

**Group and Lottery
Annual Report and
Financial Statements**
for the year ended
31 March 2008

As the lead agency for film, the UK Film Council works to stimulate a competitive, successful and vibrant UK film industry, both now and for the future.

We invest Government Grant-in-aid and Lottery money in developing new filmmakers, in funding exciting new British films and in getting a wider choice of films to audiences throughout the UK. We also invest in training, promoting Britain as an international filmmaking location and in raising the profile of British films abroad. We aim to deliver lasting benefits to the industry and the public through:

- creativity – encouraging the development of new talent, skills, and creative and technological innovation in UK film and assisting new and established filmmakers to produce successful and distinctive British films;
- enterprise – supporting the creation and growth of sustainable businesses in the film sector, providing access to finance and helping the UK film industry compete successfully in the domestic and global marketplace;
- imagination – promoting education and an appreciation and enjoyment of cinema by giving UK audiences access to the widest range of UK and international cinema, and by supporting film culture and heritage.

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Chief Executive Officer's review

The past year has been strong for film production in the UK and infinitely better than was predicted this time last year. The new tax reliefs and cultural test have now been in place for 18 months and overall have provided a welcome boost to the confidence of the UK film industry and its international partners. The structure of the tax credit has bedded down and filmmakers are seeing the benefits of a cleaner and simpler system. As intended the new reliefs are both helping boost the level of British domestic production and strengthening our ability to compete for international business. In 2007, 60 UK features went into production, up from 55 in 2006, with a UK production value of £141 million.

Despite the challenges presented by the weakness of the dollar against stronger international currencies and the impact of the American writer's strike, there were 28 inward investment productions with a UK production value of £531.6 million.

Less happily, 2007 saw a significant drop in co-production activity. Some of this was expected given that the tax break is geared towards encouraging shooting and post-production spend in the UK. However, we will be looking at the impact in much more detail as part of a wider piece of work that the Government has asked us to undertake, looking at how the UK film industry is bedding down and building business following the introduction of the new reliefs.

Helping the industry grow as a business on an international level isn't just about tax incentives, however. We have also helped initiate business ventures that are stimulating international sales of British films through the London UK Film Focus, and also supporting the development of co-production treaties with other countries.

Earlier in 2007 we published *Film in the Digital Age*, our funding and policy priorities for the next three years. The plan was developed following extensive consultation with the industry and outlines our collective ambition to maximise the opportunities presented by the transition to digital. This new technology is starting to transform the way in which film and moving images are financed, produced, distributed and consumed, and the UK Film Council recognises that we will need to be flexible about adapting our activities to anticipate or support these changes. Even more importantly, we need to encourage others to be prepared to act likewise.

For the UK Film Council itself, 2007 was a busy year which saw us add a range of new funding initiatives to complement our existing programme of activities.

After a strategy of investing in script development at every budget level, the Development Fund has refocused its support for talent and screenplays with the launch of two distinct funding channels under its new head Tanya Seghatchian. The first is aimed at emerging filmmakers who have not made a feature film or who have not yet had a feature film released theatrically or broadcast on UK television, while the second is aimed at filmmakers and production companies with a demonstrable track record of success in feature filmmaking. The fund will continue, however, to support world-renowned British talent through a discretionary signature awards scheme. Films backed by the fund include Polly Stenham's adaptation of her own critically acclaimed play *That Face*, Bruce Robinson's *The Peculiar Memories of Thomas Penman* and Patrick Marber's *Don Juan in Soho*.

The Premiere Fund continued to support a varied slate of films during the year, including adaptations of Evelyn Waugh's *Brideshead Revisited* directed by Julian Jarrold and written by Andrew Davies and Jeremy Brock, and Toby Young's *How to Lose Friends and Alienate People* directed by Bob Weide and written by Peter Straughan. The fund also backed Paul Andrew Williams' comedy horror *The Cottage* and the world's first user-generated feature film *Faintheart* directed by Vito Rocco who won MySpace's £1 million movie directing competition voted for by the site's online community. Premiere Fund backed films released during the year include *Miss Potter*, *Becoming Jane* and a new version of a British classic franchise, *St Trinian's*.

The New Cinema Fund continues to encourage unique ideas, innovative approaches and new voices by funding an eclectic mix of films that connect with a range of UK audiences. During 2007, films supported by the fund include Morag McKinnon's *Rounding up Donkeys*, Jane Campion's *Bright Star*, Michael Winterbottom's *Genova*, Andrea Arnold's *Fish Tank*, Dominic Murphy's *White Lightnin'*, Noel Clarke's *Adulthood*, Gerard Johnson's *Tony*, Kenny Glenaan's *Summer*, Mark Tonderai's *Hush*, and Alexis dos Santos' *Unmade Beds*. New Cinema Fund backed films enjoyed considerable critical success this year adding to its considerable haul of awards. Shane Meadows' *This is England* was named Best British Film at the BAFTA awards, Duane Hopkins' *Better Things* was selected for Critics' Week at this

year's Cannes Film Festival, Suzie Templeton's *Peter and the Wolf* won the Oscar® for Best Animated Short Film and Simon Ellis's short film *Soft*, co-funded through the Cinema Extreme programme won a raft of prizes including Best Live Action Short at the Toronto Short Film Festival, Best Short Film at the Edinburgh International Film Festival and the Audience Award at the Hamburg International Short Film Festival.

Films backed by the fund also featured prominently at this year's Sundance Film Festival which was the best-ever for the British film industry with 23 British films selected for screening. James Marsh's feature documentary *Man on Wire* won both the World Cinema Documentary Jury Prize and the World Cinema Documentary Audience Award, while *Soft* added to its tally with the International Jury Prize in International Short Filmmaking. Other films selected for screening include Chris Waitt's *A Complete History of My Sexual Failures* and Olly Blackburn's *Donkey Punch*, both co-financed by the New Cinema Fund and Rupert Wyatt's *The Escapist* which was co-financed by the Premiere Fund.

In addition to raising the profile of films and filmmakers, festivals play an important role in bringing different kinds of films to audiences and giving people the opportunity to learn more about film from those who make them. We launched a new fund totalling £4.5 million over the next three years to ensure that, by 2012, audiences across the UK have access to a wide variety of film festivals which maximise audience choice and provide opportunities for learning. The Edinburgh International Film Festival is the first beneficiary of the fund with backing of £1.88 million over the next three years.

In 2007 we teamed up with BBC Two to screen seven of Britain's best-loved films in newly restored digital prints through the Digital Screen Network (DSN) as part of the Summer of British Film season. The selected films represented every film genre from thriller to comedy and were screened to coincide with the BBC's own celebration of British film heritage, the seven-part primetime series, *British Film Forever*. The seven classics were *Goldfinger*, *Brief Encounter*, *Billy Liar*, *Henry V*, *The Wicker Man*, *The Dam Busters* and *Withnail and I*.

The DSN is a key part of our strategy to broaden the range of films, in particular specialised or non-mainstream titles, to audiences throughout the UK. The £12 million scheme, funded by the National Lottery, has kitted out 240 screens in 210 cinemas with the latest digital projection equipment. In return, the cinemas screen

foreign language, documentary, classic reissues and independent British films.

Our Prints and Advertising (P&A) Fund continued to increase the range of films available to UK audiences through distribution and marketing support for foreign language and specialised films. P&A backed films during the year included *Brick Lane*, *In the Shadow of the Moon*, *Control*, *The Counterfeiters*, *La Vie en Rose* and *A Few Days in September*.

If we give people more choice, they jump at the chance to see a wider range of films. Since the UK Film Council introduced in 2003 this way of using Lottery money to give people the chance to see a broader range of films, 26 foreign language films have grossed more than £1 million at the UK box office compared to only seven reaching that level in the previous three years. Our P&A Fund supported 15 of these releases.

The fund also backed the release of *U2 3D*, the first-ever feature length live action film shot and exhibited in digital 3D. To coincide with the release we brought the filmmakers to the UK to give industry professionals the low-down on the creative and audience opportunities offered by this revolutionary 3D technology which is set to transform the industry over the coming years.

As part our strategy to explore the opportunities offered by digital technology we launched a Digital Innovation project this year in partnership with NESTA (National Endowment for Science, Technology and the Arts). The scheme will enable up to ten film companies to explore the opportunities of reaching new audiences through online sales, distribution and marketing.

The UK Film Council is committed to assisting the industry in combating copyright theft and infringement. During the year we continued to work with the industry and Government to implement the recommendations of the Gowers Review of intellectual property (IP) and to put in place an IP regime that maximises both access and the value of rights in the digital age.

Turning to the organisations we fund.

Greg Dyke was appointed as the new Chair of the British Film Institute (BFI) this year taking over from Anthony Minghella CBE, whose untimely death in March was a colossal loss. Greg will head a revitalised organisation firmly established as a world-leading international film cultural and educational body.

Chief Executive Officer's review

continued

Furthering its international and national reach, the BFI forged several key strategic partnerships during the year including with Gracenote, the global leader in digital music identification for downloads, with a view to incorporating the BFI's film and TV database. BFI Festivals continued to flourish with the Times BFI 51st London Film Festival rounding off a record-breaking year with 185 feature films and 133 short films from 43 countries, 412 screenings, 515 visiting international filmmakers, over 1000 industry professionals and the highest-ever audience attendance. The relaunched BFI Southbank attracted over one million visitors last year to enjoy festivals, the best of British and world cinema, take part in educational events and access hundreds of hours of film and television from the BFI National Archive at the new mediatheque.

Safeguarding the future of the Archive was the key achievement of the year and we were delighted to be awarded £25 million from the Department for Culture, Media and Sport (DCMS) to invest in our plan for screen heritage in the UK. A large part of this investment will allow the BFI to begin restoring the titles most at risk of deterioration and continue to digitise the collection to make it accessible for future generations. In addition to this, the UK Film Council set up a £3 million fund to support the Regional Screen Agencies (RSAs) to digitise and increase public access to the thousands of hours of non-fiction films and video held by the regional film archives.

We also boosted our support for the work of the Regional Screen Agencies with investment of more than £15 million over the next two years. The RSAs continue to forge ahead with their work to sustain and develop talent, audiences and the creative economies in their local areas. Micro-budget feature film schemes for new filmmakers in Liverpool and London and the launch of a new £2.8 million skills development programme in the North East are a few examples of the range of benefits the RSAs are delivering.

Skillset's rolling out of the film skills strategy, *A Bigger Future*, continues to deliver real and lasting results for the industry. Since its launch in 2004, thousands of individuals, from novice runners to experienced producers, have benefited from training funded through the strategy. The key achievement on the skills front this year is the establishment of an Industry Training Board (ITB) for England and Wales under the chairmanship of Iain Smith OBE. The ITB will oversee the delivery and

operation of the Skills Investment Fund (SIF), the industry's own voluntary contribution to the skills strategy and will manage its transition to a statutory levy on production towards the end of 2008.

We are continuing to promote long-term diversity in the film industry workforce through a range of sponsorships and awards. Together with Skillset we are leading a £1.4 million project funded by the European Commission's EQUAL programme to create new pathways into film for people from diverse or excluded groups. Initiatives such as our Breakthrough Brits programme is continuing to champion our diverse creative talent to the industry at an international level.

First Light Movies continues to make a difference to the lives of young people across the country by providing opportunities to engage in filmmaking. In the past year First Light's shorts programme enabled over 1,200 children aged five to 18 to make their own short films, while a further 7,000 young people benefited from projects funded through Mediabox, a Government youth initiative delivered by First Light aimed at providing opportunities for disadvantaged young people in England aged 13 to 19 to develop new skills in a range of media including film.

As we move into the next year we will be expanding what film has to offer to audiences across the UK with further investment in film festivals and in mixed arts venues; helping the industry to seize the opportunities presented by digital technology in the making and delivery of films; and in the talent and workforce that is the heart of a vibrant film industry and culture.

John Woodward
Chief Executive Officer

24 June 2008

Summary of activity

Policy and funding priorities at a glance

Policy priorities	Goals
Diversity and inclusion	To help achieve a more diverse and inclusive workforce and film culture, and ensure that the Funds meet their diversity targets for women, black and minority ethnic groups, disabled people, regional applicants as well as overall content or portrayal targets.
Education and literacy	To advance the growth of a media literate population in the digital age ensuring these skills are key components in the Government's agenda for life-long learning. To put in place a UK-wide film and moving image education strategy to foster and increase understanding and appreciation of film.
Fiscal measures	To work with the UK Government and the EU to ensure effective long-term fiscal measures are in place to support UK film. To work with public and private sector partners to develop an initiative to provide film companies with better access to corporate finance.
Intellectual property and anti-film theft	To assist the industry combat copyright theft and infringement, and to help Government put in place an IP regime that maximises access and the value of rights in the digital age.
International	To work with the UK Government to modernise the UK's film co-production agreements and to assist the UK industry to benefit fully from them. To help maximise inward investment through film production. To work with the UK Government and the EU to contribute to the development of a strong European audiovisual policy which benefits the UK. To create opportunities for UK film by building and strengthening European, US and international relationships.
National and regional film centres	To assist the creation of a BFI National Film Centre, which harnesses digital media to create a world class centre of excellence for learning and research, and which houses a strengthened BFI London Film Festival. To help develop and enhance key regional film centres as cultural and creative hubs.
Public service broadcasters and digital platforms	To work with broadcasters and other platform operators to improve public access to British and specialised films.
Research and statistics	To gather and publish statistics and market intelligence and to carry out and to disseminate research.

Summary of activity

continued

Funding priorities	Goals	Funds/year
British Film Institute	To champion moving image culture, education and cinema heritage in all its richness and diversity for the benefit of as wide an audience as possible, and to deepen and encourage public debate about film.	£16,000,000
Development Fund	To broaden the quality, range and ambition of projects and talent being developed.	£4,000,000
Distribution and Exhibition	To enable more to people enjoy and appreciate a wider range of films in the UK.	£4,000,000
Film Skills Fund	To ensure a strong, consistent supply of skilled and talented professionals in line with market demand.	£6,500,000
First Light Movies	To offer children and young people more opportunities to participate in and learn about filmmaking.	£1,100,000
International Festival Sales Support	To encourage the successful international distribution of UK films via promotion at selected international festivals.	£70,000
National Screen Agencies	To co-ordinate film policy, strategy and delivery across the UK.	£360,000
Partnership Challenge Fund	To identify new funding partnerships to help widen public participation in film.	£1,000,000
Premiere Fund	To assist the production of feature films that can attract audiences around the world.	£8,000,000
Publications Fund	To support discussion, information and debate about film culture.	£100,000
Regional Screen Agencies	To co-ordinate film policy, strategy and delivery across England.	£7,700,000
Sponsorship	To help promote targeted showcase events and initiatives which benefit the UK industry and the British public.	£860,000
UK-wide Digital Film Archives Fund	To support innovative programmes ensuring wider access to the UK's film heritage.	£1,000,000
UK-wide Film Festival Fund	To ensure that audiences across the UK have access to a wide variety of film festivals which maximise audience choice, and that collectively these festivals contribute to a more competitive UK film industry.	£1,500,000

The role and policy priorities of the UK Film Council

The role and policy priorities of the UK Film Council

As the government's strategic agency for film in the UK, the role of the UK Film Council is to stimulate a competitive, successful and vibrant British film industry and culture, and to promote the widest possible enjoyment and understanding of cinema throughout the nations and regions of the UK.

Our strategic objectives

- To help the UK film industry compete successfully in the global market, and to use film to raise the profile of the UK and its culture across the world.
- To encourage the making of distinctive UK films by new and established filmmakers, and to help to ensure that those films find their audience.
- To ensure that audiences throughout the UK have access to the full range of British and international cinema.
- To support appropriate training opportunities across the value chain to help create a world class UK film industry.
- To support the development of opportunities for all UK citizens to understand and appreciate film, through the generation and dissemination of knowledge about film and the film industry.
- To support the development of opportunities for access to cinema history and heritage, and the use of film history, in understanding identity, representation, culture and creativity.

Our core values

- To lead on issues where a single powerful voice reflecting properly considered views is most effective.
- To work in partnership with government, industry and the private, public and voluntary sectors in the UK and internationally.
- To work with the grain of the market to stimulate competitiveness and enterprise, and to deliver sustainable development and best value.
- To promote social inclusion and celebrate diversity, so that every citizen in the UK has access to film culture and so that barriers to working in the industry are reduced.
- To encourage excellence and innovation, particularly through the use of new digital technologies.
- To be open, transparent and accessible to stakeholders, industry and the public alike.

Financial review of the business

Summary of results

Group income decreased by 0.1% (£0.3 million) to £57.7 million and expenditure increased by 16% (£9.2 million) to £67.1 million, resulting in an operational deficit on ordinary activities before interest and taxation of £9.4 million in the year, against a surplus of £0.1 million in 2006/07.

This deficit is consistent with the new commitments inherent in the UK Film Council's third three year plan 2007-10, *Film in the Digital Age* which included a gradual diminishing of the UK Film Council reserves.

In accordance with Treasury requirements, the UK Film Council applies the full provisions of FRS 17 (accounting for pensions). In 2008, this led to a decrease in the after tax deficit of £1.0 million resulting in a total recognised loss for the year of £7.4 million (2007: £0.3 million).

Income sources

Exchequer Grant-in-aid at £25.1 million is down from £26.6 million in 2006/07. Core grant-in-aid continued in 2007/08 at the level of £24.1 million, representing no increase since 2003. However, in 2007/08 the UK Film Council received a further £1 million from the Department for Culture, Media and Sport (DCMS) towards the capital works being undertaken by the British Film Institute (BFI) at the BFI Southbank (in 2006/07 an additional £1.5 million was received from the DCMS for the same purpose). In addition, in 2006/07 there was an adjustment in timings of our core grant-in-aid allocation from the previous year with £1 million being transferred from 2005/06 to 2006/07.

The UK Film Council received in the year 2.25% of the money available to distributors from the National Lottery. This share increased from 1 April 2007 from the previous share of 2.03% following an amendment to the Lottery legislation.

With the increased share of the takings, Lottery income at £31.3 million increased by 3% (£0.8 million); however adjusting this income for the £0.2 million from Arts Council England – received as the last component of the Lottery capital funding delegation – against £1.9 million received in 2006/07, the like for like increase is 9% (£2.5 million). This reflects a rise in the share of the proceeds from the National Lottery of 11% and in investment returns of £0.5 million. The former is due to the increased percentage share, although mitigated by

the impact of sales of specific Olympics Lottery games. In addition, recoupment from film rights decreased by £0.6 million.

British Screen Group income in the year was £0.6 million, the same as the prior year.

Grant-in-aid awards

Grant in aid awards during the year were £22.4 million, a decrease of 11% in value (£2.9 million). The reduction is predominantly due to the one-off capital allocation made to the BFI for the renovation of the BFI Southbank in 2006/07. The largest award in the year was £16 million (71%) to the BFI to support the UK Film Council's cultural and educational objectives, as in 2006/07. The UK Film Council's Regional Investment Fund for England (RIFE) awarded £4.5 million (20%) to the nine Regional Screen Agencies and awards totalling £0.5 million (2%) were made to the National Screen Agencies in Wales and Northern Ireland, the British Federation of Film Societies and the Independent Cinema Office.

The UK Film Council is committed to ensuring that equality and diversity are central to all strategies and activities, and continues its work in implementing the policies outlined in *Success through Diversity and Inclusion*. £0.2 million of awards (1%) were made in this specific field.

The costs of the UK MEDIA Desk are jointly shared with the European Commission and the UK Film Council's share was £0.1 million. A further £1.9 million was invested in international initiatives including marketing activities and events to attract film production into the UK and to promote UK film overseas and £0.4 million was invested in the UK Film Council US. In addition, £0.4 million was invested in a Research and Statistics Unit to provide data for the benefit of the UK film industry.

Lottery applications

The UK Film Council received 1,669 direct Lottery grant applications (2007: 1,093) an increase of 53%. These applications requested grants in excess of £171 million (2007: £213 million).

This increase in applications was due to the launch of the new Development Fund schemes within the year. In addition, the Distribution and Exhibition Fund launched two new schemes in the year – the Capital and Access Fund, and the Film Festivals Fund – as well as seeing an increase in applications for the Prints and Advertising Fund.

Applications to partner organisations, operating schemes on the UK Film Council's behalf under formal delegation agreements, showed an overall increase. First Light Movies Ltd, responsible for young person's filmmaking initiatives, received 143 applications, a decrease of 39% on 2006/07. The nine Regional Screen Agencies collectively received 2,073 applications, an increase of 67%, for their local Lottery schemes under the RIFE programme. In addition, Skillset, which is delegated responsibility for the UK Film Council's film skills development activities, received 790 applications, an increase of 46% over the levels in 2006/07.

Lottery awards

A new Lottery award is not binding until contracts are signed and all conditions precedent have been agreed and met, and until then it is treated as a 'soft commitment' within the notes to the financial statements. In 2007/08 the UK Film Council made new Lottery awards classified as soft commitments totalling £26.2 million (2007: £37.4 million). The reduction is primarily due to the Film Skills Fund delegation to Skillset for 2007/09 being included in 2006/07 accounts. The level of commitments was thus in line with the UK Film Council's share of Lottery income of £27.1 million.

Lottery awards 2007/08:

	NUMBER	£000
Feature films and development	136	15,339
Distribution and exhibition	161	4,228
Delegations	10	4,615
Publications	8	90
Film Festivals	1	1,885
	361	26,157

Once fully contracted and 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, unless the award is for a feature film or development. These latter awards are classified as film rights and are disclosed in current assets with appropriate provisioning for any reduction in value.

Lottery awards for projects not including film rights, and charged to expenditure were £18.3 million (2007: £10.7 million). The increase primarily reflects the hardening of the £6.5m delegation to Skillset for 2007/08, and the first of the Film Festival Awards

(£1.9 million). Other awards were the delegated agreements to the nine Regional Screen Agencies (£3.5 million) and First Light Movies (£1.1 million). In addition, awards charged directly to expenditure include Distribution and Exhibition awards (£5.3 million) and Publication Fund awards (£0.1 million).

Lottery film rights

New feature film and development awards classified as hard commitments in the year amounted to £14.6 million (2007: £11.8 million). These rights, including those from prior years were valued at the end of the year at £24.1 million (2007: £34.8 million) after provisions against recoverability from future participation revenues. The net provisions made of £12.8 million (2007: £10.9 million) were charged to expenditure.

National Lottery Distribution Fund (NLDF) balance

The UK Film Council benefits from participation in future revenues from the success of film rights awards, and receipts are credited against film rights on the balance sheet, with only receipts in excess of the award being taken to income. In 2007/08 £9.41 million in receipts were taken to film rights, and a further £1.5 million was taken to income (2007: £5.71 million and £2.13 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.

The UK Film Council made Lottery award payments of £32.6 million (2007: £29.7 million) which when combined with operating expense payments and Lottery income and recoupment receipts, led to a cash outflow of £0.04 million. The NLDF balance increased during the year by 18%, with a closing balance of £44 million (2007: £37.4 million).

At the year end outstanding soft and hard commitments totalled £31 million (2007: £41 million) representing 71% of the NLDF balance (2007: 103%).

Other operating expenses

These expenses cover the strategic activities of the UK Film Council and of administering 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 £8.8 million (2007: £8.6 million) and the average head count for the year was 90 (2007: 90) with non-labour

Financial review of the business continued

costs of £3 million (2007: £2.8 million). This ongoing stabilisation of costs represents the continuance of the efficiency review and a regime of tight cost control. The operating expenses attributable to the UK Film Council's Lottery activities and charged to the separate Lottery accounts were £7.8 million (2007: £7.7 million).

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 £0.6 million (2007: £0.6 million).

Recoverability of loans from future recoupment income is also assessed at each year end and provisions of £0 million (2007: £0.1 million) were charged as expenditure.

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 for Culture, Media and Sport (DCMS).

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

Stewart Till CBE (Chairman)
Andrew Eaton
Stephen Knibbs

The Remuneration Committee considers annually the performance of the Chief Executive Officer and senior staff, following reviews carried out by the Chairman 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 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 accounts. Staff enrolled in the scheme, which is contributory, accrue pension entitlement in the year at the rate of 1/80 of final pensionable salary, up to a limit of half 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 and performance of the UK Film Council.

The total 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.

Report by the Board on remuneration continued

Contracts of employment

Board Directors are appointed for a term of three years by the Secretary of State for Culture, Media and Sport. Upon expiry of their first term, Directors may be re-appointed for a second three year term. 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 2008 were:

	DATE OF CONTRACT	EXPIRY OF CONTRACT
John Woodward	1.11.05	31.10.08
Sally Caplan	29.4.05	25.4.09
Lenny Crooks	18.9.06	17.9.10
Tanya Seghatchian	1.5.07	30.4.09

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

Board Director remuneration

Directors' remuneration (including daily allowances) paid in the year ending 31 March 2008:

	2007/08 £	2006/07 £
Colin Brown (resigned 6.12.06)	-	1,868
Andrew Eaton	1,044	1,452
Rebecca O'Brien	2,298	3,328
Alison Owen (retired 19.10.07)	1,044	832
Heather Rabbatts CBE	1,880	2,080
Marc Samuelson (retired 19.10.07)	1,671	2,080
David Sproxton CBE	3,702	2,284
	11,639	13,924

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

Senior staff remuneration

Remuneration (excluding pension arrangements) for senior staff for the year ending 31 March 2008:

	TOTAL REMUNERATION FOR THE YEAR ENDED 31 MARCH 2008 £000	TOTAL REMUNERATION FOR THE YEAR ENDED 31 MARCH 2007 £000
John Woodward Chief Executive Officer	205-210	210-215
Sally Caplan Head of Premiere Fund	160-165	155-160
Colin Brown British Film Commissioner (from 19.2.07)	155-160	10-15
Will Evans Head of Business Affairs	150-155	150-155
Peter Buckingham Head of Distribution & Exhibition	145-150	150-155
Tanya Seghatchian Head of Development Fund (from 1.5.07)	125-130	-
Alan Bushell Chief Operating Officer	110-115	110-115
Lenny Crooks Head of New Cinema Fund (from 8.9.06)	100-105	50-55
Lisa Tremble Head of Communications (to 21.9.07)	40-45	95-100
Jenny Borgars Head of Development Fund (to 13.4.07)	0-5	160-165
Rachel Grant Head of Communications (from 7.1.08)	10-15	-
Paul Trijbits Head of New Cinema Fund (to 30.9.06)	-	125-130
Steve Norris British Film Commissioner (to 10.11.06)	-	70-75

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.

Senior staff pension arrangements

The following senior staff were all members of the Local Government Pension Scheme during the year

	REAL INCREASE IN ACCRUED PENSION BENEFITS 2007/08 £000	ATTRIBUTABLE PENSION ACCRUED AT 65 AT 31 MARCH 2008 £000	CASH EQUIVALENT TRANSFER VALUE (CETV) AS AT 31 MARCH 2007 £000	CETV AS AT 31 MARCH 2008 £000	REAL INCREASE IN CETV AFTER ADJUSTMENTS FOR INFLATION, ETC IN 2007/08 £000
Lenny Crooks Head of New Cinema Fund	2.5-5	0-2.5	539	567	1
Colin Brown British Film Commissioner	2.5-5	0-2.5	-	25	8
Peter Buckingham Head of Distribution & Exhibition	2.5-5	7.5-10	92	108	8
Alan Bushell Chief Operating Officer	2.5-5	7.5-10	144	175	18
Tanya Seghatchian Head of Development Fund (from 1.5.07)	0-2.5	0-2.5	-	13	6
Jenny Borgars Head of Development Fund (to 13.4.07)	0-2.5	7.5-10	59	59	-
Lisa Tremble Head of Communications (to 29.9.07)	0-2.5	0-2.5	18	18	-
Rachel Grant Head of Communications (from 7.1.08)	0-2.5	0-2.5	-	-	-

In addition to the accrued annual pensions noted above, at the point of retirement, a lump sum of three times final pension is payable.

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, instead they represent a potential liability of the pension scheme. They have been calculated using assumptions certified by a qualified actuary.

As at 31 March 2008, all senior staff with the exception of John Woodward, Will Evans and Sally Caplan 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 Sally Caplan and payments were £24,692, £15,353 and £16,205 respectively. Upon joining the UK Film Council, Lenny Crooks transferred all his pension rights arising from prior employment to the scheme.

No compensation was paid to any former senior management in the course of the year.

Stewart Till CBE
Chair, Remuneration Committee
24 June 2008

Monitoring and evaluation

Introduction

The UK Film Council operates a series of procedures for managing and monitoring activity.

At a strategic level, on-going monitoring and evaluation work is undertaken across all UK Film Council activities, to ensure delivery against both the organisation's strategic and policy priorities and also the strategic priorities of the Department for Culture, Media and Sport (DCMS).

To this end, the UK Film Council has adopted a balanced scorecard model as a means of measuring its performance and enabling it to communicate its achievements to others more clearly and effectively.

Now widely used as a planning and management system across both the public and private sectors, a balanced scorecard is designed to align business activities to an organisation's strategic aims, improve internal and external communications, and monitor the performance of an organisation against its strategic goals.

With regard to individual awards, procedures are set in place to ensure that each project delivers the agreed key outcomes and benefits. Monitoring is undertaken on all awards with the method and degree commensurate with the level of the award, the level of risk and other factors.

Monitoring is undertaken at various stages of programmes, awards and activities. For example, at application stage, monitoring helps to assess the 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.

The UK Film Council consults on a regular basis with all stakeholders to ensure its performance framework details all aspects of its investment in film and the 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 2007/08 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.

The tables below indicate our performance against the objectives as set out in our funding agreement with the DCMS.

Performance indicators: activity against DCMS priorities

DCMS PRIORITY	KEY PERFORMANCE INDICATORS	2007/08	2006/07
Children & Young People	Total number of children and young people benefiting from delivered activity specifically targeting Young People (First Light)*	1,290	1,512
Community	Total estimated number of people benefiting from delivered activity aimed at promoting access to and understanding of film*	18.7 million	15.2 million
Economy	Film production activity spend in the UK**	£706 million (2007)	£855 million (2006)
	UK cinema audience for UK Film Council funded films (cumulative to date)***	54.1 million	45.2 million
	UK box office of UK Film Council funded feature films (cumulative to date)***	£264 million	£220 million
	Number of film production and development projects supported	266	189
Delivery	Average UK Film Council processing time on Lottery funding applications****	30 days	34 days
	UK Film Council customer satisfaction with advice and support received	88% satisfied	85% satisfied

Notes on table:

* Children and Young People and Community indicators relate to delivered/completed activity, reported to us by various delivery partners

** Film production activity is by calendar year, as provided in brackets. Adjustments have been made to previous year figures due to new data being available

*** UK cinema audience and box office data for UK Film Council funded feature films is based on fiscal year of theatrical release

**** UK Film Council processing time of Lottery funding applications is an average of UK Film Council funds and that of delegated funding awards

General performance indicators

	2007/08	2006/07
Administration costs for each completed application	£2,894	£2,887
Staff sickness/absence	within target	within target
Response to all enquiries	within target	within target
Average time taken to process Lottery applications (target 40 days)	39 days	47 days
Number of applications outstanding at end of the year (as a percentage of applications received in the year)	17%	16%

Monitoring and evaluation continued

Lottery administrative costs 2002/08

FINANCIAL YEAR	ACTUAL OPERATING COSTS	INFLATED OPERATING COSTS 2002/03
2002/03	£6.55 million	£6.55 million
2003/04*	£7.52 million	£6.77 million
2004/05	£7.94 million	£6.97 million
2005/06	£7.69 million	£7.11 million
2006/07	£7.71 million	£7.29 million
2007/08	£7.83 million	£7.49 million

*The new Distribution and Exhibition schemes were introduced in 2003/04 leading to the establishment of a new fund within the UK Film Council with the consequent increase in operating costs.

Diversity of Lottery funds applicants and awarded applicants

	2007/08 ALL APPLICANTS	2007/08 AWARDED APPLICANTS
Ethnic background		
White	86%	90%
Black and minority ethnic	14%	10%
Gender		
Male	60%	51%
Female	40%	49%
Disability		
Applicants declaring a disability	1.3%	1.1%

Employment statistics

1 Under Articles 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 the following annually:

The numbers of

- staff in post; and:
- applicants for employment, training and promotion, from each such group.

2 Results of monitoring carried out in 2007/08.

2.1 Staff in post as at 31 March 2008.

Ethnic origin and gender of all employees at 31 March 2008.

Employment statistics for all employees, including part-time staff, in post at 31 March 2008

ETHNIC ORIGIN	ALL EMPLOYEES		WOMEN		MEN	
	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL
Unknown	6	6.4	6	6.4	0	0
White	75	80.6	47	50.5	28	30.1
Mixed	2	2.2	1	1.1	1	1.1
Asian or Asian British	5	5.4	3	3.2	2	2.2
Black or black British	4	4.3	3	3.2	1	1.1
Chinese or other ethnic group	1	1.1	0	0	1	1.1
Total	93		60		33	
Total (minority ethnic)	12	12.9	7	7.5	5	5.4

Employment statistics continued

2.2 Applications for employment 2007/08

ETHNIC ORIGIN	PROCESSED	SHORTLISTED	% OF PROCESSED	APPOINTED	% OF APPOINTED
Not stated	96	9	9.4%	1	4.8%
White	759	108	14.2%	17	81%
Mixed	71	7	9.9%	2	9.5%
Asian or Asian British	55	7	12.7%	1	4.8%
Black or black British	48	5	10.4%	0	0%
Chinese or other ethnic group	25	0	0%	0	0%
Total	1,054	136		21	
Total (BME)	199	19	9.5%	3	14.3%

2.3 Applications for, and numbers of, staff receiving training

ETHNIC ORIGIN	APPROVED APPLICATIONS	NUMBER OF STAFF RECEIVING TRAINING	% OF GROUP RECEIVING TRAINING
Unknown	7	4	67%
White	122	65	87%
Mixed	2	2	100%
Asian or Asian British	3	3	60%
Black or black British	3	3	75%
Chinese or other ethnic group	1	1	100%
Total	138	78	84%

2.4 Applications for internal promotion

All posts are advertised internally and externally. Of the posts recruited in 2007/08, there were three internal promotions.

Group Financial Statements

for the year ended 31 March 2008

Company no: 3815052

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Foreword to the financial statements for the year ended 31 March 2008

Introduction

The UK Film Council is the Government-backed strategic agency for film in the UK. Its main aim is 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. Overall, the UK Film Council is responsible for encouraging both cultural and commercial film activity, and provides a single, identifiable entity able to raise the industry's profile, both at home and overseas.

The UK Film Council is responsible for all Department for Culture, Media and Sport (DCMS) Grant-in-aid expenditure for film (except the National Film and Television School). It is also designated a National Lottery distributor under the National Lottery Acts 1993 and 1998 and is 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.

Towards a Sustainable UK Film Industry, published in May 2000, was the first public statement of the organisation's overall industrial and cultural aims, its objectives and its initial funding programmes. It was followed by *Our Second Three Year Plan – Funding and Policy Priorities, April 2004 to March 2007* which set out the longer-term aims to develop and consolidate the UK as a centre of global film activity. *Film in the Digital Age, UK Film Council policy and funding priorities April 2007 to March 2010* was published in May 2007.

The Lottery programmes are now well established and comprise three film production funds – the Premiere Fund, the New Cinema Fund and the Development Fund. First Light Movies, based in Birmingham, continued awards to enable children and young people to experience filmmaking and explore their talents using low-cost technology.

The year was the fourth of the Films Skills Fund administered by Skillset, the Sector Skills Council for creative media, on a delegation basis. The fund covers all sectors of the film industry supported by resources of £6.5 million of Lottery money per annum, the existing skills levy on film production and by the industry.

During the year the Specialised Distribution and Exhibition Fund continued to develop opportunities for more people across the UK to see a broader range of films. The Specialised Prints and Advertising Fund (£4 million) continued to offer direct support to distributors' costs in increasing the number of cinemas showing specialised films. In addition the Festivals Fund was launched in the year (£1.5 million per annum for three years), and the £0.5m Small Capital Fund could have been allocated five times over.

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 UK Film Council funding of £8 million, which includes £3.5 million in delegated Lottery funds. In addition, the UK Film Council co-operates and collaborates with Scottish Screen, the Film Agency for Wales and the Northern Ireland Film Commission on all aspects of film policy.

The final Lottery franchise agreement (with DNA Films Ltd) has now fully allocated all available funds. These agreements, set up by Arts Council England in 1997, have been managed by the UK Film Council since April 2000.

The UK Film Council's international departments continue to work to encourage overseas filmmakers to locate their production in the UK and support the organisation's wider international strategy which includes the development of co-production and the export promotion of British film, talent and services.

The British Film Institute (BFI) continued to receive £16 million core funding.

The UK Film Council fully participated in the Comprehensive Spending Review 2007 which will establish Grant-in-Aid funding over the period 2008-11. This resulted in an annual inflationary increase of 2.7% on the resource allocation, and a frozen capital allocation. In addition, in November 2007 DCMS announced a £25 million award for the Film Heritage Strategy covering the period 2008-10.

The UK Film Council is 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*. This publication challenges the UK film sector to mainstream diversity in all areas: in the workforce, in on-screen portrayal and for all audiences.

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 13 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 as at 31 March 2008 are as follows:

Stewart Till CBE – Chairman*
Andrew Eaton – Deputy Chairman

Mark Devereux *
Greg Dyke (appointed 1.3.08)
Gail Egan (appointed 20.2.08)
Nigel Green
Thomas Hoegh (appointed 2.7.07)
Stephen Knibbs *
Anthony Minghella CBE (resigned 31.12.07)
Elisabeth Murdoch (appointed 20.2.08)
Rebecca O'Brien
Alison Owen (retired 19.10.07)
Heather Rabbatts CBE *
Marc Samuelson (retired 19.10.07)
Iain Smith * (retired 31.12.07)
David Sproxton CBE
Amanda Walsh

* Directors who have served on the Audit Committee in the year ending 31 March 2008. In addition, John Graydon was co-opted onto the Audit Committee from May 2007.

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

Ernst & Young LLP, 1 More London Place, London SE1 2AF

The Comptroller and Auditor General
National Audit Office, 151 Buckingham Palace Road,
Victoria, London SW1W 9SS

Internal auditors

AHL Business Assurance Ltd, 1 Park Place, Canary Wharf,
London E14 4HJ

Solicitors

Withers, 16 Old Bailey, London EC4M 7EG

Bankers

Barclays Media Banking Centre, Soho Square,
London W1A 4WA
Lloyds TSB Bank, 32 Oxford Street,
London W1A 2LD

Directors' report for the year ended 31 March 2008

The Directors present their report and financial statements for the year ended 31 March 2008.

Results

The deficit for the year, after taxation, amounted to £8.5 million (2007: £0.9 million surplus).

Principal activity and review of the business

The UK Film Council is the Government body responsible for developing the film industry and film culture in the UK. The UK Film Council 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 works 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 Department for Culture, Media and Sport priorities and indicate the overall growth and depth of UK Film Council activities both within the year and on a cumulative basis.

DCMS PRIORITY	KEY PERFORMANCE INDICATORS	2007/08	2006/07
Children & Young People	Total number of children and young people benefiting from delivered activity specifically targeting Young People (First Light)*	1,290	1,512
Community	Total estimated number of people benefiting from delivered activity aimed at promoting access to and understanding of film*	18.7 million	15.2 million
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	Number of film production and development projects supported	266	189
Delivery	Average UK Film Council processing time on Lottery funding applications****	30 days	34 days
	UK Film Council customer satisfaction with advice & support received	88% satisfied	85% satisfied

Notes on table:

* Children & Young People and Community indicators relate to delivered/completed activity, reported to us by various delivery partners

** Film production activity is by calendar year, as provided in brackets. Adjustments have been made to previous year figures due to new data being available

*** UK cinema audience and box office data for UK Film Council funded feature films is cumulative to date and is based on fiscal year of theatrical release

**** UK Film Council processing time of Lottery funding applications is an average of UK Film Council funds and that of delegated funding awards

Alongside these award-linked key performance indicators, the annual report covers many of the strategic activities and successes of the organisation in the year, which complement our award making activities.

Future developments and events since the balance sheet date

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 billion 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. 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.

The first transfer of funds is expected to take place on or after 1 February 2009 when the UK Film Council will contribute up to £1.5 million.

Because this commitment is not seen to be crystallising until this first transfer of funds takes place and that this and subsequent transfers will be matched to income generated in the relevant year in which the transfer is made, this commitment is not recorded in the balance sheet as at 31 March 2008.

In light of this transfer over the period 2009-12, the UK Film Council, along with all other Lottery distributors, is considering the impact of this for future years planning.

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. The principal risks as embedded in the next three year plan *Film in the Digital Age* have been reviewed subsequently as part of the UK Film Council ongoing risk management. These principal risks remain as:

- uncertainty regarding future Lottery income trends – due to the impact of the London 2012 Olympics;
- recoupment targets from UK Film Council investments not being met through the consistent failure to support successful projects, thereby limiting future available funds; and
- failure to keep pace with technological change and the subsequent changes across the value chain of a film.

Note 15 of the financial statements outlines the liquidity, interest rate and foreign currency risks to which the UK Film Council is exposed. In summary:

- the Board consider that the National Lottery Distribution Fund balance and the cash holdings as at 31 March 2008 are sufficient liquid reserves to cover all Lottery hard and soft commitments outstanding as well as all other related and remaining creditors;
- 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, with neither the UK Film Council nor its Board having any control of these investments. All other cash holdings are in variable rate bank accounts. The Board therefore considers that in respect of its funds that the UK Film Council is not exposed to significant interest rate risk;
- the UK Film Council's financial assets are not exposed to material foreign exchange risks, as long-term balances are held in sterling.

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. 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 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 Amicus fostering the best possible relationship with staff.

The 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 15 days (2007: 16) and 97% of undisputed invoices were paid within thirty days of receipt into the Finance Department (2007: 96%).

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

Elective resolutions are in force to allow, pursuant to s366A of the Companies Act 1985, the Company to dispense with holding annual general meetings in 2001 and subsequent years, and pursuant to s252 of the Companies Act 1985, to dispense with laying of financial statements and reports before the Company in annual general meetings.

Auditors

An elective resolution is in force pursuant to s386 of the Companies Act 1985, allowing the Company to dispense with the obligation to appoint auditors annually.

By order of the Board

Alan Bushell FCA

Secretary

24 June 2008

Statement of Directors' responsibilities in respect of the financial statements

Under its legislative framework, 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.

Company law 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,
- 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 1985. They are 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 has designated the Chief Executive Officer 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 Chief Executive Officer 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 the 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.

John Woodward
Chief Executive Officer
24 June 2008

Stewart Till CBE
Chairman
24 June 2008

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the UK Film Council's policies, aims and objectives, whilst safeguarding the public funds and the UK Film Council's assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money.

I also have responsibility, as defined in the UK Film Council's Funding Agreement and Management Statement and Financial Memorandum, for leading and managing the work of the UK Film Council to meet its objectives and upholding its values. I report to the Board of Directors of the UK Film Council.

The purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level, rather than eliminate, risk of all 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 on-going process designed to identify and prioritise the risks to the achievement of the UK Film Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and 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 2008 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to handle risk

As Accounting Officer I have overall responsibility for the UK Film Council's risk management framework, and am supported in its implementation by the Senior Management Team. Guidance is provided through the relevant decision approval processes.

The Audit Committee, chaired by Stewart Till CBE, gives independent advice and guidance to me, in my role as Accounting Officer, and to the Board of Directors on the adequacy of audit arrangements (internal and external) and 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.

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 operation risks are identified through our annual business planning cycle, and are evaluated by the Senior Management Team and me. We also consider the risks associated with holding and safeguarding information for operational or financial reporting purposes. Risk management and internal control are considered on a regular basis through the Senior Management Team's agenda and the risks identified are monitored and controlled 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, which operates to standards defined in the Government Internal Audit Standards, is defined by an analysis of risk to which the UK Film Council is exposed and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the UK Film Council's Audit Committee and are approved by me.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control 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. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board, the Audit 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 me on the status of risks and controls.

The Board receive periodic reports from the Chairman of the Audit Committee and regular reports from managers, on the steps taken to manage risks in their areas of responsibility, including progress reports on key activities and projects.

The Internal Auditors annually provide me with reports on the areas of activity within the UK Film Council subject to audit. 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 report period together with recommendations for improvement.

The UK Film Council has suffered no protected personal data incidents during 2007/08 or prior years, and has made no reports to the Information Commissioner's office.

John Woodward

Chief Executive Officer and Accounting Officer

24 June 2008

Independent Auditors' report to the Members of the UK Film Council from Ernst & Young LLP

We have audited the group and parent company financial statements (the 'financial statements') of the UK Film Council for the year ended 31 March 2008 which comprise the group income and expenditure account, the group statement of total recognised gains and losses, the group and company balance sheets, the group cash flow statement and the related notes 1 to 26. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' report is consistent with the financial statements.

In addition, we report to you whether in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Accounting Officer's statement on internal control reflects the company's compliance with HM Treasury's guidance *Corporate Governance Statement on the System of Internal Control*, and we report if it does not. We are not required to consider whether the company's statement on its controls covers all risks and controls, or form an opinion on the effectiveness of either the company's corporate governance procedures or internal control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises the foreword to the financial statements, Schedule 1: Grant-in-aid awards, and Schedule 2: Lottery awards. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our responsibility is also to provide an opinion as to whether in all material respects the income and expenditure of the group has been used for the purposes intended by Parliament and the financial activities conform to the authorities which govern them.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' report is consistent with the financial statements;
- in all material respects the expenditure and income have been used for the purposes intended by Parliament and the financial activities conform to the authorities which govern them.

Ernst & Young LLP

Registered Auditor

London

30 June 2008

UK Film Council

Group income and expenditure account for the year ended 31 March 2008

	NOTES	2007/08 £000	2006/07 £000
Group turnover	2	57,640	57,965
Awards			
Grant-in-aid		(22,389)	(25,253)
Lottery – non-film rights		(18,326)	(10,737)
Arts Council England pre-committed expenditure		9	-
UK MEDIA Desk		(234)	(255)
International Marketing		(1,951)	(1,536)
Research and Statistics Unit		(442)	(346)
Certification		(222)	-
Cost of sales		(390)	(440)
Provisions and amortisation			
Provisions against film rights	3	(18,070)	(12,273)
Provisions written back	3	3,751	1,503
Other operating expenses	4	(8,842)	(8,569)
		(67,106)	(57,905)
Operating (Deficit)/surplus	4	(9,466)	60
Bank interest receivable		1,033	976
Notional cost of capital	8	(284)	(282)
Other financing income		39	36
(Deficit)/surplus after notional costs		(8,678)	790
Reversal of notional capital costs		284	282
(Deficit)/surplus on ordinary activities before taxation		(8,394)	1,072
Tax on (deficit)/surplus on ordinary activities for the year	9	(205)	(191)
(Deficit)/surplus for the year		(8,599)	881

UK Film Council

Group statement of total recognised gains and losses

	NOTES	2007/08 £000	2006/07 £000
(Deficit)/surplus for the year		(8,599)	881
Actual return less expected return on pension assets	7	(554)	48
Experience gains arising on the scheme liabilities	7	221	-
Changes in financial assumptions underlying the present values of the scheme liabilities	7	1,553	(1,203)
Actuarial gain / (loss) in the year		1,220	(1,155)
Total recognised losses in the year		(7,379)	(274)

UK Film Council

Group balance sheet as at 31 March 2008

	NOTES	2008 £000	2007 £000
Fixed assets			
Tangible assets	10	973	945
Current assets			
Film rights	11	22,606	34,827
Debtors: amounts falling due after one year	12	3,269	6,227
Debtors: amounts falling due within one year	12	5,765	9,681
Balance at the National Lottery Distribution Fund	13	44,041	37,394
Cash at bank and in hand	14	17,100	16,350
		92,781	104,479
Creditors: amounts falling due within one year			
Award commitments	16	(15,047)	(14,630)
Creditors	17	(2,000)	(2,679)
		(17,047)	(17,311)
Net current assets		75,734	87,168
Total assets less current liabilities		76,707	88,113
Creditors: amounts falling due after one year			
Award commitments	16	(3,269)	(6,227)
Net assets excluding pension liability		73,438	81,886
Pension liability	7	(76)	(1,146)
Net assets		73,362	80,740
Capital and reserves			
General reserve	23	7,868	7,184
Pension reserve	23	(76)	(1,146)
Grant-in-aid reserve	23	1,112	1,225
Lottery reserve	23	64,458	73,477
		73,362	80,740

John Woodward Chief Executive Officer
24 June 2008

Stewart Till CBE Chairman
24 June 2008

UK Film Council

Company balance sheet as at 31 March 2008

	NOTES	2008 £000	2007 £000
Fixed assets			
Tangible assets	10	967	931
Current assets			
Film rights	11	22,606	34,827
Debtors: amounts falling due after one year	12	3,269	6,227
Debtors: amounts falling due within one year	12	5,831	9,548
Balance at the National Lottery Distribution Fund	13	44,041	37,394
Cash at bank and in hand	14	8,949	9,088
		84,695	97,084
Creditors: amounts falling due within one year			
Award commitments	16	(15,047)	(14,630)
Creditors	17	(1,776)	(2,455)
		(16,823)	(17,085)
Net current assets		67,872	79,999
Total assets less current liabilities		68,839	80,929
Creditors: amounts falling due after one year			
Award commitments	16	(3,269)	(6,227)
Net assets excluding pension liability		65,570	74,702
Pension liability	7	(76)	(1,146)
Net assets		65,494	73,556
Capital and reserves			
Pension reserve	23	(76)	(1,146)
Grant-in-aid reserve	23	1,112	1,225
Lottery reserve	23	64,458	73,477
		65,494	73,556

John Woodward Chief Executive Officer
24 June 2008

Stewart Till CBE Chairman
24 June 2008

UK Film Council

Group statement of cashflows for the year ended 31 March 2008

	NOTES	2008 £000	2007 £000
Net cash inflow from operating activities	5	232	44
Returns on investments and servicing of finance			
Bank interest received		1,033	979
Taxation			
Tax paid		(263)	(350)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	10	(252)	(140)
Increase in cash		750	533

Reconciliation of net cash flow to movement in net funds

	NOTES	2008 £000	2007 £000
Increase in cash		750	533
Change in net funds resulting from cashflows	14	750	533
Net funds at 1 April		16,350	15,817
Net funds at 31 March	14	17,100	16,350

Notes to the financial statements

Note 1: Accounting policies

a) Basis of preparation

These financial statements are prepared under the modified 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 1985 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.

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 group as a whole.

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

b) Basis of consolidation

The group financial statements consolidate the financial statements of the UK Film Council and all its subsidiary undertakings drawn up to 31 March 2008. An income and expenditure account is not presented for the UK Film Council as permitted by section 230 of the Companies Act 1985.

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, 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 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 balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date 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.

d) Other Lottery awards

Lottery awards other than those for film rights are taken in full to the income and expenditure account in the year in which the hard commitment is recognised.

Notes to the financial statements

continued

e) Depreciation and fixed assets

Depreciation is provided on all tangible fixed assets 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

The carrying values of tangible fixed assets are reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable.

f) 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 balance sheet date, 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. The amount attributable to the UK Film Council has been treated as income within these financial statements.

g) Film rights

Film rights represent loans paid and advances paid and payable to filmmakers and are included in the balance sheet, with provisions raised against the value of an advance to the extent that full repayment is not expected.

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, securing repayment of the investment in full, together with a share of the profits generated by the film.

Provisions are made to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. Advances for development and short film awards are fully provided against in the year of award unless there is a reasonable expectation of repayment. Provisions against film rights shown in the income and expenditure account reflect the net effect of these movements.

Proceeds from sales of film rights are shown as income, with associated acquisition costs shown as cost of sales, in the income and expenditure account.

h) Film recoupment income

Income received from a film right is offset against the value of the right on the balance sheet. Income in excess of the original value of the right is taken to the income and expenditure account as film recoupment income.

All income received from the rights in the portfolio of films transferred from Arts Council England is taken directly to the income and expenditure account as these rights are recognised on the UK Film Council balance sheet at zero value. This reflects Arts Council England's accounting policy to write off the value of all advances in the year of award and the fact that no consideration was paid for this transfer by the UK Film Council.

i) Grant-in-aid awards

Grant-in-aid awards are taken to the income and expenditure account in the year in which the award is made.

j) Notional cost of capital

A notional cost of capital charge is shown in the income and expenditure account in accordance with Treasury guidance. The charge is subsequently reversed in the income and expenditure account so a provision is not made in the balance sheet.

k) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that 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 balance sheet date.

l) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income and expenditure account.

m) Leasing commitments

Rentals payable under operating leases are charged in the income and expenditure account on a straight-line basis over the lease term.

n) 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 triennial 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 FRS 17, 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 total recognised gains and losses. 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 balance sheet.

o) Financial instruments

The group's principal financial instruments are cash and holdings in the National Lottery Distribution Fund. The group has various other financial instruments such as trade debtors and trade creditors, that arise directly from its operations. The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

Notes to the financial statements

continued

Note 2: Turnover

Comprises:	2007/08 £000	2006/07 £000
UK Film Council Lottery funding		
Share of proceeds	27,093	24,524
Net investment income from the National Lottery Distribution Fund	2,250	1,776
Delegated Funds		
- Arts Council England	208	1,863
Recoupment income		
- UK Film Council portfolio	1,171	835
- Arts Council England portfolio	339	1,296
Other income	184	142
	31,245	30,436

UK Film Council Grant-in-aid funding

Voted by Parliament and paid in full	25,110	26,610
Other income	743	320
	25,853	26,930

British Screen Finance Group income

Sales of film rights	46	13
Interest received from film loans	34	72
Recoupment income	311	330
Fees receivable	145	184
Bad debt recovered	6	-
	542	599

Total turnover **57,640** **57,965**

Turnover represents the amount derived from the provision of services which fall within the group's continuing ordinary activities, stated net of value added tax. The group's turnover originates wholly within the United Kingdom.

Note 3: Provisions against film rights

	2007/08 £000	2006/07 £000
Provisions made		
British Screen Finance loans	-	35
European Co-production Fund loans	-	1
UK Film Council film awards	18,070	12,237
	18,070	12,273

Provisions written back

British Screen Finance loans	111	105
National Film Finance Corporation loans	40	50
European Co-production Fund loans	61	36
UK Film Council film awards	3,539	1,312
	3,751	1,503

Note 4: Other operating expenses

This is stated after charging:	2007/08 £000	2006/07 £000
Depreciation	225	210
Disposal of fixed assets	-	46
Auditor's remuneration – internal	13	18
Auditor's remuneration – Ernst & Young LLP (audit associated costs)	21	21
Auditor's remuneration – Ernst & Young LLP (non audit associated costs)	-	11
Auditor's remuneration – National Audit Office (National Lottery Accounts)	20	19
Operating lease rentals – land and buildings	479	483
Pensions service cost	580	448

Note 5: Statement of cash flows

Reconciliation of operating surplus to net cash flows from operating activities:

	2007/08 £000	2006/07 £000
Operating (deficit)/surplus	(9,466)	60
Depreciation	225	210
Disposal of fixed assets	-	46
Provision of losses on loans	18,070	12,273
Provisions written back	(3,751)	(1,503)
Loans advanced	(14,637)	(11,756)
Decommitments	2,911	109
Receipts from loans	9,628	5,826
Decrease in debtors	229	3,871
Non cash STRGL movement	1,220	(1,082)
Increase in creditors	(4,197)	(8,009)
Net cash inflow from operating activities	232	44

Note 6: Staff costs

Directors' remuneration (including daily allowances) is:

	2007/08 £	2006/07 £
Colin Brown (resigned 6.12.06)	-	1,868
Andrew Eaton	1,044	1,452
Rebecca O'Brien	2,298	3,328
Alison Owen (retired 19.10.07)	1,044	832
Heather Rabbatts CBE	1,880	2,080
Marc Samuelson (retired 19.10.07)	1,671	2,080
David Sproxtton CBE	3,702	2,284
	11,639	13,924

The remuneration of the Chief Executive Officer was:

	2007/08 £	2006/07 £
John Woodward		
Salary and benefits	162,818	158,835
Bonus	43,330	56,427
Total	206,148	215,262
Pension contribution	24,692	24,692

The costs of all other staff working within the UK Film Council are:

	2007/08 £000	2006/07 £000
Wages and salaries	4,668	4,794
Social Security costs	465	480
Pension service costs and other pension costs	464	539
	5,597	5,813

The average monthly number of staff employed during the year was:

	2007/08	2006/07
Management and administration	90	90

Notes to the financial statements

continued

Note 6: Staff costs continued

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

	AGE	TOTAL REMUNERATION YEAR ENDED 2007/08 £000	PENSION ACCRUED AT 65 AS AT 2007/08 £000	INCREASE TO PENSION ACCRUED 2007/08 £000	TOTAL REMUNERATION YEAR ENDED 2006/07 £000
Sally Caplan Head of Premiere Fund	50	160-165	-	-	155-160
Jenny Borgars Head of Development Fund (to 13.4.07)	37	0-5	7.5-10	0-2.5	160-165
Peter Buckingham Head of Distribution & Exhibition	52	145-150	7.5-10	0-2.5	150-155
Will Evans Head of Business Affairs	53	150-155	-	-	150-155
Colin Brown British Film Commissioner (from 19.2.07)	58	155-160	0-2.5	-	10-15
Alan Bushell Chief Operating Officer	57	110-115	7.5-10	0-2.5	105-110
Lenny Crooks Head of New Cinema Fund (from 18.9.06)	55	100-105	0-2.5	-	50-55
Lisa Tremble Head of Communications (to 21.9.07)	33	40-45	0-2.5	-	95-100
Tanya Seghatchian Head of Development Fund (from 1.5.07)	40	125-130	0-2.5	-	-
Rachel Grant Head of Communications (from 7.1.08)	35	10-15	0-2.5	-	-

Pension contributions during the year were to a money-purchase occupational scheme for John Woodward and to private pension schemes for Will Evans and Sally Caplan.

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.

Upon joining the UK Film Council, Lenny Crooks transferred all his pension rights arising from prior employment to the scheme.

A number of Directors and employees have interests in award applications which have been fully disclosed in note 26.

Note 7: Pensions benefits

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 Pensions Fund Authority, a statutory body established on 31 October 1989, responsible to the Mayor of London and accountable to Parliament and the Greater London Assembly for its actions. The scheme is contributory for both employee and employer. Employer contributions are determined by a qualified actuary on the basis of periodic valuations using the projected unit method.

The contributions to the defined benefit scheme were £0.4 million in the year to 31 March 2008 (2007: £0.5 million), all relating to current service costs.

FRS 17 Disclosure

All public bodies have to account in full for pensions benefits under the disclosure requirements of FRS 17. Therefore as at 31 March 2008, a pension liability of £0.07 million is disclosed on the UK Film Council balance sheet. (2007: £1.15m liability)

For FRS 17 disclosure the valuation at 31 March 2008 has been updated by the actuaries Hymans Robertson to assess the liabilities of the scheme as at 31 March 2008.

Scheme assets are stated at their market value as at 31 March 2008 and the expected rate of return as at 31 March 2008 is:

ASSETS (EMPLOYER)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2008 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.5%	4,052,000	303,900
Bonds	6.3%	1,310,000	82,530
Property	6.7%	1,220,000	81,740
Cash	4.8%	204,000	9,792
		6,786,000	477,962

At 31 March 2007 the expected rates of return were:

ASSETS (EMPLOYER)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2007 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	3,543,000	272,811
Bonds	6.4%	1,272,000	81,408
Property	6.8%	721,000	49,028
Cash	4.9%	153,000	7,497
		5,689,000	410,744

Notes to the financial statements

continued

Note 7: Pensions benefits continued

At 31 March 2006 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2006 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.3%	2,935,000	214,255
Bonds	6.0%	887,000	53,220
Property	6.5%	549,000	35,685
Cash	4.6%	285,000	13,110
		4,656,000	316,270

At 31 March 2005 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2005 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	1,914,937	147,450
Bonds	4.8%	619,094	29,716
Property	5.7%	576,561	32,864
Cash	4.8%	96,408	4,628
		3,207,000	214,658

At 31 March 2004 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2004 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	901,042	69,380
Bonds	5.1%	291,304	14,857
Property	6.5%	271,291	17,634
Cash	4.0%	45,363	1,815
		1,509,000	103,686

The main assumptions are:

	31 MARCH 2008 % PER ANNUM	31 MARCH 2007 % PER ANNUM
Price increases	3.6%	3.2%
Salary increases	5.1%	4.7%
Pension increases	3.6%	3.2%
Discount rate	6.9%	5.4%

In prior years these were:

	31 MARCH 2006 % PER ANNUM	31 MARCH 2005 % PER ANNUM	31 MARCH 2004 % PER ANNUM
Price increases	3.1%	2.9%	2.9%
Salary increases	4.6%	4.4%	4.4%
Pension increases	3.1%	2.9%	2.9%
Discount rate	6.0%	6.5%	6.5%

Note 7: Pensions benefits continued

Net pension assets

for the UK Film Council:

	31 MARCH 2008 £000	31 MARCH 2007 £000
Estimated UK Film Council share of the assets	6,787	5,690
Present value of scheme liabilities attributable to the UK Film Council	(6,863)	(6,836)
Total value of liabilities	(76)	(1,146)

Analysis of the amount charged to operating surplus:

	31 MARCH 2008 £000	31 MARCH 2007 £000
Service cost	580	448
Total operating charge	580	448

Analysis of the amount credited to other financial income

	31 MARCH 2008 £000	31 MARCH 2007 £000
Expected return on employer assets	428	337
Interest on pension scheme liabilities	(389)	(301)
Net return	39	36
Net revenue account cost	541	412

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

The actuarial gain/(loss) as disclosed in the STRGL is as follows:

	31 MARCH 2008 £000	31 MARCH 2007 £000
Actual return less expected return on pension assets	(554)	48
Experience gains arising on the scheme liabilities	221	-
Changes in assumptions underlying the present value of the scheme liabilities	1,553	(1,203)
Actuarial gain/(loss) recognised in STRGL	1,220	(1,155)

Movement in deficit during the year

	31 MARCH 2008 £000	31 MARCH 2007 £000
Deficit brought forward at 1 April	(1,146)	(55)
Current service cost	(580)	(448)
Employer contributions	391	476
Net return on assets	39	36
Actuarial gain/(losses)	1,220	(1,155)
Deficit at 31 March	(76)	(1,146)

Notes to the financial statements

continued

Note 7: Pensions benefits continued

History of experience gains and losses

	31 MARCH 2007/08 £000	31 MARCH 2006/07 £000	31 MARCH 2005/06 £000
Difference between the expected and actual return on assets	(554)	48	563
Value of assets	6,787	5,689	4,656
Percentage of assets	(8.2%)	0.8%	12.1%
Experience gains/(losses) on liabilities	221	-	(22)
Present value of liabilities	6,863	(6,836)	4,711
Percentage of the present value of liabilities	3.2%	-	(0.5%)
Actuarial gains/(losses) recognised in STRGL	1,220	(1,155)	(73)
Present value of liabilities	6,863	6,836	4,711
Percentage of the present value of liabilities	17.8%	(16.9%)	(1.5%)

	31 MARCH 2004/05 £000	31 MARCH 2003/04 £000	31 MARCH 2002/03 £000
Difference between the expected and actual return on assets	83	167	(228)
Value of assets	3,207	1,509	598
Percentage of assets	2.6%	11.1%	(38.1%)
Experience losses on liabilities	(315)	(7)	(10)
Present value of liabilities	3,246	1,393	675
Percentage of the present value of liabilities	(9.7%)	(0.5%)	(1.5%)
Actuarial gains/(losses) recognised in STRGL	(232)	160	(238)
Present value of liabilities	3,246	1,393	675
Percentage of the present value of liabilities	(7.1%)	11.6%	(35.3%)

Note 8: Notional cost of capital

Notional cost of capital is calculated, on the advice of HM Treasury, 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. The interest on DCMS grant assets was 3.5% (2007: 3.5%) and Lottery assets 0% (2007: 0%).

Note 9: Taxation

	2007/08 £000	2006/07 £000
Corporation Tax payable for current year	205	191

The taxation assessed for the year varies from the standard rate of Corporation Tax in the UK (30%). This is because the UK Film Council and the European Co-Production Fund Ltd are taxed solely on interest receivable, while the remaining companies within the British Screen Group are taxable on their full trading activities.

The differences are explained below:	2007/08 £000	2006/07 £000
(Deficit)/surplus on ordinary activities before taxation	(8,379)	1,072
(Deficit)/surplus on ordinary activities multiplied by standard rate of UK Corporation Tax of 30% (2007: 30%)	(2,514)	322
Effects of: UK Film Council (deficit)/surplus not chargeable to UK Corporation Tax	2,866	(74)
Adjustments regarding British Screen Group:		
Unrelieved tax losses brought forward	(119)	(57)
Lower rate of Corporation Tax	(22)	-
Other timing differences	3	-
Corporation Tax payable	214	191
Tax over-provision in previous years	(9)	-
Current tax charge for the year	205	191

Notes to the financial statements

continued

Note 10: Tangible fixed assets

GROUP	SHORT LEASEHOLD IMPROVEMENTS £000	IT EQUIPMENT £000	OFFICE EQUIPMENT £000	TOTAL £000
Cost:				
At 1 April 2007	1,512	662	381	2,555
Additions	163	50	39	252
At 31 March 2008	1,675	712	421	2,808

Depreciation:

At 1 April 2007	741	489	380	1,610
Provided during the year	123	90	12	225
At 31 March 2008	864	579	392	1,835

Net book value:

At 1 April 2007	771	173	1	945
At 31 March 2008	811	133	29	973

COMPANY

Cost:

At 1 April 2007	1,421	617	362	2,400
Additions	163	50	39	252
At 31 March 2008	1,584	667	401	2,652

Depreciation:

At 1 April 2007	657	456	356	1,469
Provided during the year	123	81	12	216
At 31 March 2008	780	537	368	1,685

Net book value:

At 1 April 2007	764	161	6	931
At 31 March 2008	804	130	33	967

Note 11: Film rights

GROUP	BRITISH SCREEN FINANCE LIMITED £000	EUROPEAN CO-PRODUCTION FUND LIMITED £000	UK FILM COUNCIL £000	TOTAL £000
At 1 April 2007	-	-	34,827	34,827
Advances	-	-	14,637	14,637
Repayments	(151)	(61)	(9,416)	(9,628)
Decommitments	-	-	(2,911)	(2,911)
Provisions written back	151	61	3,539	3,751
Provisions	-	-	(18,070)	(18,070)
At 31 March 2008	-	-	22,606	22,606

COMPANY	UK FILM COUNCIL £000
At 1 April 2007	34,827
Advances	14,637
Repayments	(9,416)
Decommitments	(2,911)
Provisions written back	3,539
Provisions	(18,070)
At 31 March 2008	22,606

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.

Notes to the financial statements

continued

Note 12: Debtors

GROUP	2008 £000	2007 £000
Trade debtors	33	43
Prepayments and accrued income	611	3,402
VAT receivable	474	899
Other debtors	4,647	5,337
	5,765	9,681

Debtors falling due after more than one year

Other debtors	3,269	6,227
	9,034	15,908

COMPANY	2008 £000	2007 £000
Due from subsidiary undertakings	148	-
Prepayments and accrued income	566	3,339
VAT receivable	469	886
Other debtors	4,648	5,323
	5,831	9,548

Debtors falling due after more than one year

Other debtors	3,269	6,227
	9,100	15,775

Note 13: Balance at the National Lottery Distribution Fund

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

	2008 £000	2007 £000
Opening balance held at the National Lottery Distribution Fund	37,394	39,130
Income received from the Lottery	27,093	24,524
Investment income earned	2,250	1,775
Available for distribution	66,737	65,429
Cash drawn down	(22,696)	(28,035)
Balance as at 31 March	44,041	37,394

At 31 March 2008 the cost of the investment in the fund was £43.95 million (2007: £37.84m). Income received from the Lottery shown above is after charging unrealised losses of £0.97 million (2007: £0.17 million).

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 balance sheet the lower of the market value or the cost of the investment as at the year end.

The UK Film Council has published its plans for the period 2007-2010. The plan assumes that the UK Film Council will continue to make an increased level of commitments over the period of the next three years. As a consequence the UK Film Council will make total commitments over the period in excess of its Lottery income and this will reduce cash balances over this period. Following the announcement of the £1.085 billion transfer from the Lottery distributors to the Olympics commencing in February 2009, the UK Film Council will suffer a diversion of £22 million between that date and 2012. The National Lottery Distribution Fund balance is now expected to fall below £10 million by March 2010 and the Board will be closely monitoring the position.

Note 14: Cash and liquid resources

GROUP	1 APRIL 2007 £000	NET CASH FLOW £000	31 MARCH 2008 £000
Cash at bank and in hand	16,350	750	17,100
COMPANY			
Cash at bank and in hand	9,088	(139)	8,949

Note 15: Financial risks

FRS 13 Derivatives and other financial instruments, requires 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 2007/08, £27.1 million (47%) (2006/07: £24.5 million, 42%) of the UK Film Council's income was derived from the National Lottery. £25.1 million (44%) arose from Grant-in-aid funding allocated by the Department for Culture, Media and Sport (2006/07: £26.6 million, 46%). The remaining income derived from investment returns from the balance held with the National Lottery Distribution Fund £2.3 million (4%) (2007: £1.8 million, 3%), delegated income from Arts Council England £0.2 million (0%) (2007: £1.8 million, 3%), recoupment income from film rights £1.5 million (3%) (2007: £2.1 million, 4%), income arising from the British Screen Group £0.5 million, 1% (2007: £0.6 million, 1%) and bank interest and sundry income £1.2 million (2%) (2007: £0.76 million, 1%).

The Board considers that as the National Lottery Distribution Fund balance notified by the Secretary of State for Culture, Media and Sport's and the UK Film Council's own Lottery cash holding amount to £44.1 million at the balance sheet date (2007: £37.3 million), sufficient liquid resources are available to cover all current hard and soft commitments totalling £31 million (2007: £41 million) and any related creditors. In addition the year end cash balances not attributable to Lottery of £9.8 million (2007: £9.03 million) are deemed sufficient to cover remaining creditors.

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 £44.1 million (2007: £37.39 million) and the average investment return for the year was 5.1% (2007: 4.23%).

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 5.2% (2007: 5.1%). The group cash balance at the year end was £17.1 million (2007: £16.35 million). The Board consider that in respect of these funds the UK Film Council is not exposed to significant interest rate risks.

Foreign currency risk

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

Notes to the financial statements

continued

Note 16: Soft and hard commitments

SOFT COMMITMENTS	2008 £000	2007 £000
Brought forward at 1 April	19,978	9,375
Commitments made	26,107	37,439
Transferred back from hard commitments	46	39
Soft decommitments	(401)	(4,292)
Transferred to hard commitments	(32,976)	(22,583)
Balance carried forward at 31 March	12,754	19,978

HARD COMMITMENTS		
Brought forward at 1 April	20,857	27,981
Commitments made	33,026	22,583
Hard decommitments	(2,938)	(166)
Transferred to soft commitments	(46)	(39)
Amounts paid	(32,583)	(29,502)
Balance carried forward at 31 March	18,316	20,857

Soft decommitments arise when an offer of an award approved by the UK Film Council falls in before the award is accepted by the recipient organisation.

The franchise agreement with DNA Ltd has now ended and the soft commitments carried forward as at 31 March 2008 relating to this are £0 million (2007: £0.5 million). The franchise agreement was established by Arts Council England in 1997 and transferred to the UK Film Council in April 2000.

New hard commitments made during the year comprise:

	2008 £000	2007 £000
Film rights	14,637	11,772
Regional awards	3,500	3,200
First Light award	1,100	1,100
Distribution and exhibition awards	7,194	6,468
Training awards	6,515	-
Publication awards	80	43
	33,026	22,583

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

Ageing of hard commitments	2008 £000	2007 £000
2007/08	-	14,630
2008/09	15,047	3,113
2009/10	2,374	3,114
2010/11	895	-
	18,316	20,857

It is expected that all outstanding hard commitments as at 31 March 2008 will be fully paid by 31 March 2011 and commitments due after one year relate to the Digital Screen Network.

Note 17: Creditors: Amounts falling due within one year

GROUP	2008 £000	2007 £000
Trade creditors	395	768
Accruals and deferred income	1,388	1,687
Corporation Tax	133	100
Other creditors and Social Security	84	124
	2,000	2,679
<hr/>		
COMPANY		
Trade creditors	365	668
Accruals and deferred income	1,259	1,609
Corporation Tax	75	60
Other creditors and Social Security	77	118
	1,776	2,455

Note 18: Deferred taxation

The group had no potential liability to deferred taxation at 31 March 2008 (31 March 2007: £nil).

Note 19: Leases

As at 31 March 2008, the UK Film Council (non-Lottery) had annual commitments under a non-cancellable operating lease relating to land and buildings as set out below:

	2008 £000	2007 £000
Operating lease which expires in over five years	315	315

Note 20: Capital commitments

As at 31 March 2008, the UK Film Council had no capital commitments outstanding (31 March 2007: £nil).

Note 21: Future transfer of funds from National Lottery Distribution Fund to Olympic Lottery Distribution Fund

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. 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.

The first transfer of funds is expected to take place on or after 1 February 2009 when the UK Film Council will contribute up to £1.5 million.

Because this commitment is not seen to be crystallising until this first transfer of funds takes place and that this and subsequent transfers will be matched to income generated in the relevant year in which the transfer is made, this commitment is not recorded in the balance sheet as at 31 March 2008.

Note 22: Grant-in-aid commitments for future years

The majority of the Grant-in-aid allocation voted annually to the UK Film Council by Parliament is passed into the film sector by means of awards and grants within the relevant financial year. However, in some cases, to enable recipient organisations to undertake longer term business and financial planning, commitments are made at an earlier date, subject to the receipt of funding by the UK Film Council itself.

As at 31 March 2008 UK Film Council had Grant-in-aid commitments for 2008/09 as follows:

British Film Institute	£16,000,000
Regional and national awards	£4,860,000

Notes to the financial statements

continued

Note 23: Movements in reserves

GROUP	GENERAL RESERVE £000	PENSION RESERVE £000	GRANT-IN-AID RESERVE £000	LOTTERY RESERVE £000	TOTAL £000
Brought forward at 1 April 2007	7,184	(1,146)	1,225	73,477	80,740
Surplus / (deficit) for the year	684	(150)	(113)	(9,019)	(8,598)

Movements on the STRGL

Actuarial gain in pension plan	–	1,220	–	–	1,220
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Carried forward at 31 March 2008 **7,868** **(76)** **1,112** **64,458** **73,362**

COMPANY	£000	£000	£000	£000	
Brought forward at 1 April 2007		(1,146)	1,225	73,477	73,556
Surplus / (deficit) for the year		(150)	(113)	(9,019)	(9,282)

Movements on the STRGL

Actuarial gain in pension plan		1,220	–	–	1,220
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Carried forward at 31 March 2008 **(76)** **1,112** **64,458** **65,494**

Note 24: Investments

The UK Film Council's subsidiary undertaking at 31 March 2008 was:

	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 balance sheet.

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:

SUBSIDIARY UNDERTAKINGS	ORDINARY SHARES OF £1 EACH	HOLDING
National Film Trustee Company Ltd	100	100%
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%
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The National Film Trustee Company Ltd is a collection agency for film revenues. The National Film Finance Consortium Ltd is a dormant company. The European Co-production Fund Ltd is a company that makes loans to films produced by European co-producers. British Screen Rights Ltd acquires and sells 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: Intra-government balances

As at 31 March 2008, the following intra-government balances were in existence:

Balances due to the UK Film Council	2007/08 £000	2006/07 £000
Funds held at the National Lottery Distribution Fund	44,041	37,394
Funds held at Arts Council England	7,335	11,034
Funds due from HM Revenue and Customs re VAT	474	899
Funds due from Department of Children, Schools and Families	320	-

Balances due from the UK Film Council

Balance due to HM Revenue and Customs re Corporation Tax	86	100
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Notes to the financial statements

continued

Note 26: Related parties

The UK Film Council maintains a publicly available register of Board Directors' interests. Board Directors declare any direct interest in award applications made to, and commercial relationships with, the UK Film Council. They exclude themselves from the relevant application appraisal discussion and decision process within the UK Film Council.

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 balance sheet date.

The following related party transactions occurred during the period:

Lottery awards

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	NEW AWARD 2007/08 £	OUTSTANDING 31 MARCH 2008 £
Directors of the UK Film Council				
British Film Institute	Anthony Minghella (resigned 31.12.07)	Chairman	73,389	6,375
Capitol Films Ltd	Marc Samuelson (retired 19.10.07)	Samuelson Productions Ltd*	-	504,306
Everyman Cinema Club	Anthony Minghella (resigned 31.12.07)	Committee Member	-	31,196
Genova Films Ltd	Andrew Eaton	Director	500,000	50,000
Go Go Pictures Ltd	Alison Owen (retired 19.10.07)	Director	10,000	2,500
Mango Films Ltd	Rebecca O'Brien	Director	15,000	-
Mirage (Europe) Ltd	Anthony Minghella (resigned 31.12.07)	Director	121,579	121,579
Revolution Films Ltd	Andrew Eaton	Director	25,000	-
Ruby Films Ltd	Alison Owen (retired 19.10.07)	Director	10,500	44,709
Samuelson Productions Ltd*	Marc Samuelson (retired 19.10.07)	Director	-	4,500
Scarlet Pictures Ltd	Alison Owen (retired 19.10.07)	Director	-	7,250
Seven Seas (SL) Ltd	Alison Owen (retired 19.10.07)	Director	23,650	-
Sixteen Films Ltd	Rebecca O'Brien	Director	450,000	45,000
Skillset	Stewart Till Anthony Minghella (resigned 31.12.07)	Deputy Chair Advisory Board member	-	6,956,292
Slingshot Productions Ltd	Thomas Hoegh (appointed 2.7.07)	Director	281,325	42,967
Vue Entertainment Holdings (UK) Ltd	Stephen Knibbs	Chief Operating Officer	-	965,271
Employees of the UK Film Council				
Ealing Comedy Ltd	Jon Croker	Screenwriter	3,500	3,500
Edinburgh International Festival Ltd	Lizzie Francke	Advisory Board member	1,885,000	1,785,000
Home Movies Ltd **	Chris Collins	Director	200,000	200,000
Phoenix Cinema Trust	Kate Hide		2,445	2,445
Skillset	John Woodward	Director	-	6,956,292
Verve	Lenny Crooks	Partner of producer	-	5,000

Note 26: Related parties continued

Grant-in-aid awards

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	NEW AWARD 2007/08 £	AWARD OUTSTANDING 31 MARCH 2008 £
Directors of the UK Film Council				
British Film Institute	Anthony Minghella CBE (resigned 31.12.07)	Chair	16,005,000	0
Women in Film and Television	Anthony Minghella CBE (resigned 31.12.07)	Patron	7,000	0
Employees of the UK Film Council				
Edinburgh International Film Festival	Lizzie Francke	Advisory Board Member	75,000	0
Schools Film Club	Peter Buckingham John Woodward	Director Director	320,000	0

* Samuelson Productions Ltd is a member of the Capitol Films Ltd consortium which receives Development slate funding.

** Home Movies Ltd is a member of the Jupiter superslate consortium which receives Development slate funding.

In addition £240,866 was paid to Olswang Solicitors for professional services rendered in the year. Mark Devereux is a Senior Partner in this firm.

Thomas Hoegh is Managing Director of Arts Alliance, the providers of the equipment for the Digital Screen Network.

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.

Schedules to the financial statements

Schedule 1: Grant-in-aid awards in the year ending 31 March 2008

ORGANISATION/PROJECT	£	ORGANISATION/PROJECT	£
Anti-piracy awards	15,000	New Producers Alliance	34,992
Arts Council England award	19,000	North West Vision & Media regional award	525,000
Berlin Film Festival	21,833	Northern Film & Media regional award	400,000
Brief Encounters	17,000	Northern Ireland Screen national award	200,000
Brit Doc Festival	20,000	Screen East regional award	530,000
British Academy of Film and Television	27,000	Screen England	40,000
British Animation Awards	7,000	Screen South regional award	449,500
British Federation of Film Societies/ Independent Cinema Office	88,500	Screen West Midlands regional award	400,000
British Film Institute	16,005,000	Screenwriters Festival	16,500
British Independent Film Awards	50,000	Screen Yorkshire regional award	472,000
Cannes 07	11,760	South West Screen regional award	451,000
Cinemart 2007 Rotterdam	11,983	UK Film Council LA Office	201,627
Schools Film Club award	320,000	Women in Film & TV Awards	7,000
Digital Media Literacy Summit	20,503	awards less than £5000	109,178
Diversity awards	207,564		22,374,883
Edinburgh International Film Festival	75,000		
EM Media regional award	590,000		
Festival Sales Support Scheme	11,133		
Film Agency for Wales national award	160,000		
Film London regional award	700,000		
Film London other awards	95,000		
First Light Awards	50,000		
Grierson Awards	8,000		
Media Literacy	6,810		

Schedule 2: Lottery awards in the year ending 31 March 2008

PRODUCER	FILM / PROJECT	£
Single Film Project awards		
2FC Ltd	Hatemail	6,600
Actaeon Films Ltd	A Fitting Tribute aka Are You Strong?	1,475
Adulthood Ltd	Adulthood	580,000
Advance Party Films Ltd	Rounding Up Donkeys (aka Old Dogs)	18,375
Alienate Ltd	How to Lose Friends and Alienate People	1,457,730
APT Film and Television Ltd	This is Our Life	15,500
Autonomous Ltd	Boogie-Woogie	10,000
Autonomous Ltd	Triage	34,336
B3 Media Ltd	Digital Shorts	57,200
Better Things Ltd	Better Things	31,534
Brideshead Films Ltd	Brideshead Revisited	89,406
Brightstar Films Ltd	Bright Star	600,000
Canal + Image UK Ltd & Optimum Releasing Ltd	Film Remakes	275,000
Certain Pictures Ltd	A Necessary Life	10,000
Cheeky Monkey Films UK Ltd	Crack Willow	95,000
Cinema Two CPV Ltd	Summer	450,000
Cowboy Films Ltd	Other People's Money	20,000
Crab Apple Films Ltd	The Darkest Hour	9,259
Dan Films Ltd	The Double	44,875
Dan Films Ltd	Triangle	49,232
David Bloom	Black Run	12,500
David Hunt	Provenance	12,500
Distant Thunder Ltd	Distant Thunder	1,000,000
DNA Films Ltd	The Exception	66,250
Don Juan Pictures Ltd	Don Juan in Soho	150,000
Ecosse Films Ltd	Untitled Ian Fleming	10,250
Ed Wiles	Shadows	12,500
Elena Fuller	Greener	10,000
EM Media	Digital Shorts	40,000
Father Features Ltd	And When Did You Last See Your Father?	50,000
Feelgood Fiction Ltd / Leftbank Pictures Ltd	Boy Soldier	500,000
Fifth Column Films Ltd	Domestics	5,975
Film London Ltd	Digital Shorts	40,000

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Film London Ltd	Pop Art – Digital Shorts Plus	10,000
Film London Ltd	Rain Horse – Digital Shorts Plus	10,000
Free Range Films Ltd	Headlong	52,000
Genevieve Simms	Liberating Dachau (short)	1,994
Genova Films Ltd	Genova	500,000
Glasgow Media Access Centre Ltd	Digital shorts	40,000
Glasgow Media Access Centre Ltd	Night School – Digital Shorts Plus	10,000
Go Go Pictures Ltd	Diamonds	10,000
Harbour Pictures Ltd	Shakespeare & Co	63,750
Headline Pictures Ltd	Peter Pan in Scarlet	3,500
Headline Pictures Ltd	The Invisible Woman	60,375
Headline Pictures Ltd	The Kite Rider	60,875
Jupiter Projects Ltd	Slate funding	200,000
Kasander (Nightwatching) Ltd	Nightwatching	15,700
Kindle Entertainment Ltd and Children's Film and Television Foundation	Journey through Midnight (additional)	14,000
Kudos Film and Television Ltd	Salmon Fishing in the Yemen	15,000
La Famiglia Ltd	Much Ado About a Minor Thing (short)	25,000
Left Bank Pictures Ltd	Gaza	57,750
Lifesize Pictures Ltd	Managing company for short film programme	273,277
Little Bird East Ltd	King Bastard	10,000
Loop Film Productions Ltd	In the Loop	563,825
LWH Films Ltd	The Moon Princess	1,231,156
Magic Light Pictures Ltd	The Night Country	16,750
Magic Light Pictures Ltd	Worst Contact	83,000
Mango Films Ltd	Jean Charles	15,000
Mayhem Films Ltd	St Trinian's	132,000
Mirage (Europe) Ltd	The Two Faces of January	121,579
Mountain Productions Ltd	White Lightnin'	588,090
NDF Productions Ltd	City of Tiny Lights	33,125
Neth Knowles	The Bailey Method	10,300
North West Vision Ltd	Digital shorts	40,000
Northern Film & Media Ltd	Digital shorts	40,000
Northern Film & Media Ltd	Jade – Digital Shorts Plus	10,000
Northern Ireland Screen	Digital shorts	40,000
Number 9 Films Ltd	Starstruck	125,000

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Oxygen Films Ltd	Blackwaterside	23,500
Parachute Pictures Ltd	Hopeless Romantic (aka The Pear Tree)	2,388
Parkville Pictures Ltd	This Is What Ralph Does	5,800
Pathé Pictures Ltd	Slate funding	350,000
Picture Farm (The Escapist) Ltd	The Escapist	23,996
PK Films Ltd	One of Us? (short)	1,495
Polly Stenham	That Face	15,000
Pont Neuf Ltd	French Film	179,830
Punditbest Ltd	The Peculiar Memories of Thomas Penman	250,000
Red Production Company Ltd	Princess	2,000
Redbag Pictures Ltd	The End of the Affair	4,975
Revolution Films Ltd	New Love (short)	25,000
Richard Fordyce	Guardian of the Shore	10,600
Rocket Pictures Ltd	Emily-Jane: Secret Mom	10,125
Rounding Up Donkeys Ltd	Rounding Up Donkeys	350,000
RPC Franklyn Ltd	Franklyn	1,000,000
Ruby Films Ltd	The Boleyn Inheritance	10,500
Ruth McCance	Capital	23,500
Screen East Ltd	Digital shorts	40,000
Screen South Ltd	Digital shorts	40,000
Screen South Ltd	Leaving Eva – Digital Shorts Plus	10,000
Screen West Midlands Ltd	Caterpillar – Digital Shorts Plus	10,000
Screen West Midlands Ltd	Digital shorts	40,000
Screen West Midlands Ltd	Pink – Digital Shorts Plus	10,000
Screen Yorkshire Ltd	Cut Up – Digital Shorts Plus	10,000
Screen Yorkshire Ltd	Digital shorts	40,000
Seven Seas (SL) Ltd	Brick Lane	25,000
Sigma Films Ltd	Navel (short)	25,000
Signal Films Ltd	Dead Dog (short)	4,270
Silver River Productions Ltd	We Followed Our Stars	16,250
Slate Films Ltd	Half of a Yellow Sun	39,375
Slate Films Ltd	Stiff (aka El Bulto)	51,750
South West Screen Ltd	Detour – Digital Shorts Plus	10,000
South West Screen Ltd	Digital shorts	40,000
South West Screen Ltd	MotoMarvin – Digital Shorts Plus	10,000
Starfield Productions Ltd	The Describer	17,000

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Tempo Productions Ltd	The Lancashire Witches	17,519
The Bureau Film Company Ltd	Cinema Extreme: Short Film Scheme 2007	25,000
Third Films Ltd	Alex and her Arse Truck	25,000
Three Pillows Films Ltd	Unmade Beds	428,396
Three Rivers Ltd	Mad About the Boy	9,983
Tigerlily Films Ltd	Vida Ballet	5,000
Tomboy Films Ltd	Le Docteur Chinois	750
Tony Pictures Ltd	Tony	20,000
Triangle Films Ltd	Triangle	1,325,500
Trinamite Productions Ltd	Unborn (short)	4,955
Valhalla Films Ltd	Faintheart	325,000
Warp Films Ltd	The 8th Vein	20,000
Warp X Ltd	Release	35,000
Wellington Films Ltd	Island	25,000
Wilder Films Ltd	Laid Off	10,600
Within Films Ltd	Within (pilot)	10,000
Young Films Ltd	The Strangest Thing	24,575
Zephyr Films Houdini Ltd	Death Defying Acts	50,455
Total single film project awards		15,338,630
Distribution and Exhibition awards		
Alliance Atlantis Releasing Ltd t/a Momentum Pictures Ltd	Control	200,000
Artificial Eye Film Company Ltd	4 months, 3 weeks, 2 days	5,000
Artificial Eye Film Company Ltd	Lady Chatterley	145,500
Artificial Eye Film Company Ltd	The Edge of Heaven	4,662
Artificial Eye Film Company Ltd	Under the Bombs	5,000
Artificial Eye Film Company Ltd	You the Living	4,360
Axiom Film International Ltd	Alice in the Cities	5,000
Axiom Film International Ltd	Honeydripper	5,000
British Film Institute	A Throw of the Dice	63,000
British Film Institute	Breakfast with Scott	1,275
British Film Institute	Cassavetes Digital Package	3,500
British Film Institute	Dracula (1958)	4,914
British Film Institute	Russian Roulette with Two Revolvers, Boy A and Dog Altogether	700

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Cinefile Ltd	Changement D'Adresse	5,000
Diffusion Pictures Ltd	The Boss Of It All	5,000
Dogwoof Ltd	A Crude Awakening	5,000
Dogwoof Ltd	Black Gold	20,700
Dogwoof Ltd	Écoute Le Temps	4,905
Dogwoof Ltd	My Nikifor	4,880
Dogwoof Ltd	Testosterone	4,646
Dogwoof Ltd	The Wedding	5,000
Dogwoof Ltd	Tough Enough	5,000
Dogwoof Ltd	We're all Christs	4,968
Ealing Comedy Ltd	Ealing Comedy	3,500
Human Film Ltd	Ahlaam (Dreams)	5,000
ICA Films Ltd	Captain Eager and the Mark of Voth	5,000
Icon Film Distribution Ltd	La Vie en Rose	151,606
Independent Cinema Office	ICO Essentials: Dreams	5,000
Lions Gate Film UK Ltd	Children of Glory	5,000
Lions Gate Film UK Ltd	In the Hands of the Gods	150,000
Little Bird Television Ltd	Shot in Bombay	5,000
Maiden Voyage Pictures Ltd	The Battle Of Algiers	40,960
Maiden Voyage Pictures Ltd	Night Bus	5,000
Metrodome Distribution Ltd	Assembly	5,000
Metrodome Distribution Ltd	Away From Her	4,972
Metrodome Distribution Ltd	The Counterfeiters	250,296
Metrodome Distribution Ltd	The Serpent	124,937
Metrodome Distribution Ltd	Water	5,000
Optimum Releasing Ltd	Brick Lane	200,000
Optimum Releasing Ltd	Eagle vs Shark	125,000
Optimum Releasing Ltd	Persepolis	180,000
Optimum Releasing Ltd	Redacted	5,000
Optimum Releasing Ltd	Summer of British Film season (3 films)	78,000
Park Circus Ltd	All About Eve	5,000
Park Circus Ltd	Summer of British Film season (4 films)	36,800
Park Circus Ltd	Hamlet	5,000
Park Circus Ltd	It's a Wonderful Life	24,839
Park Circus Ltd	Raging Bull	5,000

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Park Circus Ltd	Richard III	5,000
Park Circus Ltd	The Lady Vanishes	5,000
Park Circus Ltd	The Sound of Music	32,275
Park Circus Ltd	The Summer of British Film	3,000
Park Circus Ltd	The Thief of Baghdad	4,500
Park Circus Ltd	The Thirty Nine Steps (1935)	5,000
Pathé Distribution Ltd	Molière	100,000
Pathé Distribution Ltd	The Diving Bell and the Butterfly	150,000
Peccadillo Pictures Ltd	Four Minutes	5,000
Peccadillo Pictures Ltd	Transylvania	5,000
Peccadillo Pictures Ltd	XXY	5,000
Revolver Entertainment Ltd	U2 3D	150,000
Revolver Entertainment Ltd	Taking Liberties	4,000
Revolver Entertainment Ltd	Tell No One	110,774
Seventh Art Productions Ltd	Escape From Luanda	4,832
Shooting People Films Ltd	We Are Together	5,000
Slingshot Studios Ltd	Sugarhouse	99,935
Slingshot Studios Ltd	Water Lilies	1,560
Soda Pictures Ltd	Azur & Asmar: The Princes' Quest	150,000
Soda Pictures Ltd	Drawing Restraint 9	5,000
Soda Pictures Ltd	Someone Else	5,000
Sound And Media Ltd	Flight Of The Red Balloon (Voyage Du Ballon Rouge)	5,000
Spier Distribution Ltd	Son of Man	5,000
Tartan Films Distribution Ltd	I'm a Cyborg	20,000
Tartan Films Distribution Ltd	Mister Lonely	5,000
Tartan Films Distribution Ltd	Paranoid Park	5,000
Tartan Films Distribution Ltd	Seventh Seal	5,000
Tartan Films Distribution Ltd	Silent Light	5,000
The Works UK Distribution Ltd	Closing The Ring	100,000
The Works UK Distribution Ltd	Joy Division	5,000
The Works UK Distribution Ltd	Paris Je T'aime	5,000
The Works UK Distribution Ltd	Ten Canoes	5,000
Transmedia International Releasing Ltd	A Few Days in September	3,875
Transmedia International Releasing Ltd	Man In The Chair	5,000
Trinity Filmed Entertainment Ltd	Beaufort	5,000

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Twentieth Century Fox Film Company Ltd	Shine A Light	154,000
Universal Pictures International UK & Eire Ltd	Lust, Caution	200,000
Vertigo Films Ltd	In the Shadow of the Moon	5,000
Vertigo Films Ltd	Joe Strummer – The Future is Unwritten	30,082
Yume Pictures Ltd	KM 31	5,000
Yume Pictures Ltd	Opera Jawa	5,000
Total Specialised Prints and Advertising awards		3,377,753

Digital Screen Network awards

Chapter (Cardiff) Ltd (Chapter Cinema)	Digital Screen Network award	48,750
Chapter (Cardiff) Ltd (Chapter Cinema)	DSN Selective Support Scheme for Small Cinemas	10,443
City Screen Ltd (Exeter Picturehouse)	Digital Screen Network award	50,515
City Screen Ltd (The Little Cinema Theatre Bath)	Digital Screen Network award	50,515
Digital Screen Network Booth Fund Awards	5 awards less than £10,000	12,000
Dundee Contemporary Arts Cinema Ltd (DCA Cinema)	DSN Selective Support Scheme for Small Cinemas	10,443
Dundee Contemporary Arts Cinema Ltd (DCA Cinema)	Digital Screen Network award	48,750
Midlands Art Centre Ltd (Mac)	DSN Selective Support Scheme for Small Cinemas	10,443
Midlands Art Centre Ltd (Mac)	Digital Screen Network award	48,750
Queen's University Belfast (Queen's Film Theatre)	DSN Selective Support Scheme for Small Cinemas	10,443
The Hownslow Arts Trust Ltd (Watermans Brentford)	Digital Screen Network award	48,750
Total Digital Screen Network awards		349,801

Small Capital Fund awards

Aberystwyth University (Aberystwyth Arts Centre Cinema)	Capital & Access Fund	28,395
AJ Harris (Curzon Cinema)	Capital & Access Fund	13,987
Andrew Lougher & Karen Buckley (Palace Cinema)	Capital & Access Fund	13,900
Arts Alive in Shropshire and Herefordshire (Flicks In The Sticks Touring Cinema)	Capital & Access Fund	9,292
Beverley War Memorial Hall	Capital & Access Fund	669
Black Lamp Ltd (Black Lamp)	Capital & Access Fund	20,000

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Brine Ltd (Swell Cinema)	Capital & Access Fund	510
Chapter (Cardiff) Ltd (Chapter Cinema)	Capital & Access Fund	35,000
Conway County Borough Council (Theatr Colwyn & Cinema)	Capital & Access Fund	5,000
Cornwall Arts Centre Trust Truro Ltd (Carn To Cove)	Capital & Access Fund	1,764
Curzon – Clevedon Community Centre for the Arts (Curzon Community Cinema)	Capital & Access Fund	6,500
Derby Quad Ltd (Derby Quad)	Capital & Access Fund	10,000
Derek Cooper, Beatrice Cooper, Sally Cooper, Tracey Hartnett, Rebecca Cooper and Elizabeth Cooper (Wells Film Centre)	Capital & Access Fund	5,890
Dorset Film Touring Ltd (Moviola)	Capital & Access Fund	6,700
Downpatrick Cineplex Ltd (Downpatrick Cineplex)	Capital & Access Fund	3,250
Durham City Council (Gala Theatre and Cinema)	Capital & Access Fund	5,828
Everyman Media Ltd (Everyman Cinema Club)	Capital & Access Fund	1,341
French Cultural Institute (Cine Lumière)	Capital & Access Fund	3,075
Glasgow Film Theatre	Capital & Access Fund	20,000
Greater Manchester Arts Centre Ltd (Cornerhouse)	Capital & Access Fund	9,681
Hailsham Pavilion Ltd (Hailsham Pavilion)	Capital & Access Fund	3,250
Havant Arts Centre Company Ltd (Havant Arts Centre Cinema)	Capital & Access Fund	3,619
Highland & Islands Arts Ltd (RBS Screen Machine)	Capital & Access Fund	28,965
Ian Francis (7 Inch Cinema)	Capital & Access Fund	1,252
Kino Holdings Ltd (Kino Sevenoaks)	Capital & Access Fund	24,000
MediCinema	Capital & Access Fund	3,250
Orion Cinemas Ltd (Orion Cinema)	Capital & Access Fund	8,000
Parkway Cinema Barnsley Ltd (Parkway Cinema Barnsley)	Capital & Access Fund	2,123
Penistone Town Council (Penistone Paramount)	Capital & Access Fund	8,363
Peter Heathcote (Filmscene)	Capital & Access Fund	816
Phoenix Cinema Trust Ltd (Phoenix Cinema)	Capital & Access Fund	2,445
Propix UK Ltd (Station Cinema)	Capital & Access Fund	3,372

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Riverside Restaurant & Theatre Ltd (Riverside Theatre)	Capital & Access Fund	12,750
Roses Theatre Trust (Roses Theatre)	Capital & Access Fund	3,292
S&B Cinemas Ltd (Ritz Cinema)	Capital & Access Fund	6,000
Sawston Village College (Sawston Village College Cinema)	Capital & Access Fund	14,000
Scala Cinema & Arts Centre	Capital & Access Fund	5,467
Scott Cinemas South West Ltd (Regent Cinema)	Capital & Access Fund	2,943
Shrewsbury and Atcham Borough Council (Old Market Hall)	Capital & Access Fund	31,000
Staffordshire Reels On Wheels	Capital & Access Fund	5,430
Stowmarket Town Council (Regal)	Capital & Access Fund	3,500
Strode College (Strode Theatre)	Capital & Access Fund	6,452
The Corn Exchange (Newbury) Trust (Corn Exchange)	Capital & Access Fund	6,189
The Courtyard Trust	Capital & Access Fund	18,049
The Customs House Trust Ltd (Customs House Trust)	Capital & Access Fund	4,003
The Filmhouse Ltd (Filmhouse)	Capital & Access Fund	4,873
The Haslemere Hall (Haslemere Hall Cinema)	Capital & Access Fund	4,750
The Lynton Cinema Ltd (Lynton Cinema)	Capital & Access Fund	5,185
The Nerve Centre	Capital & Access Fund	8,300
The Old Meeting House Trust (Helmsley Arts Centre)	Capital & Access Fund	13,471
The Plough Arts Centre Ltd (Plough Arts Centre)	Capital & Access Fund	10,000
The Regal Cinema (Lancaster) Ltd (Cottage Road Cinema)	Capital & Access Fund	2,360
The Sheffield Media and Exhibition Centre Ltd (Showroom Cinema)	Capital & Access Fund	5,700
The Watershed Arts Trust Ltd (Watershed Arts Trust)	Capital & Access Fund	9,793
Thomas Adams School (community HUB @ Wem Town Hall)	Capital & Access Fund	15,000
Tyneside Film Theatre Ltd (Tyneside Cinema)	Capital & Access Fund	4,000
Wotton Electric Picture House Ltd (Wotton Electric Picture House)	Capital & Access Fund	7,250
Total Small Capital Fund awards		499,992

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Film Festivals Fund		
Edinburgh International Film Festival Ltd	Edinburgh International Film Festival	1,885,504
Total Film Festival Fund awards		1,885,504
Publications awards		
Cinema Business	Publications Fund	6,000
Community Sourcebook & Forum	Publications Fund	9,450
Imagine	Publications Fund	20,000
Introduction to Screenwriting	Publications Fund	15,000
Little White Lies	Publications Fund	10,000
Make Them Your Own: Moving Images On-line	Publications Fund	9,600
Scoop Live	Publications Fund	10,000
Scriptwriter Online	Publications Fund	10,000
Total Publications awards		90,050
Other awards		
EM Media Ltd	Regional Lottery award	322,000
Film London Ltd	Regional Lottery award	255,000
First Light Ltd	First Light Scheme	1,100,000
North West Vision Ltd	Regional Lottery award	505,000
Northern Film & Media Ltd	Regional Lottery award	390,000
Screen East Ltd	Regional Lottery award	390,000
Screen South Ltd	Regional Lottery award	505,000
Screen West Midlands Ltd	Regional Lottery award	413,000
Screen Yorkshire Ltd	Regional Lottery award	300,000
Skillset	Additional Training award	15,000
South West Screen Ltd	Regional Lottery award	420,000
Total other awards		4,615,000
Total new soft commitments		26,156,729
1 April 2007 – 31 March 2008		

Lottery Financial Statements

for the year ended 31 March 2008

Company no: 3815052

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Statement of Directors' responsibilities in respect of the accounts

Under its legislative framework, 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 prepared on an accruals basis and 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.

Company law requires the Directors to prepare financial statements for each 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 on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts; 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 1985. They are also responsible for safeguarding the assets of the group 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 has designated the Chief Executive Officer 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 Chief Executive Officer 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 the 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.

John Woodward
Chief Executive Officer
24 June 2008

Stewart Till CBE
Chairman
24 June 2008

Statement on internal control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the UK Film Council's policies, aims and objectives, whilst safeguarding the public funds and the UK Film Council's assets for which I am personally responsible in accordance with the responsibilities assigned to me in Managing Public Money.

I also have responsibility, as defined in the UK Film Council's Funding Agreement and Management Statement and Financial Memorandum, for leading and managing the work of the UK Film Council to meet its objectives and upholding its values. I report to the Board of Directors of the UK Film Council.

The purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level rather than eliminate all 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 the UK Film Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control includes adequate arrangements for detecting and responding to inefficiency, conflicts of interests and fraud, and prioritises those risks with the custody of assets and potential loss of Exchequer and Lottery grants. The system of internal control has been in place for the period ended 31 March 2008 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 I have overall responsibility for the UK Film Council's risk management framework, and am supported in its implementation by the Senior Management Team. Guidance is provided through the relevant decision approval processes.

The Audit Committee gives independent advice and guidance to me, in my role as Accounting Officer, and to the Board of Directors on the adequacy of audit arrangements (internal and external) and 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.

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 operation risks are identified through the annual business planning cycle, and are evaluated by the Senior Management Team and me. We also consider the risks associated with holding and safeguarding information for operational or financial reporting purposes. Risk management and internal control are considered on a regular basis through the Senior Management Team's agenda and the risks identified are monitored and controlled 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, which operates to standards defined in the Government Internal Audit Standards, is defined by an analysis of risk to which the UK Film Council is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the UK Film Council's Audit Committee and are approved by me.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control 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. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board and the Audit 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 me on the status of risks and controls.

The Board receives periodic reports from the Chair of the Audit Committee and regular reports from managers, on the steps taken to manage risks in their areas of responsibility, including progress reports on key activities and projects.

The internal auditors provide me annually with reports on the areas of activity within the UK Film Council subject to audit. 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 reporting period together with recommendations for improvement.

I can confirm:

- the UK Film Council complies with the current Lottery financial directions;
- adequate audit arrangements, both internal and external are in place, to support me in reviewing the systems of internal control;
- adequate arrangements are in place to detect and respond to inefficiency, conflicts of interest and fraud and minimising losses of Lottery grant;
- the UK Film Council has drawn up and maintains risk assessment and control procedures and risk registers;
- the UK Film Council has suffered no protected personal data incidents during 2007/08 or prior years, and has made no reports to the Information Commissioner's Office; and
- the systems of internal control were fully operational in the year and that no weaknesses have been uncovered.

John Woodward

Chief Executive Officer and Accounting Officer

24 June 2008

Auditor's report

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament

I certify that I have audited the financial statements of the UK Film Council Lottery Distribution Fund for the year ended 31 March 2008 under the National Lottery etc Act 1993 (as amended). These comprise the income and expenditure account, the balance sheet, the cash flow statement and the statement of total recognised gains and losses 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, Chief Executive Officer and auditor

The Directors and Chief Executive Officer as Accounting Officer are responsible for preparing the annual report, which includes the remuneration report, and the financial statements in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Directors' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder. I report to you if, in my opinion, the information which comprises the Chief Executive Officer's review, the financial review of the business and the monitoring and evaluation review, included in the annual report, is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the UK Film Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects the Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises all sections of the annual report except for the Chief Executive Officer's review, the financial review of the business and the monitoring and evaluation review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors and Chief Executive Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the UK Film Council Lottery Distribution Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

Opinions

Audit opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, of the state of the UK Film Council Lottery Distribution Fund's affairs as at 31 March 2008 and of its deficit, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury; and
- information which comprises the Chief Executive Officer's review, the financial review of the business and the monitoring and evaluation review included within the annual report, is consistent with the financial statements.

Audit 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.

Report

I have no observations to make on these financial statements.

T J Burr

Comptroller and Auditor General

30 June 2008

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

Income and expenditure account for the year ended 31 March 2008

	NOTES	2007/08 £000	2006/07 £000
Income:			
Proceeds from the National Lottery	8	27,093	24,524
NLDF investment income	8	2,250	1,775
Delegated Funds – Arts Council England		208	1,863
Recoupment income:			
- Arts Council England portfolio	2	339	1,296
- UK Film Council portfolio	2	1,171	835
Other income		184	142
Total income		31,245	30,435
Regional awards		(3,500)	(3,200)
First Light scheme		(1,100)	(1,100)
Distribution and exhibition awards:			
- Arts Council England delegated funds		-	(344)
- UK Film Council schemes		(5,245)	(6,121)
Training awards		(6,515)	64
Film festivals awards		(1,885)	-
Publications awards		(80)	(36)
Non-film rights awards		(18,325)	(10,737)
Arts Council England pre-committed expenditure		9	-
Costs apportioned from Grant-in-aid	3	(7,387)	(7,362)
Pension service costs	5	(445)	(349)
Provisions against film rights	6	(14,531)	(10,925)
Total other expenditure		(22,354)	(18,636)
Total expenditure		(40,679)	(29,373)
Operating (deficit)/surplus		(9,434)	1,062
Bank interest receivable		376	356
Other financing income	5	28	25
Interest and financing		404	381
(Deficit)/surplus on ordinary activities before taxation		(9,030)	1,443
Taxation charge	7	(104)	(106)
Retained (deficit)/surplus for the financial period		(9,134)	1,337

There were no material acquisitions or disposals during the year (2007: nil). All activities were on a continuing basis.

Statement of total recognised gains and losses for the year ended 31 March 2008

	NOTES	2007/08 £000	2006/07 £000
(Deficit)/surplus for the financial period		(9,134)	1,337
Actual return less expected return on pension assets	5	(395)	34
Experience gains arising on the scheme liabilities	5	169	-
Recognised change in assumptions	5	1,108	(858)
Actuarial gain/(loss) in pension plan		882	(824)
Total recognised gains and losses relating to the year		(8,252)	513

Balance sheet as at 31 March 2008

	NOTES	2008 £000	2007 £000
Current assets:			
Film rights	6	22,606	34,827
Balance at the National Lottery Distribution Fund	8	44,041	37,394
Debtors: amounts falling due within one year	9	5,712	8,946
Debtors: amounts falling due after one year	9	3,269	6,227
Cash at bank and in hand		7,276	7,317
		82,904	94,711
Creditors: amounts falling due within one year			
Award commitments	11	(15,047)	(14,630)
Creditors	12	(128)	(377)
		(15,175)	(15,007)
Net current assets		67,729	79,704
Creditors: amounts falling due after one year			
Award commitments	11	(3,269)	(6,227)
Net assets excluding pension liability		64,460	73,477
Pension liability	5	(51)	(816)
Net assets including pension liability		64,409	72,661
Capital and reserves			
Lottery reserve	17	64,460	73,477
Pension reserve	17	(51)	(816)
		64,409	72,661

John Woodward
Chief Executive Officer
 24 June 2008

Stewart Till CBE
Chairman
 24 June 2008

Statement of cashflows for the year ended 31 March 2008

	NOTES	2007/08 £000	2006/07 £000
Operating activities			
Funds received from the National Lottery Distribution Fund		22,696	28,036
Arts Council England delegated funds received		3,700	2,200
Arts Council England portfolio income		344	1,294
UK Film Council portfolio income		11,218	6,176
Other cash receipts		2,735	2,267
Overheads payments		(7,368)	(6,121)
Payment of hard commitments		(32,585)	(29,502)
Other cash payments		(1,053)	(3,770)
Net cash (outflow)/inflow from operating activities	16a	(313)	580
Tax paid		(106)	(179)
Return on investments and servicing of finance			
Bank interest received		378	367
Net cash (outflow)/inflow	16b	(41)	768

Notes to the financial statements

Note 1: Accounting policies

a) Basis of financial statements

These financial statements are prepared under the modified historical cost convention.

The financial statements have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, and they meet the requirements of the Companies Act 1985 and in accordance with applicable Accounting Standards, except that certain headings have been amended in order to reflect special circumstances of the company and, in the case of the treatment of hard and soft commitments, the requirements of the National Lottery etc Act 1993 (as amended) have been followed.

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 group as a whole.

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

b) Accruals convention

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

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 for 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 and made an offer, but the offer and associated conditions have not been accepted 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 balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as award commitments payable over more than one year. 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 prudent view of future income.

c) Other Lottery awards

Lottery awards other than those for film rights are taken in full to the income and expenditure account in the year in which the hard commitment is recognised.

d) Apportioned costs

The UK Film Council incurs costs which are shared between activities funded from Grant-in-aid and activities funded from the National Lottery. The UK Film Council is required to apportion costs in accordance with good accounting practice. Costs wholly attributable to Lottery activities are distinguished and a calculation is performed on the basis of an individual departmental assessment of the costs attributable to Lottery activities of the service departments.

The notes to the income and expenditure account show the apportioned costs separately from those directly incurred by the Lottery operation.

e) Fixed assets

All fixed assets owned by the UK Film Council are included in the Grant-in-aid fund. Usage by the Lottery Fund is accounted for by means of a capital recharge from the Grant-in-aid fund (see note 3).

f) 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 balance sheet date, 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 (see note 8).

g) Film rights

Film rights represent loans paid and advances paid and payable to filmmakers. They are included in the balance sheet, with provisions raised against the value of an advance to the extent that full repayment is not expected.

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.

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

Movements in provisions shown in the income and expenditure account reflect the net effect of increases and decreases in provisions against film rights in the year.

h) Film recoupment income

Income received from a film right is offset against the value of the right on the balance sheet. Income in excess of the original value of the right is taken to the income and expenditure account as film recoupment income.

All income received from the rights in the portfolio of films transferred from Arts Council England is taken directly to the income and expenditure account as these rights are recognised on the UK Film Council balance sheet at zero value. This reflects Arts Council England's accounting policy to write off the value of all advances in the year of award and the fact that no consideration was paid for the rights transfer by the UK Film Council.

i) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income and expenditure account.

j) Leasing commitments

Rentals payable under operating leases are charged in the income and expenditure account on a straight-line basis over the lease term.

k) Financial instruments

The Lottery account's principal financial instruments are cash and holdings in the National Lottery Distribution Fund. The Lottery account has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The main risks arising from the Lottery account's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

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 Pensions Fund Authority, a statutory body established on 31 October 1989, responsible to the Mayor of London and accountable to Parliament and the Greater London Assembly for its actions. The scheme is contributory for both employee and employer. Employer contributions are determined by a qualified actuary on the basis of triennial 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.

The UK Film Council complies with FRS 17 and the defined 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 period is charged against operating profit. The expected return on the scheme's assets and the increase during the period 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 total recognised gains and losses. 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 balance sheet.

Notes to the financial statements

continued

Note 2: Recoupment income

Arts Council England

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

Titles in receipt of income, identifying those over £100,000, in the year ended 31 March 2008 (2006/07: £1,296,000):

	£000
Billy Elliott	214
16 titles with income below £100,000	125
	339

UK Film Council

In the year ended 31 March 2008, 74 UK Film Council titles received income, which was taken against film rights on the balance sheet.

Titles in receipt of income, identifying those over £100,000, in the year ended 31 March 2008 (2006/07: £5,709,000) were:

	£000
A Way Through the Woods (aka Separate Lives)	154
Becoming Jane	565
Driving Lessons	307
Ecosse Films Slate	243
Heartlands	140
Ladies in Lavender	774
Long Time Dead	155
Miss Potter	962
Notes on a Scandal	583
Number 9 Films Slate	151
P45 (aka Severance)	228
Snowcake	275
Stormbreaker	1,628
Straightheads	207
Sunshine	310
The History Boys	165
The Last King of Scotland	608
The Wind that Shakes the Barley	165
This is England	186
Venus	130
WAZ	142
53 titles with income below £100,000	1,337
	9,415

Income received on titles in surplus is taken to the income and expenditure account (2006/07: £835,000):

	£000
Bend it like Beckham	35
Mrs Radcliffe's Revolution (Development)	25
Pan's Labyrinth (Prints & Advertising)	158
Red Road (Development)	3
The Lives of Others (Prints & Advertising)	250
The Rising (Prints & Advertising)	150
This is England (Prints & Advertising)	90
Touching the Void	31
28 Days Later	430
	1,171

Note 3: Costs apportioned from Grant-in-aid

	2007/08 £000	2006/07 £000
These costs include:		
Audit remuneration – audit associated fees	20	19
Capital recharge	189	180
Staff travel and subsistence – domestic	14	17
Staff travel and subsistence – foreign	103	92
Agency fees, freelance staff and secondments	8	46
Hospitality	42	51
Legal costs	325	254
Other professional fees	153	73

Note 4: Salary costs

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

	2007/08 £	2006/07 £
Andrew Eaton	928	1,305
Rebecca O'Brien	2,042	2,992
Alison Owen (retired 19.10.07)	928	748
Heather Rabbatts	1,670	1,870
Marc Samuelson (retired 19.10.07)	1,485	1,870
David Sproxton	3,289	2,053

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

	2007/08 £000	2006/07 £000
Wages and salaries	2,083	2,113
Social Security costs	218	223
Pension service costs and other pension costs	212	240
	2,513	2,576

Notes to the financial statements

continued

The average number of staff wholly employed on Lottery activities during the year was 36 (2006/07: 39).

The remuneration of the Chief Executive Officer and the costs attributable to Lottery during the year was:

	2007/08		ATTRIBUTABLE TO LOTTERY
	£	%	£
John Woodward			
(Age: 47)			
Salary and benefits	162,818		144,664
Bonus	43,330		38,499
Total	206,148	88.9	183,163
Pension contribution	24,692		21,939

	2006/07		ATTRIBUTABLE TO LOTTERY
	£	%	£
Salary and benefits	158,835		142,793
Bonus	56,427		50,728
Total	215,262	89.9	193,521
Pension contribution	24,692		22,198

For senior staff members, remuneration, pension contributions or pension entitlements, together with the share of these costs attributable to Lottery, are shown below. The information in the table is disclosed in ranges in accordance with DCMS guidance.

	SALARY YEAR ENDED 31 MARCH 2008 £000	%	ATTRIBUTABLE TO LOTTERY £000	ATTRIBUTABLE PENSION CONTRIBUTION £000	ATTRIBUTABLE PENSION ACCRUED AT 65 AT 31 MARCH 2008 £000	CASH EQUIVALENT TRANSFER VALUE (CETV) AS AT 31 MARCH 2007 £000	CETV AS AT 31 MARCH 2008 £000	REAL INCREASE IN CETV AFTER ADJUSTMENTS FOR INFLATION, ETC £000	SALARY YEAR ENDED 31 MARCH 2008 £000
Sally Caplan Head of Premiere Fund	160-165	100	160-165	15-20	-	-	-	-	155-160
Jenny Borgars Head of Development Fund (to 13.4.07)	0-5	100	0-5	0-5	7.5-10	58	58	0	160-165
Peter Buckingham Head of Distribution & Exhibition	145-150	100	145-150	15-20	7.5-10	92	108	5	150-155
Will Evans Head of Business Affairs	150-155	100	150-155	15-20	-	-	-	-	150-155
Alan Bushell Chief Operating Officer	110-115	88.9	100-105	10-15	7.5-10	128	156	16	110-115
Lenny Crooks Head of New Cinema Fund (from 18.9.06)	100-105	100	100-105	10-15	0-2.5	539	568	1	50-55
Lisa Tremble Head of Communications (to 21.9.07)	40-45	88.9	35-40	0-5	0-2.5	17	17	-	95-100
Tanya Seghatchian Head of Development Fund (from 1.5.07)	125-130	100	125-130	10-15	0-2.5	-	13	6	-
Rachel Grant Head of Communications (from 7.1.08)	10-15	88.9	10-15	0-5	0-2.5	-	-	-	-

John Woodward, Sally Caplan and Will Evans are all members of private pension schemes to which monetary contributions were made during the year.

and are payable on retirement. The scheme also provides for lump sum payments on retirement of three times final pension.

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

Upon joining the UK Film Council, Lenny Crooks transferred all his pension rights arising from prior employment to the scheme.

Notes to the financial statements

continued

Note 5: Pensions benefits

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 Pensions Fund Authority, a statutory body established on 31 October 1989, responsible to the Mayor of London and accountable to Parliament and the Greater London Assembly for its actions. The scheme is contributory for both employee and employer. Employer contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The contributions to the defined benefit scheme attributable to Lottery activities were £0.3 million in the year to 31 March 2008 (2007: £0.4 million), all relating to current service costs.

FRS 17 disclosure

All public bodies have to account in full for pensions benefits under the disclosure requirements of FRS 17. Therefore as at 31 March 2008, a pension liability of £0.05 million is disclosed on the UK Film Council Lottery balance sheet (2007: £0.82 million liability).

Pension assets/liabilities disclosed in these accounts relate only to those staff working solely on the lottery activities of the UK Film Council. Any pension assets/liabilities relating to other staff are disclosed in the UK Film Council group accounts.

For FRS 17 disclosure the valuation at 31 March 2007 had been updated by the actuaries Hymans Robertson to assess the liabilities of the scheme as at 31 March 2008. Scheme assets are stated at their market value as at 31 March 2008 and the estimated assets and liabilities of the fund attributable to Lottery and the expected rate of return as at 31 March 2008 are:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2008 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.5%	2,722	204
Bonds	6.3%	880	55
Property	6.7%	821	55
Cash	4.8%	136	9
		4,559	323

At the 31 March 2007 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2007 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	2,522	194
Bonds	6.4%	906	58
Property	6.8%	513	35
Cash	4.9%	109	5
		4,050	292

At the 31 March 2006 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2006 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.3%	2,025	148
Bonds	6.0%	612	37
Property	6.5%	379	25
Cash	4.6%	197	9
		3,213	219

At the 31 March 2005 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2005 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	2,524	194
Bonds	4.8%	346	17
Property	5.7%	228	13
Cash	4.8%	107	5
		3,205	229

At the 31 March 2004 the expected rates of return were:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2004 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	885	68
Bonds	5.1%	135	7
Property	6.5%	40	3
Cash	4.0%	18	1
		1,078	79

The main assumptions are:

	31 MARCH 2008 % PER ANNUM	31 MARCH 2007 % PER ANNUM
Price increases	3.6%	3.2%
Salary increases	5.1%	4.7%
Pension increases	3.6%	3.2%
Discount rate	6.9%	5.4%

In prior years these were:

	31 MARCH 2006 % PER ANNUM	31 MARCH 2005 % PER ANNUM	31 MARCH 2004 % PER ANNUM
Price increases	3.1%	2.9%	2.9%
Salary increases	4.6%	4.4%	4.4%
Pension increases	3.1%	2.9%	2.9%
Discount rate	6.0%	6.5%	6.5%

Net pension assets for the UK Film Council's Lottery operations:

	31 MARCH 2008 £000	31 MARCH 2009 £000
Estimated UK Film Council share of the assets	4,558	4,050
Present value of scheme liabilities attributable to the UK Film Council	4,610	4,866
Total value of liabilities	4,610	4,866
Net pension liability attributable to the UK Film Council	(52)	(816)

Analysis of the amount charged to operating profit:

	2007/08 £000	2006/07 £000
Service cost	445	349
Total operating charge	445	349

Analysis of the amount credited to other financial income:

	2007/08 £000	2006/07 £000
Expected return on employer assets	299	235
Interest on pension scheme liabilities	(271)	(210)
Net return	28	25
Net revenue account cost	417	324

Notes to the financial statements

continued

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

The actuarial loss as disclosed in the statement on total recognised gains and losses is as follows:

	2007/08 £000	2006/07 £000
Actual return less expected return on pension assets	(395)	34
Experience gains and losses arising on the scheme liabilities	169	-
Changes in assumptions underlying the present value of the scheme liabilities	1,108	(858)
Actuarial gain/(loss) in pension plan	882	(824)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial gain/(loss) recognised in STRGL	882	(824)

Movement in deficit during the year

	2007/08 £000	2006/07 £000
Deficit brought forward at 1 April	(816)	(38)
Current service cost	(445)	(348)
Employer contributions	300	369
Net return on assets	28	25
Actuarial gains/(losses)	882	(824)
Deficit at 31 March	(51)	(816)

History of experience gains and losses

	2007/08 £000	2006/07 £000	2005/06 £000
Difference between the expected and actual return in assets	(395)	34	437
Value of assets	4,558	4,050	3,213
Percentage of assets	(1%)	1%	13.6%
Experience gains/(losses) on liabilities	169	-	(17)
Present value of liabilities	4,610	4,866	3,251
Percentage of the present value of liabilities	1%	-%	(1%)
Actuarial gains/(losses) recognised in STRGL	882	(824)	(42)
Present value of liabilities	4,610	4,866	3,251
Percentage of the present value of liabilities	19.1%	(16.9%)	(1%)

	2004/05 £000	2003/04 £000	2002/03 £000
Difference between the expected and actual return in assets	66	120	(228)
Value of assets	3,205	1,078	598
Percentage of assets	2.1%	11.1%	(38.1%)
Experience losses on liabilities	(251)	(5)	(10)
Present value of liabilities	3,246	994	675
Percentage of the present value of liabilities	(7.7%)	(0.5%)	(1.5%)
Actuarial gains/ (losses) recognised in STRGL	(185)	115	(238)
Present value of liabilities	3,246	994	675
Percentage of the present value of liabilities	(5.7%)	11.6%	(35.3%)

Note 6: Film rights

	GROSS £000	PROVISION £000	REPAYMENT £000	NET £000
At 1 April 2007	180,166	(105,470)	(39,869)	34,827
Hard commitments made in the year	14,637	(7,205)	(86)	7,346
Movements on prior year commitments	-	(7,326)	(9,330)	(16,656)
Decommitments	(2,911)	-	-	(2,911)
At 31 March 2008 (schedule 1)	191,892	(120,001)	(49,285)	22,606

Note 7: Tax on profit on ordinary activities

	2008 £000	2007 £000
Corporation Tax payable for current year	104	106
	104	106

Taxation is payable on the interest earned by the UK Film Council at the rate of 30% (2006/07: 30%).

Notes to the financial statements

continued

Note 8: Balance at the National Lottery Distribution Fund

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

	2008 £000	2007 £000
Opening balance held at the National Lottery Distribution Fund	37,394	39,130
Income received from the Lottery	27,093	24,524
Investment income earned	2,250	1,776
Available for distribution	66,737	65,430
Cash drawn down	(22,696)	(28,036)
Market value at 31 March	44,041	37,394

At 31 March 2008 the cost of the investment in the fund was £43.95 million (2007: £37.84m). Income received from the Lottery shown above is after charging unrealised gains of £0.97 million (2007: £0.17 million loss).

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 balance sheet the lower of the market value or the cost of the investment as at the year end.

The UK Film Council has published its plans for the period 2007-2010. The plan assumes that the UK Film Council will continue to make an increased level of commitments over the period of the next three years. As a consequence the UK Film Council will make total commitments over the period in excess of its Lottery income and this will reduce cash balances over this period. Following the announcement of the £1.085 billion transfer from the Lottery distributors to the Olympics commencing in February 2009, the UK Film Council will suffer a diversion of £22 million between that date and 2012. The National Lottery Distribution Fund balance is now expected to fall below £10 million by March 2010 and the Board will be closely monitoring the position.

Note 9: Debtors

	2008 £000	2007 £000
Debtors falling due within one year		
Arts Council England delegation funds	4,066	4,807
Prepayments and accrued income	273	2,927
Due from Grant-in-aid fund	513	58
Other debtors	494	366
VAT debtor	366	788
	5,712	8,946
Debtors falling due after more than one year		
Arts Council England delegated funds	3,269	6,227
	3,269	6,227
	8,981	15,173

The Arts Council England debtor represents the undrawn delegated funds due to the UK Film Council. Funds are drawn down to meet award cash requirements under the delegation and it is expected that £3.3 million of this will fall due after 31 March 2009.

Note 10: Financial risks

FRS 13 Derivatives and other financial instruments, requires disclosure of the role that financial instruments have had during the year, in creating or changing the risks that the UK Film Council Lottery Fund faces in undertaking its role.

Liquidity risks

In 2007/08, £27.1 million (66%) (2007: £24.5 million, 67%) of the UK Film Council Lottery Fund's income was derived from the National Lottery. The remaining income comprises investment returns from the balance held with the National Lottery Distribution Fund £2.2 million (6%) (2007: £1.8 million, 5%), income from film rights £9.4 million, (23%) (2007: £5.7 million, 16%), delegated income from Arts Council England £0.2 million (1%) (2007: £1.9 million, 5%), surplus on UK Film Council and Arts Council England investments, bank interest and sundry income £2.11 million (4%) (2007: £2.6 million, 7%).

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 holdings amount to £51.3 million (2007: £44.7 million) at the balance sheet date, sufficient liquid resources are available to cover all current hard and soft commitments totalling £31 million (2007: £41 million).

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 accounts of the National Lottery Distribution Fund. At the year end the balance sheet value of the UK Film Council's investment in the National Lottery Distribution Fund was £44.1 million (2007: £37.39 million) and the average return on these investments was 6.05% (2007: 4.23%).

Cash balances drawn from the fund to pay awards and operating costs, along with recouped funds are held in variable rate bank accounts and the average interest rate return for the year was 5.2% (2007: 5.1%). The cash balance at the year end was £7.3 million (2007: £7.3 million). The Board consider that in respect of these funds the UK Film Council is not exposed to significant interest rate risks.

Foreign currency risk

The UK Film Council Lottery Fund is not exposed to any material foreign exchange risks, as long term balances are only held in sterling.

Note 11: Award commitments

Soft commitments

	2008 £000	2007 £000
Brought forward at 1 April	19,978	9,375
Commitments made	26,157	37,439
Transferred back from hard commitments	46	39
Soft decommitments	(401)	(4,292)
Transferred to hard commitments	(33,026)	(22,583)
Balance carried forward at 31 March	12,754	19,978

Hard commitments

Brought forward at 1 April	20,857	27,981
Commitments made	33,026	22,583
Hard decommitments	(2,938)	(166)
Transferred to soft commitments	(46)	(39)
Amounts paid	(32,583)	(29,502)
Balance carried forward at 31 March	18,316	20,857

Notes to the financial statements

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Soft decommitments arise when an offer of an award approved by the UK Film Council falls in before the award is accepted by the recipient organisation.

The franchise agreement with DNA Ltd has now ended and the soft commitments carried forward as at 31 March 2008 relating to this are £0 million (2007: £0.5 million). The franchise agreement was established by Arts Council England in 1997 and transferred to the UK Film Council in April 2000.

New hard commitments made during the year comprise:

	2008 £000	2007 £000
Film rights	14,637	11,772
Regional awards	3,500	3,200
First Light award	1,100	1,100
Distribution and exhibition awards	7,194	6,468
Training awards	6,515	-
Publication awards	80	43
	33,026	22,583

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

Ageing of hard commitments

	2008 £000	2007 £000
2007/08	-	14,630
2008/09	15,047	3,113
2009/10	2,374	3,114
2010/11	895	-
	18,316	20,857

It is expected that all outstanding hard commitments as at 31 March 2008 will be fully paid by 31 March 2011 and commitments due after one year relate to the Digital Screen Network.

Note 12: Creditors

Amounts falling due within one year

	2008 £000	2007 £000
Corporation Tax	50	51
Deferred income	-	208
Other creditors	78	118
	128	377

Deferred income represented the balance of the £15 million delegation funds from Arts Council England that had not become a hard commitment through awards made by the UK Film Council.

Note 13: Leases

At 31 March 2008 the Lottery Fund had no commitments under non-cancellable operating leases. The UK Film Council (non-Lottery) had annual commitments under non-cancellable operating leases as set out below:

	LAND & BUILDINGS 2008 £000	LAND & BUILDINGS 2007 £000
Operating lease which expires in over five years	315	315

A proportion of this was charged to the Lottery Fund under Note 1(e).

Note 14: Capital commitments

At 31 March 2008 the Lottery Fund had no contracted capital commitments (31 March 2007: nil).

Note 15: Future transfer of funds from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund

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 billion 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. 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.

The first transfer of funds is expected to take place on or after 1 February 2009 when the UK Film Council will contribute up to £1.5 million.

Because this commitment is not seen to be crystallising until this first transfer of funds takes place and that this and subsequent transfers will be matched to income generated in the relevant year in which the transfer is made, this commitment is not recorded in the balance sheet as at 31 March 2008.

Note 16: Notes to the statement of cashflows

a) Reconciliation of operating surplus to net cashflow from operating activities

	2007/08 £000	2006/07 £000
Operating (deficit)/surplus	(9,434)	1,062
Decrease in film rights	12,271	4,986
(Increase)/decrease in debtors	(503)	3,832
Decrease in creditors	(2,792)	(9,279)
Movement in pension liability	145	(21)
Net cash (outflow)/inflow from operating activities	(313)	580

b) Reconciliation of net cashflow to movements in funds

	2007/08 £000	2006/07 £000
Funds at 1 April	7,317	6,549
(Decrease)/increase in cash	(41)	768
Funds at 31 March	7,276	7,317

Note 17: Movement in Lottery Fund reserve

	PENSION RESERVE £000	I&E RESERVE £000	TOTAL LOTTERY RESERVE £000
Brought forward at 1 April 2007	(816)	73,477	72,661
Deficit for the year	(117)	(9,017)	(9,134)
Movements on the STRGL	882	-	882
Actuarial gain in pension plan			
As at 31 March 2008	(51)	64,460	64,409

Note 18: Reconciliations of transactions with delegate bodies

In 2007/08 delegation agreements with the Regional Screen Agencies, First Light Movies Ltd and Skillset Ltd 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 2007/08 £000	DELEGATE BODY CREDITOR AT 31 MARCH 2008 £000
EM Media	322	-
Film London	255	-
First Light Movies	1,100	-
Northern Film & Media	390	-
North West Vision & Media	505	-
Screen East	390	-
Screen South	505	-
Screen West Midlands	413	-
Screen Yorkshire	300	-
Skillset	6,515	456
South West Screen	420	-
	11,115	456

Notes to the financial statements

continued

The following is extracted from the accounts of the organisations for the year ended 31 March 2008:

	RESERVES AT 1 APRIL 2007 £000	INCOMING FUNDS: UK FILM COUNCIL £000	INCOMING FUNDS: OTHER £000	OUTGOING FUNDS £000	RESERVES AT 31 MARCH 2008 £000
EM Media	251	326	86	(371)	292
Film London	440	255	9	(380)	324
First Light Movies	620	1,100	64	(899)	885
Northern Film & Media	204	390	10	(403)	201
North West Vision & Media	97	505	1	(383)	220
Screen East	433	390	21	(347)	497
Screen South	106	505	4	(330)	285
Screen West Midlands	271	413	17	(377)	324
Screen Yorkshire	73	300	6	(271)	107
Skillset	6,358	6,044	351	(5,550)	7,203
South West Screen	121	420	19	(413)	147
Total	8,974	10,648	589	(9,724)	10,487

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

Note 19: Intra-government balances

As at 31 March Intra-government balances were:

Balances due to the UK Film Council's Lottery operations:

	2007/08 £000	2006/07 £000
Funds held at the National Lottery Distribution Fund	43,375	37,383
Funds held at Arts Council England	7,335	11,035
Funds due from HM Revenue and Customs re VAT	366	788

Balances due from the UK Film Council's Lottery operations:

Balance due to HM Revenue and Customs re Corporation Tax	58	51
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Note 20: Date authorised for issue

There were no reportable post balance sheet events between the balance sheet date and 30 June 2008, the date the accounts were certified by the Comptroller and Auditor General. The financial accounts do not reflect events after this date.

Note 21: Related parties

The UK Film Council maintains a publicly available register of Board Directors' interests. Board Directors declare any direct interest in award applications made to the Council and commercial relationships with the Council. They exclude themselves from the relevant application appraisal, discussion and decision process within the UK Film Council.

The following related party transactions occurred during the period:

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	AWARD £	AWARD OUTSTANDING 31 MARCH 2007/08 £
Directors of the UK Film Council				
British Film Institute	Anthony Minghella (resigned 31.12.07)	Chairman	73,389	6,375
Capitol Films Ltd	Marc Samuelson (retired 19.10.07)	Samuelson Productions Ltd*	-	504,306
Everyman Cinema Club	Anthony Minghella (resigned 31.12.07)	Committee Member	-	31,196
Genova Films Ltd	Andrew Eaton	Director	500,000	50,000
Go Go Pictures Ltd	Alison Owen (retired 19.10.07)	Director	10,000	2,500
Mango Films Ltd	Rebecca O'Brien	Director	15,000	-
Mirage (Europe) Ltd	Anthony Minghella (resigned 31.12.07)	Director	121,579	121,579
Revolution Films Ltd	Andrew Eaton	Director	25,000	-
Ruby Films Ltd	Alison Owen (retired 19.10.07)	Director	10,500	44,709
Samuelson Productions Ltd	Marc Samuelson (retired 19.10.07)	Director	-	4,500
Scarlet Pictures Ltd	Alison Owen (retired 19.10.07)	Director	-	7,250
Seven Seas (SL) Ltd	Alison Owen (retired 19.10.07)	Director	23,650	-
Sixteen Films Ltd	Rebecca O'Brien	Director	450,000	45,000
Skillset	Stewart Till Anthony Minghella (resigned 31.12.07)	Deputy Chair Advisory Board member	-	6,956,292
Slingshot Productions Ltd	Thomas Hoegh (appointed 2.7.07)	Director	281,325	42,967
Vue Entertainment Holdings (UK) Ltd	Stephen Knibbs	Chief Operating Officer	-	965,271

Notes to the financial statements

continued

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	AWARD £	AWARD OUTSTANDING 31 MARCH 2007/08 £
Employees of the UK Film Council				
Ealing Comedy Ltd	Jon Croker	Screenwriter	3,500	3,500
Edinburgh International Festival Ltd	Lizzie Francke	Advisory Board member	1,885,000	1,785,000
Home Movies Ltd**	Chris Collins	Director	200,000	200,000
Phoenix Cinema Trust	Kate Hide		2,445	2,445
Skillset	John Woodward	Director	-	6,956,292
Verve	Lenny Crooks	Partner of producer	-	5,000

* Samuelson Productions Ltd is a member of the Capitol Films Ltd consortium which receives Development slate funding.

** Home Movies Ltd is a member of the Jupiter superslate consortium which receives Development Slate funding.

In addition, £240,866 was paid to Olswang Solicitors for professional services rendered in the year. Mark Devereux is a Senior Partner in this firm.

Thomas Hoegh is Managing Director of Arts Alliance, the providers of the equipment for the Digital Screen Network.

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.

Schedules to the financial statements

Schedule 1: Film rights at 31 March 2008

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Premiere Fund awards								
Alienate Ltd	How to Lose Friends and Alienate People			1,344,000			(282,240)	1,061,760
Brideshead Production Company Ltd	Brideshead Revisited			1,439,406			(503,000)	936,406
Father Features Ltd	And When Did You Last See Your Father?			10,000			(10,000)	-
LWH Films Ltd	Moon Princess			1,231,156			(320,000)	911,156
Mayhem Films Ltd	St Trinian's			132,000	(56,857)			75,143
Picture Farm (The Escapist) Ltd	The Escapist			23,996				23,996
Pont Neuf Ltd	French Film			179,830				179,830
Recorded Picture Company Ltd	Franklyn			1,000,000	(28,760)		(300,000)	671,241
Valhalla Films Ltd	Faintheart			325,000				325,000
Zephyr Films Houdini Ltd	Death Defying Acts			50,455				50,455
Development Slate awards								
Jupiter Projects Ltd	Slate funding			200,000			(100,000)	100,000
One Way Film and TV Ltd	Comedy slate			255,500			(127,750)	127,750
Pathé Productions Ltd	Slate funding			350,000			(150,000)	200,000
Development Fund awards								
Advance Party Films Ltd	Rounding Up Donkeys			18,375				18,375
Andrea Untitled Ltd	Andrea Untitled			29,200				29,200
APT Film and Television Ltd	This is Our Life			15,500			(15,500)	-
Big Pond Productions Ltd	Hunky Dory			59,062			(59,062)	-
Celador Films Ltd	Untitled Samuel Pepys project			14,750			(14,750)	-
Coded Pictures Ltd	Canyonland			12,250			(12,250)	-
Cowboy Films Ltd	Other People's Money			20,000			(20,000)	-
Crabapple Films Ltd	The Darkest Hour			9,259			(9,259)	-
Cuba Pictures Ltd	An Equal Music			10,613			(10,613)	-
Dan Films Ltd	Triangle			49,232				49,232
David Hunt	Black Run			12,500			(12,500)	-
David Hunt	Provenance			12,500			(12,500)	-
DJ Films Ltd	Panto			30,500			(30,500)	-
Don Juan in Soho Ltd	Don Juan in Soho			150,000			(150,000)	-
DTF Ltd	Lucky Clover			35,000			(35,000)	-
Ed Wiles	Shadows			12,500			(12,500)	-

Schedules to the financial statements

continued

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Feelgood Fiction Ltd	Beckett & Martin Untitled			38,750			(38,750)	-
Feelgood Fiction Ltd	Unscathed			13,000		(13,000)		-
Go Go Pictures Ltd	Heartland Point (aka Diamonds)			10,000			(10,000)	-
Headline Pictures Ltd	Kite Rider			60,875			(60,875)	-
Heyman Hoskins Ltd	The Estate			74,750			(74,750)	-
James Henry	Hero Trip			17,500			(17,500)	-
Kindle Entertainment Ltd	Journey Through Midnight			14,000				14,000
Kudos Film and Television Ltd	Blowback			62,500			(62,500)	-
Kudos Productions Ltd	Salmon Fishing in the Yemen			15,000			(15,000)	-
Left Bank Pictures Ltd	Gaza			57,750			(57,750)	-
Made Up North Productions Ltd	Granny Flat			17,000			(17,000)	-
Magic Light Pictures Ltd	Three Way Split			8,000			(8,000)	-
Mango Films Ltd	Jean Charles			15,000				15,000
Mat Kirkby	The Liar's Club			12,500			(12,500)	-
Metrodome Distribution Ltd and Freerange Films Ltd	Headlong			52,000			(52,000)	-
NDF Productions Ltd	City of Tiny Lights			33,125			(33,125)	-
Optimum Releasing Ltd	Optimum/ Studio Canal Remakes			275,000			(275,000)	-
Parachute Pictures Ltd (previously Peartree Pictures Ltd)	No Such Thing (aka The Pear Tree)			2,388			(2,388)	-
Polly Steinman	That Face			15,000			(15,000)	-
Pundit Best	The Peculiar Memories			250,000			(250,000)	-
Red Production Company Ltd	Princess			2,000			(2,000)	-
Richard Vincent	Hooman			34,210			(34,210)	-
Rocket Pictures Ltd	Emily Jane: Secret Mom			10,125			(10,125)	-
Rocket Pictures Ltd	Invisible Woman			60,375			(60,375)	-
Ruby Films Ltd	Coram Boy			69,292			(69,292)	(1)
Rubyred Films Ltd	The Boleyn Inheritance			10,500			(10,500)	-
Script Connection Ltd	Script Connection			30,000			(30,000)	-
Seymour Films Ltd	Knock Down Ginger			59,900			(59,900)	-
Silver River Productions Ltd	We Followed Our Stars			16,250			(16,250)	-
Slate Films Ltd	Stiff			51,750				51,750
Sprout Productions Ltd	Johannesburg			21,555			(21,555)	-
Starfield Productions Ltd	The Describer			17,000			(17,000)	-
Tantrum Films Ltd	Where Hands Touch			20,000			(20,000)	-
Tempo Productions Ltd	The Lancashire Witches			17,519			(17,519)	-

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Thomas Thomas Films Ltd	Norway Project (aka Colchester 53)			6,500			(6,500)	-
Three Rivers Ltd	Mad About The Boy			9,983			(9,983)	-
Tiger Aspect Pictures Ltd	Tea and Sympathy			24,356			(24,356)	-
Tigerlily Films Ltd	Vida Ballet			5,000			(5,000)	-
Tomboy Films Ltd	Le Docteur Chinois			750			(750)	-
Trademark Films Ltd	My Week with Marilyn			45,750			(45,750)	-
Vertigo Films Ltd	Bad Dog			13,750			(13,750)	-
Warp Films Ltd	The Eighth Vein			20,000				20,000

New Cinema Fund awards

Actaeon Films Ltd	Are you Strong?			6,475			(6,475)	-
Adulthood Ltd	Adulthood			520,000			(387,600)	132,400
Advance Party Films Ltf	Rounding Up Donkeys			350,000			(175,000)	175,000
B3 Media	Digital shorts			56,200				56,200
Bright Star Ltd	Bright Star			600,000			(300,000)	300,000
Cinema Two SPV 2	Summer			450,000			(225,000)	225,000
EM Media Ltd	Digital shorts			10,000			(10,000)	-
F&ME Mainframe Production Ltd	White Lightnin'			563,090			(281,545)	281,545
Film London Ltd	Digital shorts			60,000			(60,000)	-
Genevieve Simms	Liberating Dachau			4,403			(4,403)	-
Glasgow Media Access Centre (GMAC) Ltd	Digital shorts			40,000			(40,000)	-
Kasander (Nightwatching) Ltd	Nightwatching			15,700			(15,700)	-
La Famiglia Ltd	Much Ado About a Minor Thing			25,000			(25,000)	-
Laura Tunstall	Airlock or How to say Goodbye in Space			3,115			(3,115)	-
Lifsize Pictures Ltd	Shorts project management			272,277			(272,277)	-
Little Bird East Ltd	King Bastard			10,000				10,000
North West Vision Ltd	Digital shorts			10,000		(10,000)		-
Northern Film and Media Ltd	Digital shorts			20,000			(20,000)	-
Northern Ireland Screen	Digital shorts			40,000		(2,000)	(38,000)	-
Nozone Films Ltd	Jehovah's Witness			4,000			(4,000)	-
Number 9 Films Ltd	Son of Eurovision – Starstruck			125,000			(62,500)	62,500
One Way Film and TV Ltd	Church Going			4,100			(4,100)	-
PK Films Ltd	One of Us			6,375			(6,375)	-
Red Rose Chain Ltd	Nappy Nation			6,000			(6,000)	-
Revolution Films Ltd	Genova			500,000			(250,000)	250,000
Revolution Films Ltd	New Love			25,000			(25,000)	-

Schedules to the financial statements

continued

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Ruby Films Ltd	Brick Lane			25,000		(1,350)	(23,650)	-
Screen East Ltd	Digital shorts			40,000		(4,000)	(36,000)	-
Screen South Ltd	Digital shorts			50,000			(50,000)	-
Screen West Midlands Ltd	Digital shorts			10,000			(10,000)	-
Screen Yorkshire Ltd	Digital shorts			50,000			(50,000)	-
SMG Ltd	Navel			25,000			(25,000)	-
South West Screen Ltd	Digital shorts			20,000			(20,000)	-
Strange Attractor Films Ltd	Beyond			5,920			(5,920)	-
The Bureau Film Company Ltd	Cinema Extreme			25,000			(25,000)	-
Third Films Ltd	Alex & Her Arse Truck			25,000			(25,000)	-
Third Films Ltd	Better Things			31,534			(31,534)	-
Three Pillow Films Ltd	Unmade Beds			428,396			(214,198)	214,198
Wall to Wall Media Ltd	Reach the Clouds			350,000				350,000
Wanted Films Ltd	Juvenile			6,500			(6,500)	-
Warp Allotment Ltd	The Allotment (aka Grow Your Own)			30,000			(30,000)	-
Warp Films Ltd	APT			158,157			(118,618)	39,539
Warp Films Ltd	Crack Willow			145,000			(70,000)	75,000
Warp Films Ltd	Hush			345,316			(258,987)	86,329
Warp X Ltd	Punch			24,490		(24,490)		-
Wellington Films Ltd	Island			25,000		(9)	(24,992)	-
With In Films Ltd	With In			10,000			(10,000)	-
Franchise awards								
DNA Ltd	28 Weeks Later			456,285			(283,143)	173,142
Total hard commitments made 2007/08				14,636,620	(85,616)	(54,848)	(7,205,008)	7,291,147

Film rights as at 1 April 2007

Premiere Fund awards

Ariel Films Ltd	Sylvia (aka Ted & Sylvia)	2,497,463	68,984		336			69,320
Autonomous Proposition Ltd	The Proposition	94,986	46,236				(46,236)	-
Becoming Jane Films Ltd	Becoming Jane	1,513,062	1,210,450		(565,323)		(250,000)	395,127
Cine B and Tubedale Films Ltd	L'Homme Du Train	500,000			(4,446)		4,446	-
Closing the Ring Ltd	Closing the Ring	2,101,886	1,626,800				(1,626,800)	-
Dan Films Ltd	Creep	1,260,000			(3,256)		3,256	-

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Devotion Films Ltd	Sex Lives Of The Potato Men	1,955,589	193,469					193,469
Driving Lessons Ltd	Driving Lessons	917,303	402,750		(306,991)	(38,331)		57,427
Father Features Ltd	And When Did You Last See Your Father?	530,000	420,000				(420,000)	-
Fern Gully Tales Ltd	The Tiger's Tail	1,000,000	50,000				(50,000)	-
Fragile Films Ltd	Importance Of Being Earnest	1,320,000	56,306		(200)			56,106
Fragile Films Ltd	Valiant	2,580,645	167,559				(167,559)	-
Fragile St Trinian's Ltd and Mayhem Films Ltd	St Trinian's	1,300,000	1,040,000					1,040,000
Greenpoint Productions Ltd	Only Human	298,723			(634)		634	-
Hallmark Entertainment Ltd	Mike Bassett: England Manager	1,233,000	35,738					35,738
Hopping Mad Distribution (IOM) Ltd and Miss Potter Inc	Miss Potter	1,200,000	1,011,457		(962,285)			49,173
Ladies in Lavender Ltd	Ladies In Lavender	1,979,850			(773,553)		773,553	-
Lyric Films Ltd	Life and Lyrics	207,200	42,316				(32,316)	10,000
Magic Men Ltd	Magicians	317,500	254,000		(10,621)		(243,379)	-
Mischief Night Ltd	Mischief Night	800,000	109,610				(100,000)	9,610
Northern Souls Films Ltd	Love & Hate (aka Northern Souls)	866,964	53,223		(390)		(43,223)	9,610
Picture Farm (The Escapist) Ltd	The Escapist	755,430	604,344					604,344
Recorded Picture Company Ltd	Young Adam	501,955	5,571		(79,608)		74,037	-
Revolution Films Ltd	Code 46	1,565,063			(18,872)		18,872	-
Samuelson Bertie Ltd	Stormbreaker	2,300,000	2,238,502		(1,627,914)			610,588
Sandfairy Productions Ltd	Five Children And It	2,671,500			(23,597)		23,597	-
Severance Films Ltd	P45 (aka Severance)	750,000	380,547		(227,938)			152,608
Snow Cake Films Ltd	Snowcake	1,100,000	516,606		(274,512)		(50,000)	192,094
Steel Mills (Yorkshire) Ltd and Steel Mill Cottage (IOM) Ltd	The Cottage	770,000	608,300				(300,300)	308,000
Tartan Film Distribution Ltd	The Proposition	48,750	48,750				(48,750)	-
Untitled '03 Ltd and Untitled '03 Productions Ltd	Vera Drake (aka Untitled M Leigh)	1,277,632	76,537		(12,111)			64,426
Untitled '06 Distribution Ltd	Happy Go Lucky (aka Untitled M Leigh 2)	1,200,000	480,000				(240,000)	240,000
Venus Pictures Ltd	Venus	1,000,000	250,823		(129,980)		(70,000)	50,843
WAZ Distribution Ltd	WAZ	932,017	467,017		(141,557)			325,460
Wilderness Films Ltd	Wilderness	360,000	39,000				(39,000)	-
Young Pirate Films Ltd	The Festival	700,000	15,195					15,195
Zephyr Films Ltd	Death Defying Acts	750,000	750,000					750,000

Schedules to the financial statements

continued

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Development slate awards								
Bend It Films	Slate funding	34,418	34,418				(34,418)	-
Capitol Productions Ltd	Slate funding	1,200,000	600,000				(300,000)	300,000
CFF Enterprises Ltd	Slate funding	200,000				(10,745)	10,745	-
CHX Ltd	Slate funding	60,000				(15,000)	15,000	-
Company Pictures Ltd	Slate funding	40,000	40,000				(40,000)	-
Darlow Smithson Productions Ltd	Slate funding	750,000	375,000			(701,500)	326,500	-
Domino Pictures Ltd	Slate funding	900,000	420,000			(720,362)	300,362	-
Ecosse Films Ltd	Slate funding	530,000			(242,584)	(40,125)	282,709	-
Fragile Films Ltd	Slate funding	650,000	553,965		(48,106)		(252,930)	252,930
Gruber Films Ltd	Slate funding	100,000	100,000				(100,000)	-
Jupiter Projects Ltd	Slate funding	600,000	600,000				(300,000)	300,000
Little Bird Company Ltd	Slate funding	250,000	124,289				(124,289)	-
Mission Pictures Ltd	Slate funding	250,000				(62,500)	62,500	-
National Film and Television School	Slate funding	25,000			(3,000)		3,000	-
Number 9 Films (Slate) Ltd	Slate funding	1,200,000	564,775		(150,647)	(75,000)		339,129
Passion Pictures Ltd	Slate funding	70,000	70,000				(70,000)	-
Pathé Productions Ltd	Slate funding	1,050,000	525,000				(262,500)	262,500
Qwerty Films Ltd	Slate funding	500,000				(83,060)	83,060	-
Recorded Picture Company Ltd	Slate funding	450,000			(4,920)	(50,000)	54,920	-
Riverchild Films Ltd	Slate funding	130,000	32,500				(32,500)	-
Robert Fox Ltd t/a Fox Philips	Slate funding	200,000	70,000				(70,000)	-
Ruby Films Ltd	Slate funding	285,000			(25,000)		25,000	-
Shona Productions Ltd	Slate funding	8,850	8,850				(8,850)	-
Development awards								
50 Cannon Entertainment UK Ltd	Mistress of Spices	36,583				(11,667)	11,667	-
Alipur Films Ltd	Road to Ladakh	9,750				(1,750)	1,750	-
Archer St Ltd	Incendiary	66,750	66,750		(66,375)		(375)	-
Archer St Ltd	Tigers	84,234	84,234				(84,234)	-
Assassin Films & Swag Productions Ltd	Mrs Radcliffe's Revolution	30,240	30,240				(30,240)	-
Autonomous Ltd	Boogie Woogie	23,300	23,300					23,300
Blast Films Ltd	Three Towers	9,500				(750)	750	-
Brideshead Films Ltd	Brideshead Revisited	37,000	37,000					37,000

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Brozel Films Ltd	Nero	3,000				(500)	500	-
Canteen Culture Ltd	Canteen Culture	81,550				(9,000)	9,000	-
Dan Films Ltd	Triangle	35,500	35,500					35,500
Elysian Films Ltd	Skin	31,000			(17,266)		17,266	-
Feelgood Fiction Ltd	The Rose of Tralee	8,875	8,875				(8,875)	-
Firstsight Films Ltd	The Witchfinder General	91,000				(4,667)	4,667	-
Go Go Pictures Ltd	Heartland Point (aka Diamonds)	10,000	10,000				(10,000)	-
Holy Cow Productions Ltd	Champagne Breakfast aka Richmond Project	8,500				(1,500)	1,500	-
Ice Productions Ltd	Chasing Heaven	32,500				(14,125)	14,125	-
Ideal World Productions Ltd	Ideal World	58,137				(21,140)	21,140	-
Impact Pictures Ltd	100 Voices	28,000				(375)	375	-
Impact Pictures Ltd	The Dark	64,341				(5,235)	5,235	-
Jigsaw Films Ltd	Legendeer	98,050				(42,550)	42,550	-
Jigsaw Films Ltd	Young Santa	23,580				(21,600)	21,600	-
Juggernaut Pictures Ltd	Nightfall	26,500				(4,497)	4,497	-
Modern Films Ltd	Under the Skin	111,949	111,949					111,949
Monogram Pictures Ltd	Mapping the Edge	67,000				(10,500)	10,500	-
Parachute Pictures Ltd (previously Peartree Pictures Ltd)	No Such Thing (aka The Pear Tree)	13,000	13,000				(13,000)	-
Passion Pictures Ltd	How I Live Now	95,465	95,465				(95,465)	(1)
Picture Farm Ltd	Passengers (aka Mexico)	38,481				(10,460)	10,460	-
Priority Pictures Ltd	The Club	73,500	73,500				(73,500)	-
Qwerty Films Ltd	Georgiana, Duchess of Devonshire	59,925	59,925			(10,059)		49,866
Qwerty Films Ltd	P45 aka Severance	27,750	27,750					27,750
Riverchild Films Ltd	The Emperor's Babe	5,250				(500)	500	-
Rule 8 Productions Ltd	Happy Birthday Lubna	95,300				(14,656)	14,656	-
Sally Potter Films Ltd	In the Beginning	54,550	54,550				(54,550)	-
Samuelson Productions Ltd	Peacock Manifesto	69,750				(4,000)	4,000	-
Scarlet Pictures Ltd	Balance of Power	7,000	7,000			(4,500)	(2,500)	-
Sixteen Films Ltd	Hoyland Common v Italy	19,275				(13,025)	13,025	-
Sonata Films Ltd	Smokescreen	45,000				(7,000)	7,000	-
Starfield Productions Ltd	The Describer	6,500	6,500				(6,500)	-
Stones in his Pockets Ltd	Stones in his Pockets	15,000				(1,285)	1,285	-
Suzie Smith	Being Me	15,782				(778)	778	-
The American Ltd	The American	100,000				(90,000)	90,000	-

Schedules to the financial statements

continued

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
The First Film Company Ltd	Bomber (aka Joe the King)	43,975	43,975					43,975
The Hub Film Company Ltd	Mermaids	13,500				(337)	337	-
The Mob Film Company Ltd	The Bell	14,500				(2,500)	2,500	-
Tiger Aspect Pictures Ltd	Tea and Sympathy	27,752	27,752				(27,752)	-
Trademark Films Ltd	Godparents	49,500				(18,000)	18,000	-
Two Hats Film and Television Ltd	Cavegirl	65,750				(14,750)	14,750	-
Vestry Films Ltd	New Town Killers	36,000	36,000					36,000
Watermark Films Ltd	Man and the Mysteries of the Female Orgasm	27,430				(5,893)	5,893	-
New Cinema Fund awards								
Zam Films Ltd	Honeymoon	25,000				(1)	1	-
A Woman in Winter Ltd	A Woman in Winter	392,200	20,000				(20,000)	-
Advance Party Films Ltd	Red Road	458,104	53,793		(7,801)		(35,992)	10,000
Adventure Pictures (Yes) Ltd	Yes	449,500	9,531					9,531
Antonine Films Ltd	The Magdalene Sisters	600,000			(18,449)		18,449	-
Appointed Limits Ltd	Appointed Limits (aka Deep Water)	387,628	186,021		(56,227)		(100,000)	29,794
APT Film and Television Ltd	Appointed Limits (aka Deep Water)	10,000	10,000					10,000
Assassin Films Ltd and Swag Pictures Ltd	Mrs Radcliffe's Revolution	700,000	350,000				(350,000)	-
Beastly Films Ltd	The Restraint of Beasts	345,000	345,000			(632,777)	287,777	-
Better Things Ltd	Better Things	269,312	134,656				(59,446)	75,211
Company of Wolves Ltd	Intermission	570,000			(47,779)		47,779	-
East Midlands Media Initiative	Digital shorts	40,000	314				(314)	-
Ex Nihilio SARL and Bluelight L'Ecole Ltd	School aka L'École	397,330	18,193				(18,193)	-
Film London Ltd	Digital shorts	40,000	863				(863)	-
Glasgow Media Access Centre (GMAC) Ltd	Digital shorts	40,000	413				(413)	-
Granada Films Ltd	Bloody Sunday	299,500	43,727					43,727
Granada Television Ltd	Pierrepoint (aka The Last Hangman)	330,000	69,400		(14,400)			55,000
H20 Motion Pictures (UK) TFM Ltd	That's for Me	149,800	74,900				(26,965)	47,935
Hannah Gal	Hush	4,499						-
Home Movies Ltd	Tomorrow, La Scala! (aka Sweeney)		20,001					20,001

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
JSB Production Ltd and Huit et Demi Production SARL and Zeal SRL	Lila Says (aka Lila dit ça)	400,000	43,810				(43,810)	-
Kasander (Nightwatching) Ltd	Nightwatching	300,000	150,000				(120,000)	30,000
Kivu Films Ltd	Shooting Dogs	675,000	96,438				(66,438)	30,000
Koninck Studios PTE Ltd	Piano Tuner of Earthquakes	300,862			(42,738)		42,738	-
Lighthouse Films Ltd	Digital shorts	4,800				(2,000)	2,000	-
Little Bird Company Ltd and In My Father's Den Productions Ltd	In My Father's Den	405,000	5,000		(16,042)		11,042	-
LTB Films Ltd	London To Brighton	184,566	62,752		(45,543)			17,209
Magic Light Pictures Ltd	Sparkle	377,600	188,800		(18,107)		(161,040)	9,653
Mountain Productions Ltd	White Lightnin'	10,000			(10,000)		10,000	-
North West Vision Ltd	Digital shorts	40,000	223				(223)	-
One Love Films Ltd	One Love	899,827			(607)		607	-
Parallax (Blind Flight) Ltd	Blind Flight	450,000	9,923				(9,923)	-
Passion Dox Ltd	Live Forever	212,249	9,719					9,719
Picture Farm Ltd	Get The Picture	28,153				(1,278)	1,278	-
Pistachio Pictures Ltd	One Two Hundred and Fiftieth of a Second	10,805				(4,875)	4,875	-
Puffball Stories Ltd	Puffball	684,647	171,162				(171,162)	-
Screen East Ltd	Digital shorts	40,000	226				(226)	-
Screen South Ltd	Digital shorts	40,000	40,000		(214)		(39,786)	-
Seven Seas (SL) Ltd	Brick Lane	675,039	350,039		(94,499)		(116,350)	139,189
Shine Ltd	Bullet Boy	450,000	40,000		(589)			39,411
Shine Ltd	Comedy shorts	77,270			(1,250)		1,250	-
Sixteen (Barley) Ltd and Fandango SRL	The Wind that Shakes the Barley	545,000	163,500		(165,243)		1,743	-
Sixteen (Trains) Ltd and Fandango SRL	Tickets	390,453	26,140		(13,558)			12,582
Slate Films Ltd	Once Upon a Time in the Midlands		23,079					23,079
Smoking Dog Films Ltd	Fela Kuti – Black President	9,940				(2,440)	2,440	-
South West Screen Ltd	Digital shorts	50,000	10,112				(10,112)	-
Starfield Productions Ltd	Anita and Me	675,000	55,476					55,476
Stink Ltd	A Changed Man	31,050				(850)	850	-
Straightheads Ltd	Straightheads	645,473	246,373		(207,383)			38,989
The Bureau Film Company Ltd	Noi the Albino	100,000	9,715		3		(9,718)	-

Schedules to the financial statements

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Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
This Is Not a Company Ltd and Simon Beaufoy	This is Not a Love Song	54,356			(4,745)		4,745	-
Warp Allotment Ltd	The Allotment (aka Grow Your Own)	400,000	200,000				(200,000)	-
Warp Bulldog Ltd	This is England	668,000	326,722		(186,060)			140,661
Warp X (Complete History) Ltd	A Complete History	241,230	60,308					60,308
Warp X (Punch) Ltd	Punch	466,118	116,530			(21,118)		95,412
Warp X Ltd	Low budget slate funding	116,766	58,383				(58,383)	-
Other film awards								
Company Pictures Ltd	Morvern Callar	500,000	23,420		(4,124)			19,295
Dragon Pictures Ltd	Very Annie Mary (aka Untitled Wales Ltd)	50,000	9,750				(9,750)	-
Mariner Films Ltd	Pandaemonium	63,152	12,626				(12,626)	-
Martin Pope Productions Ltd	The Lawless Heart	200,000	18,603					18,603
The Illuminated Film Company Ltd	Wargame	400,000	34,459				(34,459)	-
The Jones Company Ltd	Simon Magus	21,730	1,730				(1,730)	-
Working Title Two Ltd	Long Time Dead	1,000,000			(155,504)		155,504	-
Franchise awards								
DNA Ltd	A Way Through The Woods aka Separate Lies	1,474,635	637,764		(154,191)	(5,854)		477,719
DNA Ltd	DNA General Overheads	1,023,264	620,437				(160,218)	460,218
DNA Ltd	Heartlands	1,430,000	19,042		(140,424)		121,382	-
DNA Ltd	Notes on a Scandal	4,587,768	2,293,883		(583,241)			1,710,642
DNA Ltd	Sunshine	6,661,423	6,594,756		(310,369)		(3,297,378)	2,987,010
DNA Ltd	The History Boys	813,408	406,704		(164,832)			241,872
DNA Ltd	The Last King of Scotland	1,396,791	711,432		(607,941)			103,491
DNA Ltd	The Parole Officer	2,000,000			(37,423)		37,423	-
Pathé Productions Ltd	Bride & Prejudice	2,000,000	75,872					75,872
Pathé Productions Ltd	Churchill, the Hollywood Years	1,100,000	92,645		(6,119)			86,526
Pathé Productions Ltd	Dear Frankie (aka Natural History)	900,000	94,691		(8,476)			86,214
Pathé Productions Ltd	Enduring Love	1,799,000	215,118		(741)			214,377
Pathé Productions Ltd	Girl with a Pearl Earring	2,000,000			(71,842)		71,842	-
Pathé Productions Ltd	It Was An Accident	75,251	2,499					2,499
Pathé Productions Ltd	Max (aka Hoffmann)	1,971,830	18,799					18,799

Schedule 1: Film rights at 31 March 2008 continued

PRODUCTION COMPANY	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2007	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Pathé Productions Ltd	Millions	2,000,000	51,216		(58,587)		7,371	-
Pathé Productions Ltd	Mrs Henderson Presents	2,200,000	287,802		(39,009)			248,793
Pathé Productions Ltd	Suzie Gold	700,000	29,277					29,277
Pathé Productions Ltd	The Abduction Club	1,500,000	3,907					3,907
Pathé Productions Ltd	The Blitz	100,000				(34,100)	34,100	-
Pathé Productions Ltd	The Hole	1,500,000			(72,294)		72,294	-
Pathé Productions Ltd	The Magic Roundabout	3,000,000	159,151					159,151
Pathé Productions Ltd	Thunderpants	2,053,867	28,143		(18,254)			9,889
Pathé Productions Ltd	With Prejudice	46,530	27,530					27,530
The Film Consortium Ltd	24 Hour Party People	2,767,872	102,084		5,666			107,751
The Film Consortium Ltd	51st State	2,000,000			(99,254)		99,254	-
The Film Consortium Ltd	A Christmas Carol	1,624,112	159,955		(16,974)			142,981
The Film Consortium Ltd	An Instant in the Wind	9,615				(215)	215	-
The Film Consortium Ltd	Best Man	33,000				(1,000)	1,000	-
The Film Consortium Ltd	Bugs	1,033,750			(93,135)		93,135	-
The Film Consortium Ltd	Concrete Slippers	13,200				(2,650)	2,650	-
The Film Consortium Ltd	Country of my Skull	2,425,000			(9,891)		9,891	-
The Film Consortium Ltd	Deadline Beirut	373,403	20,000				(20,000)	-
The Film Consortium Ltd	Fourth Wall	15,000				(750)	750	-
The Film Consortium Ltd	Hall of Tales	11,000				(2,000)	2,000	-
The Film Consortium Ltd	How to Rob Banks	17,500				(450)	450	-
The Film Consortium Ltd	In This World (aka Silk Road)	662,804	30,455		(10,162)			20,294
Total hard commitments made in prior years			34,827,139	0	(9,329,701)	(2,856,579)	(7,326,228)	15,314,631
Total film rights at 31 March 2008			34,827,139	14,636,620	(9,415,318)	(2,911,427)	(14,531,236)	22,605,777

Schedules to the financial statements

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Schedule 2: Lottery awards in the year ending 31 March 2008

PRODUCER	FILM / PROJECT	£
Single Film Project awards		
2FC Ltd	Hatemail	6,600
Actaeon Films Ltd	A Fitting Tribute aka Are You Strong?	1,475
Adulthood Ltd	Adulthood	580,000
Advance Party Films Ltd	Rounding Up Donkeys (aka Old Dogs)	18,375
Alienate Ltd	How to Lose Friends and Alienate People	1,457,730
APT Film and Television Ltd	This is Our Life	15,500
Autonomous Ltd	Boogie-Woogie	10,000
Autonomous Ltd	Triage	34,336
B3 Media Ltd	Digital Shorts	57,200
Better Things Ltd	Better Things	31,534
Brideshead Films Ltd	Brideshead Revisited	89,406
Brightstar Films Ltd	Bright Star	600,000
Canal + Image UK Ltd & Optimum Releasing Ltd	Film Remakes	275,000
Certain Pictures Ltd	A Necessary Life	10,000
Cheeky Monkey Films UK Ltd	Crack Willow	95,000
Cinema Two CPV Ltd	Summer	450,000
Cowboy Films Ltd	Other People's Money	20,000
Crab Apple Films Ltd	The Darkest Hour	9,259
Dan Films Ltd	The Double	44,875
Dan Films Ltd	Triangle	49,232
David Bloom	Black Run	12,500
David Hunt	Provenance	12,500
Distant Thunder Ltd	Distant Thunder	1,000,000
DNA Films Ltd	The Exception	66,250
Don Juan Pictures Ltd	Don Juan in Soho	150,000
Ecosse Films Ltd	Untitled Ian Fleming	10,250
Ed Wiles	Shadows	12,500
Elena Fuller	Greener	10,000
EM Media	Digital Shorts	40,000
Father Features Ltd	And When Did You Last See Your Father?	50,000
Feelgood Fiction Ltd / Leftbank Pictures Ltd	Boy Soldier	500,000
Fifth Column Films Ltd	Domestics	5,975
Film London Ltd	Digital Shorts	40,000

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Film London Ltd	Pop Art – Digital Shorts Plus	10,000
Film London Ltd	Rain Horse – Digital Shorts Plus	10,000
Free Range Films Ltd	Headlong	52,000
Genevieve Simms	Liberating Dachau (short)	1,994
Genova Films Ltd	Genova	500,000
Glasgow Media Access Centre Ltd	Digital shorts	40,000
Glasgow Media Access Centre Ltd	Night School – Digital Shorts Plus	10,000
Go Go Pictures Ltd	Diamonds	10,000
Harbour Pictures Ltd	Shakespeare & Co	63,750
Headline Pictures Ltd	Peter Pan in Scarlet	3,500
Headline Pictures Ltd	The Invisible Woman	60,375
Headline Pictures Ltd	The Kite Rider	60,875
Jupiter Projects Ltd	Slate funding	200,000
Kasander (Nightwatching) Ltd	Nightwatching	15,700
Kindle Entertainment Ltd and Children's Film and Television Foundation	Journey through Midnight (additional)	14,000
Kudos Film and Television Ltd	Salmon Fishing in the Yemen	15,000
La Famiglia Ltd	Much Ado About a Minor Thing (short)	25,000
Left Bank Pictures Ltd	Gaza	57,750
Lifesize Pictures Ltd	Managing company for short film programme	273,277
Little Bird East Ltd	King Bastard	10,000
Loop Film Productions Ltd	In the Loop	563,825
LWH Films Ltd	The Moon Princess	1,231,156
Magic Light Pictures Ltd	The Night Country	16,750
Magic Light Pictures Ltd	Worst Contact	83,000
Mango Films Ltd	Jean Charles	15,000
Mayhem Films Ltd	St Trinian's	132,000
Mirage (Europe) Ltd	The Two Faces of January	121,579
Mountain Productions Ltd	White Lightnin'	588,090
NDF Productions Ltd	City of Tiny Lights	33,125
Neth Knowles	The Bailey Method	10,300
North West Vision Ltd	Digital shorts	40,000
Northern Film & Media Ltd	Digital shorts	40,000
Northern Film & Media Ltd	Jade – Digital Shorts Plus	10,000
Northern Ireland Screen	Digital shorts	40,000
Number 9 Films Ltd	Starstruck	125,000

Schedules to the financial statements

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Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Oxygen Films Ltd	Blackwaterside	23,500
Parachute Pictures Ltd	Hopeless Romantic (aka The Pear Tree)	2,388
Parkville Pictures Ltd	This Is What Ralph Does	5,800
Pathé Pictures Ltd	Slate funding	350,000
Picture Farm (The Escapist) Ltd	The Escapist	23,996
PK Films Ltd	One of Us? (short)	1,495
Polly Stenham	That Face	15,000
Pont Neuf Ltd	French Film	179,830
Punditbest Ltd	The Peculiar Memories of Thomas Penman	250,000
Red Production Company Ltd	Princess	2,000
Redbag Pictures Ltd	The End of the Affair	4,975
Revolution Films Ltd	New Love (short)	25,000
Richard Fordyce	Guardian of the Shore	10,600
Rocket Pictures Ltd	Emily-Jane: Secret Mom	10,125
Rounding Up Donkeys Ltd	Rounding Up Donkeys	350,000
RPC Franklyn Ltd	Franklyn	1,000,000
Ruby Films Ltd	The Boleyn Inheritance	10,500
Ruth McCance	Capital	23,500
Screen East Ltd	Digital shorts	40,000
Screen South Ltd	Digital shorts	40,000
Screen South Ltd	Leaving Eva – Digital Shorts Plus	10,000
Screen West Midlands Ltd	Caterpillar – Digital Shorts Plus	10,000
Screen West Midlands Ltd	Digital shorts	40,000
Screen West Midlands Ltd	Pink – Digital Shorts Plus	10,000
Screen Yorkshire Ltd	Cut Up – Digital Shorts Plus	10,000
Screen Yorkshire Ltd	Digital shorts	40,000
Seven Seas (SL) Ltd	Brick Lane	25,000
Sigma Films Ltd	Navel (short)	25,000
Signal Films Ltd	Dead Dog (short)	4,270
Silver River Productions Ltd	We Followed Our Stars	16,250
Slate Films Ltd	Half of a Yellow Sun	39,375
Slate Films Ltd	Stiff (aka El Bulto)	51,750
South West Screen Ltd	Detour – Digital Shorts Plus	10,000
South West Screen Ltd	Digital shorts	40,000
South West Screen Ltd	MotoMarvin – Digital Shorts Plus	10,000
Starfield Productions Ltd	The Describer	17,000

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Tempo Productions Ltd	The Lancashire Witches	17,519
The Bureau Film Company Ltd	Cinema Extreme: Short Film Scheme 2007	25,000
Third Films Ltd	Alex and her Arse Truck	25,000
Three Pillows Films Ltd	Unmade Beds	428,396
Three Rivers Ltd	Mad About the Boy	9,983
Tigerlily Films Ltd	Vida Ballet	5,000
Tomboy Films Ltd	Le Docteur Chinois	750
Tony Pictures Ltd	Tony	20,000
Triangle Films Ltd	Triangle	1,325,500
Trinamite Productions Ltd	Unborn (short)	4,955
Valhalla Films Ltd	Faintheart	325,000
Warp Films Ltd	The 8th Vein	20,000
Warp X Ltd	Release	35,000
Wellington Films Ltd	Island	25,000
Wilder Films Ltd	Laid Off	10,600
Within Films Ltd	Within (pilot)	10,000
Young Films Ltd	The Strangest Thing	24,575
Zephyr Films Houdini Ltd	Death Defying Acts	50,455
Total single film project awards		15,338,630
Distribution and Exhibition awards		
Alliance Atlantis Releasing Ltd t/a Momentum Pictures Ltd	Control	200,000
Artificial Eye Film Company Ltd	4 months, 3 weeks, 2 days	5,000
Artificial Eye Film Company Ltd	Lady Chatterley	145,500
Artificial Eye Film Company Ltd	The Edge of Heaven	4,662
Artificial Eye Film Company Ltd	Under the Bombs	5,000
Artificial Eye Film Company Ltd	You the Living	4,360
Axiom Film International Ltd	Alice in the Cities	5,000
Axiom Film International Ltd	Honeydripper	5,000
British Film Institute	A Throw of the Dice	63,000
British Film Institute	Breakfast with Scott	1,275
British Film Institute	Cassavetes Digital Package	3,500
British Film Institute	Dracula (1958)	4,914
British Film Institute	Russian Roulette with Two Revolvers, Boy A and Dog Altogether	700

Schedules to the financial statements

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Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Cinefile Ltd	Changement D'Adresse	5,000
Diffusion Pictures Ltd	The Boss Of It All	5,000
Dogwoof Ltd	A Crude Awakening	5,000
Dogwoof Ltd	Black Gold	20,700
Dogwoof Ltd	Écoute Le Temps	4,905
Dogwoof Ltd	My Nikifor	4,880
Dogwoof Ltd	Testosterone	4,646
Dogwoof Ltd	The Wedding	5,000
Dogwoof Ltd	Tough Enough	5,000
Dogwoof Ltd	We're all Christs	4,968
Ealing Comedy Ltd	Ealing Comedy	3,500
Human Film Ltd	Ahlaam (Dreams)	5,000
ICA Films Ltd	Captain Eager and the Mark of Voth	5,000
Icon Film Distribution Ltd	La Vie en Rose	151,606
Independent Cinema Office	ICO Essentials: Dreams	5,000
Lions Gate Film UK Ltd	Children of Glory	5,000
Lions Gate Film UK Ltd	In the Hands of the Gods	150,000
Little Bird Television Ltd	Shot in Bombay	5,000
Maiden Voyage Pictures Ltd	The Battle Of Algiers	40,960
Maiden Voyage Pictures Ltd	Night Bus	5,000
Metrodome Distribution Ltd	Assembly	5,000
Metrodome Distribution Ltd	Away From Her	4,972
Metrodome Distribution Ltd	The Counterfeiters	250,296
Metrodome Distribution Ltd	The Serpent	124,937
Metrodome Distribution Ltd	Water	5,000
Optimum Releasing Ltd	Brick Lane	200,000
Optimum Releasing Ltd	Eagle vs Shark	125,000
Optimum Releasing Ltd	Persepolis	180,000
Optimum Releasing Ltd	Redacted	5,000
Optimum Releasing Ltd	Summer of British Film season (3 films)	78,000
Park Circus Ltd	All About Eve	5,000
Park Circus Ltd	Summer of British Film season (4 films)	36,800
Park Circus Ltd	Hamlet	5,000
Park Circus Ltd	It's a Wonderful Life	24,839
Park Circus Ltd	Raging Bull	5,000

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Park Circus Ltd	Richard III	5,000
Park Circus Ltd	The Lady Vanishes	5,000
Park Circus Ltd	The Sound of Music	32,275
Park Circus Ltd	The Summer of British Film	3,000
Park Circus Ltd	The Thief of Baghdad	4,500
Park Circus Ltd	The Thirty Nine Steps (1935)	5,000
Pathé Distribution Ltd	Molière	100,000
Pathé Distribution Ltd	The Diving Bell and the Butterfly	150,000
Peccadillo Pictures Ltd	Four Minutes	5,000
Peccadillo Pictures Ltd	Transylvania	5,000
Peccadillo Pictures Ltd	XXY	5,000
Revolver Entertainment Ltd	U2 3D	150,000
Revolver Entertainment Ltd	Taking Liberties	4,000
Revolver Entertainment Ltd	Tell No One	110,774
Seventh Art Productions Ltd	Escape From Luanda	4,832
Shooting People Films Ltd	We Are Together	5,000
Slingshot Studios Ltd	Sugarhouse	99,935
Slingshot Studios Ltd	Water Lilies	1,560
Soda Pictures Ltd	Azur & Asmar: The Princes' Quest	150,000
Soda Pictures Ltd	Drawing Restraint 9	5,000
Soda Pictures Ltd	Someone Else	5,000
Sound And Media Ltd	Flight Of The Red Balloon (Voyage Du Ballon Rouge)	5,000
Spier Distribution Ltd	Son of Man	5,000
Tartan Films Distribution Ltd	I'm a Cyborg	20,000
Tartan Films Distribution Ltd	Mister Lonely	5,000
Tartan Films Distribution Ltd	Paranoid Park	5,000
Tartan Films Distribution Ltd	Seventh Seal	5,000
Tartan Films Distribution Ltd	Silent Light	5,000
The Works UK Distribution Ltd	Closing The Ring	100,000
The Works UK Distribution Ltd	Joy Division	5,000
The Works UK Distribution Ltd	Paris Je T'aime	5,000
The Works UK Distribution Ltd	Ten Canoes	5,000
Transmedia International Releasing Ltd	A Few Days in September	3,875
Transmedia International Releasing Ltd	Man In The Chair	5,000
Trinity Filmed Entertainment Ltd	Beaufort	5,000

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Twentieth Century Fox Film Company Ltd	Shine A Light	154,000
Universal Pictures International UK & Eire Ltd	Lust, Caution	200,000
Vertigo Films Ltd	In the Shadow of the Moon	5,000
Vertigo Films Ltd	Joe Strummer – The Future is Unwritten	30,082
Yume Pictures Ltd	KM 31	5,000
Yume Pictures Ltd	Opera Jawa	5,000
Total Specialised Prints and Advertising awards		3,377,753

Digital Screen Network awards

Chapter (Cardiff) Ltd (Chapter Cinema)	Digital Screen Network award	48,750
Chapter (Cardiff) Ltd (Chapter Cinema)	DSN Selective Support Scheme for Small Cinemas	10,443
City Screen Ltd (Exeter Picturehouse)	Digital Screen Network award	50,515
City Screen Ltd (The Little Cinema Theatre Bath)	Digital Screen Network award	50,515
Digital Screen Network Booth Fund Awards	5 awards less than £10,000	12,000
Dundee Contemporary Arts Cinema Ltd (DCA Cinema)	DSN Selective Support Scheme for Small Cinemas	10,443
Dundee Contemporary Arts Cinema Ltd (DCA Cinema)	Digital Screen Network award	48,750
Midlands Art Centre Ltd (Mac)	DSN Selective Support Scheme for Small Cinemas	10,443
Midlands Art Centre Ltd (Mac)	Digital Screen Network award	48,750
Queen's University Belfast (Queen's Film Theatre)	DSN Selective Support Scheme for Small Cinemas	10,443
The Howslow Arts Trust Ltd (Watermans Brentford)	Digital Screen Network award	48,750
Total Digital Screen Network awards		349,801

Small Capital Fund awards

Aberystwyth University (Aberystwyth Arts Centre Cinema)	Capital & Access Fund	28,395
AJ Harris (Curzon Cinema)	Capital & Access Fund	13,987
Andrew Lougher & Karen Buckley (Palace Cinema)	Capital & Access Fund	13,900
Arts Alive in Shropshire and Herefordshire (Flicks In The Sticks Touring Cinema)	Capital & Access Fund	9,292
Beverley War Memorial Hall	Capital & Access Fund	669
Black Lamp Ltd (Black Lamp)	Capital & Access Fund	20,000

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Brine Ltd (Swell Cinema)	Capital & Access Fund	510
Chapter (Cardiff) Ltd (Chapter Cinema)	Capital & Access Fund	35,000
Conway County Borough Council (Theatr Colwyn & Cinema)	Capital & Access Fund	5,000
Cornwall Arts Centre Trust Truro Ltd (Carn To Cove)	Capital & Access Fund	1,764
Curzon – Clevedon Community Centre for the Arts (Curzon Community Cinema)	Capital & Access Fund	6,500
Derby Quad Ltd (Derby Quad)	Capital & Access Fund	10,000
Derek Cooper, Beatrice Cooper, Sally Cooper, Tracey Hartnett, Rebecca Cooper and Elizabeth Cooper (Wells Film Centre)	Capital & Access Fund	5,890
Dorset Film Touring Ltd (Moviola)	Capital & Access Fund	6,700
Downpatrick Cineplex Ltd (Downpatrick Cineplex)	Capital & Access Fund	3,250
Durham City Council (Gala Theatre and Cinema)	Capital & Access Fund	5,828
Everyman Media Ltd (Everyman Cinema Club)	Capital & Access Fund	1,341
French Cultural Institute (Cine Lumière)	Capital & Access Fund	3,075
Glasgow Film Theatre	Capital & Access Fund	20,000
Greater Manchester Arts Centre Ltd (Cornerhouse)	Capital & Access Fund	9,681
Hailsham Pavilion Ltd (Hailsham Pavilion)	Capital & Access Fund	3,250
Havant Arts Centre Company Ltd (Havant Arts Centre Cinema)	Capital & Access Fund	3,619
Highland & Islands Arts Ltd (RBS Screen Machine)	Capital & Access Fund	28,965
Ian Francis (7 Inch Cinema)	Capital & Access Fund	1,252
Kino Holdings Ltd (Kino Sevenoaks)	Capital & Access Fund	24,000
MediCinema	Capital & Access Fund	3,250
Orion Cinemas Ltd (Orion Cinema)	Capital & Access Fund	8,000
Parkway Cinema Barnsley Ltd (Parkway Cinema Barnsley)	Capital & Access Fund	2,123
Penistone Town Council (Penistone Paramount)	Capital & Access Fund	8,363
Peter Heathcote (Filmscene)	Capital & Access Fund	816
Phoenix Cinema Trust Ltd (Phoenix Cinema)	Capital & Access Fund	2,445
Propix UK Ltd (Station Cinema)	Capital & Access Fund	3,372

Schedules to the financial statements

continued

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Riverside Restaurant & Theatre Ltd (Riverside Theatre)	Capital & Access Fund	12,750
Roses Theatre Trust (Roses Theatre)	Capital & Access Fund	3,292
S&B Cinemas Ltd (Ritz Cinema)	Capital & Access Fund	6,000
Sawston Village College (Sawston Village College Cinema)	Capital & Access Fund	14,000
Scala Cinema & Arts Centre	Capital & Access Fund	5,467
Scott Cinemas South West Ltd (Regent Cinema)	Capital & Access Fund	2,943
Shrewsbury and Atcham Borough Council (Old Market Hall)	Capital & Access Fund	31,000
Staffordshire Reels On Wheels	Capital & Access Fund	5,430
Stowmarket Town Council (Regal)	Capital & Access Fund	3,500
Strode College (Strode Theatre)	Capital & Access Fund	6,452
The Corn Exchange (Newbury) Trust (Corn Exchange)	Capital & Access Fund	6,189
The Courtyard Trust	Capital & Access Fund	18,049
The Customs House Trust Ltd (Customs House Trust)	Capital & Access Fund	4,003
The Filmhouse Ltd (Filmhouse)	Capital & Access Fund	4,873
The Haslemere Hall (Haslemere Hall Cinema)	Capital & Access Fund	4,750
The Lynton Cinema Ltd (Lynton Cinema)	Capital & Access Fund	5,185
The Nerve Centre	Capital & Access Fund	8,300
The Old Meeting House Trust (Helmsley Arts Centre)	Capital & Access Fund	13,471
The Plough Arts Centre Ltd (Plough Arts Centre)	Capital & Access Fund	10,000
The Regal Cinema (Lancaster) Ltd (Cottage Road Cinema)	Capital & Access Fund	2,360
The Sheffield Media and Exhibition Centre Ltd (Showroom Cinema)	Capital & Access Fund	5,700
The Watershed Arts Trust Ltd (Watershed Arts Trust)	Capital & Access Fund	9,793
Thomas Adams School (community HUB @ Wem Town Hall)	Capital & Access Fund	15,000
Tyneside Film Theatre Ltd (Tyneside Cinema)	Capital & Access Fund	4,000
Wotton Electric Picture House Ltd (Wotton Electric Picture House)	Capital & Access Fund	7,250
Total Small Capital Fund awards		499,992

Schedule 2: Lottery awards in the year ending 31 March 2008 continued

PRODUCER	FILM / PROJECT	£
Film Festivals Fund		
Edinburgh International Film Festival Ltd	Edinburgh International Film Festival	1,885,504
Total Film Festival Fund awards		1,885,504
Publications awards		
Cinema Business	Publications Fund	6,000
Community Sourcebook & Forum	Publications Fund	9,450
Imagine	Publications Fund	20,000
Introduction to Screenwriting	Publications Fund	15,000
Little White Lies	Publications Fund	10,000
Make Them Your Own: Moving Images On-line	Publications Fund	9,600
Scoop Live	Publications Fund	10,000
Scriptwriter Online	Publications Fund	10,000
Total Publications awards		90,050
Other awards		
EM Media Ltd	Regional Lottery award	322,000
Film London Ltd	Regional Lottery award	255,000
First Light Ltd	First Light Scheme	1,100,000
North West Vision Ltd	Regional Lottery award	505,000
Northern Film & Media Ltd	Regional Lottery award	390,000
Screen East Ltd	Regional Lottery award	390,000
Screen South Ltd	Regional Lottery award	505,000
Screen West Midlands Ltd	Regional Lottery award	413,000
Screen Yorkshire Ltd	Regional Lottery award	300,000
Skillset	Additional Training award	15,000
South West Screen Ltd	Regional Lottery award	420,000
Total other awards		4,615,000
Total new soft commitments		26,156,729
1 April 2007 – 31 March 2008		

Schedules to the financial statements

continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008

ORGANISATION	PROJECT	£
EM MEDIA		
Birmingham City University	Insight Out Moving Image	10,000
Black Owl	Slate development	10,750
Brit Films	Made in the Midlands	10,000
DV Shorts	DV Shorts 07/08	15,000
Lap Films	This Charming Man – script development	12,500
MACE	Beyond Midland Journey: Building capacity at MACE	10,000
Perfume Films	Crack Willow Phase 2	11,500
Perfume Films	Crack Willow Phase 3	37,500
Phoenix Arts	Big Country	90,000
Sixteen Midlands Ltd	Summer Trainee Bursary	16,661
Threshold Studios	Jam-Sync Futures sectoral development	49,240
Warp Films	First look deal – S Meadows	48,983
35 miscellaneous awards less than £10,000 each		96,402
Total		418,536
FILM LONDON		
NEON	Elefest 2007 and 2008	10,000
Rainbow Film Society	Rainbow Film Festival (focusing on Asian Films)	10,000
The Film and Video Workshop	The London International Animation Festival 2007 (LIAF 2007)	10,000
CS Brixton Limited	Primary Schools Programme	11,000
Africa at the Pictures	Africa at the Pictures	14,000
Portobello Film Festival	Portobello Film Festival	15,000
Cineclub	Pan-London Cineclub Network	16,000
Rio Cinema	Spring Into Film	16,000
Black Filmmaker Publications	9th bfm International Film Festival – London (BIFF)	17,000
Birkbeck College	London Screen Archive network development	26,000
Living Cinema Ltd	Microwave: Alternative Crown Jewels	30,000
Third Man Films Ltd	Microwave: Analogue	30,000
Xpress Entertainment Ltd	Microwave: Freestyle	40,000
24 miscellaneous awards less than £10,000 each		88,316
Total		333,316

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
FIRST LIGHT MOVIES		
Arts About Manchester		47,011
Cinetig		25,000
elearning@Luton		10,886
Fairbridge Cymru		24,566
Film 15 Productions Ltd		16,500
Film and Video Workshop		20,993
Glasgow Media Access Centre		25,000
Greenhouse Project		24,000
Independent Photography		18,970
Kingstone Collaborative Partnership		18,341
Menter Iaith		20,900
Monmouth Film School		20,000
Newport City Council Arts Development		21,987
Sea Change Arts		25,000
Showroom Cinema		23,000
Signals Media Arts		24,750
Station House Media Unit		25,000
Suited and Booted CIC		14,991
The Knoydart Foundation		18,000
The Learning Centre		20,832
The Living Archive		19,368
The Nerve Centre		25,000
The Video College		25,000
Wind & Foster Media		15,770
12 miscellaneous awards less than £10,000 each		53,600
Total		584,465

Schedules to the financial statements

continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
NORTHERN FILM & MEDIA		
AV Festival	AV Festival 2008	15,000
Berwick Film and Media Arts Festival	Berwick Film and Media Arts Festival	10,000
Gala Theatre Durham	Film Development Officer	15,000
Northern Regional Film and Television Archive	The North East on Film	40,000
Queens Hall Arts	Tynedale Rural Cinema	10,000
Tyneside Cinema	Hub Outreach year 3	15,000
120 miscellaneous awards less than £10,000 each		141,968
Total		246,968
NORTH WEST VISION AND MEDIA		
Colin O'Donnell	Salvage	46,500
Digital Departures	Second Award to six films	20,000
Jeff Young	The Don	10,000
Julie Lau	Lefthanded	10,000
Kendal Mountain Film Festival	Festival funding	15,000
Leigh Campbell	Starstruck	39,000
Liverpool Lesbian and Gay Festival	Festival funding	10,000
North West Film Archive	Annual programme	30,000
Phillip Evers	Whores With Guns	10,000
Phonebook Limited	Short Sharp Shots	20,000
Shoreline Films	World Cinema Showcase	12,000
Sol Papadopoulos	Time and the City	34,500
74 miscellaneous awards less than £10,000 each		95,970
Total		352,970

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
SCREEN EAST		
Atlantic Film	My Talks With Dean Spanley	25,318
Cambridge Film Festival	Cambridge Film Festival	20,000
Essex County Council	Jiangsu Festival	10,000
Future Film Ltd	Malice in Wonderland	25,641
Made Up North	Curtains	15,000
Matador Pictures	Barbarian Princess	15,385
Moxie 1 Ltd	Mad, Sad & Bad	12,820
Norwich International Film Festival	Aurora Festival 2007	14,000
NTK Films	New Town Killers	15,390
Positive Strides	Second Chance	10,000
Red Eye	The Reeds	25,641
Val Baxter	Education Strategy	10,000
Zero Balance	Filmstock Film Festival	10,000
74 miscellaneous awards less than £10,000 each		233,544
Total		442,739
SCREEN SOUTH		
Britdoc Events Ltd	The Creative Business Masterclass BRITDOC 07	10,000
Final Cut	My Shorts	10,000
Screen Archive South East	CINECITY The Brighton Film Festival	10,000
178 miscellaneous awards less than £10,000 each		202,254
Total		232,254

Schedules to the financial statements

continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
SCREEN WEST MIDLANDS		
7 Inch Cinema	The Travelling Picture Show	11,725
Arts Alive	Flicks in the Sticks	18,500
Birmingham International Cinema Group	Cine Mundo	13,400
Borderlines Film Festival Ltd	Borderlines Film Festival 2008	15,000
Frontline AV	Screen Rootz 2007	10,000
Geoff Thompson Ltd	Pink	10,000
Leighswood School	Film4All	12,600
Light House Media Centre	Flip Animation Festival	14,000
Light House Media Centre	Deaffest 2007	14,000
Script	Introduction to Screenwriting	10,000
Stratford on Avon District Council	Moving Pictures	10,100
The Producers' Forum	Training events 07-08	20,000
33 miscellaneous awards less than £10,000 each		165,505
Total		324,830
SCREEN YORKSHIRE		
Arts in Richmondshire	Audience and programming	10,000
Blaize	Artery Touring Cinema	10,000
Blink	Short Movie Mentoring	16,000
Hull Film	Hull Film	15,000
Leeds International Film Festival	The Citywide Film Festival	10,000
Leeds Young People's Film Festival	Leeds Young People's Film Festival	15,000
National Media Museum	Bite the Mango	13,000
National Media Museum	14th International Film Festival	15,000
Sheffield Doc/Fest	Change the Way you Look at the World	15,000
Showcomotion	Showcomotion Young People Film Festival 2007	18,000
25 miscellaneous awards less than £10,000 each		93,497
Total		230,497

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
SKILLSET		
01zero-one	After Effects – Fundamentals and Advanced	19,890
ACE	The Ace 17 Producers’ Training Session and the British Producers’ Forum	58,000
Adventure Film Academy (AFA)	Adventure Film Academy	12,000
Avril Rowlands Television Training	Continuity for Film and Television	13,221
B3 Media	Blank Slate Feature Lab	49,950
Berlinale Talent Campus	Berlinale Talent Campus	75,000
Bournemouth University	Bursaries on MA Screenwriting	34,720
Bournemouth University	Bournemouth Screen Academy Summer School 2007	35,000
Bournemouth University	Bursaries for BA (Hons) Scriptwriting for Film and Television	57,156
BRITDOC Events Ltd	The BRITDOC Creative Capital Filmmaker Retreat	15,000
BSC (Entertainment) Ltd	BSC HD Technology for Producers, Directors, Accountants and Camera (Nations and Regions)	24,029
Cass Business School, City University	2007 and 2008 Bursary funding for the Film Business Academy at Cass Business School	394,650
City Screen Limited	Cinema Manager Development Programme	10,000
Cornerhouse; Greater Manchester Arts Centre Ltd	Management and Marketing Training	10,000
Cyfle	Child Protection for the Film Industry	27,706
Cyfle	Micro-Movies, CPD Training Scheme	59,843
Diversity in Visual Arts (DiVA)	Graduate Fellowship	51,220
Escape Studios Ltd	Maya Core	39,056
Escape Studios Ltd	Maya for VFX Production	115,000
European Audiovisual Entrepreneurs (EAVE)	EAVE Workshops	42,000
European Producers’ Club	Exploring New Markets – The European Producers Club Cooperation & Training Sessions	39,000
Film London	Microwave Training Programme (2007)	91,424
FT2	Grips Apprenticeship Scheme	79,723
Independent Cinema Office	Cultural Cinema Exhibition Course 2008	21,773
Initialize Films	The Insiders’ Guide to European Co-Production	19,500

Schedules to the financial statements

continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
SKILLSET (continued)		
International Film School Wales	Skillset Screen Academy Wales Course Enhancement and Outreach Activity Programme 2007-2009	13,955
International Film School Wales	Bursary Funding for Skillset Screen Academy Wales 2007-2009.	222,400
International Film School Wales	Skillset Screen Academy Wales Course Enhancement and Outreach Activity Programme 2007-2009	242,145
IWC Media Ltd	Coming Up 2007	30,000
LCC, University of the Arts, London	2007 & 2008 Bursary Funding for MA Screenwriting	28,800
Leeds Metropolitan University	2007-09 Bursary Funding MA in Screenwriting (Fiction)	35,200
Lifesize Pictures	LAB (pilot)	42,000
Lighthouse Arts and Training Ltd	Animation Storyboarding: A Practical Course in Traditional and Digital Storyboarding	30,000
Lighthouse Arts and Training Ltd	Guiding Lights	130,000
London Film School	2007 & 2008 Bursary Funding for MA in Screenwriting	20,000
London Film School	Short courses in: Creating Visuals; Technical Drawing for Film & Television and Lighting for Drama on Digital Format (HD)	22,722
London Film School	2007 and 2008 Bursary Funding for the London Film School Screen Academy	223,652
Magic Light Pictures Limited	The New Producer Placement Programme	200,000
Met Film Ltd	New Talent – Writers’ Training Scheme	250,000
Napier University	Screen Academy Scotland Skillset Screenwriting Bursary Fund 2007-2008	28,078
Napier University	The School of Sound Summer Workshops	45,617
Napier University	Screen Academy Scotland Phase 2 Course Enhancement and Outreach	119,490
Napier University	Screen Academy Scotland Skillset Bursary Fund 2007-2008	349,330
National Film & Television School	2008 and 2009 Bursary Funding for the Skillset Screen Academy MA in Film at the National Film and Television School	243,000
National Film & Television School	NFTS Network Activities	38,000
National Film & Television School	Bursaries for MA in Film and Television Screenwriting Students	40,000

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
SKILLSET (continued)		
National Film & Television School	Support for Digital Post Production and Special & Visual Effects Courses	300,000
National Film & Television School	NFTS Course Enhancement & Outreach	966,876
NSCTP	Short Courses in: Craft Training for Trainers	12,784
Personal Managers' Association Ltd	PMA Creative and Business Training, Professional Development and Best Practice	21,950
Power To The Pixel Ltd	Power To The Pixel: The Digital Distribution Forum for Independents	49,999
Revolver Entertainment Ltd	Company Development – Independent Distribution	10,000
Royal Holloway – University Of London	2007 and 2008 Bursary Funding	27,664
Scottish Documentary Institute at Screen Academy Edinburgh College of Art	Interdoc – International Financing Strategies for Documentary Producers	23,000
Scottish Documentary Institute at Screen Academy Edinburgh College of Art	Bridging The Gap 5	60,000
Screen South	Cine Euro Co-Production Training Programme	44,195
Sheffield Doc/Fest	The Sheffield Doc/Fest MeetMarket	28,949
Sheffield Doc/Fest	MeetMarket 2008	54,040
Short Courses@NFTS	Short Courses in: Lighting on Film and HD; Shooting on HD; Designing for the Camera and 35mm Camera Operators	94,890
Soho Editors Training	Shake 4	10,500
Soho Editors Training	An Introduction to Colour	18,900
Soho Editors Training	Final Cut Pro 200	26,250
South West Screen Ltd	Art Department and Training in the use of Computer Aided Design (CAD)	28,000
South West Screen Ltd	Animation Bridge: Storyboarding From Start To Finish	50,000
The Actors Professional Centre Ltd.	Skillset Film Lab – Take 2	39,947
The Arts Institute at Bournemouth	2007 and 2008 Bursary Funding for the Bournemouth Screen Academy	315,780
The Digital Film Factory	Incubator	47,425
The Production Guild	IOSH Health and Safety Management and Practice for Feature Film Production	35,662

Schedules to the financial statements

continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2008 continued

ORGANISATION	PROJECT	£
SKILLSET (continued)		
The Production Guild	Production Guild Progress – Production Accounting	38,929
The Production Guild	PG PROGRESS – Production Management 2	55,000
The Screen Academy at the London College of Communication (LCC) and Ealing, Hammersmith & West London College	Bursary Funding 2007-2010	317,280
The Script Factory	UKFC Digital Shorts Training Programme	190,000
The Times BFI London Film Festival	Times BFI London Film Festival: Think-Shoot-Distribute	48,513
The University of Bolton	2007 and 2008 Screenwriting Bursary Funding for BA (Hons) Media, Writing and Production	24,000
University of East Anglia (UEA)	2007 and 2008 Bursaries MA in Creative Writing: Scriptwriting	10,000
494 miscellaneous awards less than £10,000 each		333,435
Total		7,033,217
SOUTH WEST SCREEN		
Encounters Festivals	Encounters Short Film Festival 2007	19,000
Exeter City Council	Animated Exeter 2008	10,000
Project Kino	Imagine: the future part 2	50,000
South West Film and Television Archive	Pick & Mix	20,000
The Film Business Academy	The film business academy/ SWS cohort programme	10,000
Watershed Arts Trust	Maximising the Opportunities	100,000
29 miscellaneous awards less than £10,000 each		89,401
Total		298,401
Total Lottery awards made through delegations in year ending 31 March 2008		10,498,192

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.

(i) The UK Film Council ('the Body') shall comply with the requirements attached as an annex to these directions when carrying out its functions under section 25 of the National Lottery Act 1998 ('the Act'). Wherever specified in that annex, the UK Film Council must obtain the consent of the Secretary of State before carrying out certain activities.

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 2007/08. A copy of the statement of financial requirements is available from the UK Film Council.

(ii) 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 the body or individual members of that body. 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 ('the Secretary of State') 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 2007/08.

Policy directions

Under the National Lottery etc Act 1993, the Secretary of State for Culture, Media and Sport issued policy directions in April 2000, which the UK Film Council must take into account in distributing National Lottery funds. These are set out below with a short explanation of how the directions have been met.

A The need to ensure that money is distributed under section 25(1) for projects which promote the public good or charitable purposes and which are not intended for private gain.

This direction is reflected, as appropriate, in application guidelines and criteria for funding for all National Lottery funds run by the UK Film Council or any of its delegate bodies. The criteria for determining public good include the creative and technical quality of the project and its contribution towards the UK Film Council's strategic objectives. The UK Film Council will only fund projects with an element of private gain where any such gain is incidental and subsidiary to wider public benefit. In the event that the UK Film Council approves applications made by companies limited by shares which distribute profits, rigorous conditions are imposed to ensure that no undue financial gain can accrue to any individual.

B The need to foster as a prerequisite for a healthy UK film culture, the development of a sustainable film industry, including through pursuit of the following strategic goals:

- attracting more private finance into film in order to catalyse the emergence of commercially sustainable structures;
- improving the quality of British films and raising their profile in the market place;
- ensuring the industry takes full advantage of digital technologies; and
- helping to ensure an adequate supply of skills and new talent.

Statutory background

continued

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 aim of the UK Film Council's funds is to develop a number of these key areas.

C To ensure that the UK Film Council considers applications, which relate to the complete range of its activities and in respect of which it has the power to distribute money, taking into account:

- its assessment of the needs of film and its priorities for the time being for addressing them;
- the need to ensure that all parts of the country have access to funding;
- the need to promote access to film for people from all sections of society; and
- the scope for reducing economic and social deprivation at the same time as creating benefits for film.

Our Three Year Plan, *Film in the Digital Age, April 2007 – March 2010*, 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. The potential economic and social benefits of the UK Film Council's funds are considered as the criteria for funding are established.

All parts of the country have access to UK Film Council Lottery funding through applications for training, development, production, distribution and exhibition funding. The Regional Investment for England programme is channelled through the nine strategic agencies across England, and First Light Movies works on projects in areas across the UK.

All parts of the country benefit from Lottery funding, for example in 2007/08 the Audience Development Scheme was developed, which is part of the strategy to extend the choice for cinema-goers across the UK.

D To develop film culture, improve education and encourage creative excellence

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, the UK Film Council invests in training talent. In partnership with Skillset, the Sector Skills Council for creative media, a comprehensive strategy has been created for training and skills.

The Digital Screen Network, the first of its kind in the world, has been equipped with state of the art digital cinema equipment in 240 screens across the UK. In return for the equipment and related services, all the participating cinemas are contracted to screen a wide range of films with an emphasis on British films, classics and world cinema.

The UK Film Council works with a diverse range of partners in the UK nations and the English regions in order to advance its objectives including the nine Regional Screen Agencies. The UK Film Council and its partners work both as deliverers of services direct to the public and are a resource upon which other partners and organisations are able to draw.

E To promote knowledge and appreciation of film by children and young people

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

F To further the objectives of sustainable development

Technological development is supported through encouraging the use of digital production techniques, shooting on videotape/DV and its associated processes.

In location filming of any Lottery-funded films, it is expected producers are sensitive to the needs of the environment and the use of natural resources. This means locations are returned to their original state in environmental terms.

The UK Film Council works with other Lottery distributors and the DCMS in developing proposals with regard to sustainable development.

G The need for money to be distributed to projects only where they are for specific, time limited purpose

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.

H The need:

- in all cases, for applicants to demonstrate the financial viability of the project for the period of the funding;
- where setting-up costs are sought, for a clear business plan beyond the period of the funding, incorporating provision for associated running and maintenance costs; and
- in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability beyond the period of the award, wherever possible.

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.

I The desirability of supporting the development of the long-term financial and managerial viability of film organisations and companies

Some UK Film Council Lottery funding schemes are structured to encourage private finance into the industry and to enable film companies to achieve longer term funding over a number of years, for example the Development Fund's support of companies through funding for slates of film projects. Investment in skills through training and enabling film companies to develop expertise through participation in filmmaking enhances their long term viability.

J The need to require an element of partnership funding and/or contributions in kind from other sources, commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support

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.

K The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of its strategy

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 Movies are the two other Lottery delegate partners delivering key aspects of our strategy.

L The need to ensure that its powers to solicit applications are used in connection with the pursuit of strategic objectives

These powers are used sparingly and in accordance with the direction.

M To obtain such information as it considers necessary to make decisions on each application, including independent expert advice

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.

Statutory background continued

N To require recipients of awards to pay the set contributions towards the Skills investment Fund (SIF)
All relevant awards (ie those for feature film production) carry the requirement to pay the levy to the Skills Investment Fund.

O The need for recipients of awards to comply with recognised industry best practice and agreements relating to pay and the employment of trainees
All those in receipt of awards (for feature film production) are required to comply with industry best practice and to report on compliance as part of the UK Film Council's monitoring requirements, notably in relation to the employment of trainees.

P The need to conserve and expand the national film heritage by requiring the deposit of Lottery funded films and selected materials in the collections of the British Film Institute or regional archives
All recipients of awards for feature film production are required to deliver certain materials for deposit in the BFI's collections.

Q The need for film development and production projects to be capable of qualifying as 'relevant films' as defined by the Films Act 1985

The UK Film Council seeks confirmation from potential awardees that projects are wholly or substantially capable of qualification.

Lottery Administrative Costs 2002-07

FINANCIAL YEAR	ACTUAL OPERATING COSTS £M	INFLATED OPERATING COSTS 2002/03 BASE £M
2002/03	6.55	6.55
2003/04*	7.52	6.77
2004/05	7.94	6.97
2005/06	7.69	7.11
2006/07	7.71	7.29

* The new Distribution and Exhibition schemes were introduced in 2003/04 leading to the establishment of a new fund within the UK Film Council with the consequent increase in operating costs.

the \mathbb{R}^n is a \mathbb{R}^n -module. The \mathbb{R}^n -module structure is given by

$$a \cdot (x_1, \dots, x_n) = (ax_1, \dots, ax_n)$$

for $a \in \mathbb{R}$ and $(x_1, \dots, x_n) \in \mathbb{R}^n$. The \mathbb{R}^n -module structure is given by

$$(a_1, \dots, a_n) \cdot (x_1, \dots, x_n) = (a_1x_1, \dots, a_nx_n)$$

for $(a_1, \dots, a_n) \in \mathbb{R}^n$ and $(x_1, \dots, x_n) \in \mathbb{R}^n$. The \mathbb{R}^n -module structure is given by

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