

Group and Lottery
Annual Report and
Financial Statements

for the year ended 31 March 2007

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.

We want to ensure there are no barriers to accessing our printed materials. If you, or someone you know, would like a large print, Braille, disc or audiotape version of this report, please contact our Communications Department at the following address:

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London

17 July 2007

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Our role 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.

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Chief Executive Officer's review

It wouldn't be a review of the year without mentioning the t word – tax. Gordon Brown's much anticipated announcement in his 2006 Budget confirmed the introduction of a new film tax credit from 1 April 2006 to replace Sections 42 and 48. Of course it wasn't quite as simple as we'd hoped! It took some months of close work between the Government, the UK Film Council and the European Commission in order to finalise the state aid approval of the new tax reliefs, which happened in November last year. The new tax reliefs became fully operational on 1 January 2007, and they were worth waiting for. The new relief is cleaner and simpler than the last, designed specifically for filmmakers with the benefit going direct to them. With two rates of tax relief for low budget and high budget films returning 20% and 16% of the total budget of the film to the filmmaker, it makes the UK an extremely attractive place to make films.

The conclusion on tax paved the way for a new agreement between the UK Film Council, BBC Films and Film4, together with Pact giving producers an equity stake in the feature films in which they invest. We all hope this new approach will start to create, for the first time, a real ability for UK production companies to hold a significant interest in their own films and, as a consequence, be able to attract commercial investment into their companies to the benefit of the whole of the UK film industry.

2006 was also the second biggest year ever for production spending in the UK. The amount of money spent in 2006 on making films in the UK such as *The Golden Age*, *Harry Potter and the Order of the Phoenix*, *Atonement*, and *His Dark Materials: The Golden Compass* jumped by 48% to £840.1 million from £568.8 million in 2005, with UK involvement in 134 feature films. Inward investment rose by over 80% to £569.6 million from £312 million in 2005.

Looking at the work of UK Film Council directly, we've had another strong year.

The Digital Screen Network is part of our strategy to get specialised films with potentially wide appeal, but often a limited release, out to cinema-goers across the UK. The network is a £12 million scheme, funded by the National Lottery to equip 240 screens in 210 cinemas with state of the art digital projection equipment. In return, cinemas will show more

specialised, non-blockbuster films such as *This is England*, *The Lives of Others* and *Pan's Labyrinth* and classics such as *The Wizard of Oz* and *Casablanca*.

The Prints and Advertising Fund awarded £2 million over the course of the year to a diverse range of films which audiences would not normally have the opportunity to see on the big screen. P&A backed films include *Red Road*, *Volver*, *The Curse of the Golden Flower*, Oscar® nominated *Days of Glory* and the award-winning and BAFTA nominated feature *Black Book*. Myfilms.com the ultimate personal cinema service bringing together everything people love about film and with information about what's going on in the cinema world, was also launched as part of the Audience Development initiative.

The UK Film Council continued to spearhead script development through its £4 million a year Development Fund, the largest source of such public finance within Europe. *Red Road*, *Fast Food Nation*, *The Other Boleyn Girl*, *Brideshead Revisited*, *And When Did You Last See Your Father?* and *Joe Strummer: The Future is Unwritten* are just some of the films which received development support.

The Premiere Fund continued to spend its £8 million per year wisely, with a varied slate of films attracting strong box office revenues and critical acclaim. *Miss Potter*, *Becoming Jane*, *Snow Cake*, *Venus*, *Stormbreaker*, *Severance* and *Driving Lessons* are amongst those released so far this year. There's more to look forward to next year with backing agreed for films such as *Brideshead Revisited*, *St Trinian's*, *Closing the Ring* and *The Cottage*.

The New Cinema Fund had the best start to the year that any film fund could hope for, with two of its supported films scooping the two top prizes at the prestigious Cannes Film Festival. Ken Loach's *The Wind that Shakes the Barley* won the Palme d'Or and Andrea Arnold's first feature *Red Road* won the Prix du Jury. The fund, under the new leadership of Lenny Crooks who took over in September 2006, continues to use its £5 million to encourage unique ideas, innovative approaches and new voices to develop films that connect with the UK's diverse audience. This year has seen the release of Dan Reed's *Straightheads*, Shane Meadows's *This is England* and Paul Andrew Williams's *London to Brighton*. In addition, films such as Sarah

Gavron's *Brick Lane*, Neil Hunter and Neil Hunsinger's *Sparkle* and Peter Greenaway's *Nightwatching* will be coming out later this year.

The Diversity Toolkit, developed by the UK Film Council, was also launched. This is a brand new information resource for everyone in the film industry which for the first time brings together comprehensive information on diversity best practice and employment law.

On the international front, this year saw the introduction of two new co-production treaties, with the signing of the UK-South Africa and UK-Jamaica co-production treaties. Work is continuing on the remaining three treaties with China, Morocco and India. While the department's sales and exports work facilitated UK sales companies to attend both the Pusan Asian Film Market and Hong Kong Filmart in an attempt to promote and sell British films to the far east market.

Turning to the organisations we fund.

The major event of the year for the BFI was the opening of BFI Southbank. The whole space has been transformed and is barely recognisable as the site of the former Museum of the Moving Image. With a modern, open space layout, the venue includes a mediatheque where visitors can sit and watch hundreds of hours of film and television from the BFI National Archive completely free. There is also a gallery space, a filmstore, a digitally-equipped studio for films, talks and presentations and a project space for hands-on workshops.

The Archive continues to reach out to audiences across the country. *The Lost World of Friese-Greene*, a three-part co-production with the BBC, attracted more than 10 million viewers, whilst footage from the archive was shown on BBC big screens across the country to audiences of more than 100,000 during the 2006 World Cup. These are just two examples of how the BFI is expanding access to the world's largest film and television archive.

In the regions, the Regional Screen Agencies joined forces under the banner of Screen England to produce *The Big Picture* which looked at the impact that the Regional Screen Agencies have had across the country. Collectively the RSAs have £14 million worth of external

investment for screen industries and screen culture last year. In addition, the RSAs continue to fund feature films including *Control*, *Grow Your Own*, *Mrs Ratcliffe's Revolution* and *Magicians*.

Skillset continues to forge ahead with delivering *A Bigger Future*, the film skills strategy. Four years into this five year plan, Skillset has levered over £4.4 million to match the £19.5 million invested by the UK Film Council to provide almost 4,500 places on courses in development, production, post-production, technical skills, distribution and exhibition for experienced film professionals. The courses which range from full-time to part-time and online have all been developed and delivered in partnership with the film industry to ensure they address the specific needs of the industry.

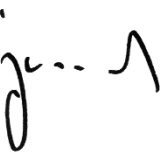
It's been a particularly great year for First Light which successfully bid for a £6 million contract from the Department for Education and Skills to manage the new Youth Media Fund. Now known as Mediabox, it will fund opportunities for disadvantaged young people to develop new skills in a range of media including film. First Light leads the consortium to deliver the fund which also includes Skillset, Creative Partnerships and the Media Trust as well as the UK Film Council. First Light also launched Film Street – www.filmstreet.co.uk – a website for 6 to 9 year olds which has proved to be a big hit and has already won a BIMA award (British Interactive Media Association) in the kids' category. It is currently being used in 92 countries across the world. All of this work is in addition to the fantastic First Light shorts programme which gives children from 5 to 18 years old the chance to make their own short films.

And finally FILM CLUB which aims to bring the world of film into 10,000 primary and secondary schools across the country was launched by the Rt Hon Gordon Brown, Kevin Macdonald, director of *The Last King of Scotland* and actress Thandie Newton. Founded by film director Beeban Kidron (*Bridget Jones: The Edge of Reason*) and educationalist Lindsay Mackie, FILM CLUB is funded and supported by the UK Film Council, the BFI, *The Guardian*, LOVEFILM, Film Bank / PVSL, Film Distributors' Association, Film Education and All Industry Marketing.

Over the last 12 months, we also undertook a wide ranging consultation with the industry so that we could develop our policy and funding priorities from April 2007 to March 2010. Not only did we decide to

Chief Executive Officer's review continued

continue with all of our existing funding priorities, we also decided to invest an additional £5.5 million in a UK Film Festivals Fund; a UK Digital Film Archives Fund; a Partnership Challenge Fund and Digitisation and Marketing Fund (Enhanced Prints and Advertising Fund). Now we'll be enthusiastically working through the details of these new funding streams over the coming months to give more support to the industry.



John Woodward
Chief Executive Officer
26 June 2007

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
New Cinema Fund	To support creativity, innovation, new talent and cutting-edge filmmaking.	£5,000,000
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 and encourage diversity and inclusion.	£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

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.

UK Film Council highlights

April 2006

The International Department takes UK sales companies to Hong Kong Filmart and to Tokyo to promote and sell British films, build relationships and develop a better understanding of the East Asian markets.

Offers of funding are made to films through the P&A Fund: *Transamerica* (Pathé), *Iqbal* (Tip Top), *The Road to Guantánamo* (Revolution Films), *Unknown White Male* (Shooting People), *Junebug* (Eureka), *Cockles and Muscles* (Peccadillo), *U-Carmen* (Tartan), *The Magician* (Trinity), *Love + Hate* (Verve) and *Quo Vadis Baby?* (Yume).

May 2006

Two British films backed with Lottery money from the New Cinema Fund win the two top awards at the prestigious Cannes Film Festival. Ken Loach's *The Wind that Shakes the Barley* wins the Palme d'Or and Andrea Arnold's *Red Road* (also backed by Development Fund) wins the Prix du Jury.

The UK-South Africa co-production agreement is signed in London at the Foreign Office. The Secretary of State for Culture, Media and Sport, the Rt Hon Tessa Jowell MP, signs on behalf of the UK with Dr Pallo Jordan, the Culture Minister from South Africa. It is the first of the UK's new bi-lateral co-production treaties.

Warp X, the UK low-budget digital film studio set up by the UK Film Council's New Cinema Fund and Film4 with partners Screen Yorkshire, EM Media and Optimum Releasing announces its first movies. *Travels with my Virginity*, a comedy road movie marking the feature debut of writer/performer Guy Darnell and acclaimed theatre director Lee Simpson. Other projects include a documentary *Now Then* with music sensation, the Arctic Monkeys, an science fiction horror film by John Hardwick and provocative comedies.

Offers of funding are made to films through the P&A Fund: *Lobo* (Dogwoof), *36 Quai des Orfèvres* (Tartan), *Cave of the Yellow Dog* (Tartan) and *Secuestro Express* (Buena Vista).

June 2006

Figures released by the Research and Statistics Unit show that British films' share of the worldwide box office has more than doubled in two years.

www.filmstreet.co.uk, a website for 6 to 9 year olds was launched and was subsequently selected as a finalist in the education category of the New Statesman New Media Awards 2006. By the end of June there were 26,762 visits to the site with 1,233 registered users. Commissioned by Culture Online, part of the Department for Culture, Media and Sport, and developed by First Light, the UK Film Council's young people's initiative, partners include CBBC, the British Film Institute, the UK Film Council and Creative Partnerships.

Findings from a report commissioned by Women in Film and Television and the UK Film Council's Diversity Department on the barriers facing women screenwriters are discussed at the Cheltenham Screenwriters Festival.

Driving Lessons, directed by Jeremy Brock and backed by the UK Film Council's Development and Premiere funds wins the Special Jury Prize for the director and the best actress award for Julie Walters at the Moscow International Film Festival.

July 2006

First Light wins the Department for Education and Skills contract to manage the Youth Media Fund. Over two years, £6 million will fund opportunities for disadvantaged young people to develop new skills in a range of media including film. First Light will lead a consortium to deliver the fund which will include Skillset, Creative Partnerships and the Media Trust as well as the UK Film Council.

August 2006

Paul Andrew Williams wins the Michael Powell award for Best Director at the 60th Edinburgh International Film Festival for his directorial debut film *London to Brighton*, supported by the New Cinema Fund.

The New Cinema Fund announces it will support a new film by one of the UK's most visionary filmmakers, Peter Greenaway. *Nightwatching* is a tale of conspiracy, lust and murder that attempts to unravel the mystery inspired by the most famous of Rembrandt's paintings.

September 2006

Ten National Lottery funded films screen at the Toronto International Film Festival, representing more than a third of the 27 British films selected by this major international film festival. The Development, New Cinema and Premiere Fund backed films are: *London to Brighton*; *Red Road*, *The Wind that Shakes the Barley*; Christopher Smith's *Severance*; Shane Meadows's *This is England*; Roger Michell's *Venus*; Geoffrey Sax's *Stormbreaker*; and Marc Evans' *Snow Cake*. Debbie Isitt's *Confetti* supported by Screen West Midlands and Kevin Macdonald's *The Last King of Scotland* from DNA Films/Slate Films are also shown.

Three Premiere Fund supported films are released: Richard Laxton's *Life & Lyrics* (which also received Development, and Prints and Advertising funding), with rising star Ashley Walters; Jeremy Brock's directorial debut, *Driving Lessons* starring Rupert Grint and Julie Walters; and Marc Evans's *Snow Cake* starring Sigourney Weaver and Alan Rickman, and premiered in competition at Berlin in February. The Premiere Fund also backs Anand Tucker's *And When Did You Last See Your Father?* starring Colin Firth and Jim Broadbent.

Offers of funding are made to films through the P&A Fund: *Be With Me*, *Romanzo Criminale* (Icon), *Man Push Cart* (Dogwoof), *Bugsy Malone* (Park Circus) and *The Pervert's Guide to Cinema* (ICA).

October 2006

The Prints and Advertising Fund supports the UK release of Pedro Almodovar's *Volver* starring Penelope Cruz. The film goes on to become one of the top 10 highest grossing foreign language films in the UK.

The 50th BFI Times London Festival hosts public, industry and educational activities attracting 113,016 attendances including 584 filmmakers and 1,952 industry and press delegates from 51 countries as well as cinema-goers.

New figures released by the Research and Statistics Unit show that the 20 biggest-selling films based on stories or characters created by UK writers have taken almost \$11 billion at the worldwide box office in the last six years.

15 feature films, supported with Lottery funds from the UK Film Council and its partners, receive British Independent Film Award nominations including *Red Road*, *The Wind that Shakes the Barley*, *This is England*, *London to Brighton*, *Venus*, *Severance*, *The Last King of Scotland*, Menhaj Huda's *Kidulthood*, and Nicholas Hytner's *The History Boys*. In addition, Keith Fulton and Luis Pepe's *Brothers of the Head*, co-funded by Screen East and EM Media are also nominated.

London to Brighton, Adrian Shergold's *Pierpoint* and *Red Road* all win awards at the Dinard Festival of British film supported by the UK Film Council.

UK Film Council highlights continued

November 2006

The International Department sets up an office at the American Film Market for the UK sales companies selling British films to the international market. Blue Star Movies, Carnaby International, Centre Film Sales, Channel 4 International, Ealing Studios, Fragile Films, High Point Film Sales, Jinga Films, Lumina Films, and Visual Factory attend and another 23 UK sales companies have a presence at the film market. Together they sell more than 120 UK films to international buyers.

The Diversity Toolkit, developed by the UK Film Council, is launched. This new information resource for the film industry brings together comprehensive information on diversity best practice and employment law.

December 2006

Nominations for the US Golden Globes – seen as a precursor to the Oscars® – and the London Critics' Circle were announced. Lottery funded releases nominated were *The Wind that Shakes the Barley*, *Red Road*, *London to Brighton*, *Venus*, *The History Boys*, *The Last King of Scotland*, and John Hillcoat's *The Proposition*.

The film and television rights to Geraldine McCaughrean's *Peter Pan in Scarlet*, the official sequel to JM Barrie's *Peter Pan*, are entrusted to a British consortium comprising Headline Pictures, the UK Film Council's Development Fund and BBC Films.

Offers of funding are made to films through the P&A Fund: *Casablanca* (Park Circus), *The All Together* (Lionsgate), *In the Name Of* (Tiger), *Popcorn* (Spark), *Ghosts* (Tartan), *Blue Blood* (Darkhorse) and *Into the Silence*.

January 2007

Lottery funded titles *Venus* and *The Last King of Scotland* were among the British films to receive 16 Oscar® nominations. BAFTA nominations include *Red Road* for director Andrea Arnold and *London to Brighton* for director Paul Andrew Williams and *The Wind that Shakes the Barley* for Cillian Murphy.

Backed by the Premiere Fund, *Miss Potter*, starring Renée Zellweger and Ewan McGregor, tells the story of Beatrix Potter's life and goes on to take over £7 million at the UK box office.

End of year figures for 2006 showed that film production spend in the UK jumped by 48% to £840 million (\$1.660 billion), making it the second best year ever.

The new film tax relief becomes operational.

February 2007

The fifth annual First Light Awards take place at the Odeon West End, Leicester Square. First Light is welcomed to 11 Downing Street where Chancellor the Rt. Hon Gordon Brown MP meets a number of the young nominated filmmakers.

Film Club which aims to bring the world of film into 10,000 primary and secondary schools across the country, is launched by the Rt Hon Gordon Brown, Kevin Macdonald, director of *The Last King of Scotland* and actress Thandie Newton. Founded by film director Beeban Kidron (*Bridget Jones: The Edge of Reason*) and educationalist Lindsay Mackie, Film Club is funded and supported by the UK Film Council, the British Film Institute, *The Guardian*, LOVEFiLM, Film Education, All Industry Marketing (AIM), Film Bank / PVSL and the Film Distributors' Association.

The UK Film Council's Development Fund has announced Lottery funding for a slate of new films in partnership with BBC Films including *Bomber*, *Coram Boy*, *My Week with Marilyn* and *Brideshead Revisited*.

March 2007

The new BFI Southbank is launched attended by Shaun Woodward MP, Minister for Film and the Rt Hon Tessa Jowell, Minister of State, DCMS, who praise the venue. New facilities include a Mediatheque which provides access point to material in the film and television archive, a gallery display, a digital studio and a film store.

Backed by the Premiere Fund, *Becoming Jane* is released, a period romantic comedy about Jane Austen's love life starring James McAvoy and Anne Hathaway. The fund also invests in *The Cottage*, the second feature from Paul Andrew Williams (*London to Brighton*) and *Brideshead Revisited*, directed by Julian Jarrold (*Becoming Jane* and *Kinky Boots*).

Art In Action, an arts community project based in Bootle, is commissioned and funded by the UK Film Council's Diversity Department and regional agency North West Vision to produce the electronic press kit (EPK) for *Grow Your Own*, a new feature film directed by Richard Laxton and written by Frank Cottrell-Boyce for Warp Films, and co-funded by the New Cinema Fund. The EPK project allows Art In Action to buy digital film making equipment, employ freelance staff, and offer training to people, who up until now have been excluded from working in the film and TV industry thus boosting their employability.

The installation of the world's first publicly funded Digital Screen Network is completed. 240 state of the art digital screens in 210 cinemas across the UK can give UK cinema-goers the chance to see a much wider range of films.

The nine Regional Screen Agencies in England which are involved in all aspects for the moving image – production, training locations, business development, archives, education, festivals and cinemas – report on a highly successful year. As well as delivering on the aims and objectives of the UK Film Council throughout the UK, they levered over £14 million worth of external investment for screen industries and screen culture.

Financial review of the business

Summary of results

Group income decreased by 19% (£13.2 million) to £57.9 million and expenditure decreased by 8% (£4.9 million) to £57.9 million, resulting in an operating surplus on ordinary activities before interest and taxation of £0.1 million in the year, against a surplus of £8.3 million in 2005/06.

This reduced surplus is consistent with the new commitments inherent in the UK Film Council's second three year plan which included a gradual diminishing of the UK Film Council reserves. Hence in 2004/05, a three year commitment was made and recorded to the Film Skills Fund, however this was partially funded at that date, from income to be generated in both 2005/06 and 2006/07. The combination of long-term commitments with a relatively stable level of ongoing new commitments, inevitably leads to a reduction in reserves.

In accordance with Treasury requirements, the UK Film Council applies the full provisions of FRS 17 (accounting for pensions). In 2007 this led to an decrease in the after-tax surplus of £0.8 million resulting in total recognised deficit for the year of £0.3 million (2009: £9.0 million surplus).

Income sources

Exchequer Grant-in-aid at £26.6 million is up from £24.1 million in 2005/06. This is because of an agreement with the Department for Culture, Media and Sport (DCMS) transferring £1 million of UK Film Council's Grant-in-aid 2005/06 allocation into 2006/07 – the average sum across the two years remaining constant at £24.1 million. Overall, this represents no increase over the Spending Review period 2003/07. However, the UK Film Council received a further £1.5 million from the DCMS, towards the capital works being undertaken by British Film Institute (BFI) at the BFI Southbank.

The UK Film Council received in the year 2.03% of the money available to distributors from the National Lottery. Lottery income at £30 million fell by 33% (£15.1 million); however adjusting this income for the £1.9 million from Arts Council England, received in the year under the Lottery capital funding delegation, against £12 million received in 2005/06, the like-for-like decrease is 15% (£5 million). This reflects a decrease in the share of the proceeds from the National Lottery in 2006/07 of 13% and a decrease in investment income of £0.4 million. The former is due, at least in part, to

the introduction of the new Olympics Lottery games. In addition, recoupment income from film rights decreased by £1.3 million.

British Screen Group income in the year was £0.6 million, a decrease of £0.3 million (31%) on the previous year.

Grant-in-aid awards

Grant-in-aid awards during the year were £25.3 million, a decrease of 1.6% in value (£0.4 million). The largest award was £16 million (63%) to the BFI to support the UK Film Council's cultural and educational objectives, as in 2005/06. In addition, £2.5 million (10%) was awarded by the DCMS towards the redevelopment of the Southbank complex centred around the National Film Theatre. The UK Film Council's Regional Investment Fund in England (RIFE) awarded £4.6 million (18%) to the nine Regional Screen Agencies and awards totalling £0.5 million (2%) were made to the national screen agencies in Scotland, Wales and Northern Ireland, the British Federation of Film Societies and the Independent Cinema Office (ICO).

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*: £0.4 million of awards (2%) 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 £1.5 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. £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 1,093 direct Lottery grant applications (2006: 1,582), a decrease of 31%. These applications requested grants in excess of £213 million (2006: £230 million).

This reduction was due to applications to the film capital schemes, supported by Arts Council England delegated funds, having been largely committed in prior years and there being only one '25 Words or Less' award scheme run by the Development Fund in the year.

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 film-making initiatives, received 234 applications, an increase of 55% on 2005/06. The nine Regional Screen Agencies collectively received 1,242 applications, an decrease of 18%, 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 540 applications, an increase of 65% over the levels in 2005/06.

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 is treated as a 'soft commitment' within the notes to the financial statements. In 2006/07 the UK Film Council made new Lottery awards classified as soft commitments, totalling £37.4 million (2006: £42.3 million). This level of funding in the current year includes the Film Skills Fund delegation to Skillset of £13 million for the period 2007/09. Discounting this award, the level of commitments was in line with the UK Film Council's share of Lottery income of £26.3 million (which includes National Lottery Distribution Fund investment income).

Lottery awards 2006/07:

	NUMBER	£000
Feature films and development	112	11,116
Distribution and exhibition	157	3,441
Delegations	12	20,300
	281	34,857

This table excludes 14 soft commitments totalling £2.6 million where the award was made and fallen in within the year.

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 £10.7 million (2006: £17.8 million). The decrease reflects the inclusion in 2005/06 of the awards to the Digital Screen Network of £11.7 million, however this is offset by the £3 million Audience Development award made in the year. Other awards were the delegated agreements to the nine Regional Screen Agencies (£3.2 million) and First Light (£1.1 million). In addition, awards charged directly to expenditure include Publication Fund awards (£0.1 million).

Lottery film rights

New feature film and development awards classified as hard commitments in the year amounted to £11.8 million (2006: £36.6 million). These rights, including those from prior years, were valued at the end of the year at £34.8 million (2006: £39.8 million) after provisions against recoverability from future participation revenues. The net provisions made of £10.9 million (2006: £8.2 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 2006/07 £5.71 million in receipts were taken to film rights, and a further £1.65 million was taken to income (2006: £13.8 million and £2.96 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 £29.7 million (2006: £51.1 million) which when combined with operating expense payments and Lottery income and recoupment receipts, led to a cash inflow of £0.8 million. The NLDF balance fell during the year fell 5%, with a closing balance of £37.4 million (2006: £39.2 million).

At the year-end, outstanding hard and soft commitments totalled £41 million (2006: £37.4 million) representing 103% of the NLDF balance (2006: 96%).

Financial review of the business continued

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 all expenses to administer Grant and Lottery award schemes, including award application, assessment, approval, delivery monitoring, evaluation and reporting. Operating expenses were £8.6 million (2006: £8.5 million) and the average head count for the year was 90 (2006: 90) with non-labour costs of £2.8 million (2006: £3.1 million). This stabilisation of costs represents the implementation 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 £7.7 million (2006: £7.7 million).

British Screen Group

The UK Film Council is responsible for managing the film rights and loan assets of British Screen Finance Limited 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 (2006: £0.8 million).

Recoverability of loans from future recoupment income is also assessed at each year end and provisions of £0.1 million (2006: £0.2 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 channels 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 ensures 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 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)
Colin Brown (resigned 6.12.06)
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 Chair and the Chief Executive Officer respectively, and to determine their performance bonuses, as appropriate, in line with their contracts.

Remuneration framework

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

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

All staff 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 2007 were:

	DATE OF CONTRACT	EXPIRY OF CONTRACT
John Woodward	1.11.05	31.10.08
Jenny Borgars	2.10.00	13.4.07
Sally Caplan	29.4.05	29.4.09
Lenny Crooks	18.9.06	17.9.08

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 2007 were:

	2006/07 £	2005/06 £
Colin Brown (resigned 6.12.06)	1,868	1,428
Andrew Eaton	1,452	1,830
Rebecca O'Brien (appointed 3.4.06)	3,328	-
Alison Owen	832	2,040
Heather Rabbatts CBE	2,080	-
Marc Samuelson	2,080	1,836
David Sproxton CBE	2,284	2,856
Parminder Vir OBE (retired 31.8.05)	-	1,014
	13,924	11,004

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 2007 were as follows:

	TOTAL REMUNERATION FOR THE YEAR ENDED 31 MARCH 2007 £000	TOTAL REMUNERATION FOR THE YEAR ENDED 31 MARCH 2006 £000
John Woodward Chief Executive Officer	205-210	180-185
Jenny Borgars Head of Development Fund	160-165	105-110
Sally Caplan Head of Premiere Fund	155-160	130-135
Will Evans Head of Business Affairs	150-155	145-150
Peter Buckingham Head of Distribution & Exhibition	150-155	130-135
Paul Trijbits Head of New Cinema Fund (to 30.9.06)	125-130	135-140
Alan Bushell Chief Operating Officer	110-115	105-110
Lisa Tremble Head of Communications (from 1.1.06)	95-100	20-25
Steve Norris British Film Commissioner (to 10.11.06)	70-75	120-125
Lenny Crooks Head of New Cinema Fund (from 8.9.06)	50-55	-
Colin Brown British Film Commissioner (from 19.2.07)	10-15	-

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. Also, Steve Norris was contractually entitled to private health cover for which £1,428 was paid in the year.

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 2006/07 £000	ATTRIBUTABLE PENSION ACCRUED AT 65 AT 31 MARCH 2007 £000	CASH EQUIVALENT TRANSFER VALUE (CETV) AS AT 31 MARCH 2006 £000	REAL INCREASE IN CETV AFTER ADJUSTMENTS FOR INFLATION, ETC IN 2006/07 £000	CETV AS AT 31 MARCH 2007 £000
Jenny Borgars Head of Development Fund	0-2.5	7.5-10	40-45	10-15	55-60
Colin Brown British Film Commissioner (from 19.2.07)	0-2.5	0-2.5	-	0-5	0-5
Peter Buckingham Head of Distribution & Exhibition	0-2.5	7.5-10	50-55	40-45	90-95
Alan Bushell Chief Operating Officer	0-2.5	7.5-10	90-95	50-55	140-145
Lenny Crooks Head of New Cinema Fund (from 8.9.06)	0-2.5	0-2.5	-	525-530	525-530
Steve Norris British Film Commissioner (to 10.11.06)	0-2.5	10-12.5	260-265	25-30	285-290
Lisa Tremble Head of Communications	0-2.5	0-2.5	0-5	5-10	10-15
Paul Trijbits Head of New Cinema Fund (to 30.9.06)	0-2.5	7.5-10	80-85	5-10	90-95

In addition to the above 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 31 March 2007. 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 2007, 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, £15,052 and £15,888 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
26 June 2007

Monitoring and evaluation

Introduction

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

At a strategic level, on-going monitoring and evaluation activity 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).

Both quantitative and qualitative monitoring information collected during the year underpins and informs the development of the UK Film Council's policies, strategies and funding programmes going forward.

During the year, in addition to on-going monitoring activity, work was developed in two key areas.

Firstly, an evaluation study was undertaken in conjunction with Screen East reviewing the delivery of education activity in the region as supported by UK Film Council Grant-in-aid. The positive results of activity not only has assisted Screen East and other Regional Screen Agencies in delivery, but also fed into the UK-wide education strategy being developed during the period, led by the British Film Institute.

Secondly, with Skillset, a study was initiated to review the longer-term impact of UK Film Council and Skillset funding to screenwriting training and development which have benefited from significant investment since 2000. The project, which is due to be completed in 2007/08, will also develop a toolkit to enable organisations to undertake the long-term tracking of grant beneficiaries.

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 2006/07 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	2006/07
Children & Young People	Total number of children and young people benefiting from UK Film Council funded activity	101,379
Community	Total estimated number of people benefiting from projects aimed at promoting access to and understanding of film	67.5 million
Economy	Film production activity spend in the UK (2006)	£840 million
	UK cinema audience for UK Film Council funded films (cumulative to date)	48 million
	UK box office of UK Film Council funded films (cumulative to date)	£215 million
	Number of film production and development projects supported	189
	Number of training days provided	34,362
	Number of people trained	9,920
Delivery	UK Film Council customer satisfaction with advice and support provided	85% satisfied
	Customer satisfaction with programming and services at BFI Southbank, BFI Imax and BFI managed festivals	88% satisfied

General performance indicators

	2006/07
Administration costs for each completed application	£2,886.56
Staff sickness/absence	within target
Response to all enquiries	within target
Average time taken to process Lottery applications (target 40 days)	47 days
Number of applications outstanding at end of the year (as a percentage of applications received in the year)	16%

Monitoring and evaluation continued

Lottery administrative costs 2002/07

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

*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

	2006/07 ALL APPLICANTS	2006/07 AWARDED APPLICANTS
Ethnic background		
White	85%	91%
Mixed	3%	3%
Asian	6%	3%
Black	5%	2%
Other ethnic group	1%	1%
Gender		
Male	68%	50%
Female	32%	50%
Disability		
Applicants declaring a disability	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 group.

2 Results of monitoring carried out in 2006/07.

2.1 Staff in post as at 31 March 2007.

Ethnic origin and gender of all employees as at 31 March 2007.

Employment statistics for all employees, including part-time staff, in post at 31 March 2007

ETHNIC ORIGIN	ALL EMPLOYEES		WOMEN		MEN	
	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL
White	84	90.3	55	59.1	29	31.1
Mixed	-	-	-	-	-	-
Asian or Asian British	3	3.2	1	1.1	2	2.2
Black or black British	5	5.4	4	4.3	1	1.1
Chinese or other ethnic group	1	1.1	-	-	1	1.1
Total	93	100	60	64.5	33	35.5
Total (minority ethnic)	9	9.7	5	5.4	4	4.4

Employment statistics continued

2.2 Applications for employment 2006/07

ETHNIC ORIGIN	PROCESSED	SHORTLISTED	% OF PROCESSED	APPOINTED	% OF APPOINTED
Not stated	81	12	14.8%	3	15%
White	682	77	11.3%	15	75%
Mixed	81	9	11.1%	1	5%
Asian or Asian British	58	8	13.8%	-	0%
Black or black British	58	4	6.9%	-	0%
Chinese or other ethnic group	35	1	2.9%	1	5%
Total	995	111		20	
Total (BME)	232	22	9.5%	2	10%

2.3 Applications for, and numbers of, staff receiving training

ETHNIC ORIGIN	APPROVED APPLICATIONS	NUMBER OF STAFF RECEIVING TRAINING	% OF GROUP RECEIVING TRAINING
White	90	52	61.9%
Mixed	n/a	n/a	n/a
Asian or Asian British	-	-	-
Black or black British	4	2	40%
Chinese or other ethnic group	-	-	-
Total	94	54	58.1%

2.4 Applications for internal promotion

All posts are advertised internally and externally. There were no internal promotions in 2006/07.

We are most impactful when we get involved in areas where the industry cannot, because of its structure, be effective. Our training and education strategy is another example.

Group Financial Statements

for the year ended 31 March 2007

Company no: 3815052

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Foreword to the financial statements for the year ended 31 March 2007

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 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 aims, objectives and 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 post these accounts, 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 third of the Films Skills Fund administered by Skillset, the Sector Skills Council for the Audiovisual sector, 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 Distribution and Exhibition Department continued to develop opportunities for more people across the UK to see a broader range of films. The Prints and Advertising Fund (£2 million) continued to offer direct support to distributors' costs in expanding the numbers of prints of specialised films made to show in cinemas. During the year, the Digital Screen Network, launched in 2006, was fully completed nationwide.

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 £7.7 million, which includes £3.2 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 and Television 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 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 supports the organisation's wider international strategy which includes the development of co-production and the export promotion of British film, talent and services.

In addition to the funding received from the UK Film Council for on-going activities, the British Film Institute (BFI) was allocated £2.5 million over two years by the Department for Culture, Media and Sport towards the redevelopment of the Southbank complex centred around the National Film Theatre. However, to facilitate the capital expenditure the UK Film Council enabled the full award to be cash-flowed in 2006/07.

The UK Film Council has fully participated in the Comprehensive Spending Review 2007 which will establish Grant-in-aid funding over the period 2008-2011.

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 2007 are as follows:

Stewart Till CBE – Chairman*
Andrew Eaton – Deputy Chairman

Colin Brown (resigned 6.12.06)
Gurinder Chadha (resigned 25.02.07)
Mark Devereux*
Nigel Green
Stephen Knibbs*
Anthony Minghella CBE
Rebecca O'Brien (appointed 3.4.06)
Alison Owen
Heather Rabbatts CBE*
Marc Samuelson
Iain Smith*
David Sproxton CBE
Amanda Walsh

* Directors who have served on the Audit Committee in the year ending 31 March 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

c/o National Audit Office, 157-197 Buckingham Palace Road, Victoria, London SW1W 9SP

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 2007

The Directors present their report and financial statements for the year ended 31 March 2007

Results

The surplus for the year, after taxation, amounted to £0.9 million (2006: £9.1 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.

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.

DCMS PRIORITY	KEY PERFORMANCE INDICATORS	2006/07	2005/06
Children & Young People	Total number of children and young people benefiting from UK Film Council funded activity	101,379	90,096
Community	Total estimated number of people benefiting from projects aimed at promoting access to and understanding of film	67.5 million	62.7 million
Economy	Film production activity spend in the UK (calendar year 2006)	£840 million	£560 million
	UK cinema audience for UK Film Council funded films (cumulative to date)	48 million	39 million
	UK box office of UK Film Council funded films (cumulative to date)	£215 million	£173 million
	Number of film production and development projects supported	189	345
	Number of training days provided	34,362	12,218
	Number of people trained	9,920	6,495

Future developments and events since the balance sheet date

In March 2007 the Secretary of State for Culture, Media and Sport announced an increase in the Lottery contribution to the London Olympics 2012 of a further £675 million. The UK Film Council is fully participating in the on-going consultation process with the Department with regard to the impact of this on the individual Lottery distributors, and how best for the funds to be deducted in the period from February 2009 onwards.

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. These were reviewed as at 31 March 2007 and the principal risks as embedded in the next three year plan *Film in the Digital Age* are:

- uncertainty regarding future income trends – with Grant-in-aid income levels in the light of the on-going Comprehensive Spending Review 2007, and with Lottery income 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.
- Failure to keep pace with technological change and the subsequent changes across the value chain of a film.

Note 16 of the group accounts outlines the liquidity, interest rate and foreign currency risks to which the UK Film Council is exposed. In summary:

- the Board considers that the National Lottery Distribution Fund balance and the cash holdings as at 31 March 2007 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 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.

Directors, their interests, and indemnity arrangements

There are no Directors' interests requiring disclosure under the Companies Act 1985.

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 16 days (2006: 14) and 96% of undisputed invoices were paid within 30 days of receipt into the Finance Department (2006: 97%).

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.

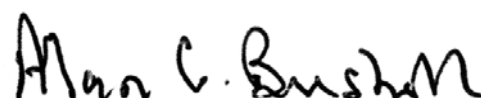
Annual general meeting

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 the order of the Board



Alan Bushell FCA

Secretary

26 June 2007

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.

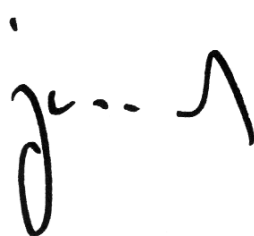
The Directors of the UK Film Council are required to:

- 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the UK Film Council will continue in operation.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the UK Film Council and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and therefore 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
26 June 2007



Stewart Till CBE
Chairman
26 June 2007

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 Government Accounting.

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 2007 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 its 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. 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 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

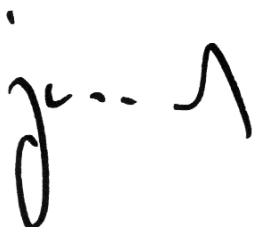
As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior management within the UK Film Council who have responsibility 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 receives 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.



John Woodward

Chief Executive Officer and Accounting Officer

26 June 2007

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

Supplementary statement by the auditor

The maintenance and integrity of the UK Film Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the group and parent company financial statements ('the financial statements') for the year ended 31 March 2007 which comprise the group income and expenditure account, group statement of total recognised gains and losses, the group and company balance sheet, the group statement of cashflow and the related notes 1 to 25. 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 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 if, in our opinion, the Directors' report is not consistent with the financial statements.

In addition we report to you if 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 transactions is not disclosed.

We review whether the Accounting Officer's statement on the system of 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 their 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 the 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

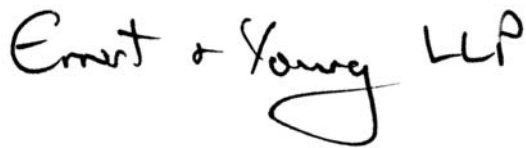
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2007 and of the group's surplus 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 applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP

Registered Auditor

London

2 July 2007

UK Film Council

Group income and expenditure account for the year ended 31 March 2007

	NOTES	2006/07 £000	2005/06 £000
Group turnover	2	57,965	71,208
Awards			
– Grant-in-aid		(25,253)	(25,666)
– Lottery – non-film rights		(10,737)	(17,818)
– Arts Council England pre-committed expenditure		–	18
UK MEDIA Desk		(255)	(239)
International marketing		(1,536)	(1,374)
Research and Statistics Unit		(346)	(384)
Cost of sales		(440)	(493)
Provisions and amortisation			
– Provisions against film rights	3	(12,273)	(8,686)
– Provisions written back	3	1,503	372
Other operating expenses	4	(8,569)	(8,552)
		(57,905)	(62,822)
Operating surplus		60	8,386
Bank interest receivable		976	984
Notional cost of capital	8	(282)	(365)
Other financing income		36	7
		731	626
Surplus after notional cost of capital		791	9,012
Reversal of notional cost of capital		282	365
Surplus on ordinary activities before taxation		1,072	9,377
Tax on surplus on ordinary activities for the year	9	(191)	(291)
Surplus for the year		881	9,086

UK Film Council

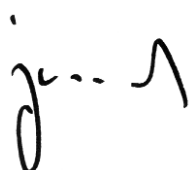
Group statement of total recognised gains and losses

	NOTES	2006/07 £000	2005/06 £000
Surplus for the year		881	9,086
Actual return less expected return on pension assets	7	48	563
Experience losses arising on the scheme liabilities	7	–	(22)
Changes in financial assumptions underlying the present values of the scheme liabilities	7	(1,203)	(614)
Actuarial loss in pension plan		(1,155)	(73)
Total recognised gains and losses in the year		(274)	9,013

UK Film Council

Group balance sheet as at 31 March 2007

	NOTES	2007 £000	2006 £000
Fixed assets			
Tangible assets	10	945	1,063
		945	1,063
Current assets			
Film rights	11	34,827	39,851
Debtors: amounts falling due within one year	12	9,681	9,129
Debtors: amounts falling due after one year	12	6,227	8,910
Balance at the National Lottery Distribution Fund	13	37,394	39,130
Cash at bank and in hand	14	16,350	15,817
		104,479	112,837
Creditors: amounts falling due within one year			
Award commitments	16	(14,631)	(17,051)
Creditors	17	(2,680)	(4,848)
		(17,311)	(21,899)
Net current assets		87,168	90,938
Total assets less current liabilities		88,113	92,001
Creditors: amounts falling due after one year			
Award commitments	16	(6,227)	(10,930)
Net assets excluding pension liability		81,886	81,071
Pension liability	7	(1,146)	(55)
Net assets		80,740	81,016
Capital and reserves			
General reserve	22	7,184	6,590
Pension reserve	22	(1,146)	(55)
Grant-in-Aid reserve	22	1,225	2,294
Lottery reserve	22	73,477	72,187
		80,740	81,016



John Woodward Chief Executive Officer
26 June 2007



Stewart Till CBE Chairman
26 June 2007

UK Film Council

Company balance sheet as at 31 March 2007

	NOTES	2007 £000	2006 £000
Fixed assets			
Tangible assets	10	931	1,039
		931	1,039
Current assets			
Film rights	11	34,827	39,815
Debtors: amounts falling due within one year	12	9,548	9,148
Debtors: amounts falling due after one year	12	6,227	8,910
Balance at the National Lottery Distribution Fund	13	37,394	39,130
Cash at bank and in hand	14	9,088	8,974
		97,084	105,977
Creditors: amounts falling due within one year			
Award commitments	16	(14,631)	(17,051)
Creditors	17	(2,454)	(4,554)
		(17,085)	(21,605)
Net current assets		79,999	84,372
Total assets less current liabilities		80,929	85,411
Creditors: amounts falling due after one year			
Award commitments	16	(6,227)	(10,930)
Net assets excluding pension liability		74,702	74,481
Pension liability	7	(1,146)	(55)
Net assets		73,556	74,426
Capital and reserves			
Pension reserve	22	(1,146)	(55)
Grant-in-Aid reserve	22	1,225	2,294
Lottery reserve	22	73,477	72,187
		73,556	74,426



John Woodward Chief Executive Officer
26 June 2007



Stewart Till CBE Chairman
26 June 2007

UK Film Council

Group statement of cashflows for the year ended 31 March 2007

	NOTES	2007 £000	2006 £000
Net cash inflow/(outflow) from operating activities	5	44	(6,760)
Returns on investments and servicing of finance			
Bank interest received		979	943
Taxation			
Tax paid		(349)	(320)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(140)	(123)
Increase/(decrease) in cash	14	533	(6,260)

Reconciliation of net cash flow to movement in net funds

	NOTES	2007 £000	2006 £000
Increase/(decrease) in cash		533	(6,260)
Change in net funds resulting from cashflows	14	533	(6,260)
Net funds at 1 April		15,817	22,077
Net funds at 31 March	14	16,350	15,817

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 Acts 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 Lottery distribution fund.

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 2007. 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 receipt of amounts due to 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 accounts 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, however these 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 prudent 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.

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.

Notes to the financial statements

continued

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 quadrennial valuations using the projected unit method. Independent actuaries prepare full valuations of the scheme at least every four years in line with public sector guidance and perform updates based on the most recent full valuation on annual basis.

The UK Film Council complies with FRS17, 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 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.

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.

Note 2: Turnover

Comprises:	2006/07 £000	2005/06 £000
UK Film Council Lottery funding		
Share of proceeds	24,524	28,110
Net investment income from the National Lottery Distribution Fund	1,776	2,205
Delegated Funds	1,863	12,013
– Arts Council England		
Recoupment income		
– UK Film Council portfolio	835	2,388
– Arts Council England portfolio	1,296	573
Other income	142	235
	30,436	45,524

UK Film Council Grant-in-aid funding

Voted by Parliament and paid in full	26,610	24,110
Other income	320	710
	26,930	24,820

British Screen Finance Group income

Sales of film rights	13	95
Interest received from film loans	72	62
Recoupment income	330	476
Fees receivable	184	231
	599	864

Total turnover **57,965** **71,208**

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

	2006/07 £000	2005/06 £000
Provisions made		
British Screen Finance loans	35	319
European Co-production Fund loans	1	199
UK Film Council film awards	12,237	8,168
	12,273	8,686

Provisions written back

British Screen Finance loans	105	118
National Film Finance Corporation loans	50	44
European Co-production Fund loans	36	35
UK Film Council film awards	1,312	0
	1,503	197
British Screen Rights licence fees	0	175
	1,503	372

Note 4: Other operating expenses

This is stated after charging:	2006/07 £000	2005/06 £000
Depreciation	211	205
Disposal of fixed assets	46	0
Auditor's remuneration – internal	18	20
Auditor's remuneration – Ernst & Young LLP (audit associated costs)	21	14
Auditor's remuneration – Ernst & Young LLP (non audit associated costs)	11	17
Auditor's remuneration – National Audit Office (National Lottery accounts)	19	18
Operating lease rentals – land and buildings	483	526
Pensions service cost	448	413

Notes to the financial statements continued

Note 5: Statement of cash flows

Reconciliation of operating surplus to net cash flows from operating activities:	2006/07 £000	2005/06 £000
Operating surplus	60	8,385
Depreciation	210	205
Disposal of fixed assets	46	0
Provision of losses on loans	12,273	8,686
Provisions written back	(1,503)	(372)
Loans advanced	(11,756)	(36,566)
Decommitments	109	1,047
Receipts from loans	5,826	14,036
Decrease in debtors	3,871	7,810
Non cash pension STRGL movement	(1,082)	(73)
Increase in creditors	(8,009)	(9,918)
Net cash inflow/(outflow) from operating activities	44	(6,760)

Note 6: Staff costs

Directors' remuneration (including daily allowances) is:	2006/07 £	2005/06 £
Colin Brown (resigned 6.12.06)	1,868	1,428
Andrew Eaton	1,452	1,830
Rebecca O'Brien (appointed 3.4.06)	3,328	0
Alison Owen	832	2,040
Heather Rabbatts CBE	2,080	0
Marc Samuelson	2,080	1,836
David Sproxtton CBE	2,284	2,856
Parminder Vir OBE (retired 31.8.05)	0	1,014
	13,924	11,004

The remuneration of the Chief Executive Officer was:	2006/07 £	2005/06 £
John Woodward (age: 46)		
Salary and benefits	158,835	141,030
Bonus	56,427	42,772
Total	215,262	183,802
Pension contribution	24,692	22,565

The costs of all other staff working within the UK Film Council are:	2006/07 £000	2005/06 £000
Wages and salaries	4,794	4,559
Social Security costs	480	462
Pension service costs and other pension costs	539	493
	5,814	5,514

The average monthly number of staff employed during the year was:	2006/07	2005/06
Management and administration	90	90

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 2006/07 £000	PENSION ACCRUED AT 65 AS AT 2006/07 £000	INCREASE TO PENSION ACCRUED 2006/07 £000	TOTAL REMUNERATION YEAR ENDED 2005/06 £000
Jenny Borgars Head of Development Fund	36	160-165	5-7.5	0-2.5	105-110
Sally Caplan Head of Premiere Fund	49	155-160	–	–	130-135
Peter Buckingham Head of Distribution & Exhibition	51	150-155	7.5-10	2.5-5	130-135
Will Evans Head of Business Affairs	52	150-155	–	–	145-150
Paul Trijbits Head of New Cinema Fund (to 6.10.06)	45	125-130	7.5-10	0-2.5	135-140
Alan Bushell Chief Operating Officer	56	105-110	10-12.5	2.5-5	105-110
Lisa Tremble Head of Communications (appointed 1.1.06)	32	95-100	0-2.5	0-2.5	20-25
Steve Norris British Film Commissioner (to 10.11.06)	49	70-75	17.5-20	10-12.5	135-140
Lenny Crooks Head of New Cinema Fund (appointed 18/9/06)		50-55	30-35	30-35	–
Colin Brown British Film Commissioner (appointed 19.2.07)		10-15	0-5	0-5	–

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 25.

Notes to the financial statements continued

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 £0.5 million in the year to 31 March 2007 (2006: £0.4 million), all relating to current service costs.

Scheme assets are stated at their market value as at 31 March 2007 and the assets and liabilities of the London Pensions Fund Authority and the expected rate of return as at 31 March 2007 are:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2007 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	1,422,400	109,525
Bonds	6.4%	510,700	32,685
Property	6.8%	289,600	19,693
Cash	4.9%	61,300	3,004
		2,284,000	164,906

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%	1,296,100	94,615
Bonds	6.0%	391,600	23,496
Property	6.5%	242,400	15,756
Cash	4.6%	126,300	5,810
		2,056,400	139,677

FRS 17 Disclosure

All public bodies have to account in full for pensions benefits under the disclosure requirements of FRS17. Therefore as at 31 March 2007, a pension liability of £1.15 million is disclosed on the UK Film Council balance sheet (2006: £0.06 million liability).

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 2007.

Note 7: Pensions benefits continued

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%	1,215,800	93,617
Bonds	4.8%	166,500	7,992
Property	5.7%	109,800	6,259
Cash	4.8%	51,700	2,482
		1,543,800	110,350

At 31 March 2004 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%	1,137,200	87,564
Bonds	5.1%	173,400	8,843
Property	6.5%	52,000	3,380
Cash	4.0%	21,900	876
		1,384,500	100,663

The main assumptions are:

	31 MARCH 2007 % PER ANNUM	31 MARCH 2006 % PER ANNUM	31 MARCH 2005 % PER ANNUM	31 MARCH 2004 % PER ANNUM
Price increases	3.2%	3.1%	2.9%	2.9%
Salary increases	4.7%	4.6%	4.4%	4.4%
Pension increases	3.2%	3.1%	2.9%	2.9%
Discount rate	5.4%	6.0%	6.5%	6.5%

Notes to the financial statements continued

Note 7: Pensions benefits continued

Net pension assets

for the UK Film Council:

	31 MARCH 2007 £000	31 MARCH 2006 £000
Estimated UK Film Council share of the assets	5,689	4,656
Present value of scheme liabilities attributable to the UK Film Council	(6,836)	(4,711)
Total value of liabilities	(1,147)	(55)

Analysis of the amount charged to operating surplus:

	31 MARCH 2007 £000	31 MARCH 2006 £000
Service cost	448	413
Total operating charge	448	413

Analysis of the amount credited to other financial income

	31 MARCH 2007 £000	31 MARCH 2006 £000
Expected return on employer assets	337	248
Interest on pension scheme liabilities	(301)	(241)
Net return	36	7
Net revenue account cost	412	406

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

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

	31 MARCH 2007 £000	31 MARCH 2006 £000
Actual return less expected return on pension assets	48	563
Experience gains/ (losses) arising on the scheme liabilities	0	(22)
Changes in financial assumptions underlying the present value of the scheme liabilities	(1,203)	(614)
Actuarial loss in pension plan and STRGL	(1,155)	(73)

Movement in deficit during the year

	31 MARCH 2007 £000	31 MARCH 2006 £000
Deficit at beginning of year	(56)	(40)
Current service cost	(448)	(413)
Employer contributions	476	463
Net return on assets	36	7
Actuarial losses	(1,155)	(73)
Deficit at end of year	(1,147)	(56)

Note 7: Pensions benefits continued

History of experience gains and losses

	31 MARCH 2007 £000	31 MARCH 2006 £000	31 MARCH 2005 £000	31 MARCH 2004 £000	31 MARCH 2004 £000
Difference between the expected and actual return on assets	48	563	83	120	(228)
Value of assets	5,689	4,656	3,207	1,078	598
Percentage of assets	0.8%	12.1%	2.6%	11.1%	(38.1)%
Experience losses on liabilities	0	(22)	(315)	(5)	(10)
Present value of liabilities	(6,836)	(4,711)	(3,246)	(994)	(675)
Percentage of the present value of liabilities	0.0%	0.5%	9.7%	0.5%	1.5%
Actuarial losses recognised in STRGL	(1,155)	(73)	(232)	115	(238)
Present value of liabilities	(6,836)	(4,711)	(3,246)	(994)	(675)
Percentage of the present value of liabilities	16.9%	1.5%	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% (2006: 3.5%) and Lottery assets 0% (2006:0%).

Note 9: Taxation

	2006/07 £000	2005/06 £000
Corporation Tax payable for current year	191	291
	191	291

The tax 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:

	2006/07 £000	2005/06 £000
Surplus on ordinary activities before taxation	1,073	9,376
Surplus on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2006: 30%)	322	2,813
Effects of:		
UK Film Council surplus not chargeable to UK Corporation Tax	(74)	(2,492)
Adjustment regarding British Screen Finance group	(57)	(30)
Current tax charge for the year	191	291

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 2006	1,560	550	376	2,486
Additions	11	123	6	140
Disposals	(59)	(11)	0	(70)
At 31 March 2007	1,512	662	382	2,556

Depreciation:

At 1 April 2006	654	410	359	1,423
Provided during the year	100	90	21	211
Disposals	(12)	(10)	0	(23)
At 31 March 2007	741	489	380	1,611

Net book value:

At 1 April 2006	906	140	17	1,063
At 31 March 2007	771	173	1	945

COMPANY

Cost:

At 1 April 2006	1,469	503	356	2,328
Additions	11	121	6	138
Disposals	(59)	(7)	0	(66)
At 31 March 2007	1,421	617	362	2,400

Depreciation:

At 1 April 2006	574	373	342	1,289
Provided during the year	95	90	14	199
Disposals	(12)	(6)	0	(19)
At 31 March 2007	657	456	356	1,469

Net book value:

At 1 April 2006	895	130	14	1,039
At 31 March 2007	764	161	6	931

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 2006	35	1	39,813	39,849
Advances	0	0	11,756	11,756
Repayments	(82)	(36)	(5,708)	(5,826)
Decommitments	0	0	(108)	(108)
Provisions written back	155	36	1,312	1,503
Provisions	(108)	(1)	(12,237)	(12,346)
At 31 March 2007	0	0	34,827	34,827

COMPANY	UK FILM COUNCIL £000
At 1 April 2006	39,813
Advances	11,756
Repayments	(5,708)
Decommitments	(108)
Provisions written back	1,312
Provisions	(12,237)
At 31 March 2007	34,827

Repayment of outstanding film rights is dependant 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	2007 £000	2006 £000
Trade debtors	43	71
Prepayments and accrued income	3,402	2,427
VAT receivable	899	768
Other debtors	5,337	5,863

Debtors falling due after more than one year

Other debtors	6,227	8,910
	15,908	18,039

COMPANY	2007 £000	2006 £000
Due from subsidiary undertakings	0	155
Prepayments and accrued income	3,339	2,394
VAT receivable	886	753
Other debtors	5,323	5,846

Debtors falling due after more than one year

Other debtors	6,227	8,910
	15,775	18,058

Included in other debtors for both group and company is a sum of £11.03 million representing the balance of the delegated funds from Arts Council England. Funds will be drawn down to meet award cash requirements under the delegation and it is expected that £6.23 million of this will fall due after 31 March 2008.

Note 13: Balance at the National Lottery Distribution Fund

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

	2007 £000	2006 £000
Opening balance held at the National Lottery Distribution Fund	39,130	44,780
Income received from the Lottery	24,524	28,110
Investment income earned	1,775	2,205
Available for distribution	65,429	75,095
Cash drawn down	(28,035)	(35,965)
Market value at 31 March	37,394	39,130

At 31 March 2007 the cost of the investment of the fund was £37.8 million (2006: £39.4 million). Income received from the Lottery shown above is after charging unrealised losses of £0.17 million (2006: £0.27 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 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. Due to the levels of recoupment received by the UK Film Council in 2006/07, the National Lottery Distribution Fund balance is now expected to fall below £10 million by March 2010 and the position will be closely monitored to ensure overtrading does not occur.

Note 14: Cash and liquid resources

GROUP	1 APRIL 2006 £000	NET CASH FLOW £000	31 MARCH 2007 £000
Cash at bank and in hand	15,817	533	16,350
COMPANY			
Cash at bank and in hand	8,974	114	9,088

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 2006/07, £24.5 million (43%) (2006: £28.1 million, 39%) of the UK Film Council's income derived from the National Lottery. £26.6 million (46%) arose from Grant-in-aid funding allocated by the Department for Culture, Media and Sport (2006: £24.11 million, 33%). The remaining income derived from investment returns from the balance held with the National Lottery Distribution Fund £1.8 million (3%) (2006: £2.2 million, 3%), delegated income from Arts Council England £1.9 million (3%) (2006: £12.0 million, 17%), recoupment income from film rights £2.1 million (3%) (2006: £2.96 million, 4%), income arising from British Screen Group £0.6 million, 1% (2006: £0.86 million, 1%) and bank interest and sundry income £0.46 million (1%) (2006: £0.95 million, 1%).

The Board considers that as the National Lottery Distribution Fund balance notified by the Secretary of State for Culture, Media and Sport and the UK Film Council's own Lottery cash holding amount to £44.7 million at the balance sheet date (2006: £45.7 million), sufficient liquid resources are available to cover all current hard and soft commitments totalling £41 million (2006: £37.5 million) and any related creditors. In addition, the year end cash balances not attributable to Lottery of £9.03 million (2006: £9.27 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 Fund. At the year end, the market value of the Council's investment in the National Lottery Distribution Fund was £37.39 million (2006: £39.13 million) and the average investment return for the year was 4.23% (2006: 4.73%).

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 5.1% (2006: 5.0%). The group cash balance at the year-end was £16.35 million (2006: £15.82 million). The Board considers 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 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	2007 £000	2006 £000
Brought forward at 1 April	9,375	24,458
Commitments made	37,439	42,303
Transferred back from hard commitments	39	332
Soft decommitments	(4,292)	(3,294)
Transferred to hard commitments	(22,583)	(54,424)
Balance carried forward at 31 March	19,978	9,375

HARD COMMITMENTS		
Brought forward at 1 April	27,981	25,784
Commitments made	22,583	54,424
Hard decommitments	(166)	(775)
Transferred to soft commitments	(39)	(332)
Amounts paid	(29,502)	(51,120)
Balance carried forward at 31 March	20,857	27,981

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.

All funds under the franchise arrangement with DNA Ltd are now committed and the soft commitments carried forward as at 31 March 2007 relating to this are £0.5 million (2006: £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:

	2007 £000	2006 £000
Film rights	11,772	36,565
Regional awards	3,200	3,200
Distribution and exhibition awards	6,468	13,485
First Light award	1,100	1,100
Training awards	0	6
Publication awards	43	68
Balance carried forward at 31 March	22,583	54,424

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	2007 £000	2006 £000
2006/07	0	17,051
2007/08	14,630	5,310
2008/09	3,113	2,810
2009/10	3,114	2,810
Balance carried forward at 31 March	20,857	27,981

It is expected that all outstanding hard commitments as at 31 March 2007 will be fully paid by 31 March 2010, and commitments due after one year relate to the Digital Screen Network.

Note 17: Creditors: Amounts falling due within one year

GROUP	2007 £000	2006 £000
Trade creditors	768	834
Accruals and deferred income	1,687	3,514
Corporation tax	100	291
Other creditors and Social Security	124	209
	2,679	4,848
COMPANY		
Trade creditors	668	706
Accruals and deferred income	1,609	3,476
Corporation tax	60	172
Other creditors and Social Security	118	200
	2,455	4,554

Deferred income includes £0.2 million being the balance of £15 million delegated funds from Arts Council England that has not become a hard commitment through awards by the UK Film Council.

Note 18: Deferred taxation

The group had no potential liability to deferred taxation at 31 March 2007 (31 March 2006: £nil).

Note 19: Leases

As at 31 March 2007, the UK Film Council (non-Lottery) had annual commitments under a non-cancellable operating lease relating to land and buildings as set out below:

	2007 £000	2006 £000
Operating lease which expires in one year	0	110
Operating lease which expires in between two to five years	0	0
Operating lease which expires in over five years	315	315

Note 20: Capital commitments

As at 31 March 2007, the UK Film Council had no capital commitments outstanding (31 March 2006 :£nil).

Note 21: 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 2007, the UK Film Council had Grant-in-aid commitments for 2007/08 as follows:

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

Notes to the financial statements continued

Note 22: 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 2006	6,590	(55)	2,294	72,187	81,016
Surplus/(deficit) for the year	594	64	(1,069)	1,290	879

Movements on the STRGL

Actuarial loss in pension plan		(1,155)			(1,155)
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Carried forward at 31 March 2007 **7,184** **(1,146)** **1,225** **73,477** **80,740**

COMPANY	£000	£000	£000	£000	
Brought forward at 1 April 2006		(55)	2,294	72,187	74,426
Surplus/(deficit) for the year		64	(1,069)	1,290	285

Movements on the STRGL

Actuarial loss in pension plan		(1,155)			(1,155)
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Carried forward at 31 March 2007 **(1,146)** **1,225** **73,477** **73,556**

Reserves reflect the different income and expenditure streams of the organisation. All of these reserves are unrestricted.

The General Reserve represents the reserves upon consolidation of the subsidiary companies forming British Screen Group, within UK Film Council Ltd

Note 23: Investments

The UK Film Council's subsidiary undertaking at 31 March 2007 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. 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 24: Intra-government balances

As at 31 March 2007, the following intra-government balances were in existence:

Balances due to the UK Film Council	2006/07 £000	2005/06 £000
Funds held at the National Lottery Distribution Fund	37,394	39,129
Funds held at Arts Council England	11,034	13,234
Funds due from HM Revenue and Customs re VAT	899	768

Balances due from the UK Film Council

Balance due to HM Revenue and Customs re Corporation Tax	100	291
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Notes to the financial statements

continued

Note 25: 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 2006/07 £	AWARD OUTSTANDING 31 MARCH 2007 £
Directors of UK Film Council				
Bend It Films Ltd	Gurinder Chadha OBE	Board Member	0	10,500
British Film Institute	Anthony Minghella CBE	Chair	30,565	6,800
Capitol Films Ltd	Marc Samuelson	Samuelson Productions Ltd*	0	620,455
CFF Enterprises Ltd	Iain Smith	Director	0	10,744
Domino Pictures Ltd	Alison Owen	Director	0	720,362
Everyman Cinema Club	Anthony Minghella CBE	Committee Member	0	36,771
Go Go Pictures Ltd	Alison Owen	Director	10,000	37,500
Ruby Films Ltd	Alison Owen	Director	69,292	69,292
Samuelson Bertie Ltd	Marc Samuelson	Director	100,000	0
Samuelson Productions Ltd	Marc Samuelson	Director	16,000	6,000
Scarlet Pictures Ltd	Alison Owen	Director	0	11,750
Seven Seas (SL) Ltd	Alison Owen	Director	25,038	90,038
Skillset	Stewart Till CBE	Deputy Chair	13,000,000	13,000,000
	Anthony Minghella CBE	Advisory Board Member		
United International Pictures (UK)	Stewart Till CBE	Chair	106,380	106,380
Vue Entertainment Holdings (UK) Ltd	Stephen Knibbs	Director	6,750	811,631
Employees of the UK Film Council				
Skillset	John Woodward	Director	13,000,000	13,000,000
Verve Pictures Ltd	Lenny Crooks	Partner of producer	90,000	22,500

Note 25: Related parties continued

Grant-in-aid awards

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	NEW AWARD 2006/07 £	AWARD OUTSTANDING 31 MARCH 2007 £
Directors of UK Film Council				
British Film Institute	Anthony Minghella CBE	Chair**	18,500,000	0
Production Guild of Great Britain	Iain Smith	Vice President	3,000	0
Scottish Screen	Iain Smith	Director	45,000	0
Women in Film and Television	Anthony Minghella CBE	Patron	7,000	0
Employees of the UK Film Council				
Schools Film Club	Peter Buckingham	Director	120,000	20,000
	John Woodward	Director		

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

**Includes £2.5 million modernisation award for the re-development of the BFI Southbank made directly by the Department for Culture Media and Sport and handled by the UK Film Council on its behalf.

In addition, £234,076 was paid to Olswangs Solicitors for professional services rendered in the year. Mark Devereux is a Senior Partner in this firm.

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

Schedules to the financial statements

Schedule 1: Grant-in-aid awards in the year ending 31 March 2007

ORGANISATION/PROJECT	£
Angus Finney – film text book project	12,000
Anti-piracy awards	52,300
Brief Encounters	12,000
British Academy of Film and Television	17,500
Brit Doc Festival	17,500
British Federation of Film Societies/ Independent Cinema Office	99,000
British Film Institute	18,500,000
British Independent Film Awards	50,000
Cannes 06	17,210
Cardiff Film Festival	5,000
CineMart 2007 Rotterdam	12,014
Clore Leadership Programme	17,500
Dinard Festival of British Film	16,886
Diversity awards	437,346
Edinburgh International Film Festival	50,000
EM Media regional award	630,000
European Film Media Programme	6,814
Film Export UK (FEUK) formalisation	7,660
Festival Sales Support Scheme – The Works	5,334
Film London – other awards	75,691
Film London regional award	700,000
Filmfileurope (Split Screen)	50,000
First Light Film Awards	65,000
Grierson Awards	8,000
Media literacy projects	21,600

ORGANISATION/PROJECT	£
New Cinema Fund special projects	33,264
New Producers Alliance	34,992
North West Vision regional award	525,000
Northern Film & Media regional award	400,000
Northern Ireland national award	200,000
RAAM conference	9,000
Schools Film Club pilot	120,000
Scotland national award	45,000
Screen East regional award	530,000
Screen England	40,000
Screen South	10,000
Screen South regional award	462,000
Screen West Midlands regional award	400,000
South West Screen regional award	451,000
UK Film Council LA Office	385,000
Wales national award	160,000
Women in Film & TV Awards	7,000
Yorkshire regional awards	472,000
67 awards less than £5,000	82,504
	25,253,115

Schedule 2: Lottery awards in the year ending 31 March 2007

Film awards to non-franchises disclosed as soft commitments

PRODUCER	FILM/PROJECT	£
Actaeon Films Ltd	Are You Strong?	5,000
Advance Party Films Ltd	Red Road	21,960
Appointed Limits Ltd	Deep Water	33,333
Archer St Ltd	Incendiary	16,750
Archer St Ltd	Tigers	84,234
Assassin Films Ltd and Swag Pictures Ltd	Mrs Ratcliffe's Revolution	700,000
Autonomous Ltd	Boogie Woogie	23,300
B3 Media	Digital Shorts	56,200
Beastly Films Ltd	The Restraint of Beasts	20,000
Ben Steiner	Louis	12,500
Better Things Ltd	Better Things	269,312
Big Pond Productions Ltd	Hunky Dory	59,062
Big Talk Productions Ltd	Comedy development proposal	255,000
Blueprint Pictures Ltd	War Reporting for Cowards	42,500
Brideshead Films Ltd	Brideshead Revisited	1,387,000
Celador Films Ltd	Untitled Samuel Pepys project	14,750
Charlie Productions Ltd	Hallo Panda – Cinema Extreme 2006	25,000
Cheeky Monkey Films UK Ltd	Crack Willow	50,000
Closing the Ring Ltd	Closing the Ring	25,886
Coded Pictures Ltd	Canyonland	37,500
Company Films Ltd	25 Words or Less – South Africa	30,000
Corruption Films Ltd	The Last Regal King Size	8,000
Cosgrove Hall Films Ltd	Fizzle	34,210
Cougar Films Ltd	Black Ice	4,500
Cuba Pictures Ltd	An Equal Music	10,613
Dan Films Ltd	Triangle	35,500
Dan Films Ltd	ZOO	10,000
Dawn King	The Squatter's Handbook	12,500
DJ Films Ltd	Panto	30,500
East Midlands Media Initiative (EM Media)	Deliver Me – Digital Shorts Plus	10,000
East Midlands Media Initiative (EM Media)	Digital Shorts	40,000
Elysian Films Ltd	Skin	10,000
Father Features Ltd	And When Did You Last See Your Father?	550,000

Schedules to the financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

Film awards to non-franchises disclosed as soft commitments continued

PRODUCER	FILM/PROJECT	£
Feelgood Fiction Ltd	Suburban Shootout	38,750
Feelgood Fiction Ltd	The Rose of Tralee (aka Miss Emerald Isle)	8,875
Feelgood Fiction Ltd	Unscathed	13,000
Film London Ltd	Cherries (short)	10,000
Film London Ltd	Digital Shorts	40,000
Forward Films Ltd	Beach Party	28,300
Fragile St Trinians Ltd and Mayhem Films Ltd	St Trinian's	1,300,000
Genevieve Simms	Liberating Dachau	2,409
Glasgow Media Access Centre Ltd	Digital Shorts	40,000
Go Go Pictures Ltd	Heartland Point (aka Diamonds)	10,000
Granada Television Ltd	Journey Through Midnight	14,000
H2O Motion Pictures (UK) TFM Ltd	That's For Me!	149,800
Hattie Dalton	Lamington (aka Cry Out Loud)	12,500
Headline Pictures Ltd	Peter Pan in Scarlet	25,000
Heyman Hoskins Ltd	The Estate	74,750
James Henry	Hero Trip	17,500
Jigsaw Films Ltd	The Edge Chronicles	16,000
Kasandar (Andrea Untitled) Ltd	Andrea Untitled (working title)	29,200
Kasander (Nightwatching) Ltd	Nightwatching	300,000
Kismet Film Company	Streakers (aka Ugly Streakers)	13,250
Kudos Film and Television Ltd	Blowback	62,500
Laura Tunstall	Airlock or How to Say Goodbye in Space (short)	3,115
Lifesize Pictures Ltd	Shorts project management	109,482
LTB Films Ltd	London to Brighton	184,566
Lyric Films Ltd	Life & Lyrics	7,200
Made Up North Productions Ltd	Granny Flat	17,000
Magic Light Pictures Ltd	Three Way Split	8,000
Magic Men Ltd	Magicians	317,500
Mat Kirkby	The Liar's Club	12,500
Mayavision International Ltd	Completion Fund (short film scheme)	25,500
North West Vision	Digital Shorts	40,000
Northern Film & Media Ltd	Digital Shorts	40,000
Northern Film & Media Ltd	Perfect to Begin – Digital Shorts Plus	10,000

Schedule 2: Lottery awards in the year ending 31 March 2007

Film awards to non-franchises disclosed as soft commitments

PRODUCER	FILM/PROJECT	£
Northern Ireland Film and Television Commission	Out of Tune – Digital Shorts Plus	10,000
NoZone Films Ltd	Jehovah's Witness	4,000
Passion Pictures Ltd	After the Rain (short)	25,000
Passion Pictures Ltd	How I Live Now	18,500
Picture Farm (The Escapist) Ltd	The Escapist	755,430
PK Films Ltd	One of Us	4,880
Puffball Stories Ltd	Puffball	20,433
Qwerty Films Ltd	Georgiana, Duchess of Devonshire	21,651
Qwerty Films Ltd	Join Me	57,039
Red Rose Chain Ltd	Nappy Nation	6,000
Ruby Films Ltd	Coram Boy	69,292
Russell Inglis	Church Going	4,100
Sally Potter Films Ltd	In the Beginning	44,950
Samuelson Bertie Ltd	Stormbreaker	100,000
Samuelson Productions Ltd	The Art of Bellydancing (aka Belly Dance) (add'l)	16,000
Screen East Ltd	Digital Shorts	40,000
Screen South Ltd	Digital Shorts	40,000
Screen West Midlands Ltd	Digital Shorts	40,000
Screen Yorkshire Ltd	Digital Shorts	40,000
Seven Seas (SL) Ltd	Brick Lane	25,039
Seymour Films Ltd	Knock Down Ginger	59,900
Sony BMG Music Entertainment (International) Ltd	Lucky Clover	35,000
South West Screen Ltd	Digital Shorts	40,000
Sprout Productions Ltd	Ponte Tower	21,555
Starfield Productions Ltd	The Describer	4,000
Steel Mills (Yorkshire) Ltd and Steel Mill Cottage (IOM) Ltd	The Cottage	770,000
Straightheads (two) Ltd	Straightheads	27,272
Strange Attractor Films Ltd	Beyond	5,920
Tantrum Films Ltd	Where Hands Touch	20,000
The Bureau Film Company Ltd	A Green and Quiet River	32,600
The Bureau Film Company Ltd	Cinema Extreme	25,000
The First Film Company Ltd	Bomber (aka Joe the King)	43,975

Schedules to the financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

Film awards to non-franchises disclosed as soft commitments continued

PRODUCER	FILM/PROJECT	£
The Scriptworks	Script feedback service	30,000
Thomas Thomas Films Ltd	Norway Project (aka Colchester 53)	13,500
Tiger Aspect Pictures Ltd	Tea and Sympathy	52,108
Trademark Films Ltd	My Week with Marilyn	45,750
Ultrafilm Ltd	Exposure	15,000
Vertigo Films Ltd	Bad Dog	13,750
Wall to Wall Media Ltd	Reach the Clouds	350,000
Wanted Films Ltd	Juvenile	6,500
Warp Allotment Ltd	The Allotment (Grow Your Own)	430,000
Warp Films Ltd	Dog's Mercury	25,000
Warp Films Ltd	The 8th Vein	21,250
Wilder Films Ltd	Wilder Films	10,000
Yaffle Films Ltd	The Monsoon Shootout	19,220
Zephyr Films Houdini Ltd	Death Defying Acts	750,000
Total single film project awards		11,115,419

Specialised Prints and Advertising awards

Artificial Eye Film Co Ltd	Bamako	1,280
Artificial Eye Film Co Ltd	The Page Turner	62,000
Axiom Films International Ltd	Half Nelson	5,000
British Film Institute	How to Survive the 1940s	4,640
British Film Institute	Puccini for Beginners	425
British Film Institute	The Wizard of Oz	25,500
Darkhorse Pictures Ltd	Blue Blood	5,000
Dogwoof Ltd	Esma's Secret	4,654
Dogwoof Ltd	LOBO	39,000
Dogwoof Ltd	Man Push Cart	2,811
Dogwoof Ltd	Play	4,936
ICA Films Ltd	Candy	4,500
ICA Films Ltd	The Pervert's Guide to Cinema	5,000
Icon Film Distribution Ltd	Romanzo Criminale (aka Crime Story)	150,000
IMS 5 Ltd Liability Partnerships	Joy Division	4,725
Lions Gate UK Ltd	Gypo	1,170

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

Specialised Prints and Advertising awards continued

PRODUCER	FILM/PROJECT	£
Lions Gate UK Ltd	The All Together	4,635
Lions Gate UK Ltd	The Lives of Others	250,000
Lions Gate UK Ltd	US v John Lennon	5,000
Metrodome Distribution Ltd	Days of Glory	102,321
Metrodome Distribution Ltd	Them (Ils)	100,343
Natural Scenes Ltd	Scenes of a Sexual Nature	23,503
Optimum Releasing Ltd	Inland Empire	3,500
Optimum Releasing Ltd	My Best Friend	150,000
Optimum Releasing Ltd	Pan's Labyrinth	158,000
Optimum Releasing Ltd	The Host	90,000
Optimum Releasing Ltd	This is England	90,000
Park Circus Ltd	Bugsy Malone	4,400
Park Circus Ltd	Casablanca	28,850
Park Circus Ltd	Guys and Dolls	5,000
Park Circus Ltd	Manhattan	3,800
Park Circus Ltd	Odd Man Out	3,600
Park Circus Ltd	Oklahoma!	4,475
Park Circus Ltd	Prick Up Your Ears	5,000
Pathé Distribution Ltd	Volver	250,000
Peccadillo Pictures Ltd	Be with Me	20,597
Punk Cinema Ltd	The Gigolos	4,920
Revolver Films Ltd	Awesome: I Fuckin' Shot That!	40,326
Soda Pictures Ltd	After the Wedding	5,000
Soda Pictures Ltd	C.R.A.Z.Y.	66,735
Soda Pictures Ltd	Frostbite	5,000
Soda Pictures Ltd	Into Great Silence	5,000
Soda Pictures Ltd	Requiem	5,000
Spark Pictures Ltd	Popcorn	4,780
Tartan Film Distribution Ltd	36 Quai des Orfèvres	9,858
Tartan Film Distribution Ltd	Black Book	150,000
Tartan Film Distribution Ltd	Ghosts	5,000
Tartan Film Distribution Ltd	The Cave of the Yellow Dog	53,090
The Walt Disney Company Ltd	Secuestro Express	140,636

Schedules to the financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

Specialised Prints and Advertising awards continued

PRODUCER	FILM/PROJECT	£
Tiger Ventures LLP	In the Name of	5,000
United International Pictures (UK) Ltd	Life & Lyrics	106,380
Universal Pictures International UK & Eire Ltd	Curse of the Golden Flower	300,000
Vertigo Distribution Ltd	London to Brighton	40,000
Verve Pictures Ltd	Red Road	90,000
Verve Pictures Ltd	Scott Walker – 30 Century Man	4,937
Wysiwyg Distribution Ltd	The Plague	1,470
Yume Pictures Ltd	The Night of the Sunflowers (La Noche de los Girasoles)	5,000
Total Specialised Prints and Advertising awards		2,671,797

Digital Screen Network usage charge support

Digital Screen Network usage charge support	41 awards less than £10,000	32,481
Total Digital Screen Network usage charge awards		32,481

Small Capital Fund

A J Towers & Partners	Small Capital Fund	15,766
Aros (Isle of Skye) Ltd	Small Capital Fund	39,434
Beverley War Memorial Hall	Small Capital Fund	9,203
Buckingham Centre for the Arts	Small Capital Fund	3,863
Calderdale Metropolitan Borough Council	Small Capital Fund	6,300
Campbelltown Community Business Ltd	Small Capital Fund	9,153
Chichester Cinema at New Park Ltd	Small Capital Fund	87,000
Circle Cinemas Ltd	Small Capital Fund	24,756
Clwyd Theatre Cymru Development Trust	Small Capital Fund	24,060
Croydon Council	Small Capital Fund	7,083
Curzon – Clevedon Community Centre for the Arts	Small Capital Fund	15,250
Dundee Contemporary Arts Ltd	Small Capital Fund	8,000
Electric Palace Ltd	Small Capital Fund	20,000
Flavel Centre Trust	Small Capital Fund	2,950
Gloucester City Council	Small Capital Fund	3,998
Hailsham Pavilion Limited	Small Capital Fund	5,000
Harlow District Council	Small Capital Fund	15,000
Ipswich Borough Council	Small Capital Fund	8,652

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

Small Capital Fund continued

PRODUCER	FILM/PROJECT	£
John Quinn	Small Capital Fund	1,158
Leeds Grand Theatre and Opera House Ltd	Small Capital Fund	10,700
Light House Media Centre	Small Capital Fund	12,500
Ludlow and District Community Association Ltd	Small Capital Fund	10,000
Marcus Earl t/a The Loewen Cinema	Small Capital Fund	220
Midlands Art Centre Limited (trading as 'mac')	Small Capital Fund	27,851
North Staffordshire Regional Film Theatre Ltd	Small Capital Fund	5,125
Penistone Town Council	Small Capital Fund	7,750
Peter Carr (trading as The Holmfirth Picturedrome Ltd)	Small Capital Fund	18,410
Pocklington Town Council	Small Capital Fund	4,310
R E Preedy	Small Capital Fund	552
Ritz Belper Ltd	Small Capital Fund	8,984
Roses Theatre Trust	Small Capital Fund	16,199
Savoy Theatre Monmouth (Development) Trust	Small Capital Fund	5,000
Shrewsbury & Atcham Borough Council	Small Capital Fund	10,945
Skylight Cinema LLP	Small Capital Fund	1,959
Stowmarket Town Council	Small Capital Fund	25,000
Strode College	Small Capital Fund	2,481
Tenbury Town Council	Small Capital Fund	4,000
The Aldeburgh Cinema Limited	Small Capital Fund	29,630
The Courtyard Trust	Small Capital Fund	11,378
The Dartington Hall Trust	Small Capital Fund	4,500
The Dukes Play House Ltd	Small Capital Fund	2,758
The Glasgow Film Theatre	Small Capital Fund	5,967
The Hounslow Arts Trust Ltd	Small Capital Fund	4,500
The Kendal Brewery Arts Centre Trust Ltd	Small Capital Fund	10,000
The Pavilion (Galashiels) Ltd	Small Capital Fund	4,000
The Plaza Cinema (Skipton) Ltd	Small Capital Fund	64,000
The Reel Cinema Kingsbridge	Small Capital Fund	461
The Regent (Christchurch) Ltd	Small Capital Fund	3,326
The Rio Centre (Dalston) Ltd	Small Capital Fund	10,535
The Ritz Cinema (Thirsk) Ltd	Small Capital Fund	4,800
The Ropetackle Centre Trust	Small Capital Fund	10,000

Schedules to the financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

Small Capital Fund continued

PRODUCER	FILM/PROJECT	£
The Shire Hall Trust	Small Capital Fund	8,188
Town Hall Charity	Small Capital Fund	7,645
University of Kent	Small Capital Fund	42,910
University of Warwick	Small Capital Fund	4,500
Whitley Bay Playhouse Co Ltd	Small Capital Fund	5,895
Windsor Community Arts Centre	Small Capital Fund	9,759
Witney Town Council	Small Capital Fund	7,636
Wotton Electric Picture House Ltd.	Small Capital Fund	6,714
Total Small Capital Fund awards		737,714

Other Lottery awards

EM Media Ltd	Regional Lottery award	322,000
Film London Ltd	Regional Lottery award	355,000
First Light Movies Ltd	First Light scheme	1,100,000
North West Vision Ltd	Regional Lottery award	305,000
Northern Film and Media Ltd	Regional Lottery award	390,000
Screen East Ltd	Regional Lottery award	390,000
Screen South Ltd	Regional Lottery award	305,000
Screen West Midlands Ltd	Regional Lottery award	413,000
Screen Yorkshire Ltd	Regional Lottery award	300,000
Skillset	Film Skills Fund	13,000,000
Sledge Ltd	Audience Development Scheme	3,000,000
South West Screen Ltd	Regional Lottery award	420,000
Total other awards		20,300,000

Total new soft commitments 1 April 2006 – 31 March 2007	34,857,410
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Awards to franchise projects disclosed as soft commitments

DNA Ltd	The Last King of Scotland	26,768
DNA Ltd	28 Weeks Later	456,285
Total franchises new awards 2006/07		483,053
Total soft commitments 2006/07		35,340,463

The above list excludes soft commitments totalling £2,581,815 where the award was made and fallen in within the year.

Lottery Financial Statements

for the year ended 31 March 2007

Company no: 3815052

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We help to ensure that the UK film industry continues to demonstrate its creativity and expertise in making distinctive films that find their audience.

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 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 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.

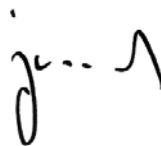
The Directors of UK Film Council are required to:

- 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
26 June 2007



Stewart Till CBE
Chairman
26 June 2007

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 Government Accounting.

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 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, 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 2007 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. 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 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:

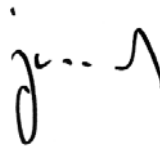
- manage risk in their own areas of responsibility through the implementation of risk mitigation processes and by following the UK Film Council's risk policy;
- translate the risk register into day-to-day operational planning within teams; and
- report to me on the status of risks and controls.

The Board receives periodic reports from the 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 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; 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
26 June 2007

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 2007 under the National Lottery etc. Act 1993 (as amended). These comprise the income and expenditure account, the balance sheet, the cashflow 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, 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' and Chief Executive Officer's 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, certain information given in the annual report, which comprises the Chief Executive Officer's review, the summary of activities, the role and policy priorities of the UK Film Council, highlights of the year, the financial review of the business, the unaudited part of the remuneration report, the monitoring and evaluation review, and the employment statistics 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. 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 judgments 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 2007 and of its increase in funds 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 given in the annual report, which comprises the Chief Executive Officer's review, the summary of activities, the role and policy priorities of the UK Film Council, highlights of the year, the financial review of the business, the unaudited part of the remuneration report, the monitoring and evaluation review and the employment statistics, 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.



John Bourn

Comptroller and Auditor General

2 July 2007

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

Income and expenditure account for the year ended 31 March 2007

	NOTES	2006/07 £000	2005/06 £000
Income			
Proceeds from the National Lottery	8	24,524	28,110
NLDF investment income	8	1,775	2,205
Delegated Funds – Arts Council England		1,863	12,014
Recoupment income			
– Arts Council England portfolio	2	1,296	573
– UK Film Council portfolio	2	835	2,388
Other income		142	235
Total income		30,435	45,525
Regional awards		(3,200)	(3,200)
First Light scheme		(1,100)	(1,100)
Distribution and exhibition awards			
– Arts Council England delegated funds		(344)	(11,814)
– UK Film Council schemes		(6,121)	(1,634)
Training awards		64	(2)
Publications awards		(36)	(68)
Non-film rights awards		(10,737)	(17,818)
Arts Council England pre-committed expenditure		-	18
Costs apportioned from Grant-in-aid	3	(7,362)	(7,369)
Pension service costs	5	(349)	(321)
Provisions against film rights	6	(10,925)	(8,168)
Total other expenditure		(18,636)	(15,840)
Total expenditure		(29,373)	(33,658)
Operating surplus		1,062	11,867
Bank interest receivable		356	409
Other financing income	5	25	6
Interest and financing		381	415
Surplus on ordinary activities before taxation		1,443	12,282
Taxation charge	7	(106)	(123)
Retained surplus for the financial period		1,337	12,159

There were no material acquisitions or disposals during the year (2006: nil). All activities were on a continuing basis.

Statement of total recognised gains and losses for the year ended 31 March 2007

	NOTES	2006/07 £000	2005/06 £000
Surplus for the financial period		1,337	12,159
Actual return less expected return on pension assets	5	34	437
Experience losses arising on the scheme liabilities	5	-	(17)
Recognised change in assumptions	5	(858)	(462)
Actuarial loss in pension plan		(824)	(42)
Total recognised gains and losses relating to the year		513	12,117

Balance sheet as at 31 March 2007

	NOTES	2007 £000	2006 £000
Current assets:			
Film rights	6	34,827	39,813
Balance at the National Lottery Distribution Fund	8	37,394	39,130
Debtors: amounts falling due within one year	9	8,946	8,348
Debtors: amounts falling due after one year	9	6,227	8,910
Cash at bank and in hand		7,317	6,549
		94,711	102,750
Creditors: amounts falling due within one year			
Award commitments	11	(14,630)	(17,051)
Creditors	12	(377)	(2,582)
		(15,007)	(19,633)
Net current assets		79,704	83,117
Creditors: amounts falling due after one year			
Award commitments	11	(6,227)	(10,930)
		(6,227)	(10,930)
Net assets excluding pension liability		73,447	72,187
Pension liability	5	(816)	(38)
Net assets including pension liability		72,661	72,149
Capital and reserves			
Lottery reserve	16	73,477	72,187
Pension reserve	16	(816)	(38)
		72,661	72,149



John Woodward
Chief Executive Officer
26 June 2007



Stewart Till CBE
Chairman
26 June 2007

Statement of cashflows for the year ended 31 March 2007

	NOTES	2006/07 £000	2005/06 £000
Operating activities			
Funds received from the National Lottery Distribution Fund		28,036	35,967
Arts Council England delegated funds received		2,200	1,765
Arts Council England portfolio income		1,294	1,350
UK Film Council portfolio income		6,176	16,402
Other cash receipts		2,267	2,743
Overheads payments		(6,121)	(7,836)
Payment of hard commitments		(29,502)	(51,120)
Other cash payments		(3,770)	(3,259)
Net cash inflow/(outflow) from operating activities	15a	580	(3,988)
Tax paid		(179)	(93)
Return on investments and servicing of finance			
Bank interest received		367	382
Net cash inflow/(outflow)	15b	768	(3,699)

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 Acts 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 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 the Lottery 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). 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. 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 FRS17 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 2007 (2005/06: £573,000):

	£000
Beautiful Creatures	422
Strictly Sinatra	490
The Final Curtain	382
16 titles with income below £100,000	2
	1,296

UK Film Council

In the year ended 31 March 2007, 83 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 2007 (2005/06: £13,835,000) were:

	£000
Bugs	173
Driving Lessons	195
Intermission	194
Kiss of Life (aka Helen of Peckham)	172
Ladies in Lavender	171
Life & Lyrics	100
Magic Roundabout	423
Miss Potter	189
Mrs Henderson Presents	812
Mrs Radcliffe's Revolution	100
Qwerty Films development slate	105
Snowcake	353
Stormbreaker	100
The Constant Gardener	128
The Parole Officer	996
Venus	249
67 titles with income below £100,000	1,249
	5,709

Income received on titles in surplus is taken to the income and expenditure account (2005/06: £2,388,000):

	£000
Bend it like Beckham	94
Caché (Hidden) (Prints & Advertising)	25
Junebug (Prints & Advertising)	9
March of the Penguins (Prints & Advertising)	200
Touching the Void	7
28 Days Later	250
Volver (Prints & Advertising)	250
	835

Note 3: Costs apportioned from Grant-in-aid

	2006/07 £000	2005/06 £000
These costs include:		
Audit costs: National Audit Office	19	18
Capital recharge	180	165
Staff travel and subsistence – domestic	17	15
Staff travel and subsistence – foreign	92	100
Agency fees, freelance staff and secondments	46	44
Hospitality	51	42
Legal costs	254	478
Other professional fees	73	49

Note 4: Salary costs

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

	2006/07 £	2005/06 £
Colin Brown (resigned 6.12.06)	1,679	1,302
Andrew Eaton	1,305	1,669
Rebecca O'Brien (appointed 3.4.06)	2,992	-
Alison Owen	748	1,860
Heather Rabbatts CBE	1,870	-
Marc Samuelson	1,870	1,674
David Sproxtton CBE	2,053	2,605
Parminder Vir OBE (retired 31.8.05)	-	925
	12,517	10,035

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:

	2006/07 £000	2005/06 £000
Wages and salaries	2,113	2,108
Social Security costs	223	226
Pension service costs and other pension costs	240	224
	2,576	2,558

Notes to the financial statements continued

The average number of staff wholly employed on Lottery activities during the year was 39 (2005/06: 40).

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

	2006/07		ATTRIBUTABLE TO LOTTERY
	£	%	£
John Woodward (Age: 46)			
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

	2005/06		ATTRIBUTABLE TO LOTTERY
	£	%	£
Salary and benefits	141,030		128,619
Bonus	42,772		39,008
Total	183,802	91.2	167,627
Pension contribution	22,565		20,579

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 2007 £000	%	ATTRIBUTABLE TO LOTTERY £000	ATTRIBUTABLE PENSION CONTRIBUTION £000	ATTRIBUTABLE PENSION ACCRUED AT 31 MARCH 2007 £000	CASH EQUIVALENT TRANSFER VALUE (CETV) AS AT 31 MARCH 2006 £000	CETV AS AT 31 MARCH 2007 £000	REAL INCREASE IN CETV AFTER ADJUSTMENTS FOR INFLATION, ETC £000	SALARY YEAR ENDED 31 MARCH 2007 £000
Jenny Borgars Head of Development Fund	160-165	100	160-165	10-15	5-7.5	40-45	55-60	10-15	105-110
Sally Caplan Head of Premiere Fund (from 29.4.05)	155-160	100	155-160	15-20	-	-	-	-	130-135
Peter Buckingham Head of Distribution & Exhibition	150-155	100	150-155	20-25	7.5-10	50-55	90-95	40-45	130-135
Will Evans Head of Business Affairs	150-155	100	150-155	15-20	-	-	-	-	145-150
Paul Trijbits Head of New Cinema Fund (to 6.10.06)	125-130	100	125-130	5-10	7.5-10	80-85	90-95	5-10	135-140
Alan Bushell Chief Operating Officer	110-115	89.9	95-100	10-15	10-12.5	90-95	125-130	35-40	105-110
Lisa Tremble Head of Communications (from 1.1.06)	95-100	89.9	85-90	10-15	0-2.5	0-5	10-15	5-10	20-25
Lenny Crooks Head of New Cinema Fund (from 18.9.06)	50-55	100	50-55	5-10	30-32.5	-	525-530	525-530	-

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 to the LPFA arising from prior public sector employment.

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 quadrennial valuations using the projected unit method.

The contributions to the defined benefit scheme attributable to Lottery activities were £0.4 million in the year to 31 March 2007 (2006: £0.3 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 FRS17. Therefore as at 31 March 2007, a pensions liability of £0.82 million is disclosed on the UK Film Council Lottery balance sheet (2006: £0.04 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 2004 had been updated by the actuaries Hymans Robertson to assess the liabilities of the scheme as at 31 March 2007. Scheme assets are stated at their market value as at 31 March 2007 and the assets and liabilities of the London Pensions Fund Authority and the expected rate of return as at 31 March 2007 are:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2007 £000	EXPECTED RETURN PER ANNUM £000
Equities	7.7%	1,422,400	109,525
Bonds	6.4%	510,700	32,685
Property	6.8%	289,600	19,693
Cash	4.9%	61,300	3,004
		2,284,000	164,907

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%	1,296,100	94,615
Bonds	6.0%	391,600	23,496
Property	6.5%	242,400	15,756
Cash	4.6%	126,300	5,809
		2,056,400	139,676

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%	1,215,800	93,617
Bonds	4.8%	166,500	7,992
Property	5.7%	109,800	6,259
Cash	4.8%	51,700	2,482
		1,543,800	110,350

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%	1,137,200	87,564
Bonds	5.1%	173,400	8,843
Property	6.5%	52,000	3,380
Cash	4.0%	21,900	876
		1,384,500	100,663

The main assumptions are:

	31 MARCH 2007 % PER ANNUM
Price increases	3.2%
Salary increases	4.7%
Pension increases	3.2%
Discount rate	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 2007 £000	31 MARCH 2006 £000
Estimated UK Film Council share of the assets	4,050	3,213
Present value of scheme liabilities attributable to the UK Film Council	4,866	3,251
Total value of liabilities	4,866	3,251
Net pension liability attributable to the UK Film Council	(816)	(38)

Analysis of the amount charged to operating profit:

	2006/07 £000	2005/06 £000
Service cost	349	321
Total operating charge	349	321

Analysis of the amount credited to other financial income:

	2006/07 £000	2005-06 £000
Expected return on employer assets	235	193
Interest on pension scheme liabilities	(210)	(187)
Net return	25	6
Net revenue account cost	324	315

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:

	2006/07 £000	2005/06 £000
Actual return less expected return on pension assets	34	437
Experience gains and losses arising on the scheme liabilities	-	(17)
Changes in assumptions underlying the present value of the scheme liabilities	(858)	(462)
Actuarial loss in pension plan	(824)	(42)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-	-
Actuarial loss recognised in STRGL	(824)	(42)

Movement in deficit during the year

	2006/07 £000	2005/06 £000
Deficit brought forward at 1 April	(38)	(41)
Current service cost	(348)	(321)
Employer contributions	369	359
Net return on assets	25	6
Actuarial losses	(824)	(42)
Deficit at 31 March	(816)	(38)

History of experience gains and losses

	2006/07 £000	2005/06 £000	2004/05 £000
Difference between the expected and actual return in assets	34	437	66
Value of assets	4,050	3,213	3,205
Percentage of assets	1.0%	13.6%	2.1%
Experience losses on liabilities	-	(17)	(251)
Present value of liabilities	4,866	3,251	3,246
Percentage of the present value of liabilities	-%	(1%)	(7.7%)
Actuarial gains / (losses) recognised in STRGL	(824)	(42)	(185)
Present value of liabilities	4,866	3,251	3,246
Percentage of the present value of liabilities	(16.9%)	(1%)	(5.7%)

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

Note 6: Film rights

	GROSS £000	PROVISION £000	REPAYMENT £000	NET £000
At 1 April 2006	168,518	(94,545)	(34,160)	39,813
Hard commitments made in the year	11,756	(5,367)	(237)	6,152
Movements on prior year commitments	-	(5,558)	(5,472)	(11,030)
Decommitments	(108)	-	-	(108)
At 31 March 2007 (schedule 1)	180,166	(105,470)	(39,869)	34,827

Note 7: Tax on profit on ordinary activities

	2007 £000	2006 £000
Corporation Tax payable for current year	106	123
	106	123

Taxation is payable on the interest earned by the UK Film Council at the rate of 30% (2005/06: 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:

	2007 £000	2006 £000
Opening balance held at the National Lottery Distribution Fund	39,130	44,780
Income received from the Lottery	24,524	28,110
Investment income earned	1,776	2,205
Available for distribution	65,420	75,095
Cash drawn down	(28,036)	(35,965)
Market value at 31 March	37,394	39,130

At 31 March 2007 the cost of the investment of the fund was £37.84 million (2006: £39.4 million). Income received from the Lottery shown above is after charging unrealised losses of £0.17 million (2006: £0.27 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 on 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. Due to the levels of recoupment received by the UK Film Council in 2006/07, the National Lottery Distribution Fund balance is now expected to fall below £10 million by March 2010 and the position will be closely monitored to ensure overtrading does not occur.

Note 9: Debtors

	2007 £000	2006 £000
Debtors falling due within one year		
Arts Council England delegation funds	4,807	4,323
Prepayments and accrued income	2,927	2,319
Due from Grant-in-aid fund	58	-
Other debtors	366	1,096
VAT debtor	788	610
	8,946	8,348
Debtors falling due after more than one year		
Arts Council England delegated funds	6,227	8,910
	6,227	8,910
	15,173	17,258

The Arts Council England debtor represents the undrawn delegated funds due to the UK Film Council. Funds are drawn down to award cash requirements under the delegation and it is expected that £6.2 million of this will fall due after 31 March 2008.

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 2006/07, £24.5 million (67%) (2006: £28.1 million, 47%) 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 £1.8 million (5%) (2006: £2.2 million, 4%), income from film rights £5.7 million, (16%) (2006: £13.8 million, 23%), delegated income from Arts Council England £1.9 million (5%) (2005: £12 million, 20%), surplus on UK Film Council and Arts Council England investments, bank interest and sundry income £2.6 million (7%) (2006: £3.06 million, 6%).

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 cash holdings amount to £44.7 million (2006: £45.7 million) at the balance sheet date, sufficient liquid resources are available to cover all current hard and soft commitments totalling £41 million (2006: £37.5 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 £37.39 million (2006: £39.81 million) and the average return on these investments was 4.23% (2006: 4.73%)

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 5.1% (2006: 4.8%). The cash balance at the year end was £7.3 million (2006: £6.55 million). The Board considers that in respect of these funds that 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

	2007 £000	2006 £000
Brought forward at 1 April	9,375	24,458
Commitments made	37,439	42,303
Transferred back from hard commitments	39	332
Soft decommitments	(4,292)	(3,294)
Transferred to hard commitments	(22,583)	(54,424)
Balance carried forward at 31 March	19,978	9,375

Hard commitments

Brought forward at 1 April	27,981	25,784
Commitments made	22,583	54,424
Hard decommitments	(166)	(775)
Transferred to soft commitments	(39)	(332)
Amounts paid	(29,502)	(51,120)
Balance carried forward at 31 March	20,857	27,981

Notes to the financial statements

continued

Soft decommitments arise when an offer of an award approved by 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 2007 relating to this are £0.5 million (2006: £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:

	2007 £000	2006 £000
Film rights	11,772	36,565
Regional awards	3,200	3,200
First Light award	1,100	1,100
Distribution and exhibition awards	6,468	13,485
Training awards	-	6
Publication awards	43	68
	22,583	54,424

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

	2007 £000	2006 £000
2006/07	-	17,051
2007/08	14,630	5,310
2008/09	3,113	2,810
2009/10	3,114	2,810
	20,857	27,981

It is expected that all outstanding hard commitments as at 31 March 2007 will be fully paid by 31 March 2010 and commitments due after one year relate to the Digital Screen Network.

Note 12: Creditors

Amounts falling due within one year

	2007 £000	2006 £000
Corporation Tax	51	123
Due to Grant-in-aid fund	-	188
Deferred income	208	2,070
Other creditors	118	201
	377	2,582

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

Note 13: Leases

At 31 March 2007, the Lottery Fund had no commitments under non-cancellable operating leases. The UK Film Council (non-Lottery) had annual commitments under a non-cancellable operating lease as set out below:

	LAND & BUILDINGS 2007 £000	LAND & BUILDINGS 2006 £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 2007 the Lottery Fund had no contracted capital commitments (31 March 2006: nil).

Note 15: Notes to the statement of cashflows

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

	2006/07 £000	2005/06 £000
Operating surplus	1,062	11,867
Decrease/(increase) in film rights	4,986	(13,517)
Decrease in debtors	3,832	7,854
Decrease in creditors	(9,279)	(10,206)
Movement in pension liability	(21)	14
Net cash inflow/(outflow) from operating activities	580	(3,988)

b) Reconciliation of net cashflow to movements in funds

	2006/07 £000	2005/06 £000
Funds at 1 April	6,549	10,248
Increase/(decrease) in cash	768	(3,699)
Funds at 31 March	7,317	6,549

Note 16: Movement in Lottery Fund reserve

	PENSION RESERVE £000	I&E RESERVE £000	TOTAL LOTTERY RESERVE £000
Brought forward at 1 April 2006	(38)	72,187	72,149
Surplus for the year	46	1,290	1,336
Movements on the STRGL			
Actuarial loss in pension plan	(824)	-	(824)
As at 31 March	(816)	73,477	72,661

Note 17: Reconciliations of transactions with delegate bodies

In 2006/07 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 these organisations as follows:

Transactions in UK Film Council accounts:

	HARD COMMITMENTS IN 2006/07 £000	DELEGATE BODY CREDITOR AT 31 MARCH 2007 £000
EM Media		322
Film London		355
First Light Movies		1,100
Northern Film & Media		390
North West Vision		305
Screen East		390
Screen South		305
Screen West Midlands		413
Screen Yorkshire		300
South West Screen		420
		4,300

Notes to the financial statements continued

The following is extracted from the accounts of the organisations for the year ended 31 March 2007:

	RESERVES AT 1 APRIL 2006 £000	INCOMING FUNDS: UK FILM COUNCIL £000	INCOMING FUNDS: OTHER £000	OUTGOING FUNDS £000	RESERVES AT 31 MARCH 2007 £000
EM Media	312	322	12	(395)	251
Film London	528	355	33	(476)	440
First Light Movies	592	1,100	50	(1,121)	620
Northern Film & Media	77	390	9	(272)	204
North West Vision	139	305	1	(348)	97
Screen East	260	390	10	(227)	433
Screen South	59	305	6	(265)	106
Screen West Midlands	305	413	14	(461)	271
Screen Yorkshire	71	300	6	(304)	73
Skillset	6,788	5,754	240	(6,424)	6,358
South West Screen	182	420	10	(491)	121
Total	9,313	10,054	391	(10,784)	8,974

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

Note 18: Intra-government balances

As at 31 March the following Intra-government balances were:

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

	2006/07 £000	2005/06 £000
Funds held at the National Lottery Distribution Fund	37,383	39,130
Funds held at Arts Council England	11,035	13,233
Funds due from HM Revenue and Customs re VAT	788	610

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

Balance due to HM Revenue and Customs re Corporation Tax	51	123
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Note 19: Date authorised for issue

There was no reportable post balance sheet events between the balance sheet date and 5 July 2007, the date the Accounting Officer despatched the accounts to the Department for Culture, Media and Sport. The financial statements do not reflect events after this date.

Note 20: 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 2006 £
Directors of the UK Film Council				
Bend It Films Ltd	Gurinder Chadha OBE	Director	-	10,500
Capitol Films Ltd	Marc Samuelson	Samuelson Productions Ltd*	-	620,455
CFF Enterprises Ltd	Iain Smith	Director	-	10,744
Domino Pictures Ltd	Alison Owen	Director	-	720,362
Everyman Cinema Club	Anthony Minghella CBE	Committee Member	-	36,771
Go Go Pictures Ltd	Alison Owen	Director	10,000	37,500
Ruby Films Ltd	Alison Owen	Director	69,292	69,292
Samuelson Productions Ltd	Marc Samuelson	Director	16,000	6,000
Scarlet Pictures Ltd	Alison Owen	Director	-	11,750
Seven Seas (SL) Ltd	Alison Owen	Director	25,038	90,038
Skillset	Stewart Till CBE Anthony Minghella CBE	Deputy Chair Advisory Board member	13,000,000	13,000,00
United International Pictures (UK)	Stewart Till CBE	Chairman	106,380	106,380
Vue Entertainment Holdings (UK) Ltd	Stephen Knibbs	Chief Operating Officer	6,750	811,631
Employees of the UK Film Council				
Skillset	John Woodward	Director	13,000,000	13,000,000
Verve Pictures Ltd	Lenny Crooks	Partner & Producer	£90,000	£22,500

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

In addition, £234,076 was paid to Olswang Solicitors for professional services rendered in the year. Mark Devereux is a Senior Partner in this firm.

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

Schedules to financial statements

Schedule 1: Film rights at 31 March 2007

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Premiere Fund awards:								
Closing the Ring Ltd	Closing the Ring			25,886				25,886
Father Features Ltd	And When Did You Last See Your Father?			530,000			(110,000)	420,000
Fern Gully Tales Ltd	The Tiger's Tail			1,000,000			(950,000)	50,000
Fragile St Trinian's Ltd and Mayhem Films Ltd	St Trinian's			1,300,000			(260,000)	1,040,000
Lyric Films Ltd	Life & Lyrics			207,200	(99,854)		(65,030)	42,316
Magic Men Ltd	Magicians			317,500			(63,500)	254,000
Picture Farm (The Escapist) Ltd	The Escapist			755,430			(151,086)	604,344
Samuelson Bertie Ltd	Stormbreaker			100,000	(100,000)			0
Severance Films Ltd	P45 (aka Severance)			15,000	(14,999)	(1)		0
Steel Mills (Yorkshire) Ltd and Steel Mill Cottage (IOM) Ltd	The Cottage			770,000			(161,700)	608,300
Zephyr Films Ltd	Death Defying Acts			750,000				750,000
Development Fund awards								
Archer St Ltd	How to Start Your Own Country			142,750			(142,750)	0
Archer St Ltd	Incendiary			16,750				16,750
Archer St Ltd	Tigers			84,234				84,234
Assassin Films Ltd	West is West			111,000			(111,000)	0
Autonomous Ltd	Boogie Woogie			23,300				23,300
Ben Steiner	Louis			12,500			(12,500)	0
Bend It Films Ltd	Trumpet			37,500			(37,500)	0
Blueprint Pictures Ltd	War Reporting on Cowards			42,500			(42,500)	0
Brideshead Films Ltd	Brideshead Revisited			37,000				37,000
Coded Pictures Ltd	Canyonland			25,250			(25,250)	0
Company Pictures Ltd	25 Words or Less – South Africa			30,000			(30,000)	0
Cougar Films Ltd	Black Ice			4,500			(4,500)	0
Cougar Films Ltd	Mind the Gap			25,725			(25,725)	0
Cuba Pictures Ltd	An Equal Music			24,500			(24,500)	0
Dan Films Ltd	Triangle			35,500				35,500
Dawn King	The Squatter's Handbook			12,500			(12,500)	0
Feelgood Fiction Ltd	The Rose of Tralee (aka Miss Emerald Isle)			8,875				8,875
Finola Dwyer Productions Ltd and Wardour Promotions Ltd	Untitled Aspinall project			112,500			(112,500)	0
Forward Films Ltd	Beach Party			14,150			(14,150)	0
Go Go Pictures Ltd	Heartland Point (aka Diamonds)			10,000				10,000
Hattie Dalton	Cry Out Loud (aka Lamington)			12,500			(12,500)	0
Jigsaw Films Ltd	The Edge Chronicles			13,500			(13,500)	0

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Justin Trefgarne	Nightshift			10,000			(10,000)	0
Kismet Film Company Ltd	Ugly Streakers (aka Streakers)			13,250			(13,250)	0
Passion Pictures Ltd	How I Live Now			95,465				95,465
Qwerty Films Ltd	Georgiana, Duchess of Devonshire			59,925				59,925
Qwerty Films Ltd	Trust			65,438			(65,438)	0
Sally Potter Films Ltd	In the Beginning			44,950				44,950
Samuelson Productions Ltd	Belly Dance (aka The Art of Belly Dancing)			16,000			(16,000)	0
Seymour Films Ltd	The Property (aka Property Ladder)			4,000			(4,000)	0
Starfield Productions Ltd	The Describer			4,000				4,000
The Bureau Film Company Ltd	A Green and Quiet River			32,600			(32,600)	0
The First Film Company Ltd	Bomber (aka Joe the King)			43,975				43,975
Thomas Thomas Films Ltd	Colchester 53			7,000			(7,000)	0
Tiger Aspect Pictures Ltd	Tea and Sympathy			27,752		(8,618)	8,618	27,752
Ultrafilm Ltd	Exposure			15,000			(15,000)	0
Warp Developments Ltd	Planet Arse			7,000			(7,000)	0
Warp Films Ltd	The Eighth Vein			21,250			(21,250)	0
Yaffle Films Ltd	The Monsoon Shootout			19,500			(19,500)	0
New Cinema Fund awards:								
Zam Films Ltd	Honeymoon			25,000			(25,000)	0
Advance Party Films Ltd	Red Road			21,960				21,960
Appointed Limits Ltd	Appointed Limits (aka Deep Water)			33,333	(19,459)			13,874
Assassin Films Ltd and Swag Pictures Ltd	Mrs Radcliffe's Revolution			700,000			(350,000)	350,000
Balfe Campbell Productions Ltd	Exit the Situation			7,935			(7,935)	0
Beastly Films Ltd	The Restraint of Beasts			20,000				20,000
Better Things Ltd	Better Things			269,312			(134,656)	134,656
Bub Ltd	Set it Off			25,000			(25,000)	0
Charlie Productions Ltd	Hallo Panda			25,000			(25,000)	0
Clockwork Pictures Ltd	Knife in the Sofa (aka The Sofa)			5,380			(5,380)	0
Dan Films Ltd	Zoo			10,000			(10,000)	0
East Midlands Media Initiative	Digital Shorts			40,000	(314)		(39,372)	314
Elisabeth Charbonneau	Kochana Cafe			5,290			(5,290)	0
Elysian Films Ltd	Skin			10,000			(10,000)	0
Film London Ltd	Digital Shorts			50,000	(863)		(48,274)	863
Glasgow Media Access Centre (GMAC) Ltd	Digital Shorts			40,000	(413)		(39,174)	413
Glasgow Media Access Centre (GMAC) Ltd	Skypark			10,000			(10,000)	0

Schedules to financial statements continued

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
H2O Motion Pictures (UK) TFM Ltd	That's for Me			149,800			(74,900)	74,900
Hannah Gal	Hush			4,499			(4,499)	0
Kasander (Nightwatching) Ltd	Nightwatching			300,000			(150,000)	150,000
Kubista Ltd	Fine			5,800			(5,800)	0
Lifesize Pictures Ltd	Shorts project management			109,482			(109,482)	0
Likely Story Ltd	The Other Man			7,500			(7,500)	0
LTB Films Ltd	London to Brighton			184,566			(121,814)	62,752
Mayavision International Ltd	Shorts Completion Fund			25,500			(25,500)	0
North West Vision Ltd	Digital Shorts			40,000	(223)		(39,553.18)	223
Northen Film and Media Ltd	Digital Shorts			40,000			(40,000)	0
Northern Ireland Film and Television Commission	Digital Shorts			50,000			(50,000)	0
Passion Pictures Ltd	After the Rain			25,000			(25,000)	0
Picture Farm Ltd	Normal for Norfolk			7,750			(7,750)	0
Pistachio Pictures Ltd	One Two Hundred and Fiftieth of a Second			10,805			(10,805)	0
Puffball Stories Ltd	Puffball			114,647				114,647
Redhouse Lane Communications Ltd	In the Mood (aka Das Schuh)			2,425			(2,425)	0
Screen East Ltd	Digital Shorts			40,000	(226)		(39,549)	226
Screen South Ltd	Digital Shorts			40,000				40,000
Screen West Midlands Ltd	Digital Shorts			50,000			(50,000)	0
Screen Yorkshire Ltd	Digital Shorts			40,000			(40,000)	0
Seven Seas (SL) Ltd	Brick Lane			25,039				25,039
Sister Films Ltd	Dad			5,500			(5,500)	0
South West Screen Ltd	Digital Shorts			50,000	(112)		(39,777)	10,112
Straightheads Ltd	Straightheads			27,273				27,272.50
The Bureau Film Co Ltd	Cinema Extreme			25,000			(25,000)	0
Warp Allotment Ltd	The Allotment (Grow Your Own)			400,000			(200,000)	200,000
Warp Films Ltd	Dog's Mercury			25,000			(25,000)	0
Warp X (Complete History) Ltd	A Complete History			241,230			(180,923)	60,308
Warp X (Punch) Ltd	Punch			466,118			(349,589)	116,530
Wilder Films Ltd	Wilder			10,000			(10,000)	0
Franchise awards:								
DNA Ltd	The History Boys			813,408			(406,704)	406,704
DNA Ltd	The Last King of Scotland			26,768				26,768
Total hard commitments made 2006/07				11,756,473	(236,463)	(8,619)	(5,367,260)	6,144,131

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Film rights as at 1 April 2006								
Premiere Fund awards								
Academy Films Ltd	Opal Dreams (aka Pobby and Dingan)	970,000	50,000				(50,000)	0
Ariel Films Ltd	Sylvia (aka Ted & Sylvia)	2,497,463	102,000		(33,016)			68,984
Autonomous Proposition Ltd	The Proposition	94,986	46,236					46,236
Becoming Jane Films Ltd	Becoming Jane	1,513,062	1,513,062				(302,612)	1,210,450
Cine B and Tubedale Films Ltd	L'Homme du Train	500,000			(3,703)		3,703	0
Closing the Ring Ltd	Closing the Ring	2,076,000	2,076,000			(56,709)	(418,377)	1,600,914
Dan Films Ltd	Creep	1,260,000			(33,616)		33,616	0
Devotion Films Ltd	Sex Lives of the Potato Men	1,955,589	193,469					193,469
Driving Lessons Ltd	Driving Lessons	917,303	597,303		(194,553)			402,750
Fragile Films Ltd	The Importance of Being Earnest	1,320,000	69,588		(13,282)			56,306
Fragile Films Ltd	Valiant	2,580,645	37,829		129,730			167,559
Greenpoint Productions Ltd	Only Human	298,723	38,382		(19,680)		(18,703)	0
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	1,200,000		(188,543)			1,011,457
Ladies in Lavender Ltd	Ladies in Lavender	1,979,850			(170,968)		170,968	0
Lyric Films Ltd	Life & Lyrics	1,214,500	728,700				(728,700)	0
Mischief Night Ltd	Mischief Night	800,000	400,000		(10,390)		(280,000)	109,610
Northern Souls Films Ltd	Love + Hate (aka Northern Souls)	866,964	90,140		(36,917)			53,223
P&D Financing Ltd	Opal Dreams (aka Pobby and Dingan)	70,000	70,000				(70,000)	0
Potboiler Productions Ltd, Focus Features LLC and Constant Gardener Ltd	The Constant Gardener	2,000,000			(128,250)		128,250	0
Recorded Picture Company Ltd	Young Adam	501,955	6,159		(588)			5,571
Revolution Films Ltd	Code 46	1,565,063			(3,408)		3,408	0
Samuelson Bertie Ltd	Stormbreaker	2,300,000	2,300,000		(61,498)			2,238,502
Sandfairy Productions Ltd	Five Children and It	2,671,500			(26,257)		26,257	0
Severance Films Ltd	P45 (aka Severance)	750,000	423,203		(42,657)			380,547
Snow Cake Film Ltd	Snowcake	1,100,000	870,000		(353,394)			516,606
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	132,484		(55,947)			76,537
Untitled 06 Distribution Ltd	Untitled – Mike Leigh 2	1,200,000	480,000					480,000

Schedules to financial statements continued

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Venus Pictures Ltd	Venus	1,000,000	800,000		(249,177)		(300,000)	250,823
WAZ Distribution Ltd	WAZ	932,017	467,017					467,017
Wilderness Films Ltd	Wilderness	360,000	180,000		(1,000)		(140,000)	39,000
Young Pirate Films Ltd	The Festival	700,000	383,334		(28,139)		(340,000)	15,195

Development slate awards

Bend It Films Ltd	Slate funding	34,418	34,418					34,418
Capitol Productions Ltd	Slate funding	1,200,000	600,000					600,000
Company Pictures Ltd	Slate funding	225,000	45,000		(5,000)			40,000
Darlow Smithson Productions Ltd	Slate funding	750,000	375,000					375,000
Domino Pictures Ltd	Slate funding	900,000	450,000		(30,000)			420,000
Ecosse Films Ltd	Slate funding	250,000			(20,000)		20,000	0
Fragile Films Ltd	Slate funding	1,450,000	650,000		(96,035)			553,965
Gruber Films Ltd	Slate funding	100,000	100,000					100,000
Impact Pictures Ltd	Slate funding	108,500			(27,125)		27,125	0
Jupiter Projects Ltd	Slate funding	1,200,000	600,000					600,000
Little Bird Company Ltd	Slate funding	250,000	124,289					124,289
Number 9 Films (Slate) Ltd	Slate funding	1,200,000	600,000		(35,225)			564,775
Passion Pictures Ltd	Slate funding	70,000	70,000					70,000
Pathé Productions Ltd	Slate funding	1,050,000	525,000					525,000
Qwerty Films Ltd	Slate funding	500,000			(104,657)		104,657	0
Recorded Picture Company Ltd	Slate funding	450,000			(30,788)		30,788	0
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	55,076		(98,000)		42,924	0
Shona Productions Ltd	Slate funding	8,850	8,850					8,850
Tall Stories Ltd	Slate funding	2,400	2,400		(22,792)		20,392	0

Other Development awards

Advance Party Films Ltd	Red Road	10,963	10,963		(10,963)			0
Archer Street Ltd	Incendiary	50,000	50,000					50,000
Assassin Films Ltd & Swag Productions Ltd	Mrs Radcliffe's Revolution	30,240	30,240		(100,240)		100,240	30,240
Denne & Winn Ltd	Storage	19,750	19,750				(19,750)	0
Escape Pictures Ltd	Wedding Project	45,176	45,176				(45,176)	0
Fiesta Productions Ltd	Solid	8,500	8,500				(8,500)	0
Four Horsemen Films Ltd	The Cottage	15,600			(15,600)		15,600	0

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Gruber Films Ltd	D	30,000	30,000				(30,000)	0
Gruber Films Ltd	Untitled Peter Capaldi project	18,938	18,938				(18,938)	0
Hattie Dalton	Cry Out Loud (aka Lamington)	12,500	12,500				(12,500)	0
Kismet Film Company Ltd	Ugly Streakers (aka Streakers)	6,500	6,500				(6,500)	0
Kudos Film & Television Ltd	Spy By Nature	22,000	22,000				(22,000)	0
Magic Light Pictures Ltd	Three Way Split	22,500	22,500				(22,500)	0
Midfield Films Ltd	Storage	30,658	30,658				(30,658)	0
Modern Films Ltd	The Night Country	30,155	30,155				(30,155)	0
Modern Films Ltd	Under the Skin	111,949	111,949					111,949
October Films Ltd	The Wedding Party	29,750	29,750				(29,750)	0
Parachute Pictures Ltd (previously Peartree Pictures Ltd)	No Such Thing (aka The Pear Tree)	13,000	13,000					13,000
Priority Pictures Ltd	The Club	73,500	73,500					73,500
Qwerty Films Ltd	P45 (aka Severance)	27,750	27,750					27,750
Sally Potter Films Ltd	In the Beginning	9,600	9,600					9,600
Scarlet Pictures Ltd	Balance of Power	7,000	7,000					7,000
Seymour Films Ltd	The Property (aka Property Ladder)	19,900	19,900				(19,900)	0
Starfield Productions Ltd	The Describer	2,500	2,500					2,500
Straightheads Ltd	Straightheads	73,625			(11,406)		11,406	0
Vestry Films Ltd	New Town Killers	36,000	36,000					36,000
New Cinema Fund awards								
A Woman in Winter Ltd	A Woman in Winter	392,200	196,100				(176,100)	20,000
Advance Party Films Ltd	Red Road	436,144	216,144		(84,311)		(100,000)	31,833
Adventure Pictures (Yes) Ltd	Yes	449,500	9,963		(432)			9,531
Antonine Films Ltd	The Magdalene Sisters	600,000			(32,175)		32,175	0
Appointed Limits Ltd	Appointed Limits (aka Deep Water)	354,295	172,148					172,148
APT Film and Television Ltd	Appointed Limits (aka Deep Water)	10,000	10,000					10,000
AWOL Films Ltd	A Way of Life	422,000	5,000				(5,000)	0
Beastly Films Ltd	The Restraint of Beasts	650,000	325,000					325,000
Breakthru Films Ltd	Peter and the Wolf	10,000	10,000				(10,000)	0
Café Productions Ltd	Big Blue (aka Game Over aka Kasparov and the Machine)	178,117	10,000		(47,850)		37,850	0
Company of Wolves Ltd	Intermission	570,000	103,579		(193,855)		90,276	0
Driving Lessons Ltd	Driving Lessons	10,000	10,000		(10,000)			0
Ex Nihilo SARL and Bluelight L'Ecole Ltd	School (aka L'Ecole)	397,330	38,193				(20,000)	18,193
Gayle Griffiths Productions Ltd	Kiss of Life (aka Helen of Peckham)	500,000	10,000		(171,760)		161,760	0

Schedules to financial statements continued

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Granada Films Ltd	Bloody Sunday	299,500	46,994		(3,268)			43,727
Granada Television Ltd	Pierpoint (aka The Last Hangman)	330,000	165,000		(95,600)			69,400
Home Movies Ltd	Tomorrow La Scala! (aka Sweeney)	247,406	46,907				(26,906)	20,001
JSB Production Ltd and Huit et Demi Production SARL and Zeal SRL	Lila Says (aka Lila dit ca)	400,000	43,810					43,810
Kivu Films Ltd	Shooting Dogs	675,000	103,650		(7,212)			96,438
Koninck Studios PTE Ltd	Piano Tuner of Earthquakes	300,862	50,862				(50,862)	0
Little Bird Company Ltd and In My Father's Den Productions Ltd	In My Father's Den	405,000	5,000					5,000
Lunar Productions Ltd	Strange Little Girl	25,000			(457)		457	0
Magic Light Pictures Ltd	Sparkle	377,600	188,800					188,800
One For The Road Films Ltd	One for the Road	251,100				(3,100)	3,100	0
One Love Films Ltd	One Love	899,827	5,396		(5,895)		499	0
Parallax (Blind Flight) Ltd	Blind Flight	450,000	10,000		(77)			9,923
Passion Dox Ltd	Live Forever	212,249	9,911		(192)			9,719
Puffball Stories Ltd	Puffball	570,000	285,000				(228,485)	56,515
Saul's Story Ltd	This Little Life (aka Entering Blue Zone)	241,000			(3,387)		3,387	0
Seven Seas (SL) Ltd	Brick Lane	650,000	325,000					325,000
Shine Ltd	Bullet Boy	450,000	40,000					40,000
Sixteen (Barley) Ltd and Element Films Ltd	The Wind that Shakes the Barley	545,000	272,500				(109,000)	163,500
Sixteen Films (Trains) Ltd and Fandango SRL	Tickets	390,453	77,178		(16,038)		(35,000)	26,140
Slate Films Ltd	Once Upon a Time in the Midlands	750,000	23,079					23,079
Starfield Productions Ltd	Anita and Me	675,000	57,569		(2,093)			55,476
Starfield Productions Ltd	Ape	178,000	10,000				(10,000)	0
Straightheads Ltd	Straightheads	618,200	309,100				(90,000)	219,100
The Bureau Film Company Ltd	Noi the Albino	100,000	10,000		(285)			9,715
Third Rock Ltd	AKA	104,045	10,867				(10,867)	0
Warp Bulldog Ltd	This is England (aka Bulldog aka Oi! This is England)	668,000	334,000		(7,278)			326,722
Warp X Ltd	Low Budget slate funding	116,766	58,383					58,383

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
Other film awards:								
Company Pictures Ltd	Morvern Callar	500,000	23,684		(265)			23,420
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
Franchise awards:								
DNA Ltd	A Way Through the Woods (aka Separate Lies)	1,474,635	718,172		(80,408)			637,764
DNA Ltd	DNA general overheads	1,023,264	659,488			(39,051)		620,437
DNA Ltd	Heartlands	1,430,000	19,042					19,042
DNA Ltd	Jamie Frankel	4,392	2,196				(2,196)	0
DNA Ltd	Notes on a Scandal	4,587,768	4,587,768			(1)	(2,293,884)	2,293,883
DNA Ltd	Sunshine	6,661,423	6,594,756					6,594,756
DNA Ltd	The Last King of Scotland	1,370,023	1,369,328				(684,664)	684,664
DNA Ltd	The Parole Officer	2,000,000	943,333		(995,994)		52,661	0
Pathé Productions Ltd	Bride & Prejudice	2,000,000	86,372		(10,500)			75,872
Pathé Productions Ltd	Churchill, the Hollywood Years	1,100,000	93,975		(1,331)			92,645
Pathé Productions Ltd	Dear Frankie (aka Natural History)	900,000	101,535		(6,845)			94,691
Pathé Productions Ltd	Enduring Love	1,799,000	234,140		(19,022)			215,118
Pathé Productions Ltd	Girl with a Pearl Earring	2,000,000			(97,186)		97,186	0
Pathé Productions Ltd	It was an Accident	75,251	2,499					2,499
Pathé Productions Ltd	The Magic Roundabout	3,000,000	581,805		(422,655)			159,151
Pathé Productions Ltd	Max (aka Hoffmann)	1,971,830	18,799					18,799
Pathé Productions Ltd	Millions	2,000,000	51,413		(197)			51,216
Pathé Productions Ltd	Mrs Henderson Presents	2,200,000	1,100,000		(812,198)			287,802
Pathé Productions Ltd	Suzie Gold	700,000	35,852		(6,575)			29,277
Pathé Productions Ltd	The Abduction Club	1,500,000	3,907					3,907
Pathé Productions Ltd	Thunderpants	2,053,867	28,143					28,143
Pathé Productions Ltd	With Prejudice	46,530	27,530					27,530
The Film Consortium Ltd	24 Hour Party People	2,767,872	105,316		(3,232)			102,084
The Film Consortium Ltd	A Christmas Carol	1,624,112	176,089		(16,134)			159,955
The Film Consortium Ltd	Bugs!	1,033,750	98,506		(172,804)		74,298	0

Schedules to financial statements continued

Schedule 1: Film rights at 31 March 2007 continued

	DESCRIPTION	GROSS AWARD	BALANCE AT 1 APRIL 2006	NEW COMMS	RECPT	DECOMMS	PROV'NS	BALANCE TO DATE
The Film Consortium Ltd	Country of my Skull	2,425,000			(6,803)		6,803	0
The Film Consortium Ltd	Deadline Beirut	373,403	20,000					20,000
The Film Consortium Ltd	Dust	1,987,759	53,168		(4,423)		(48,745)	0
The Film Consortium Ltd	Hall of Tales	11,000	11,000				(11,000)	0
The Film Consortium Ltd	In this World (aka Silk Road)	662,804	31,410		(955)			30,455
The Film Consortium Ltd	Room to Rent	80,000	428				(428)	0
Total hard commitments made in prior year			39,812,711	0	(5,472,771)	(98,861)	(5,558,071)	28,683,008
Total film rights at 31 March 2007			39,812,711	11,756,473	(5,709,234)	(107,480)	(10,925,331)	34,827,139

Schedule 2: Lottery awards in the year ending 31 March 2007

Film awards to non-franchises disclosed as soft commitments

PRODUCER	FILM / PROJECT	£
Actaeon Films Ltd	Are You Strong?	5,000
Advance Party Films Ltd	Red Road	21,960
Appointed Limits Ltd	Deep Water	33,333
Archer St Ltd	Incendiary	16,750
Archer St Ltd	Tigers	84,234
Assassin Films Ltd and Swag Pictures Ltd	Mrs Ratcliffe's Revolution	700,000
Autonomous Ltd	Boogie Woogie	23,300
B3 Media	Digital Shorts	56,200
Beastly Films Ltd	The Restraint of Beasts	20,000
Ben Steiner	Louis	12,500
Better Things Ltd	Better Things	269,312
Big Pond Productions Ltd	Hunky Dory	59,062
Big Talk Productions Ltd	Comedy development proposal	255,000
Blueprint Pictures Ltd	War Reporting for Cowards	42,500
Brideshead Films Ltd	Brideshead Revisited	1,387,000
Celador Films Ltd	Untitled Samuel Pepys project	14,750
Charlie Productions Ltd	Hallo Panda – Cinema Extreme 2006	25,000
Cheeky Monkey Films UK Ltd	Crack Willow	50,000
Closing the Ring Ltd	Closing the Ring	25,886
Coded Pictures Ltd	Canyonland	37,500
Company Films Ltd	25 Words or Less – South Africa	30,000
Corruption Films Ltd	The Last Regal King Size	8,000
Cosgrove Hall Films Ltd	Fizzle	34,210
Cougar Films Ltd	Black Ice	4,500
Cuba Pictures Ltd	An Equal Music	10,613
Dan Films Ltd	Triangle	35,500
Dan Films Ltd	ZOO	10,000
Dawn King	The Squatter's Handbook	12,500
DJ Films Ltd	Panto	30,500
East Midlands Media Initiative (EM Media)	Deliver Me – Digital Shorts Plus	10,000
East Midlands Media Initiative (EM Media)	Digital Shorts	40,000
Elysian Films Ltd	Skin	10,000
Father Features Ltd	And When Did You Last See Your Father?	550,000
Feelgood Fiction Ltd	Surburban Shootout	38,750
Feelgood Fiction Ltd	The Rose of Tralee (aka Miss Emerald Isle)	8,875
Feelgood Fiction Ltd	Unscathed	13,000

Schedules to financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Film London Ltd	Cherries (Short)	10,000
Film London Ltd	Digital Shorts	40,000
Forward Films Ltd	Beach Party	28,300
Fragile St Trinian's Ltd and Mayhem Films Ltd	St Trinian's	1,300,000
Genevieve Simms	Liberating Dachau	2,409
Glasgow Media Access Centre Ltd	Digital Shorts	40,000
Go Go Pictures Ltd	Heartland Point (aka Diamonds)	10,000
Granada Television Ltd	Journey Through Midnight	14,000
H2O Motion Pictures (UK) TFM Ltd	That's For Me!	149,800
Hattie Dalton	Lamington (aka Cry Out Loud)	12,500
Headline Pictures Ltd	Peter Pan in Scarlet	25,000
Heyman Hoskins Ltd	The Estate	74,750
James Henry	Hero Trip	17,500
Jigsaw Films Ltd	The Edge Chronicles	16,000
Kasandar (Andrea Untitled) Ltd	Andrea Untitled (working title)	29,200
Kasander (Nightwatching) Ltd	Nightwatching	300,000
Kismet Film Company	Streakers (aka Ugly Streakers)	13,250
Kudos Film and Television Ltd	Blowback	62,500
Laura Tunstall	Airlock or How to say Goodbye in Space (short)	3,115
Lifesize Pictures Ltd	Shorts project management	109,482
LTB Films Ltd	London to Brighton	184,566
Lyric Films Ltd	Life & Lyrics	7,200
Made Up North Productions Ltd	Granny Flat	17,000
Magic Light Pictures Ltd	Three Way Split	8,000
Magic Men Ltd	Magicians	317,500
Mat Kirkby	The Liar's Club	12,500
Mayavision International Ltd	Completion Fund (short film scheme)	25,500
North West Vision Ltd	Digital Shorts	40,000
Northern Film & Media Ltd	Digital Shorts	40,000
Northern Film & Media Ltd	Perfect to Begin – Digital Shorts Plus	10,000
Northern Ireland Film and Television Commission	Out of Tune – Digital Shorts Plus	10,000
NoZone Films Ltd	Jehovah's Witness	4,000
Passion Pictures Ltd	After the Rain	25,000
Passion Pictures Ltd	How I Live Now	18,500
Picture Farm (The Escapist) Ltd	The Escapist	755,430
PK Films Ltd	One of Us	4,880

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Puffball Stories Ltd	Puffball	20,433
Qwerty Films Ltd	Georgiana, Duchess of Devonshire	21,651
Qwerty Films Ltd	Join Me	57,039
Red Rose Chain Ltd	Nappy Nation	6,000
Ruby Films Ltd	Coram Boy	69,292
Russell Inglis	Church Going	4,100
Sally Potter Films Ltd	In the Beginning	44,950
Samuelson Bertie Ltd	Stormbreaker	100,000
Samuelson Productions Ltd	The Art of Bellydancing (aka Belly Dance)	16,000
Screen East Ltd	Digital Shorts	40,000
Screen South Ltd	Digital Shorts	40,000
Screen West Midlands Ltd	Digital Shorts	40,000
Screen Yorkshire Ltd	Digital Shorts	40,000
Seven Seas (SL) Ltd	Brick Lane	25,039
Seymour Films Ltd	Knock Down Ginger	59,900
Sony BMG Music Entertainment (International) Ltd	Lucky Clover	35,000
South West Screen Ltd	Digital Shorts	40,000
Sprout Productions Ltd	Ponte Tower	21,555
Starfield Productions Ltd	The Describer	4,000
Steel Mills (Yorkshire) Ltd and Steel Mill Cottage (IOM) Ltd	The Cottage	770,000
Straightheads (two) Ltd	Straightheads	27,272
Strange Attractor Films Ltd	Beyond	5,920
Tantrum Films Ltd	Where Hands Touch	20,000
The Bureau Film Company Ltd	A Green and Quiet River	32,600
The Bureau Film Company Ltd	Cinema Extreme	25,000
The First Film Company Ltd	Bomber (aka Joe the King)	43,975
The Scriptworks	Script feedback service	30,000
Thomas Thomas Films Ltd	Norway Project (aka Colchester 53)	13,500
Tiger Aspect Pictures Ltd	Tea and Sympathy	52,108
Trademark Films Ltd	My Week with Marilyn	45,750
Ultrafilm Ltd	Exposure	15,000
Vertigo Films Ltd	Bad Dog	13,750
Wall to Wall Media Ltd	Reach the Clouds	350,000
Wanted Films Ltd	Juvenile	6,500
Warp Allotment Ltd	The Allotment (Grow your Own)	430,000

Schedules to financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Warp Films Ltd	Dog's Mercury	25,000
Warp Films Ltd	The 8th Vein	21,250
Wilder Films Ltd	Wilder Films	10,000
Yaffle Films Ltd	The Monsoon Shootout	19,220
Zephyr Films Houdini Ltd	Death Defying Acts	750,000
Total single film project awards		11,115,419

Specialised Prints and Advertising awards

Artificial Eye Film Co Ltd	Bamako	1,280
Artificial Eye Film Co Ltd	The Page Turner	62,000
Axiom Films International Ltd	Half Nelson	5,000
British Film Institute	How to Survive the 1940s	4,640
British Film Institute	Puccini for Beginners	425
British Film Institute	The Wizard of Oz	25,500
Darkhorse Pictures Ltd	Blue Blood	5,000
Dogwoof Ltd	Esma's Secret	4,654
Dogwoof Ltd	LOBO	39,000
Dogwoof Ltd	Man Push Cart	2,811
Dogwoof Ltd	Play	4,936
ICA Films Ltd	Candy	4,500
ICA Films Ltd	The Pervert's Guide to the Cinema	5,000
Icon Film Distribution Ltd	Romanzo Criminale (aka Crime Story)	150,000
IMS 5 LLP	Joy Division	4,725
Lions Gate UK Ltd	Gypo	1,170
Lions Gate UK Ltd	The All Together	4,635
Lions Gate UK Ltd	The Lives of Others	250,000
Lions Gate UK Ltd	US v John Lennon	5,000
Metrodome Distribution Ltd	Days of Glory	102,321
Metrodome Distribution Ltd	Them (Ils)	100,343
Natural Scenes Ltd	Scenes of a Sexual Nature	23,503
Optimum Releasing Ltd	Inland Empire	3,500
Optimum Releasing Ltd	My Best Friend	150,000
Optimum Releasing Ltd	Pan's Labyrinth	158,000
Optimum Releasing Ltd	The Host	90,000
Optimum Releasing Ltd	This is England	90,000
Park Circus Ltd	Bugsy Malone	4,400
Park Circus Ltd	Casablanca	28,850
Park Circus Ltd	Guys and Dolls	5,000

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Park Circus Ltd	Manhattan	3,800
Park Circus Ltd	Odd Man Out	3,600
Park Circus Ltd	Oklahoma!	4,475
Park Circus Ltd	Prick Up Your Ears	5,000
Pathé Distribution Ltd	Volver	250,000
Peccadillo Pictures Ltd	Be With Me	20,597
Punk Cinema Ltd	The Gigolos	4,920
Revolver Films Ltd	Awesome: I Fuckin' Shot That!	40,326
Soda Pictures Ltd	After the Wedding	5,000
Soda Pictures Ltd	C.R.A.Z.Y.	66,735
Soda Pictures Ltd	Frostbite	5,000
Soda Pictures Ltd	Into Great Silence	5,000
Soda Pictures Ltd	Requiem	5,000
Spark Pictures Ltd	Popcorn	4,780
Tartan Film Distribution Ltd	36 Quai des Orfèvres	9,858
Tartan Film Distribution Ltd	Black Book	150,000
Tartan Film Distribution Ltd	Ghosts	5,000
Tartan Film Distribution Ltd	The Cave of the Yellow Dog	53,090
The Walt Disney Company Ltd	Secuestro Express	140,636
Tiger Ventures LLP	In the Name of	5,000
United International Pictures (UK) Ltd	Life & Lyrics	106,380
Universal Pictures International UK & Eire Ltd	Curse of the Golden Flower	300,000
Vertigo Distribution Ltd	London to Brighton	40,000
Verve Pictures Ltd	Red Road	90,000
Verve Pictures Ltd	Scott Walker – 30 Century Man	4,937
Wysiwyg Distribution Ltd	The Plague	1,470
Yume Pictures Ltd	The Night of the Sunflowers (La Noche de los Girasoles)	5,000
Total Specialised Prints and Advertising awards		2,671,797

Schedules to financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Digital Screen Network usage charge support		
Digital Screen Network usage charge support	41 awards less than £10,000	32,481
Total Digital Screen Network usage charge awards		32,481
Small Capital Fund		
A J Towers & Partners	Small Capital Fund	15,766
Aros (Isle of Skye) Ltd	Small Capital Fund	39,434
Beverley War Memorial Hall	Small Capital Fund	9,203
Buckingham Centre for the Arts	Small Capital Fund	3,863
Calderdale Metropolitan Bourough Council	Small Capital Fund	6,300
Campbelltown Community Business Ltd	Small Capital Fund	9,153
Chichester Cinema at New Park Ltd	Small Capital Fund	87,000
Circle Cinemas Ltd	Small Capital Fund	24,756
Clwyd Theatr Cymru Development Trust	Small Capital Fund	24,060
Croydon Council	Small Capital Fund	7,083
Curzon – Clevedon Community Centre for the Arts	Small Capital Fund	15,250
Dundee Contemporary Arts Ltd	Small Capital Fund	8,000
Electric Palace Ltd	Small Capital Fund	20,000
Flavel Centre Trust	Small Capital Fund	2,950
Gloucester City Council	Small Capital Fund	3,998
Hailsham Pavilion Limited	Small Capital Fund	5,000
Harlow District Council	Small Capital Fund	15,000
Ipswich Borough Council	Small Capital Fund	8,652
John Quinn	Small Capital Fund	1,158
Leeds Grand Theatre and Opera House Ltd	Small Capital Fund	10,700
Light House Media Centre	Small Capital Fund	12,500
Ludlow and District Community Association Ltd	Small Capital Fund	10,000
Marcus Earl t/a The Loewen Cinema	Small Capital Fund	220
Midlands Art Centre Limited (trading as 'mac')	Small Capital Fund	27,851
North Staffordshire Regional Film Theatre Ltd	Small Capital Fund	5,125
Penistone Town Council	Small Capital Fund	7,750
Peter Carr trading as The Holmfirth Picturedrome Ltd	Small Capital Fund	18,410
Pocklington Town Council	Small Capital Fund	4,310
R E Preedy	Small Capital Fund	552

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Ritz Belper Ltd	Small Capital Fund	8,984
Roses Theatre Trust	Small Capital Fund	16,199
Savoy Theatre Monmouth (Development) Trust	Small Capital Fund	5,000
Shrewsbury & Atcham Borough Council	Small Capital Fund	10,945
Skylight Cinema LLP	Small Capital Fund	1,959
Stowmarket Town Council	Small Capital Fund	25,000
Strode College	Small Capital Fund	2,481
Tenbury Town Council	Small Capital Fund	4,000
The Aldeburgh Cinema Limited	Small Capital Fund	29,630
The Courtyard Trust	Small Capital Fund	11,378
The Dartington Hall Trust	Small Capital Fund	4,500
The Dukes Play House Ltd	Small Capital Fund	2,758
The Glasgow Film Theatre	Small Capital Fund	5,967
The Hounslow Arts Trust Ltd	Small Capital Fund	4,500
The Kendal Brewery Arts Centre Trust Ltd	Small Capital Fund	10,000
The Pavilion (Galashiels) Ltd	Small Capital Fund	4,000
The Plaza Cinema (Skipton) Ltd	Small Capital Fund	64,000
The Reel Cinema Kingsbridge	Small Capital Fund	461
The Regent (Christchurch) Ltd	Small Capital Fund	3,326
The Rio Centre (Dalston) Ltd	Small Capital Fund	10,535
The Ritz Cinema (Thirsk) Ltd	Small Capital Fund	4,800
The Ropetackle Centre Trust	Small Capital Fund	10,000
The Shire Hall Trust	Small Capital Fund	8,188
Town Hall Charity	Small Capital Fund	7,645
University of Kent	Small Capital Fund	42,910
University of Warwick	Small Capital Fund	4,500
Whitley Bay Playhouse Co Ltd	Small Capital Fund	5,895
Windsor Community Arts Centre	Small Capital Fund	9,759
Witney Town Council	Small Capital Fund	7,636
Wotton Electric Picture House Ltd.	Small Capital Fund	6,714
Total Small Capital Fund awards		737,714

Schedules to financial statements continued

Schedule 2: Lottery awards in the year ending 31 March 2007 continued

PRODUCER	FILM / PROJECT	£
Other lottery awards		
EM Media Ltd	Regional Lottery award	322,000
Film London Ltd	Regional Lottery award	355,000
First Light Movies Ltd	First Light scheme	1,100,000
North West Vision Ltd	Regional Lottery award	305,000
Northern Film and Media Ltd	Regional Lottery award	390,000
Screen East Ltd	Regional Lottery award	390,000
Screen South Ltd	Regional Lottery award	305,000
Screen West Midlands Ltd	Regional Lottery award	413,000
Screen Yorkshire Ltd	Regional Lottery award	300,000
Skillset	Film Skills Fund	13,000,000
Sledge Ltd	Audience Development Scheme	3,000,000
South West Screen Ltd	Regional Lottery award	420,000
Total other awards		20,300,000
Total new soft commitments 1 April 2006 – 31 March 2007		34,857,410
Awards to franchise projects disclosed as soft commitments		
DNA Ltd	The Last King of Scotland	26,768
DNA Ltd	28 Weeks Later	456,285
Total franchises new awards 2005/06		483,053
Total soft commitments 2006/07		35,340,463

The above list excludes soft commitments totalling £2,581,815 where the award was made and fallen in within the year.

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2007

ORGANISATION	PROJECT	£
EM MEDIA		
2 AM Films	Mum and Dad	10,000
Junior Television Workshop	The Junior Television Workshop	38,000
MACE	Midland Journey 2	10,000
Perfume Films	Crack Willow	25,000
Sixteen Midlands Ltd	Summer	15,000
Spool Films	DV Shorts 2006	15,000
Tigerlily Films	Jadoo	29,375
31 miscellaneous awards less than £10,000 each		64,519
Total		206,894
FILM LONDON		
Film Education	Film Card/Cineschool	10,000
DocHouse	Doc House Film Festival	10,000
Microwave	Shady	75,000
Microwave	Mum and Dad	75,000
Pulse Plus	Cherries	10,000
21 miscellaneous awards less than £10,000 each		99,250
Total		279,250
FIRST LIGHT MOVIES		
Chocolate Films Ltd	Brain Child	12,900
Clapperboard UK Ltd	Clapperboard Youth Project 3	20,000
Coombeshead College	From Moor to Sea 2	14,000
Dunvegan Primary School	Taisdealach, An t-Eilean Sgitheanach	11,988
East Riding School Improvement Service	On the edge	17,350
Foundation for Art & Creative Technology	FACT Film Project	15,820
Greenhouse Project	Kids Aloud	20,000
Jack Drum Arts Ltd	Creativity Works	19,400
London Borough of Barking and Dagenham	Everyone Loves Classics / Once Upon a Time in Barking	19,800
Media Education	Reaching Out	14,400
Mediaworks Trust	Derby Film Mania 2	15,780
Nottingham City Museum and Gallery Service	Filmic Journeys	17,169
Polkadotsonraindrops	Lee River Documentary Project 2	19,987

Schedules to financial statements continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2007 continued

ORGANISATION	PROJECT	£
PVA MediaLab	Travellers	17,130
Shoot It Yourself Productions	Shoot It Yourself Project	17,892
Stockton Borough Council	Another Side of Reality	20,000
Strange Boat Ltd	Islay	11,839
Take Art	Pass the Parcel	18,850
The Video College	Teenage Takes	20,000
Tornado Films	First Films	20,000
Valley and Vale Community Arts	The Bigger Picture 2	19,986
Vital Regeneration	Insight	16,500
28 miscellaneous awards less than £10,000 each		108,038
Total		488,829

NORTHERN FILM & MEDIA

Durham City Council Gala Theatre	Film development officer	18,000
Funkigroup Ltd	Media Platform	30,664
Ipsos Facto Films	Hark the Herald Angel	10,438
Northern Lights Film Festival	Northern Lights Film Festival 2006 & Industry Summit	25,000
NRFTA	The North East on Film	40,000
Pinball Films Ltd	KAZ Production	15,000
Queens Hall Arts	Rural Development Film Project	11,400
RS Productions	Midday Sun	11,000
Tyneside Cinema	Hub Outreach	18,000
94 miscellaneous awards less than £10,000 each		128,388
Total		307,890

NORTH WEST VISION

Commonwealth Film Festival	Commonwealth Film Festival 2006	15,000
Kendal Mountain Film Festival	Kendal Mountain Film Festival 2006	15,000
Liverpool Lesbian & Gay Film Festival	Liverpool Lesbian & Gay Film Festival 2006	10,000
North West Disability Arts Foundation	Access to film scheme for disabled film-makers	10,000
North West Film Archive	Archive project for Cumbria and Merseyside	20,000
Shoreline	Film tour	10,000
44 miscellaneous awards less than £10,000 each		112,978
Total		192,978

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2007 continued

ORGANISATION	PROJECT	£
SCREEN EAST		
20 miscellaneous awards less than £10,000 each		26,907
Total		26,907
SCREEN SOUTH		
170 miscellaneous awards less than £10,000 each		177,714
Total		177,714
SCREEN WEST MIDLANDS		
104 Films Ltd	The Special People Training Programme	10,000
7 Inch Cinema	2nd Flatpack Festival	10,000
Arts Alive	Flicks in the Sticks	18,500
bfm xCel	Bfm International Film Festival (Midlands)	14,100
Borderlines Film Festival Ltd	Borderlines Film Festival 2006	20,000
Light House Media Centre	Deaf Film and Television Festival	15,000
MAC	Film Documentary and Film at MAC	14,600
Rural Media Company	Medianet Year 2	34,124
26 miscellaneous awards less than £10,000 each		121,604
Total		257,928
SCREEN YORKSHIRE		
Showcomotion	Showcomotion Young People's Film Festival 2006	15,000
Sheffield International Documentary Festival	You're not local are you!	15,000
Rob Speranza	Mother, mine	15,000
Leeds International Film Festival	Leeds Film at the Carriagework	10,000
Blink Project Management	Low Cost Digital Shorts	16,000
National Media Museum	Bradford Film Festival 2007	15,000
Spark	Spark 3	25,000
33 miscellaneous awards less than £10,000 each		225,704
Total		336,704

Schedules to financial statements continued

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2007 continued

ORGANISATION	PROJECT	£
SKILLSET		
2020 Productions Ltd	WHIP Card (Weapons Handling Industry Pass)	33,847
ACE	Producers' Training and Networking Programme	50,000
Berlinale Talent Campus	Berlinale Talent Campus	75,000
Boda cyf	Boda – Company Development Project	10,000
Bournemouth University	Bursaries for BA and BA Hons Scriptwriting courses	53,993
Bournemouth University	Bursaries for MA Screenwriting	17,000
Breakout Training and Development	Breakout	95,000
Cass Business School, City University	Skillset Film Business Academy	540,500
Escape Studios Ltd	Maya Core	36,932
FDI (Film Design International)	Film Design International Ltd – Art Direction Training Courses	66,000
Film London	Microwave Training Programme	88,509
Film Skills Training Limited	VectorWorks training courses	43,080
FT2	Design, Production and Technical training	256,390
Hannonmedia Ltd	Health and Safety for Freelancers	12,000
Independent Cinema Office	Cultural Cinema 2006 and Exhibitor Training Programme 2007	99,833
Initialize Films	Online Marketing and Distribution Strategies	15,242
International Film School Wales	Skillset Screen Academy, Wales	275,000
IWC Media Ltd	Coming Up 2006	45,264
LCC, University of the Arts, London	Screenwriting bursary for MA Screenwriting	10,000
Leeds Metropolitan University	MA in Screenwriting (Fiction) Bursary Support	20,000
Lighthouse Arts and Training Ltd	Animation Storyboarding	29,684
London Film School	Bursaries and other schemes	300,000
Media Training North West	Digital Arrivals	80,000
Napier University	The Screen Academy Scotland	250,000
National Film and Television School	Bursaries for MA and Digital Shorts Scheme	114,000
Royal Holloway – University Of London	Bursaries for MA Screenwriting Course	13,702
Scottish Documentary Institute at Screen Academy Edinburgh College of Art	Bridging the Gap	60,000
Shaun Moore Design	Design Skills for Art Department	23,821
Slingshot Productions Ltd	Slingshot 'Training and Development into Greenlight' scheme	100,000
The Arts Institute at Bournemouth	Bournemouth Screen Academy	250,000
The Bureau Film Company Limited	Cinema Extreme training scheme	83,075

Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2007 continued

ORGANISATION	PROJECT	£
The National Film Theatre	Digital Projection and Multimedia Box Training for Projectionists	147,245
The Production Guild	Production Guild Assistant Production Accounting Scheme	110,000
The Screen Academy at the London College of Communication (LCC) and Ealing, Hammersmith & West London College	Skillset Film Business Academy	338,708
The University of Bolton	Bursaries for BA (Hons) Media, Writing and Production	12,000
Warp X and Threshold Studios Ltd	Dark Light – Women Direct Horror	79,368
241 miscellaneous awards less than £10,000 each		242,123
Total		4,077,316
South West Screen		
Encounters Film Festival	Encounters short film festival	20,000
Exeter City Council	Animated Exeter 2007	13,500
Project Kino	Imagine: The Future	50,000
Watershed Media Centre	Media net-worked centre	100,000
Wildscreen	Wildscreenings 2006	15,000
35 miscellaneous awards less than £10,000 each		126,827
Total		325,327
Total Lottery awards made through delegations in year ending 31 March 2007		6,677,737

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 2006/07. 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 confirms that, to the best of its knowledge, it complied fully with the financial directions in 2006/07.

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.

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.

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 environment, 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 Second Three Year Plan, April 2004 – March 2007, 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 works on projects in areas 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 the audiovisual industry, a comprehensive strategy has been created for training and skills.

The Digital Screen Network, the first of its kind in the world, is being 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 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 chemical development process.

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.

Statutory background continued

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

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.

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.

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