

**UK FILM | COUNCIL**

(formerly Film Council)

# Group Annual Report and Financial Statements

for the year ended 31 March 2004

Company no: 3815052

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# Foreword to the group financial statements for the year ended 31 March 2004

## 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. The organisation was renamed in May 2003 from Film Council to provide a single, identifiable entity able to raise the industry 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 were agreed during the year for Lottery funding for film capital projects. There are also separate Lottery funding distributors in Wales, Scotland and Northern Ireland.

The UK Film Council's launch document *Towards a Sustainable UK Film Industry*, published in May 2000, was the first public statement of the organisation's overall industrial and cultural aims, its objectives and its initial funding programmes. *Three Years On – A Consultation on our Funding and Policy Priorities, April 2004 to March 2007*, published in October 2003, set out the longer-term aims to develop and consolidate the UK as a centre of global film activity.

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, a delegated funding scheme through Hi8us First Light, based in Birmingham, continued awards to enable children and young people to experience film-making and explore their talents using low-cost technology.

In September 2003 the UK Film Council announced the future skills development strategy, *A Bigger Picture*, in partnership with Skillset, the Sector Skills Council for the

Audiovisual sector. The strategy covers all sectors of the film industry providing resources through a new and specific Film Skills Fund, supported by £6.5 million of Lottery money, the existing skills levy on film production and by the industry. The fund, which commenced in April 2004, is managed by Skillset on a delegated basis. The UK Film Council's existing Training Fund, which supported training opportunities for scriptwriters, development executives and producer/filmmakers was subsumed within the Film Skills Fund so ceased making further awards.

The Regional Investment Fund for England (RIFE), launched in June 2001, created nine Regional Screen Agencies in England. These independent bodies support cultural and industrial film initiatives in their respective regions supported by the UK Film Council funding of £7.5 million, which includes £3 million in delegated Lottery funds. In addition, the UK Film Council co-operates and collaborates with Scottish Screen (for Scotland), Sgrin Cymru Wales (for Wales) and the Northern Ireland Film Commission on all aspects of film policy.

During the year the UK Film Council introduced specific schemes for the Specialised Distribution and Exhibition sector to expand opportunities for more people across the UK to see a broader range of films. A Specialised Print and Advertising Fund (£1 million a year) and the UK Film Distribution Programme (£1 million a year) were launched to offer direct support to distributors' costs in increasing the number of cinemas showing specialised films. In addition, schemes were announced to improve facilities for cinema-goers with hearing and sight impairments (Cinema Access Fund – £500,000) and provide facilities to film clubs and societies and local communities (Digital Fund for Non-Theatrical Distribution – £500,000), both from Arts Council England delegated film capital funds. The UK Film Council also announced a proposal to create a network of screens dedicated to the exhibition of specialised films in locations where there currently is no such provision (Digital Screen Network – £13 million). The network scheme will be launched in 2004/05.

A pilot Lottery-supported Publications Fund, of £100,000 was established in the year to broaden readership, increase editorial range and sustainability of film related publications and the scheme is being repeated in 2004/05.

With the renaming of the UK Film Council, the British Film Commission, which worked to encourage overseas filmmakers to locate their production in the UK, was renamed UK Film Council International. This complements the single identity for the UK Film Council in overseas markets and while the International Department will continue to encourage overseas filmmakers to locate in the UK, it will also develop and implement the UK Film Council's wider international strategy. As part of this strategy UK Film Council International supported a review of the post-production sector in November 2003 and the subsequent publication of *Post-production in the UK*. The recommendations of this report led directly to the establishment of a representative body, UK Post, for the post-production sector.

November 2003 also saw the publication of *Success through Diversity and Inclusion* challenging the UK film sector to mainstream diversity in all areas: in the workforce, in on-screen portrayal and for all audiences. The UK Film Council is committed to ensuring that equality and diversity are central to all strategies and activities.

## 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 are as follows

<b>Sir Alan Parker CBE*</b>	Chairman (retired by rotation 30.7.04)
<b>Stewart Till CBE*</b>	Deputy Chairman (appointed Chairman 30.7.04)
<b>Tim Bevan</b>	(retired by rotation 31.8.04)
<b>Colin Brown</b>	(appointed 26.2.04)
<b>Gurinder Chadha</b>	(appointed 26.2.04)
<b>Mark Devereux*</b>	(appointed 26.2.04)
<b>Nigel Green</b>	
<b>John Hill</b>	(retired by rotation 31.8.04)
<b>Stephen Knibbs</b>	

<b>James Lee</b>	(retired by rotation 31.8.04)
<b>Anthony Mingella CBE</b>	
<b>Heather Rabbatts CBE</b>	(appointed 26.2.04)
<b>Sarah Radclyffe</b>	(retired by rotation 31.8.04)
<b>Iain Smith *</b>	(retired by rotation 31.8.04)
<b>Parminder Vir OBE*</b>	

In addition to the Directors listed above, Chris Auty, Duncan Kenworthy OBE\* and Paul Webster served as Directors until 31 August 2003 at which point they retired at the end of their term of appointment.

\*Directors who served on the Audit Committee in the year ending 31 March 2004.

The UK Film Council's Chairman, Sir Alan Parker, retired from the Board at the end of his term of appointment on 30 July 2004. Stewart Till CBE was appointed Chairman from the same date.

## REGISTERED AND PRINCIPAL OFFICE

The registered and principal office is 10 Little Portland Street, London, W1W 7JG. The 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

The Directors present their report and financial statements for the year ended 31 March 2004.

## RESULTS

The surplus for the year, after taxation, amounted to £0.19 million (2003: £2.28 million)

## 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 Council receives Grant-in-aid from the Department of 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 was incorporated on 22 July 1999, and commenced activity in October 1999, absorbing the responsibilities and staff of the British Film Commission, the Production Department of the British Film Institute and the Lottery Film Department of Arts Council England on 1 April 2000. It was formally launched in May 2000.

In accordance with the wishes of the Secretary of State for Culture, Media and Sport, British Screen Finance Limited became a wholly owned subsidiary of the UK Film Council on 1 October 2000.

Funding activities commenced in October 2000 as envisaged in the previously published launch document *Towards a Sustainable UK Film Industry*. The Directors believe that this represents the first step towards creating a sustainable and entrepreneurial British Film Industry. It is also developing a further series of measures, some announced, which will further develop the UK Film Council's strategy and enable achievement of the objectives set by Government.

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.

## FUTURE DEVELOPMENTS AND EVENTS SINCE THE BALANCE SHEET DATE

The UK Film Council's Chairman, Sir Alan Parker, retired from the Board at the end of his term of appointment on 30 July 2004. Stewart Till CBE was appointed Chairman from the same date.

Since the year end the term of two of the franchise agreements, with The Film Consortium and Pathé, expired on 11 May and 14 June 2004 respectively.

## 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. The UK Film Council's training and development programmes are designed to encourage and support all employees in improving performance. In particular the UK Film Council aims to ensure that no potential or actual employees receive more or less favourable treatment on the grounds of race, colour, ethnic or national origin, marital status, age, gender, sexual orientation, disability or religious beliefs.

The UK Film Council ensures that there are arrangements to promote effective consultation and communications with all staff. All departments have regular staff meetings at which matters relating to the UK Film Council's activities are discussed and staff are regularly briefed on the matters discussed at management and Board meetings. Meetings of all staff are held regularly. Also during the year the UK Film Council concluded a Recognition Agreement with Amicus/MSF in the interests of furthering 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.

## CHANGE OF NAME

On 13 May 2003 the Film Council became United Kingdom Film Council and on 15 May 2003, the name change from United Kingdom Film Council to the UK Film Council, was agreed by Companies House.

## 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 17 days (2002: 14) and 96% of undisputed invoices were paid within thirty days of receipt into the Finance Department (2003: 99%).

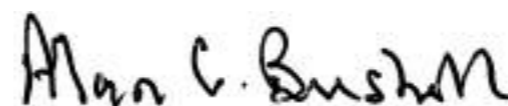
## ANNUAL GENERAL MEETING

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 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, accordingly Ernst & Young LLP will be deemed to be re-appointed as auditors.

By the order of the Board



Alan Bushell FCA

Secretary

10 September 2004

# 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 financial 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.

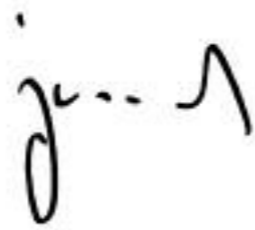
The Directors of the UK Film Council are required to:

- 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 on a reasonable basis;
- 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 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.



**John Woodward**  
Chief Executive Officer  
10 September 2004



**Stewart Till CBE**  
Chairman  
10 September 2004

# Statement on the system of 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 ongoing process designed to identify and prioritise the risks to the achievement of the UK Film Council 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 has been in place for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

## Capacity to handle risk

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

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

and on the implications of assurances provided in respect of risk and control at the UK Film Council and oversees the work of the internal auditors.

## The risk and control framework

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

The UK Film Council has incorporated risk management in planning and decision making and maintains an organisation-wide risk register. Policy and operation risks are identified through our annual business planning cycle, and are evaluated by senior management and myself. Risk management and the system of internal control are considered on a regular basis through the Senior Management Team's agenda and the risks identified are monitored and controlled through a system of key performance and risk indicators, which are reported through the Quarterly Performance Review process.

The work of the UK Film Council's Internal Audit service, who operate to standards defined in the Government Internal Audit Standards, is defined by an analysis of risk to which the UK Film Council is exposed and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the UK Film Council's Audit Committee and are approved by me.

## Review of effectiveness

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

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

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

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

At regular intervals throughout the year the Internal Auditors provide me with reports on the areas of activity within the UK Film Council subject to audit. The reports include the Internal Auditors' 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  
10 September 2004

## Independent auditors' report to the members of UK Film Council (formerly Film Council)

We have audited the group's financial statements for the year ended 31 March 2004 which comprise the group income and expenditure account, group statement of total recognised gains and losses, group balance sheet, balance sheet, group statement of cashflows 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 UK Auditing Standards.

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, 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 with the group is not disclosed. We 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.

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 cover 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 accounts; Directors' Report; statement on internal control; 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.

### BASIS OF AUDIT OPINION

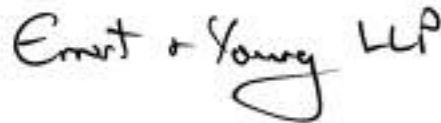
We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 of the state of affairs of the company and of the group as at 31 March 2004 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- 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.


**Ernst & Young LLP**Registered Auditor, London  
10 September 2004

# UK Film Council

## Group income and expenditure account for the year ended 31 March 2004

	NOTES	2003/04 £000	2002/03 RESTATED £000
Group turnover	2	55,915	58,054
<b>Awards</b>			
– Grant-in-aid		(20,557)	(20,273)
– Lottery – non-film rights		(7,063)	(5,515)
– Arts Council England pre-committed expenditure		46	50
UK Media Desk		(193)	(85)
International Marketing		(1,266)	(1,278)
Research and Statistics Unit		(333)	(263)
Cost of sales		(17)	82
<b>Provisions and amortisation</b>			
– Provisions against film rights	3	(20,142)	(22,860)
– Provisions written back	3	1,114	400
– Amortisation of negative goodwill		1,552	1,552
Other operating expenses	4	(9,276)	(7,945)
		(56,135)	(56,135)
<b>Operating (deficit)/surplus</b>		<b>(220)</b>	<b>1,919</b>
Bank interest receivable		613	505
Notional cost of capital	8	(284)	(206)
Other financing income		9	13
		338	312
<b>Surplus after notional costs</b>		<b>118</b>	<b>2,231</b>
Reversal of notional cost of capital		284	206
<b>Surplus on ordinary activities before taxation</b>		<b>402</b>	<b>2,437</b>
Tax on surplus on ordinary activities for the year	9	(207)	(156)
<b>Surplus for the year</b>		<b>195</b>	<b>2,281</b>

# UK Film Council

## Group statement of total recognised gains and losses for the year ended 31 March 2004

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	NOTES	2003/04 £000	2002/03 RESTATED £000
<b>Surplus for the financial period</b>		<b>195</b>	<b>2,281</b>
Actual return less expected return on pension assets	7	167	(315)
Experience losses arising on the scheme liabilities	7	(7)	(14)
<b>Actuarial gain/(loss) in pension plan</b>		<b>160</b>	<b>(329)</b>
<b>Total recognised gains in the year</b>		<b>355</b>	<b>1,952</b>
Prior year adjustment		(106)	
<b>Total recognised gains and losses since last annual report</b>		<b>249</b>	

These financial statements incorporate a prior year adjustment resulting from the introduction of FRS 17: Retirement Benefits. As a result capital and reserves at 1 April 2003 have been reduced by £106,000 by the provision for retirement benefits. Surplus for the current year has been increased by £223,000 as a result of the change in the accounting policy.

# UK Film Council

## Group balance sheet as at 31 March 2004

	NOTES	2004 £000	2003 RESTATED £000
<b>Fixed assets</b>			
Negative Goodwill	10	(1,551)	(3,103)
Tangible assets	11	1,267	1,378
		<b>(284)</b>	<b>(1,725)</b>
<b>Current assets</b>			
Film rights	12	35,510	27,403
Debtors	13	4,758	2,282
Balance at the National Lottery Distribution Fund	14	44,280	75,573
Cash at bank and in hand	15	18,808	8,498
		<b>103,356</b>	<b>113,756</b>
<b>Creditors: amounts falling due within one year</b>			
Award commitments	17	5,931	15,289
Creditors	18	3,740	3,473
		<b>9,671</b>	<b>18,762</b>
<b>Net current assets</b>		<b>93,685</b>	<b>94,994</b>
Pension asset/(liability)	7	117	(106)
		<b>93,802</b>	<b>94,888</b>
<b>Total assets less current liabilities</b>		<b>93,518</b>	<b>93,163</b>
<b>Capital and reserves</b>			
General reserve	23	4,059	2,048
Pension reserve	23	117	(106)
Grant-in-Aid reserve	23	5,732	4,289
Lottery reserve	23	83,610	86,932
		<b>93,518</b>	<b>93,163</b>



JOHN WOODWARD  
Chief Executive Officer  
10 September 2004



STEWART TILL CBE  
Chairman  
10 September 2004



# UK Film Council

## Company balance sheet as at 31 March 2004

	NOTES	2004 £000	2003 RESTATED £000
<b>Fixed assets</b>			
<b>Tangible assets</b>	11	1,200	1,279
<b>Current assets</b>			
Film rights	12	34,616	25,837
Debtors	13	4,811	1,971
Balance at the National Lottery Distribution Fund	14	44,280	75,573
Cash at bank and in hand	15	12,740	3,739
		<b>96,447</b>	<b>107,120</b>
<b>Creditors: amounts falling due within one year</b>			
Award commitments	17	5,931	15,289
Creditors	18	2,374	1,889
		<b>8,305</b>	<b>17,178</b>
<b>Net current assets</b>		<b>88,142</b>	<b>89,942</b>
Pension asset/(liability)		117	(106)
		<b>88,259</b>	<b>89,836</b>
<b>Total assets less current liabilities</b>		<b>89,459</b>	<b>91,115</b>
<b>Capital and reserves</b>			
Grant-in-Aid reserve	23	5,732	4,289
Pension reserve	23	117	(106)
Lottery reserve	23	83,610	86,932
		<b>89,459</b>	<b>91,115</b>



**JOHN WOODWARD**  
Chief Executive Officer  
10 September 2004



**STEWART TILL CBE**  
Chairman  
10 September 2004

# UK Film Council

## Group statement of cashflows for the year ended 31 March 2004

	NOTES	2003/04 £000	2002/03 £000
<b>Net cash inflow/(outflow) from operating activities</b>	5	<b>10,079</b>	<b>(288)</b>
<b>Returns on investments and servicing of finance</b>			
Bank interest received		575	503
<b>Taxation</b>			
Tax paid		(168)	(431)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(176)	(112)
<b>Increase/(decrease) in cash</b>	<b>15</b>	<b>10,310</b>	<b>(328)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
	NOTES	2003/04 £000	2002/03 £000
Increase/(decrease) in cash		10,310	(328)
<b>Change in net funds resulting from cashflows</b>	<b>15</b>	<b>10,310</b>	<b>(328)</b>
Net funds at 1 April		8,498	8,826
<b>Net funds at 31 March</b>	<b>15</b>	<b>18,808</b>	<b>8,498</b>

# Notes to the financial statements

## NOTE 1: ACCOUNTING POLICIES

### A) BASIS OF PREPARATION

These financial statements are prepared under the modified historical cost convention. They 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. Certain headings have been amended in order to reflect special circumstances of the group.

In accordance with the directions issued by the Secretary of State for Culture, Media and Sport, financial statements have been prepared for the UK Film Council group as a whole and separate financial statements have been prepared for the UK Film Council's Lottery activities.

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

### B) CHANGE IN ACCOUNTING POLICY

In preparing the financial statements for the current year, the UK Film Council has adopted FRS 17 Retirement Benefits.

Under FRS17, 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.

Independent actuaries prepare full valuations of the defined benefit scheme at least every four years in line with public sector guidance and perform updates based on the most recent full valuation on an annual basis.

The change in accounting policy has resulted in a prior year adjustment. Reserves at 1 April 2002 have been increased by £196,000 and the recognised gains for the year ended 31 March 2003 have decreased by £302,000, being an expense of £329,000 taken directly to the Statement of Total Recognised Gains and Losses and income totalling £27,000 recognised in the income and expenditure account. A pensions liability of £106,000 has been recognised as at 31 March 2003. A pension asset of £117,000 has been recognised as at 31 March 2004 and the recognised gains for the year have been increased by £223,000 being income of £160,000 taken directly to the Statement of Total Recognised Gains and Losses and income of £63,000 recognised in the income and expenditure account.

### C) 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 2004. An income and expenditure account is not presented for the UK Film Council as permitted by section 230 of the Companies Act 1985.

### D) GOODWILL

On the acquisition of British Screen Finance Limited the fair value of the separable net assets exceeded the fair value of the consideration. The difference is treated as negative goodwill and is capitalised and released through the income and expenditure account. The negative goodwill arises substantially from recoverable loans to filmmakers and is being released over a five year period from 1 April 2000, the date of effective control, to match the period of expected loan recoupment.

### E) ACCRUALS CONVENTION

Income and expenditure is accounted for on a receivable basis except for Arts Council England and the UK Film Council portfolio recoupment which is accounted for upon notification of amounts due to the UK Film Council.

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, 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 commitments to filmmakers 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.

### F) 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
- Transferred assets: over deemed useful life of asset

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.

### G) 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.

### H) 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. The amount payable is also recorded as a liability on the balance sheet.

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.

### I) 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

# Notes to the financial statements

## continued

the year of award and the fact that no consideration was paid for this transfer by the UK Film Council.

### J) 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 crystallises.

### K) 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.

### L) 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.

### M) 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.

### N) 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.

### O) LEASING COMMITMENTS

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

### P) PENSIONS

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

### Q) 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:	2003/04 £000	2002/03 £000
<b>The UK Film Council Lottery funding</b>		
Share of proceeds	26,410	27,994
Net investment income from the National Lottery Distribution Fund	1,968	4,422
<b>Recoupment income</b>		
The UK Film Council portfolio	1,198	152
Arts Council England portfolio	538	267
	<b>30,114</b>	<b>32,835</b>
<b>The UK Film Council Grant-in-aid funding</b>		
Voted by Parliament and paid in full:	24,110	24,110
Other income	635	383
	<b>24,745</b>	<b>24,493</b>
<b>British Screen Finance Group income</b>		
Sales of film rights	438	296
Interest received from film loans	35	44
Recoupment income	372	270
Fees receivable	210	114
Other income	1	2
	<b>1,056</b>	<b>726</b>
<b>Total turnover</b>	<b>55,915</b>	<b>58,054</b>

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

## NOTE 3: PROVISIONS AGAINST FILM RIGHTS

	2003/04 £000	2002/03 £000
<b>Provisions made</b>		
British Screen Finance loans	490	153
British Screen Finance development loans	–	13
European Co-production Fund loans	80	190
The UK Film Council film awards	19,572	22,504
	<b>20,142</b>	<b>22,860</b>
<b>Provisions written back</b>		
British Screen Finance loans	439	273
British Screen Finance short films	–	1
British Screen Finance development loans	13	29
National Film Finance Corporation	22	25
European Co-production Fund loans	114	72
European Co-production Fund development loans	1	–
The UK Film Council film awards	525	–
	<b>1,114</b>	<b>400</b>

## NOTE 4: OTHER OPERATING EXPENSES

This is stated after charging:

	2003/04 £000	2002/03 £000
Depreciation	287	304
Auditor's remuneration – internal	20	9
Auditors' remuneration – Ernst & Young LLP (audit associated costs)	30	31
Auditors' remuneration – Ernst & Young LLP (non audit associated costs)	15	–
Auditors' remuneration – National Audit Office (National Lottery Accounts)	16	16
Operating lease rentals – land and buildings	459	342

# Notes to the financial statements

## continued

### NOTE 5: STATEMENT OF CASH FLOWS

Reconciliation of operating (deficit)/surplus to net cash flows from operating activities:

	2003/04 £000	2002/03 £000
Operating (deficit)/surplus	(220)	1,919
Depreciation	287	304
Amortisation of negative goodwill	(1,552)	(1,552)
Provision of losses on loans	20,142	22,860
Provisions written back	(1,114)	(400)
Loans advanced	(31,627)	(32,027)
Decommitments	540	410
Receipts from loans	3,952	8,046
Decrease in debtors	28,817	571
Decrease in creditors	(9,146)	(419)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10,079</b>	<b>(288)</b>

### NOTE 6: STAFF COSTS

Directors' remuneration (including daily allowances) is:

	2003/04	2002/03
Joan Bakewell CBE (resigned 31.12.02)	–	1,330
Colin Leventhal (retired 30.8.02)	–	760
Sarah Radclyffe	1,746	1,330
Parminder Vir OBE	2,134	2,090
Paul Webster (retired 30.8.03)	1,358	–
	<b>5,238</b>	<b>5,510</b>

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

	2003/04 £000	2002/03 £000
Wages and salaries	4,252	3,554
Social Security costs	425	329
Other pension costs	333	278
	<b>5,010</b>	<b>4,161</b>

### NOTE 6: STAFF COSTS (CONTINUED)

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

	2003/04 NO.	2002/03 NO.
Management and administration	90	84

The remuneration of the Chief Executive Officer was:

	2003/04 £	2002/03 £
<b>John Woodward (Age: 43)</b>		
Salary and benefits	130,175	112,362
Bonus	42,141	22,472
Total	172,316	134,834

Pension contribution	20,828	17,978
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### 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 31 MARCH 2004 £000s	PENSION ACCRUED AT 65 AS AT 31 MARCH 2004 £000s	INCREASE TO PENSION ACCRUED 2003/04 £000s	TOTAL REMUNERATION YEAR ENDED 31 MARCH 2003 £000s
<b>Robert Jones</b> Head of Premiere Fund	43	160 - 165	0 - 5	0 - 2.5	165 - 170
<b>Paul Trijbits</b> Head of New Cinema Fund	42	115 - 120	0 - 5	0 - 2.5	115 - 120
<b>Jenny Borgars</b> Head of Development Fund	33	100 - 105	0 - 5	0 - 2.5	110 - 115
<b>Peter Buckingham</b> Head of Distribution & Exhibition (from 4.11.02)	48	110 - 115	0 - 5	0 - 2.5	45 - 50
<b>Steve Norris</b> British Film Commissioner	45	125 - 130	15 - 20	0 - 2.5	120 - 125
<b>Will Evans</b> Head of Business Affairs (from 2.9.02)	49	135 - 140	–	–	85 - 90
<b>Alan Bushell</b> Chief Operating Officer	53	100 - 105	0 - 5	0 - 2.5	105 - 110
<b>Iain Hepplewhite</b> Head of Communications (from 12.9.02)	37	90 - 95	0 - 5	0 - 2.5	45 - 50

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

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

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

### NOTE 7: PENSIONS BENEFITS

The 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.

# Notes to the financial statements continued

## NOTE 7: PENSION BENEFITS (CONTINUED)

The contributions to the defined benefit scheme were £0.2million in the year to 31 March 2004 (2003: £0.14 million), all relating to current service costs.

### FRS 17 DISCLOSURE

All public bodies have to account in full for pensions benefits in 2003/04 under the disclosure requirements of FRS17. Therefore as at 31 March 2004, a pensions asset of £117,000 is disclosed on the UK Film Council balance

sheet. In accordance with FRS 17 a prior year adjustment has been made to reflect the UK Film Council pension liability as at 31 March 2003 of £106,000.

For FRS 17 disclosure the valuation at 31 March 2001 had been updated by the actuaries Hymans Robertson to assess the liabilities of the scheme as at 31 March 2004. Scheme assets are stated at their market value as at 31 March 2004 and the assets and liabilities of the London Pensions Fund Authority and the expected rate of return as at 31 March 2004 are:

ASSETS	2004		2003		2002	
	LONG-TERM RATE OF RETURN EXPECTED %	VALUE £000	LONG-TERM RATE OF RETURN EXPECTED %	VALUE £000	LONG-TERM RATE OF RETURN EXPECTED %	VALUE £000
Equities	7.7%	1,137,200	8.0%	893,200	7.5%	1,341,100
Bonds	5.1%	173,400	4.8%	153,400	5.5%	1,328,900
Property	6.5%	52,000	6.0%	-	6.0%	-
Cash	4.0%	21,900	7.4%	33,200	4.0%	105,900
		<b>1,384,500</b>		<b>1,079,800</b>		<b>2,775,900</b>

MAIN ASSUMPTIONS	31 MARCH 2004 % PER ANNUM	31 MARCH 2003 % PER ANNUM	31 MARCH 2002 % PER ANNUM
Price increases	2.9%	2.5%	2.8%
Salary increases	4.4%	4.0%	4.3%
Pension increases	2.9%	2.5%	2.8%
Discount rate	6.5%	6.1%	6.4%

## NOTE 7: PENSION BENEFITS (CONTINUED)

### Net pension assets for the UK Film Council:

	31 MARCH 2004 £000	31 MARCH 2003 £000
Estimated UK Film Council share of the assets	1,509	841
Present value of scheme liabilities attributable to the UK Film Council	1,392	947
<b>Total value of liabilities</b>	<b>1,392</b>	<b>947</b>

### Net pension asset (liability) attributable to the UK Film Council

117 (106)

### Analysis of the amount charged to operating surplus:

	31 MARCH 2004 £000	31 MARCH 2003 £000
Service Cost	218	186
Curtailment and Settlements	-	17
<b>Total Operating Charge</b>	<b>218</b>	<b>203</b>

### Analysis of the amount credited to other financial income:

	31 MARCH 2004 £000	31 MARCH 2003 £000
Expected return on employer assets	78	47
Interest on Pension Scheme liabilities	(69)	(34)
<b>Net Return</b>	<b>9</b>	<b>13</b>
<b>Net Revenue Account Cost</b>	<b>209</b>	<b>190</b>

### Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

The actuarial gain/(loss) as disclosed in the Statement of Total Recognised Gains and Losses is as follows:

	31 MARCH 2004 £000	31 MARCH 2003 £000
Actual return less expected return on pension assets	167	(315)
Experience gains and losses arising on the scheme liabilities	(7)	(14)
<b>Actuarial gain/(loss) in pension plan and STRGL</b>	<b>160</b>	<b>(329)</b>

### Movement in surplus/(deficit) during the year

	31 MARCH 2004 £000	31 MARCH 2003 £000
Surplus/(Deficit) at beginning of year	(106)	196
Current service cost	(218)	(186)
Employer contributions	271	217
Impact of settlements and curtailments	-	(17)
Net return on assets	9	13
Actuarial gains/(losses)	161	(329)
<b>Surplus/(deficit) at end of year</b>	<b>117</b>	<b>(106)</b>

### History of experience gains and losses

	31 MARCH 2004 £000	31 MARCH 2003 £000
Difference between the expected and actual return on assets	167	(315)
Value of assets	1,509	841
<b>Percentage of assets</b>	<b>11%</b>	<b>(37.5%)</b>
Experience losses on liabilities	(7)	(14)
Present value of liabilities	1,393	947
<b>Percentage of the present value of liabilities</b>	<b>(0.5%)</b>	<b>(1.5%)</b>
Actuarial gains/(losses) recognised in STRGL	161	(329)
Present value of liabilities	1,393	947
<b>Percentage of the present value of liabilities</b>	<b>(11.5%)</b>	<b>(34.8%)</b>

# Notes to the financial statements continued

## 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% (2003: 6%) and Lottery assets 0% (2003: 0%).

## NOTE 9: TAXATION

	2003/04 £000	2002/03 £000
Corporation tax payable for current year	207	126
Underprovision in respect of prior years	-	30
	<b>207</b>	<b>156</b>

The tax assessed for the year varies from the standard rate of corporation tax in the UK (30%). This is because whilst, the UK Film Council and European Co-Production Fund Ltd are taxed solely on interest receivable, rather than on any surplus or deficit arising, the remaining companies within the British Screen Group are taxable on their full trading activities. The differences are explained below:

	2003/04 £000	2002/03 RESTATED £000
Surplus on ordinary activities before taxation	402	2,437
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	121	731
Effects of:		
The UK Film Council surplus not chargeable to UK corporation tax	(20)	(666)
Adjustment regarding British Screen Finance group	106	61
Current tax charge for the year	207	126
Underprovision in respect of prior years	-	30
	<b>207</b>	<b>156</b>

## NOTE 10: INTANGIBLE FIXED ASSETS

	GOODWILL £000
<b>Cost:</b>	
At 1 April 2003 and 31 March 2004	(7,759)
<b>Amortisation:</b>	
At 1 April 2003	4,656
Write back for the year	1,552
	<b>6,208</b>
<b>Net book value:</b>	
At 1 April 2003	(3,103)
At 31 March 2004	(1,551)

## NOTE 11: TANGIBLE FIXED ASSETS

GROUP	SHORT LEASEHOLD IMPROVEMENTS £000	IT EQUIPMENT £000	OFFICE EQUIPMENT £000	TOTAL £000
<b>Cost:</b>				
At 1 April 2003	1,503	315	333	2,151
Additions	62	76	38	176
Disposals	(16)	-	(4)	(20)
At 31 March 2004	<b>1,549</b>	<b>391</b>	<b>367</b>	<b>2,307</b>

<b>Depreciation:</b>				
At 1 April 2003	322	208	243	773
Charge for the year	117	81	89	287
Disposals	(16)	-	(4)	(20)
At 31 March 2004	<b>423</b>	<b>289</b>	<b>328</b>	<b>1,040</b>

<b>Net book value</b>				
At 1 April 2003	1,181	107	90	1,378
At 31 March 2004	<b>1,126</b>	<b>102</b>	<b>39</b>	<b>1,267</b>

COMPANY	SHORT LEASEHOLD IMPROVEMENTS £000	IT EQUIPMENT £000	OFFICE EQUIPMENT £000	TOTAL £000
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<b>Cost:</b>				
At 1 April 2003	1,396	263	310	1,969
Additions	62	76	38	176
At 31 March 2004	<b>1,458</b>	<b>339</b>	<b>348</b>	<b>2,145</b>

<b>Depreciation:</b>				
At 1 April 2003	278	187	225	690
Charge for the year	98	70	87	255
At 31 March 2004	<b>376</b>	<b>257</b>	<b>312</b>	<b>945</b>

<b>Net book value:</b>				
At 1 April 2003	1,118	76	85	1,279
At 31 March 2004	<b>1,082</b>	<b>82</b>	<b>36</b>	<b>1,200</b>

# Notes to the financial statements continued

## NOTE 12: FILM RIGHTS

GROUP	BRITISH SCREEN FINANCE LIMITED	EUROPEAN CO-PRODUCTION FUND LIMITED	UK FILM COUNCIL	TOTAL
	£000	£000	£000	£000
At 1 April 2003	1,123	443	25,837	27,403
Advances	5	(10)	31,632	31,627
Repayments	(539)	(147)	(3,266)	(3,952)
Decommitments	–	–	(540)	(540)
Provisions written back	474	115	525	1,114
Provisions	(490)	(80)	(19,572)	(20,142)
<b>At 31 March 2004</b>	<b>573</b>	<b>321</b>	<b>34,616</b>	<b>35,510</b>

COMPANY	UK FILM COUNCIL £000	TOTAL £000
At 1 April 2003	25,837	25,837
Advances	31,632	31,632
Repayments	(3,266)	(3,266)
Decommitments	(540)	(540)
Provisions written back	525	525
Provisions	(19,572)	(19,572)
<b>At 31 March 2004</b>	<b>34,616</b>	<b>34,616</b>

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 loans will be repaid.

## NOTE 13: DEBTORS

GROUP	2004 £000	2003 £000
Trade debtors	60	629
Prepayments and accrued income	490	508
VAT receivable	1,512	930
Other debtors	2,696	215
	<b>4,758</b>	<b>2,282</b>

COMPANY	2004 £000	2003 £000
Due from subsidiary undertakings	233	378
Prepayments and accrued income	435	477
VAT receivable	1,501	929
Other debtors	2,642	187
	<b>4,811</b>	<b>1,971</b>

## NOTE 14: BALANCE AT NATIONAL LOTTERY DISTRIBUTION FUND

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

	2004 £000	2003 £000
Opening balance held at the National Lottery Distribution Fund	75,573	67,655
Income received from the Lottery	26,410	27,994
Investment income earned	1,968	4,422
Available for distribution	103,951	100,071
Cash drawn down	(59,671)	(24,498)
<b>Market Value at 31 March 2004</b>	<b>44,280</b>	<b>75,573</b>

At 31 March 2004 the cost of the fund was £44.83m (2003: £75.96m). Income received from the Lottery shown above is after charging unrealised losses of £0.55m (2003: £0.39m).

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

## NOTE 14: BALANCE AT NATIONAL LOTTERY DISTRIBUTION FUND (CONTINUED)

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

The UK Film Council has published its plans for the next three years. The plan assumes the UK Film Council will continue to make the level of commitments, in each of the next three years, at similar levels to its first three year plan. As a consequence the UK Film Council will make commitments over 2004/07 in excess of its Lottery income and this will reduce cash balances over this period. The NLDF balance at the end of 2006/07 is expected to be below £10 million and the position will be closely monitored to ensure overtrading does not occur.

## NOTE 15: CASH AND LIQUID RESOURCES

GROUP	1 APRIL 2003 £000	NET CASH FLOW £000	31 MARCH 2004 £000
Cash at bank and in hand	8,498	10,310	18,808
<b>COMPANY</b>			
Cash at bank and in hand	3,739	9,001	12,740

## NOTE 16: 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 the UK Film Council faces in undertaking its role.

## LIQUIDITY RISKS

In 2004, £26.41 million (47%) (2003: £27.99 million, 48%) of the UK Film Council's income derived from the National Lottery. £24.11 million (43%) arose from Grant-in-aid funding allocated by the Department for Culture, Media and Sport (2003: £24.11 million, 41%). The remaining income derived from investment returns from the balance held with the National Lottery Distribution Fund £1.97 million (4%) (2003: £4.42 million, 8%), recoupment income from film rights £1.72 million (3%) (2003: £0.42 million, 1%), income arising from British Screen Group £1.1 million, 2% (2003: £0.73 million, 1%) and bank interest and sundry income £1.3 million (2%) (2003: £0.89 million, 2%).

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 £53.52 million at the balance sheet date (2003: £79.05 million), sufficient liquid resources are available to cover all current hard and soft commitments totalling £29.32 million (2003: £56.35 million) and any related creditors. In addition the year end cash balances not attributable to Lottery of £9.5 million (2003: £5.02 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 accounts 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 £44.28 million (2003: £75.57 million) and the average investment return for the year was 3.13% (2003: 6.2%).

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

# Notes to the financial statements

## continued

average interest rate return for the year was 4.5% (2003: 5.8%). The Group cash balance at the year-end was £18.8 million (2003: £8.5 million). The Board consider that in respect of these funds the UK Film Council is not exposed to significant interest rate risks.

### FOREIGN CURRENCY RISK

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

### NOTE 17: SOFT AND HARD COMMITMENTS

	2004 £000	2003 £000
<b>SOFT COMMITMENTS</b>		
Brought forward at 1 April	41,057	53,743
Commitments made	29,433	26,881
Transferred back from hard commitments	400	298
Soft decommitments	(8,706)	(2,487)
Transferred to hard commitments	(38,796)	(37,378)
<b>Balance carried forward at 31 March</b>	<b>23,388</b>	<b>41,057</b>

	2004 £000	2003 £000
<b>HARD COMMITMENTS</b>		
Brought forward at 1 April	15,289	6,854
Commitments made	38,796	37,378
Hard decommitments	(313)	(167)
Transferred to soft commitments	(400)	(298)
Amounts paid	(47,441)	(28,478)
<b>Balance carried forward at 31 March</b>	<b>5,931</b>	<b>15,289</b>

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.

Of the £23.4 million soft commitments as at 31 March 2004, £17.9 million is the outstanding element relating to the three franchises (2003: £31.78 million)

New hard commitments made during the year comprise:

	2004 £000	2003 £000
Film rights	31,632	31,858
Regional awards	3,991	2,984
Training awards	1,098	1,536
First Light award	1,000	1,000
Distribution and exhibition awards	975	-
Publication awards	100	-
	<b>38,796</b>	<b>37,378</b>

	2004 £000	2003 £000
<b>Ageing of hard commitments</b>		
2002/03	-	15,289
2003/04	5,931	-
	<b>5,931</b>	<b>15,289</b>

It is expected that all the outstanding hard commitments as at 31 March 2004 will be fully paid by 31 March 2005.

### NOTE 18: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £000	2003 £000
<b>Group</b>		
Trade creditors	1,914	1,967
Accruals and deferred income	1,457	1,130
Corporation tax	204	126
Other creditors and Social Security	165	250
	<b>3,740</b>	<b>3,473</b>
<b>Company</b>		
Trade creditors	790	532
Accruals and deferred income	1,374	1,105
Corporation tax	101	62
Other creditors and Social Security	109	190
	<b>2,374</b>	<b>1,889</b>

### NOTE 19: DEFERRED TAXATION

The group had no potential liability to deferred taxation at 31 March 2004 (31 March 2003: £nil)

### NOTE 20: LEASES

As at 31 March 2004, the UK Film Council (non-Lottery) had annual commitments under a non-cancellable operating lease relating to land and buildings as set out below:

	2004 £000	2003 £000
Operating lease which expires in over five years	315	315

### NOTE 21: CAPITAL COMMITMENTS

As at 31 March 2004 the UK Film Council had no capital commitments outstanding (31 March 2003: £nil).

### NOTE 22: GRANT-IN-AID COMMITMENTS FOR FUTURE YEARS

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

As at 31 March 2004 the UK Film Council had Grant-in-aid commitments for 2004/05 as follows:

British Film Institute	£16,000,000
Regional and National awards	£5,005,000

### NOTE 23: MOVEMENTS IN RESERVES

	GENERAL RESERVE £000	PENSION RESERVE £000	GRANT-IN-AID I&E RESERVE £000	LOTTERY I&E RESERVE £000	TOTAL £000
<b>Group</b>					
Brought forward at 1 April 2002 as previously stated	(109)	-	2,604	88,520	91,015
Prior year adjustment	-	196	-	-	196
	(109)	196	2,604	88,520	91,211
Surplus for the year	2,157	27	1,685	(1,588)	2,281
Pension deficit	-	(329)	-	-	(329)
Carried forward at 31 March 2003	2,048	(106)	4,289	86,932	93,163
Surplus / (deficit) for the year	2,011	63	1,443	(3,322)	195
Pension surplus	-	160	-	-	160
<b>Carried forward at 31 March 2004</b>	<b>4,059</b>	<b>117</b>	<b>5,732</b>	<b>83,610</b>	<b>93,518</b>



# Notes to the financial statements continued

## NOTE 23: MOVEMENTS IN RESERVES (CONTINUED)

	PENSION RESERVE	GRANT-IN-AID I&E RESERVE	LOTTERY I&E RESERVE	TOTAL
	£000	£000	£000	£000
<b>Company</b>				
Brought forward at 1 April 2002 as previously stated	–	2,604	88,520	91,124
Prior year adjustment	196	–	–	196
	196	2,604	88,520	91,320
Surplus / (deficit) for the year	27	1,685	(1,588)	124
Pension deficit	(329)	–	–	(329)
Carried forward at 31 March 2003	(106)	4,289	86,932	91,115
Surplus / (deficit) for the year	63	1,443	(3,322)	(1,816)
Pension surplus	160	–	–	160
<b>Carried forward at 31 March 2004</b>	<b>117</b>	<b>5,732</b>	<b>83,610</b>	<b>89,459</b>

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

## NOTE 24: INVESTMENTS

The UK Film Council's subsidiary undertaking at 31 March 2004 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%
<b>ASSOCIATED UNDERTAKINGS</b>		
British Film-Makers Ltd	50	50%

The National Film Trustee Company Ltd is a collection agency for film revenues. The National Film Finance Consortium Ltd is a dormant company. 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 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 the Council and commercial relationships with the Council. They exclude themselves from the relevant application appraisal discussion and decision process within the 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.

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	AWARD	AWARD OUTSTANDING 31 MARCH 2004
<b>National Lottery awards</b>				
<b>Directors of the UK Film Council</b>				
Civilian Content Plc (Parent company of The Film Consortium and The Works)	John Christopher Auty (retired 31.8.2003)	Director	£2,386,388	£4,500
Carlton TV Ltd	Parminder Vir OBE	Employee	£39,000	£39,000
DNA Ltd	Duncan Kenworthy OBE (retired 31.8.2003)	Co-Chair	£1,674,635	£113,293
Jigsaw Films Ltd	Sarah Radclyffe	Director	£158,050	£107,550
National Film and Television School	Tim Bevan Duncan Kenworthy OBE (retired 31.8.2003)	Governor Governor	£12,000	–
	Stewart Till CBE	Trustee		
Odeon Ltd	Nigel Green	Director	£282,216	£135,000
Vue Entertainment Ltd	Stephen Knibbs	Director	£68,740	£68,740
Moonstone	Anthony Minghella CBE	Advisor	£100,000	£5,000
Script Factory	Anthony Minghella CBE	Artistic Advisor	£119,750	£11,975
<b>Employees of the UK Film Council</b>				
B3 Media	Marc Boothe (resigned 16.2.2004 on joining The UK Film Council)	Director	£12,300	£12,300
Script Factory	Robert Jones	Director	£119,750	£11,975

# Notes to the financial statements continued

## NOTE 25: RELATED PARTIES (CONTINUED)

ORGANISATION	NAME	RELATIONSHIP TO RECIPIENT ORGANISATION	AWARD	AWARD OUTSTANDING 31 MARCH 2004
<b>Grant-in-aid awards</b>				
<b>Directors of the UK Film Council</b>				
British Film Institute	Anthony Minghella CBE	Chairman	£14,700,000	£54,624
British Screen Advisory Commission	John Christopher Auty (retired 31.8.2003)	Member	£12,350	–
Scottish Screen	Iain Smith	Director	£45,000	–
Skillset	Parminder Vir OBE Stewart Till CBE	Patron Vice-Chairman	£100,000	–
UK Post	Colin Brown (from 26.2.04)	Director	£25,000	–
<b>Employees of the UK Film Council</b>				
British Screen Advisory Commission	Steve Norris John Woodward	Member	£12,350	–
Film London	Mark Boothe (resigned 16.2.04)	Director	£665,000	–
Skillset	John Woodward	Director	£100,000	–

The single share in the UK Film Council is owned 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 2004

	£		£
Africa at the Pictures	2,000	Michael Powell Award – Edinburgh International Festival	30,000
British Federation of Film Societies	100,000	New Producers Alliance	35,000
British Council	5,000	North West Vision Ltd	525,000
British Film Institute	14,700,000	Northern Film & Media Ltd	400,000
British Screen Advisory Council	12,350	Northern Ireland Film Commission	200,000
Cinema Marketing Association	150,000	Research and development reconnaissance	11,650
Cost Report	3,500	Regional Investment Fund England research	5,000
Dinard Film Festival	23,578	Scottish Screen	45,000
EM Media – monitoring	500	Screen East Ltd	530,000
EM Media Ltd	590,000	Screen South Ltd	432,000
Equinox	33,330	Screen West Midlands Ltd	400,000
European Film Awards	50,000	Screen Yorkshire Ltd	472,000
Film London Ltd	665,000	Sgrin Cymru Wales	160,000
First Film Ltd	15,000	Skillset	100,000
First Light Ltd	29,500	South West Screen Ltd	451,000
First Look Talent	17,000	Split Screen – European Database	43,701
Grierson Documentary Award	30,000	The UK Film Council Office LA	235,000
M Irani	1,563	UK Film Showcase	3,100
		UK Post	25,000
		UK Shorts Promo	25,000
			<b>20,556,772</b>

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004

### FILM AWARDS TO NON-FRANCHISES DISCLOSED AS SOFT COMMITMENTS

PRODUCER	FILM	£
50 Cannon UK Limited	The Stand-In	81,875
50 Canon Entertainment UK Ltd	The Box of Delights	10,000
Academy Features Ltd	Pobby & Dingan	900,000
Adventure Pictures (Yes) Ltd	Yes	449,500
Albert Kodagolian	Moving On : Completion Fund	6,504
Andrew Clyde	Shoeless Joe	12,500
Andrew Wilson	03/08/2003 : Completion Fund	1,939
APT Films and Television Ltd.	Little Ashes	12,000
Archer Street Tigerlily Ltd	Slate Funding	73,750
Ariel Films Ltd	Sylvia	37,643
Ashley Pannell	Me and My Frog	12,500
Autonomous Ltd	Slate Funding	125,000
AWOL Films Ltd	A Way of Life	10,000
B3 Media Limited	Digital Shorts Tier One	54,800
Big Talk Productions Ltd	Tashkent Girls	12,500
Bolex Brothers Ltd	The Day of the Subgenius : Completion Fund	1,250
Cannon and Morley Productions Ltd	Stalin My Neighbour : Completion Fund	5,750
Carlton Television Ltd	The Prince of Dalston	39,000
Celtic Films Entertainment Ltd / AV Pictures Ltd	Chance	36,750

# Schedules to the financial statements continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### FILM AWARDS TO NON-FRANCHISES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)

PRODUCER	FILM	£
CFF Enterprises Ltd	Slate Funding	100,000
Chris Denne & Matt Winn	Storage	7,500
Cinema Extreme Ltd	Love Me Or Leave Me Alone : Cinema Extreme	950
Clockwork Pictures Ltd	Traffic Warden : Completion Fund	6,947
Code 46 Films Ltd	Code 46 - Disability	10,799
Coded Pictures Ltd	One Wish	5,000
Cofe Ltd	The Scholar	36,325
Cougar Films Ltd	@	46,000
Cougar Films Ltd	Black Ice	9,660
Cougar Films Ltd	Jean Lee	50,416
Cougar Films Ltd	Reputation	82,897
Cougar Films Ltd	The Handsomest Sons in the World	22,080
Cowboy Films Ltd	Wasp	34,325
Crab Apple Films Ltd	Sweet Milk	8,253
Crab Apple Films Ltd	The Darkest Hour	8,253
Creep Films Ltd	Creep	1,308,000
Deep Blue River Films Ltd	One Fine Day In The Middle Of The Night	3,500
Devotion Films Ltd	Sex Lives of the Potato Men	147,217
Diameter Productions Ltd	Diameter of the Bomb - Additional Insurance	4,550
Elysian Films Ltd	Skin	31,000
EM Media Ltd	Digital Shorts	54,800
Ex Nihilo	School (L'école)	397,330
Feelgood Fiction Ltd	The Rose of Tralee	6,000
Fiesta Productions Ltd	Solid	46,350
Film London Ltd	Digital Shorts	54,800
Fragile Films	Slate Funding	200,000
Gambit Films Ltd	Game Over: Kasparov and the Machine	16,333
George Webster	Bob's Ark	1,000
Glasgow Media Access Centre Ltd	Digital Shorts	98,800
Greenpoint Productions Ltd	Only Human (Seres Queridos)	298,724
Gruber Films	Slate Funding	100,000
Hanthum Films Ltd	Run	29,154
Holy Cow Productions Ltd.	Champagne Breakfast aka The Richmond Project	3,000
Holy Cow Productions Ltd.	Chemins du Traverse	431,207
Hot Property Ltd	Slow Motion Explosion	18,500
Ice Productions Ltd	Chasing Heaven	32,500
Ice Productions Ltd	Friends Forever	15,000
Ice Productions Ltd	Steerwood	11,250
Icon Entertainment International	This Is Your Life	23,250
Impact Pictures Ltd	The Dark	15,675
Impact Pictures Ltd	Underground	29,250
Intrepido Ltd	One Minute Past Midnight : Cinema Extreme	25,000
Irena Brignull	The Best Woman	12,500
Jigsaw Films Ltd	The Edge Chronicles	36,150

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### FILM AWARDS TO NON-FRANCHISES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)

PRODUCER	FILM	£
Jigsaw Films Ltd	The Legendeer	98,050
Jigsaw Films Ltd	The Legendeer	98,050
Jigsaw Films Ltd	Young Santa	23,850
Joshua Neale	Flowers & Coins : Completion Fund	3,740
JSB Production Ltd	Lila Says	400,000
Juggernaut Pictures Ltd	Nightfall	26,500
Julian Unthank	Castle Rock	12,500
Kaleidoscope UK Ltd	The Rising	968,750
Koninck Studios PTE Ltd	The Piano Tuner of Earthquakes	275,862
Ladies in Lavender Ltd	Ladies in Lavender	1,979,850
LFVDA Ltd	Digital Shorts	44,000
Lifsize Pictures Ltd	Short Film Programme	114,477
Lighthouse Arts and Training Ltd	Digital Shorts	4,800
Litmus Productions Ltd	Patrick Robertson	52,395
Little Bird Company Ltd	Slate Funding	250,000
Little Bird Ltd	In My Father's Den	405,000
Liverpool Film Consortium Ltd	déjà vu	8,500
Liverpool Film Consortium Ltd	Raising the Necessary	8,500
Lotus Films Ltd	The Mutes	27,000
Magnet Films Ltd	Ssshhh	13,000
Magnet Films Ltd	Pilot - The Story of _____	10,000
Marcel Theroux	Rent-A-Wife	10,000
Martin Pope Productions Ltd	Three Way Split aka Untitled Hunter/Hunsinger	55,000
Mayavision International Ltd	Completion Fund Strand	12,750
Mayavision International Ltd	Completion Fund training programme	10,000
Mayavision International Ltd	Mercy	7,800
Michael Maynard	Freestyle	12,500
Midfield Films Ltd	Storage	19,750
Northern Ireland Film and Television Commission	Digital Shorts	4,000
National Film and Television School	Slate Funding	12,000
Nick Ostler & Mark Huckerby	Population	12,500
North West Vision Ltd	Digital Shorts	54,800
Northern Film and Media Ltd	Digital Shorts	98,800
Northern Souls Ltd	Love & Hate	802,903
Northmen Productions Ltd	Outpost	52,750
Number 9 Films Ltd	Dan Leno and The Limehouse Golem	142,425
Number 9 Films Ltd	Hendrix / Crosstown Traffic	2,500
Number 9 Films Ltd	Perrier's Bounty	45,150
October Films Ltd	Slate Funding	90,000
Odyssey Entertainment Ltd	The Libertine	1,562,500
One For the Road Films Ltd	One For the Road	11,100
Oscar Films Ltd	Little Sisters	3,500
Parallax (Blind Flight) Ltd	Blind Flight	20,224

# Schedules to the financial statements continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### FILM AWARDS TO NON-FRANCHISES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)

PRODUCER	FILM	£
Passion Pictures Ltd	Slate Funding	100,000
Pear Tree Productions Ltd	Stupid Cupid	14,000
Peter Hodge	Subterranea (aka The Last Tube)	12,500
Peter Michael Rosenberg	The Cleaner	12,500
Phil O'Shea	Air Guitar	12,500
Picture Farm Ltd	Get the Picture : Cinema Extreme	28,153
Picture Farm Ltd	Hotel Infinity : Completion Fund	9,549
Picture Farm Ltd	Passengers (aka Mexico)	38,481
Pirate Productions	The Festival	28,300
Pistachio Pictures Ltd	Bushido: The Way of the Warrior : Completion Fund	3,386
Potboiler Productions	Taste of Rain	10,000
Prospect Entertainment Ltd	My Soul to Keep (aka Northern Soul)	12,750
Prussia Lane Productions Ltd	Jamaica : Completion Fund	2,532
Qwerty Films Ltd	Slate Funding	250,000
Rainmaker Films Ltd	Diameter of the Bomb	176,453
Recorded Picture Company Ltd	Slate Funding	150,000
Recorded Picture Company Ltd	Young Adam	1,955
Riverchild Films Ltd	Slate Funding	130,000
Robert Fox Ltd t/a Fox Phillips	Slate Funding	120,000
Roccliffe Ltd	No Deposit, No Return : Completion Fund	4,360
Rubicon Pictures Ltd	The Third Day	10,100
Ruby Films Ltd	Slate Funding	285,000
Rule 8 Productions Ltd	Happy Birthday Lubna (aka Ranx)	95,300
Samuelson Productions Ltd.	Belly Dancer	8,500
Samuelson Productions Ltd.	Slate Funding	50,000
Samuelson Productions Ltd.	The Devil's Assassin	1,333
Samuelson Productions Ltd.	The Peacock Manifesto	2,500
Sandfairy Productions Ltd	Five Children & It	2,100,000
Scala Productions Ltd	Du Canes Boys (aka Du Quesne's Boys)	28,506
Scarlet Pictures Ltd	Balance of Power	58,700
Scorpio Films Ltd	The Pear Tree	59,750
Screen East Ltd	Digital Shorts	54,800
Screen West Midlands Ltd	Digital Shorts	54,800
Screen Yorkshire Ltd	Digital Shorts	94,800
Seymour Films Ltd	Property Ladder	40,400
Shine Ltd	Bullet Boy	450,000
Shine Ltd	Comedy Shorts	2,270
Shylock Trading Ltd	The Merchant of Venice	1,214,288
Silver Fox Films Ltd	Water Warriors	39,770
Simon Braithwaite and Paul Alexander	Egomania	12,500
Sixteen Films Ltd	Hoyland Common vs Italy	19,275
South West Screen Ltd	Digital Shorts	98,800

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### FILM AWARDS TO NON-FRANCHISES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)

PRODUCER	FILM	£
Starfield Productions Ltd	The Describer aka Meera Syal's Untitled	5,000
Stealth Films Ltd	Kidulthood	15,868
Stink Ltd	A Changed Man	6,050
Stones in His Pockets Ltd	Stones in His Pockets	5,000
Straightheads Ltd	Straightheads	11,875
Suspect Device Ltd	Straightheads	3,000
Suzie Smith	Being Me	9,282
Tall Stories Ltd	Slate Funding	150,000
Tantrum Films Ltd	A Way of Life	422,000
Taxi Productions Ltd	Monsieur Hire	73,000
The Bureau Film Company Ltd	A Green and Quiet River	31,532
The Bureau Film Company Ltd	Cinema Extreme	12,500
Intrepido Ltd	Floating : Cinema Extreme	25,000
The Hub Film Company	Mermaids	23,500
The Mob Film Company Ltd	The Bell	14,500
The Truth About Love Ltd	The Truth About Love	564,104
Third Rock Ltd	A.K.A	104,045
This is not a company Ltd and Simon Beaufoy	This Is Not A Love Song	54,536
Tiger Aspect Pictures Ltd	Thylacine	43,715
Tigerlily Films Ltd	Crossed Wires	33,200
Touching the Void Ltd	Touching the Void	7,348
Trademark Films Ltd	Noir	27,750
Vestry Films Ltd	A Woman in Winter	31,500
Wild Horses Film Company Ltd	Kiss of Life aka Helen of Peckham	7,113
Yaffle Films	The Bypass : Cinema Extreme	26,088
Zik Zak Filmworks CV	Little Trip To Heaven	250,000
<b>Total single film project awards</b>		<b>21,487,600</b>

### TRAINING AWARDS (NON-BURSARIES)

COMPANY	COURSE	£
Arista	Adept II	140,000
B3 Media Ltd	Digital shorts training	7,500
Bournemouth Media School	MA screen writing scholarships	10,000
Film London Ltd	Digital shorts training	7,500
First Film Foundation	Development Plus	57,615
Glasgow Media Access Centre	Digital shorts training	7,500
Goldsmiths College	MA screen writing scholarships	4,000
Kulturveranstaltungen des Bundes	Berlin Talent Campus	73,299
Leeds Metropolitan University	MA screen writing scholarships	8,000
Lighthouse Arts and Training Ltd	Exit training masterclass	2,271
Lighthouse Arts and Training Ltd	Script Naked 2003	21,123

# Schedules to the financial statements continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### FILM AWARDS TO NON-FRANCHISES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)

PRODUCER	FILM	£
Lighthouse Arts and Training Ltd	Script Naked 2004	21,123
Liverpool John Moores University	MA screen writing scholarships	5,299
Liverpool John Moores University	Scholarships	999
London College of Printing	MA screen writing scholarships	7,560
London College of Printing	Scholarships	900
Master School Drehbuch	Berlin Talent Campus	2,595
North West Vision Ltd	Digital shorts training	7,050
Qwerty Films Ltd	Inside Pictures 2003	15,000
Qwerty Films Ltd	Inside Pictures 2004	270,000
Royal Holloway - University of London	MA screen writing scholarships	8,098
Sanford Lieberman	Berlin Talent Campus	12,000
Screen East Ltd	Digital shorts training	6,900
Screen East Ltd	Story Lab	23,000
Screen Yorkshire Ltd	Digital shorts training	7,000
South West Screen Ltd	Digital shorts training	7,050
The Bureau Ltd	Cinema Extreme	20,175
To be continued	Operational award	17,574
University of East Anglia	MA screen writing scholarships	3,989
<b>Total Training awards (non-bursaries)</b>		<b>775,120</b>
<b>Training awards (bursaries)</b>		
<b>132 awards &lt; £10,000</b>		<b>62,446</b>

### SPECIALISED PRINT & ADVERTISING AWARDS

COMPANY	FILM	£
Alliance Atlantic Releasing Ltd	Raising Victor Vargas	75,000
Artificial Eye Film Co Ltd	Barbarian Invasions	49,900
Artificial Eye Film Co Ltd	Zatoichi	70,000
Buccaneer Film Distribution Ltd	Emotional Backgammon	60,000
Buena Vista International (UK) Ltd	The Station Agent	100,100
Icon Film Distribution Ltd	Whale Rider	100,000
Metro Tartan Distribution Ltd	Belleville Rendez-vous	80,000
Metro Tartan Ltd	Respiro	110,415
Optimum Releasing Ltd	American Splendor	60,000
Optimum Releasing Ltd	Spirited Away	40,000
Parasol Peccadillo Releasing Ltd	Krampack (Dani and Nico)	15,000
Pathé Distribution Ltd	Girl With A Pearl Earring	70,000
Tartan Film Distribution Ltd	Capturing The Friedmans	66,764
UGC Film UK Ltd	Good Bye Lenin!	90,000
UGC Film UK Ltd	Swimming Pool	70,000
Verve Pictures Ltd	Code 46	75,000
Warner Bros Distributors Ltd	Young Adam	60,000
<b>Total specialised print and advertising awards</b>		<b>1,192,179</b>

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### UK FILM DISTRIBUTION AWARDS

COMPANY	COURSE	£
Icon Entertainment Ltd	Bright Young Things	300,000
Compleat Female Stage Beauty	Compleat Female Stage Beauty	300,000
<b>Total UK distribution awards</b>		<b>600,000</b>

### CINEMA EQUIPMENT AWARDS

COMPANY		£
Apollo	4 screens nationwide	12,974
Barbican Centre (London)	Barbican Centre (London)	3,500
Cineworld	8 screens nationwide	34,774
Exeter Picturehouse (Exeter)	Exeter Picturehouse (Exeter)	2,454
Forum Cinema (Hexham)	Forum Cinema (Hexham)	5,000
Light House (Wolverhampton)	Light House (Wolverhampton)	4,441
Lounge Cinema (Leeds)	Lounge Cinema (Leeds)	5,000
Odeon	27 screens nationwide	135,000
Plaza Cinema (Workington)	Plaza Cinema (Workington)	5,000
Ritzy Cinema (London)	Ritzy Cinema (London)	2,454
Stratford Picturehouse (London)	Stratford Picturehouse (London)	4,460
thefilmworks	2 screens nationwide	3,810
UCI	9 screens nationwide	27,805
UGC Cinemas	5 screens nationwide	25,000
Warner Village Cinemas	14 screens nationwide	68,740
West End Cinema (Boston)	West End Cinema (Boston)	5,000
Derek Brandon	Your Local Cinema.com	50,000
<b>Total cinema equipment awards</b>		<b>395,412</b>

### PUBLICATION AWARDS

COMPANY	PUBLICATION	£
First Film Foundation	First Facts	16,000
Shooting People Productions Ltd	Wide Shot	14,000
Vertigo Publications Ltd	Vertigo	16,000
Black Filmmaker Publications Ltd	BFM - Black Film & TV	17,000
Scriptwriter Magazine (Scriptease) Ltd	Scriptwriter	17,000
Landor	Cinemas Magazine	15,000
Surrey Institute of Art and Design	Interstices	5,000
<b>Total Publication awards</b>		<b>100,000</b>

### OTHER LOTTERY AWARDS

ORGANISATION		£
EM Media Ltd	Regional lottery award	322,000
Film London Ltd	Regional lottery award	350,000
Hi8us FirstLight Ltd	First Light scheme	1,000,000
North West Vision Ltd	Regional lottery award	330,000
Northern Film & Media Ltd	Regional lottery award	390,000
Screen East Ltd	Regional lottery award	390,000

# Schedules to the financial statements continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2004 (CONTINUED)

### OTHER LOTTERY AWARDS (CONTINUED)

ORGANISATION		£
Screen South Ltd	Regional lottery award	405,000
Screen West Midlands Ltd	Regional lottery award	413,000
Screen Yorkshire Ltd	Regional lottery award	300,000
Skillset Ltd	Training scheme	500,673
South West Screen Ltd	Regional lottery award	420,000
<b>Total other lottery awards</b>		<b>4,820,673</b>

**Total new soft commitments 2003/04** **29,433,430**

### AWARDS TO FRANCHISE PROJECTS DISCLOSED AS SOFT COMMITMENTS

COMPANY	FILM	£
DNA Ltd	A Way Through The Woods	1,474,635
DNA Ltd	Allon Reich & Assistant	200,000
Pathé Ltd	Enduring Love	1,799,000
Pathé Ltd	Getting & Spending	29,148
Pathé Ltd	Millions	2,000,000
Pathé Ltd	Bride & Prejudice - The Bollywood Musical	2,000,000
Pathé Ltd	The Magic Roundabout	500,000
The Film Consortium Ltd	A Woman of No Importance	15,000
The Film Consortium Ltd	Bugs!	18,750
The Film Consortium Ltd	Bugs!	18,750
The Film Consortium Ltd	Clean	370,300
The Film Consortium Ltd	Concrete Slippers	13,200
The Film Consortium Ltd	Guy X	920,000
The Film Consortium Ltd	Guy X - Development Funding	10,000
The Film Consortium Ltd	My Summer of Love	486,755
The Film Consortium Ltd	River Queen	2,354,388
The Film Consortium Ltd	The Battle of Hastings	6,000
The Film Consortium Ltd	The Best Man	10,000
<b>Total Franchise Awards</b>		<b>12,225,926</b>

**Total Lottery Awards 1 April 2003 – 31 March 2004** **41,659,356**