

THE STOREY

Att Mr Mark Cullinan
Chief Executive
Town Hall
Dalton Square
Lancaster LA1 1JP

Dear Mark

As you are aware The Storey is experiencing serious cashflow difficulties, and if we are to survive as an organisation we need to take urgent and significant action.

The original model for the Storey was based on full recovery of operating costs via a service charge, while rental income would build a surplus to create a sustainable business. As you will see from the report the reason this failed was that the initial costs were underestimated and the service charge consequently set too low.

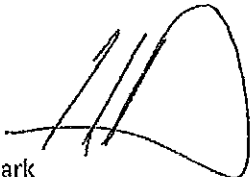
Attached to this letter is an outline plan together with financial forecasts that covers current status though to the financial year 2014.

As part of the plan and to clear the old debt allowing us to continue to trade we will need a loan from LCC and I have included this in my forecast. The reality of the situation is that if we do not get financial support in December we will not be able to pay our wage bill and early in the New Year it is possible that one of our creditors could try to wind up the business.

You will see from the projections that we are looking for £90,000.00 which we would like to pay back over a three year period; I have also included interest of 10% and see this as a commercial arrangement. We will start repayment in February if it is possible to draw down the loan in December.

As you will see from the report our problems relate to old debt and the business, at its core, is sustainable once we reimplement the original model.

Thank you for your consideration.



Tom Clark

Chief Executive SCIC Ltd