

DATE

OFFER LETTER

Initiative Manager
Organisation
Address

("the Initiative Manager")

SUBJECT TO CONTRACT

Dear [Initiative Manager]

RE: "[Title]" – LOTTERY REFERENCE []

We are pleased to confirm the offer by **SCOTTISH SCREEN ENTERPRISES LIMITED** incorporated under the Companies Act Registered Number: SC169527 having its registered office at 249 West George Street, Glasgow G2 4QE ("**SS**" which expression shall include its successors in title licensees and assigns), subject to contract, on the basis of your application for National Lottery Funding, of an award to the maximum of £XXX [amount in words] in the Talent Development Initiative presently titled "**[project name]**" ("the Initiative"), based on SS's Specific Terms of Business ("Specific Terms") and the Standard Conditions of SS Investment ("Standard Conditions") which are attached hereto and included herein by reference and on the terms and special conditions set out below and subject always to the execution of a Funding Agreement with SS ("the FA").

1. Main Elements

Applicant Organisation ("the Company")
Title of Initiative (if applicable):
Initiative Manager:
Budget:
Schedule:
Cashflow:
Number of Commissioned Projects:
Type of Content:
Detail of Training Provision:
Detail of Access Provision:
Detail of Monitoring and Evaluation Provision:
Shooting Format(s):
Delivery Format(s):
Delivery Date:

SS to have prior written approval of any changes to the above. Elements are only approved where stated.

2. SS Investment

£X (amount in words) by way of an equity investment (“the SS Equity Funding”) in accordance with a cashflow schedule to be approved by SS.

3. Other Finance (Subject to paragraph 2 above)

- 1.
- 2.
- 3.
- 4.
- 5.

TOTAL OTHER FINANCE

As per SS Standard Terms of Business (to be set out in the FA) the Company must make suitable arrangements (by hedging, insurance or otherwise) to provide for currency fluctuations in order to meet the Budgeted Cost of the Initiative. Any currency gains shall be paid into the Production Account.

SS to have approval over all other finance and the terms thereof. Finance is not approved unless stated.

The Company acknowledges that it is a condition of SS’s investment that the Company will be responsible for:

- Creating and disseminating guidelines and applications forms for their proposed Initiative throughout Scotland.
- Ensuring the Initiative is open and accessible to all potential screen industry talent in Scotland. This will involve being proactive in sourcing projects, ideas and talent within all sections of the moving image community, including groups currently under-represented in the Scottish screen industries such as writers, directors, producers and actors who are disabled, women and/or individuals from black and minority ethnic groups.
- If a diverse range of applications is not received, formulating a strategy for proactively sourcing applications from under-represented groups.
- Encouraging emerging talent to explore social issues of disability, cultural/ethnic diversity and social exclusion through the content and range of individual projects.
- Creating a database of applicants including equal opportunities information for monitoring and evaluation purposes.

- In partnership with Skillset and/or key training providers developing and delivering a thorough, effective and stimulating training programme as part of the Initiative. Where appropriate this training should be open access in order to deliver maximum benefit to emerging talent.
-
- Co-ordinating the talent selection process together with SS, selecting the projects to move forward to development and/or production.

When talent is selected:

- Informing applicants of decisions about their projects.
- Devising a training plan appropriate to the needs of selected talent
- Providing hands on content development support in a form most appropriate to project and individual needs.
- Approving content at all key stages of production, project budgets, schedules, key personnel and all the contracting elements of production.
- Monitoring individual projects to ensure that the production process is effectively managed.
- Providing SS with specified contracted delivery requirements at such time as agreed.
- Devising and implementing an innovative and effective distribution plan for the content created to ensure that it reaches as wide an audience as possible both within and outside Scotland, both public and within the appropriate industries, including industry commissioners, financiers, content developers, sales agents and distributors.
- Working with and reporting to SS. Preparing regular reports on the status of all elements of the Initiative including planning, launch, applications, training, commissioned content and projects and promotion of selected talent.
- Preparing a thorough final appraisal report on the Initiative.
- Seeking feedback from the appropriate industry stakeholders about the effectiveness of the Initiative.
- Continuing to support and promote the talent sourced and supported by the Initiative.
- Contributing to any events arranged by SS to support and promote new talent.

4. Specific Conditions

5. Recoupment

SS will be entitled to recoup its investment pro rata pari passu with any other equity financier until full recoupment of its total investment.

The Company shall receive []% share of Net Profits. Equity investors (including SS) will share the remaining []% of Net Profits pro rata pari passu to the level of their respective investments (unless agreed otherwise)

6. Conditions Precedent

This offer is subject to”

- SS approval of the budget, schedule and cashflow for the Initiative;
- SS approval of the Company’s proposal for managing and marketing the Initiative, in particular with regards to how the Initiative provides access to groups currently under-represented in the Scottish screen industries and the Initiative’s training provision;
- SS approval of trust bank account for the Initiative and related mandate and “No Set Off” Letter;
- SS approval of the terms of the Sales Agency Agreement, the UK Distribution Agreement and UK Broadcaster Agreement (if applicable);
- SS approval of the financing structure and all agreements relating thereto and related security documentation;
- Completion of all financing and distribution/pre-sale agreements (where appropriate);
- Customary insurance cover in place for running the Initiative;
- SS approval of the key personnel including the Initiative Manager(s) and all fees pertaining to the running of the Initiative;
- SS approval of the individual Commissioned projects (Project Specifications to be annexed to FA once commissioned);
- The Commissioned Projects will be capable of qualification as a British Film (under the Films Act 1985 (as amended) or through satisfaction of the requirements of a relevant UK co-production treaty.).

7. Press Release / Public Announcements

Once SS has confirmed its Offer of Investment in writing (via email) SS have the right to publicise their Offer of Investment on the SS website, in E-Roughcuts and SS’s hard copy publication Roughcuts.

The Producer shall not issue any press release nor make any public announcements regarding the Producer or SS’s involvement in this transaction without the prior written approval of SS. SS shall not issue a press release regarding the Producer or SS’s involvement in this transaction without the prior written approval of the Producer.

SS’s announcement of their Offer of Investment does not place SS under any obligation to release funds until such time as all contractual negotiations are complete and SS’s

Conditions Precedent have been met and the Long Form Funding Agreement signed off.

8. Review

SS's offer of investment is subject to review in 6 months from the effective date of this Offer Letter (being [date]) if you have not closed financing for the Initiative. At such time the offer will be extended by a minimum of 3 months or a maximum of 6 months.

SS shall be entitled to assign the benefit and burden of this Agreement to any successor body or any other legally designated distributor of National Lottery Funds or any party delegated or appointed under the National Lottery etc. Act 1993 (as amended) and SS shall notify the key personnel in writing of such assignment.

In the event of a conflict between the terms of this Offer Letter and the Standard Terms (to be set out in the FA) the terms of this Offer Letter shall prevail.

We are delighted to be working with you on this project. If you wish to accept this offer you must do so within 7 days of receipt by signing and returning to me the attached duplicate letter and Documentation Checklist.

Once we have received all the required documents and information set out above, SS Business Affairs Department will draft a long form Agreement. If you have any queries, please contact Business Affairs.

Yours sincerely

Linda McClure
Head of Business Affairs

Agreed by

.....

(name)
For and on behalf of
the Company

.....
Dated

Standard Conditions of Scottish Screen Investment

If your application is successful, you will have to comply with the following conditions. In addition to the Standard Conditions of Scottish Screen Investment (the 'Investment') there are other more specific Terms of Business, which relate to each funding strand. Please note that we may also add specific conditions to your particular Investment.

1. You must use the Investment for the project/activity you applied for and for the purpose set out in the approved application. At no time can you make any important changes to the project/activity described in the approved application without the written consent of Scottish Screen.
2. You cannot transfer the Investment to any other organisation without the written consent of Scottish Screen. Scottish Screen will only accept the industry practice of forming specific company vehicles to undertake a production where it is clear that the people who applied for the Investment are still those responsible and contractually committed to seeing the project/activity through to its delivery or completion
3. If there is an underspend on the project/activity you must return the appropriate share of the Investment to Scottish Screen.
4. You will be required to supply Scottish Screen with regular progress reports as required and with any further financial or other information that may be deemed necessary by Scottish Screen to monitor the Investment expenditure.

You will be required to comply with monitoring arrangements as required by Scottish Screen in relation to the project/activity and to provide Scottish Screen with any information it requires to establish that the project/activity has been completed properly in accordance with the Offer Letter and funding agreement.

5. The Investment may have to be repaid in full or in part if any of the Investment conditions are breached.
6. If there is a material change of purpose, ownership or organisation structure during the life of the project then Scottish Screen reserves the right to reconsider the application and you may be required to repay the Investment.
7. In addition to the above, and subject to the provisos below, the Investment shall become repayable and any future payments stopped where:
 - i) the organisation ceases to operate (unless it merges with, or is replaced by another body, which is able to fulfil the purposes of the investment to Scottish Screen's satisfaction);
 - ii) your organisation closes down or is declared bankrupt, goes into receivership or liquidation;
 - iii) you fail to apply the Investment for the purposes for which it was intended.

- iv) you do not complete the project/activity;
 - v) we discover that you gave incorrect, misleading or fraudulent information on your application form;
 - vi) where at any time during and in respect of completion of the project/activity or initiative, you have acted:
 - (1) fraudulently; or
 - (2) negligently, to the extent that in the opinion of Scottish Screen it has a material effect on the project or activity;
8. Scottish Screen can only guarantee to pay you the Investment if Scottish Screen continues to receive funds for this purpose;
9. If you overspend on the project/activity, you must let Scottish Screen know immediately. Scottish Screen cannot increase Investments which have already been offered and accepted. Any variation in the level of support would have to be supported by a robust case in a Supplementary Application and will be subject to re-assessment by Scottish Screen.
10. You cannot sell or give away assets which you bought with the Investment without the written permission of Scottish Screen. If you sell these assets, you must pay Scottish Screen an appropriate share of the money you receive for them.
11. Scottish Screen must have prior written approval of any mortgages or charges over the project/activity.