade/dissemination steps of the value chain) will the created content (IP) have a chance of yielding commercial success. For instance, in the film sub-sector projects usually succeed once producer contracts have been established
- Regarding intangible assets, there are 3 evaluation methodologies*:
  - Cash flow based models regard assets as investment and the value is determined by discounting the cash flow generated (most used and most rational). This will directly analyse the projected cash flow based on the SME's business plan and projected revenues
  - Cost based methods match the value of the assets with the cost attributable to them
  - Market method determines the value according to some market indicators. While market indicators are rarely available for CCS SMEs data on past performance (e.g. ticket sales, revenues generated on past projects) may be used instead
- The following databases may provide SME market data:
  - Bureau Van Dijk (https://www.bvdinfo.com/en-gb/solutions-for-your-role/corporate-finance-and-ma-research#secondaryMenuAnchor4);
  - CB Insights (https://www.cbinsights.com/about)
  - Crunchbase (https://www.crunchbase.com/)

*see The Economics of the AV Industry, Mario la Torre 2014

LENDING TO CCS AND RISK ASSESSMENT

Closing and monitoring

Phase	1. Origination	2. Underwriting	3. Closing and monitoring
Key steps	1.1 CCS sector awareness development	2.1 CCS SME risk	Signing & Closing*
	1.2 CCS Industry risk	2.2 Owner's track record	
			3.1 Monitoring
	1.3 CCS strategy & prospecting	2.3 Risk mitigation	
			3.2 Distressed situations management
	1.4 Partnering & identification of support schemes	Structuring*	

We have included these steps in this overview as they are part of a typical lending/risk assessment process. However, there is no specific guidance provided in this document as they do not depend on CCS specifics.

CLOSING AND MONITORING PHASE

Creating a dashboard of Key Risk Indicators specifically tailored to the CCS facilitating the monitoring of the loan lifecycle at FI level

3.1 Monitoring

Section overview:

Key takeaway

- The monitoring process for CCS loans requires the adaptation of traditional monitoring processes as less quantitative data is available
- A dashboard containing KEY Risk Indicators (KRIs) collected at macro as well as at microeconomic/company level should be established to monitor industry/market trends as well as company related developments
- The dashboard should be regularly updated and used by the relevant departments to ensure the monitoring of CCS loans (e.g. IFRS reporting obligation at FI level)
- This should have the objective of reducing (or removing) the potential technical and operational hindrance that may arise at FI level due to specificities of CCS counterparties and projects

Potential challenges for financial institutions

- Most CCS SMEs are not evaluated by analysts and do not have “ratings” to support the monitoring of project risk, requiring more internal attention and modelling
- CCS SMEs’ balance sheets are often not structured as those of other corporates in different sectors

CLOSING AND MONITORING PHASE

Creating a dashboard of Key Risk Indicators specifically tailored to the CCS facilitating the monitoring of the loan lifecycle at FI level

3.1 Monitoring

Monitoring of CCS loans requires a dashboard that allows the collection of Key Risk Indicators (KRI) as mentioned below. This dashboard will be used by the relevant departments to monitor the risk associated with CCS loans and prepare required reporting

Credit risk department

- The credit risk department is typically in charge of the preparation of loan dossiers at inception and is involved in the decision-making process. During this phase the CCS company and the overall market environment are evaluated (see previous phases) and **K**ey **R**isk **I**ndicators (KRIs) are set up. The challenge is to ensure that risk teams have an unbiased view on credit worthiness of CCS companies and projects
- During the life of the loan, the credit risk department needs to monitor the evolution of these KRI and update them on a regular basis for COREP* purposes and to ensure that any changes in the situation of the SME are detected and if required included in the "watchlist" or set to "default" in case the SME's performance deteriorates
- Examples of KRIs:
  - Change/deterioration of external ratings (if available)
  - Delays in payments (>30 days, >90 days)

Operations (Back- and Middle- office)

- Ensure the follow-up of covenants related to the loan contracts established with a CCS SME (and potentially the related contractual terms of the EIF CCS financial guarantee)
- Examples of indicators:
  - Maintenance of a certain percentage of revenues in a given CCS sub-sector
  - Maintenance of a Dividend payouts ratio below a certain level
  - Maintain a debt-to-equity ratio below a certain percentage

*COREP: Common solvency ratio reporting

CLOSING AND MONITORING PHASE

Creating a dashboard of Key Risk Indicators specifically tailored to the CCS facilitating the monitoring of the loan lifecycle at FI level

3.1 Monitoring (continued)

Finance department

- The Finance department needs to evaluate at least on a quarterly basis the **E**xpected **C**redit **L**osses (ECL) as part of its financial reporting (FINREP) obligations. The challenge is to ensure that teams have no specific concern about the specificities of CCS companies and that there are few (or no) obstacles for implementing ECL models. Under IFRS 9 this will require:
  - Forward-looking reporting based on parameters calculated/estimated for a given time horizon (e.g. 12 months or until maturity of the loan)
  - Reporting based on macro-economic indicators allowing to evaluate the potential default probability of CCS SMEs (e.g. indicators for specific sub-sectors such as evolution of: sales music (CDs and streaming), sales of cinema tickets, revenues stemming from sales of videogames etc.)
  - Reporting based on the most probable scenarios (i.e. with neither positive nor negative bias)
  - The collection of "Back-stop" indicators as defined in the bank's "Staging Policy" (e.g. delay in payments, changes in ratings etc.)
  - The collection of parameters allowing an evaluation of potential collateral (e.g. patents, IP, assets held by the CCS SME, which most of the time are intangible)

CLOSING AND MONITORING PHASE

On the final stages of the credit process EIF could provide support through the CCS Loan Guarantee Facility

3.2 Distressed situations management

Section overview:

Key takeaway

- Cultural and Creative Sectors Guarantee Facility is enhancing access to finance for SMEs in CCS through:
  - portfolio credit risk transfer via (counter-) guarantees and
  - provision of Capacity Building i.e. technical assistance, knowledge transfer and networking measures in the CCS field to financial intermediaries
- CCS GF provides free-of-charge capped portfolio (counter-) guarantees for partial credit risk coverage
- Financial intermediaries could increase their lending volumes to CCS SMEs* and Small Public Enterprises**
- To develop in-house necessary expertise for the Financial Intermediaries to evaluate the risk associated with SMEs in CCS and its specific characteristics, Capacity building offers the following: technical assistance; knowledge-building; networking measures

* As per the EU definition
** Entities that do not fall under the scope of SME definition exclusively due to detention of shares of the SME by public bodies

CLOSING AND MONITORING PHASE

The Cultural and Creative Sectors Guarantee Facility - What it is and what it covers (1 / 2)

- New action from the European Commission as part of the **Creative Europe programme**
- **EC facility** enhancing access to finance for SMEs in CCS through:
  - portfolio credit risk transfer via (counter-) guarantees and
  - provision of Capacity Building i.e. technical assistance, knowledge transfer and networking measures in the CCS field to financial intermediaries
- CCS GF provides free-of-charge capped portfolio (counter-) guarantees for partial credit risk coverage
- CCS GF is implemented through financial intermediaries like guarantee schemes and banks

Thanks to CCS GF, financial intermediaries would increase their lending volumes to CCS SMEs* and Small Public Enterprises** active in:

Heritage, Archives and Libraries

Books and Press

Visual arts

Architecture

Performing arts

Audio-Visual and Multimedia

Education & Memberships

Other cultural and creative sectors activities

* As per the EU definition
** Entities that do not fall under the scope of SME definition exclusively due to detention of shares of the SME by public bodies

CLOSING AND MONITORING PHASE

The Cultural and Creative Sectors Guarantee Facility - What it is and what it covers (2 / 2)

The CCS Guarantee Facility seeks to incentivise commercial/retail banks, promotional banks and other financial intermediaries ("FI") to extend loans to SMEs and small public organisations within the Cultural and Creative Sectors

Incentives provided

1. EIF provides a completely free-of-charge portfolio guarantee covering a portfolio of eligible debt financing

2. The portfolio guarantee provided is meant to be a "final loss" guarantee i.e. on each covered loan, EIF will cover 70% of outstanding final loss after recovery procedures are terminated. However a cap on losses covered applies on a portfolio level – such cap is set by EIF at a maximum level of 25%

3. To develop in-house necessary expertise for the Financial Intermediaries to evaluate the risk associated with SMEs in CCS and its specific characteristics, Capacity building offers the following: technical assistance; knowledge-building; networking measures

4. Capacity building will increase the leverage effect of Guarantee program

CLOSING AND MONITORING PHASE

CCS Guarantee Facility – Key features

Financial intermediary's portfolio of CCS related transactions to SMEs

Risk retained by the Financial Intermediary **minimum 20%** of the original portfolio

(Counter-) Guarantee Rate on a loan-by-loan basis: **usually 70%**

(Counter-) Guarantee Cap Rate: **25% ,18%** or **10%** based on EIF's professional judgement)

CCS GF's capped (counter-) guarantee proposed features

- Structured in the form of **guarantees** or **counter-guarantees**
- **Free-of-charge (counter-) guarantee**
- (Counter-) Guarantee rate typically set at **max. 70%**
- (Counter-) Guarantee cap rate: **10%, 18% or 25%**
- (Counter-) Guarantee term: **10 years**
- Pari-passu ranking
- **State aid consistent**
- **Free-of-charge customised capacity building services**
- EIB Global Loan could be used to partially fund the portfolio (optional, subject to EIB approval)

CLOSING AND MONITORING PHASE

CCS Guarantee Facility - Eligible entities and Debt Financing

SMEs and Small Public Enterprises** that:*

- Have a **CCS NACE code***; or
- Intend to develop a **CCS project** with the debt financing; or
- In the last 24 months before the transaction approval:
  - Have been **operating in the field of CCS and intends to continue doing so;** or
  - Have **received debt financing for a CCS project** by European or national CCS institution/association; or
  - Have been awarded a **CCS prize;** or
  - Have filed **copyrights, trademarks, distribution rights, etc. in the CCS field;** or
  - Have benefitted from **tax credit/exemption related to** development of intellectual property rights or **CCS ACTIVITIES**

Debt Financing where

- **Max loan amount:**
  - EUR 2m
- **Min Maturity:**
  - 12 months
- **Purpose:**
  - Investment
  - Business Transfer
  - Working Capital
- **Max Collateral Requirements:**
  - Assets used for the business activity
  - Personal guarantee from the owner(s)

* For the NACE codes please refer to the Appendix

TABLE OF CONTENT

CONCLUSION

The CCS market offers investment opportunities across the EU

The CCS represent an **attractive market** in Europe that accounts for a significant amount of job and wealth creation

While the CCS offer growth potential, business models, value chains and risk assumptions are very different from other sectors and require **specific expertise** from financial intermediaries

This document is meant as a **guide to help** financial intermediaries build the required expertise to **assess loan applications received from CCS SMEs**

The risk stemming from low levels of standard collateral and lack of tangible assets needs to be mitigated by a **thorough risk analysis of CCS SMEs, their business plans and track record** of staff and management team in the sub-sector

The **EIF Guarantee Facility** helps financial intermediaries to **share the risk** stemming from these elements turning CCS ventures into bankable projects

GLOSSARY OF ABBREVIATIONS

AV producer • **Audio-visual producer**

B2B • **Business to business**

CCS • **Cultural and Creative Sectors**

CoRep • **Common solvency ratio reporting**

ECL • **Expected Credit Loss**

GAFA • **Google, Amazon, Facebook, Apple**

GF • **Guarantee Facility**

IP • **Intellectual Property**

IFPI • **International Federation of the Phonographic Industry**

KPI • **Key Performance Indicator**

KRI • **Key Risk Indicator**

PE • **Private equity**

SME • **Small and Medium Enterprise**

SPV • **Special Purpose Vehicle**

VC • **Venture capital**

VCH • **Value Chain**

(S) VOD • **Subscription-based Video-on-Demand**

APPENDIX – CCS NACE CODES

Cultural Domain of CCS GF	Nace Code (NACE Rev. 2)
Heritage, Archives and Libraries	**R91.01** • Library and archives activities **R91.02** • Museums activities **R91.03** • Operation of historical sites and buildings and similar visitor attractions
Books and Press	**C18.11** • Printing of newspapers **C18.12** • Other printing **C18.13** • Pre-press and pre-media services **C18.14** • Binding and related services **J58.11** • Book publishing **J58.13** • Publishing of newspapers **J58.14** • Publishing of journals and periodicals **J63.91** • News agency activities **G47.61** • Retail sale of books in specialised stores **G47.62** • Retail sale of newspapers and stationery in specialised stores **M74.30** • Translation and interpretation activities
Visual Arts	**G47.78** • Other retail sale of new goods in specialised stores **J58.19** • Other publishing activities **M74.10** • Specialised design activities **M74.20** • Photographic activities **R90.03** • Artistic creation

APPENDIX – CCS NACE CODES

Cultural Domain of CCS GF	Nace Code (NACE Rev. 2)
Architecture	**M71.11** • Architectural activities
Performing Arts	**M74.90** • Other professional, scientific and technical activities n.e.c. **N78.10** • Activities of employment placement agencies **R90.01** • Performing arts **R90.02** • Support activities to performing arts **R90.04** • Operation of arts facilities
Audio-Visual & Multimedia	**C18.20** • Reproduction of recorded media **C32.20** • Manufacture of musical instruments **C33.19** • Repair of other equipment **G47.63** • Retail sale of music and video recordings in specialised stores **J59.11** • Motion picture, video and television programme production activities **J59.12** • Motion picture, video and television programme post-production activities **J59.13** • Motion picture, video and television programme distribution activities **J59.14** • Motion picture projection activities **J58.21** • Publishing of computer games **J59.20** • Sound recording and music publishing activities **J60.10** • Radio broadcasting **J60.20** • Television programming and broadcasting activities

APPENDIX – CCS NACE CODES

Cultural Domain of CCS GF	Nace Code (NACE Rev. 2)
Education & Memberships	**P85.42** • Tertiary education **P85.52** • Cultural education **S94.12** • Activities of professional membership organisations **S94.99** • Activities of other membership organisations n.e.c.
Other cultural and creative sectors activities	**G46.49** • Wholesale of other household goods **G47.79** • Retail sale of second-hand goods in stores **N77.29** • Renting and leasing of other personal and household goods **S95.29** • Repair of other personal and household goods

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