

This budget was drawn up to show the minimum we believe is realistically achievable given the current funding available and economic climate. Any extra income we receive over and above that forecasted will be a bonus and if possible, could be put towards outstanding creditors. We understand the company's performance will be assessed at the end of this current financial year. If it is felt we can continue, we can defer the 91/92 royalties.

#### Income from Film and Video sales

The assumption behind the income from this principle activity, is that film and video distribution will remain static in the current climate. The figures shown in the cash flow projection are based on C.O.W audited accounts from 89/90 and Circles audited accounts 88/89. Income from the last quarter will not be paid until April and is therefore shown in post march column.

#### Catalogues and other

Income from catalogues is estimated to be £2100. The assumption is that during this trading year we will sell 350 catalogues @ £6.00 per unit item. In the cash flow we have estimated that, around the launch, academic year, and pre new financial year, we will increase sales.

Bank charges are included in this income area and as we anticipate holding no reserves. we have estimated the income to be £100.

The £300 difference accounts for sponsorship and fundraising.

#### Circles Debtors

We feel that not all of the £6497 is realistically recoverable, as some of these debts date back to 1989. It is also felt that workers will not have time to effectively chase all this money and we are now seeking to place Circles debtors list with a factoring company. Approximately £3000 has been deducted from the total amount outstanding to allow for write off's and the Factors percentage.

#### Marketing

Expenditure in this area show a small increase on previous budgets submitted. It was felt that if the company is going to be successful, a good strong marketing campaign will be critical. The large amount of money spent in the first quarter accounts for the Launch.(see Marketing Budget breakdown)

#### Circles Creditors

Ideally, Circles could defer payment to most of its creditors. However, creditors such as the Inland Revenue could force the company in to insolvent liquidation. We are now suggesting that we repay most of Circles creditors in this financial year and defer royalties for the year ending 91/92.

TAKE TWO  
1991/92 CASHFLOW PROJECTION

	APR '91	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN '92	FEB	MARCH	POST MARCH	TOTAL
<b>RECEIPTS</b>														
FILM/VIDEO(HIRE/SALE)				1000			2000		4000				7700	14700
CATALOGUES/OTHER		50	50	200	200	200	500	200	200	200	500	200		2500
DEBTORS '90/91		500	600	500	700	600	600							3500
BFI		15000			6472			7419						28891
<b>TOTAL RECEIPTS</b>		15550	650	1700	7372	800	3100	7619	4200	200	500	200	7700	49591
<b>PAYMENTS</b>														
<b>(DIRECT COSTS)</b>														
VIDEO STOCK				50					50					100
TELECINE				100					100					200
MARKETING			1000	250			250		250		250			2000
FESTIVALS				100							100	100		300
ROYALTIES														9450
<b>TOTAL DIRECT COSTS</b>			1000	500			250		400		350	100	9450	12050
<b>(OVERHEADS)</b>														
SALARIES INC. NI		2125	2122	2122	2125	2122	2122	2122	2122	2122	2122	2122	2122	25467
TELEPHONE			250			250			250			250		1000
STATIONERY		250				100				150				500
AUDIT FEES													1000	1000
BANK CHARGES			63			63			63			61		250
RENT/HEAT/LIGHT			250			250			250			250		1000
INSURANCE		300												300
TRAVEL				83							83	84		250
SUNDRIES			100			100				100				300
<b>TOTAL OVERHEADS</b>		2675	2785	2205	2122	2885	2122	2122	2685	2372	2205	2767	3122	30067
<b>EXTRA ORDINARY COSTS</b>														
LAUNCH		1000	2000											3000
CREDITORS		5572				2552		2400			2400		1000	13924
<b>TOTAL EXTRA COSTS</b>		6572	2000			2552		2400			2400		1000	16924
<b>TOTAL PAYMENTS</b>		9247	5785	2705	4674	2885	2372	4522	3085	2372	4955	2867	13572	59041
<b>OPENING</b>														
BALANCE B/F	160	6303	(5135)	(1005)	2698	(2085)	728	3097	1115	(2172)	(4455)	(2667)	(5872)	
<b>CLOSING</b>														
BALANCE C/F	6463	1328	323	3021	936	1664	4761	5876	3704	(751)	(3418)	(9290)		

TAKE TWO  
1991/92 PROFIT/LOSS SUMMARY

INCOME

FILM/VIDEO (HIRE/SALE)	£ 14,700
CATALOGUES/OTHER	2,500
DEBTORS '90/91	3,500
BFI	<u>28,891</u>

TOTAL INCOME 49,591

EXPENDITURE

(DIRECT COSTS)

VIDEO STOCK	£ 100
TELECINE	200
MARKETING	2,000
FESTIVALS	300
ROYALTIES	<u>9,450*</u>
TOTAL DIRECT COSTS	12,050

(OVERHEADS)

SALARIES INC. NI	£ 25,467
TELEPHONE	1,000
STATIONERY	500
AUDIT FEES	1,000
BANK CHARGES	250
RENT/HEAT/LIGHT	1,000
INSURANCE	300
TRAVEL	250
SUNDRIES	<u>300</u>
TOTAL OVERHEADS	30,067

(EXTRA ORDINARY COSTS)

LAUNCH	£ 3,000
CREDITORS	<u>13,924</u>
TOTAL EXTRA ORDINARY COSTS	16,924

TOTAL EXPENDITURE 59,041

PROFIT/(LOSS) (9,450)\* (see analysis)

LAUNCH BUDGET

REGISTER COMPANY WITH CHARITY COMMISSION AND CHANGE COMPANY NAME	£ 1,100
ADVERTISING: JUNE BACK PAGE OF 'EVERY- WOMAN' PLUS 1,000 RUN-ON LEAFLETS	1,000
PRINTING: CARDS, LETTERHEADS, COMP SLIPS AND POSTERS	550
LOGO DESIGN	<u>350</u>
TOTAL LAUNCH BUDGET	<u>3,000</u>

CIRCLES' CREDITORS

INLAND REVENUE	£ 3,552	
OUTSTANDING ROYALTIES 89/90	4,572	£ 12,377
ESTIMATED ROYALTIES 90/91	4,800	
89/90 AUDIT FEES	<u>1,000</u>	
TOTAL CREDITORS	<u>13,924</u>	
FINANCE ADMINISTRATION		1,375
TOTAL		23,192
NATIONAL ENDOWMENT		1,000
TOTAL NATIONAL ENDOWMENT		2,407

**SALARIES ANALYSIS**

<b>COMPANY PROMOTION/DEVELOPMENT CO-ORDINATOR</b> <b>4 DAYS PER WEEK</b>	<b>£ 12,172</b>
<b>MARKETING ADMINISTRATOR</b> <b>4 DAYS PER WEEK UNTIL JUNE</b> <b>3 DAYS PER WEEK THERE AFTER</b>	<b>9,537</b>
<b>FINANCE ADMINISTRATOR</b> <b>2 DAYS PER MONTH</b>	<b><u>1,353</u></b>
<b>TOTAL</b>	<b>23,062</b>
<b>NATIONAL INSURANCE</b>	<b>2,405</b>
<b>TOTAL SALARIES INC. NI</b>	<b><u>25,467</u></b>

**General Remarks**

Not all of the 1987 tax liabilities have been paid back to HMRC. It is expected that the company will not have time to effectively chase all these debts and we are now looking to place Circular Debtors Ltd with a £200,000 company. Approximately £300,000 has been received from the final income accounting to allow for write off's and the tax credit percentage.

**Marketing**

Expansion in the new year a small increase in production might be needed. It may be that if the company is going to be successful, a good strong marketing campaign will be needed. The large amount of money spent in the first quarter (which for the Marketing Department budget breakdown)

**Share Creditors**

Shareholders should defer payment to most of the creditors. However, creditors such as the inland revenue would force the company to do immediate liquidation. We are now suggesting that we pay what we can to creditors in this financial year and defer payment for the year ending 31/37.