

**Sheffield Community Media Ltd**

**Consolidated financial projections  
for Sheffield Community Media Ltd  
and Sheffield Local Television Ltd**

**2013-2019**

Sheffield Community Media Group

Consolidated Income and Expenditure Forecasts  
for Sheffield Community Media Ltd  
and Sheffield Local Television Ltd

|                            | Notes | Pre-op         | Yr 1           | Yr 2           | Yr 3           | Yr 4           | Yr 5           |
|----------------------------|-------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Income</b>              |       |                |                |                |                |                |                |
| Commissioning fees         | 2     | 37,500         | 140,000        | 92,500         | 20,000         | 0              | 0              |
| Local advertising sales    | 3     | 0              | 49,140         | 110,700        | 139,320        | 145,800        | 153,900        |
| National advertising sales | 4     | 0              | 21,060         | 29,700         | 30,780         | 32,400         | 34,020         |
| Programme sponsorship      | 5     | 0              | 10,000         | 20,000         | 30,000         | 36,000         | 40,000         |
| Production contracts       | 6     | 0              | 12,000         | 24,000         | 36,000         | 42,000         | 48,000         |
| Grant funding              | 7     | 50,501         | 93,323         | 71,250         | 66,250         | 61,250         | 45,000         |
| <b>Total income</b>        |       | <b>88,001</b>  | <b>325,523</b> | <b>348,150</b> | <b>322,350</b> | <b>317,450</b> | <b>320,920</b> |
| <b>Expenditure</b>         |       |                |                |                |                |                |                |
| Salaries                   | 8     | 73,417         | 161,417        | 147,051        | 151,331        | 155,873        | 160,411        |
| Other staff costs          | 9     | 1,000          | 9,371          | 18,665         | 22,958         | 23,991         | 25,206         |
| Premises                   | 10    | 18,000         | 36,000         | 37,080         | 38,160         | 39,305         | 40,450         |
| General and administration | 11    | 4,000          | 8,000          | 8,240          | 8,480          | 8,736          | 8,988          |
| Communications             | 12    | 2,640          | 6,000          | 6,180          | 6,360          | 6,551          | 6,742          |
| Programming costs          | 13    | 15,000         | 35,053         | 39,591         | 42,482         | 44,124         | 45,746         |
| Marketing and promotion    | 14    | 25,000         | 8,000          | 8,240          | 8,480          | 8,734          | 8,989          |
| Ofcom licensing fees       | 15    | 0              | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |
| Loan and share interest    | 16    | 1,200          | 0              | 0              | 4,500          | 4,500          | 4,500          |
| Depreciation               | 17    | 0              | 33,750         | 33,750         | 33,750         | 33,750         | 15,000         |
| <b>Total expenditure</b>   |       | <b>140,257</b> | <b>298,591</b> | <b>299,797</b> | <b>317,501</b> | <b>326,564</b> | <b>317,032</b> |
| <b>Surplus/(deficit)</b>   |       | <b>-52,256</b> | <b>26,932</b>  | <b>48,353</b>  | <b>4,849</b>   | <b>-9,114</b>  | <b>3,888</b>   |
| <b>Balance b/f</b>         |       | <b>0</b>       | <b>-52,256</b> | <b>-25,324</b> | <b>23,029</b>  | <b>27,878</b>  | <b>18,764</b>  |
| <b>Balance c/f</b>         |       | <b>-52,256</b> | <b>-25,324</b> | <b>23,029</b>  | <b>27,878</b>  | <b>18,764</b>  | <b>22,652</b>  |

Sheffield Community Media Group

Consolidated Balance Sheet Forecasts  
for Sheffield Community Media Ltd  
and Sheffield Local Television Ltd

|  | Notes | Pre-op  | Yr 1    | Yr 2    | Yr 3     | Yr 3     | Yr 3     |
|--|-------|---------|---------|---------|----------|----------|----------|
| <b>Fixed Assets</b>                      |       |         |         |         |          |          |          |
| Fixed assets at cost                     | 18    | 135,000 | 135,000 | 135,000 | 135,000  | 195,000  | 195,000  |
| Depreciation                             | 17    | 0       | -33,750 | -67,500 | -101,250 | -135,000 | -150,000 |
| <b>Net fixed assets</b>                  |       | 135,000 | 101,250 | 67,500  | 33,750   | 60,000   | 45,000   |
| <b>Current Assets</b>                    |       |         |         |         |          |          |          |
| Cash at bank and in hand                 | 19    | 14,086  | 62,278  | 132,677 | 160,161  | 113,691  | 117,722  |
| Grants receivable                        | 20    | 10,000  | 10,000  | 10,000  | 10,000   | 10,000   | 10,000   |
| Sales debtors                            | 21    | 2,500   | 2,500   | 2,500   | 2,500    | 2,500    | 2,500    |
| Prepayments and accruals                 | 22    | 2,500   | 2,500   | 2,500   | 2,500    | 2,500    | 2,500    |
| <b>Total current assets</b>              |       | 29,086  | 77,278  | 147,677 | 175,161  | 128,691  | 132,722  |
| <b>Current liabilities</b>               |       |         |         |         |          |          |          |
| Grants received in advance               | 23    | 55,000  | 43,750  | 32,500  | 21,250   | 10,000   | 10,000   |
| Purchase creditors                       | 24    | 5,000   | 5,000   | 5,000   | 5,000    | 5,000    | 5,000    |
| PAYE                                     | 25    | 5,477   | 4,406   | 4,014   | 4,131    | 4,255    | 4,379    |
| Pension                                  | 26    | 865     | 696     | 634     | 652      | 672      | 691      |
| <b>Total current liabilities</b>         |       | 66,342  | 53,852  | 42,148  | 31,033   | 19,927   | 20,070   |
| <b>Net current assets</b>                |       | -37,256 | 23,426  | 105,529 | 144,128  | 108,764  | 112,652  |
| <b>Fixed assets + net current assets</b> |       | 97,744  | 124,676 | 173,029 | 177,878  | 168,764  | 157,652  |
| <b>Met by:</b>                           |       |         |         |         |          |          |          |
| Community shares                         | 27    | 150,000 | 150,000 | 150,000 | 150,000  | 150,000  | 135,000  |
| Accumulated surplus                      |       | 0       | -52,256 | -25,324 | 23,029   | 27,878   | 18,764   |
| Surplus for the year                     |       | -52,256 | 26,932  | 48,353  | 4,849    | -9,114   | 3,888    |
| <b>Total</b>                             |       | 97,744  | 124,676 | 173,029 | 177,878  | 168,764  | 157,652  |

**Sheffield Community Media Ltd**

**Financial Projections  
and Cash Flow Forecast**

**2013-2019**

Sheffield Community Media Ltd

Income and Expenditure Forecasts

|                          | Notes | Pre-op  | Yr 1    | Yr 2    | Yr 3    | Yr 4   | Yr 5    |
|--------------------------|-------|---------|---------|---------|---------|--------|---------|
| <b>Income</b>            |       |         |         |         |         |        |         |
| Grant funding            | 7     | 26,289  | 20,685  | 11,250  | 11,250  | 11,250 | 0       |
| Charges to subsidiary    | 28    |         |         | 59,580  | 60,660  | 61,805 | 40,450  |
| Donation from subsidiary | 29    |         |         | 41,262  | 48,353  | 9,349  | 0       |
| <b>Total income</b>      |       | 26,289  | 20,685  | 112,092 | 120,263 | 82,404 | 40,450  |
| <b>Expenditure</b>       |       |         |         |         |         |        |         |
| Salaries                 | 8     | 19,610  | 0       | 0       | 0       | 0      | 0       |
| Premises                 | 10    | 18,000  | 36,000  | 37,080  | 38,160  | 39,305 | 40,450  |
| Marketing and promotion  | 14    | 5,000   | 0       | 0       | 0       | 0      | 0       |
| Loan and share interest  | 16    | 1,200   | 0       | 0       | 4,500   | 4,500  | 4,500   |
| Depreciation             | 17    | 0       | 33,750  | 33,750  | 33,750  | 33,750 | 15,000  |
| <b>Total expenditure</b> |       | 43,810  | 69,750  | 70,830  | 76,410  | 77,555 | 59,950  |
| <b>Surplus/(deficit)</b> |       | -17,521 | -49,065 | 41,262  | 43,853  | 4,849  | -19,500 |
| <b>Balance b/f</b>       |       | 0       | -17,521 | -66,586 | -25,324 | 18,529 | 23,378  |
| <b>Balance c/f</b>       |       | -17,521 | -66,586 | -25,324 | 18,529  | 23,378 | 3,878   |

Sheffield Community Media Ltd

Balance Sheet Forecasts

|  | Notes | Pre-op  | Yr 1    | Yr 2    | Yr 3     | Yr 4     | Yr 5     |
|--|-------|---------|---------|---------|----------|----------|----------|
| <b>Fixed Assets</b>                      |       |         |         |         |          |          |          |
| Fixed assets at cost                     | 18    | 135,000 | 135,000 | 135,000 | 135,000  | 195,000  | 195,000  |
| Depreciation                             | 17    | 0       | -33,750 | -67,500 | -101,250 | -135,000 | -150,000 |
| <b>Net fixed assets</b>                  |       | 135,000 | 101,250 | 67,500  | 33,750   | 60,000   | 45,000   |
| <b>Current Assets</b>                    |       |         |         |         |          |          |          |
| Cash at bank and in hand                 | 19    | 13,719  | 15,914  | 79,676  | 146,029  | 113,378  | 93,878   |
| Grants receivable                        | 20    | 5,000   | 5,000   | 5,000   | 5,000    | 5,000    | 5,000    |
| Loan to subsidiary company               | 30    | 30,000  |         |         |          |          |          |
| <b>Total current assets</b>              |       | 48,719  | 20,914  | 84,676  | 151,029  | 118,378  | 98,878   |
| <b>Current liabilities</b>               |       |         |         |         |          |          |          |
| Grants received in advance               | 23    | 50,000  | 38,750  | 27,500  | 16,250   | 5,000    | 5,000    |
| PAYE                                     | 25    | 1,071   | 0       | 0       | 0        | 0        | 0        |
| Pension                                  | 26    | 169     | 0       | 0       | 0        | 0        | 0        |
| <b>Total current liabilities</b>         |       | 51,240  | 38,750  | 27,500  | 16,250   | 5,000    | 5,000    |
| <b>Net current assets</b>                |       | -2,521  | -17,836 | 57,176  | 134,779  | 113,378  | 93,878   |
| <b>Fixed assets + net current assets</b> |       | 132,479 | 83,414  | 124,676 | 168,529  | 173,378  | 138,878  |
| <b>Met by:</b>                           |       |         |         |         |          |          |          |
| Community shares                         | 27    | 150,000 | 150,000 | 150,000 | 150,000  | 150,000  | 135,000  |
| Accumulated surplus                      |       | 0       | -17,521 | -66,586 | -25,324  | 18,529   | 23,378   |
| Surplus for the year                     |       | -17,521 | -49,065 | 41,262  | 43,853   | 4,849    | -19,500  |
| <b>Total</b>                             |       | 132,479 | 83,414  | 124,676 | 168,529  | 173,378  | 138,878  |

Sheffield Community Media Ltd

Cash Flow Forecasts

|                                      | Pre-op         | Yr 1          | Yr 2           | Yr 3           | Yr 4           | Yr 5           |
|--------------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|
| <b>Receipts</b>                      |                |               |                |                |                |                |
| Grant funding                        | 71,289         | 9,435         | 0              | 0              | 0              | 0              |
| Community shares                     | 150,000        | 0             | 0              | 0              | 0              | 0              |
| Loan funding                         | 20,000         | 0             | 0              | 0              | 0              | 0              |
| Transfers from subsidiary            | 0              | 30,000        | 100,842        | 109,013        | 71,154         | 40,450         |
| <b>Total receipts</b>                | <b>241,289</b> | <b>39,435</b> | <b>100,842</b> | <b>109,013</b> | <b>71,154</b>  | <b>40,450</b>  |
| <b>Payments</b>                      |                |               |                |                |                |                |
| Net salaries                         | 12,172         | 0             | 0              | 0              | 0              | 0              |
| PAYE                                 | 5,353          | 1,071         | 0              | 0              | 0              | 0              |
| Pensions                             | 845            | 169           | 0              | 0              | 0              | 0              |
| Other staff costs                    | 0              | 0             | 0              | 0              | 0              | 0              |
| Premises                             | 18,000         | 36,000        | 37,080         | 38,160         | 39,305         | 40,450         |
| General and administration           | 0              | 0             | 0              | 0              | 0              | 0              |
| Marketing and promotion              | 5,000          | 0             | 0              | 0              | 0              | 0              |
| Loan and share interest/repayments   | 21,200         | 0             | 0              | 4,500          | 4,500          | 19,500         |
| Capital purchases (from capital a/c) | 135,000        | 0             | 0              | 0              | 60,000         | 0              |
| Transfer to SLTV (short term loan)   | 30,000         | 0             | 0              | 0              | 0              | 0              |
| <b>Total payments</b>                | <b>227,570</b> | <b>37,240</b> | <b>37,080</b>  | <b>42,660</b>  | <b>103,805</b> | <b>59,950</b>  |
| <b>Net cash flow</b>                 | <b>13,719</b>  | <b>2,195</b>  | <b>63,762</b>  | <b>66,353</b>  | <b>-32,651</b> | <b>-19,500</b> |
| <b>Cash balance b/f</b>              | <b>0</b>       | <b>13,719</b> | <b>15,914</b>  | <b>79,676</b>  | <b>146,029</b> | <b>113,378</b> |
| <b>Cash balance c/f</b>              | <b>13,719</b>  | <b>15,914</b> | <b>79,676</b>  | <b>146,029</b> | <b>113,378</b> | <b>93,878</b>  |

**Sheffield Local Television Ltd**

**Financial Projections  
and Cash Flow Forecast**

**2013-2019**

Sheffield Local Television Ltd

Balance Sheet Forecasts

|  | Notes | Pre-op  | Yr 1    | Yr 2   | Yr 3    | Yr 4    | Yr 5   |
|--|-------|---------|---------|--------|---------|---------|--------|
| <b>Fixed Assets</b>                      |       |         |         |        |         |         |        |
| Fixed assets at cost                     |       | 0       | 0       | 0      | 0       | 0       | 0      |
| Depreciation                             |       | 0       | 0       | 0      | 0       | 0       | 0      |
| <b>Net fixed assets</b>                  |       | 0       | 0       | 0      | 0       | 0       | 0      |
| <b>Current Assets</b>                    |       |         |         |        |         |         |        |
| Cash at bank and in hand                 | 19    | 367     | 46,364  | 53,001 | 14,132  | 313     | 23,844 |
| Grants receivable                        | 20    | 5,000   | 5,000   | 5,000  | 5,000   | 5,000   | 5,000  |
| Sales debtors                            | 21    | 2,500   | 2,500   | 2,500  | 2,500   | 2,500   | 2,500  |
| Prepayments and accruals                 | 22    | 2,500   | 2,500   | 2,500  | 2,500   | 2,500   | 2,500  |
| <b>Total current assets</b>              |       | 10,367  | 56,364  | 63,001 | 24,132  | 10,313  | 33,844 |
| <b>Current liabilities</b>               |       |         |         |        |         |         |        |
| Grants received in advance               | 23    | 5,000   | 5,000   | 5,000  | 5,000   | 5,000   | 5,000  |
| Purchase creditors                       | 24    | 5,000   | 5,000   | 5,000  | 5,000   | 5,000   | 5,000  |
| PAYE                                     | 25    | 4,406   | 4,406   | 4,014  | 4,131   | 4,255   | 4,379  |
| Pension                                  | 26    | 696     | 696     | 634    | 652     | 672     | 691    |
| Loan funding                             | 30    | 30,000  |         |        |         |         |        |
| <b>Total current liabilities</b>         |       | 45,102  | 15,102  | 14,648 | 14,783  | 14,927  | 15,070 |
| <b>Net current assets</b>                |       | -34,735 | 41,262  | 48,353 | 9,349   | -4,614  | 18,774 |
| <b>Fixed assets + net current assets</b> |       | -34,735 | 41,262  | 48,353 | 9,349   | -4,614  | 18,774 |
| <b>Met by:</b>                           |       |         |         |        |         |         |        |
| Community shares                         |       | 0       | 0       | 0      | 0       | 0       | 0      |
| Accumulated surplus                      |       | 0       | -34,735 | 41,262 | 48,353  | 9,349   | -4,614 |
| Surplus for the year                     |       | -34,735 | 75,997  | 7,091  | -39,004 | -13,963 | 23,388 |
| <b>Total</b>                             |       | -34,735 | 41,262  | 48,353 | 9,349   | -4,614  | 18,774 |

Sheffield Local Television Ltd

Income and Expenditure Forecasts

|                            | Notes | Pre-op  | Yr 1    | Yr 2    | Yr 3    | Yr 4    | Yr 5    |
|----------------------------|-------|---------|---------|---------|---------|---------|---------|
| <b>Income</b>              |       |         |         |         |         |         |         |
| Commissioning fees         | 2     | 37,500  | 140,000 | 92,500  | 20,000  |         |         |
| Local advertising sales    | 3     |         | 49,140  | 110,700 | 139,320 | 145,800 | 153,900 |
| National advertising sales | 4     |         | 21,060  | 29,700  | 30,780  | 32,400  | 34,020  |
| Programme sponsorship      | 5     |         | 10,000  | 20,000  | 30,000  | 36,000  | 40,000  |
| Production contracts       | 6     |         | 12,000  | 24,000  | 36,000  | 42,000  | 48,000  |
| Grant funding              | 7     | 24,212  | 72,638  | 60,000  | 55,000  | 50,000  | 45,000  |
| <b>Total income</b>        |       | 61,712  | 304,838 | 336,900 | 311,100 | 306,200 | 320,920 |
| <b>Expenditure</b>         |       |         |         |         |         |         |         |
| Salaries                   | 8     | 53,807  | 161,417 | 147,051 | 151,331 | 155,873 | 160,411 |
| Other staff costs          | 9     | 1,000   | 9,371   | 18,665  | 22,958  | 23,991  | 25,206  |
| Premises and facilities    | 10    | 0       | 0       | 59,580  | 60,660  | 61,805  | 40,450  |
| General and administration | 11    | 4,000   | 8,000   | 8,240   | 8,480   | 8,736   | 8,988   |
| Communications             | 12    | 2,640   | 6,000   | 6,180   | 6,360   | 6,551   | 6,742   |
| Programming costs          | 13    | 15,000  | 35,053  | 39,591  | 42,482  | 44,124  | 45,746  |
| Marketing and promotion    | 14    | 20,000  | 8,000   | 8,240   | 8,480   | 8,734   | 8,989   |
| Ofcom licensing fees       | 15    | 0       | 1,000   | 1,000   | 1,000   | 1,000   | 1,000   |
| Donation to SCM            |       |         |         | 41,262  | 48,353  | 9,349   | 0       |
| <b>Total expenditure</b>   |       | 96,447  | 228,841 | 329,809 | 350,104 | 320,163 | 297,532 |
| <b>Surplus/(deficit)</b>   |       | -34,735 | 75,997  | 7,091   | -39,004 | -13,963 | 23,388  |
| <b>Balance b/f</b>         |       | 0       | -34,735 | 41,262  | 48,353  | 9,349   | -4,614  |
| <b>Balance c/f</b>         |       | -34,735 | 41,262  | 48,353  | 9,349   | -4,614  | 18,774  |

Sheffield Local Television Ltd

Cash Flow Forecasts

|                                     | Pre-op        | Yr 1           | Yr 2           | Yr 3           | Yr 4           | Yr 5           |
|-------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>Receipts</b>                     |               |                |                |                |                |                |
| Commissioning fees                  | 37,500        | 140,000        | 92,500         | 20,000         | 0              | 0              |
| Local advertising sales             | 0             | 49,140         | 110,700        | 139,320        | 145,800        | 153,900        |
| National advertising sales          | 0             | 21,060         | 29,700         | 30,780         | 32,400         | 34,020         |
| Programme sponsorship               | 0             | 10,000         | 20,000         | 30,000         | 36,000         | 40,000         |
| Production contracts                | 0             | 12,000         | 24,000         | 36,000         | 42,000         | 48,000         |
| Grant funding                       | 24,212        | 72,638         | 60,000         | 55,000         | 50,000         | 45,000         |
| Transfer from SCM (short term loan) | 30,000        | 0              | 0              | 0              | 0              | 0              |
| <b>Total receipts</b>               | <b>91,712</b> | <b>304,838</b> | <b>336,900</b> | <b>311,100</b> | <b>306,200</b> | <b>320,920</b> |
| <b>Payments</b>                     |               |                |                |                |                |                |
| Net salaries                        | 33,397        | 100,190        | 91,273         | 93,930         | 96,749         | 99,565         |
| PAYE                                | 13,221        | 52,879         | 48,564         | 49,457         | 50,938         | 52,425         |
| Pensions                            | 2,087         | 8,348          | 7,668          | 7,809          | 8,042          | 8,278          |
| Other staff costs                   | 1,000         | 9,371          | 18,665         | 22,958         | 23,991         | 25,206         |
| Premises                            | 0             | 0              | 59,580         | 60,660         | 61,805         | 40,450         |
| General and administration          | 4,000         | 8,000          | 8,240          | 8,480          | 8,736          | 8,988          |
| Communications                      | 2,640         | 6,000          | 6,180          | 6,360          | 6,551          | 6,742          |
| Programming                         | 15,000        | 35,053         | 39,591         | 42,482         | 44,124         | 45,746         |
| Marketing and promotion             | 20,000        | 8,000          | 8,240          | 8,480          | 8,734          | 8,989          |
| Ofcom licensing fees                | 0             | 1,000          | 1,000          | 1,000          | 1,000          | 1,000          |
| Transfer to SCM                     | 0             | 30,000         | 41,262         | 48,353         | 9,349          | 0              |
| <b>Total payments</b>               | <b>91,345</b> | <b>258,841</b> | <b>330,263</b> | <b>349,969</b> | <b>320,019</b> | <b>297,389</b> |
| <b>Net cash flow</b>                | <b>367</b>    | <b>45,997</b>  | <b>6,637</b>   | <b>-38,869</b> | <b>-13,819</b> | <b>23,531</b>  |
| <b>Cash balance b/f</b>             | <b>0</b>      | <b>367</b>     | <b>46,364</b>  | <b>53,001</b>  | <b>14,132</b>  | <b>313</b>     |
| <b>Cash balance c/f</b>             | <b>367</b>    | <b>46,364</b>  | <b>53,001</b>  | <b>14,132</b>  | <b>313</b>     | <b>23,844</b>  |

**Sheffield Community Media Ltd**

**Notes to the financial projections**

**2013-2019**

## Notes to the financial projections

- 1 General assumptions:
  - (a) Pre-operational period commences 12 months before SLTV on air launch
  - (b) Launch of SLTV scheduled to take place in Sept/Oct 2014
  - (c) 3% annual cost increases unless otherwise specified
  - (d) Cost estimates based on historic figures and comparison with similar projects elsewhere except where indicated

### Income

- 2 Commissioning fees (SLTV)  
Based on BBC proposed fixed fee agreement for local TV and achievement of target outputs of at least 85 stories per month in year 1 (year 2: 62 stories/month, year 3: 23 stories/month).

No assumption has been made for continuation of the BBC agreement after March 2017, being the end date for the current BBC licence fee settlement. Discussions are ongoing between the BBC and Local TV Network on possible funding after March 2017.

- 3 Local advertising sales (SLTV)  
Audience estimates based on market research and Arqiva technical evaluation of Freeview Digital Preferred Service Area (DPSA) from Sheffield transmitter at Tapton Hill which consists of 110,000 households, plus 20% addition for Internet audiences.

A coverage enhancement request has been submitted by Comux UK and SLTV to Ofcom and a decision is pending. No assumption has been made on the outcome.

Negotiations are at an advanced stage for carriage on the Virgin cable network. Cable audience is not included in audience estimates for the purposes of advertising.

Advertising rates are based on industry research by Comux UK and Axiom Media to assure a competitive cost per thousand, taking account of local market conditions.

Based on a standard four week package of 12 x 30" spots per day we have set monthly sales targets starting from 6 campaigns per month, rising to 27 per month by end Y2. This amounts to an average of 9 minutes local advertising per hour by end of year 2 over the 18 hour period between 0600-2400. In year 1 we will undertake audience research to verify our cost per thousand and make adjustments if necessary.

- 4 National advertising sales (SLTV)  
In addition to 9 minutes per hour of local advertising sales we will set aside 3 minutes per hour for national advertising sales, to be sold through a national advertising sales agency. We assume national advertising will be sold at a 2/3 discount to local advertising from Q2 onwards. Any unsold local advertising inventory will also be made available to the national sales agency.

A national sales agency has been selected and heads of terms agreed.

National audience to the local TV network will be measured through BARB. The costs of BARB measurement are to be managed centrally and deducted from revenue.

- 5 Programme sponsorship (SLTV)  
Programme sponsorship will normally be sold for a 12 month period with prices varying according to the time of broadcast, and the audience of the sponsored programme. We assume 5 sponsorship contracts per annum Y1, rising to 20 contracts by Y3.

- 6 Production fees and contracts (SLTV)  
Production fees and contracts revenue is based on experience of independent producers and local TV channels elsewhere and will be sold on a stand alone basis or linked to programme sponsorship agreements. Revenue is gross before production costs.
- 7 Grant funding (SCM and SLTV)  
Grant funding has been received by SCM from the Yorkshire Venture Philanthropy programme amounting to £20,000 to cover the costs of the Launch Manager for 6 months, plus overheads.

Grant funding has been confirmed from the European Union under the ERDF 2007-2013 programme for Yorkshire and Humber to support digital media entrepreneurs through the Digital Media Exchange project over the period October 2013 to June 2015. This will consist of a contribution to ERDF eligible costs incurred by SCM and SLTV in delivery of the project, including salaries, premises, overheads and equipment. Separate contracts are in place for SCM and SLTV for components under their respective responsibility.

Estimates have been made for future grant funding from July 2015 onwards.

### **Expenditure**

- 8 Salaries  
Assumes the following positions, with salaries according to responsibility:
- SCM  
Launch Manager - 6 month contract in pre-op period
- SLTV  
General and Commercial Manager (full-time, commencing 3 months before launch)  
Production Manager (full-time, commencing 3 months before launch)  
Technical Manager (full-time, commencing 3 months before launch)  
Enterprise Advisor (50%, pre-op and yr 1 only)  
Production Assistant (80%, commencing 3 months before launch)  
Technical Assistant (80%, commencing 3 months before launch)  
Administration (full-time, commencing 3 months before launch)
- 9 Other Staff Costs  
Includes advertising sales commission at 15% plus travel and training costs.
- 10 Premises  
Includes rent, rates and services on current premises at Paternoster Row.
- From Y2, premises and facilities costs will be recharged by SCM to SLTV.
- 11 General and administration  
Includes legal and professional charges, post and communications, stationary and printing, insurance and software
- 12 Communications  
Includes private circuit, broadband and internet costs.
- 13 Programming  
Includes copyright charges, ATVOD licensing, production costs and consummables.
- 14 Marketing and promotion  
Includes costs of promoting the shares offer (SCM) and launch costs and annual marketing costs of SLTV, including posters, leaflets, advertising and co-promotions.

- 15 Ofcom licensing fees  
Broadcast Act annual licence fees to Ofcom, payable by SLTV.
- 16 Loan and share interest  
A Key Fund loan to SLTV of £20,000 is repayable after 6 months with monthly interest  
SCM anticipates offering share interest on Community Shares at 3% from Y3.
- 17 Depreciation  
Calculated on a 25% straight line basis for all fixed assets from Y1.

**Balance sheet**

- 18 Fixed assets at cost

Initial purchase by SCM of the following fixed assets

*Premises acquisition and conversion*

|                         |  |  |              |        |
|-------------------------|--|--|--------------|--------|
| Acquisition of premises |  |  | 20,000       |        |
| Studio fit out          |  |  | <u>5,000</u> | 25,000 |

*Studio Equipment*

|                            |   |        |              |        |
|----------------------------|---|--------|--------------|--------|
| Studio cameras             | 6 | 4,000  | 24,000       |        |
| Light and sound            | 1 | 8,000  | 8,000        |        |
| Digital vision mixer       | 1 | 30,000 | 30,000       |        |
| Teleprompter system        | 2 | 1,000  | 2,000        |        |
| Intercomm system           | 1 | 4,000  | 4,000        |        |
| Transfer and editing suite | 1 | 3,000  | 3,000        |        |
| Cabling and connectors     | 1 | 2,000  | <u>2,000</u> | 73,000 |

*Mobile equipment*

|                       |   |       |               |        |
|-----------------------|---|-------|---------------|--------|
| Portable vision mixer | 1 | 5,200 | 5,200         |        |
| DSLR Camera + mic     | 2 | 600   | 1,200         |        |
| iPhone5 + mic         | 6 | 400   | 2,400         |        |
| Tie-clip microphone   | 8 | 60    | 480           |        |
| Reporter microphone   | 4 | 180   | 720           |        |
| ENG camera kits       | 4 | 3,000 | <u>12,000</u> | 22,000 |

*Network and office equipment*

|                     |   |        |              |        |
|---------------------|---|--------|--------------|--------|
| Office computers    | 1 | 10,000 | 10,000       |        |
| Desks and furniture | 1 | 2,500  | 2,500        |        |
| Server cabinet 42U  | 1 | 500    | 500          |        |
| Network storage     | 1 | 2,000  | <u>2,000</u> | 15,000 |

|                             |  |  |                |  |
|-----------------------------|--|--|----------------|--|
| Total fixed asset purchases |  |  | <u>135,000</u> |  |
|-----------------------------|--|--|----------------|--|

Upgrades and replacements - Yr 4

|                                     |       |
|-------------------------------------|-------|
| <i>Studio Equipment</i>             | 35000 |
| <i>Mobile equipment</i>             | 20000 |
| <i>Network and office equipment</i> | 5000  |

|  |              |
|--|--------------|
| Total upgrades and replacements - Yr 4 | <u>60000</u> |
|--|--------------|

- 19 Cash at bank and in hand  
From cash flow projections

- 20 Grants receivable  
 SCM - Estimated 5,000 receivable at year end  
 SLTV - Estimated 5,000 receivable at year end
- 21 Sales debtors  
 SLTV - Estimated 2,500 debtors carried forward at year end
- 22 Prepayments and accruals  
 SLTV - Estimated 2,500 prepayments and accruals
- 23 Grants received in advance  
 SCM - Includes capital grant deferred £45,000 x 4 years  
 plus estimated 5,000 due at each year end  
 SLTV - estimated 5,000 due at each year end
- 24 Purchase creditors  
 SLTV - Estimated 5,000 creditors carried forward at year end
- 25 PAYE  
 SCM - Based on payment one month in arrears  
 SLTV - Based on payment one month in arrears
- 26 Pension  
 SCM - Based on payment one month in arrears  
 SLTV - Based on payment one month in arrears
- 27 Community shares funding  
 SCM Community Shares to be raised in pre-operational year
- |                                    |              |
|------------------------------------|--------------|
| 20 members at average £5000 shares | 100000       |
| 200 members at average £250 shares | <u>50000</u> |
|                                    | 150000       |
- It is assumed 10% will be repaid in Year 5
- 28 Charges to subsidiary  
 SCM will charge its subsidiary for use of premises and facilities from Y2.  
 Charges will be at cost including depreciation costs less capital grant
- 29 Donation from subsidiary  
 SLTV will donate its profits to SCM. Normally this will be six months after the year end.
- 30 Loan funding to subsidiary  
 SCM will provide start-up loan funding of £30,000 to SLTV for the purpose of working capital.  
 The loan funding will be interest free and repayable after six months.