



**UK FILM | COUNCIL**

(formerly Film Council)

**Group and Lottery  
Annual Report  
and Accounts**

for the year ended 31 March 2003

**UK FILM | COUNCIL**

(formerly Film Council)

# Group and Lottery Annual Report and Accounts

for the year ended 31 March 2003

Company no: 3815052

# Contents

## Introduction and summary

Chairman’s foreword .....	5
Chief Executive Officer’s introduction .....	6
Summary of activity .....	8
The role of the UK Film Council .....	9
Diversity and inclusion .....	9
Nations and regions .....	10
Culture and education .....	10
Skills training .....	11
Developing better scripts .....	12
Film production .....	12
First Light – young people making movies .....	13
Supporting quality, popular films.....	14
The production franchises .....	14
Film distribution and cinema exhibition .....	15
The UK’s position as an international business ‘hub’ .....	16
Europe .....	16
The USA .....	17
Film export promotion and international marketing .....	17
Monitoring and evaluation .....	18
Statutory background .....	97

# Chairman's foreword

Welcome to the third annual report of the UK Film Council.

The 12 months covered by this report were an eventful period both for the British film industry, and for the UK Film Council itself.

Investment in film production in the UK began to recover from the low point of 2001, and the international success of a number of pictures including new, National Lottery supported films like *Bend it Like Beckham*, *The Importance of Being Earnest* and *28 Days Later*, demonstrated yet again the wealth and diversity of talent enjoyed by our industry both in front of, and behind, the camera.

The UK Film Council is well aware of the problems hindering the long-term sustainability of our industry, and in my keynote presentation *Building a Sustainable UK Film Industry* last November, I set out our strategy for dealing with them:

- a distribution-led approach for domestic film production and tax incentives;
- a first-rate skills and training plan for the future; and
- a blueprint to keep our industry infrastructure first class and up to date.

Working in collaboration with other industry bodies, we established a positive dialogue with HM Treasury over the past year, looking at how we can use fiscal incentives to support the production and distribution of new UK films.

During the last year we were also able to successfully propose an amendment to the new Communications Act to make 'film' one of the subjects assessed when broadcasters agree their public service duties. In this last year we also produced our industry's first ever comprehensive training strategy, and in partnership with Skillset we will begin to put it into action in 2004.

Our Development, New Cinema and Premiere funds obviously continued to support the creation of new, distinctively British films with considerable critical, and often commercial, success, and the establishment of our new Distribution and Exhibition Fund is now helping to give UK audiences more opportunity to access 'art-house', foreign language, and other specialised films.

The appointment during the year of Anthony Minghella

and Amanda Nevill as the new Chairman and Director of the British Film Institute (*bfi*) respectively, have also given the cultural and educational centre of film in the UK a leadership team to help it meet the challenges of the future. We are now working with the *bfi* to deliver a fundamental review of its activities in order to develop a clear plan for the future.

Meanwhile, our First Light initiative continued to provide thousands of youngsters across the country with the opportunity to experience filmmaking first hand, increasing their self-confidence and, judging by the resulting films, identifying some potential producers and directors of the future. 2002/03 also saw the continued and rapid development of the nine Regional Screen Agencies, which are giving film a coherent structure, support, and voice in the English regions for the very first time.

On the international stage, we have continued to work with our counterparts across Europe to develop and open up opportunities to new talent, taking a leading role in the organisation of the first ever (and extremely successful) Berlinale Talent Campus at the Berlin Film Festival. The UK Film Council's International Department also continued to deliver the message about the UK's unrivalled combination of skills, facilities and locations to film financiers around the world – and in particular the United States – with impressive results.

In conclusion, I believe it is fair to say that the year in question has seen a good deal of progress across the full range of our activities.

Finally, I would like to take this opportunity to thank my fellow board members, our partner organisations, and of course, the filmmakers – without whom there would be no point to our endeavours – for all their hard work over the course of the past year on our behalf.



SIR ALAN PARKER CBE

Chairman

5 November 2003

# Chief Executive Officer's introduction

By any standards 2002/03 was a successful period for the three-year-old UK Film Council. Just as this Annual Report and Accounts were going to print, we produced our second strategic plan (available at [www.ukfilmcouncil.org.uk](http://www.ukfilmcouncil.org.uk)) for consultation which looks forward to our policy and funding priorities for the three financial years beginning April 2004. I'm pleased to say that we are in good shape for the future.

We set out in 2000 with a two-stage plan to achieve two clear goals:

- To help create a sustainable UK film industry; and
- To develop film culture by improving access to, and education about, the moving image.

This last year saw the completion of the first stage of that plan.

During our first three years we successfully completed the complex task of totally re-organising the key publicly funded film initiatives in the UK to run alongside the already established Lottery-funded film production franchises.

Our three film production funds launched in October 2000 – the Development Fund, the New Cinema Fund and the Premiere Fund – are now well established. These funds are supporting the development of stronger scripts; nurturing new filmmaking talent; and investing in popular films for audiences in the UK and around the world. Films such as *Bend it like Beckham*, *Gosford Park*, *Bloody Sunday*, *The Magdalene Sisters*, *L'homme du train* from the production funds and films such as *28 Days Later*, *In this World* and *Girl with a Pearl Earring* from the three Lottery-funded franchises companies are now winning critical acclaim and audiences at home and internationally.

In November 2002, midway through the financial year, we set out for the industry the headline policy priorities we wanted to take forward as central to our 'Stage Two' work. We targeted three key structural problems which historically have stunted the development of the UK film industry and film culture in the UK.

Therefore, the UK Film Council is now beginning to push forward on a series of long term policy initiatives where success will not be determined by spending relatively small amounts of public subsidy. Instead, the task at

hand involves a series of linked initiatives which put together, will create the favourable environment we seek for the UK film industry.

During the year we also began to focus on perhaps the single most important lever there is for driving our industry forward – fiscal policy. Anticipating the automatic expiry of the Finance Act's Section 48 tax relief in 2005, we have been working with key industry partners to develop a case to the Government justifying a new fiscal incentive to attract investment to the domestic UK industry. If this case is not made effectively, the expiry of Section 48 tax relief will undoubtedly result in the collapse of the UK indigenous production sector and with it, a hefty chunk of the infrastructure which has been successfully renewed over the past few years.

Another tax relief, Section 42 of the Finance Act – which is not time limited – is also crucial for supporting international productions coming into the UK. That tax relief is also key to our future because, increasingly, the UK film industry finds itself at the centre of the global industry where commercial success depends on our ability to make films within an international environment. During the next three years, the UK Film Council wants to place an even greater emphasis on developing the UK film's relationship with other film industries and creative communities throughout the world. For this reason, fiscal incentives, the 'British film' definition and co-production protocols all need to be integrated into a carefully triangulated package if the UK is to secure the financial, fiscal and regulatory environment necessary for our film industry to succeed.

Supporting this aim, the brief for our International Department (as the former British Film Commission was re-branded at the end of the year) is to spearhead the UK Film Council's international development and export promotion activity. In addition, plans to re-brand and re-position the former British Film Office in Los Angeles as the UK Film Council's US operation were also set during the year.

At a European level, the UK Film Council continued to host the UK Media Desk based in London with an office in Northern Ireland providing information to UK filmmakers on funding initiatives from the European Commission's MEDIA Plus Programme.

However, if the UK film industry is to flourish in the future, an adequate supply of skilled and talented professionals is also a prerequisite. During the year a comprehensive skills survey across all sectors of the UK film industry was undertaken in partnership with Skillset, the Sector Skills Council for the Audio-Visual Industry. A ground-breaking report, *Developing UK Film Talent*, was published in February 2003 leading to the creation of a Skills Action Group which formulated the first comprehensive skills development strategy for the UK film industry. Specifically, this will mean making a greater investment in training and skills development; a distribution-led approach to the production of films; and industry infrastructural development.

As regards developing film talent, First Light, our Lottery-funded programme delegated to Hi8us First Light Ltd, continued to enable children and young people across the UK to experience filmmaking and explore their talents using low-cost digital technology. The inaugural First Light film awards ceremony in February 2003 was an inspiring experience for young filmmakers and industry professionals alike.

These industrial policies are not our only priorities, of course. We also want to develop film culture in the UK. This means a greater investment in film education and it means making film heritage more accessible. These are objectives which we share with our key partner, the British Film Institute (*bfi*).

In addition to supporting the *bfi* financially during 2002/03, a Lottery-supported Publications Fund, of £0.1 million for a trial year (since extended for three years) was introduced in February to broaden readership, editorial range and increase the sustainability of film-related publications.

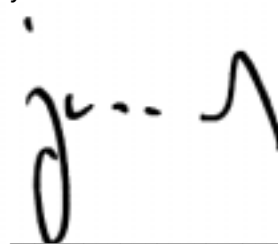
Also key to developing film across the UK is the Regional Investment Fund for England (RIFE). Launched in June 2001, it played the key role in creating nine Regional Screen Agencies in England. These independent bodies support cultural and industrial film initiatives in their region and during the year, they became firmly established with backing from the UK Film Council of £7.5 million (including £3 million from the National Lottery). The UK Film Council's co-operation and collaboration on all

aspects of film policy with Scottish Screen (for Scotland), Sgrîn Cymru (for Wales) and the Northern Ireland Film Commission also articulated in a joint UK wide strategy, *Working Together, Making a Difference*, was launched at the Edinburgh International Film Festival in August 2002.

In April 2002, we announced initiatives aimed at supporting and stimulating the specialised distribution and exhibition sector through expanding the range of films on offer to audiences across the UK. These measures will include (with Lottery funds to be received from Arts Council England) a Cinema Access pilot programme (£0.5 million); a Digital Exhibition Fund (£0.5 million); and a Cinema Screen Fund (£14 million over four years). These complement other initiatives announced by the UK Film Council and supported by the Lottery: a Cinema Education Fund (£1 million a year); a Specialised Prints and Advertising Fund (£1 million a year); and a UK Film Distribution Programme (£1 million a year). It is early days for these last two measures, but already international and British films are reaching more audiences across the UK than previously as a result of our intervention.

Information and data are obviously vital to developing any industry and the UK film industry has been lacking this resource until 2002/03. The UK Film Council's Research and Statistics Unit (RSU) collects, analyses and distributes data and information about the UK film industry and across the film value chain. The RSU's first comprehensive *Statistical Yearbook, Film in the UK 2002* was researched during the period and published in May 2003.

In summary, 2002/03 represented the conclusion of the first stage of the UK Film Council's work and marked the beginning of our more ambitious longer-term plans to work towards a sustainable UK film industry. It was therefore a year of successful consolidation as well as forward planning.



**JOHN WOODWARD**  
Chief Executive Officer  
5 November 2003

# Summary of activity

## Policy and funding priorities at a glance

Policy priorities	Goals
Fiscal support	To ensure effective long-term fiscal measures are in place to support the UK film industry and its culture.
International	To modernise the UK's film co-production agreements. To maximise inward investment by assisting the industry to strengthen the infrastructure for film. To devise and implement a UK film export strategy. To maximise trade links with the USA. To contribute actively to the development of European audio-visual policy.
Anti-piracy	To help combat copyright theft.
Film and broadcasting	To ensure optimum fit between UK film policy and UK broadcasting policy.
Diversity and inclusion	To help achieve a more diverse and inclusive workforce and film culture.
Education and literacy	To put media literacy at the centre of the Government agenda for life-long learning.
Digital technology	To help equip the film sector to harness the potential benefits of digital technology.
Research and market intelligence	To ensure the availability of reliable statistics on film in the UK.

Funding priorities	Goals
Development Fund	To broaden the quality, range and ambition of projects and talent being developed.
Premiere Fund	To assist the production of British and European feature films that can attract audiences the world over.
New Cinema Fund	To support creativity, innovation, new talent and 'cutting edge' filmmaking.
Lottery franchises	To conclude UK Film Council cash investment leading to sustainable UK film companies.
British Film Institute	To ensure UK audiences have access to a full range of British and international cinema; to open up opportunities for all to understand and learn about film, and to protect the UK's film and moving image heritage.
Nations	To co-ordinate film policy and strategy UK-wide.
Regional Investment Fund for England	To co-ordinate film policy and strategy across England.
First Light	To offer children and young people the opportunity to participate in filmmaking.
Publications Fund	To improve the quality of discussion, information and debate about film.
Sponsorship	To help promote targeted showcase film events.
Film Skills Fund	To ensure an adequate supply of skilled and talented professionals.
Distribution and exhibition	To offer a more diverse range of films to a broader UK audience.

# The role of the UK Film Council

The UK Film Council is the Government's strategic agency for film in the UK. Its aim 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.

Since its launch in April 2000, the UK Film Council has made significant progress. Through its 'Stage One' workplan, the organisation has brought a clear focus to publicly-financed film activity and shown, through critical and commercial successes such as *Gosford Park*, *Bloody Sunday*, *The Magdalene Sisters* and *Bend it like Beckham*, that a strategy of targeted investment in fewer, more carefully chosen films can pay off. In addition, new Lottery-funded programmes have targeted key areas where the UK has traditionally been weak such as script-writing and development. At the same time, the organisation has put down strong and well-funded roots across the English regions by helping to form nine new Regional Screen Agencies to complement its own work and that of the National Screen Agencies in Scotland, Wales and Northern Ireland.

During the past year, the UK Film Council also began the ambitious task of delivering practical proposals to make real the cornerstone policy proposals set out in Sir Alan Parker's keynote address of November 2002, *Building a Sustainable UK Film Industry*.

Sir Alan's presentation marked the public progression for the organisation from our 'Stage One' objectives – the reorganisation of the key existing publicly-funded film initiatives in the UK – to Stage Two, a long-term strategy (not focused solely on public funding) aimed at delivering a sustainable UK industry and a stronger film culture in the UK for the long term.

This new strategy set out a challenging vision for a globally competitive UK film industry founded on three guiding principles:

- A distribution-led approach for the commercial UK film industry that stimulates an environment in which British films both maximise their potential with their home audiences and are more widely distributed to audiences around the world;

- Ensuring that the UK has the best-equipped, most highly-skilled and flexible film workforce in the world in areas ranging from script development, through to production, post-production, distribution and exhibition; and
- Maintaining and enhancing the industry's infrastructure to consolidate the UK as a centre of global film activity in Europe.

Moving forward on these fronts involves the implementation of a series of long-term initiatives where success will not be determined by spending relatively small amounts of Lottery or Treasury grant funding. Rather, this will involve a series of linked initiatives which when put together will create the favourable environment the UK Film Council seeks for British film.

## Diversity and inclusion

The UK Film Council is committed to promoting diversity and social inclusion both in terms of its current and emerging policies, as well as across all its funded programmes of film activity, from training through film development, production, distribution and exhibition.

The current profile of the composition of the film industry's workforce demonstrates that it has a long way to go before the industry can be said to reflect the diversity of contemporary British society. Diversity is a catalyst for creativity and innovation yet there are considerable barriers to entry and participation in this highly competitive industry.

In 2002/03 the UK Film Council set up a policy group, chaired by Board director Tim Bevan, to drive forward a programme of action on cultural diversity. Also during the year, the organisation appointed a Head of Diversity reporting directly to the UK Film Council's Chief Executive Officer to lead on implementing this programme and to ensure that the UK Film Council itself delivers real diversity across all its funding programmes and activities.

At the same time, the organisation worked with the wider industry over the past year to develop a more strategic approach to promoting a genuinely multicultural film workforce both behind and in front of the camera. The first stage of the diversity strategy that resulted from this work will be published in November 2003.



# The role of the UK Film Council continued

## Nations and Regions

It is a priority for the UK Film Council to embrace the wealth of skills, talent and opportunities across the UK and to deliver on all its objectives throughout the nations and regions.

The UK Film Council's partnership with the three national screen agencies – Sgrŷn Cymru Wales, the Northern Ireland Film and Television Commission and Scottish Screen – is essential to developing a vibrant film industry and culture UK-wide. This partnership also delivers joint working between the UK MEDIA Desk incorporating the service for Northern Ireland and the MEDIA Antennae in Scotland and Wales, as well as joint financing for some feature films such as *Young Adam* and *The Magdalene Sisters*.

Across the English regions the UK Film Council's key partners are the nine Regional Screen Agencies (RSAs) into which it invests annually some £7.5 million via the Regional Investment Fund for England (RIFE). The network was formally completed during the year with the formation of Film London to join EM-Media, Northern Film & Media, North West Vision, Screen East, Screen South, South West Screen, Screen West Midlands and Screen Yorkshire.

The RSAs have an overarching role for supporting all moving image activity in their regions and act as local advocates for film and the moving image. Through networks of regional delivery partners and by providing a conduit to national film activities, they all offer access to different forms of moving image experience, and ultimately help to bring new voices to the big screen. In 2002/03 RSA budgets included over £4.5 million of income additional to RIFE support, including over £2 million from Regional Development Agencies, provided as part of long-term investment plans for the regions.

Each regional screen agency offers integrated and inclusive support across a number of areas, including new talent, skills and training, access to the industry, production, exhibition, business and inward investment, locations and archives.

During 2002/03 the RSAs also formed Screen England, a common voice offering a forum for joint working and a united presence to promote the English regions to the global film industry.

## Culture and Education

The British Film Institute (*bfi*) is the UK Film Council's key UK-wide partner and represents the cornerstone commitment to UK film culture, heritage and education.

The *bfi*'s two main aims are to improve the quality and status of film education (both formal and informal) in the UK, and to increase and broaden access to the collections of moving image material which the Institute preserves and holds in care for the nation.

During the year the UK Film Council and the *bfi* worked together on three main fronts.

First, to make sure that UK audiences have access to the full range of British and international cinema – both contemporary and historical – through the *bfi* National Film Theatre, the *bfi* London IMAX®, the *bfi* London Film Festival, the *bfi* London Lesbian and Gay Film Festival, through associated touring programmes across the UK and by making available classics of world cinema in cinemas and on video or DVD.

Second, opening up opportunities for everyone to understand and learn about film and the moving image through the *bfi* National Library, the monthly publication *Sight and Sound*, books and the *bfi*'s distance learning courses for those teaching media.

Third, to protect the UK's moving image heritage through the preservation programme of the *bfi* National Film and Television Archive and making the archive truly accessible to teachers, researchers and to the general public.

As part of this approach, late 2003 will see the launch of *bfi* Screenonline, a free online film resource available in UK public libraries and schools which will provide access to certain materials preserved in the *bfi* National Film and Television Archive. This ground-breaking service will initially comprise of 1,000 hours of digitised moving image material, thousands of still images and hundreds of scripts and posters from the *bfi*'s collections with in-depth contextual information on all aspects of British film and television history.

During the past year, the UK Film Council moved to reinforce its partnership with the *bfi* in light of the

recommendations of the National Audit Office report *Improving access to, and education about, the moving image through the British Film Institute* published in April 2003. In particular, the UK Film Council is working with the Department for Culture, Media and Sport (DCMS) and the *bfi* to assist Anthony Minghella, the *bfi*'s new chair, to deliver a fundamental review of the Institute, enabling it to become more effective for the future.

The UK Film Council is particularly concerned with the learning needs of younger audiences. It continues, in association with the *bfi*, to support the work of Film Education which promotes the study of film within schools, and together with its national and regional partners, is at the forefront of the development of educational delivery mechanisms. (See First Light – Young people making movies, page 13.)

In addition, the UK Film Council is working on the development of a new education and literacy strategy which will be locked down with the new *bfi* team in 2004, in association with the DCMS, Department for Education and Skills (DfES), First Light, Film Education and the National and Regional Screen Agencies.

The strategy's key aim is to achieve a more purposeful relationship between DfES-supported education and the resources that those working outside formal education can offer learners.

### Skills training

The success of the UK film industry historically has derived mainly from the high quality expertise of the skills base. Continued success will obviously rely on securing an adequate supply of these same skills in all areas from script-writing to set construction, from marketing to make-up, and from directing to digital effects creation.

Ensuring skills delivery is a key priority for the UK Film Council. Since inception the organisation has been an investor in training for the film industry, albeit in limited areas of activity.

To date the UK Film Council's Training Fund has prioritised the film industry's script-writing and development capacity by supporting training for script writers, script editors and development executives, and the industry's professional

and business skills through support for producers, business executives and distributors.

Over the past three years, the fund has delivered 1,750 training places across the UK through around 50 third-party organisations which have managed to double the value of the UK Film Council's investment by leveraging partnership funding from a variety of public and private sources.

Individual schemes supported by the fund in 2002/03 include a range of script-writing masterclasses offering hundreds of places for new and established writers; project development workshops for writers or writer/producer/director teams; a feature film development intern programme (jointly funded with the Development Fund) which has provided training and placements with film production companies for six interns; and a number of specific courses for trainers and companies seeking to expand their staff development expertise.

The fund continued to offer business skills training through initiatives such as Inside Pictures which provides intensive training for 14 producers and distributors and other film executives each year, aimed at developing their understanding of the business of film, encouraging a global view of the business and raising their profile in the international industry. The fund has also provided opportunities for over 170 film professionals to undertake training outside the UK through its Training Bursary Scheme.

In tandem with the implementation of these commitments, the fund's focus this past year has been firmly on the future. February saw the publication of the UK Film Council/Skillset research report, *Developing UK Film Talent*, which outlined the key findings of a massive and comprehensive film skills research project commissioned in 2002. The report identified an urgent need for an increased level of skills and training in every sector of the industry and formed the basis of a coherent, co-ordinated skills strategy which was developed by the UK Film Council, Skillset and key industry partners over the course of the year. The subsequent strategy, finance and implementation plan which will form a key part of the UK Film Council's work over the next three years were scheduled for release in October 2003.

# The role of the UK Film Council continued

## Developing better scripts

The Development Fund was established to broaden the range, ambition and diversity of UK film projects and talent and to launch new voices to the UK and international industry. Specifically, it aims to improve the quality of British scripts available to the UK and international industry through targeted script development initiatives. The fund spreads its investment across three areas:

- Single projects;
- On-going slate funding deals with production companies; and
- Relevant training programmes.

To the end of the financial year the fund had received around 4,000 individual submissions, offers of funding have been taken up on 117 single projects and a further 105 projects have been funded through slate deals with 20 production companies.

In total, 14 films with Development Fund investment have been produced or were put into production including: *Trauma*, Emily Young's *Kiss of Life*, Don Letts's and Richard Elgood's *One Love*, John Furse's *Blind Flight*, Andy Humphries's *Sex Lives of the Potato Men*, Peter Richardson's *Churchill – The Hollywood Years*, and Amma Asante's *A Way of Life*.

The volume of projects submitted for single project funding remains extremely high and the variety and calibre of talent involved has increased over the past year, due in part to the reduction of other sources of development funding in the UK. In order to adjust to this demand and to incentivise other financiers to fund project development, the Development Fund has significantly increased the emphasis on co-development with other industry partners.

While continuing to offer a home for talent and producers wishing to 'grow' their project up to the best quality possible before bringing in other industry involvement, the fund now also regularly works with financiers and distributors in the UK, Europe and USA to help move projects forward.

Over the past 12 months the fund has also made a concerted effort to work more closely with directors and as a result has broadened the range of projects and talent with which it engages: 50% of the projects

currently funded have a director attached.

High profile film talent is also now recognising that the fund offers an independent home for independently minded projects. The fund currently has projects in active development with filmmakers such as Terry Gilliam, Ken Loach, Patrice Leconte, Stephen Hopkins, Terence Davies, Penny Woolcock, Christine Jeffs and Chris Cunningham.

The fund's 20 slate deals, which run for a three-year period, are tailor-made to support investment into overhead, business affairs and development expertise and script development. They are intended to help recipient companies maintain a more regular flow of projects in order to increase their attractiveness to private sector financiers.

The Development Fund works particularly closely with the Training Fund to support programmes aimed at raising the UK industry's script skills and it contributes investment to specific schemes for scriptwriter, development executive and producer training including the inaugural Berlinale Talent Campus (see page 13).

## Film production

The New Cinema Fund (NCF) exists to support creativity, innovation, new talent and 'cutting edge' filmmaking, financing films with passion which connect with a broad range of audiences. The NCF has an especially strong commitment to supporting work from the English regions. Filmmakers' training is integral to the work of the NCF and opportunities are provided for writers, producers and directors to acquire appropriate skills on all features and shorts supported by the fund.

By March 2003, the NCF had received approximately 950 applications for feature film funding and had made 28 awards to a diverse and distinctive range of filmmakers and projects from across the UK.

Productions backed by the fund in the past year include: Sally Potter's *Yes*, theatre director John Crowley's romantic ensemble comedy *Intermission* and *Blind Flight*, John Furse's account of the kidnapping and imprisonment in Lebanon in the 1980s of Brian Keenan and John McCarthy.

The fund continued its support for voices from the UK's minority ethnic communities including Amma Asante's

first feature *A Way of Life* and Catherine Johnson's *Bullet Boy*. During the past year the fund also invested in the contemporary Jamaican 'Romeo and Juliet' feature *One Love* directed by Don Letts and Richard Elgood, and Metin Huseyin's *Anita & Me*, adapted by Meera Syal.

*A Way of Life* was one of the projects to benefit from the fund's 'pilot' scheme which enables filmmakers to film a few key scenes to test new technology or rehearse new techniques prior to production. In 2003 pilot scheme investments included *Stones in his Pockets*, based on the award-winning play by Marie Jones, *Autonomous's Sex Planet*, Giant Films's *Anatomy of Grief* and Tartan Works's *The Purifiers*, a British martial arts feature directed by Richard Jobson.

The fund remains committed to encouraging the building of UK relationships with production companies and directors in Europe. The New Cinema Fund invested in two French-language co-productions shooting in 2002/03, Lucile Hadzihalilovic's *L'ecole (School)* and Ziad Doueiri's *Lila dit ça (Lila Says)* – and provided additional funding to Cinéfondation award winner Emily Young's *Kiss of Life (aka Helen of Peckham)* which was selected for competition at the 2003 Cannes Film Festival.

The fund participates in a growing number of regular European exchanges such as the Independent Features Project 'No Borders' market in New York and 'Cinemart' at the Rotterdam Film Festival, where it also supports attendance by selected new UK producers.

The UK Film Council's development, production and training funds also co-founded and supported the first Berlinale Talent Campus, a five-day programme held during the Berlin Film Festival. This ambitious training programme provided an opportunity for 500 emerging filmmakers from 61 countries to learn about filmmaking from some of the world's most successful practitioners.

The NCF also developed a key new partnership this year between the BBC and the National Film Board of Canada to launch the £1.5 million World Documentary Fund, which will finance up to six feature-length theatrical documentaries over a period of two years. The first film to emerge from the partnership was Vikram Jayanti's *Game Over: Kasparov and the Machine*.

During the past year the fund also demonstrated its commitment to capitalising on the benefits offered by new technology in the making and showing of films by supporting the digital production and release of Bille Eltringham's *This is Not a Love Song*. Following successful festival screenings, the film's release combines the first-ever 'e' premiere via the Internet with selected cinema screenings across the UK (September 2003).

The NCF also continued to challenge new and emerging filmmakers to explore the creative potential of new technology through its Digital Shorts Scheme which is run in partnership with the Regional Screen Agencies and national film bodies in Scotland, Wales and Northern Ireland.

Since its launch, the scheme has produced over 200 shorts and provided training opportunities for over 1,500 new filmmakers.

In addition to its digital scheme, the fund ran a small number of other short film programmes during the year to support and develop emerging filmmaking talent. Cinema Extreme was co-funded with Channel 4 to back five films a year acting as launch-pads for visionary filmmakers. The Completion Fund, which is also joint-ventured with Channel 4, also supported the finishing of ten interesting but uncompleted short films.

#### First Light – Young people making movies

The UK Film Council's most ambitious short film scheme is First Light, an annual £1 million training and education project that helps children and young people to make short digital films.

Managed by the Birmingham-based Hi8us First Light Ltd, the scheme provides opportunities for young people to experience writing, acting, directing, lighting, editing and exhibiting films with the support of youth agencies, schools, colleges, production companies and film clubs throughout the UK.

To date, First Light has invested in 150 projects or project teams which have overseen the making of 368 individual short films. Over 6,000 young people have participated in the scheme so far. Projects have included *Shpresa's Birthday* (Northern Visions, Belfast) documenting the experiences of a teenage refugee from Kosovo and made

# The role of the UK Film Council continued

by an eight-strong group from a disadvantaged area of Belfast; *The Story of Geordie Wirrel* (Project Ability, Glasgow), a short animation made by a 17-year-old with Asberger's syndrome; and *The Lost Boy* (Slough Borough Council) made by 27 young participants aged between nine and ten on a budget of just over £6,000.

First Light has also completed a number of other projects including a Citizenship Scriptwriting Pack and a competition for schools in partnership with the Department for Education and Skills as part of the new Citizenship curriculum; and First Write, a script-writing project for school children in Scotland, offering the opportunity for successful scripts to be made into films.

As well as encouraging young people to learn about the moving image and explore the creative skills and processes involved in filmmaking, the scheme encourages them to consider film as a source of employment. Young people from ethnic minority groups, with disabilities and from disadvantaged social backgrounds are key candidates for participation in the First Light scheme.

## Supporting quality, popular films

Harnessing the vision, and entrepreneurial spirit traditionally associated with the private sector of the industry, the Premiere Fund plays a key creative and business role in the development and production of commercially viable feature film projects.

Since its launch the fund has invested almost £25 million in 32 projects, including David Mackenzie's *Young Adam*, Michael Winterbottom's *Code 46* and Christine Jeffs' *Sylvia*, all of which were made during 2002/03.

*Young Adam* was selected for screening at the 2003 Cannes Film Festival and won the Michael Powell Award for best new British feature at the Edinburgh Film Festival. *Code 46* was selected for competition at both the Venice and Toronto film festivals, while *Sylvia*, which stars Gwyneth Paltrow and Daniel Craig, closes the 2003 *bfi* Times London Film Festival.

The Premiere Fund also has a commitment to help UK filmmakers build international creative and business relationships by investing in commercial European co-productions. For example, the fund committed to

Manuel Poirier's *Chemins de Traverse* starring Sergi Lopez in 2002, having co-funded Patrice Leconte's *L'homme du train* in 2001. In a different way, it was a relationship brokered originally by the Premiere Fund, which led the UK co-producer of *L'homme du train* to become involved in the development of an English-language remake of Leconte's *Monsieur Hire*, during 2002.

The Premiere Fund also furthers the UK Film Council's overall training objectives and requires the films it backs to guarantee training places and to contribute to the industry's Skills Investment Fund. In addition, the fund has instituted an intern programme for applicants from minority ethnic groups to help to address the under-representation which exists in this area of the industry.

The fund also plays its part in the Inside Pictures (see Training, page 11) course, the Berlinale Talent Campus and it actively supports numerous events organised by the MEDIA programme and other training initiatives.

## The production franchises

2003 also marked the beginning of the last contracted year of the six-year term of the three Lottery-funded film production franchises – The Film Consortium, Pathé Pictures and DNA Films.

The franchises were originally set up in 1997 by the Arts Council of England, which at the time controlled Lottery investment in UK films.

Over the past six years the franchises have represented a key source of production finance for the UK industry, gearing up Lottery investment with private sector finance at a favourable ratio of 3:1. Over that time they have notched up some notable critical and commercial successes such as *In this World* (The Film Consortium), *An Ideal Husband* (Pathé Pictures) and *28 Days Later* (DNA Films).

With the original franchise arrangements drawing to a natural conclusion, the UK Film Council worked closely with the three companies over the past year to ensure their continuation as UK film businesses in the long term.

Early in 2003, the UK Film Council agreed plans to extend the franchise contracts for The Film Consortium and Pathé Pictures for a further six months up to March/April

2004, in order to enable the two companies to complete their current slates of projects. Pathé has publicly committed to continuing the production of quality, commercial British films beyond the terms of the franchise and The Film Consortium has also been seeking replacement financing to carry the company forward from March 2004 when the UK Film Council's Lottery funding commitments end.

During the year, the UK Film Council also opened negotiations which were to lead eventually to the creation of a new joint venture between DNA Films and US film company Fox Searchlight Pictures, to produce and distribute British films to worldwide audiences into 2004 and beyond. This new venture would bring \$25 million of US investment to match DNA's remaining Lottery funding, and provide access to a successful worldwide distribution network for UK filmmakers. The new venture would be achieved without any additional Lottery funding being made available beyond the original 1997 Arts Council funding allocation to DNA Films.

The Film Consortium completed four films during the year: Kristian Levring's Malaysian jungle drama *The Intended*, Michael Winterbottom's Afghan refugee story *In this World* (winner of the Golden Bear, Berlin International Film Festival 2003), *Bright Young Things*, Stephen Fry's adaptation of Evelyn Waugh's *Vile Bodies*, and a 3D IMAX nature feature, *Bugs!*, narrated by Dame Judi Dench.

The company also set up three new pictures: John Boorman's South African drama *Country of My Skull* starring Samuel L Jackson and Juliette Binoche; Pawel Pawlikowski's romantic drama *My Summer of Love*; and the thriller, *Deadline Beirut* directed by Ludi Boeken and Michael Alan Lerner. The Film Consortium's sales arm, The Works, also handled titles including Deepa Mehta's *The Republic of Love*, Niki Caro's *Whale Rider* and Michael Winterbottom's *Code 46*.

Pathé Pictures completed production during the year on Peter Webber's *Girl with a Pearl Earring*. The company entered production on six new films during the year in addition to its on-going CGI animated feature *The Magic Roundabout*. Upcoming titles are Danny Boyle's comedy *Millions*; Gurinder Chadha's *Bride and Prejudice – The Bollywood Musical*; Roger Michell's *Enduring Love*; Peter

Richardson's *Churchill – The Hollywood Years*; Shona Auerbach's *Natural History* and Ric Cantor's *Suzie Gold*.

Although production activity at DNA Films during the year was firmly focused on finalising the deal with Fox Searchlight and the UK Film Council, Danny Boyle's *28 Days Later* opened in the US during the period, going on to take over \$40 million at the box office.

#### Film distribution and cinema exhibition

It is both a matter of fact and regret that audiences in the UK are less adventurous than their counterparts in Europe. Consequently, specialised distribution and exhibition in the UK is a small, fragile and risky business sector which struggles to grab visibility for its product in the face of the mainstream, commercial film sector. The UK Film Council's key aims within distribution and exhibition are:

- To ensure that a broader and more diverse range of films is available for audiences to view across the UK;
- To develop audience appreciation, enjoyment and understanding of film;
- To increase audience uptake of specialised films and thereby increase levels of cinema-going in the UK;
- To provide greater opportunities for disabled people (particularly audiences with sensory impairments) to access and enjoy cinema; and
- To encourage exhibitors, distributors and broadcasters to engage more fully with a diversity of audiences and to value the longer term goals of audience development.

After detailed consultation with the industry throughout 2001 and 2002, the UK Film Council's new Distribution and Exhibition Fund in 2003 began to implement a range of measures to bring a broader range of films to a wider range of UK cinemas. The publicly funded proportion of these costs will be met by £3 million a year of UK Film Council investment and £15 million of Arts Council England capital funding. The key components are:

- A capital fund for the creation of a 'digital screen network' using high-specification digital equipment for the wider exhibition of specialised film in all types of cinemas across the UK;
- A Specialised Prints and Advertising (P&A) Fund to support the wider release and exploitation of specialised films;
- A UK Film Distribution Programme to underwrite the

# The role of the UK Film Council continued

wider release of new British films with significant commercial potential;

- A fund for a pilot project in cinemas providing equipment to project soft-titles onto regular screening prints for people with hearing impairments; equipment to transmit on-screen audio action descriptions for people with visual impairments; support for the production of more subtitled copies of films on limited release; and a research fund to assess future needs and requirements of cinema goers with sensory impairments;
- A fund for digital equipment for film societies and mobile cinema operators to increase access to films in rural and remote geographical areas;
- A fund for small-scale capital building and renovation projects; and
- A fund for educational activities aimed at improving knowledge and appreciation of film and cinema.

Funding for relevant parts of the strategy will be sought on a partnership basis at point of take-up from the distribution, exhibition and education sectors.

The single largest development during the past year by the UK Film Council was the planning for a proposed 250 screen UK-wide digital screen network which will embrace all types of cinema and operator. The network will be used to promote new films, re-releases of films and will form part of a broad educational and audience development programme.

For 100 years the film industry has been operating within the 'analogue' paradigm of 35mm film as the distribution medium. For the specialised sector this means that there are huge barriers getting films to audiences owing to the high cost of 35mm prints. Digital – a means to an end – can resolve some of those issues. Picture quality, flexibility, and responsiveness to audiences is the potential – summarised from an exhibitor perspective by 'you don't have to give the print back'.

This will be an audience-led strategy which by increasing the breadth and depth of specialised films offered on the big screen, should mean more publicity and therefore bigger audiences.

Throughout the year, the UK Film Council also supported the work of the Cinema Marketing Agency (CMA),

alongside the commercial distribution and exhibition sectors at a critical point in the new agency's development. The aim of the CMA is to promote cinema-going in the UK and to boost the frequency of UK cinema attendances across all social groups and all age groups. A substantial amount of planning was undertaken in the course of the year to deliver a multi-million pound sponsorship deal in order to deliver on this objective.

## The UK's position as an international business 'hub'

Developing the UK as a hub for international film business was agreed as one of the UK Film Council's strategic objectives during 2002/03. As a consequence plans were laid during the period to ensure that even greater emphasis will be put on the UK's relationship with other film industries and creative communities throughout the world.

As the UK film industry positions itself firmly at the centre of the global production industry and as the number of domestically produced films settles back to a more realistic level following the unsustainable highs of the late 1990s, the massive growth in co-productions between the UK and other countries shows clearly that UK producers are partnering with their overseas colleagues to a degree never seen before. However, there are specific problems which exist within the current co-production framework and during the 2002/03 period the International Department has begun to tackle them. During the same period the department started to work with the DCMS to develop clear proposals for the future application of film treaties.

## Europe

Around 80% of key policy decisions affecting the UK film industry are made in Europe: the European market now comprises 425 million consumers. For these reasons, it is vital that the UK achieves more influence over European film policy and that the UK Film Council continues to develop more effective partnerships across the single market. In 2002 in collaboration with the Centre National de la Cinématographie (CNC), the UK Film Council brought together a new alliance comprising the public film agency directors from each EU member state.

During the same period the UK Film Council worked with these public film agencies to maintain a favourable state aid regime for film. The organisation also contributed to

the UK and European negotiating stance on GATS audio-visual issues; and began to work on the possible design of the next EU-funded MEDIA Programme in order to secure more benefit for UK film companies and professionals.

The UK Film Council also continued to host and manage the UK MEDIA Desk which enables the British audio-visual sector to maximise its access to MEDIA funding.

The UK Film Council also started work to develop co-distribution arrangements with key European partners and relevant European film agencies to improve the circulation of British films (and, in particular, specialised British films) across Europe, as well as to provide better access for UK audiences to non-British European films. The first two of these agreements with Italy and Spain will be concluded in 2003/04. Equally in 2002/03, through Lottery strategic funded film investments such as *L'homme du train*, the UK Film Council helped UK producers build bridges with their counterparts in mainland Europe and to encourage long-term creative and business relationships.

#### The USA

Production activity in the UK based around international films – mainly US financed films – such as *Harry Potter* and *Lara Croft* continues to be the most important driver of the UK's film production infrastructure. Despite increased competition from a growing number of other countries, 2002 saw increased levels of UK inward investment – up by 16% on 2001. Significantly, there was also substantial growth in both the number and value of US-backed co-productions.

In this way, the USA is a hugely important source of inward investment, effectively sustaining much of the UK industry. Therefore influencing US investment decisions is a significant priority for the UK Film Council which recognises a clear need to build political as well as business relationships between the UK and USA as well as helping to connect UK writers, producers, directors and film facilities with the US industry.

During 2002/03 the UK Film Council reorganised the British Film Office in Los Angeles preparatory to re-branding the office as the 'UK Film Council US'. The aim of the office is to help develop relationships with the US film

industry and promote British film talent and skills. During the year the International Department and the new US office worked together to spot and attract inward investment projects into the UK

#### Film export promotion and international marketing

In 2001 the UK film industry exported £700 million worth of services, with £468 million coming from royalties and £232 million from film production services. The film industry made a positive contribution to the UK balance of payments with a trade surplus in 2001 of £245 million. The emergence of new delivery systems such as DVD and the internet are now opening up further opportunities for exports.

Despite this, the UK has long had a piecemeal approach to film exports with responsibility for export promotion spread amongst disparate government departments and bodies including the British Council, and Trade Partners UK. During 2002, a Film Exports Group was set up comprising the key public sector players, as well as sales agents, filmmakers and distributors, with the aim of providing a co-ordinated approach to film export and promotion in regard to British films, British talent, British facilities and services, and British creativity and skills.

To complement the work of the Film Export Group, the UK Film Council also started to explore key emerging markets including relationship-building with India, China and South Africa during 2002/03. These are long term initiatives where opportunities for both economic and cultural co-operation have been identified.

Finally, at the end of the year our transition from Stage One to Stage Two was marked by us changing our name to the UK Film Council, a name which reflects more clearly our geographical remit especially to those living or working outside England and the UK.



# Monitoring & evaluation

## Introduction

In July 2002, the UK Film Council Monitoring Unit was established and began the task of developing a performance measurement framework for all activities both directly provided by the UK Film Council and those delivered through partner organisations.

The establishment of a meaningful performance measurement framework enables the UK Film Council to:

- Review the progress being made in delivering projects and programmes against Lottery and grant-in-aid funding aims and objectives; and
- Identify areas for improvement and promote examples of best practice.

A key area of work was the identification and establishment, in consultation with partners and stakeholders, of a set of key performance indicators, which will be used to monitor performance against UK Film Council objectives and wider DCMS priorities. Progress was also made on refining systems for the collection and reporting of data. Most notably, a set of standard diversity monitoring questions was developed and introduced to application forms and funding agreements.

Specific monitoring and evaluation was undertaken into a number of programmes, some of which are detailed below. The monitoring and evaluation function was delivered using both internal staff and independent consultants who are able to provide detailed knowledge and expertise whilst evaluating objectively the progress being made.

## New Cinema Fund

The first post completion monitoring of any of the production funds was completed in March 2003. The monitoring of a small number of New Cinema Fund projects has allowed the UK Film Council to consider its general approach for monitoring of the production funds, while establishing best practice for the future.

Although it could be considered as a relatively limited exercise with ten projects monitored, the findings have provided an invaluable tool in developing benchmark data and highlighting best practice, most notably in terms of pre-application support.

## First Light

During the year, two major pieces of monitoring work were undertaken. Firstly a review was undertaken ascertaining the wider benefits of the First Light initiative. The monitoring detailed benefits to all stakeholders: benefits to the young participants in terms of gaining technical skills, personal development and also enjoyment; benefits to the host organisations in terms of raising the profile, creating partnerships and developing staff pride and skills; and also to film making organisations in terms of generating employment opportunities and also developing partnerships.

Through independent consultants, a wider review of First Light was also completed. The review identified good and bad practice within First Light projects and the opportunities and barriers to the dissemination of good practice throughout the youth arts/media and education systems. The review recommended measures to promote and extend good practice and proposed ways First Light practices and priorities should be developed in the future.

## Training Fund

During the year, eight training courses were site visited by an independent consultant. The site visits involve a detailed monitoring and evaluation of:

- Project aim and objectives;
- Course content;
- Project/training management; and
- Diversity.

The independent monitoring and evaluation is supplemented by self-completion monitoring progress reports provided by applicants (course providers).

The findings centered on the following issues:

- General programming;
- Administration;
- Future training needs of tutors and participants; and
- Diversity and inclusion.

## Berlinale Talent Campus

A detailed monitoring exercise was undertaken of UK participants at the inaugural Berlinale Talent Campus held in February 2003. Through a detailed self-completion questionnaire and attendance at a feedback session, the UK Film Council learnt about the success of the

curriculum events offered, and identified any problems encountered in order to make recommendations for improvement to future years of the Talent Campus.

From the monitoring exercise undertaken, the Talent Campus appears to have been very successful. The main benefit of the Campus appears to be that it gave UK talent the opportunity to gain access to industry experts and gain knowledge of their areas of interest. Areas of improvement centered on the need for greater capacity for popular events, the repeat of more popular events, better resources available for specific events and a reconsideration of administration.

#### General performance indicators

- Administration costs for each completed application – £2,713;
- Sickness absence – within 6% target;
- Response to all enquiries – within 20 working days target;
- Time taken to process applications – 38 days; and
- Number of applications outstanding at end of the period as a percentage of applications received – 13%.



**UK FILM | COUNCIL**

(formerly Film Council)

# Group Annual Report and Accounts

for the year ended 31 March 2003

Company no: 3815052



# Contents

## Group accounts

Foreword to the Group accounts .....	24
Directors' report .....	26
Statement on the system of internal control .....	29
Independent auditor's report .....	30
Group income and expenditure account .....	31
Group balance sheet .....	32
Company balance sheet .....	33
Group statement of cashflows .....	34
Notes to the accounts .....	35
Schedules to the accounts .....	49
Schedule 1: Grant-in-aid awards in the year ending 31 March 2003 .....	49
Schedule 2: Lottery awards in the year ending 31 March 2003 .....	49

# Foreword to the Group accounts for the year ended 31 March 2003

## INTRODUCTION

The UK Film Council is the strategic body established by the Government responsible for developing the film industry and film culture in the UK. It was renamed in May 2003 from the Film Council to provide a single, identifiable entity able to raise the industry profile, both at home and overseas. The UK Film Council has two overarching objectives: to develop a sustainable UK film industry; and to develop film culture in the UK by improving access to, and education about, the moving image.

The creation of the UK Film Council is a particularly important initiative from both industry and government viewpoints in that for the first time there is one organisation in the UK responsible for encouraging both cultural and commercial film activity.

The UK Film Council is responsible for all Department for Culture, Media and Sport (DCMS) grant-in-aid for film (except the National Film & Television School) and it is also designated a Lottery distributor, under the National Lottery Acts 1993 and 1998, responsible for Lottery funding for film production and development, training and certain other initiatives. Arts Council England continues to have responsibility for Lottery funding for film capital projects, stabilisation funding and other schemes. There are also separate Lottery funding functions in Wales, Scotland and Northern Ireland.

The UK Film Council operates through a Board of Directors, chaired by Sir Alan Parker CBE and was launched in May 2000. The launch document *Towards a Sustainable UK Film Industry* was the first public statement of the UK Film Council's overall industrial and cultural aims, its objectives and its initial funding programmes.

The UK Film Council uses grant-in-aid funding to support film organisations, notably the British Film Institute (*bfi*), National and Regional Screen Agencies and the British Federation of Film Societies, certain industry bodies such as the Cinema Marketing Agency and the British Film Office in Los Angeles.

Its Lottery programmes are now well established and include three film production funds launched in October 2000 – the Premiere Fund, the New Cinema Fund and the Development Fund. The UK Film Council's

Training Fund, launched in April 2001, supports training opportunities for script writers, development executives and producer/filmmakers. During the year a comprehensive skills survey across the UK film industry was undertaken jointly with Skillset. A groundbreaking report *Developing UK Film Talent* published in February 2003, led to the creation of a Skills Action Group to formulate the UK Film Council's future training strategy. First Light, a delegated funding scheme through Hi8us First Light Ltd, based in Birmingham, continued awards to enable children and young people to experience filmmaking and explore their talents using low-cost technology. A First Light Film Awards ceremony honouring the best films from the first year of the scheme and their young filmmakers, as judged by a panel of industry practitioners, was held in London's Leicester Square in February 2003.

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, and during the year, became firmly established in their respective regions through UK Film Council funding of £7.5 million, including £3 million from Lottery funds, available to these agencies. The UK Film Council's co-operation and collaboration on all aspects of film policy with Scottish Screen (for Scotland), Sgrîn Cymru Wales (for Wales) and the Northern Ireland Film Commission and a joint UK wide strategy was announced at the Edinburgh International Film Festival in August 2002.

In April 2002, the UK Film Council announced initiatives aimed at supporting and stimulating the specialised distribution and exhibition sector and expanding the range of films on offer to audiences across the UK. These measures now include – from Lottery funds to be received from Arts Council England – a Cinema Access pilot programme (£0.5 million), a Digital Exhibition Fund (£0.5 million) and a Cinema Screen Fund (£14 million over four years). These complement UK Film Council Lottery funded announcements of a Cinema Education Fund (£1 million a year), a Specialised Prints and Advertising Fund (£1 million a year) and a UK Film Distribution Programme (£1 million a year).

A Lottery supported Publications Fund (£0.1 million

for a trial year) was announced in February 2003 to broaden readership, increase editorial range and sustainability of film related publications.

With the renaming of the UK Film Council, the British Film Commission, which works 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 reflects the international strategy outlined in Sir Alan Parker's speech to the industry on 5 November 2002.

The UK Film Council's Research and Statistics Unit collects, analyses and distributes data about the UK film industry and the first comprehensive *Statistical Yearbook Film in the UK 2002* was published in May 2003. The UK Film Council continued to host the UK Media Desk created in October 2001. The Desk is linked to the European Commission's MEDIA Plus Programme and is based in London with an office in Northern Ireland.

#### 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.

**Sir Alan Parker CBE** – Chairman\*  
(retired by rotation and reappointed 30.7.02)  
**Stewart Till CBE** – Deputy Chairman\*  
(retired by rotation and reappointed 1.9.02)  
**Dawn Airey** (resigned 5.12.02)  
**Chris Auty** (retired by rotation 31.8.03)  
**Joan Bakewell CBE** (retired 31.12.02)  
**Tim Bevan**  
**Charles Denton\*** (retired by rotation 30.8.02)  
**Nigel Green** (appointed 7.10.02)  
**John Hill**  
**Duncan Kenworthy OBE\*** (retired by rotation 31.8.03)  
**Stephen Knibbs** (appointed 7.10.02)

**James Lee**  
**Colin Leventhal\*** (retired by rotation 30.8.02)  
**Anthony Minghella** (appointed 1.1.03)  
**Sarah Radclyffe**  
**Iain Smith\*** (retired by rotation and reappointed 1.9.02)  
**Parminder Vir OBE\***  
(retired by rotation and reappointed 1.9.02)  
**Paul Webster** (retired by rotation 31.8.03)

\*Directors who served on the Audit Committee in the year ending 31 March 2003

#### 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.

#### 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 accounts for the year ended 31 March 2003.

## RESULTS

The surplus for the year, after taxation, amounted to £2.25 million (2002: £15.07 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 for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds under the National Lottery 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 are confident that this represents the first step towards creating a sustainable and entrepreneurial British film industry. It is also developing a further series of measures, to be announced, which will further develop the UK Film Council's strategy and enable it to achieve the objectives set by the 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 accounts are prepared in accordance with the Accounts Direction which is available from the Company Secretary at 10 Little Portland Street, London W1W 7JG. Separate accounts are also prepared for the Lottery Fund.

## FUTURE DEVELOPMENTS

### AND EVENTS SINCE THE BALANCE SHEET DATE

In line with efforts to improve the UK film industry's profile and business opportunities on an international level, and to provide a single easily identifiable contact point for overseas film-makers interested in filming with and in the UK, the Film Council has changed its name to UK Film Council and the British Film Commission became UK Film Council International.

Also the UK Film Council has given approval to DNA Films to extend its Lottery franchise by investing the remaining £16 million of its award from 1997 into a joint venture with US film distributor, Fox Searchlight, which will invest an equal amount into the joint venture. The joint venture, which will trade as DNA Films, will produce and distribute British films worldwide. The Lottery franchise agreements of Pathé Pictures and The Film Consortium have each been extended for six months to assist their future business plans. These measures will make an important contribution to creating a sustainable UK film industry.

## 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. 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 the United Kingdom Film Council and on May 15 2003, the name change from United Kingdom Film Council to 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 14 days (2002: 12) and 99% of undisputed invoices were paid within 30 days of receipt into the Finance Department (2002: 96%).

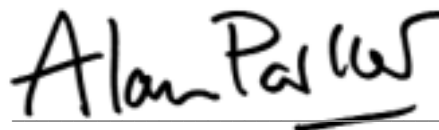
#### ANNUAL GENERAL MEETING

Elective resolutions are in force to allow pursuant to s366A of the Companies Act 1985, the company to dispense with holding annual general meeting in 2001 and subsequent years, and pursuant s252 of the Companies Act 1985, to dispense with laying accounts 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.

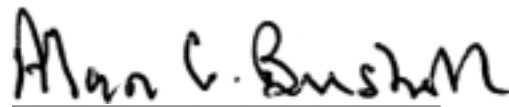
By the order of the Board



SIR ALAN PARKER CBE

Chairman

5 November 2003



ALAN BUSHELL

Secretary

5 November 2003

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Under its legislative framework the UK Film Council is required to prepare a statement of accounts for the financial 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 accounts 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 accounts 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.

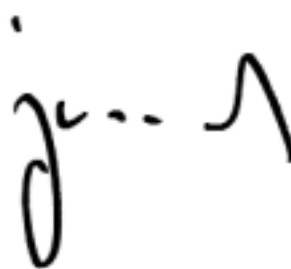
The Directors of the UK Film Council are required to:

- 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 accounts; and
- Prepare the accounts 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 accounts 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

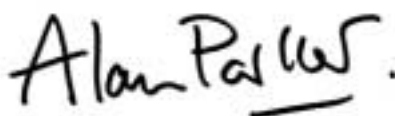
records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury.



**JOHN WOODWARD**

Chief Executive Officer

5 November 2003



**SIR ALAN PARKER CBE**

Chairman

5 November 2003

#### STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

As Accounting Officer, I have responsibility for ensuring that the UK Film Council maintains and operates a sound system of internal financial control that supports its 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 ensuring compliance with the requirements of the UK Film Council's Financial Memorandum.

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

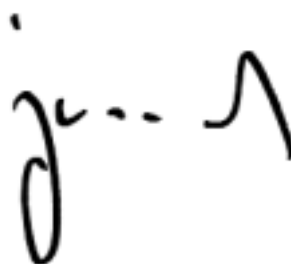
The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The procedures were in place for the period ended 31 March 2003 and up to the date of approval of the Annual Report and Accounts and accords with Treasury guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The UK Film Council has established the following procedures:

- 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.
- Recently established a risk management document setting out the UK Film Council's attitude to risk to maximise achievement of our objectives.
- The senior management teams agenda considers risk management and internal control on a regular basis.
- Maintenance of an organisation-wide risk register.
- A system of key performance and risk indicators.
- Risk management is incorporated in planning and decision-making.

UK Film Council internal audit services operate to standards defined in the Government Internal Audit Standards. The work of the Internal Auditors 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. 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 Auditor's independent opinion on the adequacy and effectiveness of UK Film Council's system of internal control during the report period together with recommendations for improvement.

My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, the senior managers within the UK Film Council, who have responsibility for the development and maintenance of the control framework and any comments made by the External Auditors in their management letter and other reports.



**JOHN WOODWARD**  
Chief Executive Officer  
5 November 2003

# Independent auditor's report to the members of UK Film Council

We have audited the group's accounts for the year ended 31 March 2003 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 26. These accounts 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 s235 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 auditor's 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 Accounts 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 accounts in accordance with relevant legal and regulatory requirements and UK Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. 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 accounts. Our responsibilities do not extend to any other information.

## BASIS OF AUDIT OPINION

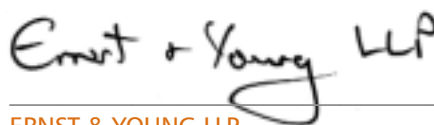
We conducted our audit in accordance with UK Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

## OPINION

In our opinion:

- The accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 2003 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  
5 November 2003

# UK Film Council

## Group income and expenditure account for the year ended 31 March 2003

	NOTES	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
<b>Group turnover</b>	2	<b>58,054</b>	<b>59,870</b>
<b>Awards</b>			
Grant-in-aid		(20,273)	(18,555)
Lottery – non-film rights		(5,515)	(3,829)
Arts Council England pre-committed expenditure		50	160
UK MEDIA Desk		(85)	-
British Film Commission (International Department)		(1,278)	(1,288)
Cost of sales		82	(288)
<b>Provisions and amortisation</b>			
Provisions against film rights	3	(22,860)	(16,349)
Provisions written back	3	400	951
Amortisation of negative goodwill		1,552	1,552
Other operating expenses	4	(8,222)	(7,840)
<b>Total Expenditure</b>		<b>(56,149)</b>	<b>(45,486)</b>
<b>Operating surplus</b>		<b>1,905</b>	<b>14,384</b>
Bank interest receivable		505	869
Notional cost of capital	8	(206)	(970)
<b>Operating surplus after notional costs</b>		<b>2,204</b>	<b>14,283</b>
Reversal of notional cost of capital		206	970
<b>Surplus on ordinary activities before taxation</b>		<b>2,410</b>	<b>15,253</b>
Tax on surplus on ordinary activities for the year	9	(156)	(182)
<b>Surplus for the year</b>		<b>2,254</b>	<b>15,071</b>
Surplus brought forward		91,015	75,944
<b>Surplus carried forward</b>		<b>93,269</b>	<b>91,015</b>

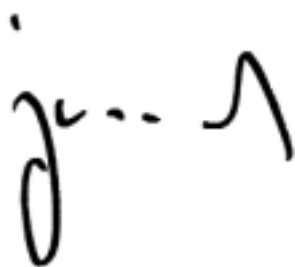
### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There have been no recognised gains or losses for the year ended 31 March 2003 or for the year ended 31 March 2002 other than as disclosed in the income and expenditure accounts above.

# UK Film Council

## Group balance sheet as at 31 March 2003

	Notes	2003 £000s	2002 £000s
<b>Fixed assets</b>			
Intangible assets	10	(3,103)	(4,655)
Tangible assets	11	1,378	1,542
		<b>(1,725)</b>	<b>(3,113)</b>
<b>Current assets</b>			
Film rights	12	27,403	26,292
Debtors	13	2,282	2,491
Balance at the National Lottery Distribution Fund	14	75,573	67,655
Cash at bank and in hand	15	8,498	8,826
		<b>113,756</b>	<b>105,264</b>
<b>Creditors: amounts falling due within one year</b>			
Award commitments	17	15,289	6,854
Creditors	18	3,473	4,282
		<b>18,762</b>	<b>11,136</b>
<b>Net current assets</b>		<b>94,994</b>	<b>94,128</b>
<b>Total assets less current liabilities</b>		<b>93,269</b>	<b>91,015</b>
<b>Capital and reserves</b>			
General reserve	23	2,048	(109)
Grant-in-aid reserve	23	4,289	2,604
Lottery reserve	23	86,932	88,520
		<b>93,269</b>	<b>91,015</b>



**JOHN WOODWARD**  
Chief Executive Officer  
5 November 2003

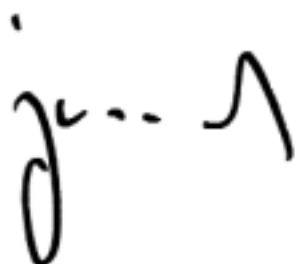


**SIR ALAN PARKER CBE**  
Chairman  
5 November 2003

# UK Film Council

## Company balance sheet as at 31 March 2003

	Notes	2003 £000s	2002 £000s
<b>Fixed assets</b>			
Tangible assets	11	1,279	1,468
		1,279	1,468
<b>Current assets</b>			
Film rights	12	25,837	23,729
Debtors	13	1,971	2,005
Balance at the National Lottery Distribution Fund	14	75,573	67,655
Cash at bank and in hand	15	3,739	5,002
		107,120	98,391
<b>Creditors: amounts falling due within one year</b>			
Award commitments	17	15,289	6,854
Creditors	18	1,889	1,881
		17,178	8,735
<b>Net current assets</b>		<b>89,942</b>	<b>89,656</b>
<b>Total assets less current liabilities</b>		<b>91,221</b>	<b>91,124</b>
<b>Capital and reserves</b>			
Grant-in-aid reserve	23	4,289	2,604
Lottery reserve	23	86,932	88,520
		91,221	91,124



JOHN WOODWARD  
Chief Executive Officer  
5 November 2003



SIR ALAN PARKER CBE  
Chairman  
5 November 2003



# UK Film Council

## Group statement of cashflows

### for the year ended 31 March 2003

	NOTES	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
<b>Net cash (outflow)/inflow from operating activities</b>	5	(288)	(20,221)
<b>Returns on investments and servicing of finance</b>			
Bank interest received		503	913
<b>Taxation</b>			
Tax paid		(431)	(261)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(112)	(229)
<b>Decrease in cash</b>	<b>15</b>	<b>(328)</b>	<b>(19,798)</b>

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	NOTES	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
Decrease in cash		(328)	(19,798)
Change in net funds resulting from cashflows	15	(328)	(19,798)
Net funds at 1 April		8,826	28,624
<b>Net funds at 31 March</b>	<b>15</b>	<b>8,498</b>	<b>8,826</b>

# Notes to the accounts

## NOTE 1: ACCOUNTING POLICIES

### A) BASIS OF PREPARATION

These accounts are prepared under the modified historical cost convention. The difference between the value of fixed assets and stocks determined on a historical cost basis and on a current cost basis is not material.

The accounts 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, except that certain headings have been amended in order to reflect special circumstances of the group, and in accordance with applicable accounting standards.

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

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 accounts consolidate the accounts of the UK Film Council and all its subsidiary undertakings drawn up to 31 March 2003. An income and expenditure account is not presented for the UK Film Council as permitted by section 230 of the Companies Act 1985.

### C) 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 amortised through the income and expenditure account. The negative goodwill arises substantially from recoverable loans to filmmakers and is being amortised over a five year period from 1 April 2000, the date of effective control, to match the period of expected loan recoupment.

### D) ACCRUALS CONVENTION

Income and expenditure is accounted for on a receivable basis except for Arts Council England and UK Film Council portfolio recoupment which is 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.

### 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
- 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 value may not be recoverable.

# Notes to the accounts continued

## 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 accounts 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 accounts.

## 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. 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.

## 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 the 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) 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.

## 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:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all the available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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 company operates a defined benefit pension scheme open to all employees, which requires contributions to be made to a separately administered fund.

Contributions to this fund are charged in the income and expenditure account so as to spread the cost of pensions over the employees' working lives within the UK Film Council. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

#### 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

	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
<b>UK Film Council Lottery funding</b>		
Share of proceeds	27,994	33,675
Net Investment from the National Lottery Distribution Fund	4,422	2,904
Recoupment income		
UK Film Council portfolio	152	–
Arts Council England portfolio	267	1,645
Other income	–	2
	32,835	38,226
<b>UK Film Council Grant-in-aid funding</b>		
Voted by Parliament and paid in full	24,110	20,860
Other income	383	261
	24,493	21,121
<b>British Screen Finance Group income</b>		
Sales of film rights	296	4
Interest received from film loans	44	85
Recoupment income	270	190
Fees receivable	114	214
Other income	2	30
	726	523
<b>Total turnover</b>	<b>58,054</b>	<b>59,870</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.

# Notes to the accounts continued

## NOTE 3: PROVISIONS AGAINST FILM RIGHTS

	YEAR ENDED 31 MARCH 2003	YEAR ENDED 31 MARCH 2002
	£000s	£000s
<b>Provisions made</b>		
British Screen Finance loans	153	1,896
British Screen Finance development loans	13	169
European Co-production Fund loans	190	618
European Co-production Fund development loans	–	13
UK Film Council film awards	22,504	13,653
	<b>22,860</b>	<b>16,349</b>
<b>Provisions written back</b>		
British Screen Finance loans	273	78
British Screen Finance short films	1	1
British Screen Finance development loans	29	60
National Film Finance Corporation	25	35
European Co-production Fund loans	72	298
UK Film Council film awards	–	479
	<b>400</b>	<b>951</b>

## NOTE 4: OTHER OPERATING EXPENSES

This is stated after charging:

	YEAR ENDED 31 MARCH 2003	YEAR ENDED 31 MARCH 2002
	£000s	£000s
Depreciation	304	238
Auditor's remuneration – internal	9	15
Auditor's remuneration – Ernst & Young LLP	31	31
Operating lease rentals – land & buildings	342	342

In addition, for the audit of the National Lottery accounts, the National Audit Office remuneration was £16,000 for the year ended 2003 and £15,000 for the year ended 2002.

## NOTE 5: STATEMENT OF CASH FLOWS

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

	YEAR ENDED 31 MARCH 2003	YEAR ENDED 31 MARCH 2002
	£000s	£000s
Operating surplus	1,905	14,384
Depreciation	304	238
Amortisation of negative goodwill	(1,552)	(1,552)
Provision of losses on loans	22,860	16,349
Provisions written back	(400)	(951)
Loans advanced	(32,027)	(28,367)
Decommitments	410	576
Receipts from loans	8,046	3,702
Decrease/(increase) in debtors	585	(27,843)
(Decrease)/increase in creditors	(419)	3,243
<b>Net cash outflow from operating activities</b>	<b>(288)</b>	<b>(20,221)</b>

## NOTE 6: STAFF COSTS

Directors' remuneration (including daily allowances) is:

	YEAR ENDED 31 MARCH 2003	YEAR ENDED 31 MARCH 2002
	£s	£s
Joan Bakewell (resigned 31.12.02)	1,330	1,203
Colin Leventhal (retired 30.8.02)	760	1,388
Sarah Radclyffe	1,330	2,128
Parminder Vir	2,090	3,053
	<b>5,510</b>	<b>7,772</b>

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

	YEAR ENDED 31 MARCH 2003	YEAR ENDED 31 MARCH 2002
	£000s	£000s
Wages and salaries	3,554	3,401
Social Security costs	329	336
Other pension costs	278	185
	<b>4,161</b>	<b>3,922</b>

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

	YEAR ENDED 31 MARCH 2003	YEAR ENDED 31 MARCH 2002
	No.	No.
Management and administration	84	80

The remuneration of the Chief Executive Officer was:

	YEAR ENDED 31 MARCH 2003 £s	YEAR ENDED 31 MARCH 2002 £s
<b>John Woodward – age 42</b>		
Salary and benefits	112,362	100,617
Bonus	22,472	19,848
<b>Total</b>	<b>134,834</b>	<b>120,465</b>
Pension contribution	17,978	14,965

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

	AGE	TOTAL REMUNERATION YEAR ENDED 31 MARCH 2003 £000s	PENSION ACCRUED AT 65 AS AT 31 MARCH 2003 £000s	INCREASE TO PENSION ACCRUED DURING 2002/03 £000s	TOTAL REMUNERATION YEAR ENDED 31 MARCH 2002 £000s
<b>Robert Jones</b>					
Head of the Premiere Fund	42	165-170	5.0-7.5	0-2.5	150 – 155
<b>Paul Trijbits</b>					
Head of the New Cinema Fund	41	115-120	2.5-5.0	0-2.5	100 – 105
<b>Jenny Borgars</b>					
Head of the Development Fund	32	110-115	0-2.5	0-2.5	80 – 85
<b>Peter Buckingham</b>					
Head of Distribution & Exhibition (from 4.11.02)	47	45-50	0-2.5	0-2.5	–
<b>Steve Norris</b>					
British Film Commissioner	44	120-125	2.5-5.0	0-2.5	105 – 110
<b>Carolyn Lambert</b>					
Head of Policy (to 30.6.02)	60	15-20	–	0-2.5	70-75
<b>Jackie O’Sullivan</b>					
Head of Business Affairs (to 30.4.02)	41	0-5	–	–	100 – 105
<b>Will Evans</b>					
Head of Business Affairs (from 2.9.02)	48	85-90	–	–	–
<b>Alan Bushell</b>					
Chief Operating Officer	52	105-110	0-2.5	0-2.5	60-65
<b>Iain Hepplewhite</b>					
Head of Communications (from 12.9.02)	36	45-50	0-2.5	0-2.5	–

John Woodward and Will Evans are both members of private pension schemes to which monetary contributions were made during the year. Jenny Borgars became a member of the company pension scheme during the year and contributions were made to her private scheme until November 2002.

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.

# Notes to the accounts 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 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 Assembly for its actions. The scheme is contributory for both employee and employer. Employer contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The contributions to the defined benefit scheme were £0.22 million in the year to 31 March 2003 (2002: £0.16 million), all relating to current service costs.

### SSAP 24 DISCLOSURE

The SSAP 24 disclosure of the last triennial scheme valuation conducted at 31 March 2001 follows. The main actuarial assumptions applied in this valuation were:

Market value of scheme's assets (whole fund)	£2,981.3 million
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	101%
Price increases	2.8%
Salary increases	4.3%
Pension increases	2.8%
Discount rate	6.6%

### FRS 17 DISCLOSURE

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 2003. Scheme assets are stated at their market value as at 31 March 2003 and the assets and liabilities of the London Pension Fund Authority and the expected rate of return as at 31 March 2003 are:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM	FUND VALUE AT 31 MARCH 2003 £000s	EXPECTED RETURN PER ANNUM £000s
Equities	8.0%	893,200	71,460
Bonds	4.8%	153,400	7,360
Property	6.0%	–	–
Cash	7.4%	33,200	1,330
		<b>1,079,800</b>	<b>80,150</b>

	31 MARCH 2003 % PER ANNUM	31 MARCH 2002 % PER ANNUM
Price increases	2.5%	2.8%
Salary increases	4.0%	4.3%
Pension increases	2.5%	2.8%
Discount rate	6.1%	6.4%

Net pension assets for the UK Film Council:

	31 MARCH 2003 £000s	31 MARCH 2002 £000s
Estimated UK Film Council share of the assets	841	735
Present value of scheme liabilities attributable to the UK Film Council	947	539
Total value of liabilities	947	539
<b>Net pension (liability)/asset attributable to the UK Film Council</b>	<b>(106)</b>	<b>196</b>

Analysis of the amount charged to operating surplus:

	31 MARCH 2003 £000s
Service cost	186
Curtailment and settlements	17
<b>Total operating charge</b>	<b>203</b>

Analysis of the amount credited to other financial income:

	<b>31 MARCH 2003</b> <b>£000s</b>
Expected return on employer assets	47
Interest on pension scheme liabilities	(34)
<b>Net return</b>	<b>13</b>
<b>Net revenue account cost</b>	<b>190</b>

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

If the actuarial loss were to be disclosed in the accounts, the disclosure in the STRGL would be:

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

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

	<b>31 MARCH 2003</b> <b>£000s</b>
<b>Surplus at 1 April 2002</b>	<b>196</b>
Current service cost	(186)
Employer contributions	217
Impact of settlements and curtailments	(17)
Net return on assets	13
Actuarial losses	(329)
<b>Deficit at 31 March 2003</b>	<b>(106)</b>

If this pension liability were to be disclosed in the accounts, the effect on the balance sheet and reserves as at 31 March 2003 would be:

	<b>£000s</b>
Net assets and reserves excluding pension liability as at 31 March 2003	93,269
FRS 17: Pension liability	(106)
<b>Net assets and reserves including pension liability as at 31 March 2003</b>	<b>93,163</b>

#### History of experience gains and losses

	<b>31 MARCH 2003</b> <b>£000s</b>
Difference between the expected and actual return in assets	(315)
Value of assets	841
<b>Percentage of assets</b>	<b>(37.5%)</b>
Experience losses on liabilities	(14)
Present value of liabilities	947
<b>Percentage of the present value of liabilities</b>	<b>(1.5%)</b>
Actuarial losses recognised in STRGL	(329)
Present value of liabilities	947
<b>Percentage of the present value of liabilities</b>	<b>(34.8%)</b>

#### 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 Department for Culture, Media and Sport grant assets was 6% (2002: 6%) and Lottery assets 0% (2002: 6%).



# Notes to the accounts continued

## NOTE 9: TAXATION

	31 MARCH 2003 £000s	31 MARCH 2002 £000s
Corporation tax payable for current year	126	182
Under provision in respect of prior years	30	–
	<b>156</b>	<b>182</b>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	31 MARCH 2003 £000s	31 MARCH 2002 £000s
Surplus on ordinary activities before taxation	2,410	15,253
Surplus on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30% (2002: 30%)	723	4,576
Effects of UK Film Council surplus not chargeable to UK corporation tax	(466)	(4,617)
Adjustment regarding British Screen Finance group	(131)	223
Current tax charge for the period	126	182
Under provision in respect of prior years	30	–
	<b>156</b>	<b>182</b>

## NOTE 10: INTANGIBLE FIXED ASSETS

	GOODWILL £000s	TOTAL £000s
<b>Cost:</b>		
At 1 April 2002 and 31 March 2003	(7,759)	(7,759)
<b>Amortisation:</b>		
At 1 April 2002	3,104	3,104
Write back for the year	1,552	1,552
At 31 March 2003	4,656	4,656
<b>Net book value:</b>		
At 1 April 2002	(4,655)	(4,655)
At 31 March 2003	(3,103)	(3,103)

## NOTE 11: TANGIBLE FIXED ASSETS

GROUP	SHORT LEASEHOLD IMPROVEMENTS £000s	IT EQUIPMENT £000s	OFFICE EQUIPMENT £000s	TRANSFERRED ASSETS £000s	TOTAL £000s
<b>Cost:</b>					
At 1 April 2002	1,453	226	332	39	2,050
Additions	50	89	1	–	140
Disposals	–	–	–	(39)	(39)
At 31 March 2003	1,503	315	333	–	2,151
<b>Depreciation:</b>					
At 1 April 2002	192	121	156	39	508
Charge for the year	130	87	87	–	304
Disposals	–	–	–	(39)	(39)
At 31 March 2003	322	208	243	–	773
<b>Net book value:</b>					
At 1 April 2002	1,261	105	176	–	1,542
At 31 March 2003	1,181	107	90	–	1,378

COMPANY	SHORT LEASEHOLD IMPROVEMENTS £000s	IT EQUIPMENT £000s	OFFICE EQUIPMENT £000s	TRANSFERRED ASSETS £000s	TOTAL £000s
<b>Cost:</b>					
At 1 April 2002	1,390	226	304	39	1,959
Additions	6	37	6	–	49
Disposals	–	–	–	(39)	(39)
At 31 March 2003	1,396	263	310	–	1,969
<b>Depreciation:</b>					
At 1 April 2002	184	121	147	39	491
Charge for the year	94	66	78	–	238
Disposals	–	–	–	(39)	(39)
At 31 March 2003	278	187	225	–	690
<b>Net book value:</b>					
At 1 April 2002	1,206	105	157	–	1,468
At 31 March 2003	1,118	76	85	–	1,279

# Notes to the accounts continued

## NOTE 12: FILM RIGHTS

GROUP	BRITISH SCREEN FINANCE LIMITED £000s	EUROPEAN CO-PRODUCTION FUND LIMITED £000s	UK FILM COUNCIL £000s	TOTAL £000s
At 1 April 2002	1,888	675	23,729	26,292
Advances	138	31	31,858	32,027
Repayments	(1,065)	(145)	(6,836)	(8,046)
Decommitments	–	–	(410)	(410)
Deprovisions	328	72	–	400
Provisions	(166)	(190)	(22,504)	(22,860)
<b>At 31 March 2003</b>	<b>1,123</b>	<b>443</b>	<b>25,837</b>	<b>27,403</b>

COMPANY	LOTTERY £000s	TOTAL £000s
At 1 April 2002	23,729	23,729
Advances	31,858	31,858
Repayments	(6,836)	(6,836)
Decommitments	(410)	(410)
Provisions	(22,504)	(22,504)
<b>At 31 March 2003</b>	<b>25,837</b>	<b>25,837</b>

## NOTE 13: DEBTORS

GROUP	2003 £000s	2002 £000s
Trade debtors	629	581
Prepayments and accrued income	508	173
VAT receivable	930	1,609
Other debtors	215	128
	<b>2,282</b>	<b>2,491</b>

COMPANY	2003 £000s	2002 £000s
Due from subsidiary undertakings	378	153
Prepayments and accrued income	477	122
VAT receivable	929	1,606
Other debtors	187	124
	<b>1,971</b>	<b>2,005</b>

## NOTE 14: BALANCE AT THE 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. However, the share attributable to the UK Film Council is as shown in the accounts and, at the balance sheet date, had 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 year commitments.

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 as at the year-end.

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

	2003 £000s	2002 £000s
Opening balance held at the National Lottery Distribution Fund	67,655	41,470
National Lottery income	27,994	33,674
Investment returns on held income	4,422	2,904
Available for distribution	100,071	78,048
Amounts drawn down	(24,498)	(10,393)
<b>Closing market value</b>	<b>75,573</b>	<b>67,655</b>

At 31 March 2003 the cost of the fund was £75.96 million (2002: £68.97 million) unrealised losses of £0.39 million (2002: £0.42 million) were charged to the investment returns to leave the market value of £75.57 million (2002: £67.65 million).

## NOTE 15: CASH AND LIQUID RESOURCES

	1 APRIL 2002 £000s	NET CASH FLOW £000s	31 MARCH 2003 £000s
<b>Group</b>			
Cash at bank and in hand	8,826	(328)	8,498
<b>Company</b>			
Cash at bank and in hand	5,002	(1,263)	3,739

## NOTE 16: FINANCIAL INSTRUMENTS

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 2002/03, £27.99 million (48%) (2002: £33.68 million, 31%) of the UK Film Council's income derived from the National Lottery. £24.11 million (41%) arose from Grant-in-aid funding allocated by the Department for Culture, Media and Sport (2002: £20.86 million, 34%). The remaining income derived from investment returns from the balance held with the National Lottery Distribution Fund £4.42 million (8%) (2002: £2.90 million, 5%); recoupment income from film rights £0.42 million (1%) (2002: £1.65 million, 3%); income arising from British Screen Group £0.73 million, (1%) (2002: £0.52 million, 1%); and bank interest and sundry income £0.89 million (2%) (2002: £1.28million, 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 £79.05 million at the balance sheet date (2002: £72.33 million), sufficient liquid resources are available to cover all current hard and soft commitments totalling £56.35 million (2002: £60.60 million) and any related creditors. In addition the year-end cash balances not attributable to Lottery of £5.02 million (2002: £4.15 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 £75.57 million (2002: £67.66 million) and the average investment return for the year was 6.2% (2002: 5.3%).

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 5.8% (2002: 4.6%). The group cash balance at the year-end was £8.50 million (2002: £8.83 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

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

	2003 £000s	2002 £000s
<b>Soft commitments</b>		
Soft commitments brought forward	53,743	65,201
Soft commitments made	26,881	19,258
Soft commitments transferred back from hard commitments	298	652
Soft decommitments	(2,487)	(4,619)
Soft decommitments from prior years re-instated	-	4,601
Soft commitments transferred to hard commitments	(37,378)	(31,350)
<b>Balance of soft commitments outstanding carried forward</b>	<b>41,057</b>	<b>53,743</b>

# Notes to the accounts continued

	2003 £000s	2002 £000s
<b>Hard commitments</b>		
Hard commitments brought forward	6,854	3,859
Hard commitments made	37,378	31,350
Hard decommitments	(167)	(83)
Hard commitments where payments refunded to the UK Film Council	701	38
Hard commitments transferred to soft commitments	(298)	(652)
Hard commitments met in the period to 31 March 2003	(29,179)	(27,658)
<b>Balance of hard commitments outstanding carried forward</b>	<b>15,289</b>	<b>6,854</b>

Of the £41.05 million soft commitments as at 31 March 2003, £31.78 million is the outstanding element relating to the three franchises (2002: £44.78 million).

New hard commitments made during the year comprise:

	2003 £000s	2002 £000s
Film rights	31,858	27,519
First Light award scheme	1,000	1,000
Regional award scheme	2,984	2,136
Training award scheme	1,536	695
	<b>37,378</b>	<b>31,350</b>

Ageing of hard commitments	2003 £000s	2002 £000s
2001/02	-	6,854
2002/03	15,289	-
	<b>15,289</b>	<b>6,854</b>

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

	2003 £000s	2002 £000s
<b>Group</b>		
Trade creditors	1,967	2,580
Accruals and deferred income	1,130	926
Corporation tax	126	411
Other creditors and Social Security	250	365
	<b>3,473</b>	<b>4,282</b>

	2003 £000s	2002 £000s
<b>Company</b>		
Trade creditors	532	358
Accruals and deferred income	1,105	820
Corporation tax	62	405
Other creditors and Social Security	190	298
	<b>1,889</b>	<b>1,881</b>

## NOTE 19: DEFERRED TAXATION

The company had no potential liability to deferred taxation at 31 March 2003 (31 March 2002: £nil).

## NOTE 20: LEASES

As at 31 March 2003, the UK Film Council had annual commitments under a non-cancellable operating lease relating to land and buildings as set out below:

	2003 £000s	2002 £000s
Operating lease which expires in over five years	315	315

## NOTE 21: CAPITAL COMMITMENTS

As at 31 March 2003 the UK Film Council had no capital commitments outstanding (31 March 2002: £nil).

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

As at 31 March 2003 the UK Film Council had Grant-in-aid commitments for 2003 /04 as follows:

British Film Institute	14,500,000
Regional and national awards	5,005,000

## NOTE 23: MOVEMENTS IN RESERVES

	GENERAL RESERVE £000s	GRANT-IN-AID RESERVE £000s	LOTTERY RESERVE £000s	TOTAL £000s
<b>Group</b>				
At 1 April 2001	584	2,331	73,029	75,944
Surplus/(deficit) for the year	(693)	273	15,491	15,071
At 1 April 2002	(109)	2,604	88,520	91,015
Surplus/(deficit) for the year	2,157	1,685	(1,588)	2,254
At 31 March 2003	2,048	4,289	86,932	93,269
<b>Company</b>				
At 1 April 2001		2,331	73,029	75,360
Surplus for the year		273	15,491	15,764
At 1 April 2002		2,604	88,520	91,124
Surplus/(deficit) for the year		1,685	(1,588)	97
At 31 March 2003		4,289	86,932	91,221

## NOTE 24: INVESTMENTS

The UK Film Council's subsidiary undertaking at 31 March 2003 was:

	ORDINARY SHARES OF £1 EACH	HOLDING
British Screen Finance	4,200,078	100%

As the subsidiary was acquired by the UK Film Council at the 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:

	ORDINARY SHARES OF £1 EACH	HOLDING
<b>Subsidiary undertakings</b>		
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.

# Notes to the accounts continued

ORGANISATION	NAME	RELATIONSHIP TO UK FILM COUNCIL	RELATIONSHIP TO RECIPIENT ORGANISATIONS	AWARDS
<b>National Lottery awards</b>				
Civilian Content Plc (parent company of The Film Consortium/The Works) Entertainment Group (as co-financier/distributor)	John Christopher Auty	Director	Director	£9,511,617
Fever Ltd	Nigel Green	Director	Managing Director	£4,346,867
FilmFour Ltd (direct or as co-financier)	Sarah Radclyffe	Director	Director	£16,500
Moonstone	Paul Webster	Director	Chief Executive	£845,503
S Films Ltd	Anthony Minghella	Director	Advisor	£190,000
Scottish Screen (as co-financier)	Sarah Radclyffe	Director	Managing Director	£3,480
The Script Factory	James Lee	Director	Chairman	£460,500
	Anthony Minghella	Director	Artistic Advisor	£274,750
<b>Grant-in-aid awards</b>				
British Film Institute	Joan Bakewell	Director (to 31.12.02)	Chairman (to 31.12.02)	£14,500,000
	Anthony Minghella	Director (from 1.1.03)	Chairman (from 1.1.03)	
British Screen Advisory Commission	Dawn Airey	Director (to 5.12.03)	Member	£40,000
	John Christopher Auty	Director	Member	
	Steve Norris	Employee	Member	
	John Woodward	Employee	Member	
Cinema Marketing Association	John Woodward	Employee	Director	£50,000
London Film Commission	Alan Bushell	Employee	Director	£250,000
	Chris Chandler	Employee	Director	
	Steve Norris	Employee	Director	
	Clare Wise	Employee	Director	
National Film and Television School	Timothy Bevan	Director	Governor & Trustee	£25,000
	Duncan Kenworthy	Director	Governor	
	Stewart Till	Director	Trustee	
Production Guild of Great Britain	Iain Smith	Director	Vice-President	£30,000
	Steve Norris	Employee	Hon Member	
Scottish Screen	James Lee	Director	Chairman (to 31.5.02)	£45,000
	Iain Smith	Director	Director (from 1.2.03)	
Skillset	Dawn Airey	Director (to 5.12.02)	Patron	£50,000
	Stewart Till	Director	Vice-Chairman	
	Parminder Vir	Director	Patron	
	John Woodward	Employee	Director	

All Directors (excepting Joan Bakewell) and a number of staff of UK Film Council are members of BAFTA which received a £20,000 Grant-in-aid sponsorship award during the year ended 31 March 2003.

# Schedules to the accounts

## SCHEDULE 1: GRANT-IN-AID AWARDS IN THE YEAR ENDING 31 MARCH 2003

	£		
Black Filmmaker Magazine	5,000	National Film and TV School	25,000
Black Film & Television Awards	8,000	New Producers Alliance	35,000
British Academy of Film and Television Arts	20,000	North West Vision Ltd	525,000
British Federation of Film Societies	100,000	Northern Film & Media Ltd	400,000
British Film Institute	14,500,000	Northern Ireland Film Commission	200,000
British Film Office in Los Angeles	100,000	Production Guild of Great Britain	32,000
British Screen Advisory Council	40,000	Raindance – Digital Awards	2,000
Cinema Marketing Association	50,000	Rotterdam Cinemart	8,117
Dinard Film Festival	21,322	Scottish Screen	45,000
EM-Media Ltd	590,000	Screen East Ltd	530,000
Employers Forum on Disability	4,000	Screen South Ltd	432,000
European Film Awards	25,000	Screen West Midlands Ltd	400,000
Film Education National Film Schools Week	100,000	Sgrîn Cymru Wales	160,000
Grierson Documentary Awards	30,000	Skillset	50,000
House of Holland	3,878	Split Screen - European Database	50,000
IFP New York - No Borders	9,031	South West Screen Ltd	451,000
London Film and Video Development Agency	550,000	Vertigo magazine	15,000
London Film Commission	250,000	Women in Film & Television Script Award	5,000
Michael Powell Award -		Yorkshire Regional Awards	471,930
Edinburgh International Festival	30,000		<b>20,273,278</b>

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2003

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

PRODUCER	FILM	£
4 Way Pictures	The Dope Priest	5,500
50 Cannon Entertainment UK	Box of Delights	5,000
Alliance Atlantis t/a Momentum Pictures Ltd	Are You Experienced	45,000
Archer Street Tigerlily Films Ltd	Development slate	73,750
Autonomous Ltd	Sex Planet	10,000
Autonomous Ltd	Development slate	216,000
AWOL Films Ltd	A Way of Life – pilot	10,000
B3 Media Ltd	Digital shorts	40,000
Babydoll Productions Ltd	The Liar, the Bitch & the Wardrobe Mistress (aka Untitled Black Comedy)	8,000
Bend It Films Ltd	Development slate	115,000
Bent Films Ltd	Home Movie	9,999
Big Pond Productions	Untitled Marc Evans Project	19,040
Big Talk Productions Ltd	Tashkent Girls	16,000
Blackwatch Productions Ltd	Viral shorts scheme	27,500
Bolex Brothers (SHP) Ltd	Shock Headed Peter	2,000
Bolex Brothers (Suckers) Ltd	Suckers	33,500
Box Films Ltd	Sci-fi fund/New Steps Beyond	94,000
Cafe Productions Ltd	Big Blue and the Humanoid	178,117
Canteen Culture Ltd	Canteen Culture	29,750



# Schedules to the account continued

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

PRODUCER	FILM	£
Century Films Ltd	Trafficked	7,332
Channel X Communications Ltd	Development slate	60,000
Cloud Nine Films Ltd	Dust	8,500
CNC shorts scheme	Championship	2,620
Coded Pictures	One Wish (working title)	43,700
Common Features Ltd	Entering Blue Zone	3,500
Company Films Ltd	Development slate	100,000
Company of Wolves Ltd	Intermission	570,000
Company Pictures Ltd	Development slate	130,000
Cougar Films Ltd	Black Ice	34,500
Courtland Productions Ltd	Above the Clouds	45,000
Darlow Smithson Productions Ltd	Touching the Void	335,000
David Aukin Productions Ltd	West Bank	64,500
Deep Blue River Films Ltd	One Fine Day in the Middle of the Night	12,600
Devotion Films Ltd	Sex Lives of the Potato Men	1,808,372
Ecosse Films Ltd	Development slate	250,000
EMMI Ltd	Digital shorts	40,000
Fat Melon Films Ltd	Gods of War	16,000
Feelgood Fiction Ltd	The Rose of Tralee	13,500
Fever Ltd	Fever	16,500
First Film Company Ltd	Night Train	9,349
Firstsight Films Ltd	The Witchfinder General	91,000
Footprint Films Ltd	Waterloo Sunset	26,784
Fragile Films Ltd	Valiant	2,580,645
Fragile Films Ltd	Development slate	200,000
Fugue Films Ltd	Revolving Door	64,000
Gabriel Films Ltd	Development slate	66,000
Gayle Griffiths Productions Ltd	Kiss of Life (aka Helen of Peckham)	125,000
George Webster	Bob's Ark	10,000
Giant Films Ltd	Anatomy of Grief – pilot	9,980
Granada Film Ltd	Vanity Fair	2,583,000
Gruber Films Ltd	Development slate	200,000
Halycon Films Ltd	Whacked! (Completion Fund)	2,500
Hanthum Films Ltd	Run	17,857
Hijra Films	Hijra	16,000
Holdings Ecosse Ltd	VIY	19,000
Holy Cow Films Ltd	Adult Behaviour (aka Family Entertainment, aka Lifesaving)	7,800
Holy Cow Films Ltd	Richmond Project	5,500
Home Movies Ltd	Tomorrow La Scala! (aka Sweeney)	41,906
Hurricane Films Ltd	List <sup>3</sup>	4,500
Icon Entertainment International	This is your Life	18,750
Ideal Word Productions Ltd	Ideal World development scheme	58,137
Illumination Films Ltd	Signal to Noise	10,000
Impact Pictures Ltd	The Dark	48,666

**FILM AWARDS TO NON-FRANCHISEES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)**

<b>PRODUCER</b>	<b>FILM</b>	<b>£</b>
Impact Pictures Ltd	Development slate	108,500
Intermedia Film and Video (Nottingham) Ltd	One for the Road	240,000
Jamperswang Ltd	You Don't Know My Kids	27,000
Joelle Bentolila t/a Cracking Film Productions	Cracks	3,500
Jolyon Symonds Productions Ltd	A Family Business	23,013
Kismet Film Company Ltd	Ugly Streakers	18,750
Kiss It Productions Ltd	Kiss It	13,265
Kudos Film and Television Ltd	A Spy by Nature	36,000
Kuhn & Co Ltd	Development slate	250,000
Lighthouse Entertainment Ltd	Digital shorts	45,000
Lithium Films Ltd	Jetpac Willie (Completion Fund)	3,000
Litmus Productions Ltd	Patrick Robertson	27,000
Little Bird Company Ltd	Development slate	150,000
Lucy Daniel Raby	Young Santa	11,395
Makar Productions Ltd	The Chosen	20,000
Martin Pope Productions Ltd	Untitled - Hunter and Hunsinger	5,000
Merchant Ivory Productions Ltd	Independent People	42,000
Mission Pictures Ltd	Development slate	250,000
Monogram Pictures Ltd	Mapping the Edge	9,500
Montego Films Ltd	One Love	440,000
Nick Brooks & Laura Kelly	Ozone	6,164
North West Vision Ltd	Digital shorts	45,000
Number 9 Films Ltd	Hendrix	94,000
October Films Ltd	Development slate	150,000
One Love Films Ltd	One Love	481,827
One Way Film & Television Ltd	Swim to America	1,620
Orangetop Ltd	Waxers	1,500
Oscar Films Ltd	Little Sisters	15,110
Parallax Pictures Ltd	Blind Flight	460,500
Passion Pictures Ltd	Live Forever	12,249
Passion Pictures Ltd	Development slate	100,000
Peter Chelsom Productions Ltd	The Freddie Randall Story	250,000
Pipedream Pictures Ltd	Ghosthunters	90,000
Provocative Pictures Ltd	F2.8	2,500
Recorded Picture Company Ltd	Development slate	300,000
Regional Writers Scheme	Regional writers scheme	225,000
Revolution Films Ltd	Code 46	1,565,063
Richard Alwyn	Newlyn	4,000
Richard Vincent	These Things Stay	1,400
Robert Fox Ltd t/a Fox Phillips	Development slate	160,000
Rubicon Pictures Ltd	The Third Day	18,250
Rubicon Pictures Ltd	The Dead Wait	4,500
Ruby Films Ltd	Untitled Love Story (aka Ted & Sylvia)	1,460,000
Ruby Films Ltd	Development slate	170,000
Ruth Coulson t/a Rumour Productions	Friday Night In	4,000

# Schedules to the accounts continued

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

PRODUCER	FILM	£
S Films Ltd	Fever	3,480
Sadly Compromised Film Productions Ltd	My Other Wheelchair is a Porsche	6,664
Samuelson Productions Ltd	The Devil's Assassin	16,500
Samuelson Productions Ltd	The Peacock Manifesto	69,750
Scala Productions Ltd	Du Quesne's Boys	23,800
Screen East Ltd	Digital shorts	45,000
Screen West Midlands Ltd	Digital shorts	45,000
Sgrin Ltd	Digital shorts	50,000
Shine Entertainment Ltd	Friends Forever	24,500
Shine Entertainment Ltd	Steer Wood	24,500
Shona Productions Ltd	Development slate	44,200
Silver Fox Films Ltd	Water Warriors	35,000
Slate Films Ltd	Girls at War	30,210
Spirit Dance (UK) Ltd	Ten	229,544
Staccato Films Ltd	Sportsman of the Century	10,000
Starfield Productions Ltd	Meera Syal's Untitled Irish Project	101,500
Stink Ltd	A Changed Man	25,000
Stones in his Pockets Ltd	Stones in his Pockets – pilot	11,638
Strange Dog Ltd	Finding Out	300,000
Suzie Smith	Being Me	6,500
Swag Pictures Ltd	Mrs Ratcliffe's Revolution	70,000
Synergen Films Ltd	Divine	2,500
Tall Stories Ltd	Development slate	50,000
Tantrum Films Ltd	A Way of Life	350,000
Tartan Works Ltd	The Purifiers – pilot	10,000
Telescope Pictures Ltd	The Eustace Diamonds	15,600
The Agency Ltd	Rent-a-Wife	5,000
The Bureau Film Company Ltd	Noi the Albino	5,872
The Bureau Film Company Ltd	So What?	12,250
Thin Man Films Ltd	Mike Leigh Untitled 03	777,632
Third Films Ltd	Love Me or Leave Me Alone	25,000
Third Rock Ltd	AKA (aka Run with the Foxes)	101,250
Tigerlily Films Ltd	Stop History	375,000
Touching the Void Ltd	Touching the Void	50,003
Trademark Films Ltd	Godparents	49,500
Tubedale Films Ltd	The Carnal Artist	20,000
Watermark Films Ltd	Man and the Mysteries of the Female Orgasm	27,430
Wild Horses Film Company Ltd	Kiss of Life (aka Helen of Peckham)	10,000
<b>Total single project awards</b>		<b>21,121,582</b>

## TRAINING AWARDS (NON-BURSARIES)

COMPANY	TRAINING COURSE	£
Arista	Screen writers masterclass	18,070
Ateliers du Cinema Européen (ACE)	Berlinale Talent Campus	64,020
Ateliers du Cinema Européen (ACE)	Producers programme	64,061
Bournemouth University	MA screen writing scholarships	20,000
Draft Zero	The Essentials of Development	5,630
EMMI/Intermedia	Digital shorts training	7,500
First Film Foundation Ltd	Script development project	98,576
Francis Riding	Scholarship	1,950
Goldsmiths College	MA screen writing scholarships	10,322
Kuhn & Co Ltd	Inside Pictures 2003	326,790
Leeds Metropolitan University	MA screen writing scholarships	20,000
Lighthouse Arts and Training Ltd	Digital shorts training	7,500
London College of Printing	MA screen writing scholarships	12,915
Master School Drehbuch	Berlinale Talent Campus	75,000
Moonstone International Screen Labs Ltd	Screen writers Labs	190,000
North by Northwest Ltd	Classics	55,416
North by Northwest Ltd	The Seven Samurai	3,008
Northern Film & Media Ltd	Digital shorts training	7,500
Olsberg SPI Ltd	Business development course	48,872
Performing Arts Labs Ltd	Screen Writers Lab	136,525
Phil Parker	Training the Trainers	97,780
Royal Holloway – University of London	MA screen writing scholarships	12,623
Screen West Midlands Ltd	Digital shorts training	7,500
The Script Factory Ltd	Script Development Feedback	30,000
The Script Factory Ltd	Script Readers Course	41,350
The Script Factory Ltd	Screen writers masterclass	25,000
The Script Factory Ltd	Training for Personnel	53,400
The Script Factory Ltd	Writers Passage	125,000
University of East Anglia	MA screenwriting scholarships	5,166
Other awards < £100		161
<b>Total training awards (non-bursaries)</b>		<b>1,571,635</b>

## Training bursaries

<b>76 awards &lt; £100,000</b>	<b>34,948</b>
--------------------------------	---------------

# Schedules to the accounts continued

## OTHER LOTTERY AWARDS

ORGANISATION		£
East Midlands Media Ltd	Regional Lottery award	337,026
Film London Ltd	Regional Lottery award	170,026
Hi8us First Light Ltd	First Light scheme	1,000,000
Northern Film and Media Ltd	Regional Lottery award	405,026
North West Vision Ltd	Regional Lottery award	320,026
Screen East Ltd	Regional Lottery award	405,026
Screen South Ltd	Regional Lottery award	320,026
Screen Yorkshire Ltd	Regional Lottery award	315,026
Screen West Midlands Ltd	Regional Lottery award	428,026
South West Screen Ltd	Regional Lottery award	453,359
<b>Total other Lottery awards</b>		<b>4,153,567</b>
<b>Total new soft commitments 2002/03</b>		<b>26,881,732</b>

## AWARDS TO FRANCHISE PROJECTS DISCLOSED AS SOFT COMMITMENTS

COMPANY	FILM	£
Pathé Pictures Ltd	A Romantic Comedy about Divorce	100,000
Pathé Pictures Ltd	Churchill, the Hollywood Years	1,250,000
Pathé Pictures Ltd	Girl with a Pearl Earring	2,000,000
Pathé Pictures Ltd	Natural History	900,000
Pathé Pictures Ltd	Suzie Gold	700,000
Pathé Pictures Ltd	The Magic Roundabout	2,600,000
Pathé Pictures Ltd	The Seven Fires of Mademoiselle	100,000
Pathé Pictures Ltd	Vurt	28,000
Pathé Pictures Ltd	With Prejudice	46,530
The Film Consortium	Bright Young Things	3,000,000
The Film Consortium	Bugs!	1,000,000
The Film Consortium	Country of My Skull	2,425,000
The Film Consortium	Deadline Beirut	373,403
The Film Consortium	Dust (P & A application)	32,500
The Film Consortium	How to Rob Banks without Violence	17,500
The Film Consortium	Instant in the Wind	9,615
The Film Consortium	The Best Man	23,000
The Film Consortium	The Other Half	27,000
The Film Consortium	The Republic of Love	1,022,222
The Film Consortium	In this World (aka The Silk Road, aka Untitled Refugee Project)	12,804
<b>Total franchise awards</b>		<b>15,667,574</b>
<b>Total Lottery awards 1 April 2002 – 31 March 2003</b>		<b>42,549,306</b>





**UK FILM | COUNCIL**

(formerly Film Council)

# Lottery Annual Report and Accounts

for the year ended 31 March 2003

Company no: 3815052





# Contents

## Lottery accounts

Foreword to the Lottery accounts .....	60
Statement on the system of internal control .....	64
Auditor's report .....	65
Income and expenditure account .....	66
Balance sheet .....	67
Statement of cashflows .....	67
Notes to the accounts .....	68
Schedules .....	78
Schedule 1: Film rights at 31 March 2003 .....	78
Schedule 2: Lottery awards made in year ending 31 March 2003 .....	86
Schedule 3: Lottery awards made from UK Film Council delegations in the year ending 31 March 2003 ...	92

# Foreword to the Lottery accounts for the year ended 31 March 2003

## INTRODUCTION

The UK Film Council is the strategic body established by Government responsible for developing the film industry and film culture in the UK. It 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 has two overarching objectives: to develop a sustainable UK film industry; and to develop film culture in the UK by improving access to, and education about, the moving image.

The creation of the UK Film Council is a particularly important initiative from both industry and government viewpoints in that for the first time there is one organisation in the UK responsible for encouraging both cultural and commercial film activity.

The UK Film Council is responsible for all Department for Culture, Media and Sport (DCMS) Grant-in-aid for film (except the National Film & Television School) and it is also designated a 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 Lottery funding for film capital projects, stabilisation funding and other schemes. There are also separate Lottery funding functions in Wales, Scotland and Northern Ireland.

The UK Film Council operates through a Board of Directors, chaired by Sir Alan Parker CBE and was launched in May 2000. The launch document *Towards a Sustainable UK Film Industry* was the first public statement of the UK Film Council's overall industrial and cultural aims, its objectives and its initial funding programmes.

The Lottery programmes are now well established and comprise three film production funds launched in October 2000 – the Premiere Fund, the New Cinema Fund and the Development Fund. The UK Film Council's Training Fund, launched in April 2001, funds training opportunities for script writers, development executives and producer/filmmakers. During the year a comprehensive skills survey across the UK film industry was undertaken jointly with Skillset. A groundbreaking report, *Developing UK Film Talent*, published in February 2003 led to the reation of a Skills Action Group to formulate the

UK Film Council's future training strategy. First Light, a delegated funding scheme through Hi8us First Light Ltd, based in Birmingham, continued awards to enable children and young people to experience filmmaking and explore their talents using low-cost technology. A First Light Film Awards ceremony honouring the best films from the first year of the scheme and their young filmmakers, as judged by a panel of industry practitioners, was held in London's Leicester Square in February 2003.

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 and during the year became firmly established in their respective regions through UK Film Council funding of £7.5 million, including £3 million from Lottery funds, available to these agencies. UK Film Council co-operation and collaboration on all aspects of film policy with Scottish Screen (for Scotland), Sgrîn Cymru Wales (for Wales) and the Northern Ireland Film Commission and a joint UK wide strategy was announced at the Edinburgh International Film Festival in August 2002.

In April 2002, the UK Film Council announced initiatives aimed at supporting and stimulating the specialised distribution and exhibition sector and expanding the range of films on offer to audiences across the UK. These measures now include from Lottery funds to be received from Arts Council England, a Cinema Access pilot programme (£0.5 million), a Digital Exhibition Fund (£0.5 million) and a Cinema Screen Fund (£14 million over four years). These complement UK Film Council Lottery funded announcements of a Cinema Education Fund (£1 million a year), a Specialised Print and Advertising Fund (£1 million a year) and a UK Film Distribution Programme (£1 million a year).

A Lottery supported Publications Fund, of £0.1 million for a trial year, was announced in February 2003 to broaden readership, increase editorial range and sustainability of film related publications.

These accounts are for the Lottery Fund and have been prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, Media and Sport and in the form directed by the Secretary of State

with the consent of Treasury, in accordance with part II, section II(2) of the National Lottery Act 1988. The Accounts Direction is available from the Company Secretary at 10 Little Portland Street, London W1W 7GJ.

#### **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.

**Sir Alan Parker CBE** – Chairman\*

(retired by rotation and reappointed 30.7.02)

**Stewart Till CBE** – Deputy Chairman\*

(retired by rotation and reappointed 1.9.02)

**Dawn Airey** (resigned 5.12.02)

**Chris Auty** (retired by rotation 31.8.03)

**Joan Bakewell CBE** (retired 31.12.02)

**Tim Bevan**

**Charles Denton\***

(retired by rotation 30.8.02)

**Nigel Green** (appointed 7.10.02)

**John Hill**

**Duncan Kenworthy OBE\*** (retired by rotation 31.8.03)

**Stephen Knibbs** (appointed 7.10.02)

**James Lee**

**Colin Leventhal\*** (retired by rotation 30.8.02)

**Anthony Minghella** (appointed 1.1.03)

**Sarah Radclyffe**

**Iain Smith\***

(retired by rotation and reappointed 1.9.02)

**Parminder Vir OBE\***

(retired by rotation and reappointed 1.9.02)

**Paul Webster** (retired by rotation 31.8.03)

\* Directors who have served on the Audit Committee in the year ending 31 March 2003.

#### **REGISTERED AND PRINCIPAL OFFICE**

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

#### **AUDITORS**

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

#### **INTERNAL AUDITORS**

AHL Business Assurance, 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.

# Foreword to the Lottery accounts continued

## 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 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).

Funds from the National Lottery are distributed in accordance with directions issued under the Act by the Secretary of State for Culture, Media and Sport.

The UK Film Council works at arms 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.

The deficit for the year, after taxation, amounted to £1.6 million (2002: £15.5 million surplus).

## FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

In line with efforts to improve the UK film industry's profile and business opportunities on an international level, and to provide a single, easily identifiable contact point for overseas filmmakers interested in filming with and in the UK, the Film Council has changed its name to UK Film Council and the British Film Commission became UK Film Council International.

Also, the UK Film Council has given approval to DNA Films to extend its Lottery franchise by investing the remaining £16 million of its award from 1997 into a joint venture with US distributor Fox Searchlight which will invest an equal amount into the joint venture. The joint venture, which will trade as DNA Films, will produce and distribute British films worldwide. The Lottery franchise agreements of Pathé Pictures and The Film Consortium have each been extended for six months to assist their future business plans. These measures will make an important contribution to creating a sustainable UK film industry.

## EMPLOYMENT AND TRAINING POLICIES AND STAFF PARTICIPATION

The UK Film Council is committed to a policy of equality of opportunity of 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 favourable treatment on the grounds of race, colour, ethnic 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 briefed on the matters discussed at senior management team and Board meetings. Meetings of all staff are held periodically.

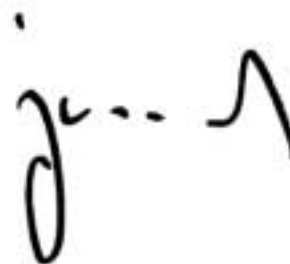
The UK Film Council seeks to ensure that the requirements of health and safety legislation are met in the workplace.

## CHANGE OF NAME

On 13 May 2003 the Film Council became the United Kingdom Film Council and on 15 May 2003, the name change from United Kingdom Film Council to 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 suppliers' standard terms. The average payment terms taken were 14 days (2002:12) and 99% of undisputed invoices were paid within 30 days of receipt into the Finance Department (2002: 96%).



**JOHN WOODWARD**

Chief Executive Officer

5 November 2003

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Under its legislative framework the UK Film Council is required to prepare a statement of accounts for the financial 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 accounts 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 accounts 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 UK Film Council for that period.


The Directors of the UK Film Council are required to:

- Observe the Accounts Direction issued by the Secretary of State, which sets out accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts 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 accounts 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 of 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  
5 November 2003



---

**SIR ALAN PARKER CBE**  
Chairman  
5 November 2003

### STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

As Accounting Officer, I have responsibility for ensuring that the UK Film Council maintains and operates a sound system of internal financial control that supports its 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 ensuring compliance with the requirements of the UK Film Council's Financial Memorandum.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The procedures were in place for the period ended 31 March 2003 and up to the date of approval of the Annual Report and Accounts and accords with Treasury guidance.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The UK Film Council has established the following procedures:

- 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.
- Recently established a risk management document setting out the UK Film Council's attitude to risk to maximise achievement of our objectives.
- The senior management teams agenda considers risk management and internal control on a regular basis.
- Maintenance of an organisation-wide risk register.
- A system of key performance and risk indicators.
- Risk management is incorporated in planning and decision-making.

UK Film Council internal audit services operate to standards defined in the Government Internal Audit Standards. The work of the Internal Auditors 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. 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 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.

My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, the senior managers within the UK Film Council, who have responsibility for the development and maintenance of the control framework and any comments made by the External Auditors in their management letter and other reports.



**JOHN WOODWARD**

Chief Executive Officer

5 November 2003

# Auditor's report

## UK FILM COUNCIL LOTTERY DISTRIBUTION ACTIVITIES

### 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 on pages 66 to 77 under the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 68 to 69.

### RESPECTIVE RESPONSIBILITIES FOR THE DIRECTORS, CHIEF EXECUTIVE OFFICER AND AUDITOR

As described on page 63 the Board of Directors and the Chief Executive Officer of the UK Film Council are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Board and the Chief Executive Officer are also responsible for the preparation of the other contents of the annual report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made by the Secretary of State thereunder, and 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. I also report if, in my opinion, the foreword is not consistent with the financial statements, if the UK Film Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit. 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 certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 64 reflects the UK Film Council's compliance with Treasury's guidance *Corporate governance: Statement on Internal Control*. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

### BASIS OF OPINION

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the UK Film Council and the Chief Executive Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the UK Film Council'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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the UK Film Council's Lottery distribution activities at 31 March 2003 and of the retained surplus for the period, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made there under by the Secretary of State for Culture, Media and Sport; and
- 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.

I have no observations to make on these financial statements.



JOHN BOURN

Comptroller and Auditor General  
5 November 2003

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



**SUPPLEMENTARY STATEMENT BY THE  
COMPTROLLER & AUDITOR GENERAL**

The maintenance and integrity of the UK Film Council's website is the responsibility of the Accounting Officer; 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 web site.

# Income and expenditure account for the year ended 31 March 2003

	NOTES	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
<b>Income</b>			
Share of proceeds		27,994	33,675
Investment returns from the National Lottery Distribution Fund	9	4,422	2,904
Recoupment			
Arts Council England portfolio	2	267	1,645
UK Film Council portfolio	2	152	-
Other income		-	2
<b>Total income</b>		<b>32,835</b>	<b>38,226</b>
Training awards		(1,531)	(693)
Regional awards		(2,984)	(2,136)
First Light scheme		(1,000)	(1,000)
<b>Non-film rights awards</b>		<b>(5,515)</b>	<b>(3,829)</b>
Arts Council England pre-committed expenditure		50	160
Costs apportioned from Grant-in-aid	3	(6,550)	(6,224)
Provisions:			
Provisions against film rights	6	(22,719)	(13,653)
Provisions written back	6	215	479
<b>Total other expenditure</b>		<b>(29,004)</b>	<b>(19,238)</b>
<b>Total expenditure</b>		<b>(34,519)</b>	<b>(23,067)</b>
<b>Operating (deficit)/surplus</b>		<b>(1,684)</b>	<b>15,159</b>
Bank interest received		144	474
Notional cost of capital	7	-	(807)
Operating (deficit)/surplus after notional costs		(1,540)	14,826
Reversal of notional cost of capital	7	-	807
<b>(Deficit)/surplus on ordinary activities before taxation</b>		<b>(1,540)</b>	<b>15,633</b>
Taxation charge	8	(48)	(142)
<b>Retained surplus for the financial period</b>		<b>(1,588)</b>	<b>15,491</b>

There were no material acquisitions or disposals during the year (2002:nil). All activities were on an on-going basis.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2003

There have been no recognised gains or losses for the year ended 31 March 2003 or for the year to 31 March 2002 other than the surplus as disclosed above.

# Balance sheet as at 31 March 2003

	NOTES	2003 £000s	2002 £000s
<b>Current assets:</b>			
Film rights	6	25,837	23,729
Balance at the National Lottery Distribution Fund	9	75,573	67,655
Debtors	10	930	1,223
Cash at bank and in hand		3,475	4,673
		<b>105,815</b>	<b>97,280</b>
<b>Creditors: amounts falling due within one year</b>			
Commitments to filmmakers	12	15,289	6,854
Creditors	13	3,594	1,906
<b>Total current liabilities</b>		<b>18,883</b>	<b>8,760</b>
Net current assets		86,932	88,520
<b>Total assets less current liabilities</b>		<b>86,932</b>	<b>88,520</b>
<b>Capital and reserves</b>			
Lottery reserve brought forward	17	88,520	73,029
(Deficit)/surplus for the year	17	(1,588)	15,491
		<b>86,932</b>	<b>88,520</b>

  
**JOHN WOODWARD**  
 Chief Executive Officer  
 5 November 2003

  
**SIR ALAN PARKER CBE**  
 Chairman  
 5 November 2003

## Statement of cashflows for the year ended 31 March 2003

	NOTES	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
<b>Operating activities</b>			
Funds received from the National Lottery Distribution Fund		24,498	10,393
Transfer of funds from Arts Council England		-	188
Arts Council England portfolio income		231	1,635
UK Film Council portfolio income		6,815	2,531
Other cash receipts		2,602	50
Overheads payments		(4,447)	(5,095)
Payment of hard commitments		(28,477)	(27,658)
Other cash payments		(2,166)	(1,551)
<b>Net cash outflow from operating activities</b>	<b>16a</b>	<b>(944)</b>	<b>(19,507)</b>
<b>Return on investments and servicing of finance</b>			
Tax paid		(388)	-
Bank interest received		134	495
<b>Net cash outflow</b>	<b>16b</b>	<b>(1,198)</b>	<b>(19,012)</b>

# Notes to the accounts

## NOTE 1: ACCOUNTING POLICIES

### A) BASIS OF ACCOUNTS

These accounts are prepared under the modified historical cost convention. The difference between the value of fixed assets and stocks determined on a historical cost basis and on a current cost basis is not material.

The accounts 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, except that certain headings have been amended in order to reflect special circumstances of the company, and in accordance with applicable Accounting Standards.

In accordance with the directions issued by the Secretary of State for Culture, Media and Sport accounts 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.

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 and associated conditions have not been accepted 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 normal 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.

### C) FIXED ASSETS

All fixed assets owned by 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.

### D) 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 accounts 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 9). The amount attributable to the UK Film Council has been treated as income within these accounts.

### E) 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.

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

### F) 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.

#### G) 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.

#### H) 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 commitment of these awards crystallises.

#### I) NOTIONAL COST OF CAPITAL

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.

#### J) 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.

#### K) LEASING COMMITMENTS

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

#### L) FINANCIAL INSTRUMENTS

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

# Notes to the accounts 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. In the year ended 31 March 2003, 27 of the transferred titles recouped income.

Titles in receipt of income, identifying those over £100,000, in the year ended 31 March 2003:

	£000s
Topsy-Turvy	129
Titles with income below £100,000	138
	<b>267</b>

### UK FILM COUNCIL

In the year ended 31 March 2003, 31 of the UK Film Council titles recouped income. Those titles receiving recoupment in the year to 31 March 2003 in excess of £100,000 were:

	£000s
51st State	129
A Christmas Carol	364
Bend it like Beckham	945
Bloody Sunday	139
Crush (aka A Certain Age)	411
Dust	276
Gosford Park	2,000
Long Time Dead	115
Mike Bassett: England Manager	664
Miranda	113
The Importance of Being Earnest	228
The One and Only	248
Thunderpants	244
24 Hour Party People	158
Titles with income below £100,000	803
	<b>6,837</b>

Surplus on UK Film Council projects, in addition to the above, in the year ending 31 March 2003 consists of:

	£000s
Anita & Me (Development)	6
Bend it like Beckham	137
The Magdalene Sisters (Development)	5
This is Not a Love Song (Development)	4
	<b>152</b>

## NOTE 3: COSTS APPORTIONED FROM GRANT-IN-AID

	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
These costs include:		
Audit costs: National Audit Office	16	15
Capital recharge	200	225
Staff travel and subsistence:		
Domestic	22	24
Foreign	74	31
Agency fees, freelance staff and secondments	101	54
Hospitality	28	26
Legal costs	337	46
Other professional fees	59	84

## NOTE 4: SALARY COSTS

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

	YEAR ENDED 31 MARCH 2003 £	YEAR ENDED 31 MARCH 2002 £
Joan Bakewell (resigned 31.12.02)	1,121	859
Colin Leventhal (retired 30.8.02)	641	991
Sarah Radclyffe	1,121	1,515
Parminder Vir	1,761	2,180
	<b>4,644</b>	<b>5,545</b>

Salary costs of staff working wholly 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 are:

	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
Wages and salaries	1,723	1,658
Social Security costs	169	163
Other pension costs	124	67
	<b>2,016</b>	<b>1,888</b>

The average number of staff wholly employed on Lottery activities during the year was 36 (2001/02: 35).

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

	YEAR ENDED 31 MARCH 2003		ATTRIBUTABLE TO LOTTERY
	£	%	
John Woodward			
Age 42			
Salary and benefits	112,362		94,721
Bonus	22,472		18,944
<b>Total</b>	<b>134,834</b>	<b>84.3%</b>	<b>113,665</b>
Pension contribution	17,978		15,155

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.

John Woodward and Will Evans are both members of private pension schemes to which monetary contributions were made during the year. Jenny Borgars became a member of the company pension scheme during the year and contributions were made to her private scheme until November 2002.

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.

	AGE	SALARY YEAR ENDED 31 MARCH 2003 £000s	ATTRIBUTABLE TO LOTTERY %	ATTRIBUTABLE TO LOTTERY £000s	ATTRIBUTABLE PENSION CONTRIBUTION £000s	ATTRIBUTABLE PENSION ACCRUED AT 31 MARCH 2003 £000s	INCREASE TO ATTRIBUTABLE PENSION ACCRUED DURING 02/03 £000s
<b>Robert Jones</b>							
Head of Premiere Fund	42	155-160	100	155-160	10-15	5-7.5	0-2.5
<b>Paul Trijbits</b>							
Head of New Cinema Fund	41	100-105	100	100-105	10-15	2.5 – 5	0-2.5
<b>Jenny Borgars</b>							
Head of Development Fund	32	95-100	100	95-100	5-10	0-2.5	0-2.5
<b>Peter Buckingham</b>							
Head of Distribution & Exhibition (from 4.11.02)	47	45-50	100	45-50	0-5	0-2.5	0-2.5
<b>Carolyn Lambert</b>							
Head of Policy (to 30.6.02)	60	15-20	22	0-5	0-5	0-2.5	0-2.5
<b>Jackie O'Sullivan</b>							
Head of Business Affairs (to 30.4.02)	40	0-5	100	0-5	–	–	–
<b>Will Evans</b>							
Head of Business Affairs (from 2.9.02)	48	75-80	100	75-80	5-10	–	–
<b>Alan Bushell</b>							
Chief Operating Officer	52	95-100	84	80-85	5-10	0-2.5	0-2.5
<b>Iain Hepplewhite</b>							
Head of Communications (from 12.9.02)	36	45-50	84	35-40	0-5	0-2.5	0-2.5

# Notes to the accounts continued

## NOTE 5: PENSIONS BENEFITS

The information in this note is extracted from the UK Film Council group accounts, and therefore covers all employees of the organisation who are members of the scheme. It is not possible to meaningful extract that information for employees solely working on Lottery activities.

The UK Film Council is an admitted body of the Local Government Pension Scheme, which operates a defined benefit scheme for those UK Film Council employees who wish to join. It is a statutory, funded pension scheme and its benefits are defined and guaranteed in law. The scheme is administered by the London Pensions Fund Authority, a statutory body established on 31 October 1989, responsible to the Mayor of London and accountable to Parliament and the Greater London Assembly for its actions. The scheme is contributory for both employee and employer. Employer contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The contributions to the defined benefit scheme were £0.22 million in the year to 31 March 2003 (2002: £0.16 million), all relating to current service costs.

### SSAP 24 DISCLOSURE

The SSAP 24 disclosure of the last triennial scheme valuation conducted at 31 March 2001 follows. The main actuarial assumptions applied in this valuation were:

Market value of scheme's assets (whole fund)	£2,981.3 million
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future	
Salary increases	101%
Price increases	2.8%
Salary increases	4.3%
Pension increases	2.8%
Discount rate	6.6%

### FRS 17 DISCLOSURE

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 2003. Scheme assets are stated at their market value as at 31 March 2003 and the assets and liabilities of the London

Pensions Fund Authority and the expected rate of return as at 31 March 2003 are:

ASSETS (WHOLE FUND)	LONG TERM RETURN % PER ANNUM £000s	FUND VALUE AT 31 MARCH 2003 £000s	EXPECTED RETURN PER ANNUM £000s
Equities	8.0%	893,200	71,460
Bonds	4.8%	153,400	7,360
Property	6.0%	-	-
Cash	7.4%	33,200	1,330
		<b>1,079,800</b>	<b>80,150</b>

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

Net pension assets for the UK Film Council:

	31 MARCH 2003 £000s	31 MARCH 2002 £000s
Estimated UK Film Council share of the assets	841	735
Present value of scheme liabilities attributable to the UK Film Council	947	539
Total value of liabilities	947	539
<b>Net pension (liability)/asset attributable to UK Film Council</b>	<b>(106)</b>	<b>196</b>

Analysis of the amount charged to operating profit:

	31 MARCH 2003 £000s
Service cost	186
Curtailement and settlements	17
<b>Total operating charge</b>	<b>203</b>

Analysis of the amount credited to other financial income

	31 MARCH 2003 £000s
Expected return on employer assets	47
Interest on pension scheme liabilities	(34)
<b>Net return</b>	<b>13</b>
<b>Net revenue account cost</b>	<b>190</b>



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

If the actuarial loss were to be disclosed in the accounts, the disclosure in the STRGL would be:

	<b>31 MARCH 2003</b> <b>£000s</b>
Actual return less expected return on pension assets	(315)
Experience gains and losses arising on the scheme liabilities	(14)
Actuarial loss in pension plan	(329)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-
<b>Actuarial loss recognised in STRGL</b>	<b>(329)</b>
Movement in surplus/(deficit) during the year	
	<b>31 MARCH 2003</b> <b>£000s</b>
Surplus at 1 April 2002	196
Current service cost	(186)
Employer contributions	217
Impact of settlements and curtailments	(17)
Net return on assets	13
Actuarial losses	(329)
Deficit at 31 March 2003	(106)

If this pension liability were to be disclosed in the accounts, the effect on the balance sheet and reserves as at 31 March 2003 would be:

	<b>£000s</b>
Group net assets and reserves excluding pension liability as at 31 March 2003	93,269
FRS 17 : Pension Liability	(106)
<b>Group net assets and reserves including pension liability as at 31 March 2003</b>	<b>93,163</b>

### History of experience gains and losses

	<b>31 MARCH 2003</b> <b>£000s</b>
Difference between the expected and actual return in assets	(315)
Value of assets	841
<b>Percentage of assets</b>	<b>(37.5%)</b>
Experience losses on liabilities	(14)
Present value of liabilities	947
<b>Percentage of the present value of liabilities</b>	<b>(1.5%)</b>
Actuarial losses recognised in STRGL	(329)
Present value of liabilities	947
<b>Percentage of the present value of liabilities</b>	<b>(34.8%)</b>

### NOTE 6: FILM RIGHTS

	<b>GROSS</b> <b>£000s</b>	<b>PROVISION</b> <b>£000s</b>	<b>REPAYMENT</b> <b>£000s</b>	<b>NET</b> <b>£000s</b>
Brought forward at 1 April 2002	48,390	(22,113)	(2,548)	23,729
Hard commitments made in the year	31,858	(15,519)	(206)	16,133
Movements on prior year commitments	-	(6,985)	(6,630)	(13,615)
Decommitments	(410)	-	-	(410)
<b>Carried forward at 31 March 2003 (schedule 1)</b>	<b>79,838</b>	<b>(44,617)</b>	<b>(9,384)</b>	<b>25,837</b>

# Notes to the accounts continued

## NOTE 7: NOTIONAL COST OF CAPITAL

Notional cost of capital is calculated, on the advice of HM Treasury on the average annual net lottery assets employed in the year, excluding the balances at the National Lottery Distribution Fund, film rights and the matching award liabilities. The interest on lottery assets was 0% (2002: 6%) so there is no charge in the year.

## NOTE 8: TAXATION

	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
Corporation tax payable for current year	43	142
Under provision in respect of 1999/00	5	–
	48	142

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
(Deficit)/surplus on ordinary activities for the year	(1,540)	15,633
(Deficit)/surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	(462)	4,689
Effect of:		
UK Film Council Lottery surplus not chargeable of UK corporation tax	505	(4,547)
Current tax charge for the period	43	142
Under-provision in respect of prior year	5	–
	48	102

## NOTE 9: BALANCE AT THE 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. However, the share attributable to the UK Film Council is as shown in the accounts and, at the balance sheet date, had 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 year commitments.

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 as at the year end.

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

	2003 £000s	2002 £000s
Opening balance held at the National Lottery Distribution Fund	67,655	41,470
National Lottery income	27,994	33,674
Investment returns on held income	4,422	2,904
<b>Available for distribution</b>	<b>100,071</b>	<b>78,048</b>
Amounts drawn down	(24,498)	(10,393)
<b>Closing market value</b>	<b>75,573</b>	<b>67,655</b>

At 31 March 2003 the cost of the fund was £75.96 million (2002: £68.07 million), unrealised losses of £0.39 million (2002: £0.42 million) were charged to the investment returns to leave the market value of £75.57 million (2002: £67.65 million).

## NOTE 10: DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £000s	2002 £000s
VAT debtor	683	1,175
Other debtors	247	48
	<b>930</b>	<b>1,223</b>

## NOTE 11: FINANCIAL INSTRUMENTS

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

### LIQUIDITY RISKS

In 2002/03, £27.99 million (85%) of the UK Film Council Lottery Fund's income was derived from the National Lottery (2002: £33.68 million, 87%). The remaining income comprises investment returns from the balance held with the National Lottery Distribution Fund £4.42 million (13%) (2002: £2.9 million, 7%); recoupment income from film rights £0.26 million, (1%) (2002: £1.65 million, 4%); surplus on UK Film Council investments, bank interest and sundry income £0.29 million (1%) (2002: £0.47 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 cash holdings amount to £79.05 million (2002: £72.3 million) at the balance sheet date, sufficient liquid resources are available to cover all current hard and soft commitments totalling £56.35 million (2002: £60.60 million).

### INTEREST RATE RISKS

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 Council's investment in the National Lottery Distribution Fund was £75.57 million (2002: £67.66 million) and the average return on these investments was 6.2% (2002: 5.3%). Cash balances drawn from the fund to pay awards and operating costs are held in variable rate bank accounts and the average interest rate return for the year was 3.5% (2002: 3.4%). The cash balance at the year end was £3.48 million (2002: £4.67 million). The Board consider that in respect of these funds the UK Film Council is not exposed to significant interest rate risks.

### FOREIGN CURRENCY RISK

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

## NOTE 12: SOFT AND HARD COMMITMENTS

	2003 £000s	2002 £000s
Soft commitments brought forward	53,743	65,201
Soft commitments made	26,881	19,258
Soft commitments transferred back from hard commitments	298	652
Soft decommitments	(2,487)	(4,619)
Soft decommitments from prior years reinstated	–	4,601
Soft commitments transferred to hard commitments	(37,378)	(31,350)
<b>Balance of soft commitments outstanding carried forward</b>	<b>41,057</b>	<b>53,743</b>
Hard commitments brought forward	6,854	3,859
Hard commitments made	37,378	31,350
Hard decommitments	(167)	(83)
Hard commitments where payments refunded to UK Film Council	701	38
Hard commitments transferred to soft commitments	(298)	(652)
Hard commitments met in the period to 31 March 2003	(29,179)	(27,658)
<b>Balance of hard commitments outstanding carried forward</b>	<b>15,289</b>	<b>6,854</b>

Of the £41.05 million soft commitments as at 31 March 2003, £31.78 million is the outstanding element relating to the three franchises (2002: £44.78 million).

New hard commitments made during the year comprise:

	2003 £000s	2002 £000s
Film rights	31,858	27,519
First Light award scheme	1,000	1,000
Regional award scheme	2,984	2,136
Training awards and bursaries	1,536	695
	<b>37,378</b>	<b>31,350</b>

### AGEING OF HARD COMMITMENTS

	2003 £000s	2002 £000s
2001/02	–	6,854
2002/03	15,289	–
	<b>15,289</b>	<b>6,854</b>

It is expected that all outstanding hard commitments as at 31 March 2003 will be fully paid by 31 March 2004.

# Notes to the accounts continued

## NOTE 13: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £000s	2002 £000s
Corporation tax	43	388
Due to Grant-in-aid	3,537	1,498
Other creditors	14	20
	<b>3,594</b>	<b>1,906</b>

## NOTE 14: LEASES

At 31 March 2003 the Lottery fund had no commitments under non-cancellable operating leases. The UK Film Council had annual commitments under a non-cancellable operating lease as set out below:

	LAND & BUILDINGS 2003 £000s	LAND & BUILDINGS 2002 £000s
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 15: CAPITAL COMMITMENTS

At 31 March 2003 the Lottery Fund had no contracted capital commitments (31 March 2002: nil).

## NOTE 16: NOTES TO THE STATEMENT OF CASHFLOWS

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

	YEAR ENDED 31 MARCH 2003 £000s	YEAR ENDED 31 MARCH 2002 £000s
Operating (deficit)/surplus	(1,684)	15,159
Increase in film rights	(2,109)	(11,239)
Increase in debtors	(7,615)	(27,087)
Increase in creditors	10,464	3,660
<b>Net cash outflow from operating activities</b>	<b>(944)</b>	<b>(19,507)</b>

### b) Reconciliation of net cashflow to movements in funds

	2003 £000s	2002 £000s
Funds at 1 April	4,673	23,685
Decrease in cash	(1,198)	(19,012)
<b>Funds at 31 March</b>	<b>3,475</b>	<b>4,673</b>

## NOTE 17: MOVEMENT IN LOTTERY FUND RESERVE

	£000s
Lottery Fund reserve at 1 April 2002	88,520
Transferred from the income and expenditure account	(1,588)
<b>Lottery Fund reserve at 31 March 2003</b>	<b>86,932</b>

## NOTE 18: RECONCILIATIONS OF TRANSACTIONS WITH DELEGATE BODIES

During 2002/03, delegation agreements were signed with seven of the Regional Screen Agencies and Hi8us First Light Ltd for the purpose of distribution of Lottery funds. Screen Yorkshire began the process of achieving delegate status with awards in this region being administered by EM-Media during the year. 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 2002/03 £000s	DELEGATE BODY CREDITOR AT 31 MARCH 2003 £000s
EM-Media Ltd	337	194
Hi8us First Light Ltd	1,000	485
Northern Film & Media Ltd	405	298
North West Vision Ltd	320	209
Screen East Ltd	405	319
Screen South Ltd	320	89
Screen West Midlands Ltd	428	270
Screen Yorkshire Ltd	315	266
South West Screen Ltd	454	157
	<b>3,984</b>	<b>2,287</b>

The following is extracted from to the accounts of the organisations for the year-ended 31 March 2003:

	RESERVES 1 APRIL 2002	INCOMING FUNDS: UK FILM COUNCIL £000s	INCOMING FUNDS: OTHER £000s	OUTGOING £000s	RESERVES 31 MARCH 2003 £000s
EM-Media Ltd	125	342	1	(257)	211
Hi8us First Light Ltd	320	1,000	10	(782)	548
Northern Film & Media Ltd	251	418	1	(350)	320
North West Vision Ltd	300	321	1	(390)	232
Screen East Ltd	304	405	3	(326)	386
Screen South Ltd	142	320	–	(373)	89
Screen West Midlands Ltd	262	428	2	(395)	297
Screen Yorkshire Ltd	–	315	–	(49)	266
South West Screen Ltd	132	454	–	(405)	181
	<b>1,836</b>	<b>4,003</b>	<b>18</b>	<b>(3,327)</b>	<b>2,530</b>

Schedule 3 lists the individual lottery commitments made from these delegates during the year.

### NOTE 19: 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.

The following related party transactions occurred during the period:

ORGANISATION	NAME	RELATIONSHIP TO UK FILM COUNCIL	RELATIONSHIP TO RECIPIENT ORGANISATION	AWARD
Civilian Content Plc (parent company of The Film Consortium/The Works)	John Christopher Auty	Director	Director	£9,511,617
Entertainment Group (as co-financier/distributor)	Nigel Green	Director	Managing Director	£4,346,867
Fever Ltd	Sarah Radclyffe	Director	Director	£16,500
FilmFour Ltd (direct or as co-financier)	Paul Webster	Director	Chief Executive	£845,503
Moonstone	Anthony Minghella	Director	Advisor	£190,000
S Films Ltd	Sarah Radclyffe	Director	Managing Director	£3,480
Scottish Screen (as co-financier)	James Lee	Director	Chairman	£460,500
The Script Factory	Anthony Minghella	Director	Board Member	£274,750

# Schedules to the accounts

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
<b>SINGLE PROJECT HARD COMMITMENTS IN 2002/3</b>							
<b>Feature film awards made 2002/03</b>							
Ariel Films Ltd	Ted & Sylvia	2,460,000	–	(738,000)	–	–	1,722,000
AWOL Films Ltd	A Way of Life	10,000	–	–	–	–	10,000
Bent Films Ltd	Home Movie	9,999	–	(9,999)	–	–	–
Breakthrough Films Ltd	The Most Beautiful Man in the World	30,440	–	(30,440)	–	–	–
Cine B/Tubedale Films Ltd	L'homme du train	500,000	–	(250,000)	–	–	250,000
CNC (The Shorts Channel)	Championship	33,060	–	(33,060)	–	–	–
Common Features Ltd	Entering Blue Zone	241,000	–	(153,500)	–	–	87,500
Company of Wolves Ltd	Intermission	570,000	–	(285,000)	–	–	285,000
Dan Films Ltd	God's Tax	30,440	–	(30,440)	–	–	–
Darlow Smithson Productions Ltd	Touching the Void	335,000	–	(251,250)	–	–	83,750
Devotion Films Ltd	Sex Lives of the Potato Men	1,808,372	–	(353,244)	–	–	1,455,128
Fragile Films Ltd	Valiant	2,580,645	–	(766,129)	–	–	1,814,516
Gabriel Films Ltd	Bloody Sunday	12,000	–	–	–	–	12,000
Gayle Griffith Productions Ltd	Kiss of Life (aka Helen of Peckham)	500,000	–	(382,500)	–	–	117,500
Home Movies Ltd	Sweeney	41,906	–	–	–	–	41,906
Hurricane Films Ltd	List <sup>3</sup>	4,500	–	(4,500)	–	–	–
Illumination Films Ltd	Signal to Noise	10,000	–	(10,000)	–	–	–
Intermedia Film and Video (Nottingham) Ltd	One for the Road	240,000	–	(144,000)	–	–	96,000
Martin Pope Productions Ltd	Untitled Hunter/Hunsinger	5,000	–	(5,000)	–	–	–
Mayavision Ltd	Shorts completion fund	35,664	–	(30,914)	–	(4,750)	–
Northern Film and Media Ltd	Script development	25,000	–	(25,000)	–	–	–
One Love Films Ltd	One Love	899,827	–	(674,870)	–	–	224,957
Parallax Pictures Ltd	Blind Flight	450,000	–	(337,500)	–	–	112,500
Passion Pictures Ltd	Live Forever	202,249	–	(151,687)	–	–	50,562
Revolution Films Ltd	Code 46	1,565,063	–	(313,013)	–	–	1,252,050
Staccato Films Ltd	Sportsman of the Century	10,000	–	(10,000)	–	–	–
Starfield Productions Ltd	Anita & Me	15,000	–	–	–	–	15,000
Stink Ltd	A Changed Man	25,000	–	(25,000)	–	–	–
Stones in his Pockets Ltd	Stones in his Pockets	10,000	–	–	–	–	10,000
Tartan Works Ltd	The Purifiers	10,000	–	(10,000)	–	–	–

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE			DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
			1 APRIL 2002	AT PROVISIONS 2002/03	REPAID 2002/03		
The Bureau Film Company Ltd	Noi the Albino	90,000	–	–	–	–	90,000
The Bureau Ltd	Cinema Extreme fund	100,000	–	(62,500)	–	(37,500)	–
Third Films Ltd	Love Me or Leave Me Alone	25,000	–	(25,000)	–	–	–
Third Rock Ltd	AKA	101,250	–	(101,250)	–	–	–
Wild Horses Film Company Ltd	Kiss of Life (aka Helen of Peckham)	10,000	–	–	(10,000)	–	–

### Short film awards

Blackwatch Productions Ltd	Digital shorts	27,500	–	(27,500)	–	–	–
Lighthouse Entertainment Ltd	Digital shorts	44,000	–	(44,000)	–	–	–
London Film and Video Development Agency	Digital shorts	40,000	–	(40,000)	–	–	–
Moving Image Development Agency	Digital shorts	40,000	–	(40,000)	–	–	–
Northern Film and Media Ltd	Digital shorts	40,000	–	(40,000)	–	–	–
Screen East Ltd	Digital shorts	84,000	–	(84,000)	–	–	–
Screen West Midlands Ltd	Digital shorts	44,000	–	(44,000)	–	–	–
Sgrin Ltd	Digital shorts	100,000	–	(100,000)	–	–	–
South West Screen Ltd	Digital shorts	40,000	–	(40,000)	–	–	–

### Development slate awards

Autonomous Ltd	Development slate	216,000	–	(105,047)	(6,266)	–	104,687
Bend It Films Ltd	Development slate	115,000	–	(115,000)	–	–	–
Box Films Ltd	Development slate	94,000	–	(94,000)	–	–	–
CHX Ltd	Development slate	60,000	–	(60,000)	–	–	–
Company Films Ltd	Development slate	100,000	–	(100,000)	–	–	–
Ecosse Films Ltd	Development slate	250,000	–	(250,000)	–	–	–
Fragile Films Ltd	Development slate	400,000	–	(300,000)	–	–	100,000
Gabriel Films Ltd	Development slate	66,000	–	(66,000)	–	–	–
Gruber Films Ltd	Development slate	200,000	–	(200,000)	–	–	–
Kuhn & Co Ltd	Development slate	250,000	–	(187,500)	–	–	62,500
Littlebird Company Ltd	Development slate	150,000	–	(75,000)	–	–	75,000
Mission Pictures Ltd	Development slate	250,000	–	(187,500)	–	–	62,500
October Films Ltd	Development slate	75,000	–	(75,000)	–	–	–
Passion Pictures Ltd	Development slate	100,000	–	(100,000)	–	–	–
Recorded Picture Company Ltd	Development slate	300,000	–	(225,000)	–	–	75,000

# Schedules to the accounts continued

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
Robert Fox Ltd							
t/a Fox Philips	Development slate	160,000	–	(120,000)	–	(40,000)	–
Ruby Films Ltd	Development slate	170,000	–	(170,000)	–	–	–
Shine Ltd	Development slate	75,000	–	(75,000)	–	–	–
Shona Productions Ltd	Development slate	44,200	–	(44,200)	–	–	–
Tall Stories Ltd	Development slate	50,000	–	(50,000)	–	–	–
Tigerlily Ltd	Development slate	73,750	–	(73,750)	–	–	–
<b>Development Awards</b>							
4 Way Pictures Ltd	The Dope Priest	5,500	–	(5,500)	–	–	–
50 Cannon							
Entertainment UK Ltd	Box of Delights	69,833	–	(69,833)	–	–	–
50 Cannon							
Entertainment UK Ltd	Mistress of Spices	36,583	–	(36,583)	–	–	–
50 Cannon							
Entertainment UK Ltd	Mrs Darwin	38,583	–	(38,583)	–	–	–
Anthony Nielson	Witch	500	–	(500)	–	–	–
Babydoll	The Liar, the Bitch &						
Productions Ltd	the Wardrobe Mistress	8,000	–	(8,000)	–	–	–
Big Talk							
Productions Ltd	Tashkent Girls	16,000	–	(16,000)	–	–	–
Brozel Films Ltd	Nero	3,000	–	(3,000)	–	–	–
Canteen Culture Ltd	Canteen Culture	44,750	–	(44,750)	–	–	–
Carlton							
Television Ltd	The Prince of Dalston	8,250	–	(8,250)	–	–	–
Cloud Nine Films Ltd	Dust – Cloud 9	8,500	–	(8,500)	–	–	–
Cougar Films Ltd	Black Ice	34,500	–	(34,500)	–	–	–
Courtland							
Productions Ltd	Above the Clouds	45,000	–	(45,000)	–	–	–
Deep Blue River	One Fine Day in the						
Films Ltd	Middle of the Night	12,600	–	(12,600)	–	–	–
Fat Melon Films Ltd	Gods of War	16,000	–	–	–	–	16,000
Feelgood Fiction Ltd	Rose of Tralee	13,500	–	(13,500)	–	–	–
First Film Company Ltd	The Night Train	9,349	–	(9,349)	–	–	–
Firstsight							
Films Ltd	The Witchfinder General	91,000	–	(91,000)	–	–	–
Footprint Films Ltd	Waterloo Sunset	26,784	–	(16,870)	–	(9,914)	–
Fugue Films Ltd	Revolving Doors	74,000	–	–	–	–	74,000
George Webster	Bob's Ark	10,000	–	(10,000)	–	–	–
Hanthum Films Ltd	Run	17,857	–	(17,857)	–	–	–
Haystack							
Productions Ltd	In Every Dream Home	27,600	–	(27,600)	–	–	–
Hijra Films	Hijra	16,000	–	(16,000)	–	–	–



## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
Holdings Ecosse Ltd	VIY	19,000	–	(19,000)	–	–	–
Holy Cow Films Ltd	Lifesaving (aka Adult Behaviour)	7,500	–	(6,000)	–	(1,500)	–
Ideal World Productions Ltd	Ideal World	58,137	–	(58,137)	–	–	–
Jamperswang Ltd	You Don't Know My Kids	27,000	–	(27,000)	–	–	–
Kismet Film Company Ltd	Ugly Streakers	18,750	–	–	–	–	18,750
Kiss It Productions Ltd	Kiss It	13,265	–	–	–	–	13,265
Litmus Productions Ltd	Patrick Robertson	27,000	–	(27,000)	–	–	–
Lucy Daniel Raby	Young Santa	13,395	–	(13,395)	–	–	–
Makar Productions Ltd	The Chosen	24,750	–	(24,750)	–	–	–
Monogram Pictures Ltd	Mapping the Edge	67,000	–	(67,000)	–	–	–
Monogram Pictures Ltd	Memoirs of a Geezer	18,000	–	(13,600)	–	(4,400)	–
Number 9 Films Ltd	Hendrix	94,000	–	–	–	–	94,000
One Love Films Ltd	One Love	22,000	–	–	(22,000)	–	–
One Way Film and TV Ltd	Swim to America	1,620	–	(1,620)	–	–	–
Parallax Pictures Ltd	Blind Flight	10,500	–	–	(10,500)	–	–
Peter Chelsom Productions Ltd	Between the Frames	32,000	–	(32,000)	–	–	–
Pukka Films Ltd	Boney & Betsy	10,000	–	(10,000)	–	–	–
Richard Alwyn	Newlyn Project	4,000	–	(4,000)	–	–	–
Richard Vincent	These Things Stay	1,400	–	(1,395)	–	(5)	–
Rubicon Pictures Ltd	The Dead Wait	4,500	–	(4,500)	–	–	–
Rubicon Pictures Ltd	The Third Day	18,250	–	(18,250)	–	–	–
Ruby Films Ltd	DJ Plum	36,000	–	(36,000)	–	–	–
Ruby Red Films Ltd	Crime of the Century	9,000	–	(9,000)	–	–	–
S Films Ltd	Fever	3,480	–	–	–	–	3,480
Samuelson Productions Ltd	The Devil's Assassin	16,500	–	(16,500)	–	–	–
Samuelson Productions Ltd	The Peacock Manifesto	69,750	–	(69,750)	–	–	–
Samuelson Productions Ltd	Urban Legends	2,500	–	(2,500)	–	–	–
Scala Productions Ltd	Du Quesne's Boys	23,800	–	–	–	–	23,800
Shine Entertainment Ltd	Steerwood	24,500	–	(24,500)	–	–	–
Shine Entertainment Ltd	Friends Forever	24,500	–	(24,500)	–	–	–
Slate Films Ltd	Girls at War	30,210	–	(30,210)	–	–	–

# Schedules to the accounts continued

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
Suzie Smith	Being Me	6,500	–	(6,500)	–	–	–
Swag Pictures Ltd	Mrs Radcliffe's Revolution	70,000	–	(70,000)	–	–	–
Telescope Pictures Ltd	The Eustace Diamonds	31,433	–	(31,433)	–	–	–
The Agency Ltd	Rent-a-Wife	5,000	–	(5,000)	–	–	–
The Bureau Film Company Ltd	So What	12,250	–	(12,250)	–	–	–
The First Film Company	Bomber	71,500	–	(71,500)	–	–	–
Trademark Films Ltd	Godparents	49,500	–	–	–	–	49,500
Tubedale Films Ltd	The Carnal Artist	20,000	–	(20,000)	–	–	–
Watermark Films Ltd	Man and the Mysteries of the Female Orgasm	27,430	–	–	–	–	27,430

## FRANCHISE HARD COMMITMENTS MADE 2002/03

DNA Films Ltd	28 Days Later	225,000	–	–	–	–	225,000
	A Romantic Comedy						
Pathé Pictures Ltd	about Divorce	100,000	–	–	–	–	100,000
Pathé Pictures Ltd	A Semester Abroad	34,250	–	–	–	–	34,250
Pathé Pictures Ltd	China to Me	15,500	–	(15,500)	–	–	–
	Churchill,						
Pathé Pictures Ltd	the Hollywood Years	1,100,000	–	(18,101)	–	–	1,081,899
Pathé Pictures Ltd	Fires of Mademoiselles	100,000	–	–	–	–	100,000
Pathé Pictures Ltd	Girl with a Pearl Earring	2,000,000	–	(774,607)	–	–	1,225,393
Pathé Pictures Ltd	Natural History	900,000	–	(400,000)	–	–	500,000
Pathé Pictures Ltd	Suzie Gold	700,000	–	(187,880)	–	(190,000)	322,120
Pathé Pictures Ltd	The Blitz	100,000	–	–	–	–	100,000
Pathé Pictures Ltd	The Mushroom Prince	20,900	–	(4,650)	–	(16,250)	–
Pathé Pictures Ltd	Thunderpants	53,867	–	–	–	–	53,867
Pathé Pictures Ltd	Tunnel Vision	36,500	–	–	–	–	36,500
Pathé Pictures Ltd	Untitled – Bollywood	41,500	–	–	–	–	41,500
Pathé Pictures Ltd	With Prejudice	46,530	–	–	–	–	46,530
The Film Consortium Ltd	24 Hour Party People	500,000	–	(171,135)	(157,730)	–	171,135
The Film Consortium Ltd	An Instant in the Wind	9,615	–	(9,615)	–	–	–
The Film Consortium Ltd	Best Man	23,000	–	(11,500)	–	–	11,500
The Film Consortium Ltd	Bright Young Things	3,000,000	–	(1,547,500)	–	–	1,452,500
The Film Consortium Ltd	Bugs!	1,000,000	–	(500,000)	–	–	500,000
The Film Consortium Ltd	Country of my Skull	2,425,000	–	(1,485,313)	–	–	939,687
The Film Consortium Ltd	Dust	32,500	–	(16,250)	–	–	16,250
The Film Consortium Ltd	How to Rob Banks	17,500	–	(8,750)	–	–	8,750
The Film Consortium Ltd	Republic of Love	1,022,222	–	(697,667)	–	–	324,555

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
	In this World (aka The Silk Road, aka Untitled Refugee Project)	12,804	–	(6,402)	–	–	6,402
The Film Consortium Ltd	The Other Half	27,000	–	(27,000)	–	–	–
<b>Total hard commitments made in 2002/03</b>		<b>31,858,162</b>	<b>–</b>	<b>(15,519,228)</b>	<b>(206,496)</b>	<b>(304,319)</b>	<b>15,828,119</b>

### FILM RIGHTS AT 1 APRIL 2002

#### Single project hard commitments – feature films

Amoeba Films Ltd	Hoover Street Revival	175,000	50,000	(50,000)	–	–	–
	The Magdalene Sisters (aka Magdalene)	600,000	175,000	– (20,000)	–	–	155,000
Bard Entertainment Ltd	Revengers Tragedy	510,000	250,000	(200,000)	–	–	50,000
Company Pictures Ltd	Morvern Callar	500,000	150,000	– (50,288)	–	–	99,712
	Very Annie Mary (aka Untitled Wales)	50,000	10,000	–	–	–	10,000
Dragon Pictures Ltd	Mike Bassett: England Manager	870,000	551,790	–(551,790)	–	–	–
Entertainment Film Distributors Ltd	Miranda	849,315	224,315	–(112,933)	–	–	111,382
Feelgood Fiction Ltd	Wanted	319,149	69,149	– (4,216)	–	–	64,933
	The Importance of Being Earnest	1,320,000	1,320,000	(660,000)	(227,925)	–	432,075
Fragile Films Ltd	Bloody Sunday	287,500	187,500	–(138,830)	–	–	48,670
Granada Films Ltd	Mike Bassett: England Manager	1,233,000	633,000	–(218,964)	–	–	414,036
Hallmark Entertainment Ltd	Tomorrow, La Scala! (aka Sweeney)	205,500	205,500	(200,000)	–	–	5,500
Home Movies Ltd	Bodysong	350,000	200,000	(125,000)	–	–	75,000
Hot Property Ltd	The Lawless Heart	200,000	24,700	300 (2,365)	–	–	22,635
Martin Pope Productions Ltd	Blind Flight	10,000	10,000	– (10,000)	–	–	–
Parallax Pictures Ltd	A Certain Age (aka Crush)	875,000	459,562	– (410,959)	–	–	48,603
Pipedream Pictures Ltd	Young Adam	500,000	400,000	(150,000)	–	–	250,000
Recorded Picture Co Ltd	Bend it like Beckham	945,000	945,000	–(945,000)	–	–	–
Roc Media (in association with Umbi Films)							

# Schedules to the accounts continued

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
Slate Films Ltd	Once Upon a Time in the Midlands	750,000	375,000	– (92,840)	–	–	282,160
Starfield Productions Ltd	Anita & Me	660,000	360,000	(230,000)	(16,058)	–	113,942
Sureshot Films Ltd	Ape	178,000	78,000	(68,000)	–	–	10,000
Tall Stories Ltd	This Filthy Earth	598,648	33,171	(33,171)	–	–	–
The Illuminated Film Co Ltd	Wargame	400,000	179,143	– (92,247)	–	–	86,896
This Is Not A Company Ltd	This is Not a Love Song	289,650	104,650	(91,603)	(13,047)	–	–
WT2 Ltd	Long Time Dead	1,000,000	300,000	–(115,377)	–	–	184,623
Zestwick Ltd	Gosford Park	2,000,000	2,000,000	–(2,000,000)	–	–	–
Miscellaneous awards	–	104,882	34,356	–	–	–	35,356

### SHORT FILM AWARDS

Miscellaneous awards	–	40,000	1,000	–	–	–	1,000
----------------------	---	--------	-------	---	---	---	-------

### DEVELOPMENT AWARDS

APT Films And Television Ltd	The Anarchists	15,828	–	1,025	–	(1,025)	–
Dan Films Ltd	Salsa Confusion	11,500	–	(1,400)	–	1,400	–
Kiss It Productions Ltd	Kiss It	6,000	6,000	–	–	–	6,000
One Love Films Ltd	One Love	9,380	–	9,380	(9,380)	–	–
Parallax Pictures Ltd	Blind Flight	18,750	18,750	–(18,750)	–	–	–
Passion Pictures Ltd	The Monday Club	20,000	–	10,000	–	(10,000)	–
Tigerlily Films Ltd	The Last Man	19,750	19,750	(19,750)	–	–	–
Zephyr Films Ltd	Panic Beach	7,850	5,898	(5,898)	–	–	–

### DEVELOPMENT SLATES

Riverchild Films Ltd	Development slate	65,000	–	3,500	–	(3,500)	–
----------------------	-------------------	--------	---	-------	---	---------	---

## SCHEDULE 1: FILM RIGHTS AT 31 MARCH 2003 (CONTINUED)

PRODUCER	FILM	GROSS AWARD	NET VALUE AT 1 APRIL 2002	PROVISIONS 2002/03	REPAID 2002/03	DECOMMIT- MENTS 2002/03	BAL AT 31.3.03
<b>FRANCHISE AWARDS</b>							
DNA Films Ltd	Heartlands	1,430,000	1,430,000	(715,000)	–	–	715,000
DNA Films Ltd	The Parole Officer	2,000,000	1,500,000	–	(42,594)	–	1,457,406
DNA Films Ltd	28 Days Later	3,000,000	3,000,000	–	–	–	3,000,000
Pathé Pictures Ltd	It was an Accident	75,251	2,251	–	–	(2)	2,249
Pathé Pictures Ltd	Max (aka Hoffmann)	1,971,830	425,295	(374,545)	–	–	50,750
Pathé Pictures Ltd	The Abduction Club	1,500,000	216,439	179,819	(235,406)	–	160,852
Pathé Pictures Ltd	The Hole	1,500,000	285,869	–	(7,333)	–	278,536
Pathé Pictures Ltd	The One and Only	1,750,000	868,421	(470,633)	(247,850)	(79,788)	70,150
Pathé Pictures Ltd	Thunderpants	2,000,000	711,720	(340,544)	(244,409)	(43)	126,724
Pathé Pictures Ltd	Ugly Streakers	2,500	2,500	(2,500)	–	–	–
The Film Consortium Ltd	A Christmas Carol	1,607,526	905,546	(270,868)	(363,809)	–	270,869
The Film Consortium Ltd	Blindfold	15,000	–	3,300	–	(3,300)	–
The Film Consortium Ltd	Chameleon	6,000	–	500	–	(500)	–
The Film Consortium Ltd	Dead Souls	6,000	–	2,000	–	(2,000)	–
The Film Consortium Ltd	Doctor Sleep	1,383,500	200,000	(199,500)	–	(500)	–
The Film Consortium Ltd	Dust	1,950,000	565,349	(160,721)	(276,046)	–	128,582
The Film Consortium Ltd	Innocence	1,158,000	1,000,000	(750,000)	–	–	250,000
	Gabriel & Me						
The Film Consortium Ltd	(aka Jimmy Spud)	1,301,243	162,221	(129,281)	(32,941)	–	–
The Film Consortium Ltd	Large	590,000	270,985	(157,993)	–	–	112,992
The Film Consortium Ltd	Room to Rent	80,000	15,000	(14,196)	–	(376)	428
The Film Consortium Ltd	Shame	10,000	–	3,750	–	(3,750)	–
	In this World						
	(aka The Silk Road,						
	aka Untitled						
The Film Consortium Ltd	Refugee Project)	650,000	650,000	(325,000)	–	–	325,000
The Film Consortium Ltd	51st State	2,000,000	1,188,365	(529,900)	(128,565)	–	529,900
The Film Consortium Ltd	The Rose of Tralee	8,500	–	1,750	–	(1,750)	–
	24 Hour						
The Film Consortium Ltd	Party People	2,267,842	947,842	(924,733)	–	–	23,109
<b>Total hard commitments</b>							
<b>made in prior years</b>		<b>44,257,894</b>	<b>23,729,037</b>	<b>(6,984,912)</b>	<b>(6,629,923)</b>	<b>(105,134)</b>	<b>10,009,069</b>
<b>Film rights at 31 March 2003</b>			<b>55,587,199</b>	<b>(22,504,137)</b>	<b>(6,836,418)</b>	<b>(409,454)</b>	<b>25,837,188</b>

# Schedules to the accounts continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2003

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

PRODUCER	FILM	£
4 Way Pictures	The Dope Priest	5,500
50 Cannon Entertainment UK	Box of Delights	5,000
Alliance Atlantis t/a Momentum Pictures Ltd	Are You Experienced	45,000
Archer Street Tigerlily Films Ltd	Development slate	73,750
Autonomous Ltd	Sex Planet	10,000
Autonomous Ltd	Development slate	216,000
AWOL Films Ltd	A Way of Life – pilot	10,000
B3 Media Ltd	Digital shorts	40,000
Babydoll Productions Ltd	The Liar, the Bitch & the Wardrobe Mistress (formerly Untitled Black Comedy)	8,000
Bend It Films Ltd	Development slate	115,000
Bent Films Ltd	Home Movie	9,999
Big Pond Productions	Untitled Marc Evans Project	19,040
Big Talk Productions Ltd	Tashkent Girls	16,000
Blackwatch Productions Ltd	Viral shorts scheme	27,500
Bolex Brothers (SHP) Ltd	Shock Headed Peter	2,000
Bolex Brothers (Suckers) Ltd	Suckers	33,500
Box Films Ltd	Sci-fi scheme/New Steps Beyond	94,000
Cafe Productions Ltd	Big Blue and the Humanoid	178,117
Canteen Culture Ltd	Canteen Culture	29,750
Century Films Ltd	Trafficked	7,332
Channel X Communications Ltd	Development slate	60,000
Cloud Nine Films Ltd	Dust	8,500
CNC shorts scheme	Championship	2,620
Coded Pictures	One Wish (working title)	43,700
Common Features Ltd	Entering Blue Zone	3,500
Company Films Ltd	Development slate	100,000
Company of Wolves Ltd	Intermission	570,000
Company Pictures Ltd	Development slate	130,000
Cougar Films Ltd	Black Ice	34,500
Courtland Productions Ltd	Above the Clouds	45,000
Darlow Smithson Productions Ltd	Touching the Void	335,000
David Aukin Productions Ltd	West Bank	64,500
Deep Blue River Films Ltd	One Fine Day in the Middle of the Night	12,600
Devotion Films Ltd	Sex Lives of the Potato Men	1,808,372
Ecosse Films Ltd	Development slate	250,000
EMMI Ltd	Digital shorts	40,000
Fat Melon Films Ltd	Gods of War	16,000
Feelgood Fiction Ltd	The Rose of Tralee	13,500
Fever Ltd	Fever	16,500
First Film Company Ltd	Night Train	9,349
Firstsight Films Ltd	The Witchfinder General	91,000
Footprint Films Ltd	Waterloo Sunset	26,784
Fragile Films Ltd	Valiant	2,580,645
Fragile Films Ltd	Development slate	200,000
Fugue Films Ltd	Revolving Door	64,000

**FILM AWARDS TO NON-FRANCHISEES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)**

<b>PRODUCER</b>	<b>FILM</b>	<b>£</b>
Gabriel Films Ltd	Development slate	66,000
Gayle Griffiths Productions Ltd	Kiss of Life (aka Helen Of Peckham)	125,000
George Webster	Bob's Ark	10,000
Giant Films Ltd	Anatomy of Grief – pilot	9,980
Granada Film Ltd	Vanity Fair	2,583,000
Gruber Films Ltd	Development slate	200,000
Halycon Films Ltd	Whacked! (Completion Fund)	2,500
Hanthum Films Ltd	Run	17,857
Hijra Films	Hijra	16,000
Holdings Ecosse Ltd	VIY	19,000
Holy Cow Films Ltd	Adult Behaviour (aka Family Entertainment, aka Lifesaving)	7,800
Holy Cow Films Ltd	Richmond project	5,500
Home Movies Ltd	Tomorrow La Scala! (aka Sweeney)	41,906
Hurricane Films Ltd	List <sup>3</sup>	4,500
Icon Entertainment International	This Is Your Life	18,750
Ideal Word Productions Ltd	Ideal World development scheme	58,137
Illumination Films Ltd	Signal to Noise	10,000
Impact Pictures Ltd	The Dark	48,666
Impact Pictures Ltd	Development slate	108,500
Intermedia Film and Video (Nottingham) Ltd	One for the Road	240,000
Jamperswang Ltd	You Don't Know My Kids	27,000
Joelle Bentolila t/a Cracking Film Productions	Cracks	3,500
Jolyon Symonds Productions Ltd	A Family Business	23,013
Kismet Film Company Ltd	Ugly Streakers	18,750
Kiss It Productions Ltd.	Kiss It	13,265
Kudos Film and Television Ltd	A Spy by Nature	36,000
Kuhn & Co Ltd	Development slate	250,000
Lighthouse Entertainment Ltd	Digital shorts	45,000
Lithium Films Ltd	Jetpac Willie (Completion Fund)	3,000
Litmus Productions Ltd	Patrick Robertson	27,000
Little Bird Company Ltd	Development slate	150,000
Lucy Daniel Raby	Young Santa	11,395
Makar Productions	The Chosen	20,000
Martin Pope Productions Ltd	Untitled – Hunter and Hunsinger	5,000
Merchant Ivory Productions Ltd	Independent People	42,000
Mission Pictures Ltd	Development slate	250,000
Monogram Pictures Ltd	Mapping the Edge	9,500
Montego Films Ltd	One Love	440,000
Nick Brooks & Laura Kelly	Ozone	6,164
North West Vision Ltd	Digital shorts	45,000
Number 9 Films Ltd	Hendrix	94,000
October Films Ltd	Development slate	150,000
One Love Films Ltd	One Love	481,827
One Way Film & Television Ltd	Swim to America	1,620
Orangetop Ltd	Waxers	1,500

# Schedules to the accounts continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2003 (CONTINUED)

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

PRODUCER	FILM	£
Oscar Films Ltd	Little Sisters	15,110
Parallax Pictures Ltd	Blind Flight	460,500
Passion Pictures Ltd	Live Forever	12,249
Passion Pictures Ltd	Development slate	100,000
Peter Chelsom Productions Ltd	The Freddie Randall Story	250,000
Pipedream Pictures Ltd	Ghosthunters	90,000
Provocative Pictures Ltd	F2.8	2,500
Recorded Picture Company Ltd	Development slate	300,000
Regional Writers Scheme	Regional writers scheme	225,000
Revolution Films Ltd	Code 46	1,565,063
Richard Alwyn	Newlyn	4,000
Richard Vincent	These Things Stay	1,400
Robert Fox Ltd t/a Fox Phillips	Development slate	160,000
Rubicon Pictures Ltd	The Third Day	18,250
Rubicon Pictures Ltd	The Dead Wait	4,500
Ruby Films Ltd	Ted & Sylvia (aka Untitled Love Story)	1,460,000
Ruby Films Ltd	Development slate	170,000
Ruth Coulson t/a Rumour Productions	Friday Night In	4,000
S Films Ltd	Fever	3,480
Sadly Compromised Film Productions Ltd	My Other Wheelchair is a Porsche	6,664
Samuelson Productions Ltd	The Devil's Assassin	16,500
Samuelson Productions Ltd	The Peacock Manifesto	69,750
Scala Productions Ltd	Du Quesne's Boys	23,800
Screen East Ltd	Digital shorts	45,000
Screen West Midlands Ltd	Digital shorts	45,000
Sgrín Ltd	Digital shorts	50,000
Shine Entertainment Ltd	Friends Forever	24,500
Shine Entertainment Ltd	Steer Wood	24,500
Shona Productions Ltd	Development slate	44,200
Silver Fox Films Ltd	Water Warriors	35,000
Slate Films Ltd	Girls at War	30,210
Spirit Dance (UK) Ltd	Ten	229,544
Staccato Films Ltd	Sportsman of the Century	10,000
Starfield Productions Ltd	Meera Syal's Untitled Irish Project	101,500
Stink Ltd	A Changed Man	25,000
Stones in his Pockets Ltd	Stones in his Pockets – pilot	11,638
Strange Dog Ltd	Finding Out	300,000
Suzie Smith	Being Me	6,500
Swag Pictures Ltd	Mrs Ratcliffe's Revolution	70,000
Synergen Films Ltd	Divine	2,500
Tall Stories Ltd	Development slate	50,000
Tantrum Films Ltd	A Way of Life	350,000
Tartan Works Ltd	The Purifiers – pilot	10,000
Telescope Pictures Ltd	The Eustace Diamonds	15,600
The Agency Ltd	Rent-a-Wife	5,000



**FILM AWARDS TO NON-FRANCHISEES DISCLOSED AS SOFT COMMITMENTS (CONTINUED)**

<b>PRODUCER</b>	<b>FILM</b>	<b>£</b>
The Bureau Film Company Ltd	Noi the Albino	5,872
The Bureau Film Company Ltd	So What	12,250
Thin Man Films Ltd	Mike Leigh Untitled 03	777,632
Third Films Ltd	Love Me or Leave Me Alone	25,000
Third Rock Ltd	AKA (aka Run with the Foxes)	101,250
Tigerlily Films Ltd	Stop History	375,000
Touching the Void Ltd	Touching the Void	50,003
Trademark Films Ltd	Godparents	49,500
Tubedale Films Ltd	The Carnal Artist	20,000
Watermark Films Ltd	Man and the Mysteries of the Female Orgasm	27,430
Wild Horses Film Company Ltd	Kiss of Life (aka Helen Of Peckham)	10,000
<b>Total single project awards</b>		<b>21,121,582</b>

# Schedules to the accounts continued

## SCHEDULE 2: LOTTERY AWARDS MADE IN YEAR ENDING 31 MARCH 2003 (CONTINUED)

### TRAINING AWARDS (NON-BURSARIES)

COMPANY	TRAINING COURSE	£
Arista	Screen writers masterclass	18,070
Ateliers du Cinema Européen (ACE)	Berlinale Talent Campus	64,020
Ateliers du Cinema Européen (ACE)	Producers programme	64,061
Bournemouth University	MA Screen writing scholarships	20,000
Draft Zero	The Essentials of Development	5,630
EMMI/Intermedia	Digital shorts training	7,500
First Film Foundation	Script development project	98,576
Francis Riding	Scholarship	1,950
Goldsmiths College	MA Screen writing scholarships	10,322
Kuhn & Co Ltd	Inside Pictures 2003	326,790
Leeds Metropolitan University	MA Screen writing scholarships	20,000
Lighthouse Arts and Training Ltd	Digital shorts training	7,500
London College of Printing	MA Screen writing scholarships	12,915
Master School Drehbuch	Berlinale Talent Campus	75,000
Moonstone International Screen Labs	Screen-writers Labs	190,000
North by Northwest	Classics	55,416
North by Northwest	The Seven Samurai	3,008
Northern Film & Media Ltd	Digital shorts training	7,500
Olsberg SPI	Business development course	48,872
Performing Arts Labs Ltd	Screen writers Lab	136,525
Phil Parker	Training the Trainers	97,780
Royal Holloway – University of London	MA Screen writing scholarships	12,623
Screen West Midlands Ltd	Digital shorts training	7,500
The Script Factory Ltd	Script development feedback	30,000
The Script Factory Ltd	Script readers course	41,350
The Script Factory Ltd	Screen writers masterclass	25,000
The Script Factory Ltd	Training for Personnel	53,400
The Script Factory Ltd	Writers Passage	125,000
University of East Anglia	MA Screen-writing scholarships	5,166
Other awards < £100		161
<b>Total training awards (non-bursaries)</b>		<b>1,571,635</b>
<b>Training bursaries</b>		
<b>76 awards &lt; £100,000</b>		<b>34,948</b>

## OTHER LOTTERY AWARDS

ORGANISATION		£
EM-Media Ltd	Regional Lottery award	337,026
Film London Ltd	Regional Lottery award	170,026
Hi8us First Light Ltd	First Light scheme	1,000,000
Northern Film and Media Ltd	Regional Lottery award	405,026
North West Vision Ltd	Regional Lottery award	320,026
Screen East Ltd	Regional Lottery award	405,026
Screen South Ltd	Regional Lottery award	320,026
Screen Yorkshire Ltd	Regional Lottery award	315,026
Screen West Midlands Ltd	Regional Lottery award	428,026
South West Screen Ltd	Regional Lottery award	453,359
<b>Total other Lottery awards</b>		<b>4,153,569</b>
<b>Total new soft commitments 2002/03</b>		<b>26,881,734</b>

## AWARDS TO FRANCHISE PROJECTS DISCLOSED AS SOFT COMMITMENTS

COMPANY	FILM	£
Pathé Pictures Ltd	A Romantic Comedy about Divorce	100,000
Pathé Pictures Ltd	Churchill, the Hollywood Years	1,250,000
Pathé Pictures Ltd	Girl with a Pearl Earring	2,000,000
Pathé Pictures Ltd	Natural History	900,000
Pathé Pictures Ltd	Suzie Gold	700,000
Pathé Pictures Ltd	The Magic Roundabout	2,600,000
Pathé Pictures Ltd	The Seven Fires of Mademoiselle	100,000
Pathé Pictures Ltd	Vurt	28,000
Pathé Pictures Ltd	With Prejudice	46,530
The Film Consortium	Bright Young Things	3,000,000
The Film Consortium	Bugs!	1,000,000
The Film Consortium	Country of My Skull	2,425,000
The Film Consortium	Deadline Beirut	373,403
The Film Consortium	Dust (Prints & Advertising application)	32,500
The Film Consortium	How to Rob Banks without Violence	17,500
The Film Consortium	Instant in the Wind	9,615
The Film Consortium	The Best Man	23,000
The Film Consortium	The Other Half	27,000
The Film Consortium	The Republic of Love	1,022,222
The Film Consortium	In this World (aka The Silk Road aka Untitled Refugee Project)	12,804
<b>Total franchise awards</b>		<b>15,667,574</b>
<b>Total Lottery awards 1 April 2002 - 31 March 2003</b>		<b>42,549,308</b>

# Schedules to the accounts continued

## SCHEDULE 3: LOTTERY AWARDS MADE FROM UK FILM COUNCIL DELEGATIONS IN THE YEAR ENDING 31 MARCH 2003

### EM-MEDIA

ORGANISATION	PROJECT	£
Andy Hazard	Tin Ear, Cold Heart, Closed Mind	10,000
Broadway	Screen 2	45,000
Broadway	Out of the Past and into the Future	15,635
Cinelincs	Rural development project	20,842
Derby City Council	Visual Arts & Media Centre	12,925
Derbyshire Film Consortium	Derbyshire Film	13,822
Intermedia Film & Video	Broadway/Intermedia	12,500
Leicester City Council	Leicester Film & Media Centre	30,000
MACE	Midland Journey	17,000
Metro Cinema	Shifting Gears	38,325
Notts Film Consortium	Notts Film Access pilot	15,350
Wellington Films	The Fastest Milk Float in the World	10,000
13 miscellaneous awards < £10,000 each		81,022
<b>Total</b>		<b>322,421</b>

### NORTHERN FILM & MEDIA

ORGANISATION	PROJECT	£
Animex 2003	–	20,000
Haltwhistle Film Project	Digital training	10,730
Ipsa Facto	School for Seduction	40,000
Isis Arts	Moving Image & Education Mentoring	19,975
Jump Monk	River Angel	12,000
Keith Bell	Eagle's Nest	10,000
Marketing Amber		11,526
RS Productions	Frozen	40,000
Samm Hailay	Sunday	10,000
Ten Feet Tall	Kino 2	13,500
The Side Cinema		17,728
Wildcat Films	Flight	12,000
Yipp	North Sea Festival	29,730
40 miscellaneous awards < £10,000		96,012
<b>Total</b>		<b>343,201</b>

## NORTH WEST VISION

ORGANISATION	PROJECT	£
APT Films/Northern Films and Fantasia Ltd	Talking with Angels	10,000
Big Truck Ltd	Big Truck Company development	15,000
Commonwealth Film Festival	Commonwealth Film Festival 2003	20,000
FACT Ltd	The Factory	11,000
First Take Video Ltd	Retitled	10,000
Granada Television	Outside In	10,000
Granada Television	Inside Out	10,000
Kino Screen Ltd	Manchester International Short Film Festival	10,000
Shoreline Films Ltd	Frozen	20,000
54 miscellaneous awards < £10,000		153,818
<b>Total</b>		<b>269,818</b>

## SCREEN EAST

ORGANISATION	PROJECT	£
Arcimboldo Productions	The Man with an Opera House in his Living Room	14,600
Audio Networks Plc	National & Ethnic Film Music	20,000
Bill & Ben Productions	Salt Scrubbers	10,000
Essjay Films	Spiked	20,000
Mosaic Films	Strawberry Fields	10,000
Eye Film & Television	Company development	20,000
FAN Animation Festival	FAN 2003	11,000
Far East Productions	Far East	10,000
Imago Productions	Channel 4 daytime development	20,000
Red Fox Productions	Company development	20,000
St Albans District Council	Cinema feasibility project	10,000
Wise Women Productions	Bubblegum	10,000
36 miscellaneous awards < £10,000		166,255
<b>Total</b>		<b>341,855</b>

## SCREEN SOUTH

ORGANISATION	PROJECT	£
The Bridge	Time Travellers	10,000
The Ignition Network	Production scheme	10,000
South East Film and Video Archive	Cine City/Audiovisual mapping	10,000
Good Guy Productions	The Collector	10,000
56 miscellaneous awards < £10,000		122,973
<b>Total</b>		<b>£162,973</b>

# Schedules to the accounts continued

## SCHEDULE 3: LOTTERY AWARDS MADE BY DELEGATED BODIES IN THE YEAR ENDING 31 MARCH 2003 (CONTINUED)

### SCREEN WEST MIDLANDS

ORGANISATION	PROJECT	£
Arts Alive	Flicks in the Sticks/Flicks Film Factory	24,500
Birmingham Film and Television Festival		60,000
British Deaf Association	7th Deaf Film and Television Festival	16,773
Endboard Productions Ltd	Fiction development slate	10,000
Maverick Television	Ideafactory Live/Crossovers	37,000
mykindofshow.com Ltd	Sustaining New Talent	14,304
Old Father Time Ltd	Times Square	10,000
Rural Media Company	Rural Writes/Role Model/Borderlines Film Festival	46,000
SGP Communications	2nd City Black Film Season	10,000
Swish Ltd	Sex for Happiness	10,000
The Script Factory	Broad Street Stories	10,000
Vivid	Incubator	10,000
31 miscellaneous awards < £10,000		135,664
<b>Total</b>		<b>£394,241</b>

### SCREEN YORKSHIRE

ORGANISATION	PROJECT	£
Bradford Film Festival		10,000
Leeds Film Festival	4th Leeds Children and Young People's Film Festival	10,000
SIDF	Documentary Festival	15,000
Lovebytes	Festival 2003 (Digi Film)	10,000
6 miscellaneous awards < £10,000		29,648
<b>Total</b>		<b>£74,648</b>

### SOUTH WEST SCREEN

ORGANISATION	PROJECT	£
Bolexbrothers	The Fabulous Furry Freak Brothers in Grass Roots!	10,000
Cornwall County Council	Cornwall Film Fund	49,264
Dartington Arts	The Barn Cinema	13,250
Encounters Film Festivals	Brief Encounters and Animated Encounters	12,000
Purbeck Film Festival	Purbeck Film Festival/Moviola/Cinemobile	23,500
Somerset Film and Video Ltd	The Engine Room	18,500
South West Film and Television Archive	Company development/archivist appointment	27,750
Watershed Media Centre	Moving Image Development Programme	120,500
17 miscellaneous awards < £10,000		51,817
<b>Total</b>		<b>£326,581</b>

## FIRST LIGHT

<b>ORGANISATION</b>	<b>£</b>
All Change Arts	30,000
Artikal Films	50,000
Cinetig	16,995
Don't Look Now	29,917
Film & Video Workshop	35,980
First Take	11,260
Greenwich Films	36,000
Intermedia Film & Television	17,987
Kino Screen	21,726
Knowle West Media Centre	11,000
Lambeth Arts	18,568
Latimer Film	17,790
Lighthouse Arts & Training	15,283
Living Archive	18,000
Media Education	24,858
Motherwell Youth Enterprise Centre	12,188
North Kensington Video/Drama Project	18,750
Pilton Video	23,834
Rural Media Company	26,640
Sheffield Independent Film	18,000
Suited & Booted Community Video	19,900
The Seachange Trust	11,330
West Highland Animation	36,000
WFA Media & Cultural Centre	29,230
Wolf & Water Arts Co.	10,175
Writing on the Wall Festival 2003	36,000
49 miscellaneous awards < £10,000	212,260
<b>Total</b>	<b>£809,671</b>

**Total Lottery awards made by delegate bodies in year ending 31 March 2003** **£3,045,409**





# 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. The directions are set out below. The UK Film Council confirms that, to the best of its knowledge, it complied fully with the financial directions in 2002/03.

(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 2002/03. A copy of the statement of financial requirements is available from the UK Film Council.

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

The UK Film Council has in place written procedures for dealing with conflicts of interest and maintains a register of interests for 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 benefit 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 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 and to improve the quality and commercial viability of British films. The aim of the UK Film Council's funds is to develop a number of these key areas including script development, UK feature films and training.

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;

# Statutory background continued

- 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.

The UK Film Council's Lottery strategic Plan 2000 set out the UK Film Council's priorities for its first three years, which were informed by an assessment of the needs of the film sector. 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 and production 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's activity in film development and production is aimed at encouraging creative excellence through fostering new talent; and formal experimentation and challenging audiences. It is also focused on skills development through training initiatives.

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. Most notable partners being the nine Regional Screen Agencies, three National Screen Agencies and the British Film Institute (*bfi*). 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. In addition, the Training Fund aims to complement the other funds in developing young British talent in the areas of writing and script development. The UK Film Council works in partnership with Skillset (the Sector Skills Council for the audiovisual industry) to deliver this programme.

## F. To further the objectives of sustainable development.

Technological development is supported through encouraging the use of digital production techniques, shooting on videotape/DV rather than film 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.

## 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 as in the case of the Training Fund, 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 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 notable with Arts Council England. The UK Film Council delegates funding to Regional Screen Agencies in England in support of its strategic objectives that the agencies can deliver locally along with agency local objectives.

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

**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 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 material for deposit in the *bfi*'s collection.

**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 capable of qualification under the Act.

**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 paper, please contact the Communications Department at the address below:**

**Tel:** +44 (0)20 7861 7884

**Fax:** +44 (0)20 7861 7863

**Email:** [communications@ukfilmcouncil.org.uk](mailto:communications@ukfilmcouncil.org.uk)

#### **UK FILM COUNCIL**

10 Little Portland Street

London W1W 7JG

**Tel:** +44 (0)20 7861 7861

**Fax:** +44 (0)20 7861 7862

**Email:** [info@ukfilmcouncil.org.uk](mailto:info@ukfilmcouncil.org.uk)

[www.ukfilmcouncil.org.uk](http://www.ukfilmcouncil.org.uk)

© UK Film Council, 2003

All rights reserved. No part of this publication may be reproduced, stored or transmitted by any means without the prior permission of the publishers.

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.

Designed by 4creative

Printed by Centurion Press Ltd