

UK Film Council Group and Lottery Annual Report and Financial Statements for the year ended 31 March 2011

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Managing Director's Comments

UK Film Council Group and Lottery Annual Report and Financial Statements for 2010/11

It has been a rollercoaster year for the Council: the phenomenal commercial and critical success of *The King's Speech* – which won Oscar® and BAFTA awards for Best Film and has now become the highest grossing UK independent film of all time at the UK box office – continued investment in film skills training, a rural strategy that will bring new films to local communities, almost £1 billion of investment in the UK from international film productions, and many more highlights besides. And then of course came the abolition of the UK Film Council itself.

I would therefore like to take this opportunity to thank the many brilliant filmmakers and the wide network of film partners across the UK with whom the UK Film Council has worked and collaborated over the past decade. As I do so, I pay tribute to my extraordinarily dedicated and talented UK Film Council colleagues, whose professionalism in this of all years has been as selfless as it has been noteworthy.

We now enter a new era for film, building on the many successes and achievements of recent years.

Tim Cagney

Managing Director, UK Film Council

Financial review of the business

Overview

This will be the last financial report to include film lottery activities as the Secretary of State for Culture, Media and Sport on 24 July 2010¹ announced the closure of UK Film Council by 31 March 2012. A further announcement on 29 November 2010 confirmed the transfer of lottery distributor status and other funded functionality to the British Film Institute (BFI) or Film London. In accordance with Statutory Instrument SI 685/2011 of 8 March 2011 UKFC's lottery assets, liabilities and obligations transferred to the BFI on 1st April 2011 and the share of future lottery income will accrue to the BFI from this date.

For those concerned in the film industry UK Film Council has seamlessly transferred its activities to the successor bodies of the BFI and Film London and at DCMS's request will wind down and close operations by 30 June 2011.

Summary of results

Group income in the year increased by £10.5 million (14%) to £83 million and expenditure increased by 5% (£3.9 million) to £84.8 million, resulting in an operating deficit before interest and taxation of £1.8 million in the year, against a deficit of £8.4 million in 2009/10.

UK Film Council's three year plan 2010/12, UK Film: Digital innovation and creative excellence included a gradual diminution of UK Film Council reserves. In July 2010 DCMS announced the closure of UK Film Council, with a further announcement in November 2010 by DCMS of the activities it required UK Film Council to transfer to the British Film Institute and Film London or close. This included a deferment of new Lottery schemes including the three year plan and as a result at the end of the year reserves are higher than planned.

In accordance with accounting practice and Treasury requirements, these accounts are prepared under International Financial Reporting Standards and in 2011 total comprehensive income for the year was £3.5m (2009/10: deficit £11.8 million).

Income sources

Exchequer Grant-in-aid at £45.6 million was an increase of £8.5 million over the £37 million received in 2009/10. DCMS resource Grant-in-aid was reduced by £1.4 million to £23.9 million. However UK Film Council received additional hypothecated resource funding of £4.6 million for the FILMCLUB project (2009/10: £3.7 million), a continuing annual allocation of £3 million for the Irish Language Broadcast Fund, and £1m funding for the first time in 2010/11 for the Ulster Scots Broadcast Fund. The latter two are administered by the Northern Ireland Screen. DCMS also provided capital funding of 11.5 million (2008/09: £4.5 million) for the Screen Heritage programme.

The UK Film Council is entitled to 2.25% of the funding available to the Good Causes from the National Lottery in the year. It also received a return on film and work investments and returns on cash balance.

Total Lottery income at £37 million increased in the year by £2.7 million (8%) reflects the performance of the National Lottery, producing an increase in funds received as the UK Film Council share of the proceeds from the National Lottery increased by £1.4 million (4%) to £34.8 million, alongside an increase of £0.2 million in investment income and £1.1 million in recoupment from film rights.

British Screen Group income in the year was £0.4 million (2009/10: £0.6 million).

Grant-in-aid awards

Grant in aid awards during the year totalled £41.5 million, an increase in value of 16% (£6.0 million).

The rise is due to the increased allocation made for the FILMCLUB (£0.9 million to £4.6 million) and the Screen Heritage project (£5.8m) and a new £1m hypothecated grant allocation for the Ulster Scots Broadcast Fund.

The largest award in the year was £16 million to the BFI to support the UK Film Council's cultural and educational objectives, the same - as in 2009/10, However it represented 67% (2009/10 63%) of UKFC's resource grant-in-aid as the commensurate reduction to UKFC was not passed on. The BFI also received £9.8 million for Screen Heritage programme and a final payment of £0.4m towards the now cancelled National Film Centre, so the BFI received in total 64% of the UK Film Council grant in aid award expenditure. Screen Yorkshire also received an award of £1.3 million for the Screen Heritage programme. The UK Film Council's Regional Investment Fund for England (RIFE) awarded £3.6 million (9%) to the Regional Screen Agencies. Awards totalling £0.4 million (1%) were made to the national screen agencies in Wales and Northern Ireland, the British Federation of Film Societies (BFFS) and the Independent Cinema Office (ICO). The awards for the Irish Language Broadcast Fund of £3 million and of £1 million to the Ulster Scots Broadcast Fund were passed to Northern Ireland Screen and £3.7 million was passed on to FILMCLUB.

The UK Film Council is committed to ensuring that equality and diversity are central to all strategies and activities and continues to implement the policies outlined in Success through Diversity and Inclusion. Awards totalling £0.4million (1%) supported projects with specific diversity objectives.

The costs of the MEDIA Desk UK are jointly shared with the European Commission, and the UK Film Council's share was £0.15 million. A further £1 million was invested in international activities, including marketing activities and events to attract film production into the UK and to promote UK film overseas, including support of the UK Film Council US. £0.3 million was invested in the Research and Statistics Unit to provide data for the benefit of the UK film industry.

Lottery applications

The UK Film Council received 1,124 direct Lottery grant applications (2009/10: 1,720), a decrease of 35%. These applications requested grants in excess of £184 million (2009/10: £164 million).

Applications to partner organisations, operating under schemes on the UK Film Council's behalf under formal delegation agreements, showed an overall decrease. First Light Movies Ltd, which is responsible for young people's filmmaking initiatives, received 250 applications (2009/10: 294), a decrease of 15%. The Regional Screen Agencies collectively received 840 applications (2009/10: 1,487), a decrease of 43.5%, for their local Lottery schemes under the RIFE programme. Skillset, which has delegated responsibility for the UK Film Council's film skills development activities, received 164 applications (2009/10: 517) – a decrease of 68% on prior year levels.

Lottery awards

A new Lottery award is not binding until contracts are signed and all conditions precedent have been agreed and met. Until then awards are treated as 'soft commitments'. In 2010/11, the UK Film Council made new Lottery awards classified soft commitments of £18.4 million (2009/10: £38.8 million). With the closure of the UK Film Council and the transfer of lottery activities, no new commitments were made to delegate bodies relating to any period after 1 April 2011, a departure from normal practise due to closure. In 2009/10 £8.5 million of soft commitments were made to delegate body allocations for 2010/11. Also because of closure the £5 million per annum Innovation Fund due to be launched in 2010/11 was deferred.

As a consequence of these changes in activity commitments were reduced to £16 million below UK Film Council's 2010/11 share of Lottery income of £34.8 million.

Lottery awards (soft commitments) 2010/11:

	Number Of Projects	£000
Feature films and development	135	14,354
Delegations	1	450
Distribution and exhibition	34	3,201
Audience development	1	300
Publications	1	7
	272	18,312

This excludes soft commitments totalling £0.1 million where the award was made and fallen in within the year.

When fully contracted and once any conditions precedent have been fulfilled, the award is classified as a 'hard commitment' in the financial statements and charged to expenditure as Lottery non-film rights. Awards for feature films and development are classified as film rights and are disclosed as current assets with appropriate impairment for any reduction in value.

Lottery non-film awards charged to expenditure were £11.7 million (2009/10: £17.4 million). The decrease primarily reflects the one off nature of the Digital Archive Fund in (2009/10: £1.5m), a £2 million reduction in Training awards and a £2.2 million reduction in Distribution and Exhibition awards in 2010/11 under the new three year plan. Other Lottery non-film

awards were the delegated agreements to First Light (£1.1 million), and the Regional Screen agencies (£2.5 million).

Lottery film rights

New feature films and development awards classified as hard commitments in the year amounted to £15.3 million (2009/10: £21.6 million). These rights, and those from previous years, were subject to a fair value assessment against future participation revenues, the valuation was £18 million (2009/10: £20.8 million), and the net impairments for the year of £13.5 million (2009/10: £9.8 million) were charged to expenditure with the fair valuation £3.7m (2009/10 £0.5m) taken to reserves.

National Lottery Distribution Fund (NLDF) balance

The UK Film Council benefits from participation in future revenues from the success of film rights awards. Receipts are credited against film rights on the balance sheet, with only receipts in excess of the award being taken to income. In 2010/11 £6.4 million in receipts was taken to film rights and a further £1.8 million was taken to income (2009/10: £4.3 million and £0.7 million respectively). These cash receipts are used before drawing down funds from the National Lottery Distribution Fund and allow the UK Film Council to plan future Lottery expenditure at levels above expected income from the National Lottery itself.

The UK Film Council made Lottery award payments of £32.8 million (2009/10: £41.1 million) which, when combined with operating expense payment, led to a total lottery cash outflow of £39.3 million (2009/10: £50 million). The NLDF balance rose during the year by 14%, with a closing balance of £35.7 million (2009/10: £31.2 million).

At the year end, outstanding hard and soft commitments totalled £12.9 million, representing 36% of the NLDF balance (2009/10: 94%) largely reflecting the curtailment in award schemes arising from closure and in preparation for transfer of lottery activity to the new lottery distributor.

Transfer to the Olympic and Paralympic Games

In February 2008, a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc Order 2008) was passed, which allowed for the transfer of up to £1,085 million from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 Olympic and Paralympic Games.

The UK Film Council was committed to contribute up to £21.8 million in the period February 2009 to July 2012. The first transfer of funds took place on 1 February 2009 when the UK Film Council contributed £1.5 million. In 2010/11 there were four further quarterly transfers totalling £5.9 million.

All future quarterly transfers will be matched to income generated in the relevant year in which the transfer is made, and therefore the remaining commitment of £8.5 million is not recorded as a liability in the balance sheet as at 31 March 2011.

Other operating expenses

These expenses cover the strategic activities of the UK Film Council, as well as the administration of the Group and its film portfolios. They also cover expenses to administer Grant and Lottery award schemes, including award application, assessment, approval, delivery monitoring, evaluation and reporting. Operating expenses were £5.9 million (2009/10: £8.3 million) and the average headcount for the year was 73 (2009/10: 94). This reduction came from the 2009/10 organisational restructure to meet the 20% lower overhead under the new three year plan commencing 2010/11.

However a number of exceptional items arose in the year following the announcement of the closure of the UK Film Council. The lease on the Little Portland Street premises runs to February 2015, and thus £1.5m has been provided for impairment costs. Also £0.9 million has been provided for impairment costs, to property, plant and equipment held by the organisation and £1 million is provided to cover staff termination costs.

British Screen Group

The UK Film Council is responsible for managing the film rights and loan assets of British Screen Finance Ltd and its subsidiary companies. These assets produce receipts in terms of fee income for film rights and recoupment of film loans. Where these loans have been repaid, any further recoupment is profit and is taken to income. Income in the year was £0.4 million (2009/10: £0.6 million).

Recoverability of loans from future recoupment income is also assessed at each year end, and no impairments (2009/10: £nil) were charged as expenditure in the year.

With the sale of the National Film Trustee Company in the year a dividend of £0.6m was paid to British Screen Finance Ltd.

Reporting of personal data related incidents

In the light of Cabinet Office guidance in relation to information risk, the Chief Operating Officer has been appointed the Senior Information Risk Owner. Working with the internal auditor, all the systems and databases operated by the UK Film Council are reviewed and a periodic update provided to the Audit and Governance Committee.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2010/11

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Not applicable	There are no incidents to report	Not applicable	Not applicable	Not applicable
Further action on information risk	Until closure the UK Film Council will continue to monitor and assess its information risks, in order to identify and to address any weaknesses and ensure continuous improvement of its systems.			

Table 2: Summary of other protected personal data related incidents in 2010/11

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the UK Film Council are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises.	There are no incidents to report
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises.	There are no incidents to report
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	There are no incidents to report
IV	Unauthorised disclosure	There are no incidents to report
V	Other	There are no incidents to report

Incidents relating to the loss of personal data, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

Report by the Board on Remuneration

The Remuneration Committee

The Board of the UK Film Council is responsible for determining the remuneration of the Chief Executive Officer and senior staff. It discharges this responsibility through a Remuneration Committee which is authorised within its terms of reference, to obtain independent professional advice if it considers this necessary and ensure that appropriate approvals are obtained from the Department of Culture, Media and Sport (DCMS).

The Remuneration Committee comprises a chairman, who is also chairman of the UK Film Council Board, and up to three other members of the Board, each appointed for a period of up to three years. The current members are:

Tim Bevan (Chair)	(appointed to Committee 25 May 2010)
Mark Devereux	(appointed to Committee 25 May 2010)
Heather Rabbatts	(appointed to Committee 25 May 2010)

The Remuneration Committee considers annually the performance of the Chief Executive Office and senior staff, following reviews carried out by the Chair and the Chief Executive Officer respectively and to determine their performance bonuses, as appropriate, in line with their contracts.

Remuneration Framework

Board Directors are entitled to draw a daily rate as established by HM Treasury for their time spent working on behalf of the UK Film Council. Directors are not entitled to membership of any pension scheme by virtue of their appointment to the UK Film Council Board.

In determining appropriate levels of remuneration for senior staff, the UK Film Council follows the Government's policy to maximise value for money by paying enough to attract and retain suitably qualified senior staff, and salaries are based on the minimum required to recruit, retain and motivate senior staff of appropriate calibre.

All staff other than the Chief Executive Officer, are entitled to membership of the Local Government Pension Scheme (LGPS), which operates a defined benefit scheme for those UK Film Council employees who wish to join. A description of the scheme can be found in note 7 to the UK Film Council Group financial statements. Staff enrolled in the scheme, which is contributory, accrue a pension entitlement in the year at the rate of 1/60 of final pensionable salary, up to a limit of two thirds of their final pensionable salary.

Where senior staff are entitled to contractual bonus payments these are assessed by the Remuneration Committee against objectives fundamental to the aims of the UK Film Council and their performance.

The staff pay bill for each year is subject to approval by the Remuneration Committee and the DCMS, under HM Treasury guidelines and limits for public sector pay.

Contracts of Employment

Board Directors are appointed for a term of four years by the Secretary of State for Culture, Media and Sport. There is no period of notice required for resignation from the Board.

Contractual terms for senior staff employed under closed contracts as at 31 March 2011 were:

	Date of contract	Expiry of contract
Tim Cagney	1/11/10	31/3/12
Tanya Seghatchian	1/4/10	31/3/13.

In those cases where contractual terms are open ended the period of notice required for termination of contract is no greater than six months.

Audited Information

Directors' remuneration

Directors' remuneration (including daily allowances) paid in the year ending 31 March 2011:

	2010/11 £	2009/10 £
Pippa Cross (retired 30 November 2010)	860	3,225
Rebecca O'Brien (retired 2 April 2010, observer to 30 November 2010)	1,720	2,795
Heather Rabbatts CBE	1,720	1,935
Amanda Walsh (retired 31 January 2010, observer to 30 November 2010)	1,290	2,580
	<hr/>	<hr/>
	5,590	10,535

No Directors received any additional benefits or performance related payments in addition to the above.

Senior staff remuneration

Remuneration (excluding pension arrangements) for the senior staff for the year ending 31 March 2011:

	Total Remuneration For the year Ended 31 March 2011	Total Remuneration For the year Ended 31 March 2010	Bonuses Paid In the year Ended 31 March 2011	Bonuses Paid In the year Ended 31 March 2010
	£000	£000	£000	£000
John Woodward Chief Executive Officer (to 30.10.10)	120-125	205-210	20-25	35-40
Tim Cagney Head of UK Partnerships (to 30.10.10) Managing Director (from 1.11.10)	120-125	85-90	15-20	-
Sally Caplan Head of Premiere Fund (to 31.3.10)	-	165-170	-	-
Tanya Seghatchian Head of Film Fund *	135-140	165-170	-	-
Will Evans Head of Business Affairs	155-160	155-160	-	-
Colin Brown British Film Commissioner	140-145	140-145	15-20	30-35
Peter Buckingham Head of Distribution & Exhibition	140-145	135-140	5-10	5-10
Lenny Crooks Head of New Cinema Fund (to 7.5.10)	10-15	115-120	-	-
Alan Bushell Chief Operating Officer	110-115	110-115	-	-
Oliver Rawlins Head of Communications (from 14.4.09)	75-80	65-70	-	-

In addition to the above, each year staff receive the benefit of a £250 allowance for cinema tickets and are entitled to £100 towards membership of gym facilities.

In April 2010 Sally Caplan received a termination payment of £77,397 as reported in the 2009-10 Remuneration Report. In May 2010 Lenny Crooks received a termination payment of £8,370 and in addition a payment of £99,419 was paid by UKFC to the London Pensions Fund Authority due to his taking early retirement.

*From 1 April 2010 Tanya Seghatchian took up the post of Head of the Film Fund, having previously been the Head of the Development Fund

Senior staff pension arrangements

The following senior staff were all members of the LGPS during the year

	Real increase in accrued pension benefits 2010-11	Attributable pension accrued at 65 at 31 March 2011	Cash Equivalent Transfer Value (CETV) as at 31 March 2010	CETV as at 31 March 2011	Real increase in the CETV after adjustments for inflation etc in 2010-11
	£000	£000	£000	£000	£000
Lenny Crooks Head of New Cinema Fund (to 7.5.10)	0-2.5 (lump sum 0)	n/a	1,032	n/a	n/a
Colin Brown British Film Commissioner	0-2.5 (lump sum 0)	7.5-10 (lump sum 5-7.5)	99	132	21
Peter Buckingham Head of Distribution & Exhibition	0-2.5 (lump sum 0)	15-17.5 (lump sum 25-27.5)	207	237	13
Alan Bushell Chief Operating Officer	0-2.5 (lump sum 0)	20-22.5 (lump sum 32.5-35)	310	349	11
Oliver Rawlins Head of Communications (from 14.4.09)	0-2.5 (lump sum 0)	0-2.5 (lump sum 0-2.5)	3	10	1
Tanya Seghatchian Head of Development Fund	0-2.5 (lump sum 0)	7.5-10 (lump sum 7.5-10)	73	82	(10)
Tim Cagney Managing Director (from 1.10.10) previously Head of UK Partnerships	2.5-5 (lump sum 2.5-5)	10-15 (lump sum 10-15)	69	114	35

The accrued pensions are the amounts eligible at retirement if the staff member left service at the relevant date. The transfer values do not represent a sum paid or payable to the individual, but rather a potential liability of the pension scheme. They have been calculated using assumptions certified by a qualified actuary.

In the year to 31 March 2011, all senior staff with the exception of John Woodward and Will Evans were members of the LGPS. Pension contributions during the year were made to a money purchase occupational scheme for John Woodward and to private pension schemes for Will Evans and payments were £27,227, £15,660 and £16,529 respectively. Upon joining the UK Film Council, Lenny Crooks transferred all his pension rights to the LPFA arising from prior public sector employment.

Employees earning more than £50,000 in the year:

The number of employees (full time equivalent) earning in excess of £50,000 at 31 March each year was:

Salary Banding	2010/11	2009/10
	No of Staff	No of Staff
£170,000-180,000	-	1
£160,000-169,999	-	2
£150,000-159,999	1	1
£130,000-139,999	2	1
£120,000-129,999	2	1
£110,000-119,999	1	2
£90,000-99,999	1	2
£80,000-89,999	3	4
£70,000-79,999	7	3
£60,000-69,999	7	12
£50,000-£59,999	3	7

Termination payments:

The termination payments in 2010-11 (2009-10) payable to employees were:

Exit Package Cost band Banding	Number of compulsory redundancies	Number of other departures	Total
£100,000-£150,000	0/(1)		0/(1)
£50,000-99,999	0/(1)	1/(0)	1/(2)
£25,000-49,999	6/(3)	-	6/(3)
£10,000-24,999	11/(11)	1/(0)	12/(11)
£0-£9,999	6/(2)	-	6/(2)
No of exit packages	23/(15)	2/(0)	25/(16)
2010-11 Cost	£380,319	£111,299	£491,618
2009-10 Cost	£440,536	-	£440,536

Tim Bevan
Chairman, Remuneration Committee
30 June 2011

Monitoring, Evaluation & Reporting

Introduction

Monitoring, evaluation and reporting activity was undertaken across all UK Film Council activities, both internally delivered and also those delivered by partner organisations, to ensure delivery against both the organisations strategic and policy priorities and also the strategic priorities of the Department for Culture, Media and Sport (DCMS).

At the start of the year, a set of Key Performance Indicators for the new three year plan, were established to assist the ongoing management of activities and to allow stakeholders and interested parties to evaluate progress.

Throughout the year, monitoring was undertaken at various stages of programmes, awards and activities. For example at application stage, monitoring helps to assess the number, reach and type of applicants and that the stated processing times are being achieved; during the life of a project, monitoring is undertaken to ensure the project delivers its stated outcomes on time and against budget; and, following completion, monitoring is undertaken to ensure that the financial, public value, creative and cultural outcomes have and continue to be delivered.

- During 2010/11, in addition to ongoing monitoring activity, there was notable work undertaken with DCMS following the announcement to close the UK Film Council and transfer some activities to other organisations.ing discussions following the announcement of the proposal to close the UK Film Council;

Other specific activity included:

- Leading the introduction of the IGAMS electronic application software for the Film Fund, thus allowing all applicants to apply online;
- Assisting a number of partner organisations, notably Film Education, First Light and Skillset with more in-depth evaluation reviews which were undertaken in the period;
- Assisting in the performance review of the UK Film Council's Short Film Programme and also the UK Film Council's support for Talent Development were also completed; and
- Production of the third Overview of Progress towards the UK Film Council Goal, study was delivered – this study charts the progress made towards the UK Film Council's goal to help make the UK a global hub for film in the digital age with the world's most imaginative, diverse and vibrant film culture, underpinned by a flourishing, competitive film industry.

Customer Care

In April 2005, the UK Film Council, along with all the other UK-wide National Lottery distributors, signed up to a common Customer Service Charter.

Under the Charter, each Lottery distributor is requested to publish a statement on progress against the customer service standards.

During 2010/11 the UK Film Council confirms, that to the best of its knowledge, it has complied with the Charter.

Additionality

Lottery funding is distinct from Government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding.

In deciding to allocate Lottery money into the range of programmes identified, the UK Film Council has satisfied itself that such activity is not currently provided as statutory responsibilities of Government nor does Government currently fund such activity.

Film Sector in the UK indicators

		2010	2009
Film production in the UK	number of films	119	144
	value of production	£1,155 million	£1,071 million
Film exports (value)		<i>Not available</i>	<i>Not available</i>
UK cinema admissions (all films)		169 million	174 million
UK film share of box office	in the UK	24%	17%
	internationally	14%	7%
Revenue from UK films across platforms			
Or			
UK film revenues across platforms (UK films only)	theatrical	£246 million	£160 million
	DVD/video rental	<i>Not available</i>	£41 million
	DVD/video sales	<i>Not available</i>	£275 million
	pay TV	<i>Not available</i>	£93 million
	terrestrial TV	<i>Not available</i>	£58 million
	'free' multi-channel TV	<i>Not available</i>	£59 million
	video on demand	<i>Not available</i>	£26 million
Foreign language cinema in UK			
Number of films released		<i>Not available</i>	161
Box office share		<i>Not available</i>	2%
Provision for sensory impaired audiences (no. accessible cinemas)		TBC	303
Films certified as British (under Cultural Test or co-production)		189	152
Award wins by British films and talent		24	36

UK Film Council Indicators

	2010-11	2009-10
Level of income to UK Film Council (both public and other sources)	£83.0 million	£72.5 million
UK Film Council National Lottery Distribution Fund Balance	£35.7 million	£31.2 million
Lottery application processing time (including delegates)	35 days	35 days
Satisfaction ratings (% satisfied)		
applicants	68%	92%
stakeholders	n/a	82%
Diversity of projects and talent supported		
ethnic minority (BME)	16%	11%
female	42%	41%
with a disability	0.3%	0.3%
talent outside of London	Not available	32%
Delivery of key strategies	0 delivered	1 delivered
Award wins by funded feature films *	4 wins (2010)	5 wins (2009)
Administration costs for each completed application**	£2,772	£2,356
Staff sickness / absence	Within target	Within target
Response time for all queries	Within target	Within target
Number of applications outstanding at the end of the year (as a percentage of applications received in the year)	27%	1.3%***

*Awards won for UK Film Council funded feature films are expressed by calendar year.

** With the announcement of the closure of the UK Film Council a number of proposed schemes, such as the Talent Development Scheme in the Film Fund and the Innovation Scheme, were not launched in the year. Combined with the new structure for funding introduced from 1 April 2010 this led to a decline in the number of application received of 35% in the year. Total lottery administrative costs fell by 25% in the year.

***This represents the closure of the funding streams that were in place prior to 1 April 2010 in readiness for the new structure to be launched.

Number of people benefiting from activity to encourage more widespread enjoyment of culture, media and sport

	2010/11	2009/10
Total number of people benefiting	16,236,531	33,301,868

Lottery administrative costs for the last five years

Financial year	Actual operating costs	Inflated operating costs
2006/07	£7.71 million	£7.71 million
2007/08	£7.83 million	£7.92million
2008/09	£7.89 million	£8.11million
2009/10	£7.64 million	£8.31 million
2010/11	£5.93 million	£8.56 million

Diversity of Lottery Funds and awarded applicants

	2010/11	
	all applicants	awarded applicants
<u>Ethnic Background</u>		
White	80%	84%
BME	20%	16%
<u>Gender</u>		
Male	67%	58%
Female	33%	42%
<u>Disability</u>		
Applicants declaring a disability	1.3%	0.3%

Employment Statistics

- Under Article 5(1), 5(2) and 5(3) of the Race Relations Act 1976 (Statutory Duties) Order 2001, the UK Film Council has a duty to monitor, by reference to the racial groups to which they belong, and to report annually:

The numbers of:

- Staff in post; and
- Applicants for employment, training and promotion from each such group. In the circumstances of the closure of the organisation, employment at the UK Film Council was frozen. Training records are no longer held by the organisation.

Results of monitoring carried out in 2010/11

1.1. Staff in post at 31 March 2011

Ethnic origin and gender of all employees at 31 March 2011 and employment statistics for all employees, including part-time staff, in post at 31 March 2011.

ETHNIC ORIGIN	ALL EMPLOYEES		WOMEN		MEN	
	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL
Unknown	0	0.0%	0	0.0%	0	0.0%
White	60	85.7%	36	51.4%	24	34.3%
Mixed	4	5.7%	3	4.3%	1	5.7%
Asian or Asian British	4	5.7%	3	4.3%	1	1.4%
Black or Black British	2	2.9%	1	1.4%	1	1.4%
Chinese or other ethnic group	0	0.0%	0	0.0%	0	0.0%
TOTAL	70		43		27	
TOTAL (MINORITY ETHNIC)	10	14.3%	7	10.0%	3	4.3%

UK FILM COUNCIL

Group Report and Financial Statements for year ended 31 March 2011

Company no: 3815052

Foreword to the financial statements for the year ended 31 March 2011

Introduction

The UK Film Council was the Government-backed strategic agency for film in the UK, its main aim being to stimulate a competitive, successful and vibrant UK film industry and culture, and to promote the widest possible enjoyment and understanding of cinema throughout the nations and regions of the UK.

The UK Film Council was responsible for encouraging both cultural and commercial film activity, and providing a single, identifiable entity able to raise the industry's profile, both at home and overseas.

The UK Film Council was responsible for all grant-in-aid expenditure for film from the Department for Culture, Media and Sport (DCMS), with the exception of the National Film and Television School. It was also designated a National Lottery distributor under the National Lottery Acts 1993 and 1998, and was responsible for Lottery funding for film production and development, training and certain other initiatives. Arts Council England continues to have responsibility for stabilisation funding and other schemes but joint objectives have been agreed for Lottery funding for film capital projects. There are also separate Lottery funding distributors in Wales, Scotland and Northern Ireland.

In July 2010 the Department for Culture, Media and Sport announced the closure of the UK Film Council, in November 2010 announcing the transfer of the ongoing Lottery responsibilities to the British Film Institute from 1 April 2011, alongside the transfer of some other funded activities to Film London, and the cessation of operational activity at UK Film Council from 31 March 2011.

In March 2010 after widespread public consultation, the UK Film Council had published the three year plan 2010-13: *UK Film: Digital innovation and creative excellence*. This renewed the objectives and priorities of the organisation and announced a restructuring of the Lottery film funding from 1 April 2010, with the previous been the Premiere, New Cinema and Development Funds being brought together into one Film Fund. The plan also instigated an organisational restructure which reduced overheads by 20%.

The year saw the continuation of the Films Skills Fund delegation to Skillset, the Sector Skills Council for Creative Media. The fund covers all sectors of the film industry supported by a combination of resources including £3.6 million of Lottery funding in the year, the existing skills levy on film production and by the industry itself.

During the year the Print and Advertising Fund (£2 million) continued to offer direct support to distributors' costs in increasing the number of cinemas showing specialised films, providing more opportunities for more people across the UK to see a broader range of films. In addition the Festivals Fund continued into its final year.

The Regional Investment Fund for England (RIFE), continued to support the nine Regional Screen Agencies in England. These independent bodies support cultural and industrial film initiatives in their respective regions supported by £5.6 million of UK Film Council funding, which includes £2 million in delegated Lottery funds. The UK Film Council continued to co-operate and collaborate with Scottish Screen, the Film Agency for Wales and the Northern Ireland Screen on all aspects of film policy.

UK Film Council continued to support the DCMS funded £22.5m Screen Heritage from the DCMS, capitol programme through the lottery funded Digital Film Archive Fund, with delegated funding to the Regional Screen Agencies to support local archival work.

The UK Film Council's international activities included the Office of the British Film Commissioner's work to encourage overseas filmmakers to locate their production in the UK, co-production initiatives for British filmmakers to build international partnerships and the export promotion of British film, talent and services.

The British Film Institute (BFI) continued to receive £16 million grant funding, alongside playing a crucial role in the Screen Heritage programme.

This was also the third full year of operation of FILMCLUB, which received £4.6 million from the Department for Education (previously the Department of Children, Schools and Families). The UK Film Council also received £3 million from DCMS for the Irish Language Broadcast Fund and £1 million for the Ulster Scots Broadcast Fund, both operated through Northern Ireland Screen.

The UK Film Council was committed to ensuring that equality and diversity are central to all strategies and activities, and continued its work in implementing the policies in its publication *Success Through Diversity and Inclusion* to encourage diversity in all areas: in the workforce, in on-screen portrayal and for all audiences.

However, this range of activity was set against a background of increasing financial constraint. In February 2008 a Statutory Instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc Order 2008) was passed which allowed for the transfer of up to £1,085 million from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of holding the 2012 games. The UK Film Council was committed to contribute up to £21.8 million in the period to July 2012. In the financial year the UK Film Council's contribution was £5.9 million, bringing the total contribution to date to £13.1 million. Subsequent transfers will be matched to income generated in the relevant year in which the transfer is made, so the remaining commitment £8.7m is not recorded in the statement of financial position as at 31 March 2011.

The announcement of the closure of the organisation resulted in curtailment of certain Plan activities and the Innovation Fund and the Talent Development strand of the Film Fund were deferred.

With the announced closure the UK Film Council is not a going concern as at 31 March 2011, and these accounts are constructed upon that basis.

Directors

The UK Film Council is constituted as a company limited by guarantee, the sole guarantee of £1 is provided by the Secretary of State for Culture, Media and Sport.

The governing body of the UK Film Council is the Board of Directors, which consists of a Chairman, Deputy Chairman and up to 14 other Directors. All Directors were appointed by the Secretary of State for Culture, Media and Sport and, unless stated below, remained Directors throughout the year. The Directors during the year are as follows:

Tim Bevan CBE – Chairman *

Mark Devereux – Deputy Chairman *

Josh Berger

Barbara Broccoli

Pippa Cross (resigned 30/11/10)

Greg Dyke (resigned 30/11/10)

Gail Egan

Thomas Hoegh * (resigned 30/11/10)

BeebanKidron (resigned 30/11/10)

Elisabeth Murdoch (resigned 30/11/10)

Rebecca O'Brien (retired 2 April 2010)

Heather RabbattsCBE *

* Directors who have served on the Audit and Governance Committee in the year ending 31 March 2011. In addition John Graydon was co-opted onto the committee from April 2007.

Appointments to the Board were frozen in 2009 following the announcement of proposed merger discussions with the bfi and Rebecca O'Brien remained on the Board with observer status until 30th November 2010.

Accounting Officer

Tim Cagney was appointed Managing Director and Accounting Officer on 1st November, following the resignation of John Woodward as Chief Executive Officer on 31 October 2010. Tim Cagney is not a Director under Companies Act 2006.

Company Secretary

Company Secretary is Alan Bushell.

Registered and principal office

The registered and principal office is 10 Little Portland Street, London, W1W 7JG. UK Film Council is a company limited by guarantee in England and Wales, Registered number 3815052.

Auditors

Comptroller and Auditor General, National Audit Office, 157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP.

Internal auditors

Moore Stephens LLP, 150 Aldersgate Street, London, EC1A 4AB

Solicitors

Withers, 16 Old Bailey, London EC4M 7EG

Bankers

Barclays Corporate, 7th Floor, 180 Oxford Street, London, W1D 1EA

Lloyds TSB Bank, 32 Oxford Street, London W1A 2LD

Directors' report for the year ended 31 March 2011

The Directors present their report and financial statements for the year ended 31 March 2011.

Results

The deficit for the year, after taxation, was £1.8million (2010: £8.3 million deficit)

Principal activity and review of the business

The UK Film Council was the Government-backed body responsible for developing the film industry and film culture in the UK. It receives grant-in-aid from the Department for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds under the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998).

The UK Film Council worked at arm's length from Government and has the status of a Non-Departmental Public Body. It is regulated in accordance with Financial Memoranda issued by the Secretary of State for Culture, Media and Sport and financial statements are prepared in accordance with the Accounts Direction which is available from the Company Secretary at 10 Little Portland Street, London W1W 7JG. Separate financial statements are also prepared for the Lottery fund.

Key performance indicators

The following key performance indicators have been agreed against current DCMS priorities.

UK Film Council Indicators

	2010-11	2009-10
Level of income to UK Film Council (both public and other sources)	£83.0 million	£72.5 million
UK Film Council National Lottery Distribution Fund Balance	£35.7 million	£31.2 million
Lottery application processing time (including delegates)	35 days	35 days
Satisfaction ratings (% satisfied)	applicants	68%
	stakeholders	n/a
Diversity of projects and talent supported	ethnic minority (BME)	16%
	female	42%
	with a disability	0.3%
	talent outside of London	Not available
Delivery of key strategies	0 delivered	1 delivered
Award wins by funded feature films *	4 wins (2010)	5 wins (2009)
Administration costs for each completed application**	£2,772	£2,356
Staff sickness / absence	Within target	Within target
Response time for all queries	Within target	Within target
Number of applications outstanding at the end of the year (as a percentage of applications received in the year)	27%	1.3%***

*Awards won for UK Film Council funded feature films are expressed by calendar year.

** With the announcement of the closure of the UK Film Council the Talent Development Scheme in the Film Fund and the Innovation Scheme were not launched. Combined with the new structure for funding introduced from 1 April 2010 this led to a decline in the number of application received of 35% against the prior year. Total lottery administrative costs fell by 25% in the year.

***The low figure reflects the closure of funding schemes in place prior to 1 April 2010 in readiness for the new structure in 2010/11.

Number of people benefiting from activity to encourage more widespread enjoyment of culture, media and sport

	2010/11	2009/10
Total number of people benefiting	17,337,779	23,666,578

1. The 2009/10 is a revised figure from the published one in 2009/10. This is because a partner agency revised their figures post publication in July 2010;
2. The decline in the number of beneficiaries is due to a number of schemes not being run in 2010/11 and the closure of Screen East therefore Screen East figures have not been included.

Environmental Policy

The UK Film Council worked to an environmental agenda throughout the year, both externally across the industry and internally within the organisation. Key aspects of this include:

- a dedicated website to help film businesses take practical action to reduce carbon emissions
- a joint film industry/British Standards Institution (BSI) working group currently drafting a 'BS' standard for sustainability for the whole film industry
- a successful strategy within the UK Film Council to reduce its own carbon emissions and waste generation

Social and community policies

The UK Film Council has a responsibility to help develop the UK film industry and film culture, and to ensure that people have the opportunity to enjoy UK films and to benefit from the investment of public money in film. Ensuring equality and diversity are central to all our strategic work and the activities we support is a core objective, for example:

- First Light targets young people from disadvantaged backgrounds and more than 22,000 young people have been involved in the project;
- FILMCLUB has established over 6,600 film clubs in UK schools, bringing film to nearly 190,000 young people;

- every feature film that receives UK Film Council investment is required to be made available to cinemas in formats accessible to people with sight and hearing impairments;
- the rural cinema project is bringing film to people in areas which are deprived of the opportunity to see films; and
- our skills development strategy is enabling people to enter the film industry and build careers who might otherwise not have the opportunity to do so.

Future developments and events since the statement of financial position date

The UK Film Council ceased operating as a funding body on 31 March 2011, with lottery distributor status and other funding functionality transferring to the British Film Institute or Film London from April 1, 2011. Ownership of the subsidiary companies are anticipated to transfer to the British Film Institute.

UK Film Council will be wound up in the period to 30 June 2011, when all remaining staff will be made redundant and any remaining business handed over to a Liquidator appointed by the Department for Culture, Media and Sport to oversee the final closure of the organisation by 31 March 2012.

Principal risks and uncertainties of the group

The UK Film Council reviews the principal risks and uncertainties to the business on a periodic basis, and considers necessary actions and controls in place to mitigate these.

Employment and training policies and staff participation

The UK Film Council is committed to a policy of equality of opportunity in its employment practices and continues to develop a culturally diverse workforce. Its training and development programmes are designed to encourage and support all employees in improving performance. In particular, the organisation aims to ensure that no potential or actual employees receive more or less favourable treatment on the grounds of race, colour, ethnic or national origin, marital status, age, gender, sexual orientation, disability or religious beliefs.

The UK Film Council ensures that there are arrangements to promote effective consultation and communications with all staff. All departments have regular staff meetings at which matters relating to UK Film Council activities are discussed and staff are regularly briefed on the matters discussed at management and Board meetings. Meetings of all staff are held regularly and a recognition agreement is in place with Unite fostering the best possible relationship with staff.

UK Film Council seeks to ensure that the requirements of health and safety legislation are met in the workplace.

Better Payment Practice Code

The UK Film Council attempts to abide by the Better Payment Practice Code and in particular to settle bills in accordance with contract. Invoices are normally settled within our suppliers' standard terms. The average payment terms taken were 13 days (2010: 16) and

96% of undisputed invoices were paid within thirty days of receipt by the Finance Department (2010: 96%). Creditor days in the year were 16 working days (2010: 18 working days).

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant information and to establish that the auditor is aware of that information.

Annual general meeting

Pursuant to the Companies Act 2006, the Company may dispense with holding annual general meetings and the laying of financial statements and reports before the Company in annual general meetings.

Auditors

An elective resolution is in force pursuant to s485 of the Companies Act 2006, allowing the Company to dispense with the obligation to appoint auditors annually.

By order of the Board

Alan Bushell FCA
Secretary
30 June 2011

Statement of Directors' responsibilities in respect of the financial statements

The UK Film Council is required to prepare financial statements for the period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The financial statements are to be prepared on an accruals basis and to show a true and fair view of the UK Film Council's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

The Companies Act requires the Directors to prepare statements for each financial year, which give a true and fair view of the state of affairs of the UK Film Council and of the surplus or deficit of the UK Film Council for that period.

The Directors of the UK Film Council are required to:

- observe the Accounts Direction issued by the Secretary of State, which sets out accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the UK Film Council will continue in operation.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the UK Film Council and enable them to ensure that the financial statements comply with the Companies Act 2006. With the announcement of the closure of the UK Film Council the business ceases to be a going concern and the accounting policies have been adapted as described in Note 1(a) to the financial statements. They are also responsible for safeguarding the assets of the Group and Company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Accounting Officer for the Department for Culture, Media and Sport has designated the Managing Director as Accounting Officer for the UK Film Council. The relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of the finances for which the Managing Director is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury.

The Accounting Officer of the UK Film Council is responsible for preparing financial statements which give a true and fair view and for making available to the auditors all relevant information for their purposes. So far as the Accounting Officer is aware, there is no relevant audit information of which the UK Film Council's auditors are unaware. Further, the Accounting Officer has taken all necessary steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the UK Film Council's auditors are aware of that information.

Tim Cagney
Managing Director
30 June 2011

Tim Bevan CBE
Chairman
30 June 2011

Statement on Internal Control

Scope of Responsibility

As Accounting Officer and as Chairman of the Board, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives set by the Department for Culture, Media and Sport (DCMS), whilst safe-guarding the public funds and UK Film Council's assets for which we are responsible in accordance with the responsibilities assigned to us in Managing Public Money.

We also have responsibility, as defined in the UK Film Council's Funding Agreement with the DCMS and the Management Statement and Financial Memorandum, for leading and managing the work of the UK Film Council to fulfil its policies, aims and objectives, and upholding its values. The Accounting Officer reports to the Board of Directors of the UK Film Council and we formally meet regularly with DCMS.

The purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of UK Film Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and should they be realised, to manage them efficiently, effectively and economically. The system of internal control includes adequate arrangements for detecting and responding to inefficiency, conflict of interest and fraud, and prioritises those risks associated with the custody of assets and potential loss of Exchequer and Lottery grants. The system of internal control has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and financial statements, and accords with Treasury guidance.

Capacity to handle risk

As Accounting Officer and Chairman of the Board we have overall responsibility for the UK Film Council's risk management framework, and are supported in its implementation by the Senior Management Team and staff who are trained and equipped to assess and manage risk in a way appropriate to their authority and duties.

The Audit and Governance Committee, chaired by Heather Rabbatts CBE, gives independent advice and guidance to us, in our roles as Accounting Officer and Chairman of the Board, and to the Board of Directors as a whole, on the adequacy of audit arrangements (both internal and external), on the implications of assurances provided in respect of risk and control at the UK Film Council and oversees the work of the internal auditors, as well as providing guidance as to best practice.

The Remuneration Committee provide oversight and approval of remuneration and performance for senior staff members including the Accounting Officer.

Further advice and guidance as to best practice is received from the internal and external auditors (who attend meetings of the Audit and Governance Committee), the DCMS, and other comparable organisations.

The risk and control framework

A risk management policy has been established setting out the UK Film Council's attitude to risk in the achievement of our objectives.

The UK Film Council has incorporated risk management in planning and decision making and maintains an organisation-wide risk register. Policy and operational risks both in the organisation and from external factors are identified through our three year business planning cycle and the annual operational planning cycle, and are evaluated by the Senior Management Team. We also consider the risks associated with holding and safeguarding information for operational or financial reporting purposes.

In 2010/11 the risk register agreed by the Audit and Governance Committee and updated in March 2011 included nine corporate risks. These included:

- governance and management risk, including those from the transfer of lottery distribution activities to the BFI from 1 April;
- political risk, and in particular a failure to respond to a changing political environment;
- grant-making risk associated with the failure to deliver outcomes or achieve targets in a change environment;
- communications risks associated with any failure, for instance, of the new change in distributor status to be conveyed to the industry
- reputational risk associated with the failure to assist and provide leadership to the industry, for instance in relation to changes in regional funding.

Following the announcement of the transfer of activities to the BFI and Film London, a specific risk register was drawn up and agreed by the Audit and Governance Committee, for those risks arising from the transfer of the activities and to the film sector in a period of change.

Risk management and internal control are embedded in the processes of the organisation and are considered and reviewed on a regular basis by management. For example, the Production Finance Committee (PFC), who ultimately sign off on lottery commitments, consisted of representatives of the relevant fund, finance and business affairs and was independently chaired by the Accounting Officer or the Chief Operating Officer. Any perceived risks arising in making an award were thus discussed at the time the funding decision was made and appropriate mitigating action taken, whilst allowing decision-making, oversight and control to be maintained of the decisions by the respective funds. The committee was updated on the progress of the funded projects to allow timely action to mitigate risks, protect funds and ensure that the ultimate purpose of the award is fulfilled.

For the regularly funded organisations, such as the BFI, Skillset and First Light, alongside regular oversight and monitoring, a series of regular formal governance meetings were held with the recipients throughout the year to discuss progress against key performance and risk indicators incorporated in their business plans and funding agreements

In addition assurance was sought from delegate organisations that they in turn have suitable processes in place to ensure their systems and procedures are acceptable and fit for the purpose of distributing funds and that they have the necessary skilled resources in place to implement these systems. A specific review of this was instigated after Screen East went into liquidation in September 2010. The risks identified as a result of these processes were monitored by UK Film Council through a system of key performance and risk indicators, which are reported through the Quarterly Performance Review process.

The work of the UK Film Council's internal audit service, provided by Moore Stephens LLP, operated to standards set out in the Government Internal Audit Standards, was developed from an analysis of UK Film Council's UK exposure. In addition, following the liquidation of Screen East in September 2010, a specific review was carried out of the delegate bodies as a "healthcheck" to ensure the segregation in management and reporting of the custody UK Film Council Funds was at an appropriate standard.

In 2010/11 internal audit reports covered:

- the processes of the newly launched Film Fund;
- oversight of the Irish Language Broadcast Fund;
- payroll and expenses systems;
- lottery delegate partners "healthcheck"; and
- review of wind up processes of UK Film Council.

The analysis of risk and the internal audit plans are endorsed by the UK Film Council's Audit and Governance Committee and are approved by the Accounting Officer.

In line with Cabinet Office guidance in relation to information risk, the Chief Operating Officer is the Senior Information Risk Owner. Working with the Internal Auditor, all the systems and databases operated by the UK Film Council are kept under review and periodic updates provided to the Audit and Governance Committee.

In addition, the UK Film Council has in place a wide range of policies, for instance relating to corporate governance, conflicts of interest, financial management (including fraud), health and safety, training and development and information technology. These are periodically reviewed and updated.

The internal communications process ensures that all staff are informed about key decisions on a timely basis through appropriate means. There is also an external communications strategy that ensures stakeholders, Parliament, press, funded organisations and projects, the industry at large, and members of the general public receive appropriate and reliable information.

Progress in achieving objectives set in the strategic three year plan is monitored by Board and Senior Management. The Board receive appropriate regular financial reporting, enabling monitoring against financial targets.

Review of effectiveness

As Accounting Officer and Chairman of the Board, we have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by the work of the internal auditors and the Senior Management within the UK Film Council who have responsibility for the development and maintenance of the internal control framework, and comment made by the external auditors in their management letters and other reports. We have been advised on the implications of the results of our review of the effectiveness of the system of internal control by the Board and the Audit and Governance Committee, and a plan to address any weaknesses and ensure continuous improvement is in place.

In respect of risk management the responsibilities of the Senior Management Team are to:

- manage risk in their own areas of responsibility through the implementation of risk mitigation processes and by following the UK Film Council's risk policy;
- translate the risk register into day-to-day operational planning within teams; and
- report to the Accounting Officer on the status of risks and controls.

The Board receives reports from the Chairman of the Audit and Governance Committee, and from the Accounting Officer and managers, on the steps taken to manage risks, including progress reports on key activities and projects, as well as on new risks that may arise both internally within the organisation and due to external factors such as the political and economic environment of both the industry and the public sector.

Amongst the considerations of the Audit and Governance Committee and Senior Management are the risks associated with the closure of the organisation. These have been regularly reviewed in the light of the ongoing closure process: in particular the financial implications and the impact upon staff.

The Internal Auditor provides audit reports on the areas of activity within the UK Film Council. The reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the UK Film Council's system of internal control during the year together with recommendations for improvement.

We take assurance from assessment of the risk register, from the business and budget planning cycle, from the decision approval and operational procedures and from the reviews of, and assurance received from, delegate bodies that appropriate risk management procedures are in place.

We can confirm that in our opinion:

- the UK Film Council complies with its current Financial Directions, Funding Agreement, Management Statement and Financial Memorandum;
- adequate audit arrangements, both internal and external, are in place to support us in reviewing the systems of internal control;
- adequate arrangements are in place to detect and respond to inefficiency, conflicts of interest and fraud and to minimise losses of Lottery and other funds;
- the UK Film Council has drawn up and maintains risk assessment and control procedures and risk registers;
- the UK Film Council has complied with Cabinet Office guidance on information risk and has suffered no protected personal data incidents during 2010/11 or during previous years, and has made no reports to the Information Commissioners Office; and
- the systems of internal control were fully operational during the year and no significant weaknesses have been uncovered.

Tim Cagney
Managing Director
30 June 2011

Tim Bevan CBE
Chairman
30 June 2011

Independent Auditor's Report to the Members of UK Film Council

I have audited the group and parent company financial statements (the "financial statements") of UK Film Council for the period ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, Group Statement of Changes in Taxpayers' Equity, Group and Company Statements of Financial Position, Group Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

Respective responsibilities of directors, managing director and auditor

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements the Directors and Managing Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Group Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

- In my opinion the financial statements:
- give a true and fair view of the group's and the parent company's affairs as at 31 March 2011 and of the group's deficit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Emphasis of matter: going concern

In forming my opinion of the financial statements, which is not qualified, I have considered the adequacy of the disclosures made in notes 1a) and 1p) to the financial statements. The company's closure has been announced, and the majority of its functions were transferred by Statutory Instrument to the British Film Institute on 1 April 2011. As a consequence the financial statements have been prepared on a basis other than going concern. Adjustments to the financial statements arising from the company's expectation that it will continue as a going concern are summarised in Note 2) to the accounts. There are ongoing negotiations to merge the company's pension scheme with that of the British Film Institute. The pension scheme has been valued on the assumption that the negotiations will be successful, but the outcome of the negotiations is uncertain. The financial statements do not include any adjustments that might result if the negotiations are unsuccessful.

Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent company; or returns adequate for my audit have not been received from branches not visited by my staff; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit.

Amanda Measures (Senior Statutory Auditor)

30 June 2011

**for and on behalf of the
Comptroller and Auditor General (Statutory Auditor)**

**157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/11 £000	2009/10 £000
Lottery turnover	3	36,968	34,248
Grant-in-aid turnover	3	45,563	37,034
British Screen Finance turnover	3	445	579
European turnover	3	124	154
Other turnover	3	32	555
Write Off's	3	(112)	-
Total turnover		83,020	72,570
Expenditure:			
Awards			
- Grant-in-aid		(41,484)	(35,514)
- Lottery – non-film rights		(11,698)	(17,380)
MEDIA Desk UK		(279)	(275)
International marketing		(744)	(1,570)
Research and Statistics Unit		(342)	(380)
Certification		(233)	(242)
Cost of sales		(130)	(422)
Impairments			
- Impairments against film rights	4	(15,981)	(12,402)
- Impairments written back	4	1,493	2,644
Depreciation			
Other operating expenses	8	(5,929)	(8,259)
Transfer of funds to the Olympics Lottery Distribution Fund			
		(5,866)	(5,866)
Movement in fair value of National Film Trustee Corporation			
	14	-	(104)
Restructuring costs			
	8	(1,013)	(650)
Costs associated with the proposed merger			
Onerous lease provision	8	-	(221)
Impairments of plant, property and equipment		(1,500)	-
		(902)	-
Total Expenditure		(84,831)	(80,889)
Operating deficit		(1,810)	(8,319)
Bank interest receivable			
		31	42
Other finance costs			
		(-)	(105)
Deficit on ordinary activities before taxation		(1,779)	(8,382)
Tax (charge)/credit on deficit on ordinary activities for the year			
	9	(3)	32
Deficit for the year		(1,782)	(8,350)

Other comprehensive income:

Actuarial gain/(loss) in the year	2,122	(3,380)
Movement in fair valuation reserve	3,167	(55)
	<hr/>	<hr/>
Other comprehensive income	5,289	(3,435)
	<hr/>	<hr/>
Total comprehensive income	3,507	(11,785)

UK Film Council is not a going concern as at 31 March, however the lottery activities remain so as they transfer to the new lottery distributor for film. The notes to the accounts on pages 48 – 69 form part of the audited financial statements. The deficit for UK Film Council Ltd in the year was £1.8 million (2009/10: £8.3 million).

GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the year ended 31 March 2011

	General Reserve	GIA Reserve	Lottery Reserve	Fair Valuation Reserve	Pension Reserve	Total Reserve
Balance at 31 March 2009	8,292	1,359	56,345	587	(1,141)	65,442
Surplus/(deficit) for the year	70	(1,339)	(7,060)	-	(21)	(8,350)
Actuarial loss in the year	-	-	-	-	(3,380)	(3,380)
Movement in fair valuation reserve	-	-	-	(55)	-	(55)
Balance at 31 March 2010	8,362	20	49,285	532	(4,542)	53,657
Surplus/(deficit) for the year	130	(556)	(2,048)	-	671	(1,803)
Actuarial gain in the year	-	-	-	-	2,122	2,122
Movement in fair valuation reserve	-	-	-	3,167	-	3,167
Balance at 31 March 2011	8,492	(536)	47,237	3,699	(1,749)	57,143

The General reserve represent profits within British Screen Group, being recoupment and profits receivable from their historic portfolio of films after related costs.

The Grant-in-aid reserve is retained funds at the year end relating to the Grant in Aid funding and other miscellaneous income received by the UK Film Council, after all awards allocations and related expenditure.

The Lottery reserve primarily represents the carrying value of film investments made by the UK Film Council, and uncommitted funds held at the National Lottery Distribution Fund, offset by all outstanding award liabilities.

The Fair Valuation reserve represents the carrying value of those lottery film investments which have fully recouped the original sum invested, based on expected future recoupment from these investments over a three year period, and is released against income as it is received. In the year £0.37 million was released against income and additional fair value adjustments of £3.53 million were made.

The pension reserve represents the asset or liability arising on the valuation of the UK Film Council pension fund at year end, as notified by the actuaries.

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Notes	2011 £000	2010 £000
Non current assets			
Property, plant and equipment	10	-	851
Total non current assets			851
Current assets			
Plant, property and equipment	10	23	-
Film Rights	11	18,014	20,891
National Lottery Distribution Fund	12	35,676	31,225
Trade and other receivables falling due within one year	13	1,411	3,282
Trade and other receivables falling due after one year	13	-	115
Cash and cash equivalents		14,478	15,793
		<u>69,602</u>	<u>71,306</u>
Total current assets (excluding non-current assets classified as held for sale)		69,602	71,306
Non-current assets classified as held for sale	14	-	685
Total current assets		69,602	71,991
Total assets		69,602	72,842
Current liabilities			
Trade and other payables	16	(3,967)	(3,335)
Other payables – lease commitments	21	(1,500)	-
Other payables - award commitments	17	(5,243)	(11,151)
		<u>(10,710)</u>	<u>(14,486)</u>
Total current liabilities (excluding non-current liabilities classified as held for sale)		(10,710)	(14,486)
Liabilities directly associated with non-current assets held for sale	14	-	(157)
		<u>(10,710)</u>	<u>(14,643)</u>
Total current liabilities		(10,710)	(14,643)
Net current assets		58,892	58,199
Non-current liabilities			
Pension liability	7	(1,749)	(4,542)
Total non current liabilities		(1,749)	(4,542)
Assets less liabilities		57,143	53,657
		=====	=====
Capital and reserves			
General reserve		8,492	8,362
Pension reserve		(1,749)	(4,542)
Fair valuation reserve		3,699	532
Grant-in-aid reserve		(536)	20
Lottery reserve		47,237	49,285
		<u>57,143</u>	<u>53,657</u>
		=====	=====

The notes contained on pages 48 – 69 form part of the financial statements.

The financial statements were approved and authorized for issue by the Board on 30 June 2011

Tim Cagney
Managing Director
30 June 2011

Tim Bevan CBE
Chairman
30 June 2011

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Notes	2011 £000	2010 £000
Non current assets			
Property, plant and equipment	10	-	851
		<hr/>	<hr/>
Current assets			
Property, plant and equipment	10	23	-
Film rights	11	18,014	20,891
National Lottery Distribution Fund	12	35,676	31,225
Trade and other receivables falling due within one year	13	1,371	3,374
Trade and other receivables falling due after one year	13	-	115
Cash and cash equivalents		5,591	7,781
		<hr/>	<hr/>
Total current assets		60,678	63,386
Total assets		60,678	64,237
Current liabilities			
Trade and other payables	16	(3,535)	(3,249)
Other payables – lease commitments	21	(1,500)	-
Other payables - award commitments	17	(5,243)	(11,151)
		<hr/>	<hr/>
Total current liabilities		(10,278)	(14,400)
Net current assets		50,400	49,837
Non-current liabilities			
Pension liability	7	(1,749)	(4,542)
		<hr/>	<hr/>
Total non-current liabilities		(1,749)	(4,542)
Assets less liabilities		48,651	45,295
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Pension reserve		(1,749)	(4,542)
Fair valuation reserve		3,699	532
Grant-in-aid reserve		(536)	20
Lottery reserve		47,237	49,285
		<hr/>	<hr/>
		48,651	45,295
		<hr/> <hr/>	<hr/> <hr/>

The notes contained on pages 48 – 69 form part of the financial statements.

The financial statements were approved and authorized for issue by the Board on 30 June 2011

Tim Cagney
Managing Director
30 June 2011

Tim Bevan CBE
Chairman
30 June 2011

GROUP STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £000	2010 £000
Cash receipts from the National Lottery Distribution Fund		24,843	41,003
Arts Council England delegated funds		1,485	2,750
Arts Council England portfolio income		81	54
UK Film Council portfolio income		8,231	4,987
Cash receipts from the Department for Culture, Media and Sport		45,554	37,034
Other cash receipts		7,351	4,833
Payments of lottery hard commitments		(32,789)	(41,071)
Payments of grant-in-aid awards		(41,484)	(34,914)
Other payments		(14,863)	(14,613)
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	5	(1,591)	63
Returns on investments and servicing of finance			
Bank interest received		32	43
Taxation			
Tax paid		(15)	(60)
Capital expenditure			
Payments to acquire tangible fixed assets	10	(338)	(88)
		<hr/>	<hr/>
Decrease in cash		(1,912)	(42)
Net funds at 1 April		16,390	16,432
		<hr/>	<hr/>
Net funds at 31 March		14,478	16,390
		=====	=====
Net funds at 31 March:			
Cash within non-current assets classified as held for sale		-	597
Cash		14,478	15,793
		<hr/>	<hr/>
Net Funds at 31 March		14,478	16,390
		=====	=====

The notes contained on pages 48 – 69 form part of the financial statements.

Note 1: Accounting policies

a) Going concern

With the announcement of the closure of the UK Film Council and the transfer of lottery distributor status and other funded activity to the BFI or Film London from 1 April 2011, the UK Film Council ceases to be a going concern as at 31 March 2011.

However, in accordance with Statutory Instrument SI 685/2011 UK Film Council's lottery assets, liabilities and any share of future income transferred to the BFI at 1st April, 2011 Under the Transfer of Undertakings (Protection of Employment) (TUPE) legislation staff employed on lottery activities also transferred to the BFI.

Accounting policies in these accounts have been adapted to recognise the impairment of plant, property and equipment and recognise the onerous nature of the property lease. The pension liability has been treated normally as this is expected to transfer to the BFI in due course.

b) Basis of preparation

These financial statements are prepared under the historical cost convention, and in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport. They meet the requirements of the Companies Act 2006 and applicable Accounting Standards, except certain headings have been amended in order to reflect special circumstances of the company. The requirements of the National Lottery etc Act 1993 have been followed for the treatment of hard and soft commitments.

The financial statements have been prepared in accordance with the 2010 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the UK Film Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by UK Film Council are described below. They have been applied consistently in matters material to the accounts.

There are no standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the group.

Certain aspects of these financial statements include the exercise of judgement in ascertaining the values used. In the year these included the valuations of film rights and the costs arising from the transfer of Lottery and other responsibilities and the closure of the organisation.

In accordance with the Directions issued by the Secretary of State for Culture, Media and Sport, financial statements have also been prepared for the UK Film Council Lottery activities.

A copy of the Accounts Direction is available from the Company Secretary, UK Film Council, 10 Little Portland Street, London W1W 7JG.

c) Basis of consolidation

British Screen Finance Ltd is a wholly owned subsidiary of UK Film Council and itself holds 100% ownership of National Film Finance Consortium Ltd, European Co-production Fund Ltd, British Screen Rights Ltd and the Greenlight Fund. It also has a 50% holding in British Film-Makers Ltd. At the balance sheet date the companies are not disclosed as held for sale as DCMS's decision to recapitalise prior to the likely transfer of ownership to the BFI means that the conditions to do so under IFRS are not satisfied.

A statement of comprehensive income is not presented for the UK Film Council Ltd as permitted by section 408 of the Companies Act 2006.

d) Accruals convention

Income and expenditure is accounted for on a receivable basis, except for recoupment income which is accounted for upon notification of amounts received by the UK Film Council, and commitments which are reported as per the National Lottery Act etc. 1993.

As required by the Secretary of State for Culture, Media and Sport, a distinction is made in respect of Lottery awards between 'hard commitments' and 'soft commitments'. Where the UK Film Council has made a firm offer of a grant, which, together with the relevant conditions, has been accepted by the recipient, and the conditions of the grant have been fully met, the award is accounted for as a 'hard commitment'. Where the UK Film Council has agreed in principle to fund a scheme or project and made an offer, but the offer has not been accepted and the associated conditions precedent met, the award is accounted for as a 'soft commitment'. Hard commitments are recognised in the financial statements whereas soft commitments are recognised by way of note.

Hard commitments payable within one year of the statement of financial position are recognised in the statement as current liabilities. Those payable more than one year from the statement of financial position are shown as commitments to filmmakers payable over more than one year, however such commitments are extremely unlikely in the usual course of business. Commitments for future years have been entered into, taking into account income forecasts provided by the Department for Culture, Media and Sport. These forecasts take a conservative view of future income.

With the transfer of distributor status to the BFI from 1 April 2011, lottery assets and liabilities and future income pass to the BFI at that date, on a going concern basis. There is no impact from the transfer in the UK Film Council financial statements from the lottery statement of financial position.

e) Other Lottery awards

Lottery awards other than those for film rights are taken in full to the statement of comprehensive income in the year in which the hard commitment is recognised.

f) Depreciation and plant, property and equipment

Depreciation is provided on all plant, property and equipment calculated at rates to write off the cost less estimated residual value of each asset systematically on a straight line basis over its expected useful life as follows:

- Leasehold improvements: over the life of the lease
- IT and office equipment: over four years

In light of the announced closure of the UK Film Council and following IAS 36 (Impairment of Assets), after depreciation has been charged in relation to 2010/11, the carrying values of plant, property and equipment not being transferred to other bodies has been reviewed for impairment as the carrying value may not be recoverable. Those assets being transferred are carried at net book value at year end.

g) Cost of Change

In light of the closure of the UK Film Council the statement of comprehensive income includes the costs deemed attributable from the transfer and winding up of activities. These include the costs of redundancies arising from the closure, and from the early cessation of the lease of the offices occupied by the organisation.

h) National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. The share of these balances attributable to the UK Film Council is as shown in the financial statements and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by the UK Film Council in respect of current and future commitments. On 1 April 2011, the balance passes to the BFI under SI No 685/2011, together with the rights to future income.

The amount attributable to the UK Film Council up to 31 March 2011, has been treated as income within these financial statements.

i) Financial instruments

The principal financial instruments are cash and holdings in the National Lottery Distribution Fund and film rights from the adoption of IAS 32 (Financial Instruments: Presentation), 39 (Financial Instruments: Measurement and Recognition) and IFRS 7 (Financial Instruments: Disclosure), fall within the definition of Financial Instruments.

Other financial instruments include trade receivables and payables that arise directly from lottery and non-lottery operations.

j) Film rights

Film rights represent loans paid and advances paid and payable to filmmakers. All advances to filmmakers are repayable under certain conditions. Where a feature film made with the assistance of the UK Film Council is successfully released, the UK Film Council is entitled to participate in revenues generated by that success. This can lead to repayment of the investment in full, together with a share of the profits generated by the film.

Film rights meet the definition of Available for sale financial assets under International Financial Reporting Standards (IAS 32, 39 and IFRS 7) and are therefore shown in the statement of financial position at fair value.

When an advance is made (satisfying the definition of hard commitments in (c) above) it is taken to the statement of financial position initially at the full value of the award. This valuation is impaired to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The valuation is reviewed on a rolling basis to ensure that fair value is maintained.

Advances for development and short film awards are fully impaired in the year of award, unless there is a reasonable expectation of repayment.

Any impairment may be reversed in part or in full if the valuation understates the fair value of the film right.

Movements in impairments shown in the statement of comprehensive income reflect the net effect of increases and decreases in impairments against film rights in the year.

If the valuation of the film right is in excess of the amount of the award investment from estimated recoupment over the next three financial years, the key earning period for the film, then this is taken to a fair value reserve, and released to income as the recoupment is received.

k) Film recoupment income

Income received from a film right is offset against the value of the right on the statement of financial position.

Income in excess of the original value of the right is taken to the statement of comprehensive income as film recoupment income and if appropriate through the fair value reserve.

l) Grant-in-aid

Grant award allocations from the Department for Culture, Media and Sport, are accounted for as income, and taken to the statement of comprehensive income as funding is drawn. Grant-in-aid awards are taken to the statement of comprehensive income in the year in which the award is made.

m) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position, where transactions or events have occurred at that date will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the date of the statement of financial position.

n) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of the statement of financial position. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

o) Leasing commitments

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight-line basis over the lease term.

With the announcement of the closure of the UK Film Council in the course of 2011/12 the lease on the UK Film Council premises, which ends in 2015, has been treated as an onerous contract as at 31 March 2011 under IAS 37 (Provisions, contingent liabilities and contingent assets), as it is likely that the obligations will exceed the economic benefits to be gained from the lease. The present obligation under the contract has been recognised as a provision to the extent of the unavoidable costs under the contract, on the best estimate of the expenditure required to settle the obligation at 31st March 2011.

p) Pensions

The UK Film Council is an admitted body of the Local Government Pension Scheme, which operates a defined benefit scheme for those UK Film Council employees who wish to join. It is a statutory, funded pension scheme and its benefits are defined and guaranteed in law. The scheme is administered by the London Pension Fund Authority, a statutory body established on 31 October 1989, responsible to the Mayor of London and accountable to Parliament and the Greater London Authority for its actions. The scheme is contributory for both employee

and employer. Employer contributions are determined by a qualified actuary on the basis of quadrennial valuations using the projected unit method. Independent actuaries prepare full valuations of the scheme at least every four years, in line with public sector guidance, and perform updates based on the most recent full valuation on an annual basis.

The UK Film Council complies with IAS 19, under which the defined benefit scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the year is charged against operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in finance costs. Actuarial gains and losses are recognised in the statement of changes in taxpayers' equity. The company recognises an asset in respect of any surplus, being the excess of the value of the assets in the scheme over the present value of the scheme's liabilities only to the extent that it is able to recover the surplus. Any deficit is likewise recognised as a liability on the statement of financial position.

The LPFA, DCMS and the BFI are negotiating whether the UK Film Council's pension fund will be transferred within the LGPS to the existing BFI pension fund. The Directors expect the negotiations to be successful and therefore the year end valuation has been conducted in accordance with IAS 19. The LPFA have a right to crystallise the pension fund once all staff have left UK Film Council, however they have indicated they that they will not do so while negotiations are in progress. An alternative cessation basis would have been applied had the scheme closed.

q) Cost of Capital

The requirement from HM Treasury to include a national cost of capital calculated on the average net assets employed in the year (excluding the balances in the National Lottery Distribution Fund, film rights and the matching Lottery award liabilities) has now been withdrawn. As this was reversed within the Statement of Comprehensive Income with nil effect, these figures have been removed from the year end comparative data.

Note 2: Changes arising from not preparing the accounts on a going concern basis

The impact of not preparing the accounts on a going concern basis has led to additional costs being incurred in the year:

	£000
Restructuring costs including provision for redundancies	1,013
Onerous lease provision	1,500
Impairments of plant, property and equipment	902
	3,415

Remaining plant, property and equipment have been reclassified as current assets in the year.

Note 3: Turnover

	2010/11	2009/10
	£000	£000
UK Film Council Lottery funding		
Share of proceeds	34,775	33,360
Net investment income from the National Lottery Distribution Fund	405	185
Recoupment income		
- UK Film Council portfolio	1,707	647
- Arts Council England portfolio	81	56
Other income	-	-
	36,968	34,248

UK Film Council grant-in-aid funding		
Voted by Parliament and paid in full – revenue	32,421	30,284
Voted by Parliament and paid in full – capital	<u>13,142</u>	<u>6,750</u>
	45,563	37,034
British Screen Finance group income		
Sales of film rights	52	-
Interest received from film loans	88	29
Recoupment income	282	384
Bad Debts recovered	16	-
Fees receivable	<u>7</u>	<u>166</u>
	445	579
Other income		
Other Income – Write off's	(112)	-
Other income - European income	124	154
Other income	<u>32</u>	<u>555</u>
	44	709
Total turnover	<u>83,020</u>	<u>72,570</u>

Turnover represents the amount derived from the provision of services which fall within the group's continuing ordinary activities, stated net of VAT. The group's turnover originates wholly within the United Kingdom, apart from the £124,000 European funding of the MEDIA Desk UK.

Note 4: Impairments against film rights

	2010/11	2009/10
	£000	£000
Impairments made		
UK Film Council film awards	<u>15,981</u>	<u>12,402</u>
	<u>15,981</u>	<u>12,402</u>
Impairments written back		
British Screen Finance loans	85	61
European Co-production Fund loans	10	28
UK Film Council film awards	<u>1,398</u>	<u>2,555</u>
	<u>1,493</u>	<u>2,644</u>

Note 5: Statement of cash flows

Group: Reconciliation of operating deficit to net cash flows from operating activities:

	2010/11	2009/10
	£000	£000
Operating deficit	(1,810)	(8,319)
(Increase)/Decrease in film rights	2,877	(5,838)
Decrease in trade receivables	(4,781)	14,972
Increase/(decrease) in trade payables	2,794	(773)
Movement in pension liability	(671)	21
Net cash from operating activities	<u>(1,591)</u>	<u>63</u>

Note 6: Staff costs

Directors' remuneration (including daily allowances):

	2010/11	2009/10
	£	£
Pippa Cross (retired 30/11/10)	860	3,655
Rebecca O'Brien (retired 2/4/11, remaining with observor status until 30/11/10)	1,720	2,795
Heather Rabbats CBE	1,720	1,935
Amanda Walsh (retired 30/11/10)	1,290	2,580
	<u>5,590</u>	<u>10,965</u>

Remuneration of the Chief Executive Officer / Managing Director:

	2010/11	2009/10
John Woodward (resigned 31 October 2010)	£	£
Salary and benefits	99,266	170,171
Bonus	<u>22,335</u>	<u>38,289</u>
Total	<u>121,601</u>	<u>208,460</u>
Pension contribution	15,863	27,227
Tim Cagney (appointed 1 November 2010)	£	
Salary and benefits	50,000	
Bonus	-	
Total	<u>50,000</u>	
Pension contribution	6,050	

Costs of all staff working within the UK Film Council:

As at 31 March 2011:

	Permanent Staff £000	Other Staff £000	Total Staff £000
Wages and salaries	3,941	65	4,006
Social Security costs	370	3	373
Pension service costs and other pension costs	<u>367</u>	<u>6</u>	<u>373</u>
	<u>4,678</u>	<u>74</u>	<u>4,752</u>

As at 31 March 2010:

	Permanent Staff £000	Other Staff £000	Total Staff £000
Wages and salaries	4,788	68	4,856
Social Security costs	451	7	458
Pension service costs and other pension costs	<u>440</u>	<u>6</u>	<u>446</u>
	<u>5,679</u>	<u>81</u>	<u>5,760</u>

Average number of staff employed during the year:

	2010/11	2009/10
Management and administration:		
Permanent staff	71	92
Other staff	<u>2</u>	<u>2</u>
	<u>73</u>	<u>94</u>

Salary and entitlements of senior staff members of the UK Film Council are as follows

	Total remuneration year ended 31 March 2011	Pension accrued at 65 year ended 31 March 2011	Increase to pension accrued year ended 31 March 2011	Total remuneration year ended 31 March 2010
	£000	£000	£000	£000
Will Evans Head of Business Affairs	155-160	-	-	155-160
Tanya Seghatchian Head of Production Fund*	130-135	7.5-10	0-2.5	165-70
Colin Brown British Film Commissioner	140-145	7.5-10	0-2.5	140-145
Peter Buckingham Head of Distribution & Exhibition	140-145	15-17.5	0-2.5	135-140
Lenny Crooks Head of New Cinema Fund (to 7 May 2010)	10-15	45-47.5	0-2.5	115-120

Alan Bushell Chief Operating Officer	110-115	20-22.5	0-2.5	110-115
Oliver Rawlins Head of Communications	75-80	0-2.5	0-2.5	65-70

* From 1 April 2010 Tanya Seghatchian was appointed as Head of the Film Fund, having previously been the Head of the Development Fund

Pension contributions during the year were to a money-purchase occupational scheme for John Woodward (to 31 October 2010) and to a private pension scheme for Will Evans.

Otherwise pension payments are to the Local Government Pension Scheme of which the UK Film Council is a member. Pension benefits accrue as a result of the period of employment at the UK Film Council and are payable on retirement. The scheme also provides for lump sum payments on retirement of three times final pension.

A number of directors and employees have interests in award applications which have been fully disclosed in note 25.

Note 7: Pensions benefits

The company participates in the Local Government Pension Scheme administered by the London Pension Fund Authority (LPFA). A majority of the company's staff are members of the scheme. With the agreement to transfer the pension fund to that of the British Film Institute following the closure of the UK Film Council, the treatment of the pension fund in on an IAS 19 valuation basis as in prior years. A curtailment was recognised with respect to those staff who did not transfer to either the BFI or Film London, the net impact of which was £0.03 million.

The pension scheme is of the defined benefit type and is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £0.468 million (2010: £0.273 million)

Following the advice of the consulting actuaries to the LPFS, the UK Film Council's employer contributions (as a percentage of the pensionable salary) were 12.1% throughout the year (2010: 12.1%).

A valuation for IAS19 purposes as at March 2011 was carried out by a qualified independent actuary. The assumptions used by the actuary for this valuation were:

Financial assumptions:

	2011	2010
	%	%
Rate of increase in salaries	4.5	5.4
Rate of increase in pension payments	2.7	3.9
Discount rate	5.5	5.5
Inflation assumption	2.7 – 3.5	3.9

Average life expectancy at 65:

	Males	Females
Current pensioners	21.9 years	23.9 years
Future pensioners	23.9 years	25.8 years

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit is:

	2011		2010	
	Long term rate of return expected		Long term rate of return expected	
	%	£000	%	£000
Equities	7.4	5,363	7.5	5,383
Other Bonds	5.5	155	5.5	846
Alternative Assets	6.4	1,088	6.5	1,077
Cash	3.0	233	3.0	384

Total market value of assets	7,772	7,690
Present value of scheme liabilities	(9,521)	(12,232)
Net pension liability	(1,749)	(4,542)

The overall expected rate of return on scheme assets is projected by the scheme actuaries using modelling techniques, with reference to key assumptions and the relative weighting of scheme assets

The amounts recognised in the statement of comprehensive income are as follows:

	31 March 2011	31 March 2010
	£000	£000
Current service cost	991	292
Interest cost	680	483
Expected return on Scheme assets	(480)	(378)
Past service costs	(1,509)	-
Losses on curtailments	115	-
Total	(203)	397
Actual return on Scheme assets	(503)	(1,725)

Amount recognised in Statement of Changes in Tax-payers Equity (SOCTE)

	2011	2010
Actuarial gains(losses)	2,122	(3,380)
Actuarial losses recognised in SOCTE	2,122	(3,380)
Cumulative actuarial losses in SOCTE	(2,527)	(4,629)

Changes in the present value of the defined benefit obligation are as follows:

	2010	2010
	£000	£000
Opening defined benefit obligation	12,232	6,992
Current service cost	991	292
Interest cost	680	483
Contributions by members	263	273
Actuarial (gains)/losses	(2,963)	4,727
Past service costs	(1,509)	-
Benefits paid	(288)	(535)
Curtailment losses	115	-
Closing defined benefit obligation	9,521	12,232

Changes in the fair value of the plan are:

	2011	2010
	£000	£000
Opening fair value of Scheme assets	7,690	5,851
Expected return on assets	480	378
Contributions by members	263	273
Contributions by employer	468	376
Actuarial gains/(losses)	(841)	1,347
Benefits paid	(288)	(535)
Closing fair value of Scheme assets	7,772	7,690

History of experience gains and losses:

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of Scheme assets	7,772	7,690	5,851	6,787	5,662
Present value of defined benefit obligation	(9,521)	(12,232)	(6,992)	(6,863)	(6,836)
Deficit	(1,749)	(4,542)	(1,141)	(76)	(1,174)
Experience gains on assets	(841)	1,347	(1,967)	118	48
Experience losses on liabilities	-	-	-	-	-

Note 8: Other operating expenses

	2010/11 £000	2009/10 £000
This stated after charging:		
Staff costs	4,229	5,132
Agency staff	109	95
Travel, subsistence and entertainment costs	228	239
Operating lease rentals – land and buildings	487	515
Other building and facilities costs	333	590
Professional Fees (including audit fees *)	647	1,245
Foreign exchange loss/(gain)	2	1
Pension service charge	(651)	21
Other operating costs	545	421
	5,929	8,259
Audit Fees		
Auditor's remuneration – Internal *	53	21
Auditor's remuneration – National Audit Office	22	15
Audit of subsidiaries – National Audit Office	12	13
Audit of Lottery - National Audit Office	28	20
Audit of UK Media Desk grant claim	3	3
Audit of transition to IFRS – National Audit Office	-	5

*2011 includes RSA 'Healthcheck'

Using the definitions as being used by the Department for Culture, Media and Sport for medium and long term planning the overheads can be apportioned as follows:

	£000	2010/11 % of Turnover	£000	2009/10 % of Turnover
Front line service delivery	2,145	2.19%	2,512	3.46%
Support to front line service delivery	2,894	2.94%	4,295	5.91%
Management and administration	920	1.01%	1,452	1.98%
Total overheads	5,959		8,259	

Front-line service delivery relate to the leadership function of the film fund and distribution and exhibition funding activities and the associated share of costs of Communications, Diversity and the Research and Strategic Development Unit.

Support to front line service delivery is the costs of running the lottery and grant-in-aid programmes and includes costs of those departments involved in the distribution of lottery funds including production finance, business affairs and ashare of the costs of the Chief Executive's Office.

Management and administration are those elements of apportioned costs relating to Facilities, IT, Corporate Finance and HR

Restructuring Costs

Restructuring costs in 2009/10 related to the restructuring the Lottery and other funds (£0.65m) announced in January 2010 and implemented from 31 March; and the work undertaken at the request of the Department for Culture, Media and Sport for the proposed merger of the British Film Institute and the UK Film Council (£0.2 million). The costs in 2010-11 result from the costs associated with the closure of the UK Film Council and include provisions for redundancies (£1 million) and the impairment of the lease on the Little Portland Street premises (£1.5 million), as well the impairment of the plant, property and equipment held by the organisation (£0.9 million).

Note 9: Taxation

	2010/11 £000	2009/10 £000
Corporation tax payable/(repayable) for current year	3	(32)

The charge for the year varies from the standard rate of Corporation Tax in the UK (28%) as UK Film Council and the European Co-production Fund Ltd are only taxed on interest receivable, while the remaining companies in the Group are taxable on their full trading activities.

The differences are:

	2010/11 £000	2009/10 £000
Deficit on ordinary activities before taxation	(2,451)	(7,262)
Deficit on ordinary activities multiplied by standard rate of UK corporation tax of 28% (2010: 28%)	(686)	(2,033)
Effects of:		
UK Film Council deficit not chargeable to UK Corporation Tax	874	2,078
Adjustments regarding British Screen group		
Unrelieved tax losses brought forward	(184)	(56)
Lower rate of corporation tax	(1)	-
Other timing differences	-	(1)
Corporation tax payable	3	-
Tax overprovision in previous years	(-)	(32)
Current tax charge/(credit) for the year	3	(32)

Note 10: Plant, Property and Equipment

GROUP	SHORT LEASEHOLD IMPROVEMENTS £000	IT EQUIPMENT £000	OFFICE EQUIPMENT £000	TOTAL £000
Cost:				
At 1 April 2009	1,796	831	459	3,086
Additions	4	15	69	88
Disposals	-	-	(17)	(17)
At 1 April 2010	1,800	846	511	3,157
Additions	329	9	0	338
Disposals	0	0	0	0
Adjustments	(114)	(12)	(75)	(201)
Fixed Asset Impairments	(2,015)	(815)	(418)	(3,248)
At 31 March 2011	0	28	18	46
Depreciation:				
At 1 April 2009	997	672	406	2075
Provided during the year	133	78	37	248
Disposals	0	0	(17)	(17)
At 1 April 2010	1,130	750	426	2,306
Provided during the year	154	19	50	223
Disposals	0	0	0	0
Adjustments	(81)	(10)	(46)	(137)
Fixed Assets Impairments	(1,203)	(745)	(421)	(2,369)
At 31 March 2011	0	14	9	23
Net book value:				
At 1 April 2010	670	96	85	851
At 31 March 2011	0	14	9	23

COMPANY	SHORT LEASEHOLD IMPROVEMENTS	IT EQUIPMENT	OFFICE EQUIPMENT	TOTAL
Cost:	£000	£000	£000	£000
At 1 April 2009	1,702	786	439	2,927
Additions	4	15	68	87
Disposals	-	-	(17)	(17)
At 1 April 2010	1,706	801	490	2,997
Additions	329	9	0	338
Disposals	0	0	0	0
Adjustments	(20)	33	(54)	(41)
Fixed Asset Impairments	(2,015)	(815)	(418)	(3,248)
At 31 March 2011	0	28	18	46
Depreciation:				
At 1 April 2009	908	630	382	1,920
Provided during the year	128	78	37	243
Disposals	0	0	(17)	(17)
At 1 April 2010	1036	708	402	2146
Provided during the year	154	19	50	223
Disposals	0	0	0	0
Adjustments	13	4	(22)	(5)
Fixed Assets Impairments	(1203)	(717)	(421)	(2,341)
At 31 March 2011	0	14	9	23
Net book value:				
At 1 April 2010	670	93	88	851
At 31 March 2011	0	14	9	23

Due to the closure of the UK Film Council, property, plant and equipment are shown as current assets in 2010/11

Note 11: Film Rights

	British Screen Finance Ltd £000	European Co-production Fund £000	UK Film Council £000	Total £000
At 1st April 2009	-	-	15,056	15,056
Advances	-	-	21,593	21,593
Repayments	(61)	(28)	(4,209)	(4,298)
Decommitments	-	-	(1,648)	(1,648)
Fair value adjustments in the year	-	-	(55)	(55)
Impairments written back	61	28	2,555	2,644
Impairments	-	-	(12,401)	(12,401)
31st March 2010	-	-	20,891	20,891
Advances	-	-	15,283	15,283
Repayments	(85)	(10)	(6,354)	(6,449)
Decommitments	-	-	(390)	(390)
Fair value adjustments in the year	-	-	3,166	3,166
Impairments written back	85	10	1,399	1,494
Impairments	-	-	(15,981)	(15,981)
31st March 2011	-	-	18,014	18,014

Repayment of outstanding film rights is dependent upon a number of factors, including the performance of the films at the box office and in ancillary markets. For these reasons it is not possible to state when the loans will be repaid.

With the adoption of the International Accounting Standards relating to Financial Instruments (IAS 32 and 39 and IFRS 7) film rights meet the definition of Available for sale financial assets within financial instruments and are shown in the statement of financial position at fair value in accordance with Accounting policy (h).

Note 12: National Lottery Distribution Fund

The movement in balances held at the National Lottery Distribution Fund is:

	2011	2010
	£000	£000
Opening balance held at the National Lottery Distribution Fund	31,225	44,549
Income received from the Lottery	34,755	33,360
Transfer to the Olympic Lottery Distribution Fund	(5,866)	(5,866)
Investment income earned	405	185
	<hr/>	<hr/>
Available for distribution	60,519	72,228
Cash drawn down	(24,843)	(41,003)
	<hr/>	<hr/>
Balance as at 31 March	35,676	31,225

At 31 March 2011, the cost of the investment in the fund was £35.7 million (2010: £31.2m). Income received from the Lottery shown above is after charging unrealised losses of £0.05 million (2010: £0.05m).

The funds are invested on behalf of the National Lottery Distribution Fund by the National Debt Commissioners. The UK Film Council's distribution is in accordance with Sections 22 and 23 of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). The UK Film Council is required by statute to show on the statement of financial position the lower of the market value or the cost of the investment as at the year end.

In February 2008, a Statutory Instrument (SI 2008 No. 255, The Payments into the Olympic Lottery Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085 million from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of holding the 2012 Olympic and Paralympic Games. This comprises £410 million as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675 million arising from the subsequent budget review.

The UK Film Council was committed to contribute up to £9.6 million in the original bid and this order allows for the transfer of up to a further £12.2 million making a total of £21.8 million.

Four transfers of funds under the statutory instrument took place during the financial year with the UK Film Council contributing a total of £5.9 million. Further transfers are anticipated at quarterly intervals until July 2012, and this liability will transfer with lottery activities and future income to the BFI.

As this liability only crystallises at the point of transfer, the remaining commitment of £8.6 million is not recorded in the statement of financial position as at 31 March 2011.

Note 13: Trade and other receivables

Group	2011	2010
	£000	£000
Trade and other receivables falling due within one year		
Trade receivables	37	-
Prepayments and accrued income - EU funding	34	34
Prepayments and accrued income - other	134	677
VAT receivable	726	654
Other receivables	<u>480</u>	<u>1,917</u>
	1,411	3,282
Trade and other receivables falling due after one year		
Other receivables	<u>-</u>	<u>115</u>
	1,411	3,397

Analysis of Group trade and other receivables

	2011	2010
	£000	£000
Payable by central government – Arts Council England	-	1,485
Payable by central government – HM Revenue and Customs re VAT	726	654
Payable by local authorities	-	-
Payable by bodies external of government	<u>685</u>	<u>1,258</u>
	1,411	3,397

Company

	2011	2010
	£000	£000
Trade and other receivables falling due within one year		
Receivables from subsidiary undertakings	-	4
Prepayments and accrued income	167	710
VAT receivable	726	652
Other receivables	<u>481</u>	<u>2,008</u>
	1,374	3,374
Trade and other receivables falling due after one year		
Other receivables	<u>-</u>	<u>115</u>
	1,374	3,489

Analysis of Company trade and other receivables

	2011	2010
	£000	£000
Payable by central government – Arts Council England	-	1,485
Payable by central government – HM Revenue and Customs re VAT	726	652
Payable by local authorities	-	-
Payable by bodies external of government	<u>648</u>	<u>1,352</u>
	1,374	3,489

Note 14: Non-current assets held for sale

At 31 March 2010 the National Film Trustee Company (NFTC), a wholly owned subsidiary of British Screen Finance Ltd, was held for sale, and the company was sold on 5th May 2010.

Note 15: Financial risks

Financial Reporting Standards require disclosure of the role which financial instruments have had during the period, in creating or changing the risks that the UK Film Council faces in undertaking its role.

Liquidity risks

In 2010/11, £34.8 million (42%) (2009/10: £33.4 million, 46%) of the UK Film Council's income was derived from the National Lottery. £45.6million (55%) arose from grant-in-aid funding allocated by the Department for Culture, Media and Sport (2009/10 £37 million, 51%). The remaining income derived from: investment returns from the balance held with the National Lottery Distribution Fund £0.4 million (1%) (2010: £0.1 million, 0%); recoupment income from film rights £1.7 million (2%) (2010: £0.7 million, 1%); income arising from British Screen group £0.5 million, 1% (2010: £0.6 million, 1%); and bank interest and sundry income £0.3 million (0%) (2010: £0.8 million, 1%).

The Board considers that, as the National Lottery Distribution Fund balance notified by the Secretary of State for Culture, Media and Sport and the UK Film Council's own Lottery cash holding amount to £39.7 million at the date of the statement of financial position (2010: £38.1 million), sufficient liquid resources are available to cover all current hard and soft commitments totalling £29.2 million (2010: £29.3 million) and any related trade and other payables. In addition the year-end cash balances not attributable to the Lottery of £10.1 million (2010: £9.4 million) are deemed sufficient to cover remaining trade and other payables.

Interest rate risks

The UK Film Council's largest financial asset is retained in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as Government bonds and cash. Neither the UK Film Council nor its Board has any control over these investments. The interest rate risks in respect of these financial assets are disclosed in the financial statements of the National Lottery Distribution Funds. At the year end the market value of the Council's investment in the National Lottery Distribution Fund was £35.7 million (2010: £31.2 million) and the average investment return for the year was 1.1% (2010: 0.6%).

Cash drawn down from the Grant-in-aid allocation held at the Department for Culture Media and Sport or from the National Lottery Distribution Fund, or received from other sources, to pay grant commitments and operating costs are held in variable rate bank accounts and the average interest rate return for the year was 0.1% (2010: 0.1%). The Group cash balance at the year-end was £14.1 million (2010: £16.4 million). The Board considers that, in respect of these funds the UK Film Council is not exposed to significant interest rate risks.

Credit Risk

In 2010/11 the UK Film Council did not loan any funds and therefore had no credit risk.

Other price risks

With the adoption of those International Financial Reporting Standards relating to Financial Instruments (IAS 32, 39 and IFRS 7) film rights fall within the definition of Financial Instruments, and within that meet the definition of 'available for sale financial assets' and are therefore shown in the statement of financial position at fair value.

The valuation of film rights are subject to ongoing review to ensure a fair value is maintained with any impairments being charged as expenditure. Any increase in the fair value beyond the original investment value is taken to reserves and only released as income on the actual receipt of funds.

Film rights at 31 March 2011 have a valuation of £18 million (2010: £20.9 million) and the Board consider that the UK Film Council is not exposed to significant other price risks.

Foreign currency risks

UK Film Council financial assets are not exposed to material foreign exchange risks, as long-term balances are held in sterling.

Note 16: Trade and other payables

Group	2011	2010
	£000	£000
Trade payables	292	412
Accruals and deferred income	3,526	2,880
Corporation Tax	3	18
Other payables and Social Security	<u>146</u>	<u>25</u>
	3,967	3,335

Analysis of trade and other payables between:

Payable to central government (Corporation Tax and Social Security)	149	18
Payable to local authorities	-	-
Payable to bodies external of government	<u>3,818</u>	<u>3,317</u>
	3,967	3,335

Company

	2011	2010
	£000	£000
Trade payables	235	407
Accruals and deferred income	3,152	2,809
Corporation Tax	2	8
Other payables and Social Security	<u>146</u>	<u>25</u>
	3,535	3,249

Analysis of trade and other payables between:

Payable to central government (Corporation Tax and Social Security)	148	8
Payable to local authorities	-	-
Payable to bodies external of government	<u>3,387</u>	<u>3,241</u>
	3,535	3,249

Note 17: Other payables - award commitments**Soft commitments**

	2011	2010
	£000	£000
Brought forward at 1 April	18,143	19,131
Commitments made	18,436	38,845
Soft decommitments	(1,129)	(619)
Transferred to hard commitments	(27,800)	(39,214)

Balance carried forward at 31 March

7,650 **18,143**

Hard commitments

Brought forward at 1 April	11,151	14,834
Commitments made	27,800	39,214
Hard decommitments	(919)	(1,826)
Amounts paid	(32,789)	(41,071)

Balance carried forward at 31 March

5,243 **11,151**

Soft decommitments arise when the conditions of the terms of the award are not met.

New hard commitments made during the year:

	2011	2010
	£000	£000
Film rights	15,308	21,613
Regional awards	2,465	3,200
First Light award	1,100	1,100
Distribution and exhibition awards	3,569	5,860
Digital Archive Fund	-	1,500
Training awards	3,654	5,600
Film Education	500	250
2012 Partnership awards	-	15
Publication awards	7	76
Rural Strategy Pilot awards	1,197	-
	<hr/>	<hr/>
	27,800	39,214

Regional awards are the delegated amounts to the nine Regional Screen Agencies created under the Regional Investment Fund for England (RIFE).

Ageing of hard commitments

	2011	2010
	£000	£000
2010/11	-	11,151
2011/12	5,243	-
	<hr/>	<hr/>
	5,243	11,151

Note 18: Deferred taxation

The Group had no potential liability to deferred taxation at 31 March 2011 (31 March 2010: £nil)

Note 19: Leases

As at 31 March 2011, the UK Film Council had obligations to minimum payments under a non-cancellable operating lease relating to land and buildings as set out below:

	2011	2010
	£000	£000
Amounts payable within one year	356	315
Amounts payable within two to five years	1,144	1,260
Amounts payable beyond five years	-	315

With the closure of the UK Film Council this lease will be terminated prior to the end date of the lease in 2015, and the accounting treatment in the Group accounts has been to impair the full outstanding value of the lease as at 31st March 2011.

Note 20: Capital commitments

As at 31 March 2011, the UK Film Council had no capital commitments outstanding (31 March 2010: £nil)

Note 21: Provisions and contingent liabilities

Provisions have been made for costs relating to the closure of the organisation as at 31st March 2011 including the early termination of the lease on office premises.

Contingent liabilities as at the year end were:

La Mula: A complaint has been lodged in the Spanish courts against John Woodward in his capacity as Chief Executive Officer of the UK Film Council, with regard to lottery funding of *La Mula*. No decision has been made by the court as to whether the claim should proceed, however the belief is that it appears vexatious. UK Film Council and by extension BFI under the transfer agreement have agreed to support John Woodward with respect of his legal costs should the claim progress.

A dispute has arisen between participants in a film previously the responsibility of NFTC, a subsidiary of British Screen Finance Ltd (BSF) sold during the year. This dispute may result in a claim on £250,000 indemnity given by BSF at the time of sale.

Note 22: Events after the reporting period

There were no events after the reporting period either adjusting or non-adjusting which are not disclosed elsewhere in the Notes to the accounts.

Note 23: Losses and special payments

Screen East, the regional screen agency under the RIFE programme, went into liquidation in September 2010. The agency had received grant and lottery awards from UK Film Council. A protective claim for £ 1,046,686 was lodged with the liquidator and the claim remains unadjusted. Until the conclusion of the liquidation process it is unclear what funds will be recoverable from the Liquidator, and recovery of funds has not been anticipated in these accounts and there is a risk that the full balance will be lost.

As disclosed in Note 19 the impairment on the onerous lease has been the full outstanding value at 31st March 2011. The actual loss will not be quantified until negotiations with the landlord regarding its relinquishment are concluded.

Note 24: Investments

UK Film Council's subsidiary undertaking at 31 March 2011:

	Ordinary shares of £1 each	Holding
British Screen Finance Ltd	4,200,078	100%

As the subsidiary was acquired by the UK Film Council at a cost of £8, there is no carrying value of the investment recorded on the statement of financial position.

British Screen Finance Ltd is a company that manages a current and historic portfolio of investments in commercial film development and production. British Screen Finance Ltd, in addition, holds the following investments:

	Ordinary shares of £1 each	Holding
Subsidiary undertakings		
National Film Trustee Company Ltd	0	0%
National Film Finance Consortium Ltd	100	100%
European Co-production Fund Ltd	2	100%
British Screen Rights Ltd	2	100%
The Greenlight Fund Ltd	2	100%
Associated undertakings		
British Film-Makers Ltd	50	50%

The National Film Trustee Company Ltd is a collection agency for film revenues and was sold in the year. The National Film Finance Consortium Ltd is a dormant company. European Co-production Fund Ltd was a company that made loans to films produced by European co-producers. British Screen Rights Ltd acquired and sold rights in feature films. The Greenlight Fund Ltd managed the investment of some National Lottery proceeds into feature films on behalf of Arts Council England and is now dormant. British Film-Makers Ltd collects and distributes film revenues on behalf of British Screen Finance Ltd and third parties. Its results are not material to the Group.

Note 25: Segmental reporting

UK Film Council reports to the Board and chief operating decision maker, and is managed as a single entity. Additional disclosure of segmental reporting under IFRS8 is not deemed appropriate.

Note 26: Related parties

UK Film Council maintains a publicly available register of Board Directors' interests. Given their broad experience across the film sector, it is inevitable that Board Directors will have connections with or interests in projects and organisations that may from time to time come to the UK Film Council for funding. All Board Directors are therefore required to declare any direct interest in and commercial relationships with award applications made to the UK Film Council and they have no role in the award making process. Similarly, UK Film Council employees are excluded from decision-making on any relevant application involving any organisation or company in which they have a declared interest.

During the year the Group entered into transactions, in the ordinary course of business, with related parties. Grant-in-aid awards are written off in the year of award in accordance with the Group's accounting policy. National Lottery awards are included in film rights at the date of the statement of financial position or written off to expenditure within the year.

All awards outstanding are payable upon the meeting of conditions precedent within individual contracts.

The related party transactions during the period:

Lottery awards

Recipient of funding	Name	Relationship to Recipient of funding	New Awards made 2010-11	Balances outstanding 31 March 2011
Directors of the UK Film Council			£	£
AG@Cross Street Films Ltd	BeebanKidron	Partner of applicant	-	60,000
British Film Institute ⁽¹⁾	Greg Dyke Elisabeth Murdoch	Chair Partner of Governor	-	211,000
Chalet Girl Ltd	Pippa Cross	Co-producer of <i>Chalet Girls</i>	30,000	30,000
Film Education	Stephen Knibbs	Director of Cinema Exhibitors Association which also funds the recipient	500,000	193,750
First Light Ltd ⁽²⁾	Barbara Broccoli OBE	Chair	1,100,000	-
JWRC Productions Ltd	BeebanKidron	Partner of writer	80,000	80,000

Kaleidoscope Films Ltd	Pippa Cross	Co-producer of <i>Chalet Girls</i>	30,000	30,000
Kudos Pictures Ltd	Elisabeth Murdoch	Director	60,222	105,753
Mango Films Ltd	Rebecca O'Brien	Director	-	16,500
Met Films Ltd	Thomas Hoegh	Director	7,000	4,000
Nuban Productions Ltd	Gail Egan	Business partner of Producer and Executive Producer of <i>I Am Slave</i> (aka <i>Slave</i>)	46,589	26,625
Potboiler Productions Ltd	Gail Egan	Director	15,000	3,000
Screen South Ltd ⁽³⁾	Pippa Cross	Director	199,000	-
South West Screen ⁽³⁾	Rebecca O'Brien	Director	295,428	10,000

Lottery awards

Recipient of funding	Name	Relationship to Recipient of funding	New Awards made 2010-11	Balances outstanding 31 March 2011
Employees of the UK Film Council				
Coded Pictures Ltd	Tanya Seghatchian	Director of the film receiving funding and Tanya Seghatchian are co-directors and shareholders in Apocalypso Pictures Ltd, a separate company.	28,500	6,000
Haut et Court	Tanya Seghatchian	Director of the film receiving funding and Tanya Seghatchian are co-directors and shareholders in Apocalypso Pictures Ltd, a separate company.	227,273	227,273
National Film and Television School	Colin Brown Agnieszka Moody	Governor Partner is an employee of NFTS	16,000	16,000
Revolver Entertainment Ltd	Lizzie Francke	Co-producer of <i>Vinyan</i>	-	8,000

Grant-in-aid awards

The majority of the UK Film Council's Grant-in-aid awards go to non-commercial film sector bodies which serve a wider educational, cultural, industry or other purpose. Grant-in-aid awards are not used by UK Film Council to fund the development or production of specific films.

Organisation	Name	Relationship to Recipient Organisation	Award 2010/11 £	Award outstanding 31 March 2011 £
Directors of the UK Film Council				
British Film Institute ⁽¹⁾	Greg Dyke Elisabeth Murdoch	Chair Partner of Governor	16,000,000	-
FILMCLUB ⁽⁵⁾	BeebanKidron	Director	4,600,000	-
First Light Movies Ltd ⁽²⁾	Barbara Broccoli	Chair	35,000	-
Screen South ⁽³⁾	Pippa Cross	Director	345,600	-
Slate Films Ltd ⁽⁶⁾	Gail Egan	Partner in business	9,000	-
South West Screen ⁽³⁾	Rebecca O'Brien	Director	360,800	-
Employees of the UK Film Council				
FILMCLUB ⁽⁵⁾	John Woodward	Director	4,600,000	-

⁽¹⁾ The British Film Institute (bfi), a charity established by Royal Charter, receives UK Film Council funding to assist in its championing of moving image culture, education and heritage. In 2010-11 it received funding for its cultural activities, for the Screen Heritage capital project and specific lottery awards for release of archive films.

⁽²⁾ First Light Movies is a charity, receiving UK Film Council funding to offer children and young people more opportunities to participate and learn about film making.

⁽³⁾ Screen South and South West Screen are two of the Regional Screen Agencies established under RIFE to co-ordinate film policy, strategy and delivery across England.

⁽⁴⁾ Skillset is the Sector Skills Council (SSC) for Creative Media and receives UK Film Council funding to implement the Bigger Future Skills Strategy to provide training across the industry.

⁽⁵⁾ FILMCLUB received funding from the UK Film Council, specifically provided by the Department for Children, Schools and Families, to support after school Film Clubs in the UK.

⁽⁶⁾ Slate Films received grant-in-aid funding for a diversity related project.

In addition £267,544 was paid to Olswang Solicitors for professional services rendered in the year. Mark Devereux, a director of UK Film Council, is a Senior Partner in this firm.

The UK Film Council is constituted as a company limited by guarantee, the sole guarantee of £1 is provided by the Secretary of State for Culture, Media and Sport, who is the ultimate controlling party.

Schedule 1: Grant-in-aid awards in the year ending 31 March 2011

Award Description	Total
Anti Piracy Awards	38,000
Ateliers du CinémaEuropéen Award	25,000
Awards under £5000	70,457
Bend It Films Trainee Placement	10,000
Birds Eye Festival	12,200
British Federation of Film Societies/Independent Cinema Office	122,200
British Film Institute	16,000,000
British Independent Film Awards	25,000
Connecting Brands Award	50,000
Cross Arts Venue	300,000
Diverse Contact Database	9,400
Diverse Film Audiences Research	85,364
Diversity Trainee Placements	17,491
Edinburgh International Film Festival	15,000
EM Media - regional award	472,000
EM Media (Screen East) - regional award	209,248
Encounters Festival	17,500
Film Agency for Wales	128,000
Film Education	4,000
Film London - other awards	18,000
Film London - regional award	560,000
FILMCLUB	4,600,000
First Light Movie Awards	20,000
International Film Festival Scheme	139,154
Iris Prize Fund Festival	39,173
Irish Language Broadcast Fund	3,000,000
John Brabourne Award	7,500
Magic Hour	20,141
Market Intelligence Awards	183,636
National Film Centre	392,000
North West Vision - regional award	420,000
Northern Film & Media - regional award	320,000
Northern Ireland Screen	160,000
Oska Bright	10,000
Pinewood Studios	11,700
Power to the Pixel - Cross Media Forum	18,000
Screen East - regional award	212,000
Screen Heritage Awards - BFI	9,844,567
Screen Heritage Awards - Screen Yorkshire	1,293,633
Screen South - regional award	345,600
Screen West Midlands - regional award	320,000
Screen Yorkshire - regional Award	377,600
South West Screen - regional award	360,800
The Media Festival Arts	20,000
Tribeca Film Festival	13,500
UK Film Council US	100,000
Ulster Scots Broadcast Fund	1,000,000
WFTV Award	28,000
Your Local Cinema	38,000
Grand Total	41,483,863

Schedule 2: Lottery awards in the year ending 31 March 2011

Producer	Film	£
360 Films Ltd	360	950,000.00
Fiesta Productions Ltd	30 Odd Miles Up the East Lancs Road	32,500.00
Emu Films LLP	Airport Novel, Session, Osaka, G.U.R.P.S	12,250.00
Left Bank Pictures (Film) Ltd and RaftaRafta Ltd	All in Good Time (aka RaftaRafta)	10,488.00
Idiotlamp Productions Ltd	All Quiet on the Orient Express	4,000.00
ATB Pictures Ltd	Attack the Block	175,000.00
Element Pictures Development Ltd / Scarlet Films Ltd	Balance of Power	26,950.00
Big Yes Productions Ltd	Beckett in Love	5,000.00
Greenacre Films Ltd	Been So Long	19,500.00
DJ Films Ltd	Belle and Bette	14,750.00
Fly Film Company Ltd	Bill and Lena	23,000.00
Adventure Pictures Ltd	Bomb and Elsewhere	25,000.00
Number 9 Films (Slate) Ltd and Parallel Film Productions Ltd	Byzantium (aka Vampire Story)	10,625.00
Partizan Ltd	CANDY	10,000.00
Hurricane Films Ltd	Cold Water	10,800.00
Ruby Films Ltd	Corsica 72	44,510.00
Kudos Pictures Ltd	Country Music	18,222.00
Number 9 Films Ltd	Dan Leno and the Limehouse Golem	60,567.50
Parti Productions Ltd and Dan Films Ltd	Darkness Visible	21,000.00
Free Range Films Ltd	Death and Life	33,500.00
Greenpoint Films Ltd	Dombey and Son	20,000.00
Dreams of a Life Ltd	Dreams of a Life	150,000.00
Hammer & Tongs Ltd	Dud	60,000.00
iFeatures Ltd and Cinema Six SPV2 Ltd	Eight Minutes Idle	150,000.00
Pesky Productions Ltd	Empire of Sponge	15,000.00
DJ Films Ltd	Fast Girls	39,500.00
Poisson Rouge Pictures Ltd	Gone too Far	31,000.00
Erin Island Ltd and Bear Rock Films Ltd	Grabbers	515,000.00
Forward Films Ltd	Grabbers (Devlpt)	36,750.00
Number 9 Films (Slate) Ltd	Great Expectations	15,000.00
Slate Films Ltd	Half of a Yellow Sun (Pilot)	14,089.00
Parti Productions Ltd and Jason Newmark Developments Ltd	Honour	26,000.00
Novel Animation Ltd and Henry Productions Ltd	Horrid Henry: The Movie 3D	750,000.00
Archer Street Ltd	How to Start Your Own Country	10,000.00
JWRC Productions Ltd	Iggy	80,000.00
Singer Films Ltd	I'm Just Swell, Jacques Brel	12,000.00
Motion Films (UK) Ltd	In Close Up	7,000.00
Revolution Films Ltd	Jimmy the Hook	35,000.00
Julian Corkle Ltd	Julian Corkle is a Filthy Liar	69,125.00
Peapie Films Ltd	Karenfan	10,000.00
Heyman Hoskins Ltd	Lee Miller	19,500.00
Catherine Shepherd	Like a Virgin	10,000.00
Fiesta Productions Ltd	Marked Man	27,500.00

Rocking Horse Films Ltd	Mobius	50,000.00
Mirrorball Films Ltd	Nativity! The Second Coming	36,650.00
Blue Horizon Productions (2010) Ltd	New Career in a New Town: David Bowie in Berlin	5,000.00
National Film and TV School	NFTS development deal	16,000.00
Blueprint Pictures (Now) Ltd	Now is Good	674,750.00
Minnow Films Ltd	Of Monsters and Men (aka The Monster Hunters)	7,500.00
Feelgood Fiction Ltd	One Last Time	10,500.00
Artevents Ltd	Patience (after Sebald)	19,000.00
DMC Film Ltd	Pitch Black Heist	2,800.00
Left Bank Pictures (Film) Ltd and RaftaRafta Ltd	All in Good Time (aka RaftaRafta)	250,000.00
Yemen Productions Ltd	Salmon Fishing in the Yemen	42,000.00
Frequent Flyer Films Ltd	Salvaged	25,000.00
Warp Films Ltd	Seaside Stories	23,625.00
See-Saw Films Ltd	Shame	1,017,107.00
Brocken Spectre Ltd	Shell	400,000.00
Picture Farm Ltd	Shut Up Kevin	18,933.00
Roast Beef Productions Ltd	Smash and Grab: The Story of the Pink Panthers	10,000.00
DJ Films Ltd	Soprano aka Gather at the River	80,250.00
Amber Film and Photography Collective CIC	St George's Day	29,000.00
Fly Film Company Ltd	Swandown	15,750.00
ddp Enterprises Ltd	Talent Pool	9,000.00
Red Production Company Ltd	Tell It To the Bees	31,500.00
Endor Productions Ltd	Ten Meals with Mandy Moore	20,000.00
Ealing Studios Enterprises Ltd	The Account	47,500.00
Sixteen Scotland Ltd	The Angel's Share	750,000.00
Illuminations Films Ltd	The Beast in the Jungle	1,500.00
Brilliant Films Ltd and Fifty Cannon Entertainment (UK) Ltd	The Box of Delights	22,250.00
Hibbert Ralph Animation Ltd	The Canterville Ghost	31,000.00
The Bureau Film Company Ltd	The Comedian	180,000.00
Camberwell Productions Ltd	The Deep Blue Sea	18,000.00
Deep Blue Sea Productions Ltd	The Deep Blue Sea	1,089,460.00
Mann Made Films Ltd	The Drought	20,000.00
Missing In Action Films Ltd	The Enduring Heart	10,000.00
Rainmark Films Two Ltd	The Erotic Review	5,500.00
Open TV and Film Ltd	The Factory (working title)	31,000.00
Big Talk Pictures Ltd	The Flawless Skin of Ugly People	15,250.00
Atlantic Film Productions (UK) Ltd	The Floating Brothel	25,000.00
Girl on the Landing Ltd	The Girl on the Landing	3,000.00
Framestore Animation Ltd	The Graveyard Book	50,000.00
Modern Films Ltd	The Horned Man	24,875.00
Headline Pictures Ltd	The Invisible Woman	1,000.00
Blue Cloth Ltd	The Iron Lady	1,000,000.00
Eleventh Hour Films Ltd	The Janus Effect (aka Codenames Only)	60,000.00
Inflammable Films Ltd	The Leaning	35,000.00
Smoking Dogs Films Ltd	The Nine Muses	150,000.00
Cowboy Films Ltd	The Optimists (aka The Predictive Text)	5,000.00
Hot Property Films Ltd	The Price on Your Head	27,000.00

Not Your Average Company and Abigail Abban-Mensah	The Reluctant Orator	10,000.00
Moonspun Films Ltd	The Selfish Giant	16,080.00
Human Film Ltd	The Train Station	25,000.00
North Villas Films Ltd	The Trust	27,650.00
Squid Productions Ltd	The Woman in Black	1,000,000.00
Spies Productions Ltd	The Woman in the Fifth	227,273.00
The Bureau Film Company Ltd	This House	33,000.00
Trap for Cinderella Ltd	Trap for Cinderella	867,350.00
Ascension Entertainment Ltd	Travels with my Aunt	57,500.00
Trishna Films Ltd	Trishna (working title)	650,000.00
Trishna Films Ltd	Trishna (working title)	25,000.00
Modern Films Ltd	Under the Skin	1,500.00
Blueprint Pictures Ltd	Chance Encounter (aka Untitled Dominic Savage)	16,000.00
Lady Brigadier Productions Ltd	Waving not Drowning	25,000.00
Coded Pictures Ltd	We Are Now Beginning our Descent	28,500.00
Kevin Films Ltd	We Need to Talk About Kevin	77,500.00
Feet Films Ltd and Free Range Films Ltd	White Rose Rebel	5,000.00
Wuthering Heights Films Ltd	Wuthering Heights	360,000.00
Wuthering Heights Films Ltd	Wuthering Heights	150,000.00
DigiCult Ltd	You Are Here	5,000.00
Ruby Films Ltd	Your Voice in my Head	70,750.00
	Film Fund awards	13,684,929.50
Liberty Films Entertainment Ltd	Adland	10,000.00
Ecosse Films Ltd	American Adulterer	53,750.00
DJ Films Ltd	Belle and Bette	10,000.00
DNA Films Ltd	Clean	85,000.00
Ealing Studios Enterprises Ltd	Dr in the House	35,000.00
The Script Connection	Feedback service	12,700.30
Recorded Picture Company Ltd	High Rise	40,000.00
Met Film Ltd	How to Change the World	7,000.00
Cloud Eight Films Ltd and Fox Searchlight Pictures Inc	Ingenious Pain	90,000.00
Synchronicity Films Ltd	Kling Klang - The Story of Kraftwerk	10,000.00
Seymour Films Ltd	Knock Down Ginger	6,250.00
Rainmark Films Two Ltd	Miss Garnet's Angel	21,950.00
Easter Partisan Ltd	My Granny Made Me an Anarchist	8,750.00
Trademark Films Ltd	My Week with Marilyn	1,848.00
Steve McLean	Postcards from London	5,000.00
Brocken Spectre Ltd	Shell	10,000.00
Amusement Park Films GmbH	Stain on the Snow	35,000.00
Illuminations Films Ltd	The Beast in the Jungle	12,000.00
Ruby Films Ltd	The Clash (w/t)	57,000.00
Rainmark Films Two Ltd	The Erotic Review	30,000.00
Carbine Productions Ltd	The Gun Seller	42,500.00
Blueprint Pictures Ltd	Untitled Dominic Savage Project (aka Chance Encounter)	3,000.00
	Development Fund awards	586,748.30

A Man's Story Films Ltd	A Man's Story	15,000.00
Modus Operandi Films Ltd	Cameraman: The Life and Work of Jack Cardiff	4,000.00
Warp X/ Rook Films (Kill List) Ltd	Kill List	£236,200.00
Quark Films Ltd	See Me (short)	16,000.00
Nuban Productions Ltd	Slave aka I am Slave	10,000.00
Warp (Submarine) Ltd	Submarine	7,500.00
Warp X Ltd/ Optic Circle Ltd/ Illuminations Films Ltd	The Berberian Sound Studio	£329,500.00
	New Cinema Fund awards	52,500.00
Chalet Girl Films Ltd	Chalet Girl	30,000.00
	Premiere Fund awards	30,000.00
Artificial Eye Film Company Ltd	13 Assassins	200,306.00
Artificial Eye Film Company Ltd	We Are What We Are	104,212.00
Blue Barracuda Marketing Ltd	Blue Barracuda	300,000.00
CinemaNX Distribution Ltd	TT3D: Closer to the Edge	30,000.00
CinemaNX Distribution Ltd	TT3D: Closer to the Edge	150,046.00
Dogwoof Ltd	Countdown to Zero	67,340.00
Dogwoof Ltd	Restrepo	50,000.00
E1 Entertainment UK Ltd	Mr Nice	30,000.00
Entertainment One UK Ltd	NEDS	135,000.00
E&N The Movie Ltd	Everywhere and Nowhere	175,500.00
Icon Film Distribution Ltd	West is West	200,000.00
Lions Gate UK Ltd	Why Did I Get Married Too?	102,200.00
Alliance Films (UK) Ltd t/a Momentum Pictures	Another Year (aka Untitled 09)	150,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	Catfish	67,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	Chalet Girl	30,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	The Girl Who Kicked the Hornets Nest	200,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	The Girl Who Played With Fire	30,000.00
National Museum of Photography Film & Television	Pictureville Cinema	11,187.00
Optimum Releasing Ltd	Animal Kingdom	119,807.00
Optimum Releasing Ltd	Biutiful	99,927.00
Optimum Releasing Ltd	Gainsbourg	100,000.00
Optimum Releasing Ltd	Submarine	200,454.00
Pathe Productions Ltd	Africa United	120,000.00
Pathe Productions Ltd	The Illusionist	65,000.00
Picturehouse Entertainment Ltd	Cave of Forgotten Dreams	31,400.00
Purbeck Charitable Film Trust	Purbeck Charitable Film Trust	3,502.00
Queens University Belfast	Queens Film Theatre	10,443.00
Revolver Films Ltd	Chatroom	200,000.00
Revolver Entertainment Ltd	Fire in Babylon	100,000.00
Soda Pictures Ltd	Coco Chanel and Igor Stravinsky	103,345.00
Soda Pictures Ltd	Norwegian Wood	103,900.00
The Reel Cinema. Knightsbridge	The Reel Cinema. Knightsbridge	3,502.00

Trinity Filmed Entertainment Ltd	Benda Bilili!	53,225.00
Vertigo Distribution Ltd	Monsters	29,875.00
Vertigo Distribution Ltd	Monsters	124,000.00
	D&E awards	3,501,171.00
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EM Media	Screen East rescue plan	450,024.00
Pathways to Progression	UK FilmNet	7,000.00
	Partnerships	457,024.00
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	Total soft commitments 2010-11	18,312,372.80

The above list excludes soft commitments totalling £103,000 where the award was made and fallen in within the year

UK FILM COUNCIL
Lottery Financial Statements
for year ended 31 March 2011

Company no: 3815052

Statement of Directors' responsibilities in respect of the financial statements

The UK Film Council was required to prepare lottery financial statements for the period in the form and on the basis directed by the Secretary of State for Culture, Olympics, Media and Sport, with the consent of HM Treasury. The financial statements were to be prepared on an accruals basis and to show a true and fair view of the UK Film Council's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

The Companies Act requires the Directors to prepare statements for each financial year, which give a true and fair view of the state of affairs of the UK Film Council and of the surplus or deficit of the UK Film Council for that period.

The Directors of the UK Film Council are required to:

- observe the Accounts Direction issued by the Secretary of State, which set out accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that were reasonable and prudent;
- state whether applicable UK accounting standards had been followed, disclosing and explaining any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it was inappropriate to presume that the UK Film Council would continue in operation.

With the announcement of the closure of the UK Film Council and the transfer of lottery distributor status to the BFI from 1 April 2011, the UK Film Council is not a going concern as at 31 March 2011. However as at 1 April 2011 all the lottery related functionality, assets and liabilities, along with future revenue streams, transferred to the BFI. As a result of this, under Transfer of Undertakings (Protection of Employment) (TUPE) legislation the related staff employed on lottery activities also transferred to the BFI. Thus whilst there were costs relating to the closure of the UK Film Council and the transfer of the lottery undertakings to the BFI in the year ending 31 March 2011, the lottery functionality remains ongoing. Thus with the addition of the costs related to the closure of the UK Film Council as the current distributing agent, these accounts are prepared on a going concern basis.

The Directors were responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the UK Film Council and enable them to ensure that the financial statements comply with the Companies Act 2006. They were also responsible for safeguarding the assets of the Group and company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Accounting Officer for the Department for Culture, Media and Sport designated the Managing Director as Accounting Officer for the UK Film Council. The relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of the finances for which the Managing Director is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury.

The Accounting Officer of the UK Film Council was responsible for preparing financial statements for Lottery activities which gave a true and fair view and for making available to the auditors all relevant information for their purposes. So far as the Accounting Officer was aware, there is no relevant audit information of which the UK Film Council's auditors are unaware. Further, the Accounting Officer took all necessary steps to ensure he was aware

of any relevant audit information and to establish that the UK Film Council's auditors are also aware of that information.

Tim Cagney
Managing Director
30 June 2011

Tim Bevan CBE
Chairman
30 June 2011

Statement on internal control

Scope of responsibility

As Accounting Officer and as Chairman of the Board, we had responsibility for maintaining a sound system of internal control that supported the achievement of policies, aims and objectives set by the Department for Culture, Media and Sport (DCMS), whilst safeguarding the public funds and the UK Film Council's assets for which we were responsible in accordance with the responsibilities assigned to us in Managing Public Money.

We also had responsibility, as defined in the UK Film Council's Funding Agreement with the DCMS and the Management Statement and Financial Memorandum, for leading and managing the work of the UK Film Council to fulfil its policies, aims and objectives, and upholding its values. The Accounting Officer reported to the Board of Directors of the UK Film Council and we formally met regularly with the DCMS.

From 1 April 2011, with the transfer of lottery responsibilities to the British Film Institute (BFI), the Director of the BFI was appointed Accounting Officer. Assurance has been sought as to any subsequent events that may pertain to these financial statements.

The purpose of the system of internal control

The system of internal control was designed to manage to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of UK Film Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and should they be realised, to manage the impact efficiently, effectively and economically. The system of internal control included adequate arrangements for detecting and responding to inefficiency, conflict of interest and fraud, and prioritises those risks associated with the custody of assets and potential loss of Lottery funds. The system of internal control was been in place for the year ended 31 March 2011 and up to the date of the transfer of Lottery distributor status to the BFI, and accorded with Treasury guidance.

Capacity to handle risk

As Accounting Officer and Chairman of the Board we had overall responsibility for the UK Film Council's risk management framework as a Lottery distributor, and were supported in its implementation by the Senior Management Team and staff who were trained and equipped to assess and manage risk in a way appropriate to their authority and duties.

The Audit and Governance Committee, chaired by Heather Rabbatts CBE, gave independent advice and guidance to us, in our roles as Accounting Officer and Chairman of the Board, and to the Board of Directors as a whole, on the adequacy of audit arrangements (both internal and external), on the implications of assurances provided in respect of risk and

control at the UK Film Council and oversaw the work of the internal auditors, as well as providing guidance as to best practice.

The Remuneration Committee provided oversight and approval of remuneration and performance for senior staff members including the Accounting Officer.

Further advice and guidance as to best practice was received from the internal and external auditors (who attend meetings of the Audit and Governance Committee), the DCMS, and other comparable organisations.

The risk and control framework

A risk management policy was established setting out the UK Film Council's attitude to risk in the achievement of our objectives.

The UK Film Council incorporated risk management in planning and decision-making and maintained an organisation-wide risk register. Policy and operational risks, both in the organisation and from external factors, were identified through our three year business planning cycle and the annual operational planning cycle, and evaluated by the Senior Management Team. We also considered the risks associated with holding and safeguarding information for operational or financial reporting purposes.

In 2010/11 the risk register agreed by the Audit and Governance Committee and updated in March 2011 included nine corporate risks. These included:

- governance and management risk, including those from the transfer of lottery distribution activities to the BFI from 1 April;
- political risk, and in particular a failure to respond to a changing political environment;
- grant-making risk associated with the failure to deliver outcomes or achieve targets in a change environment;
- communications risks associated with any failure, for instance, of the new change in distributor status to be conveyed to the industry
- reputational risk associated with the failure to assist and provide leadership to the industry, for instance in relation to changes in regional funding.

Following the announcement of the transfer of activities to the BFI and Film London, a specific risk register was drawn up and agreed by the Audit and Governance Committee, for those risks arising from the transfer of these activities and to the film sector in a period of change.

Risk management and internal control were embedded in the processes of the organisation and considered and reviewed on a regular basis by management. For example, the Production Finance Committee (PFC), which ultimately signs off on Lottery commitments, comprised representatives of the relevant fund, finance and business affairs and was independently chaired by the Accounting Officer or the Chief Operating Officer. Any perceived risks arising in making an award were thus discussed at the time the funding decision was made and appropriate mitigating action taken, while also allowing the decision-making, oversight and control to be maintained by the respective fund. The Committee was

updated on the progress of the funded projects to allow timely action to mitigate risks, protect funds and ensure that the ultimate purpose of the award is fulfilled.

For delegate organisations, such as Skillset and First Light, alongside regular oversight and monitoring, regular formal governance meetings were held through the year to discuss progress against key performance and risk indicators in their business plans and funding agreements.

In addition, assurance was sought that delegates have suitable processes in place to ensure their systems and procedures are acceptable and fit for the purpose of distributing lottery funds, and that they had the necessary skilled resources in place to implement these systems.

The risks identified as a result of these procedures were monitored by UK Film Council through a system of key performance and risk indicators which were reported through the Quarterly Performance Review process.

The work of the UK Film Council's internal audit service, provided by Moore Stephens LLP, operated to standards set out in the Government Internal Audit Standards and the annual internal audit plan, was defined by an analysis of UK Film Council risk exposure. In addition, following the liquidation of Screen East in September 2010, a specific review was carried out of the delegate bodies as a "healthcheck" to ensure the segregation in management and reporting of UK Film Council Funds was at an appropriate standard.

In 2010/11 internal audit reports covered:

- the processes of the newly launched Film Fund;
- oversight of the Irish Language Broadcast Fund;
- payroll and expenses systems;
- lottery delegate partners "healthcheck"; and
- review of wind up processes of UK Film Council.

The analysis of risk and the internal audit plans were endorsed by the UK Film Council's Audit and Governance Committee and approved by the Accounting Officer.

In line with Cabinet Office guidance in relation to information risk, the Chief Operating Officer is the Senior Information Risk Owner. Working with the Internal Auditor, all the systems and databases operated by the UK Film Council are kept under and periodic updates provided to the Audit and Governance Committee.

In addition, the UK Film Council had in place a wide range of policies, for instance relating to corporate governance, conflicts of interest, financial management (including fraud), health and safety, training and development and information technology. These were periodically reviewed and updated.

The internal communications process ensures that all staff were informed about key decisions on a timely basis through appropriate means. There was also an external communications strategy that ensured stakeholders, Parliament, press, funded

organisations and projects, the industry at large and members of the general public receive appropriate and reliable information.

Progress in achieving objectives set in the strategic three year plan was monitored by the Board and Senior Management. The Board received appropriate regular financial reporting, enabling monitoring against financial targets.

The review of the wind up processes of the UK Film Council highlighted a number of risks in the transfer of lottery activities. These cover many issues including the successful transfer of the ongoing lottery functionality to the BFI, the year end (closure) accounting at the UK Film Council and the availability of staffing and knowledge both across the transfer and the closure of the organisation. These risks have been mitigated as far as possible with a transparent transfer agreement between the two organisations.

Transfer of Lottery Functionality

In light of the announced transfer of Lottery functionality to the BFI in November 2010, with effect from April 2011, a Steering Group was established of UKFC management, chaired by the Managing Director. Working closely with both the BFI and DCMS, the transfer was planned and actioned so as to have minimal impact upon the film sector and applicants for lottery funding.

Review of effectiveness

As Accounting Officer and Chairman of the Board, we had responsibility for reviewing the effectiveness of the system of internal control for lottery activities. Our review was informed by the work of the internal auditors and the senior management within the UK Film Council which had responsibility for the development and maintenance of the internal control framework, and comment made by the external auditors in their management letters and other reports. We were advised on the implications of the results of our review of the effectiveness of the system of internal control by the Board and the Audit and Governance Committee, and a plan to address any weaknesses and ensure continuous improvement was in place.

The responsibilities of the Senior Management Team in respect of risk management were to:

- manage risk in their own areas of responsibility through the implementation of risk mitigation processes and by following the UK Film Council's risk policy;
- translate the risk register into day-to-day operational planning within teams; and
- report to the Accounting Officer on the status of risks and controls.

The Board received reports from the Chairman of the Audit and Governance Committee, and from the Accounting Officer and managers, on the steps taken to manage risks, including progress reports on key activities and projects, as well as on new risks that arose both internally within the organisation and from external factors such as the political and economic environment of both the industry and the public sector.

Amongst the considerations of the Audit and Governance Committee and senior management were the risks associated with the transfer of Lottery activities to the BFI, announced in November 2010, and implemented on 1 April 2011. These were regularly reviewed throughout the transition process. These risks were also discussed with the Department for Culture, Media and Sport as overall transition project manager.

The Internal Auditors provide audit reports on the areas of activity within the UK Film Council. The reports included the Internal Auditor's independent opinion on the adequacy and effectiveness of the UK Film Council's system of internal control during the year together with recommendations for improvement.

We take assurance from assessment of the risk register, from the business and budget planning cycle, from the decision approval and operational procedure, and from the reviews of, and assurance received from, delegate bodies that appropriate risk management procedures were in place.

We can confirm that in our opinion:

- the UK Film Council complied with its current Financial Directions, Funding Agreement, Management Statement and Financial Memorandum;
- adequate audit arrangements, both internal and external, were in place to support us in reviewing the systems of internal control;
- adequate arrangements were in place to detect and respond to inefficiency, conflicts of interest and fraud and to minimise losses of Lottery and other funds;
- the UK Film Council drew up and maintains risk assessment and control procedures and risk registers;
- the UK Film Council complied with Cabinet Office guidance on information risk and suffered no protected personal data incidents during 2010/11 or during previous years, and made no reports to the Information Commissioner's Office; and
- the systems of internal control were fully operational during the year and no significant weaknesses were uncovered.

We can further confirm that in the period from the transfer of lottery functionality to the BFI on 1 April 2011, to the date of the signing of these accounts, that all appropriate internal controls have been maintained.

Tim Cagney
Managing Director
30 June 2011

Tim Bevan CBE
Chairman
30 June 2011

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the UK Film Council Lottery Distribution Fund for the year ended 31 March 2011 under the National Lottery etc. Act 1993. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Directors, Managing Director and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors and Managing Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the UK Film Council Lottery Distribution Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the UK Film Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of UK Film Council Lottery Distribution Fund's affairs as at 31 March 2011 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued there under.

Emphasis of matter: valuation of pension scheme

In forming my opinion on the financial statements, which is not qualified, I have considered the adequacy of disclosures made in note 1p) to the financial statements. As disclosed in this note, there are ongoing negotiations to merge the UK Film Council's pension scheme with that of the British Film Institute. The UK Film Council Lottery Distribution Fund bears a share of the associated pension costs. The pension scheme has been valued on the assumption that the negotiations will be successful, but the outcome of the negotiations is uncertain. The financial statements do not include any adjustments that might result if the negotiations are unsuccessful.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993; and
- the information given in the 'Foreword to the financial statements' and the 'Directors' report' for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
30 June 2011

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Statement of Comprehensive Income for the year ended 31 March 2011

	Notes	2010/11 £000	2009/10 £000
Income			
Proceeds from the National Lottery	8	34,775	33,360
National Lottery Distribution Fund investment income	8	405	186
Recoupment income			
Arts Council England portfolio	2	81	55
UK Film Council portfolio	2	<u>1,707</u>	<u>647</u>
		36,968	34,248
Expenditure:			
Awards			
Regional awards		(2,090)	(3,250)
First Light scheme		(1,100)	(1,100)
Distribution and exhibition awards		(3,221)	(3,764)
Digital Film Archive Fund		29	(1,560)
2012 Partnerships Fund		43	(105)
Training awards		(3,654)	(5,400)
Film festivals awards		-	(1,888)
Film education awards		(500)	(250)
Publications awards		(8)	(63)
Rural strategy awards		<u>(1,197)</u>	<u>-</u>
Lottery – non film rights		(11,698)	(17,380)
Statutory transfer to the Olympics	8	(5,866)	(5,866)
Impairments against film rights	7	(14,582)	(9,846)
Costs apportioned from Grant-in-aid	5	(5,133)	(7,480)
Other finance costs		(139)	(73)
Restructuring costs	5	(1,122)	(568)
Costs associated with proposed merger	5	-	(110)
		<u>(38,541)</u>	<u>(41,323)</u>
Total expenditure		(38,541)	(41,323)
Operating deficit		(1,573)	(7,075)
Bank interest receivable		6	9
		<u>(1,567)</u>	<u>(7,066)</u>
Deficit on ordinary activities before taxation		(1,567)	(7,066)
Tax on deficit on ordinary activities for the year	6	(2)	(3)
		<u>(1,569)</u>	<u>(7,069)</u>
Deficit for the year		(1,569)	(7,069)

Other comprehensive income		
Actuarial loss in the year	1,502	(2,423)
Movement in fair valuation reserve	3,167	(55)
	<hr/>	<hr/>
Total other comprehensive income	4,669	(2,478)
Total comprehensive income	3,100	(9,547)

All activities were on a continuing basis. The notes to the accounts on pages 92 - 108 form part of the audited financial statements.

Statement of changes in equity

For the year ended 31 March 2011

	Lottery Reserve £000	Fair valuation Reserve £000	Pension Reserve £000	Total Reserve £000
Balance at 31 March 2009	56,345	587	(802)	56,130
Deficit for the year	(7,060)	-	(9)	(7,069)
Actuarial gain/(loss) in the year	-	-	(2,423)	(2,423)
Movement in fair valuation reserve	-	(55)	-	(55)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2010	49,285	532	(3,234)	46,583
Deficit for the year	(2,048)	-	479	(1,569)
Actuarial gain/(loss) in the year	-	-	1,502	1,502
Movement in fair valuation reserve	-	3,167	-	3,167
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2011	47,237	3,699	(1,253)	49,683

The Lottery reserve primarily represents the carrying value of film investments made by the UK Film Council, and uncommitted funds held at the National Lottery Distribution Fund, offset by all outstanding award liabilities.

The fair value reserve represents the carrying value of those lottery film investments which have fully recouped the original sum invested based on expected future recoupment from these investments over a three year period, and is released against income as it is received. In the year £0.37 million was released against income and additional fair value adjustments of £3.53 million were made.

The pension reserve represents the liability arising on the valuation of the UK Film Council pension fund at year end, as notified by the actuaries.

Statement of financial position at 31 March 2011

	Notes	2011 £000	2010 £000
Current assets			
Film rights	7	18,014	20,891
National Lottery Distribution Fund	8	35,676	31,225
Trade and other receivables falling due within one year	9	985	2,394
Cash and cash equivalents		<u>4,078</u>	<u>6,967</u>
Total assets		58,753	61,477
Current liabilities			
Trade and other payables	11	(2,574)	(509)
Other payables - award commitments	12	(5,243)	(11,151)
Total current liabilities		(7,817)	(11,660)
Net current assets		50,936	49,817
Net non-current liabilities			
Pension liability	4	(1,253)	(3,234)
Total non-current liabilities		(1,253)	(3,234)
Assets less liabilities		49,683	46,583
		=====	=====
Capital and reserves			
Lottery reserve		47,237	49,285
Fair valuation reserve		3,699	532
Pension reserve		<u>(1,253)</u>	<u>(3,234)</u>
		49,683	46,583
		=====	=====

Tim Cagney
 Managing Director
 30 June 2011

Tim Bevan CBE
 Chairman
 30 June 2011

Statement of cashflows for the year ended 31 March 2011

	Notes	2011 £000	2010 £000
Cash inflows from operating activities			
Cash receipts from National Lottery Distribution Fund		24,843	41,004
Arts Council England delegated funds		1,485	2,750
Arts Council England portfolio income		81	54
UK Film Council portfolio income		8,231	4,987
Other cash receipts		1,788	1,525
Payments of Lottery hard commitments		(32,789)	(41,071)
Other payments		(6,530)	(8,859)
Tax paid		(3)	(21)
		<hr/>	<hr/>
Net cash from operating activities	17	(2,894)	369
Cashflows from investing activities			
Interest received		6	9
		<hr/>	<hr/>
Net cash from investing activities		6	9
Cashflows from financing activities			
Net cash used in investing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(2,888)	378
Net cash and cash equivalents at 1 April		6,966	6,588
		<hr/>	<hr/>
Net cash and cash equivalents at 31 March		4,078 =====	6,966 =====

Note 1: Accounting policies

a) Going concern

With the announcement of the closure of the UK Film Council and the transfer of lottery distributor status to the BFI from 1 April 2011, the UK Film Council is not a going concern as at 31 March 2011. However as at 1 April 2011 in accordance with Statutory Instrument SI685/2011 UK Film Council's lottery assets and liabilities, and share of future revenue streams, transferred to the BFI. Under the Transfer of Undertakings (Protection of Employment) (TUPE) legislation the related staff employed on lottery activities also transferred to the BFI. There were costs relating to the closure of the UK Film Council attributed to Lottery in the year ending 31 March 2011 and lottery responsibilities continue with the BFI as the new distributor and these accounts are prepared on a going concern basis.

Due to the transfer of responsibilities all assets and liabilities are classified as current as at the year end.

b) Basis of preparation

These financial statements are prepared under the historical cost convention, and in accordance with the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport. They meet the requirements of the Companies Act 2006 and applicable Accounting Standards, except certain headings have been amended in order to reflect special circumstances of the company. The requirements of the Accounts Directions issued to the UK Film Council under the National Lottery etc Act 1993 have been followed for the treatment of hard and soft commitments.

The financial statements have been prepared in accordance with the 2010 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the UK Film Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by UK Film Council are described below and they have been applied consistently matters material to the accounts.

There are no standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets.

Certain aspects of these financial statements involve the exercise of judgement in ascertaining the valuations used. In the year these included the valuations of film rights, the basis of the recharge of operating costs and the costs arising from the transfer of functionality to the BFI.

In accordance with the Directions issued by the Secretary of State for Culture, Olympics, Media and Sport, financial statements have also been prepared for the UK Film Council Group activities as a whole.

A copy of the Accounts Direction is available from the Department for Culture, Media and Sport, 2-4 Cockspur Street, London, SW1 5DH

c) Accruals convention

Income and expenditure is accounted for on a receivable basis, except for recoupment income which is accounted for upon notification of amounts received by the UK Film Council, and commitments which are reported as per the National Lottery Act etc. 1993.

As required by the Secretary of State for Culture, Olympics Media and Sport, a distinction is made in respect of Lottery awards between 'hard commitments' and 'soft commitments'. Where the UK Film Council has made a firm offer of a grant, which, together with the relevant conditions, has been accepted by the recipient, and the conditions of the grant have been fully met, the award is accounted for as a 'hard commitment'. Where the UK Film Council has agreed in principle to fund a scheme or project and made an offer, but the offer has not been accepted and the associated conditions precedent met, the award is accounted for as a 'soft commitment'. Hard commitments are recognised in the financial statements whereas soft commitments are recognised by way of note.

Hard commitments payable within one year of the statement of financial position are recognised in the statement as current liabilities. Those payable more than one year from the statement of financial position are shown as commitments to filmmakers payable over more than one year, however such commitments are extremely unlikely in the usual course of business. Commitments for future years have been entered into, taking into account income forecasts provided by the Department for Culture, Media and Sport. These forecasts take a conservative view of future income.

With the transfer of lottery distributor status to the BFI from 1 April 2011, lottery assets and liabilities and future income pass to the BFI from that date on a going concern basis.

d) Other Lottery awards

Lottery awards other than those for film rights are taken in full to the statement of comprehensive income in the year in which the hard commitment is recognised.

e) Apportioned costs

The UK Film Council incurred costs which are shared between activities funded from Grant-in-aid and activities funded from the National Lottery, relating to both operating costs for the year, and the transfer of responsibilities to the BFI. The UK Film Council is required to apportion costs in accordance with the principles of full cost recovery as outlined in Managing Public Money. Costs wholly attributable to Lottery activities are distinguished and a calculation is performed on the basis of an individual department assessment of the costs attributable to Lottery activities of the service departments, based on a combination of head count, office space occupied and financial activity.

The notes to the statement of comprehensive income show the apportioned costs separately from those directly incurred by Lottery operations.

f) National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. The share of these balances attributable to the UK Film Council is as shown in the financial statements and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the UK Film Council in respect of current and future commitments. On 1st April 2011, the balance passes to the BFI under SI No. 685/2011, together with the right to the future income.

The share of proceeds and investment returns attributed to the UK Film Council has been treated as income within these financial statements.

g) Financial instruments

The Lottery account's principal financial instruments are cash and holdings in the National Lottery Distribution Fund and film rights which, with the adoption of IAS 32 (Financial Instruments: Presentation), 39 (Financial Instruments: Measurement and Recognition) and IFRS 7 (Financial Instruments: Disclosure), fall within the definition of Financial Instruments.

Other Lottery financial instruments include as trade receivables and payables that arise directly from Lottery operations.

h) Film rights

Film rights represent loans paid and advances paid and payable to filmmakers. All advances to filmmakers are repayable under certain conditions. Where a feature film made with the assistance of the UK Film Council is successfully released, the UK Film Council is entitled to participate in revenues generated by that success. This can lead to repayment of the investment in full, together with a share of the profits generated by the film.

Under the International Financial Reporting Standards (IAS 32, 39 and IFRS 7) film rights fall within the definition of Financial Instruments; within that, they meet the definition of Available for sale financial assets and are therefore shown in the statement of financial position at fair value.

When an advance is made (satisfying the definition of hard commitments in (c) above) it is taken to the statement of financial position initially at the full value of the award made.

This valuation is reduced by impairments made against film rights to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The valuation is reviewed on a rolling basis to ensure that fair value is maintained.

Advances for development and short film awards are fully impaired in the year of award, unless there is a reasonable expectation of repayment.

Any impairment may be reversed in part or in full if the valuation understates the fair value of the film right.

Movements in impairments shown in the statement of comprehensive income reflect the net effect of increases and decreases in impairments against film rights in the year.

If the valuation of the film right is in excess of the amount of the award investment based on estimated recoupment over the next three financial years, then this is taken to a fair value reserve, and released to income as the recoupment is received.

i) Film recoupment income

Income received from a film right is offset against the value of the right on the statement of financial position.

Income in excess of the original value of the right is taken to the statement of comprehensive income as film recoupment income through the fair value reserve.

j) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of the statement of financial position. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

k) Lease costs and commitments

Rentals payable under operating leases are charged in the group statement of comprehensive income on a straight-line basis over the lease term and the proportion of costs related to lottery activities are charged within these accounts.

In addition because of the closure of UK Film Council in 2011/12 the lease has been treated as onerous under IAS37. The proportion of the anticipated costs of early termination attributable to lottery is provided in the accounts.

l) Pensions

The UK Film Council is an admitted body of the Local Government Pension Scheme, which operates a defined benefit scheme for those UK Film Council employees who wish to join. It is a statutory, funded pension scheme and its benefits are defined and guaranteed in law. The scheme is administered by the London Pension Fund Authority, a statutory body established on 31 October 1989, responsible to the Mayor of London and accountable to Parliament and the Greater London Authority for its actions. The scheme is contributory for both employee and employer. Employer contributions are determined by a qualified actuary on the basis of quadrennial valuations using the projected unit method. Independent actuaries prepare full valuations of the scheme at least every three years, in line with public sector guidance, and perform updates based on the most recent full valuation on an annual basis.

The UK Film Council complies with IAS 19, under which the defined benefit scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the year is charged against operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in finance costs. Actuarial gains and losses are recognised in the statement of changes in taxpayers' equity. The company recognises an asset in respect of any surplus, being the excess of the value of the assets in the scheme over the present value of the scheme's liabilities only to the extent that it is able to recover the surplus. Any deficit is likewise recognised as a liability on the statement of financial position.

The LPFA, DCMS and the BFI are negotiating whether the UK Film Council's pension fund will be transferred within the LGPS to the existing BFI pension fund. The Directors expect the negotiations to be successful and therefore the year end valuation has been conducted in accordance with IAS 19. The LPFA have a right to crystallise the pension fund once all staff have left UK Film Council, however they have indicated they that they will not do so while negotiations are in progress. An alternative cessation basis would have been applied had the scheme closed.

Note 2: Film right receipts and recoupment income

Arts Council England

Under the transfer agreement with Arts Council England, the UK Film Council received all future income generated from rights in the portfolio of films transferred from Arts Council England.

There were no titles in receipt of income over £100,000 in the year ended 31 March 2011 or in the year ended 31 March 2010.

There were 8 titles (2009/10) with no income below £100,000 totalling £81,000 (2009/10: £55,000).

UK Film Council

In the year ended 31 March 2011, the UK Film Council received cash recoupment from 75 films (2010:117), which was taken against film rights.

Film titles including Distribution & Exhibition awards recovering over £100,000, in the year ended 31 March 2011 (2009/10: £4,208,000) were:

	£000
28 Weeks Later	264
Adulthood	132
Centurion	542
Coco Before Chanel (Distribution and Exhibition)	125
Dagenham Girls	733
Fish Tank	109
The History Boys	128
The King's Speech	950
Notes on a Scandal	339
Nowhere Boy	1,039
Pathe Super Slate	208
Streetdance	582
Sunshine	292
62 titles with income below £100,000	1,162
	6,605

Income received on titles where the initial investment has been recovered is taken into the income and expenditure account (2009/10: £647,000):

	£000
28 Days Later	117
28 Weeks Later	231
Bend it Like Beckham	9
Boogie	1
Brick Lane	11
Burma VJ	1
Cherry Blossoms	2
Dancer (aka Billy Elliott)	333
Fish Tank	61
Happy Go Lucky	210
In the Loop	210
The Last King of Scotland	269
Ladies in Lavender	21
Let the Right One In	101
Mike Bassett: England Manager	3
My Week with Marilyn	26
Of Time and the City	3
Reach the Clouds (aka Man on Wire)	8
St Trinians	80
Triangle	1
U2 3D	9
	<hr/>
	1,707
	<hr/>

Note 3: Staff costs

Directors' remuneration (including daily allowances) attributable to the Lottery Fund:

	2010/11	2009/10
	£	£
Pippa Cross (retired 30/11/10)	765	3,311
Rebecca O'Brien (retired 2/4/10, remaining with observer status until 30/11/10)	1,531	2,532
Heather Rabbatts CBE	1,531	1,753
Amanda Walsh (retired 30/11/10)	1,148	2,337

The appropriate portion of salary costs of staff working on Lottery activities is reflected within the costs apportioned from Grant-in-aid figure in the income and expenditure account.

The costs of staff working wholly on Lottery activities were:

	2010/11	2009/10
	£000	£000
Wages and salaries	2,047	2,136
Social Security costs	215	225
Pension service costs and other pension costs	188	196
	<hr/> 2,450	<hr/> 2,557

The average number of staff (full-time equivalents) employed during the year:

	2009/10	2009/10
Management and administration:		
Permanent staff	23	31
Other staff	-	1
	<hr/> 23	<hr/> 32

The remuneration of the Managing Director and previous Chief Executive Officer and costs attributable to Lottery during the year:

	2010/11		Attributable to Lottery
	£	%	£
Tim Cagney (from 1/11/2010) (Age: 46)			
Salary and benefits	50,000		44,500
Bonus	-		-
Total	50,000	89.0%	44,500
Pension contribution	6,050		5,385
	2010/11		Attributable to Lottery
	£	%	£
John Woodward (to 31/10/2010) (Age: 51)			
Salary and benefits	99,266		88,347
Bonus	22,335		19,878
Total	121,601	89.0%	108,225
Pension contribution	15,883		14,135
	2010/11		Attributable to Lottery
	£	%	£
John Woodward (Age: 50)			
Salary and benefits	170,171		154,175
Bonus	38,289		34,690
Total	208,460	90.6%	188,865
Pension contribution	27,227		24,668

Note 4: Pensions benefits

UK Film Council is an admitted body of the Local Government Pension Scheme. The majority of the company's staff are members of the scheme. Although membership of the scheme is open to all employees, only costs relating to staff employed on Lottery activities are disclosed.

The pension scheme is of the defined benefit type and is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £0.19 million (2010: £0.19 million)

Following the advice of the consulting actuaries to the scheme, the UK Film Council's employer contributions (as a percentage of the pensionable salary) were set at 12.1% throughout the year (2010: 12.1%).

A valuation under IAS19 as at March 2011 was carried out by a qualified independent actuary. The assumptions used by the actuary for the UK Film Council's scheme were:

Financial assumptions:

	2011	2010
	%	%
Rate of increase in salaries	4.5	3.9
Rate of increase in pension payments	2.7	5.4
Discount rate	5.5	5.5
Inflation assumption (2011: CPI; 2010: RPI)	2.7	3.9

Average life expectancy at 65:

	Males	Females
Current pensioners	21.9 years	23.9 years
Future pensioners	23.9 years	25.8 years

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit attributable to lottery:

	2011		2010	
	Long term rate of return expected	£000	Long term rate of return expected	£000
	%		%	
Equities	7.4	3,758	7.5	3,832
Target return portfolio	4.5	657	4.5	548
Alternative assets	6.4	766	6.5	767
Cash	3.0	164	3.0	273
Corporate bonds	5.5	109	5.5	55
Total market value of assets		5,454		5,475
Present value of scheme liabilities		(6,707)		(8,709)
Net pension deficit		(1,253)		(3,234)

The overall expected rate of return on scheme assets is projected by the scheme actuaries using modelling techniques, with reference to key assumptions and the relative weighting of scheme assets.

The amounts recognised in the income and expenditure account are as follows:

	31 March 2011	31 March 2010
	£000	£000
Current service cost	702	225
Interest cost	478	340
Expected return on employer's assets	(339)	(266)
Past service costs	(1,070)	(290)
Loss on curtailment	81	-
Total	(148)	9
Actual return on plan assets	16	1,228
Amount recognised in statement of changes in equity:		
	2011	2010
Actuarial (losses)/gains	1,502	(2,422)
Actuarial (losses)/gains recognised in statement of changes in equity	1,502	(2,422)
Cumulative actuarial losses in statement of changes in equity	(1,843)	(3,345)
Changes in the present value of the defined benefit obligation:		
	2011	2010
	£000	£000
Opening defined benefit obligation	8,709	4,916
Current service cost	698	208
Interest cost	478	344
Contributions by members	185	194
Actuarial gains/(losses)	(2,179)	3,428
Past service costs	(1,062)	-
Estimated benefits paid	(203)	(381)
Loss on curtailment	81	-
Closing defined benefit obligation	6,707	8,709
Changes in the fair value of the plan:		
	2011	2010
	£000	£000
Opening fair value of employer assets	5,475	4,114
Expected return on assets	338	269
Contributions by members	185	194
Contributions by employer	329	268
Actuarial (losses)/gains	(671)	1,011
Benefits paid	(202)	(381)
Closing fair value of employer assets	5,454	5,475

A history of experience gains and losses is shown below:

	2011	2010	
	£000	£000	
Fair value of employer assets	5,454	5,475	
Present value of defined benefit obligation	(6,707)	(8,709)	
Surplus/(deficit)	(1,253)	(3,234)	
Experience (losses)/gains on assets	(592)	959	
Experience losses on liabilities	1,319	-	
	2009	2008	2007
	£000	£000	£000
Fair value of employer assets	4,114	4,588	4,050
Present value of defined benefit obligation	(4,916)	(4,610)	(4,866)
Deficit	(802)	(22)	(816)
Experience gains/(losses) on assets	(1,382)	78	34
Experience gains/(losses) on liabilities	-	(308)	-

Note 5: Other expenditure apportioned from Grant-in-aid

	2010/11	2009/10
	£000	£000
This is stated after charging:		
Auditor's remuneration – audit associated fees	28	21
Auditor's remuneration – IFRS transition	-	3
Capital recharge	161	205
Staff travel and subsistence – domestic	14	21
Staff travel and subsistence – foreign	57	78
Agency fees, freelance staff and secondments	81	80
Hospitality	12	25
Legal costs	205	302
Pension service cost	(619)	225

Restructuring costs are a proportion of the costs incurred relating to the closure of the UK Film Council, announced by DCMS in July 2010, and the subsequent announcement in November 2010, on transfer of activities to the new distributor from 1 April 2011. These include costs relating to the impairment of the operating lease on the offices, due to terminate in March 2015 (£0.5m), provisions for redundancies (£0.3m), and a share of those costs attributable to the wind up of the organisation (£0.3m).

Note 6: Taxation

	2010/11	2009/10
	£000	£000
Corporation Tax payable for current year	2	3

Taxation is payable on the interest earned by the UK Film Council at the rate of 28% (2010: 28%).

Note 7: Film rights

	Gross £000	Impairments £000	Repayment £000	Net £000
At 1 April 2009	206,756	(134,154)	(57,546)	15,056
Hard commitments made in the year	21,593	(9,416)	(650)	11,527
Movements on prior year commitments	-	(430)	(3,559)	(3,989)
Fair valuation adjustments in the year	(55)	-	-	(55)
Decommitments	(1,648)	-	-	(1,648)
At 31 March 2010	226,646	(144,000)	(61,755)	20,891
Hard commitments made in the year	15,283	(9,324)	(194)	5,765
Movements on prior year commitments	-	(5,258)	(6,160)	(11,418)
Fair valuation adjustments in the year	3,166	-	-	3,166
Decommitments	(390)	-	-	(390)
At 31 March 2011	244,705	(158,582)	(68,109)	18,014

Under International Financial Reporting Standards relating to Financial Instruments (IAS 32, 39 and IFRS 7) film rights fall within the definition of financial instruments; within that, they meet the definition of 'available for sale financial assets' and are shown in the statement of financial position at fair value.

Note 8: National Lottery Distribution Fund

The movement in balances held at the National Lottery Distribution Fund is:

	2011 £000	2010 £000
Opening balance held at the National Lottery Distribution Fund	31,225	44,549
Income received from the Lottery	34,775	33,360
Transfer to the Olympic Lottery Distribution Fund	(5,866)	(5,866)
Investment income earned	405	186
Available for distribution	60,539	72,229
Cash drawn down	(24,863)	(41,004)
Balance as at 31 March	35,676	31,225

At 31 March 2011, the cost of the investment in the fund was £31.2 million (2010: £31.2m). Income received from the Lottery shown above is after charging unrealised losses of £0.5 million (2010: £0.05m).

The funds are invested on behalf of the National Lottery Distribution Fund by the National Debt Commissioners. The UK Film Council's distribution is in accordance with Sections 22 and 23 of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). The UK Film Council is required by statute to show on the statement of financial position the lower of the market value or the cost of the investment as at the year end.

In February 2008, a Statutory Instrument (SI 2008 No. 255, The Payments into the Olympic Lottery Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085 million from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of holding the 2012 Olympic and Paralympic Games. This comprises £410 million as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675 million arising from the subsequent budget review.

The UK Film Council was committed to contribute up to £9.6 million in the original bid and this order allows for the transfer of up to a further £12.2 million making a total of £21.8 million.

Four transfers of funds under the statutory instrument took place during the financial year with the UK Film Council contributing a total of £5.9 million. Further transfers are anticipated at quarterly intervals until July 2012, and this liability will transfer with lottery activities and future income to the BFI.

As this liability only crystallises at the point of the three monthly transfer, the remaining liability of £8.6 million is not recorded in the statement of financial position as at 31 March 2011.

Note 9: Trade and other receivables

	2011 £000	2010 £000
Trade and other receivables falling due within one year		
Prepayments and accrued income	-	80
VAT receivable	624	538
Other receivables - Arts Council England	-	1,485
Other receivables	<u>361</u>	<u>291</u>
Total trade and other receivables	985	2,394
Analysis of trade and other receivables between:	2011 £000	2010 £000
Payable by central government – Arts Council England	-	1,485
Payable by central government – HM Revenue and Customs re VAT	624	538
Payable by local authorities	-	-
Payable by bodies external of Government	<u>361</u>	<u>371</u>
	985	2,394

Note 10: Financial risks

International Financial Reporting Standards require disclosure of the role which financial instruments have had during the period, in creating or changing the risks UK Film Council faces in undertaking its role.

Liquidity risks

In 2010/11, £34.8 million (42%) (2009/10: £33.4 million, 46%) of the UK Film Council's income was derived from the National Lottery. The remaining lottery income comprises investment returns from the balance held with the National Lottery Distribution Fund £0.4 million (1%) (2010: £0.2 million, 1%); recoupment income from film rights £1.8 million (2%) (2010: £0.7 million, 1%); and surplus on UK Film Council and Arts Council England investments.

The Board considers that, as the National Lottery Distribution Fund balance notified by the Secretary of State for Culture, Olympics, Media and Sport and the UK Film Council's own Lottery cash holding amount to £35.7 million at the statement of financial position date (2010: £31.2 million), sufficient liquid resources are available to cover all current hard and soft commitments totalling £12.9 million (2010: £29.3 million) and any related trade and other payables.

Interest rate risks

The UK Film Council's largest financial asset is retained in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as Government bonds and cash. Neither the UK Film Council nor its Board has any control over these investments. The interest rate risks in respect of these financial assets are disclosed in the financial statements of the National Lottery Distribution Fund. The market value at year-end of the Council's investment in the National Lottery Distribution Fund was £35.7 million (2010: £31.2 million) and the average investment return for the year was 1.1% (2010: 0.6%).

Cash drawn down from the National Lottery Distribution Fund, or received from other sources, to pay grant commitments and operating costs are held in variable rate bank accounts and the average interest rate return for the year was 0.1% (2010: 0.1%). The cash balance at the year-end was £4.1 million (2010: £6.9 million).

Other price risks

Under International Financial Reporting Standards relating to Financial Instruments (IAS 32 and 39 and IFRS 7) film rights fall within the definition of financial instruments and within that meet the definition of 'Available for sale financial assets' and are therefore shown in the statement of financial position at fair value.

The valuation of film rights are subject to ongoing review to ensure a fair value is maintained with any impairments being charged as expenditure. Any increase in the fair value beyond the original investment value is taken to reserves and only released as income on the actual receipt of funds.

Film rights at 31 March 2011 have a valuation of £18 million (2010: £20.9 million) and the Board considers that the UK Film Council is not exposed to significant other price risks.

Foreign currency risks

The UK Film Council's financial assets are not exposed to material foreign exchange risks, as long-term balances are held in sterling.

Note 11: Other payables

	2011	2010
	£000	£000
Corporation Tax	2	3
Other payables – Grant in Aid	2,480	-
Other payables	<u>92</u>	<u>506</u>
	2,574	509

Analysis of trade and other payables between:

Payable to UK Film Council – Grant-in-aid	2,480	-
Payable to central government – HM Revenue and Customs re Corporation Tax	2	3
Payable to local authorities	-	-
Payable to bodies external of Government	<u>92</u>	<u>506</u>
	2,574	509

Amounts payable to UK Film Council Grant-in-aid comprise £1.4 million re operating costs for lottery activities in the last quarter of the year ending 31 March 2011, and £1.1 million being the share attributed to lottery of those costs associated with the closure of the UK Film Council and the transfer of lottery activities to the British Film Institute.

Note 12: Other payables - award commitments

Soft commitments

	2011	2010
	£000	£000
Brought forward at 1 April	18,143	19,131
Commitments made	18,436	38,845
Soft decommitments	(1,129)	(619)
Transferred to hard commitments	(27,800)	(39,214)
Balance carried forward at 31 March	7,650	18,143

Hard commitments

Brought forward at 1 April	11,151	14,834
Commitments made	27,800	39,214
Hard decommitments	(919)	(1,826)
Amounts paid	(32,789)	(41,071)
Balance carried forward at 31 March	5,243	11,151

Soft decommitments arise when the conditions of the terms of the award are not met.

New hard commitments made during the year:

	2011	2010
	£000	£000
Film rights	15,308	21,613
Regional awards	2,465	3,200
First Light award	1,100	1,100
Distribution and exhibition awards	3,569	5,860
Digital Archive Fund	-	1,500
Training awards	3,654	5,600
Film Education	500	250
2012 Partnership awards	-	15
Publication awards	7	76
Rural Strategy Pilot awards	1,197	-
	27,800	39,214

Regional awards are the delegated amounts to the nine Regional Screen Agencies created under the Regional Investment Fund for England (RIFE).

Ageing of hard commitments

	2011	2010
	£000	£000
2010/11	-	11,151
2011/12	5,243	-
	5,243	11,151

Note 13: Leases

As at 31 March 2010, the UK Film Council had total minimum payments under a non-cancellable operating lease relating to land and buildings, as set out below

	2011	2010
	£000	£000
Amounts payable within one year	356	315
Amounts payable within two to five years	1,144	1,260

With the closure of the UK Film Council this lease will be terminated prior to the end date of the lease in 2015, and therefore the assumption has been made in the Group accounts that the full outstanding value of the lease became onerous in the year ending 31 March 2011.

A proportion of the costs relating to this lease forms part of the costs apportioned from Grant-in-aid.

Note 14: Capital commitments

As at 31 March 2011, the UK Film Council had no capital commitments outstanding (31 March 2010: £nil)

Note 15: Contingent Liabilities

A complaint has been lodged in the Spanish courts against John Woodward in his capacity as Chief Executive Officer of the UK Film Council, with regard to lottery funding of *La Mula*. No decision has been made by the court as to whether the claim should proceed, however the belief is that it appears vexatious. UK Film Council and by extension BFI under the transfer agreement have agreed to support John Woodward with respect of his legal costs should the claim progress.

Note 16: Segmental reporting

The UK Film Council is required under the Lotteries Act to produce statutory accounts which cover its operations as a Lottery distributor to 31 March 2011. These are reported to the Board and the Chief Executive Officer as a stand-alone entity. Thus in the context of IFRS8 no additional disclosure of segmental reporting is deemed appropriate.

Note 17: Notes to the statement of cashflows

Reconciliation of operating surplus to net cashflow from operating activities:

	2010/11	2009/10
	£000	£000
Operating deficit	(1,573)	(7,075)
(Increase)/decrease in film rights	3,207	(5,835)
Decrease in trade receivables	(4,668)	16,612
Decrease in trade payables	615	(3,342)
Movement in pension liability	(475)	9
Net cash from operating activities	(2,894)	369

Note 18: Events after the reporting period

There were no events after the reporting period either adjusting or non-adjusting which are not disclosed elsewhere in the Notes to the accounts.

Note 19: Losses and special payments

Screen East, the regional screen agency under the RIFE programme, went into liquidation in September 2010. The agency had received grant and lottery awards from UK Film Council. A protective claim for £ 1,046,686 was lodged with the liquidator and the claim remains unadjusted. Until the conclusion of the liquidation process it is unclear what funds will be recoverable from the Liquidator, and recovery of funds has not been anticipated in these accounts and there is a risk that the full balance will be lost.

Note 20: Reconciliations of transactions with delegate bodies

In 2010/11 delegation agreements with the Regional Screen Agencies, First Light Movies Ltd and Skillset were in place and fully operational for the purpose of distribution of Lottery funds. Transactions in these accounts relating to these delegations reconcile to transactions in the accounts of those organisations as follows:

Transactions in UK Film Council accounts:

	Hard commitments in 2010/11 £000	Delegate body payable at 31 March 2011 £000
EM Media	550	56
Film London	71	48
First Light Movies Ltd	1,100	-
Northern Film & Media	275	32
North West Vision & Media	208	84
Screen East	13	-
Screen South	199	-
Screen West Midlands	280	-
Screen Yorkshire	218	7
Skillset	3,654	115
South West Screen	295	10
	6,863	352

Hard commitments excluded hard de-commitments of £355,607 against hard commitments that crystallised in the year.

The following is extracted from the accounts of the organisations for the year ended 31 March 2011:

	Reserves at 1 April 2010 £000	Incoming funds : UK Film Council £000	Incoming funds: other £000	Outgoing funds £000	Reserves at 31 March 2011 £000
EM Media	499	200	46	(506)	239
EM Media – East	-	350	-	-	350
Film London	319	71	-	(269)	121
First Light Movies Ltd	747	1,100	2	(1,356)	493
Northern Film & Media	272	275	12	(422)	137
North West Vision & Media	422	359	-	(351)	430
Screen South	460	384	4	(556)	292
Screen West Midlands	370	279	1	(501)	149
Screen Yorkshire	347	211	-	(340)	218
Skillset	5,863	4,292	1	(6,134)	4,022
South West Screen	170	295	34	(386)	113
Total	9,469	7,816	100	(10,821)	6,564

In the addition to the above Screen East had opening lottery reserves relating to the Regional Investment Fund for England and the Digital Film Archive Fund of £0.56m. In the period before they went into liquidation in September 2010, additional lottery funds of £0.01m were paid to them.

Schedule 3 lists the individual Lottery awards made by these delegates during the year.

Note 21: Related parties

The UK Film Council maintains a publicly available register of Board Directors' interests. Given their broad experience across the film sector, it is inevitable that Board Directors had connections with or interests in projects and organisations that may from time to time have come to the UK Film Council for funding. All Board Directors were therefore required to declare any direct interest in and commercial relationships with award applications made to the UK Film Council and they had no role in the award making process. Similarly, UK Film Council employees were excluded from decision making around any relevant application involving any organisation or company in which they have a declared interest.

During the year the UK Film Council entered into transactions, in the ordinary course of business, with related parties. National Lottery awards are included in film rights at the date of the statement of financial position or written off to expenditure within the year.

All awards outstanding are payable upon the meeting of conditions precedent within individual contracts.

The following related party transactions occurred during the period:

Lottery awards

Recipient of funding	Name	Relationship to Recipient of funding	New Awards made 2010-11	Balances outstanding 31 March 2011
			£	£
Directors of the UK Film Council				
AG@Cross Street Films Ltd	BeebanKidron	Partner of applicant	-	60,000
British Film Institute ⁽¹⁾	Greg Dyke Elisabeth Murdoch	Chair Partner of Governor	-	211,000
Chalet Girl Ltd	Pippa Cross	Co-producer of <i>Chalet Girls</i>	30,000	30,000
Film Education	Stephen Knibbs	Director of Cinema Exhibitors Association which also funds the recipient	500,000	193,750
First Light Ltd ⁽²⁾	Barbara Broccoli OBE	Chair	1,100,000	-
JWRC Productions Ltd	BeebanKidron	Partner of writer	80,000	80,000
Kudos Pictures Ltd	Elisabeth Murdoch	Director	60,222	105,753
Mango Films Ltd	Rebecca O'Brien	Director	-	16,500
Met Films Ltd	Thomas Hoegh	Director	7,000	4,000

Nuban Productions Ltd	Gail Egan	Business partner of Producer and Executive Producer of <i>I am Slave</i> (aka <i>Slave</i>)	46,589	26,625
Potboiler Productions Ltd	Gail Egan	Director	15,000	3,000
Screen South Ltd ⁽³⁾	Pippa Cross	Director	199,000	-
South West Screen ⁽³⁾	Rebecca O'Brien	Director	295,428	10,000

Lottery awards

Recipient of funding	Name	Relationship to Recipient of funding	New Awards made 2010-11	Balances outstanding 31 March 2011
Employees of the UK Film Council				
Coded Pictures Ltd	Tanya Seghatchian	Director of the film receiving funding and Tanya Seghatchian are Co-directors and shareholders in Apocalypso Pictures Ltd, a separate company.	28,500	6,000
Haut et Court	Tanya Seghatchian	Director of the film receiving funding and Tanya Seghatchian are Co-directors and shareholders in Apocalypso Pictures Ltd, a separate company.	227,273	227,273
National Film and Television School	Colin Brown Agnieszka Moody	Governor Partner is an employee of NFTS	16,000	16,000
Revolver Entertainment Ltd	Lizzie Francke	Co-producer of <i>Vinyan</i>	-	8,000

⁽¹⁾ The British Film Institute, a charity established by Royal Charter, received UK Film Council funding to assist in its championing of moving image culture, education and heritage. In 2009/10 it received specific lottery awards for release of archive films.

⁽²⁾ First Light Movies is a charity and received UK Film Council funding to offer children and young people more opportunities to participate and learn about filmmaking.

⁽³⁾ Screen South and South West Screen are two of the Regional Screen Agencies. These were established to co-ordinate film policy, strategy and delivery across England.

In addition £267,544 was paid to Olswang Solicitors for professional services rendered in the year. Mark Devereux, a Director of UK Film Council, is a Senior Partner in this firm.

The UK Film Council is constituted as a company limited by guarantee, the sole guarantee of £1 is provided by the Secretary of State for Culture, Media and Sport, who is the ultimate controlling party.

Schedule 1: Film rights as at 31 March 2011

Description	Gross Award	Bal at 1 April	New Comms	Recpt	Decomms	Prov'ns	Fair Val'nMvmt	Bal to date
Premiere Fund awards								
Chalet Girl Films Ltd	Chalet Girl		30,000			(30,000)		0
Dagenham Girls Ltd	Made in Dagenham (aka We Want Sex aka Dagenham Girls)		71,119					71,119
Element Pictures UK Ltd	The Guard		14,920					14,920
Yemen Productions Ltd	Salmon Fishing in the Yemen		1,500,000			(750,000)		750,000
Potboiler Productions Ltd	Kodak Cowboy (Pilot)		15,000			(15,000)		0
Wuthering Heights Films Ltd	Wuthering Heights		300,000					300,000
Film Fund								
Adventure Pictures Ltd	Bomb and Elsewhere		25,000			(25,000)		0
Amber Film and Photography Collective CIC	St George's Day		29,000			(29,000)		0
ATB Pictures Ltd	Attack The Block		175,000					175,000
Big Talk Pictures Ltd	The Flawless Skin of Ugly People		15,250			(15,250)		0
Big Yes Productions Ltd	Beckett in Love		5,000			(5,000)		0
Blueprint Pictures Ltd	Chance Encounter (aka Untitled Dominic Savage)		3,000			(3,000)		0
Deep Blue Sea Productions Ltd	The Deep Blue Sea		1,107,460	(47,460)		(742,000)		318,000
Coded Pictures Ltd	We Are Now Beginning Our Descent		28,500			(28,500)		0
Cowboy Films Ltd	The Optimists (aka The Predictive Text)		5,000			(5,000)		0
d dp Enterprises Ltd	Talent Pool		9,000			(9,000)		0
Digicult Ltd	You Are Here		5,000			(5,000)		0
DJ Films Ltd	Belle and Bette		10,000			(10,000)		0
DJ Films Ltd	Fast Girls		39,500			(39,500)		0
Blue Cloth Ltd	The Iron Lady		1,000,000					1,000,000
DMC Film Ltd	Pitch Black Heist		2,800			(2,800)		0
Dreams of a Life Ltd	Dreams of a Life		150,000			(105,000)		45,000
Wuthering Heights Films Ltd	Wuthering Heights		250,000			(137,500)		112,500
Feelgood Fiction Ltd	One Last Time		10,500			(10,500)		0
Feet Films Ltd and Free Range Films Ltd	White Rose Rebel		5,000			(5,000)		0
Fiesta Productions Ltd	Marked Man		27,500			(27,500)		0
Fiesta Productions Ltd	30 Odd Miles Up the East Lancs Road		32,500					32,500
Fly Film Company Ltd	Bill and Lena		23,000			(23,000)		0
Fly Film Company Ltd	Swandown		15,750			(15,750)		0
Trap for Cinderella Ltd	Trap for Cinderella		67,350					67,350
Erin Island Ltd and Bear Rock Films Ltd	Grabbers		486,750	(36,750)		(315,000)		135,000
Free Range Films Ltd	Death and Life		33,500			(33,500)		0
Greenacre Films Ltd	Been So Long		19,500			(19,500)		0
Greenpoint Films Ltd	Dombey and Son		20,000			(20,000)		0
Catherine Shepherd	Like a Virgin		10,000			(10,000)		0
Squid Productions Ltd	The Woman In Black		1,000,000			(500,000)		500,000

Headline Pictures Ltd	The Invisible Woman	1,000		(1,000)	0
Heyman Hoskins Ltd	Lee Miller	19,500		(19,500)	0
Hurricane Films Ltd	Cold Water	10,800		(10,800)	0
Idiotlamp Productions Ltd	All Quiet on the Orient Express	4,000		(4,000)	0
iFeatures Ltd and Cinema Six SPV2 Ltd	Eight Minutes Idle	150,000		(105,000)	45,000
Illuminations Films Ltd	The Beast in the Jungle	1,500		(1,500)	0
Julian Corkle Ltd	Julian Corkle is a Filthy Liar	69,125		(69,125)	0
Kevin Films Ltd	We Need To Talk About Kevin	77,500		(38,750)	38,750
Lady Brigadier Productions Ltd	Waving Not Drowning	25,000		(25,000)	0
Left Bank Pictures (Film) Ltd and RaftaRafta Ltd	All in Good Time (aka RaftaRafta)	250,000		(175,000)	75,000
Minnow Films Ltd	Of Monsters and Men (aka The Monster Hunters)	7,500		(7,500)	0
Mirrorball Films Ltd	Nativity! The Second Coming	36,650		(36,650)	0
Modern Films Ltd	The Horned Man	24,875		(24,875)	0
Moonspun Films Ltd	The Selfish Giant	16,080		(16,080)	0
Motion Films (UK) Ltd	In Close Up	7,000		(7,000)	0
Number 9 Films Ltd	Dan Leno and the Limehouse Golem	60,568			60,568
Parti Productions Ltd and Dan Films Ltd	Darkness Visible	20,000		(20,000)	0
Parti Productions Ltd and Jason Newmark Developments Ltd	Honour	26,000		(26,000)	0
Peapie Films Ltd	Karenfan	10,000		(10,000)	0
Pesky Productions Ltd	Empire of Sponge	15,000		(15,000)	0
Poisson Rouge Pictures Ltd	Gone too Far	31,000		(31,000)	0
360 Films Ltd	360	950,000		(665,000)	285,000
Trishna Films Ltd	Trishna	675,000	(25,000)	(455,000)	195,000
Roast Beef Productions Ltd	Smash and Grab: The Story of the Pink Panthers	10,000		(10,000)	0
Ruby Films Ltd	Corsica 72	44,510			44,510
See-Saw Films Ltd	Shame	1,017,107	(17,107)	(700,000)	300,000
Slate Films Ltd	Half of a Yellow Sun	14,089		(14,089)	0
Smoking Dogs Films Ltd	The Nine Muses	150,000		(105,000)	45,000
Novel Animation Ltd and Henry Productions Ltd	Horrid Henry: The Movie 3D	750,000		(525,000)	225,000
Development					
AsithaAmeresekere	Kin	8,000		(8,000)	0
Bard Entertainments Ltd	Between the Dogs and the Crows	10,000		(10,000)	0
Blue Horizon Productions (2010) Ltd	Untitled Sarah Hooper (3 Treatments)	5,000		(5,000)	0
Blueprint Pictures Ltd	Production Vision Award	75,000		(56,250)	18,750
Blueprint Pictures Ltd	Chance Encounter (aka Untitled Dominic Savage)	16,000		(15,000)	1,000
Brocken Spectre Ltd	Shell	10,000			10,000
Carbine Productions Ltd	The Gun Seller	42,500		(42,500)	0
Carson Films Ltd	Albion	15,000		(15,000)	0
Century Pictures Ltd	Boy George: The Autobiopic	10,000		(10,000)	0

Cyclone Productions Ltd	Cycle	45,000		(45,000)	0
Dan Films Ltd	Production Vision Award	75,000		(56,250)	18,750
DJ Films Ltd	Belle and Bette	14,750		(14,750)	0
DJ Films Ltd	Fast Girls	20,000		(20,000)	0
Ealing Studios Enterprises Ltd	Dr In The House	35,000		(35,000)	0
Easter Partisan Ltd	My Granny Made Me An Anarchist	8,750		(8,750)	0
Ecosse Films Ltd	American Adulterer	53,750		(53,750)	0
Ecosse Films Ltd	Production Vision Award	75,000	(16,250)	(56,250)	2,500
Edge City Films Ltd	Lore	18,500		(18,500)	0
Escape Films Ltd and Bungalow Town Productions Ltd	The Vanishing Worlds	15,000		(15,000)	0
Forthcoming Productions Ltd	Ophelia	15,000		(15,000)	0
Free Range Films Ltd	Production Vision Award	75,000		(56,250)	18,750
Free Range Films Ltd	Out the Window (aka Perpetual Commotion)	50,000		(50,000)	0
GreenAcre Films Ltd	A Midsummer Night's Dream	25,000		(25,000)	0
Hot Property Ltd	Brand New-U	25,000		(25,000)	0
Illuminations Films Ltd	The Beast in the Jungle	12,000		(12,000)	0
Independent Film Production Ltd	AZINCOURT	50,000		(50,000)	0
Intolerant Films Ltd	Ancient Athens Confidential	25,000		(25,000)	0
Chestermead Ltd	Miracle	45,000	(20,000)	(25,000)	0
Kudos Film and Television Ltd	Salmon Fishing in the Yemen	15,000	(30,000)	15,000	0
Liberty Films Entertainment Ltd	Adland	10,000		(10,000)	0
Mann Made Projects Ltd	The Call	25,000		(25,000)	0
Met Film Ltd	How to Change the World	7,000		(7,000)	0
Neon Films Ltd	Now You See It	12,000		(12,000)	0
Origin Pictures Ltd	Production Vision Award	75,000		(75,000)	0
Paul Cotter	Down And Out In Dover	6,000		(6,000)	0
Qwerty Films Ltd and TF1 DroitsAudiovisuel	Suite Francaise	55,000		(55,000)	0
Rainmark Films Two Ltd	Miss Garnet's Angel	21,950		(21,950)	0
Rainmark Films Two Ltd	The Erotic Review	30,000		(30,000)	0
Recorded Picture Company Ltd	Hard Stop	28,750		(28,750)	0
Recorded Picture Company Ltd	High Rise	40,000		(40,000)	0
Red and Black Films Ltd	Cyrano	8,000		(8,000)	0
Red Head Films Ltd	Untitled Andrea Arnold Project	50,000		(50,000)	0
Redwave Films (UK) Ltd	Ghosts	43,000		(43,000)	0
Revolution Films Ltd	Production Vision Award	75,000		(56,250)	18,750
Ruby Films Ltd	Corsica 72	21,000		(21,000)	0
See-Saw Films Ltd	Production Vision Award	75,000		(56,250)	18,750
Seymour Films Ltd	Knock Down Ginger	6,250		(6,250)	0
Slate Films Ltd and Lions Gate Pictures UK Ltd	Stiff	9,000		(9,000)	0
Stagereel Ltd	Face	15,000		(15,000)	0
Steve McLean	Postcards from London	5,000		(5,000)	0
Synchronicity Films Ltd	Kling Klang - The Story of Kraftwerk	10,000		(10,000)	0

Synergy London Ltd	Mother's Milk	25,000	(19,500)	(5,500)	0
The Script Connection	Feedback service	12,700		(12,700)	0
Three Rivers Ltd	The House of Sleep	5,000			5,000
Tigerlily Films Ltd	Remainder	10,000		(10,000)	0
Trademark Films Ltd	My Week With Marilyn	1,848	(1,848)		0
Akimbo Films Ltd	Olga	10,000		(10,000)	0
Wall to Wall Media Ltd	The Dream Project	3,330			3,330
Warp Films Ltd	Production Vision Award	75,000		(56,250)	18,750
YannDemange	The Agency (aka Untitled YannDemange)	10,000		(10,000)	0
NCF					
2am TV Ltd	Disco (short)	15,000		(15,000)	0
A Man's Story Films Ltd	A Man's Story	15,000		(15,000)	0
Bonafide Films UK Ltd	Gee Gee (short)	15,000		(15,000)	0
Autonomous Ltd	Cirkus Columbia	430,000		(387,000)	43,000
Digicult Ltd	Cutting Loose (short)	10,000		(10,000)	0
Digicult Ltd	Foxy and Marina (short)	10,000		(10,000)	0
DMC Film Ltd (previously Troika LLP)	Pitch Black Heist (short)	15,000		(15,000)	0
EM Media	Fck that Sht (short)	10,000		(10,000)	0
Endor Productions Ltd	The Clear Road Ahead (short)	15,000		(15,000)	0
Film London Ltd	Follow (short)	10,000		(10,000)	0
Film London Ltd	Rite (short)	4,000		(4,000)	0
Glendale Picture Co Ltd	Cowards and Monsters (short)	9,350		(9,350)	0
Human Film Ltd	Kosher (short)	9,500		(9,500)	0
Kevin Films Ltd	We Need To Talk About Kevin	700,000		(350,000)	350,000
Luke Rodgers	Missing (short)	3,360		(3,360)	0
Modus Operandi Films Ltd	Cameraman: The Life and Work of Jack Cardiff	4,000		(4,000)	0
North West Vision	Digital shorts	40,000		(40,000)	0
Northern Film and Media Ltd	Compulsion (short)	10,000		(10,000)	0
Northern Film and Media Ltd	Happy Clapper (short)	10,000		(10,000)	0
Nuban Productions Ltd	Slave	32,500		(32,500)	0
Parkville Pictures Ltd	Thomas (short)	7,500		(7,500)	0
Progression Media Ltd	3 Hours (short)	7,500		(7,500)	0
Project Nim Ltd	Project Nim	27,100			27,100
Quark Films Ltd	See Me (short)	16,000		(16,000)	0
Screen East	Jumping for Joy (short)	10,000		(10,000)	0
Screen South	Digital shorts	40,000		(40,000)	0
Screen West Midlands	Endings (short)	10,000		(10,000)	0
South West Screen	Digital shorts	40,000		(40,000)	0
The People's Republic Ltd	Imaginary Friend (short)	4,652		(4,652)	0
Warp Films Ltd	A Gun for George (short)	10,000		(10,000)	0
Warp X/ Rook Films (Kill List) Ltd	Kill List	236,200		(118,800)	117,400
Warp X Ltd/ Optic Circle Ltd/ Illuminations Films Ltd	The Berberian Sound Studio	329,500		(247,125)	82,375

Warp X/ Inflammable (Tyrannosaur) Ltd	Tyrannosaur		206,540		(185,886)		20,654
Wilder Films (Laid Off) Ltd	Laid Off		310,000		(155,000)		155,000
Total new commitments		0	15,308,482	(193,915)	(25,500)	(9,323,992)	0
Existing commitments							
Premiere Fund awards							
Becoming Jane Films Ltd	Becoming Jane	335,127	4,803		(12,777)	7,974	0
ATB Pictures Ltd	Attack The Block	1,085,788	738,336				738,336
Boyle Film Productions Ltd and Element Pictures UK Ltd and Everett Film Productions	The Guard	250,000	142,500			(92,500)	50,000
Brideshead Films Ltd	Brideshead Revisited	1,439,406	0		(25,518)	25,518	0
Brighton Rock Productions Ltd	Brighton Rock	1,052,083	841,666			(578,645)	263,021
Centurion Films Ltd	Centurion	1,200,000	876,639		(542,140)	(20,447)	199,052
Chalet Girl Films Ltd	Chalet Girl	800,000	480,000			(480,000)	0
Dagenham Girls Ltd and We Want S Ltd	Made in Dagenham (aka We Want Sex aka Dagenham Girls)	850,000	850,000		(732,613)		117,387
Devotion Films Ltd	Sex Lives Of The Potato Men		0		(4,574)	4,574	0
Driving Lessons Ltd	Driving Lessons	917,303	10,469			(10,469)	0
Lennon Films Ltd & Nowhere Boy Productions Ltd	Nowhere Boy	1,200,000	1,200,000		(1,039,544)		160,456
Africa United Ltd	Africa United	500,000	375,000			(325,000)	50,000
Fragile St Trinian's and Mayhem Films Ltd	St Trinian's	1,432,000	171,600		0		69,952
Hallmark Entertainment Film Productions Ltd and Hallmark Entertainment Distributors LLC	Mike Bassett: England Manager	1,233,000	77,635		0		(3,318)
Harry Brown Film Ltd and Harry Brown Production Ltd	Harry Brown	1,002,225	661,469		(22,300)		639,169
Important Films Ltd	The Importance Of Being Earnest	1,320,000	55,850			(55,850)	0
Ladies in Lavender Ltd	Ladies In Lavender	1,979,850			0		20,000
Lyric Films Ltd	Life 'n Lyrics	207,200	10,000			(10,000)	0
Mischief Night Ltd	Mischief Night	800,000	9,610			(9,610)	0
Northern Souls Films Ltd	Love & Hate (aka Northern Souls)	866,964	14,249			(14,249)	0
Picture Farm (The Escapist) Ltd	The Escapist	799,426	34,509		(11,102)		(23,407)
Pont Neuf Ltd	French Film	179,830	10,172		(29,264)		19,093
Ruby Films (Tamara Drewe) Ltd	Tamara Drewe	780,000	390,000		(368)	(389,632)	0
Speaking Film Ltd	The King's Speech	1,000,000	1,000,000		(950,000)		3,000,000
Severance Films Ltd	P45 (aka Severance)	750,000	8,056				8,056
Snow Cake Films Ltd	Snow Cake	1,100,000	101,825			(80,000)	21,825
Steel Mills (Yorkshire) Ltd and Steel Mill Cottage (IOM) Ltd	The Cottage	770,000	17,053			(12,053)	5,000
Streetdance Ltd	Streetdance 3D	1,038,239	1,038,239		(582,493)	(34,939)	420,807
Tracker Productions Ltd	Tracker	971,291	505,071			(505,071)	0
Triangle Films Ltd	Triangle	1,625,500	65,147		(29,822)		35,325
Untitled '03 Ltd and Untitled Productions '03 Ltd	Vera Drake (aka Untitled Mike Leigh)	1,277,632	12,238		(13,571)	1,333	0

Untitled '06 Distribution Ltd	Happy Go Lucky (aka Untitled Mike Leigh 06)	1,200,000		(4,602)	4,602	0
Untitled '09 Ltd	Another Year (aka Untitled 09)	1,200,000	600,000		(600,000)	0
Valhalla Films Ltd	Faintheart	325,000	20,465	(1,684)	(13,782)	5,000
Venus Pictures Ltd	Venus	1,000,000	38,114	(15,100)	(23,014)	0
WAZ Distribution Ltd	WAZ	932,017	33,064		(33,059)	5
Development Fund awards						
104 Films Ltd	Production Vision Award	60,000	37,500		(37,500)	0
Advance Party Films Ltd	Rounding Up Donkeys	18,375	18,375		(18,375)	0
Adventure Pictures Ltd	Untitled Sally Potter Projects	50,000	12,500		(12,500)	0
Andrew Clyde	Shoeless Joe	12,500		(700)	700	0
Artangel Media Ltd	The Arboraka Buttershaw	25,000		(25,000)	25,000	0
Autonomous Productions Ltd	Cirkus Columbia	20,800	20,800			20,800
Bend It Films Ltd	Untitled GurinderChadha	50,000	12,500		(12,500)	0
Big Talk Pictures Ltd	The Flawless Skin of Ugly People	23,750	23,750		(23,750)	0
BLTV (Ben Lewis Television) Ltd	Love Letters from the Gulag	5,000		(3,320)	3,320	0
Blueprint Pictures Ltd	Production Vision Award	75,000	18,750	(17,850)		900
Ecosse Films Ltd	Brideshead Revisited	37,000	37,000			37,000
Company Pictures Ltd	25 Words or Less - South Africa	30,000		(4,929)	4,929	0
Dan Films Ltd	Production Vision award	75,000	18,750			18,750
Dawn King	The Squatter's Handbook	12,500		(2,500)	2,500	0
Delirious Productions Ltd	Die Laughing	22,000		(1,000)	1,000	0
Desperate Optimists Productions Ltd	Mister John	25,000		(9)	9	0
Ecosse Films Ltd	Production Vision Award	75,000	18,750	(18,750)		0
Ed Wiles	Shadows	12,500		(2,500)	2,500	0
Elena Fuller	Greener	10,000		(2,500)	2,500	0
Fiesta Productions Ltd	Production Vision Award	75,000	37,500	(15,000)	(9,375)	13,125
Fragile Films Ltd	Slate funding	650,000		(10,812)	10,812	0
Free Range Films Ltd	Production Vision Award	75,000	18,750			18,750
Handsome Features Ltd	Summer of Discontent	30,000		(924)	924	0
Idiotlamp Productions Ltd	All Quiet on the Orient Express	50,000	50,000		(50,000)	0
Illuminations Films Ltd	The Berberian Sound Studio	25,000	25,000			25,000
Inflammable Films Ltd	The Journeyman	35,000	35,000		(35,000)	0
The Jones Company Productions Ltd and Forthcoming Productions Ltd	Trap for Cinderella	16,000	16,000		(16,000)	0
Jump Monk Films Ltd	Self Made	60,000		(32,039)	32,039	0
Jupiter Projects Ltd	Slate funding	600,000	171,784			171,784
Kasander (Development) Ltd	Cross My Mind	52,000		(3,246)	3,246	0
Left Bank Pictures (Film) Ltd	Production Vision Award	75,000	75,000		(75,000)	0
Left Bank Pictures (Film) Ltd	Production Vision Award	75,000	18,750			18,750
Little Comet Film and TV Ltd	Dexter's Diamonds	21,000		(14,635)	14,635	0
Magic Light Pictures Ltd	Worst Contact	83,000		(67,250)	67,250	0
Met Film Ltd	How to Change the World	10,000	10,000		(10,000)	0
Missing in Action Films Ltd	Balaclava Sands	15,700		(3,200)	3,200	0

Natasha Wood	Rolling With Laughter	27,000		(2,500)	2,500	0
Nathan Parker	Don't Change A Thing	25,000	25,000		(25,000)	0
NDF International Ltd	Last Passenger	10,000	10,000		(10,000)	0
Number 9 Films (Slate) Ltd	Slate funding	1,200,000	194,645			194,645
October Films Ltd	The Wedding Party	29,750		(346)	346	0
Optimum Releasing Ltd	Optimum / Studio Canal remakes	275,000		(57,500)	57,500	0
Origin Pictures Ltd	Production Vision Award	75,000	3,750		(3,750)	0
Parrallax East Ltd	ID2	25,000	25,000		(25,000)	0
Pathe Slate Ltd and Pathe Pictures Ltd	Slate funding	1,400,000	88,040	(208,002)	119,962	0
Peter Harness	The Bone Family	12,500		(6,800)	6,800	0
Peter Michael Rosenberg	The Cleaner	12,500		(700)	700	0
Phil O'Shea	Air Guitar	12,500		(50)	50	0
Polly Stenham c/o Alan Brodie Representation Ltd	That Face	15,000		(2,500)	2,500	0
Potboiler Productions Ltd	Production Vision Award	150,000	93,750		(93,750)	0
Qwerty Films Ltd	Production Vision Award	150,000	93,750		(93,750)	0
Qwerty Films Ltd	The Duchess (aka Georgiana, Duchess of Devonshire)	59,925	20,738	(549)		20,189
Recorded Picture Company Ltd	The Talking Cure	95,000	95,000	(35,022)	(21,000)	(38,978)
Recorded Picture Company Ltd	Slate funding	450,000		(74,000)	74,000	0
Red Production Company Ltd	Untitled Matthew Greenhalgh	15,000	15,000		(15,000)	0
Revolution Films Ltd	Production Vision Award	75,000	18,750	(15,000)		3,750
Richard Fordyce	Guardian of the Shore	10,600		(2,397)	2,397	0
Richard T Kelly	Lucie Gunn	14,500		(2,500)	2,500	0
Rocking Horse Films Ltd	Untitled Lynne Ramsey	50,000	12,500		(12,500)	0
Screen East	Regional Writers Scheme	25,000		(7,500)	7,500	0
Scrimpo Productions Ltd	Natural Flights of the Human Mind	14,500		(2,500)	2,500	0
See-Saw Films Ltd	Production Vision Award	75,000	18,750			18,750
Shelley Productions Ltd	The Basildon Brawl	12,500		(2,500)	2,500	0
Sigma Films Ltd	Production Vision Award	150,000	93,750		(56,250)	37,500
Simon Braithwaite and Paul Alexander	Egomania	12,500		(700)	700	0
Sprout Pictures (Films) Ltd	Hallelujah!	25,000	25,000		(25,000)	0
Starfield Productions Ltd	Untitled Omid & George Project	36,750		(25,008)	25,008	0
The First Film Company Ltd	Bomber	47,250	47,250		(47,250)	0
The Producers Films Ltd	Kith & Kin	32,750		(1)	1	0
The Script Factory	Development Fund feature film lecture programme	9,400	9,400		(9,400)	0
Tiger Aspect Pictures Ltd	Tea and Sympathy	75,146		(1,685)	1,685	0
Trademark Films Ltd	My Week With Marilyn	56,373		(49,429)	(6,944)	56,373
Vertigo Films Ltd	Production Vision Award	75,000	17,500	(20,000)	2,500	0
Wall to Wall Media Ltd	The Dream Project	15,036	15,036			15,036
Warp Films Ltd	Production Vision Award	75,000	3,750			3,750
Willow Films Ltd	Random	22,500		(2,500)	2,500	0
Workhorse Entertainment Ltd	La Mula	104,673	104,673		(104,673)	0
Yaffle Films Ltd	Monsoon Shootout	73,000		(500)	500	0

New Cinema Fund						
A Man's Story Films Ltd	A Man's Story	190,000	95,000		(95,000)	0
Adulthood Ltd	Adulthood	570,000		(132,375)	132,375	0
Adventure Pictures (Rage) Ltd	Rage	200,000	64,108	(2,626)	(58,461)	3,021
Adventure Pictures (Yes) Ltd	Yes	449,500	9,531	(1,085)	(8,446)	0
Arbor Films Ltd	The Arbor	128,885	64,442		(64,442)	0
blueLightNeds Ltd	Neds	650,000	325,000		(260,000)	65,000
Bright Star Films Ltd	Bright Star	600,000		(69,535)	69,535	0
Cinema Two SPV 2 Ltd	Summer	467,750		(11,792)	11,792	0
Company of Wolves (Intermission) Ltd	Intermission	570,000		(801)	801	0
Cowboy Films Ltd	Wasp (short)	37,075		(861)	861	0
Gambit Films Ltd	Big Blue aka Game Over aka Kasparov and the Machine	232,300		(2,275)	2,275	0
Granada Films Ltd	Bloody Sunday	299,500	40,290	(422)	(39,868)	0
Human Film Ltd	Um Hussein (aka Son of Babylon)	150,000	75,000		(75,000)	0
Self Made Productions Ltd	Self Made	250,000	125,000		(125,000)	0
Kasander (Andrea Untitled) Ltd	Fish Tank	570,000	54,800	(48,656)		6,144
Little Bird Company Ltd and Father's Den Production Ltd	In My Father's Den	405,000		(3,405)	3,405	0
LTB Films Ltd	London To Brighton	224,566		(2,458)	2,458	0
Magic Light Pictures (Commissioning) IOM Ltd	Sparkle	377,600	354			354
Mango Films (Jean Charles) Ltd	Jean Charles	650,000	65,000	(6,938)	(58,062)	0
Modus Operandi Films Ltd	Cameraman: The Life and Work of Jack Cardiff	150,000	150,000	(8,929)	(141,071)	0
Mountain Productions Ltd	White Lightrnin'	563,090	25,000	(25,000)		0
New Boots and Panties Ltd and New Boots and Panties 2 Ltd	Sex & Drugs & Rock & Roll	730,993	380,993		(380,993)	0
Origin Pictures Ltd	The First Grader	600,000	288,750		(259,875)	28,875
PFP Films Ltd	The Magdalene Sisters	600,000	10,000			10,000
Project Nim Ltd	Project Nim	510,095	255,047			255,047
Rounding Up Donkeys Ltd	Rounding Up Donkeys	350,000	17,500		(17,500)	0
Ruby Films (Chatroom) Ltd	Chatroom	700,000	350,000		(350,000)	0
Screen Yorkshire Ltd	Digital Shorts	709,175		(1,496)	1,496	0
Seven Seas (SL) Ltd	Brick Lane	700,038		(939)	939	0
Sixteen (Barley) Ltd and Element Ltd	The Wind That Shakes the Barley	545,000		(12,159)	12,159	0
Nuban Productions Ltd	Slave	610,000	305,000		(305,000)	0
Midland Films Ltd	Once Upon A Time in the Midlands	750,000	0		(0)	0
44 Steel Mill Ltd	Cherry Tree Lane (aka 44 Alexandra Hall Rd)	155,000	77,500		(77,500)	0
Straightheads Ltd	Straightheads	645,473		(47,130)	47,130	0
Tall Stories Ltd and Odellion SARL	The Wooden Camera	205,000		(11,000)	11,000	0
The Bureau Film Company Ltd	Cinema Extreme	187,500		(4,000)	4,000	0
Third Rock Ltd	AKA	205,295		(593)	593	0
Three Pillows Films Ltd	Unmade Beds	433,396	45,942	(10,258)	(31,057)	4,626

Tony Pictures Ltd	Tony	127,590	75,295	(12,540)	(52,755)	10,000
Touching the Void Ltd	Touching the Void	392,351	15,769			15,769
Wall to Wall (Egypt) Ltd	Reach the Clouds (aka Man on Wire)	385,000	12,357	0	11,553	23,910
Warp Bulldog Ltd and Warp Films Ltd	This Is England aka Bulldog	758,000		(60,567)	60,567	0
Warp (Submarine) Ltd	Submarine	700,000	350,000			350,000
Warp X (ATP)Ltd	ATP	158,157	14,539		(14,539)	0
Warp X (Bunny) Ltd	Bunny and the Bull	239,590	1		(1)	0
Warp X Ltd and Complete History Films Ltd	A Complete History of my Sexual Failures	241,230	32,434		(32,434)	0
Warp X (Punch) Ltd	Punch (aka Donkey Punch)	475,486	49,061			49,061
Warp X / Fear Factory (Hush) Ltd	Hush	345,316	30,395	(10,591)		19,804
Warp X / Tigerlily (Chinoise) Ltd	She, La Chinoise	62,336	14,389	(13)	(14,376)	0
Other film awards						
Gruber Films Ltd	Shooting Fish	980,000	6,935			6,935
MorvernCallar Productions Ltd	MorvernCallar	500,000	19,295			19,295
MP Productions (LH) Ltd	The Lawless Heart	200,000	17,493			17,493
Roc Media UK Ltd (in association with Umbi Films Ltd)	Bend It Like Beckham	945,000	71,808	0	(8,769)	63,039
Tiger Aspect Productions Ltd	Dancer (aka Billy Elliot)	908,126	123,015	0	76,985	200,000
Franchise awards						
DNA Films Ltd	28 Days Later	3,225,000	100,000	0		100,000
DNA Films Ltd	28 Weeks Later	456,285		(263,877)	263,877	0
DNA Films Ltd	A Way Through The Woods aka Separate Lies	1,474,635	295,298	(69,389)		225,909
DNA Films Ltd	DNA (general overheads)	1,023,264	460,218			460,218
DNA Films Ltd	History Boys	813,408	18,056	(128,246)	110,190	0
DNA Films Ltd	Notes on a Scandal	4,587,768	908,507	(339,418)		569,089
DNA Films Ltd	Sunshine	6,661,423	2,150,647	(292,372)		1,858,275
DNA Films Ltd	The Parole Officer	2,000,000		(2,046)	2,046	0
Pathe Productions Ltd	Bride & Prejudice	2,000,000	75,872			75,872
Pathe Productions Ltd	Churchill, the Hollywood Years	1,100,000	86,526			86,526
Pathe Productions Ltd	Enduring Love	1,799,000	214,377			214,377
Pathe Productions Ltd	Girl With A Pearl Earring	2,000,000		(2,317)	2,317	0
Pathe Productions Ltd	It Was An Accident	75,251	2,499			2,499
Pathe Productions Ltd	Max (aka Hoffmann)	1,971,830	18,799			18,799
Pathe Productions Ltd	Millions	2,000,000		(238)	238	0
Pathe Productions Ltd	Mrs Henderson Presents	2,200,000	238,930			238,930
Pathe Productions Ltd	Natural History (aka Dear Frankie)	900,000	75,894			75,894
Pathe Productions Ltd	Suzie Gold	700,000	24,795			24,795
Pathe Productions Ltd	The Abduction Club	1,500,000	3,907	(17,818)	13,911	0
Pathe Productions Ltd	The Hole	1,500,000		(7,095)	7,095	0
Pathe Productions Ltd	The Magic Roundabout	3,000,000	159,151			159,151
Pathe Productions Ltd	Thunderpants	2,053,867	7,673	(4,004)		3,669
Pathe Productions Ltd	With Prejudice	46,530	27,530			27,530

The Film Consortium Ltd	51st State	2,000,000	15,395						15,395
The Film Consortium Ltd	A Christmas Carol	1,624,112	124,756		(6,856)				117,900
The Film Consortium Ltd	Bugs	1,033,750			(25,392)	(875)	26,267		0
The Film Consortium Ltd	Country Of My Skull	2,345,000				(20,000)	20,000		0
The Film Consortium Ltd	Large	590,000				(5,000)	5,000		0
The Film Consortium Ltd	Silk Road aka In This World	662,804	19,342						19,342
The Film Consortium Ltd	Twenty Four Hour Party People	2,767,872	105,201			(30,000)	12,981		88,182
Total at 1 April 2010			20,891,684	0	(6,160,237)	(390,302)	(5,259,039)	3,166,403	12,248,509
Total at 31 March 2011			20,891,684	15,308,482	(6,354,152)	(415,802)	(14,583,031)	3,166,403	18,013,584

Schedule 2: Lottery Awards - Group Accounts

Producer	Film	£
360 Films Ltd	360	950,000.00
Fiesta Productions Ltd	30 Odd Miles Up the East Lancs Road	32,500.00
Emu Films LLP	Airport Novel, Session, Osaka, G.U.R.P.S	12,250.00
Left Bank Pictures (Film) Ltd and RaftaRafta Ltd	All in Good Time (aka RaftaRafta)	10,488.00
Idiotlamp Productions Ltd	All Quiet on the Orient Express	4,000.00
ATB Pictures Ltd	Attack the Block	175,000.00
Element Pictures Development Ltd / Scarlet Films Ltd	Balance of Power	26,950.00
Big Yes Productions Ltd	Beckett in Love	5,000.00
Greenacre Films Ltd	Been So Long	19,500.00
DJ Films Ltd	Belle and Bette	14,750.00
Fly Film Company Ltd	Bill and Lena	23,000.00
Adventure Pictures Ltd	Bomb and Elsewhere	25,000.00
Number 9 Films (Slate) Ltd and Parallel Film Productions Ltd	Byzantium (aka Vampire Story)	10,625.00
Partizan Ltd	CANDY	10,000.00
Hurricane Films Ltd	Cold Water	10,800.00
Ruby Films Ltd	Corsica 72	44,510.00
Kudos Pictures Ltd	Country Music	18,222.00
Number 9 Films Ltd	Dan Leno and the Limehouse Golem	60,567.50
Parti Productions Ltd and Dan Films Ltd	Darkness Visible	21,000.00
Free Range Films Ltd	Death and Life	33,500.00
Greenpoint Films Ltd	Dombey and Son	20,000.00
Dreams of a Life Ltd	Dreams of a Life	150,000.00
Hammer & Tongs Ltd	Dud	60,000.00
iFeatures Ltd and Cinema Six SPV2 Ltd	Eight Minutes Idle	150,000.00
Pesky Productions Ltd	Empire of Sponge	15,000.00
DJ Films Ltd	Fast Girls	39,500.00
Poisson Rouge Pictures Ltd	Gone too Far	31,000.00
Erin Island Ltd and Bear Rock Films Ltd	Grabbers	515,000.00
Forward Films Ltd	Grabbers (Devlpt)	36,750.00
Number 9 Films (Slate) Ltd	Great Expectations	15,000.00
Slate Films Ltd	Half of a Yellow Sun (Pilot)	14,089.00
Parti Productions Ltd and Jason Newmark Developments Ltd	Honour	26,000.00
Novel Animation Ltd and Henry Productions Ltd	Horrid Henry: The Movie 3D	750,000.00
Archer Street Ltd	How to Start Your Own Country	10,000.00
JWRC Productions Ltd	Iggy	80,000.00
Singer Films Ltd	I'm Just Swell, Jacques Brel	12,000.00
Motion Films (UK) Ltd	In Close Up	7,000.00
Revolution Films Ltd	Jimmy the Hook	35,000.00
Julian Corkle Ltd	Julian Corkle is a Filthy Liar	69,125.00
Peapie Films Ltd	Karenfan	10,000.00
Heyman Hoskins Ltd	Lee Miller	19,500.00

Catherine Shepherd	Like a Virgin	10,000.00
Fiesta Productions Ltd	Marked Man	27,500.00
Rocking Horse Films Ltd	Mobius	50,000.00
Mirrorball Films Ltd	Nativity! The Second Coming	36,650.00
Blue Horizon Productions (2010) Ltd	New Career in a New Town: David Bowie in Berlin	5,000.00
National Film and TV School	NFTS development deal	16,000.00
Blueprint Pictures (Now) Ltd	Now is Good	674,750.00
Minnow Films Ltd	Of Monsters and Men (aka The Monster Hunters)	7,500.00
Feelgood Fiction Ltd	One Last Time	10,500.00
Artevents Ltd	Patience (after Sebald)	19,000.00
DMC Film Ltd	Pitch Black Heist	2,800.00
Left Bank Pictures (Film) Ltd and RaftaRafta Ltd	All in Good Time (aka RaftaRafta)	250,000.00
Yemen Productions Ltd	Salmon Fishing in the Yemen	42,000.00
Frequent Flyer Films Ltd	Salvaged	25,000.00
Warp Films Ltd	Seaside Stories	23,625.00
See-Saw Films Ltd	Shame	1,017,107.00
Brocken Spectre Ltd	Shell	400,000.00
Picture Farm Ltd	Shut Up Kevin	18,933.00
Roast Beef Productions Ltd	Smash and Grab: The Story of the Pink Panthers	10,000.00
DJ Films Ltd	Soprano aka Gather at the River	80,250.00
Amber Film and Photography Collective CIC	St George's Day	29,000.00
Fly Film Company Ltd	Swandown	15,750.00
dgp Enterprises Ltd	Talent Pool	9,000.00
Red Production Company Ltd	Tell It To the Bees	31,500.00
Endor Productions Ltd	Ten Meals with Mandy Moore	20,000.00
Ealing Studios Enterprises Ltd	The Account	47,500.00
Sixteen Scotland Ltd	The Angel's Share	750,000.00
Illuminations Films Ltd	The Beast in the Jungle	1,500.00
Brilliant Films Ltd and Fifty Cannon Entertainment (UK) Ltd	The Box of Delights	22,250.00
Hibbert Ralph Animation Ltd	The Canterville Ghost	31,000.00
The Bureau Film Company Ltd	The Comedian	180,000.00
Camberwell Productions Ltd	The Deep Blue Sea	18,000.00
Deep Blue Sea Productions Ltd	The Deep Blue Sea	1,089,460.00
Mann Made Films Ltd	The Drought	20,000.00
Missing In Action Films Ltd	The Enduring Heart	10,000.00
Rainmark Films Two Ltd	The Erotic Review	5,500.00
Open TV and Film Ltd	The Factory (working title)	31,000.00
Big Talk Pictures Ltd	The Flawless Skin of Ugly People	15,250.00
Atlantic Film Productions (UK) Ltd	The Floating Brothel	25,000.00
Girl on the Landing Ltd	The Girl on the Landing	3,000.00
Framestore Animation Ltd	The Graveyard Book	50,000.00
Modern Films Ltd	The Horned Man	24,875.00
Headline Pictures Ltd	The Invisible Woman	1,000.00
Blue Cloth Ltd	The Iron Lady	1,000,000.00
Eleventh Hour Films Ltd	The Janus Effect (aka Codenames Only)	60,000.00
Inflammable Films Ltd	The Leaning	35,000.00

Smoking Dogs Films Ltd	The Nine Muses	150,000.00
Cowboy Films Ltd	The Optimists (aka The Predictive Text)	5,000.00
Hot Property Films Ltd	The Price on Your Head	27,000.00
Not Your Average Company and Abigail Abban-Mensah	The Reluctant Orator	10,000.00
Moonspun Films Ltd	The Selfish Giant	16,080.00
Human Film Ltd	The Train Station	25,000.00
North Villas Films Ltd	The Trust	27,650.00
Squid Productions Ltd	The Woman in Black	1,000,000.00
Spies Productions Ltd	The Woman in the Fifth	227,273.00
The Bureau Film Company Ltd	This House	33,000.00
Trap for Cinderella Ltd	Trap for Cinderella	867,350.00
Ascension Entertainment Ltd	Travels with my Aunt	57,500.00
Trishna Films Ltd	Trishna (working title)	650,000.00
Trishna Films Ltd	Trishna (working title)	25,000.00
Modern Films Ltd	Under the Skin	1,500.00
Blueprint Pictures Ltd	Chance Encounter (aka Untitled Dominic Savage)	16,000.00
Lady Brigadier Productions Ltd	Waving not Drowning	25,000.00
Coded Pictures Ltd	We Are Now Beginning our Descent	28,500.00
Kevin Films Ltd	We Need to Talk About Kevin	77,500.00
Feet Films Ltd and Free Range Films Ltd	White Rose Rebel	5,000.00
Wuthering Heights Films Ltd	Wuthering Heights	360,000.00
Wuthering Heights Films Ltd	Wuthering Heights	150,000.00
DigiCult Ltd	You Are Here	5,000.00
Ruby Films Ltd	Your Voice in my Head	70,750.00
Film Fund awards		
		13,684,929.50
Liberty Films Entertainment Ltd	Adland	10,000.00
Ecosse Films Ltd	American Adulterer	53,750.00
DJ Films Ltd	Belle and Bette	10,000.00
DNA Films Ltd	Clean	85,000.00
Ealing Studios Enterprises Ltd	Dr in the House	35,000.00
The Script Connection	Feedback service	12,700.30
Recorded Picture Company Ltd	High Rise	40,000.00
Met Film Ltd	How to Change the World	7,000.00
Cloud Eight Films Ltd and Fox Searchlight Pictures Inc	Ingenious Pain	90,000.00
Synchronicity Films Ltd	Kling Klang - The Story of Kraftwerk	10,000.00
Seymour Films Ltd	Knock Down Ginger	6,250.00
Rainmark Films Two Ltd	Miss Garnet's Angel	21,950.00
Easter Partisan Ltd	My Granny Made Me an Anarchist	8,750.00
Trademark Films Ltd	My Week with Marilyn	1,848.00
Steve McLean	Postcards from London	5,000.00
Brocken Spectre Ltd	Shell	10,000.00
Amusement Park Films GmbH	Stain on the Snow	35,000.00
Illuminations Films Ltd	The Beast in the Jungle	12,000.00
Ruby Films Ltd	The Clash (w/t)	57,000.00
Rainmark Films Two Ltd	The Erotic Review	30,000.00
Carbine Productions Ltd	The Gun Seller	42,500.00

Blueprint Pictures Ltd	Untitled Dominic Savage Project (aka Chance Encounter)	3,000.00
Development Fund awards		586,748.30
A Man's Story Films Ltd	A Man's Story	15,000.00
Modus Operandi Films Ltd	Cameraman: The Life and Work of Jack Cardiff	4,000.00
Warp X/ Rook Films (Kill List) Ltd	Kill List	£236,200.00
Quark Films Ltd	See Me (short)	16,000.00
Nuban Productions Ltd	Slave aka I am Slave	10,000.00
Warp (Submarine) Ltd	Submarine	7,500.00
Warp X Ltd/ Optic Circle Ltd/ Illuminations Films Ltd	The Berberian Sound Studio	£329,500.00
New Cinema Fund awards		52,500.00
Chalet Girl Films Ltd	Chalet Girl	30,000.00
Premiere Fund awards		30,000.00
Artificial Eye Film Company Ltd	13 Assassins	200,306.00
Artificial Eye Film Company Ltd	We Are What We Are	104,212.00
Blue Barracuda Marketing Ltd	Blue Barracuda	300,000.00
CinemaNX Distribution Ltd	TT3D: Closer to the Edge	30,000.00
CinemaNX Distribution Ltd	TT3D: Closer to the Edge	150,046.00
Dogwoof Ltd	Countdown to Zero	67,340.00
Dogwoof Ltd	Restrepo	50,000.00
E1 Entertainment UK Ltd	Mr Nice	30,000.00
Entertainment One UK Ltd	NEDS	135,000.00
E&N The Movie Ltd	Everywhere and Nowhere	175,500.00
Icon Film Distribution Ltd	West is West	200,000.00
Lions Gate UK Ltd	Why Did I Get Married Too?	102,200.00
Alliance Films (UK) Ltd t/a Momentum Pictures	Another Year (aka Untitled 09)	150,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	Catfish	67,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	Chalet Girl	30,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	The Girl Who Kicked the Hornets Nest	200,000.00
Alliance Films (UK) Ltd t/a Momentum Pictures	The Girl Who Played With Fire	30,000.00
National Museum of Photography Film & Television	Pictureville Cinema	11,187.00
Optimum Releasing Ltd	Animal Kingdom	119,807.00
Optimum Releasing Ltd	Biutiful	99,927.00
Optimum Releasing Ltd	Gainsbourg	100,000.00
Optimum Releasing Ltd	Submarine	200,454.00
Pathe Productions Ltd	Africa United	120,000.00
Pathe Productions Ltd	The Illusionist	65,000.00
Picturehouse Entertainment Ltd	Cave of Forgotten Dreams	31,400.00
Purbeck Charitable Film Trust	Purbeck Charitable Film Trust	3,502.00
Queens University Belfast	Queens Film Theatre	10,443.00
Revolver Films Ltd	Chatroom	200,000.00
Revolver Entertainment Ltd	Fire in Babylon	100,000.00

Soda Pictures Ltd	Coco Chanel and Igor Stravinsky	103,345.00
Soda Pictures Ltd	Norwegian Wood	103,900.00
The Reel Cinema. Knightsbridge	The Reel Cinema. Knightsbridge	3,502.00
Trinity Filmed Entertainment Ltd	Benda Bilili!	53,225.00
Vertigo Distribution Ltd	Monsters	29,875.00
Vertigo Distribution Ltd	Monsters	124,000.00
	D&E awards	3,501,171.00
EM Media	Screen East rescue plan	450,024.00
Pathways to Progression	UK FilmNet	7,000.00
	Partnerships	457,024.00
	Total soft commitments 2010-11	18,312,372.80
The above list excludes soft commitments totalling £103,000 where the award was made and fallen in within the year		

Schedule 3 : Lottery awards made from UK Film Council delegations in the year ending 31 March 2011

Organisation	Project	£
EM Media		
Regional Investment Fund for England awards		
Crybaby	Song for Marion	30,000
Glendale Picture Company	Slate development	15,997
Parallax East	Biatchh	10,000
Patrick Murphy	Mr Hara and Mr Terai	12,500
Phoenix Arts	Big Country Rural Cinema	34,500
TV Workshop Ltd	Workshop development programme	20,000
21 miscellaneous awards less than £10,000 each		79,316
Total		202,313
EM Media - East		
Regional Investment Fund for England awards		
Bigger Pictures	Jumping for Joy	20,000
Somewhere	Jaywick Escapes	13,100
The Forum Trust	Cambridgeshire Young People's Film Festival	28,800
UH Arts	Herts Film Education Programme	25,000
University of East Anglia	East Anglia Film Archive Digital Film Archive	185,000
24 miscellaneous awards less than £10,000 each		77,962
Total		349,862
Film London		
Regional Investment Fund for England awards		
Kate Heron	Dickens 2012 "Dickens London" research	10,000
Organic Marketing	Pilot publicity	13,000
Parkville Pictures	Borrowed Time (Microwave)	10,000
Tower Hamlets Arts	Look East	10,000
14 miscellaneous awards less than £10,000 each		71,103
Digital Film Archive Fund awards		
June Givanni	Black London Film Heritage	17,500
1 miscellaneous award less than £10,000 each		2,129
Total		133,732
First Light		
Artistsatwork.org	Filmstreet Website Development	29,025
104 Films Ltd	Reel Ability	27,050
ActionDog CIC	Sign and Vision	29,280
Animate and Create CIC	Pass the Passion	24,000
Animated Exeter	Young and Animated	30,000
Bloom Productions	Home	10,450
C Media Productions	There be monsters	16,360
Chocolate Films Ltd	Great Escapes	23,992
Cinetig	Stories from the 3Gs	28,000
Creative Arts East	Wymondham Film Project - Death's Apprentice & 3005	30,000
Exeter Phoenix	We are coming to get you	19,660
Fairbridge in Scotland	Spirit Films	30,000
First Take	House	15,240
Furze Down School	Furze Down	10,955

Headliners (UK)	Home	20,471
Integrate Bristol	Voices	19,957
Latimer Creative Media	Runners and Rappers	19,932
Mediaworks Trust	Film East	12,908
North Tyneside Council	North Tyneside Film Project	12,800
OFVM Film Oxford	Raising the Bar	29,800
polkadotsonraindrops	East Side Stories	25,750
Pure Media UK	Transformation Film Suite	29,850
Royd Nursery Infant School	Pencils, Plants and Pedestrians	17,995
Scottish Kids Are Making Movies	SKAMM First Light 2010	30,000
Somerset Film	Days that made us	30,000
Suited and Booted Studios CIC	Love practically	20,086
Tameside Youth Service	Tameside Youth Media Project	15,048
The Greenhouse Multi-cultural play and arts project	Circles	30,000
The Learning Centre	Lensheads 10	29,410
Thomas Adams Media Arts Programme	Thomas Adams Big Screen 2011	28,048
Twin Vision	Echoes	28,690
White Lantern Film	Perspectives	17,567
Wind & Foster	Easter Midlands Masterpeice	29,880
38 miscellaneous awards less than £10,000 each		
Total		743,179

Northern Film & Media

Regional Investment Fund for England awards

Amber Films Ltd	Production and development 2010	10,700
Berwick Film and Media Arts Festival	Berwick Film Festival 2010	10,000
Ileana Cardy	Meeting the casting professionals	10,000
Tyneside Cinema	Engage & Involve	15,000
82 miscellaneous awards less than £10,000 each		178,939
Total		224,639

North West Vision and Media

Regional Investment Fund for England awards

Cornerhouse, Manchester	Audience and talent development programme	90,000
Foundation for Art and Creative Technology	Audience and talent development programme	30,000
Kendal Brewery Arts Centre	Audience and talent development programme	20,000
Kendal Mountain Film Festival	Kendal Mountain Film Festival	15,000
North West Film Archive	Audience and talent development programme	18,000
The Dukes, Lancaster	Audience and talent development programme	22,000
53 miscellaneous awards less than £10,000 each		92,262

Digital Film Archive Fund awards

Shisha	Asia Triennial Manchester 2011	15,000
Total		302,262

Screen South

City Eye Ltd	Community network partner	12,000
David Jackson	Innovation shorts - Unoriginal	20,000
Derek Boyes	Innovation shorts - The Infectious Imagination of Henry Bramble	20,000
Institute of Development	Large award - Real World	10,000
Lighthouse Arts	Community network partner	12,000
Nick Pittom	Innovation shorts - Proto	20,000
OFVM Centre for Film	Community network partner	12,000
William Bridges	Innovation shorts - Shallow	20,000

67 miscellaneous awards less than £10,000 each	364,200
Total	490,200

Screen West Midlands

Regional Investment Fund for England awards

Animation Forum West Midlands	Animation Forum West Midlands	12,000
Arts Alive	Flicks in the Sticks	14,400
Borderlines Film Festival	Borderlines Film Festival	13,500
Light House	Deaffest development project - year 3	13,500
Producers Forum	Producers Forum	18,000
The Hobo Film Company	Endings	10,000
26 miscellaneous awards less than £10,000 each		150,450
Total		231,850

Screen Yorkshire

Regional Investment Fund for England awards

Human Film	Spark Plus: The Train Station	10,000
Leeds Film (Leeds City Council)	Transforming venues for new audiences	15,000
Leeds Young People's Film Festival	Leeds Young People's Film Festival	15,000
National Media Museum	17th Bradford Animation Festival 2010	10,000
National Media Museum	Bradford International Film Festival 2011 (BIFF)	13,000
Reelsolutions	Building Audiences for Foreign Language Films in Yorkshire	10,000
Warp Film Services	Film Festival Toolkit	27,500
Warp Films Ltd	Spark Plus: Feral	10,000
27 miscellaneous awards less than £10,000 each		87,434

Digital Film Archive Fund Awards

3 miscellaneous awards less than £10,000 each	16,910
Total	214,844

Skillset

ACE	11,144
B3 Media	40,000
BFI	27,000
Ealing Institute of Media	580,000
Edinburgh International Film Festival	22,500
EM Media	112,412
Film Distributors Association	55,000
Film London	53,486
Four Corners	65,000
FT2 & The Production Guild	19,952
FT2 (Film &Television Freelance Training) Ltd	57,646
Ian Murphy Visual Effects Ltd	34,000
Independent Cinema Office	64,830
Initialize Films	10,000
International Film School Wales	28,200
Lighthouse Arts and Training Ltd	62,000
London Film School	258,764
Napier University	151,650
National Film and Television School	922,942
Northern Alliance Ltd	50,000
Power to the Pixel	50,000
Principal Large Format Ltd	140,000

Profile Media Services	12,217
Ravensbourne College of Design and Communication	50,000
Screen South	44,956
Screen West Midlands	23,800
Screen Yorkshire	134,800
Sheffield Doc/Fest	42,480
South West Screen	44,950
Sphere VFX Ltd	28,000
The Bureau Film Company Ltd	40,301
The Directors Guild of Great Britain	20,000
The Production Guild	150,471
The Tasman Theory Pty Ltd	40,000
93 miscellaneous awards less than £10,000 each	206,298
Total	3,643,655

South West Screen

Regional Investment Fund for England awards

Alison Sterling	Flying Blind	10,000
Dan Gitsham	Ella - Feature	10,000
Encounters Festivals Ltd	Encounters International Film Festival	17,586
Joe Magee	Boxy an Star	10,000
Lucy Catherine	The Goldilocks Zone	10,000
Patrick Makin	Chaplin - a documentary	10,000
Salisbury International Arts Festival	Salisbury International Arts Festival	10,000
Watershed Arts Trust	Increasing choice and engagement for audiences	75,000
25 miscellaneous awards less than £10,000 each		99,865

Digital Film Archive Fund awards

South West Film and Television Archive	Faces and places of the South West	15,000
2 miscellaneous awards less than £10,000 each		6,350
Total		273,801

Total Lottery awards made through delegations in year ending 31 March 2011	6,810,337
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Statutory background

Statement of compliance with the Government's Lottery policy and financial directions

Financial directions

Under the National Lottery etc Act 1993, the Secretary of State issued financial directions to the UK Film Council. These were updated by the Secretary of State in April 2007 and are as follows:

The UK Film Council shall comply with the requirements contained within the Statement of Financial Requirements, which have the status of directions under section 26 of the National Lottery etc. Act 1993, ("the Act") as amended by the National Lottery Act 1998 ("the 1998 Act"). The Statement of Financial Requirements complements the UK Film Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

The UK Film Council has implemented procedures throughout the organisation to ensure the requirements of the statement of financial requirements are followed and the UK Film Council confirms that, to the best of its knowledge, it complied fully with the financial requirements in 2010/11. A copy of the statement of financial requirements is available from the UK Film Council.

The UK Film Council shall devise and abide by a procedure for handling potential conflicts of interest which may arise in the evaluation of applications by UKFC or individual members of UKFC. This procedure together with a statement confirming the arrangements that have been applied, should be provided to the Secretary of state for Culture, Media and Sport before the distribution of any funds under section 25 of the Act, and thereafter at the beginning of each financial year.

The UK Film Council has in place procedures for dealing with conflicts of interest and maintains a register of interests of all board directors and staff and, to the best of its knowledge, it abided by this procedure in 2010/11.

Policy directions

Under the National Lottery etc Act 1993, the Secretary of State for Culture, Media and Sport issued policy directions, which the UK Film Council must take into account in distributing National Lottery funds. These were updated by the Secretary of State in April 2008.

- A. The need to involve the public and local communities in making policies and setting priorities.

The UK Film Council consults widely on its strategy and Lottery funding schemes, but retains the discretion to vary and amend schemes or introduce new programmes within schemes in order to meet public and sectors needs.

A wide-scale public consultation was undertaken between November 2009 and February 2010 on the three year strategic plan for the period 2010-2013.

- B. The need to increase access and participation for those sections of society who do not currently benefit from opportunities available in the United Kingdom.

The UK Film Council ensures that equality and diversity are central to all activities thus allowing sections of society to have access to or benefit from funding, taking into account differences in values, attitudes, cultural perspectives, beliefs, ethnic background, able or disabled, skills, knowledge, geography, age and life experiences.

- C. The need to inspire children and young people, awakening their interest and involvement in the activities covered by the good cause.

Children and young people are targets of specific UK Film Council Lottery Fund programmes. Most notably, the First Light project involves a range of children's and young people's film activities in the UK and the UK-

wide Film Education Fund is designed to ensure that all young people in the UK have the opportunity to learn about film and creative possibilities.

- D. The need to improve community cohesion and/or social inclusion.

The UK Film Council ensures that the benefits of Lottery funding are spread widely, in both geographical and social terms. Creativity and diversity in the film sector is enriched by encouraging the participation of people from a wide range of communities.

In 2010/11 the UK Film Council launched the Rural Cinema Pilot Scheme strategy which aims to improve access to cinemas for audiences across the UK. The scheme will bring high standard digital equipment to rural audiences giving them the opportunity to enjoy the benefits that modern digital cinema offers.

- E. The need to encourage new talent, innovation, and excellence and help people to develop new skills.

The UK Film Council provides opportunities for filmmaking talent to flourish. The freshness and relevance of the films produced have been recognised by the international film industry awards they have won. As well as direct support for filmmaking, UK Film Council invests in training talent. In partnership with Skillset, the Sector Skills Council for the audiovisual industry, a comprehensive strategy has been created for training and skills.

- F. The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain.

It has always been a primary intention of the National Lottery that it should improve the quality of life for people throughout the UK.

All applicants, including private, voluntary or commercial organisations, have to be able to demonstrate the benefit to the public that would result from their proposed project. The UK Film Council applies a range of criteria in order to ascertain that an appropriate level of public benefit is derived from the project. The criteria includes the creative and technical quality of the project and its contribution towards the UK Film Council's strategic objectives, including strengthening the film industry, broadening the audience for film and extending access to film.

- G. The need to further the objectives of sustainable development.

Technological development is supported through encouraging the use of digital production techniques and associated processes.

On location filming of any Lottery-funded films, producers are expected to be sensitive to the needs of the environment and the use of natural resources, returning locations back to their original state in environmental terms, after use.

The digital Film Archive Fund supports innovative programmes offering wider public access to the UK's screen heritage and the long-term availability of access of such material.

The UK Film Council and BSI, together with representatives from different parts of the UK film industry, have developed a new British Standard BS 8909 that sets out the requirements for improving the sustainability of the UK film industry. The standard covers environmental and wider social and economic impacts.

- H. The importance of ensuring equality of opportunity and the desirability of reducing economic and social deprivation and of ensuring that all areas of the United Kingdom have access to the money distributed.

All parts of the country have access to UK Film Council Lottery funding through applications for training, development, production, distribution and exhibition activity.

The Regional Investment Fund England is channelled through the nine strategic agencies across England, First Light Movies, the Film Skills Fund, the UK-wide Film Education Fund and the Digital Film Archive Fund all deliver projects in areas across the UK.

- I. The desirability of working jointly with other organisations, including other distributors.

The UK Film Council is increasing its partnership working with other Lottery distributors, most notably with Arts Council England. The UK Film Council delegates funding to Regional Screen Agencies in England in support of its strategic objectives that can be delivered locally along with agency local objectives.

Skillset and First Light are the two other Lottery delegate partners delivering key aspects of our strategy.

- J. The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding.

The UK Film Council ensures that the Lottery is credited on all projects in receipt of Lottery funding through the use of the credits on films, branding on other materials and/or the display of plaques.

- K. The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas.

The UK Film Council requires all applications to include an element of partnership funding, to demonstrate commitment to the project. The level of partnership funding required depends on each fund and the activity being supported.

- L. The need (a) for money distributed to be distributed to projects only where they are for a specific, time-limited, purpose, (b) to ensure that the UK Film Council has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects.

Funding is either provided on a specifically time limited basis or will only benefit individuals while they remain within the definition of the particular programme.

The UK Film Council undertakes an appraisal of each application for funding prior to final decision.

The UK Film Council reserves the right to request that applicants provide any additional information that may be required in order to properly assess such application, in addition to the requirements set out in the application guidelines. It also seeks, where necessary, the confidential, independent and objective views of expert advisers. As a publicly accountable body, the UK Film Council has a duty to ensure that National Lottery funds are properly spent and accounted for, that risk is minimised, and that fraud is avoided.

- M. Where setting up costs are sought, the need for a clear business plan showing how any running and maintenance costs will be met for a reasonable period.

Financial viability is a key factor in the assessment of UK Film Council Lottery applications and these questions are examined against appropriate criteria for all funded applications in the context of assessing the potential risk of each Lottery award. Each potential recipient of Lottery funding has to demonstrate that its finances are secure and, in respect of larger projects sufficient to ensure project exploitation after the funding period.

- N. The need to make the UK a global hub for film in the digital age, with the world's most imaginative, diverse and vibrant film culture, underpinned by a flourishing competitive film industry by:

- i. Improving the quality of British films and raising their profile in the marketplace;*
- ii. Stimulating greater choices for audiences;*
- iii. Encouraging participation and opportunities for learning;*
- iv. Promoting the UK in the wide world.*

The allocation of National Lottery funds by the UK Film Council is influenced by the need to strengthen the industry's structure and workforce; to improve the quality and commercial viability of British films; and to

support the distribution of specialised film in the analogue and digital environments, helping to ensure UK audiences have access to film in all its variety.

The Three Year Plan, UK Film: Digital innovation and creative excellence, 2010–2013, sets out the UK Film Council's priorities, which were informed by an assessment of the public needs of the film sector and followed an extensive consultation. The extent to which these priorities are being met is considered in greater detail elsewhere in this review.

- O. Where awards are made in relation to feature film production or distribution projects the UK Film Council should take into account:
- *The need for recipients of awards for film production to pay the set contribution towards the Skills Investment Fund (SIF)*
 - *The need for recipients of awards to comply with recognised industry best practice and agreements relating to pay and the employment of trainees*
 - *The need to conserve and expand the UK's film heritage by requiring the deposit of Lottery funded productions and other selected material in the collections of the British Film Institute or the national or regional archives as designated by the UK Film Council*
 - *The need for feature film development and production projects to be capable or substantially capable of qualifying as "British films" {in accordance with the procedures set out by the DCMS}*
 - *The need to improve public access to film through the use of audio-description and/or subtitling for the hard of hearing.*

All relevant projects in receipt of this type of funding are required, contractually, to comply with these conditions.



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