

Northern Ireland Screen Commission  
Registration Number NI 031997

**Northern Ireland Screen Commission**  
**Annual Report and Financial Statements**  
**for the year ended 31 March 2017**

**Company Information**

**Directors at 31 March 2017**

Dame Rotha Johnston  
Elaine Sperber  
Tim McKane  
James Penny  
Michael Catto  
Adeline Dinsmore  
Jennifer Johnston  
Michael Kuhn  
Fiona MacMillan  
Laurence McKeown  
Ian Parsley  
Greg Maguire

**Secretary**

Richard Williams

**Company Number**

NI 031997

**Organisation Status**

Northern Ireland Screen was classified by ONS as a Non Departmental Public Body in January 2012 as per the Public Sector Classification Guide and the National Accounts Classification Decisions reports on the ONS website.

**Registered Office**

Alfred House  
21 Alfred Street  
Belfast  
BT2 8ED

**Auditor**

Comptroller and Auditor General  
Northern Ireland Audit Office

**Bankers**

Danske Bank  
First Floor  
Donegall Square West  
Belfast  
BT1 6JS

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**Performance Report:**

**Strategic Report  
For the year ended 31 March 2017**

**Overview**

**History and statutory background**

Northern Ireland Screen Commission (trading as Northern Ireland Screen) was established on 28 April 1997 as a direct result of recommendations made in the Edmund Review, which was commissioned by the Department of Education for Northern Ireland (DENI) and the Department of Economic Development (DED). It assumed the previous responsibilities of the Northern Ireland Film Council.

At the balance sheet date, the Department for Economy (DfE) is the government sponsor department for Northern Ireland Screen. On 7 May 2016 the sponsorship department transferred from Department for Communities (formerly DCAL) to DfE. The primary funders are Invest Northern Ireland, DfE, Department for Communities (DfC), the British Film Institute (BFI) as a conduit for the Department of Culture, Media and Sport, and the Arts Council of Northern Ireland, as a Lottery distributor. The framework for these governance and funding arrangements is contained in the Management Statement and Financial Memorandum dated 6 July 2009.

Northern Ireland Screen is a company limited by guarantee, currently governed by a board of 12 Directors and employing 28 staff. The organisation is the government-backed lead body in Northern Ireland for the film, television and digital content industry.

This report covers the third year of Northern Ireland Screen's Strategy *Opening Doors 2014-2018* ("ODS").

**Review of business with Key Performance Indicators**

We are committed to maximising the economic, cultural and educational value of the screen industries for the benefit of Northern Ireland. This goal is pursued through our mission to accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.

Northern Ireland Screen has 3 overarching objectives:

1. That Northern Ireland will have the strongest screen industry outside of London in the UK and Ireland within 10 years (from 2014);
2. That this industry will be supported by vibrant and diverse cultural voices that are recognised and celebrated equally at home and abroad; and

**Strategic Report (cont)  
for the year ended 31 March 2017**

3. That the sector will be underpinned by the most successful screen and digital technologies education provision in Europe ensuring that the education is within reach and of value to the most socially disadvantaged.

Developing the screen industry and its cultural sector has an almost unrivalled fit with the *Programme for Government* with the creative and cultural mix of the sector impacting on multiple priorities simultaneously. While the Opening Doors Strategy was devised before the present Programme for Government, the performance demonstrated to date shows that the screen sector makes a significant contribution to 8 out of the 14 Outcomes set out in the Programme for Government

Creating opportunities across the full range of the screen industries is the central theme of Northern Ireland Screen's economic strategy and is the most effective means of ensuring that opportunities in the screen industries are open to the widest possible range of people.

The Education, Exhibition, Cultural and Economic work supported is inextricably linked. A healthy ecosystem across all of these areas is the key to a sustainable and thriving screen industry in Northern Ireland.

Our strategy is now at the end of its third year and is well on track to deliver significant economic, cultural and educational successes across the period. Our commitment to develop a diversified screen industry through the support of a range of Sectoral Priorities is working with significant projects supported in Large-Scale Production, Animation, Independent Film, Television Drama, Factual and Entertainment Television, Gaming and Irish Language and Ulster-Scots.

The statement of financial position shows a movement in Total Taxpayer's Equity from £1,294 to a deficit of £630,375. This deficit is wholly attributable to the increase in pension liabilities. The pension liabilities relate to the defined benefit scheme which is managed by the pension fund Committee of NILGOSC and the directors of Northern Ireland Screen do not have any control in the management of this Fund. This liability arises due to the change in market conditions over the year and a change in membership data provided by the Committee. The liability does not present a real risk to the organisation's position as a going concern.

**Performance Analysis**

Opening Doors highlights from Year 3:

1. The Screen Fund has committed to support productions which will contribute more than £76m to the NI economy, including spend on jobs and in local businesses.
2. A Large-Scale Project to be housed at Belfast Harbour Studios has been identified with a Screen Fund award accepted.
3. Northern Ireland Screen continued to attract high profile productions to film in Northern Ireland including HBO's *Game of Thrones*, BBC network dramas including *Line of Duty*, *Paula* and *Woman in White*, and *Frankenstein Chronicles series 2* for ITV Encore and A&E.

**Strategic Report (cont)**  
**For the year ended 31 March 2017**

4. 2016 saw *Game of Thrones* break the record for total number of Emmy Awards won, bringing its total to 38. Wins included awards for local Production Mixer Ronan Hill and Casting Director Carla Stronge. Recently audited figures for *Game of Thrones* show that the production of season six injected £31 million to the Northern Ireland economy, and projections to the end of series 8 in March 2018 indicate a total value to Northern Ireland of around £200 million.
5. In the animation sector Sixteen South won the BAFTA for Best Independent Company and is currently in production on *Lily's Driftwood Bay* series 2, *Pinkalicious*, *Claude* and live-action puppet show *Wildwoods*. Dog Ears is currently in production for series 2 of *Puffin Rock*. Paper Owl was awarded a major contract with CBeebies to produce animated series *Pablo* – the first children's series to be made about a character on the autism spectrum - with the second series already commissioned ahead of the first series airing.
6. *Bad Day for the Cut*, written by Chris Baugh and Brendan Mullin, had its world premiere at the Sundance Film Festival in February 2017. Directed by Chris and produced by Brendan the film was developed through the New Talent Focus Scheme and received production funding from the Northern Ireland Screen Fund. The film is to be released in North America in late 2017, UK release is to be confirmed.
7. *The Journey* had its world premiere at the Venice Film Festival and screened at the Toronto International Film Festival. The film was released in UK cinemas May 2017. *Hostage to the Devil* had its world premiere at Fright Fest in November 2016 and is currently being shown on Netflix worldwide.
8. Within Gaming, *HMS Spiffing* created by Billy Goat Entertainment was published on Steam, Xbox and PS4 with a mobile release due in 2017. Italic Pig's *Mona Lisa* won the best casual game at the Game Connection Awards in October 2016.
9. Tranzfuser™, the innovative new talent development programme from UK Games Talent and Finance CIC (UKGTF) and funded by the UK government, announced the winning teams taking part in this year's competition across the UK Regional Hub network. Northern Ireland Screen is the Regional Hub for NI and its successful teams were Pandora's Box and Red Spear.
10. In Children's TV *The Lodge* is currently in production for series 2. The show is the first Disney Channel UK commissioned series to be broadcast in the US. *Millie Inbetween* and *Secret Life of Boys* also returned for production and aired on CBBC.
11. *Aim High 3* was completed with 6 trainees going through the 18 month placement. Currently all 6 are employed full-time within the sector.
12. The Creative Learning Centres in Derry, Belfast and Armagh continued to serve a wide geographical area and exceeded their target of delivering 70% of activity to areas of social deprivation across NI.
13. 57 Northern Ireland students participated in the BFI Film Academy in Northern Ireland.

**Key Performance Indicators for the 2016-17 Financial Year**

Key performance indicators Activity	PI Targets 2016-17	Performance indicators at 31 March 2017	Year End Position
<b>ECONOMIC</b>			
Northern Ireland Screen Fund	Direct Spend output ratio 7.2:1 £64.1m  2014-18 :£250m	Direct spend output ratio on committed projects to Dec 2016  8.7:1 £76.5m (£58.4m excl o/s project)  2014 -17 £216m (Excl o/s project £198m)	
<b>ODS 2014-18 to date:</b> Large-scale production Animation TV Drama Factual/entertainment television Independent Film Gaming, mobile	<b>Accumulated 2014-18</b> 10.6:1 6.5:1 6:1 5:1 3:1 6:1	<b>Accumulated</b> <b>16-17</b> <b>14-18</b> 11.8:1 (18:1)    13.4:1 (15.1:1) 7.5:1            5.5:1 7.2:1            7.2:1 6.1:1            4.4:1 3.9:1            3.4:1 0                4.1:1	
<b>Skills</b>	58% and 35% NI crew and HOD on large scale productions  72% and 62% NI crew and HOD on other productions	58% and 41% NI crew and HOD on large scale production  77% and 63% NI crew and HOD on other productions	
<b>EDUCATION</b>			
<b>CREATIVE LEARNING CENTRES (CLC)</b>	Activity in areas of disadvantage -- schools or groups  Nerve Centre 70% Nerve Belfast 70% Amma Centre 70%  3,000 teachers involved in CLC programmes	Activity in areas of disadvantage -- schools or groups  Nerve Centre 90% Nerve Belfast 72% Amma Centre 83%  3,519 teachers involved in CLC programmes	
<b>SCHOOL FILM CLUBS</b>	Maintain a total of 270 active film clubs and maintain membership at 6,000	269 extended schools Membership record - 2,158	
<b>CULTURAL</b>			
<b>EXHIBITION:</b> QFT, Belfast Film Festival (BFF), Cinemagic, Foyle Film Festival and Creative Arts Initiative	Foyle to deliver 90% Education programme to extended schools. BFF to deliver 40% of screenings to areas of poverty and deprivation.	Foyle delivered 90% Education programme to extended schools. BFF delivered 40% of screenings to areas of poverty and deprivation.	
<b>Irish Language Broadcast Fund</b>	55 hours of television broadcast to 25,000+ people in N. Ireland. Emphasis on developing the linguistic quality.  Support 11 trainees across mixed disciplines.	76 hours awarded in year. Consolidated and extrapolated figures indicate an audience of over 25,000.  Supporting 11 trainees across mixed disciplines	
<b>Ulster-Scots Broadcast Fund</b>	Commission 12 hours of Ulster-Scots programming -- 90% broadcast within 9 months of delivery	Commissioned 15.7 hrs to date 11 out of 12 projects broadcast within 9 months.	
<b>OUTREACH</b>			
<b>Digital Film Archive</b>	40 presentations: targeting specific areas/groups 200 Partner events to reach 4,000  Deliver Phase 3 BFI digitisation project -- 170 titles.	52 presentations  231 partner events reaching 4,399  Phase 3 successfully delivered. Digitised 183 titles	

**Strategic Report (cont)  
for the year ended 31 March 2017**

**Principal risks and uncertainties**

The principal risks and uncertainties facing Northern Ireland Screen during the year were identified as follows:

The company carried a significant funding risk throughout the year in securing the balance of Invest NI funding. The four year Letter of Offer confirms £8m of a £10.7m offer (£42.6m over 4 years). The enhancement to £10.7m was subject to an annual October monitoring bid. Therefore the pipeline of activity could only be confirmed once funding was approved in November 2016.

As we enter the final year of Opening Doors Strategy there is a risk that a funding gap could occur if funding for the new strategy is not agreed before December 2017. Consequently, there could be a drop in confidence from the international industry that production incentives will continue to be available in Northern Ireland.

The substantial drop in Lottery funding indicated for 2017-18 brings with it significant challenges in our ability to support seed development particularly for talent from NI.

The organisation carried the risk that the studio and production space developed at North Foreshore by Belfast Harbour Commissioners had to attract suitable international large-scale tenants. At the time of writing, an appropriate tenant has been identified and terms have been agreed between the tenant and both the Belfast Harbour as landlord and Northern Ireland Screen.

For details on how Northern Ireland Screen deals with risk and uncertainties please see the Governance Statement.

**Future developments**

During 2017-18, Northern Ireland Screen will seek to agree and finalise a strategy for the following 4 years 2018-2022. The DfE has indicated that the future strategy may be directly funded by the department. This strategy will be developed against the Programme for Government and the new Industrial Strategy.



**R Williams  
12 September 2017**



**Accountability Report**

***Corporate Governance Report***

**Directors' Report  
for the year ended 31 March 2017**

The Directors who served during the year are as follows:

Dame Rotha Johnston (Chair)	Elaine Sperber (Vice Chair)
Michael Catto	Aódán MacPóilin (deceased 28.12.16)
Adeline Dinsmore	Tim McKane
Michael Kuhn	Laurence McKeown
James Penny	Fiona MacMillan
Jennifer Johnston	Ian Parsley
Sinead McCartan (resigned 13.09.16 – remains co-opted to Audit and Risk Committee)	Greg Maguire

**Personal data related incidents**

There are no personal data related incidents to report.

**Payments to Suppliers**

Northern Ireland Screen is required to comply with the British Standards for achieving good payment performance in Commercial Transactions (BS 7890) and the Late Payment of Commercial Debts (Interest) Act 1998 as amended and supplemented by the Late Payment of Commercial Debt Regulations 2002. DAO (DFP) 04/14 refer.

The percentage of bills paid within these standards is 98% (2015-16: 98%). The trade payable days at 31 March 2017 is less than 10 days.

**Risk**

The principal risks and uncertainties facing Northern Ireland Screen during the year are outlined in the Strategic Report. The management of risks and uncertainties is set out in the Governance Statement.

**Disclosure of Information to Auditor**

The Directors confirm that:

- a) So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- b) They have taken all necessary steps as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Directors' Report (cont)  
for the year ended 31 March 2017**

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

**Pension arrangements**

The company operated NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year. Northern Ireland Screen's share of the scheme recorded net pension liabilities at 31 March 2017 was £697,000 (2016 - £48,000).

**Complaints Handling**

Northern Ireland Screen operates a complaints handling procedure in order that a person or organisation can express dissatisfaction about an aspect of the service received from the organisation. Further details are available on the website.

In dealing with complaints, Northern Ireland Screen seeks to restore relationships as far as possible. It makes every effort to make it easy to voice concerns through handling complaints quickly and without undue fuss or bureaucracy. Complaints are handled confidentially, with fairness and objectivity, and the outcome is made known to the complainant.

All complaints and comments received, and actions taken are monitored and stored including the speed with which they are actioned. Complaints are analysed to look for problem areas where action may need to be taken to provide a better quality of service and ideas on how to improve services are welcomed.

**Going concern**

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards issued by the UK accountancy bodies in a form directed by the Department for Economy with the consent of the Department of Finance.

The company's funding position is outlined in further detail in the Strategic Report on page 1.

**Conflicts of interest**

Directors declare any interest in successful applications to the Commission and commercial relationships with the Commission (see note 15).

**Auditor's remuneration**

See note 4 in accounts for details of auditor's remuneration.



**Richard Williams  
12 September 2017**

### **Statement of Directors' and Accounting Officer's Responsibilities**

The Department for Economy has directed Northern Ireland Screen Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Northern Ireland Screen Commission and of its net expenditure, statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Department of Economy, including the relevant 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer of the Department for Economy has designated the Chief Executive as the Accounting Officer of Northern Ireland Screen. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Northern Ireland Screen's assets, are set out in Managing Public Money Northern Ireland issued by the Department of Finance.



**R Williams**  
**Accounting Officer**  
**12 September 2017**

**Governance Statement  
for the year ended 31 March 2017**

**Scope of Responsibility**

The Accounting Officer of Northern Ireland Screen has responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of Northern Ireland Screen, whilst safeguarding the public funds and the assets of Northern Ireland Screen, for which he is personally responsible, in accordance with the responsibilities assigned to him by the Board of Northern Ireland Screen and in Managing Public Money Northern Ireland.

Northern Ireland Screen's existing Management Statement and Financial Management with DCAL has been adopted by DfE, while a new one for DfE is being agreed. It sets out the relationship between DfE and Northern Ireland Screen and defines the financial and administrative framework within which Northern Ireland Screen operates. Northern Ireland Screen's Financial Memorandum which should be read in conjunction with the Management Statement sets out the framework for the management and control of the finance of Northern Ireland Screen.

**Compliance with Corporate Governance Best Practice**

The publication, in April 2013, of "Corporate Governance in Central Government Departments: Code of Good Practice NI" and its requirement for an effective Board which provides leadership for the business, helping it to operate in a business-like manner, advising on strategic and operational issues affecting the performance of the organisation and its function to scrutinise and challenge organisational policies and performance, whilst not mandated for Non Departmental Public Bodies (NDPBs), has been adopted in large part by Northern Ireland Screen with a view to identifying what measures can be taken to enhance current governance arrangements.

Northern Ireland Screen's compliance with "Corporate Governance in Central Government Departments: Code of Good Practice NI" was the subject of an internal audit review in 2013. The review examined Northern Ireland Screen's compliance with sections 2, 3, 4 and 5 of the Code which were deemed the most relevant to an NDPB. Findings have since been actioned through the appointment of a co-opted member to the Audit and Risk Committee.

**Governance Framework**

The Accounting Officer of Northern Ireland Screen is responsible for ensuring that audit and risk management systems and internal controls are in place and Northern Ireland Screen complies with all statutory and legal obligations. The Accounting Officer has responsibility to ensure that Northern Ireland Screen's Board and its Executive adhere to the Management Statement and Financial Memorandum agreed between DfE and Northern Ireland Screen.

The Board, in its role of supporting the Accounting Officer, has corporate responsibility for ensuring that Northern Ireland Screen fulfils the aims and objectives set by DfE and Invest NI as approved by their respective Ministers and for promoting the efficient, economic and effective use of staff and other resources.

**Governance Statement (cont)  
for the year ended 31 March 2017**

Governance and sponsorship responsibility for Northern Ireland Screen transferred to DfE in the new Government structures. Northern Ireland Screen will continue to have a funding and accountability relationship with Department for Communities in relation to the funding to be provided for the delivery of educational and skills activity,

The Board advises on five main areas:

- **Strategic Clarity:** guidance and advice on strategic and operational issues affecting the organisation's performance ensuring that decisions are based on a collective understanding of policy issues and that the organisation and its executive are challenged on the outcomes;
- **Commercial Sense:** responsible for ensuring sound financial management and overseeing the allocation of financial and human resources to achieve organisational objectives;
- **Talented People:** ensuring that the organisation has the capability to deliver and to plan to meet current and future needs;
- **Results Focus:** the Board has responsibility to agree the operational plan including the strategic aims and objectives as well as monitoring and steering performance against the plan; and
- **Management Information:** guidance and advice on the quality of information available to ensure clear and consistent information is available to drive organisational improvements.

The Board also has overall responsibility for ensuring a robust risk management process is established and maintained.

**Board Membership**

Northern Ireland Screen is currently governed by a Board of twelve non-executive directors:

Dame Rotha Johnston - Chair  
Michael Catto  
Fiona MacMillan  
Adeline Dinsmore  
Tim McKane  
Jennifer Johnston

Elaine Sperber - Vice Chair  
Greg Maguire  
Michael Kuhn  
James Penny  
Laurence McKeown  
Ian Parsley

**Governance Statement (cont)  
for the year ended 31 March 2017**

**Board Attendance in 2016-17:**

	7.6.16	13.9.16	13.12.16	14.3.17
Dame Rotha Johnston (Chair)	✓	✓	✓	✓
Elaine Sperber (Vice Chair)	✓	✓	✓	✓
Michael Catto	x	✓	✓	✓
Adeline Dinsmore	✓	x	✓	✓
Jennifer Johnston	✓	✓	✓	✓
Michael Kuhn	✓	✓	x	✓
Fiona MacMillan	✓	✓	✓	✓
Aódán Mac Póilín *	✓	x	x	x
Greg Maguire	✓	✓	✓	x
Laurence McKeown	✓	✓	✓	✓
Tim McKane	✓	x	✓	✓
Ian Parsley	x	x	✓	✓
James Penny	✓	✓	✓	x

\* Deceased 28 December 2016

The Board of Northern Ireland Screen is required to review its effectiveness annually. The latest review was completed in May 2016 and the next review commenced in May 2017.

In each year, the Chair of Northern Ireland Screen undertakes individual Board member appraisals, the results of which are submitted to Northern Ireland Screen's sponsor department, DfE.

Board members are required to complete Conflicts of Interest declarations annually and a Register of Interests is updated annually.

The quality of data is considered by Board members to be substantial. Papers distributed to the Board in advance of meetings include:

- Agenda;
- Minutes from previous meeting;
- Management accounts for period;
- CEO report to the Board;
- Corporate Risk Register;
- Performance Indicator Report for period; and
- Miscellaneous reports as required by the Committee.

Board members have sufficient opportunity to challenge the quality of papers issued to them.

**Governance Statement (cont)  
for the year ended 31 March 2017**

**Committees of the Board**

Northern Ireland Screen's Board may determine that certain aspects of its powers and responsibilities will be exercised by Committees. The composition, terms of reference and reporting requirements of the Committees will be determined by the Board. The Board receives updates from each Committee chair at the quarterly Board meetings.

Committees do not have decision making powers except in the case of the Lottery Heads of Department Committee, the Investment Committee, the Irish Language Broadcast Fund and Ulster-Scots Broadcast Fund Investment Committees.

**Audit and Risk Committee**

The Board of Northern Ireland Screen has established an Audit and Risk Committee to support them in their responsibilities for issues of risk control and governance. The Committee consists of 3 non-executive Board members, 1 observer and 1 co-opted member in the current year, and is tasked with reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. The Committee Chair, after each meeting, reports to the Accounting Officer and Board summarising the business undertaken by the Committee and offers views and advice from the Committee on issues on which they consider the Accounting Officer and Board should be taking action.

The Audit and Risk Committee prepares an annual report to support the preparation of the Governance Statement. The report details the membership of the Committee and their attendance at meetings throughout the year and also lists members' declared conflicts of interest.

An overview of Committee business in the year covering the discharge of the Committee responsibilities, their remit on risk management and corporate governance and key actions is also included.

The Audit and Risk Committee will advise the Board and Accounting Officer on:

- Strategic processes for risk, control and governance and the governance statement;
- Assurances relating to the management of risk and corporate governance requirements for the organisation;
- The effectiveness of the internal control system in the annual report;
- Annual financial statements in advance of submission to the Board, with particular focus on changes in accounting policy, major areas of judgement, significant audit adjustments, going concern assumption, and compliance with accounting standards;
- Report to those Charged with Governance and management's response;

**Governance Statement (cont)  
for the year ended 31 March 2017**

- Approval of Audit Strategy as submitted by NIAO;
- Scope and effectiveness of internal audit's work including planning and operation of the work and the Internal Audit Annual Report;
- Appointment of internal audit;
- Systems and procedures to promote efficiency, economy and effectiveness;
- VfM and other reports;
- DAOs from the department; and
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

**Audit and Risk Committee Attendance in 2016-17:**

	24.5.16	30.8.16	8.12.16	10.3.17
Fiona MacMillan (Chair)	✓	✓	✓	✓
Laurence McKeown	x	✓	x	✓
Adeline Dinsmore	✓	x	✓	✓
Sinead McCartan (Co-opted)	✓	✓	✓	✓
Dame Rotha Johnston (Observer)	✓	✓	x	✓

**Strategic Resources Committee**

The Board has established a Strategic Resources Committee as a Committee of the Board to support them in their responsibilities to ensure proper use of public money, to ensure Northern Ireland Screen remains solvent and to ensure effective financial management. The Committee consists of 3 non-executive Board members including the Chair of the Board.

The Strategic Resources Committee will, within the context of the Management Statement and Financial Memorandum (MSFM):

- Review annual financial statements in advance of submission to the Board;
- Review and recommend acceptance of the annual budget and Operating Plan and Financial Strategy;
- Review financial operating information including quarterly management accounts;



**Governance Statement (cont)  
for the year ended 31 March 2017**

- Exercise a challenge function to the budget and planning assumptions;
- Review financial policies and procedures;
- Recommend to the Board on estates, leasing, and insurance issues;
- Review policies relating to human resource issues;
- Review changes in staff structure including redundancy, promotions, additional posts;
- Review of performance appraisal and staff development;
- Seek assurances that the organisation adheres to all public sector purchasing and procurement requirements; and
- Review performance of the organisation including reporting against Key Performance Indicators.

The Strategic Resources Committee will meet 4 times a year (additional meetings may be convened by the Chair as deemed necessary) and all meetings will normally be attended by both the Accounting Officer and Director of Finance and Corporate Services.

The Strategic Resources Committee will also periodically review its own effectiveness and report the results of that review to the Board.

**Strategic Resources Committee Attendance in 2016-17:**

	31.5.16	6.9.16	28.11.16	31.1.17	6.3.17
Dame Rotha Johnston (Chair)	✓	✓	✓	✓	✓
Fiona MacMillan	✓	✓	✓	✓	x
James Penny	✓	✓	✓	✓	✓

Northern Ireland Screen has established a number of investment committees for its Screen Fund, Ulster-Scots Broadcast Fund and Irish Language Broadcast Fund. All of these committees will:

- Oversee the investments made by the relevant Fund and ensure that at all times the investment decisions are made in line with the guidelines for each Fund;
- Ensure that appropriate procedures and associated monitoring and reporting measures are in place to allow the Committee to report effectively to the Board and to support the work of staff associated with each Fund;
- Advise on how to maximise the effectiveness of each Fund in delivering against its objectives as stated in the Fund guidelines;

**Governance Statement (cont)  
for the year ended 31 March 2017**

- Act as the advisory panel to the Board with regard to all matters relating to each Fund; and
- Make decisions on awards up to the maximum as detailed in each Fund's Operating Manual.

These committees have all functioned effectively throughout the year to March 2017 and have reported on their activities to the Board of Northern Ireland Screen at each quarterly Board meeting.

**Investment Committee Attendance 2016-17:**

	Michael Kuhn	James Penny	Mike Catto	Tim McKane	Elaine Sperber	Dame Rotha Johnston
11.4.16	✓	✓	✓	✓	✓	✓
18.5.16	✓	✓	✓	x	✓	✓
28.6.16	✓	✓	✓	✓	✓	✓
6.7.16	✓	x	✓	x	✓	x
23.8.16	✓	✓	✓	✓	✓	✓
7.10.16	✓	✓	✓	x	x	✓
25.11.16	✓	x	✓	✓	✓	✓
16.12.16	✓	✓	✓	✓	✓	✓
20.1.17	✓	✓	✓	✓	✓	x
1.3.17	✓	✓	✓	✓	✓	✓

**The Management Team of Northern Ireland Screen**

The Chief Executive may delegate the day to day administration of his responsibilities to the Senior Management Team (SMT) in Northern Ireland Screen; this core team is comprised of specialists from within the industry.

The SMT will take responsibility for delivering objectives and managing the day-to-day performance of specified teams within Northern Ireland Screen. SMT members may deputise for the Chief Executive as and when appropriate. The SMT also assist in the development of Northern Ireland Screen's policy and strategy and they report regularly to the Board through the Chief Executive at regular Board meetings.

**Business Planning**

The Accounting Officer's responsibilities include ensuring that Northern Ireland Screen produces a 4 year strategy and an annual business plan within the timescales set by DfE and Invest NI. The organisation consults with DfE and Invest NI on the preparation of its corporate strategy.

A new strategy was developed and launched in April 2014. The strategy sets out Northern Ireland Screen's key objectives and associated performance indicators and targets relating to the period

**Governance Statement (cont)  
for the year ended 31 March 2017**

of the strategy. There is also a review of Northern Ireland Screen's performance against the previous strategy which focuses on achievements and returns on performance. A forecast of expenditure and income for the strategy period is included.

The Opening Doors Strategy 2014-18 was approved by Invest NI and the Department for Trade and Investment (DETI) and the organisation's then sponsor department (DCAL).

The annual Business Plan is also prepared in consultation with DfE and Invest NI and is submitted to DfE for Ministerial approval each year. The annual plan includes key targets and milestones for the year and is linked to budgeting information to facilitate resource allocation by DfE, DfC and Invest NI.

Quarterly performance indicator reports are submitted to Invest NI and are discussed at departmental accountability meetings and at all Northern Ireland Screen Board meetings.

The 4 year strategy and annual Business Plan are available on Northern Ireland Screen's website.

Business cases and post project evaluations are completed.

#### **Risk Management**

Risk at Northern Ireland Screen is primarily handled by ensuring that those responsible, whether staff or Board members, are suitably qualified and experienced. This is critical in the management of investments in film and television production and development, where experience is the only tool that differentiates between viable and non-viable projects.

Financial decisions are structured so as to separate responsibility as far as is possible in a relatively small organisation with a long established structure of Investment Committees assessing proposed decisions laid out by appropriately qualified and experienced staff.

A system of risk management is maintained to inform the Board's decisions and all reputational risks to the organisation are drawn to the attention of the Chair and are properly managed.

Northern Ireland Screen's Risk Register outlines the key corporate risks facing Northern Ireland Screen as identified by its Senior Management Team. The Risk Register details management's assessment of the key risks by rating associated controls and actions required to minimise the risk occurring. The updated Risk Register is presented to the Audit and Risk Committee and to the Board at each meeting on a quarterly basis. Key risks identified at 31 March 2017 were:

- The company carried a significant funding risk throughout the year in securing the balance of Invest NI funding. The four year Letter of Offer confirms £8m of a £10.7m offer (£42.6m over 4 years). The enhancement to £10.7m was subject to an annual October monitoring bid. This risk will be carried through to 2017-18 and will be heightened by the absence of a NI Executive to approve funding.

**Governance Statement (cont)  
for the year ended 31 March 2017**

- As we enter the final year of Opening Doors Strategy there is a risk that a funding gap could occur if the new strategy funding is not agreed before December 2017. Consequently, there could be a drop in confidence from the international industry that production incentives will continue to be available in Northern Ireland.
- The substantial drop in Lottery funding indicated for 2017-18 brings with it significant challenges in our ability to support seed development particularly for talent from NI.
- The organisation carried the risk that the studio and production space developed at North Foreshore by Belfast Harbour Commissioners had to attract suitable international large-scale tenants. At the time of writing, an appropriate tenant has been identified and terms have been agreed between the appropriate tenant and both the Belfast Harbour as landlord and Northern Ireland Screen.

The Accounting Officer of Northern Ireland Screen acknowledges, through the completion of the Bi-Annual Assurance Statement, responsibility for maintaining a sound system of internal governance which supports the achievement of Northern Ireland Screen's and DfE's policies, aims and objectives, whilst safeguarding the public funds and organisational assets for which he is personally responsible.

The Board Assurance Statement is completed by the CEO, Accounting Officer for Northern Ireland Screen, and submitted to DfE for review and comment. This document is designed to evidence the CEO's responsibility to manage risk to a reasonable level but is not designed to eliminate all risk to achieve policies, aims and objectives; therefore, it can only provide reasonable and not absolute assurance of effectiveness.

The risk management process is integrated with normal management processes and informs the annual business planning cycle so as to link risk management and internal governance firmly with Northern Ireland Screen's ability to fulfil its business objectives. An internal audit review of risk management resulted in a satisfactory rating for the organisation in 2016.

Responsibility for overseeing and monitoring all risk has been delegated to the Accounting Officer. Through the management team he ensures that all staff and Board members have received training and guidance on risk.

**Fraud Risk and Information Risk**

To safeguard public resources and to raise staff awareness against the risk of fraud, Northern Ireland Screen has a Fraud Prevention policy and Fraud Response plan which are regularly reviewed and updated.

In 2016-17 there were no incidents of actual or suspected fraud.

**Governance Statement (cont)  
for the year ended 31 March 2017**

Staff are aware of, and have received relevant training in respect of fraud, whistle-blowing and the requirements of the Bribery Act 2010. Refresher training in Fraud Risk was carried out in February 2016. All potential or alleged frauds will be reported to DfE and other appropriate bodies. A Fraud Risk Analysis is submitted to DfE annually.

For grant awards made by Northern Ireland Screen, there is an adequate system of grant sampling and verification of grant payments in place to detect fraud.

Appropriate arrangements are in place within Northern Ireland Screen to ensure that all data, including personal/sensitive data is held and used securely and whistle-blowers are protected.

**Governance and Accountability within Northern Ireland Screen**

The greatest level of assurance that Northern Ireland Screen's governance processes are working effectively will be obtained through a fully embedded risk management process. The regular review and reporting of risks and governance activity provides a second level of assurance. Reviews by internal and external audit provide an independent assurance that the processes are working effectively. Control mechanisms are in place to ensure that the risk to information is minimal.

The main procedures in place to monitor the effectiveness of the governance system are as follows:

- Regular meetings with the officials from DfE and Invest Northern Ireland to consider both operational and strategic issues and matters relating to the system of internal governance;
- Bi-Annual Assurance Reports and an annual Fraud Risk Analysis;
- Northern Ireland Screen's Risk Management policy explains the organisation's underlying approach to risk management, and outlines the roles and responsibilities of the Board, Audit and Risk Committee, Strategic Resources Committee, the senior management team and Internal and External Audit;
- Following best practice with regard to the procurement of goods and services;
- Regular reports by administrative staff on progress against principal financial targets and the projected financial outcome for the year, and progress reports by staff responsible for major funds;
- Detailed progress reports to the Audit and Risk Committee, the Strategic Resources Committee and the Board of Northern Ireland Screen at their regular meetings and the inclusion of performance measures and results against targets in the annual operating plan;

**Governance Statement (cont)  
for the year ended 31 March 2017**

- Reports from the internal auditors to the Audit and Risk Committee on the system of internal governance for the year;
- Report to those charged with governance by Comptroller and Auditor General (C&AG) on material issues relating to the financial statements, and provision of an opinion on whether the financial statements give a true and fair view of the affairs of the company; and
- Periodic reviews of the Risk Register by the Chief Executive, Director of Finance and Corporate Services, the Board, Audit and Risk Committee and internal auditors of Northern Ireland Screen. The principal risks to the achievement of the objectives of Northern Ireland Screen are identified and recorded in the risk register, together with the controls in place and any further controls required to manage the risk effectively, efficiently and economically. Reports on emerging issues and strategies to deal with any associated risks are made to the Department for Economy, Invest Northern Ireland, the Audit and Risk Committee and the Board at their regular meetings.

**Sources of Independent Assurance**

Internal Audit is responsible for providing opinions regarding the adequacy and effectiveness of Northern Ireland Screen's system of internal governance. It adopts a classification system for the assurance achieved in each audit. This classification is based on guidelines issued by the Department of Finance on 26 July 2016, reference DAO (DOF) 07/16.

At the end of each financial year an Internal Audit Assurance Statement is issued to the Audit and Risk Committee of Northern Ireland Screen based on the systems audit work performed during the year. The following reviews were completed in the year:

<b><u>Internal Audit Review</u></b>	<b><u>Rating</u></b>
• Review of Financial Management	Satisfactory
• Review of Business Continuity	Satisfactory
• Review of Performance Management	Satisfactory

The Internal Audit Annual Report shows an overall satisfactory level of assurance at the year end.

Northern Ireland Screen was classified by ONS as an NDPB in January 2012 as per the Public Sector Classification Guide and the National Accounts Classification Decisions reports on the ONS website. The Head of the Northern Ireland Audit Office (NIAO), the Comptroller and Auditor General (C&AG) has the legal authority to subject Northern Ireland Screen to a public sector audit by the C&AG.

**Governance Statement (cont)  
for the year ended 31 March 2017**

**Review of effectiveness of the System of Internal Governance**

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal governance. The review of the effectiveness of the system of internal governance is informed by the work of the internal auditors. The comments made by the external auditors in their management letter and other reports also inform this review. The senior management team and senior staff have responsibility for the development and maintenance of the internal governance

framework. A plan to address any weaknesses and ensure continuous improvement of the system is in place. This is overseen by the Audit and Risk Committee, Strategic Resources Committee and prescribed by the internal auditor.

In 2016-17 Northern Ireland Screen's Accounting Officer's delegated limit continues to be set at £150k as a result of a risk assessment undertaken by DCAL in 2013-14. Procurement and delegated limits are not in line with the current draft of the MSFM (signed 22 June 2009) and so a review of the MSFM will be undertaken.

However, it should be emphasised that Northern Ireland Screen's area of work will always carry a higher than average risk profile. Northern Ireland Screen is in continuous discussion with relevant Government departments regarding the relatively complex funding and governance arrangements under which it operates.

**Internal Governance Divergences 2016-17**

Update on prior year control issues which continue to be considered as control issues

None

Identification of new control issues in current year

None

As Accounting Officer of Northern Ireland Screen I am content that the public funds and organisational assets for which I am responsible are safeguarded and have been managed with propriety. The controls in place within the organisation support the achievement of Northern Ireland Screen's and the DfE Minister's policies, aims and objectives.



**R Williams  
12 September 2017**

### ***Remuneration and Staff Report***

The Board Members were appointed by DfE. They were appointed for staggered terms to ensure future continuity of the Board. During the year 5 members were reappointed: two for 6 months to 30 June 2017; and three for 3 years to December 2019. A recruitment process is underway to appoint new members to the Board in January 2018 and January 2019 to fill the vacancies which will arise. These appointments are made in accordance with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

The following sections provide details of the remuneration and pension interests of the Accounting Officer/Chief Executive and Board.

The Directors who served during the year are noted on page 6.

The Chief Executive is appointed by Northern Ireland Screen's Board of Directors and reports to the Board.

Formal grading methodologies such as Job Evaluation and Grading Support (JEGS) and Job Evaluation for Senior Posts (JESP) are employed to ensure that the post is correctly loaded and graded. The grading of the post is reviewed before the appointment of a new Chief Executive and periodically as determined by DfE or Northern Ireland Screen. Northern Ireland Screen liaises closely with DfE throughout this process. DfE provide advice and guidance as and when required. Northern Ireland Screen obtains DfE approval regarding the proposed remuneration and terms and conditions prior to publication of the advertisement for the position.

The Chief Executive, and Accounting Officer, Richard Williams, receives a salary for his employment and contributions to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit scheme.



**Remuneration and Staff Report (cont)**

Details of remuneration paid and pension contributions made (which are subject to audit) are set out below:

	2016-17				2015-16		
	Salary (including pension contributions)	Employer contribution to NILGOSC scheme	Employer contribution to defined contribution scheme	Total	Salary (including pension contributions)	Employer contribution to defined contribution scheme	Total
	£000	£000	£000	£000	£000	£000	£000
Richard Williams <i>Chief Executive</i>	70-75	10-15	-	85-90	70-75	10-15	85-90
Dame Rotha Johnston <i>Chair</i>	10-15	-	-	10-15	5-10	-	5-10
Elaine Sperber <i>Vice Chair</i>	0-5 (0-5 full year equivalent)	-	-	0-5	0-5 (0-5 full year equivalent)	-	0-5

In addition, the following expenses were paid out: Laurence McKeown £249, Michael Kuhn £564, Greg Maguire £8 and Aodán MacPóilin £180 (2015-16 Laurence McKeown received expenses of £319, Michael Kuhn received £265)

**Salary**

'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

**Staff costs (subject to audit)**

	Permanently employed staff £	Others £	2017 £	2016 £
<b>Administrative expenses:</b>				
Salaries	755,776	-	755,776	775,332
Social security costs	77,493	-	77,493	58,082
Other pension costs	189,353	-	189,353	144,649
Voluntary exit scheme	7,329	-	7,329	50,266
	1,029,951	-	1,029,951	1,028,329
<b>Programme expenses:</b>				
Salaries	161,535	543,849	705,384	516,272
Social security costs	15,797	31,859	47,656	22,980
Other pension costs	27,264	3,147	30,411	27,775
	204,596	578,855	783,451	567,027

## Remuneration and Staff Report (cont)

### Average number of persons employed (subject to audit)

During the year Northern Ireland Screen employed an average of 28 full-time equivalent staff (2015-16: 27), of which 18 were female and 10 were male (2015-16: 19 female, 8 male). Northern Ireland Screen also employed 67 production trainees (2015-16: 42), of which 30 were female and 37 were male (2015-16: 19 female, 23 male).

### Sickness absence

The sickness absence rate for the year was 4.05% (2016: 4.8%), a decrease on the previous year of 0.75%.

### Benefits in kind

The monetary value of benefits in kind covers any benefit provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were payable in 2015-16 or 2016-17.

### Bonuses

There were no bonuses accrued in 2015-16 or 2016-17.

### Fair pay disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The median remuneration of the staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

Total remuneration includes salary, performance pay and bonuses. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted if a member of staff represented a whole unit, irrespective of the hours worked.

The ratio is calculated as follows:

$$\frac{\text{Midpoint in highest paid director's pay band}}{\text{Median remuneration of Northern Ireland Screen's staff}}$$

**Remuneration and Staff Report (cont)**

The banded remuneration of the highest-paid employee/Accounting Officer in the financial year 2016-17 was £70-75k (2015-16 £70-75k). This was 2.63 times (2015-16 2.71 times) the median remuneration of the workforce, which was £27,544 (2015-16 £26,711).

**Northern Ireland Screen Pensions**

The company operated the NILGOSC pension scheme at the end of the year effective from 1 April 2013. This is a funded scheme which provides benefits on a "Career Average Revalued Earnings" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/49<sup>th</sup> of pensionable salary for each year of service. In addition, a tax free lump sum may be payable on retirement. Members pay contributions of between 5.8% and 10.5% of pensionable earnings.

The NILGOSC scheme is a multi-employer defined benefit scheme which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits assets are accumulated in the scheme and are held separately from the assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the project unit method.

	2016-17	2015-16
	£	£
Employer's Contribution	152,629	145,123

**Pension Benefits**

	Accrued pension at pension age as at 31 March 2017 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2016	CETV at 31 March 2017	Real increase in CETV
	£000	£000	£000	£000	£000
Richard Williams <i>Chief Executive</i>	10-15 and no lump sum	0-2.5 and no lump sum	138	161	23
Rotha Johnston <i>Chair</i>	-	-	-	-	-
Elaine Sperber <i>(Vice Chair)</i>	-	-	-	-	-

## Remuneration and Staff Report (cont)

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period.

### Exit Packages

No directors of Northern Ireland Screen received any compensation for loss of office during the current or prior year.

One member of staff left under the Voluntary Exit Scheme (VES) and a payment of £7,329 was awarded. There was one leaver under the VES in 2015-16 where a payment of £50,266 was awarded.

### Losses and special payments

There were no losses (2015-16: none) and only one special payment made through the Voluntary Exit Scheme was made during the year ended 31 March 2017 totalling £7,329 (2015-16: £50,266).

### Off-payroll payments

There were no off-payroll payments in the year to 31 March 2017 (2015-16: none).



Richard Williams  
12 September 2017

***Assembly Accountability and Audit Report***

## **NORTHERN IRELAND SCREEN COMMISSION**

### **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Northern Ireland Screen Commission for the year ended 31 March 2017 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and certify the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Northern Ireland Screen Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by NI Screen Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

#### **Opinion on regularity**

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

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of NI Screen Commission's affairs as at 31 March 2017 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the International Financial Reporting Standards; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

## **Emphasis of matter – pension liability**

Included in the Statement of Comprehensive Net Expenditure for the year ended 31 March 2017 is an actuarial loss of £586k, of which £552k is considered to relate to prior periods. The closing pension liability as reported in the Statement of Financial Position as at 31 March 2017 is not considered to be materially misstated. Taking into account the users of the financial statements, the Board do not consider the understatement of the comparative pension liability balance to be a material error and are therefore not proposing any restatement of comparative figures. Whilst my audit report is not qualified in relation to this matter, given the quantum of the error, I draw your attention to the additional information given in note 18 to the financial statements.

## **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Government Financial Reporting; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

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

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

*KJ Donnelly*

24<sup>th</sup> Oct 2017

KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU



**NORTHERN IRELAND SCREEN COMMISSION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

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**Statement of comprehensive net income/expenditure  
for the year ended 31<sup>st</sup> March 2017**

	Note	2017 £	2016 £
<b>Expenditure</b>			
Staff costs	6	(1,029,949)	(1,028,329)
Depreciation	6	(11,516)	(18,131)
Other expenditure	6	(290,991)	(274,345)
Programme expenses	7	<u>(15,188,511)</u>	<u>(16,878,955)</u>
		(16,520,967)	(18,199,760)
<b>Income</b>			
Income from activities	5	16,403,684	18,086,711
Other income	5	<u>71,514</u>	<u>121,257</u>
		16,475,198	18,207,968
<b>Net (expenditure)/surplus</b>		<u>(45,769)</u>	<u>8,208</u>
<b>Other Comprehensive Net Expenditure</b>			
Actuarial (loss)/Gain	18	(586,000)	39,000
<b>Total Comprehensive Net (Expenditure)/Income</b>		<u>(631,769)</u>	<u>47,208</u>

The notes on pages 36 to 55 form part of these financial statements.

**Statement of financial position  
as at 31<sup>st</sup> March 2017**

	Note	2017 £	2016 £
<b>Non-current assets</b>			
Property, plant and equipment	9	65,628	37,144
<b>Current assets</b>			
Trade and other receivables	10	139,366	400,254
Cash and cash equivalents	11	<u>3,245,170</u>	<u>1,412,711</u>
<b>Total current assets</b>		3,384,536	1,812,965
<b>Total assets</b>		<u><b>3,450,164</b></u>	<u><b>1,850,109</b></u>
<b>Current liabilities</b>			
Trade and other payables	12	<u>(3,383,639)</u>	<u>(1,800,815)</u>
<b>Non-current assets plus net current assets</b>		<u>66,525</u>	<u>49,294</u>
<b>Non-current liabilities</b>			
Pension liabilities	18	<u>(697,000)</u>	<u>(48,000)</u>
<b>Assets less liabilities</b>		<u><b>(630,475)</b></u>	<u><b>1,294</b></u>
<b>Taxpayers' equity</b>			
General fund		<u>(630,475)</u>	<u>1,294</u>
<b>Total taxpayers' equity</b>		<u><b>(630,475)</b></u>	<u><b>1,294</b></u>

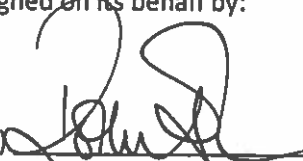
These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2016-17 (FReM).

It is the view of the Board that an exemption from the audit requirements of Part 16 of the Companies Act 2006 is available under Section 482 of that Act, since the company meets the Department of Finance's definition of a non-profit making company and is subject to a public sector audit under the Companies (Public Sector Audit) (Northern Ireland) Order 2013, being an order issued under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003. The Board therefore claims this exemption.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

**Statement of financial position  
as at 31<sup>st</sup> March 2017 (contd)**

The financial statements on pages 30 to 55 were approved by the Board on 12 September 2017 and were signed on its behalf by:

(Signed)   
ROTHA JOHNSTON, CHAIRWOMAN

(Signed)   
FIONA MAC MILLAN, BOARD

Date 12 Sept 2017

Date 12/9/17

The notes on pages 35 to 55 form part of these financial statements.

**Statement of cash flows  
for the year ended 31<sup>st</sup> March 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net (expenditure)/surplus		(45,769)	8,208
<b>Adjustments for non-cash transactions:</b>			
Depreciation	9	11,516	18,131
Adjustment for pension funding	18	<u>63,000</u>	<u>25,000</u>
Operating surplus before working capital changes		28,747	51,339
Decrease/(increase) in trade and other receivables	10	260,888	(293,171)
Increase in trade and other payables	12	<u>1,582,824</u>	<u>696,980</u>
<b>Net cash inflow from operating activities</b>		<b>1,872,459</b>	<b>455,148</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	<u>(40,000)</u>	<u>(52,450)</u>
<b>Net cash outflow from investing activities</b>		<b><u>(40,000)</u></b>	<b><u>(52,450)</u></b>
<b>Increase in cash and cash equivalents</b>		<b>1,832,459</b>	<b>402,698</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>11</b>	<b><u>1,412,711</u></b>	<b><u>1,010,013</u></b>
<b>Cash and cash equivalents at end of the year</b>	<b>11</b>	<b><u>3,245,170</u></b>	<b><u>1,412,711</u></b>

The notes on pages 36 to 55 form part of these financial statements.

**Statement of changes in taxpayers' equity**

	<b>Note</b>	<b>General fund £</b>
<b>Balance at 1<sup>st</sup> April 2015</b>		(45,914)
Changes in reserves for 2015-16		
Net surplus for the year		8,208
Actuarial gain	<b>18</b>	<u>39,000</u>
Total recognised changes for the year		<u>47,208</u>
<b>Balance at 31<sup>st</sup> March 2016</b>		<u>1,294</u>
Changes in reserves for 2016-17		
Net expenditure for the year		(45,769)
Actuarial loss	<b>18</b>	<u>(586,000)</u>
Total recognised changes for the year		<u>(631,769)</u>
<b>Balance at 31<sup>st</sup> March 2017</b>		<u>(630,475)</u>

The notes on pages 36 to 55 form part of these financial statements.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**1 Statement of accounting policies**

The financial statements are prepared in accordance with the Government Financial Reporting Manual 2016-17 (FRoM) as directed by the Department for Economy (DfE), except that there is a departure from the requirement to recognise grant-in-aid on a cash basis. This departure is detailed in note 3. The accounting policies contained in the FRoM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Northern Ireland Screen for the purpose of giving a true and fair view has been selected. The particular policies adopted by Northern Ireland Screen are described below. They have been adopted consistently in dealing with items that are considered material to the financial statements.

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Property, plant and equipment**

Property, plant and equipment are valued at depreciated historical cost as a proxy for fair value, as the assets have short useful lives and low values.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	33 1/3% straight line
TV and video equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance

**1.3 Programme Expenditure**

Expenditure on film production is recognised on the basis of applications for payment or invoices received in the year, from funded projects. Recoupment of expenditure and any profit participation depends on the successful outcome of the production. The recoupment must be reinvested in the fund within 12 months of the date received or repaid to the funder. Northern Ireland Screen does not retain ownership of the recoupment.

Expenditure incurred but not claimed by projects at the end of the year would be difficult to estimate and to recognise as a liability at the year end. If this expenditure was recognised as a liability in the accounts there would also be a need to recognise an equivalent amount of income under the existing Letter of Offer against this expenditure. Moving to a strict accruals basis would not change the position of the accounts materially at the year end.



**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**1.4 Pensions**

The company was part of the NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) effective from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year. The pension costs are assessed in accordance with the advice of an independent qualified actuary using the market led approach. The last full actuarial valuation of the scheme occurred on 1 April 2013. The latest actuarial valuations of the scheme were at 31 March 2017.

Pension scheme assets are measured using the market value. Pension scheme liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. Actuarial gains and losses are recognised in Other Comprehensive Net Expenditure.

**1.5 Incoming resources**

Grants towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

Grant income towards capital assets is recognised in the year it is received.

In selecting this accounting policy, the Directors have departed from the requirements of the FReM in order to achieve a true and fair view. The rationale for the selection of the accounting policy and the effect on the financial statements are detailed in note 3.

Other income represents the total invoice value, excluding value added tax, of rental income arising during the year.

**1.6 Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

**1.7 Impending application of newly issued accounting standards not yet effective**

There were no new standards adopted in the year having a material impact.

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted. Management has reviewed the new accounting policies that have been issued but not yet effective, nor adopted early for these financial statements. Management consider that these are unlikely to have a significant impact on the financial statements in the period of the initial application.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**1.8 Critical accounting judgments and estimates**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying Northern Ireland Screen's accounting policies. Management continually evaluate their estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. Key accounting estimates include accrued expenses and pension liability.

**1.9 Operating segments**

IFRS 8 Operating Segments requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or accumulations of operating segments. These are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in addressing performance. Due to the size and nature of Northern Ireland Screen, it is managed as a single segment, with all staff contributing to the organisation's overall performance. As such, performance is not disaggregated for evaluation by the chief operating decision maker and so performance has not been disaggregated by operating segment in these financial statements.

**2 Financial instruments**

As the cash requirements of Northern Ireland Screen are met through grants provided by a range of funders including DfC, DfE, Invest NI, BFI, Arts Council and others, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Northern Ireland Screen's expected purchase and usage requirements and the organisation is therefore exposed to little credit, liquidity or market risk.

**3 Incoming resources**

Grants for revenue purposes are credited to deferred income and released to the statement of comprehensive net income/expenditure as the related expenditure is incurred. In selecting this accounting policy, the directors have departed from the accounting policy prescribed in the FReM that grants-in-aid should be accounted for as a financing transaction rather than an income transaction and that grants-in-aid should be accounted for on a cash basis. The directors consider the departure necessary to achieve a true and fair view, and have followed the requirements of IAS 20 Government Grants.

Grants are generally drawn down in advance to ensure prompt settlement of anticipated claims and expenditure. The expenditure may therefore not be incurred in the same accounting period that the funds are received. The directors consider that recognising income on a cash basis would result in the recognition of a surplus in the period of receipt, and a deficit when the related

**Notes to the financial statements  
 for the year ended 31<sup>st</sup> March 2017**

**3 Incoming resources (cont)**

expenditure is incurred, which would not give a true and fair view of the underlying activities and performance for those periods.

If the accounting policy prescribed by the FReM were applied, the financial statements would be restated as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Income	21,646,511	18,556,482
Net expenditure	5,149,544	375,413
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Accruals	107,140	290,255
General fund	4,564,828	403,275

**4 Net (expenditure)/surplus for the year is stated after charging:**

	<u><b>2017</b></u>	<u><b>2016</b></u>
	<u><b>£</b></u>	<u><b>£</b></u>
Depreciation of property, plant and equipment	11,516	18,131
Payments under operating leases	374,879	191,753
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>10,000</u>	<u>10,000</u>

**Notes to the financial statements  
 for the year ended 31<sup>st</sup> March 2017**

**5 Income and Other income**

Funding Income	<b>2017</b>	<b>2016</b>
	£	£
Invest NI	9,127,989	10,752,342
Department for Communities	1,765,647	-
Department for the Economy	351,726	2,085,033
DCMS - BFI	4,207,985	4,252,003
Arts Council	690,830	806,785
Various funding Income	<u>259,507</u>	<u>190,548</u>
	<u>16,403,684</u>	<u>18,086,711</u>
	<b>2017</b>	<b>2016</b>
	£	£
Other Income		
Pension Interest	24,000	15,000
Rent receivable and Other	<u>47,514</u>	<u>106,257</u>
	<u>71,514</u>	<u>121,257</u>

**6 Administrative expenses**

	<b>2017</b>	<b>2016</b>
	£	£
Staff costs	<u>1,029,949</u>	<u>1,028,329</u>
Premises expenses	93,454	84,100
Office overheads	94,755	101,170
Pension – interest cost	23,000	14,000
Staff and Board expenses	<u>79,782</u>	<u>75,075</u>
	<u>290,991</u>	<u>274,345</u>
Depreciation	<u>11,516</u>	<u>18,131</u>

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**7 Programme expenses**

	2017	2016
	£	£
Northern Ireland Screen Fund	7,039,791	9,042,214
Studio costs	407,163	183,569
Ulster-Scots Broadcast Fund	892,476	892,136
Skills development	771,477	486,567
Irish Language Broadcast Fund	2,865,983	2,865,000
Creative Learning Centres	805,025	896,208
Lottery Film Funding Programme	645,054	772,544
Third party organisations	479,667	390,500
Film clubs	311,647	303,746
Development Activity	214,401	236,092
Production legal fees	97,254	100,688
Marketing and information	407,014	409,770
Education and digital archive	67,173	42,867
BFI – Unlocking film	91,952	101,499
BFI Film Academy	28,000	28,000
University of Ulster	-	47,550
Digi Skills	<u>64,434</u>	<u>80,005</u>
	<u>15,188,511</u>	<u>16,878,955</u>

**8 Staff costs**

	Permanently employed staff	Others	2017	2016
	£	£	£	£
<b>Administrative expenses:</b>				
Salaries	755,776	-	755,776	775,332
Social security costs	77,493	-	77,493	58,082
Other pension costs	189,353	-	189,353	144,649
Voluntary exit scheme	<u>7,329</u>	-	<u>7,329</u>	<u>50,266</u>
	<u>1,029,951</u>	-	<u>1,029,951</u>	<u>1,028,329</u>
<b>Programme expenses:</b>				
Salaries	161,535	543,849	705,384	516,272
Social security costs	15,797	31,859	47,656	22,980
Other pension costs	<u>27,264</u>	<u>3,147</u>	<u>30,411</u>	<u>27,775</u>
	<u>204,596</u>	<u>578,855</u>	<u>783,451</u>	<u>567,027</u>

During the year Northern Ireland Screen employed an average of 28 full-time equivalent staff (2015-16: 27).

Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017

9 Property, plant and equipment

	Computer Equipment £	Fixtures and fittings £	Office equipment £	TV/video equipment £	Total £
<b>Cost</b>					
At 1 <sup>st</sup> April 2016	79,597	33,423	40,453	17,017	170,490
Additions in Year	-	40,000	-	-	40,000
Disposals	-	-	-	-	-
At 31 <sup>st</sup> Mar 2017	<u>79,597</u>	<u>73,423</u>	<u>40,453</u>	<u>17,017</u>	<u>210,490</u>
<b>Depreciation</b>					
At 1 <sup>st</sup> April 2016	44,630	33,016	39,476	16,224	133,346
Disposals	-	-	-	-	-
Charge for year	<u>10,684</u>	<u>409</u>	<u>136</u>	<u>287</u>	<u>11,516</u>
At 31 <sup>st</sup> Mar 2017	<u>55,314</u>	<u>33,425</u>	<u>39,612</u>	<u>16,511</u>	<u>144,862</u>
<b>Net book values</b>					
At 31 <sup>st</sup> Mar 2017	<u>24,283</u>	<u>39,998</u>	<u>841</u>	<u>506</u>	<u>65,628</u>
At 31 <sup>st</sup> Mar 2016	<u>34,967</u>	<u>407</u>	<u>977</u>	<u>793</u>	<u>37,144</u>
	Computer Equipment £	Fixtures and fittings £	Office equipment £	TV/video equipment £	Total £
<b>Cost</b>					
At 1 <sup>st</sup> April 2015	27,147	33,423	40,453	17,017	118,040
Additions in Year	52,450	-	-	-	52,450
Disposals	-	-	-	-	-
At 31 <sup>st</sup> Mar 2016	<u>79,597</u>	<u>33,423</u>	<u>40,453</u>	<u>17,017</u>	<u>170,490</u>
<b>Depreciation</b>					
At 1 <sup>st</sup> April 2015	27,147	32,576	39,458	16,034	115,215
Disposals	-	-	-	-	-
Charge for year	<u>17,483</u>	<u>440</u>	<u>18</u>	<u>190</u>	<u>18,131</u>
At 31 <sup>st</sup> Mar 2016	<u>44,630</u>	<u>33,016</u>	<u>39,476</u>	<u>16,224</u>	<u>133,346</u>
<b>Net book values</b>					
At 31 <sup>st</sup> Mar 2016	<u>34,967</u>	<u>407</u>	<u>977</u>	<u>793</u>	<u>37,144</u>
At 31 <sup>st</sup> Mar 2015	<u>-</u>	<u>847</u>	<u>995</u>	<u>983</u>	<u>2,825</u>

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**10 Trade and other receivables**

	2017	2016
	£	£
Trade receivables	40,651	72,542
Grants receivable	74,004	280,416
Prepayments	<u>24,711</u>	<u>47,296</u>
	<u>139,366</u>	<u>400,254</u>

Grant receivable includes money spent in the financial year which is still outstanding from Invest Northern Ireland of £74,004 (2015-16: £159,629), Britvic facility £NIL (2014-15: £67,787) and other £NIL (2015-16: £53,000).

**11 Cash and cash equivalents**

	2017	2016
	£	£
At 1 <sup>st</sup> April 2016	1,412,711	1,010,013
Net change in cash and cash equivalent balances	<u>1,832,459</u>	<u>402,698</u>
At 31 <sup>st</sup> March 2017	<u>3,245,170</u>	<u>1,412,711</u>
	2017	2016
	£	£
Represented by:		
Cash at bank and in hand	<u>3,245,170</u>	<u>1,412,711</u>

Northern Ireland Screen is responsible for distributing Lottery funds under the Lottery Film Funding Programme. Cash and cash equivalents includes a balance of funds held by the company for distribution under this programme. As at 31<sup>st</sup> March 2017 the balance held was £73,335 (2015-16: £118,886). The Lottery Film Funding Programme is summarised in note 13.

Cash balances include £606,102 (2015-16: £568,180) in relation to the Ulster-Scots Broadcast Fund which will be spent in 2017/18. Cash balances represent deposits held in commercial banks.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**12 Trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	-	83,775
Accruals and deferred income – non-Lottery funds	3,310,324	1,593,205
Deferred Income – Lottery funds	73,315	118,886
VAT	<u>-</u>	<u>4,949</u>
	<b><u>3,383,639</u></b>	<b><u>1,800,815</u></b>

Accruals and deferred income includes monies received from Invest Northern Ireland (£2,495,742: 2015-16: £444,474), Ulster-Scots Broadcast Fund (£606,100; 2015-16: £568,179), BFI (£102,597: 2015-16: £131,429) and Lottery funds (£73,335; 2015-16: £118,886). These monies have been treated as deferred income as the relevant event which would allow them to be treated as income has not yet occurred. In most cases the 'relevant event' is the payment of funding to one of the projects supported by the Commission.

**13 National Lottery Film Funding Programme**

Northern Ireland Screen is responsible for distributing Lottery funds under the Lottery Film Funding Programme. A summary of these funds is below.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Funds held at start of year	118,886	46,911
Lottery funds received during the year	645,278	878,739
Awards paid	(636,210)	(754,332)
Administration costs	<u>(54,619)</u>	<u>(52,432)</u>
Funds held at end of year	<b><u>73,335</u></b>	<b><u>118,886</u></b>



**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**14 Commitments under operating leases**

At 31<sup>st</sup> March 2017 the company had two outstanding commitments under non-cancellable operating leases:

	2017		2016	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Expiring:				
Within one year	67,309	5,518	366,667	8,420
Between one and five years	<u>134,618</u>	<u>-</u>	<u>-</u>	<u>2,878</u>
	<u>201,927</u>	<u>5,518</u>	<u>366,667</u>	<u>11,298</u>

One of the leases for land and buildings was entered into during the last financial year 2015-16, for 12 months it was not extend and terminated in December 2016.

**15 Related party transactions**

Directors and key management declare any interest in successful applications to the Commission and commercial relationships with the Commission.

The following payments were made by Northern Ireland Screen to related party organisations.

Organisation	Name	Relationship to Recipient organisation	£
Inlifesize	Greg Maguire	CEO	£918. At 31 March 2017 a balance of £4,675 was owed by Inlifesize
Dante's Foodservice Ltd	Rotha Johnston	Related to a director of the company	£759
Into Film	Jennifer Johnston	Board member	£128,251
Belfast Film Festival	Laurence McKeown	Board member	£120,000
The Foundation	Elaine Sperber	Executive producer	£288,150

Northern Ireland Screen is a Non-Departmental Public Body (NDPB) sponsored by the Department for the Economy (Dfe). Dfe is regarded as a related party. During the year, Northern Ireland Screen Commission had various material transactions with the Department (see note 5).

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**16 Film award payments**

The company made the following film award payments during the year:

	2017	2016
	£	£
Lottery	636,210	754,332
Irish Language Broadcast Fund	2,498,310	2,465,388
Ulster-Scots Broadcasting Fund	870,190	875,832
Northern Ireland Screen Fund	<u>7,399,442</u>	<u>9,157,933</u>
	<u>11,404,152</u>	<u>13,253,485</u>

**17 Production awards contracted**

	Unpaid contracts as at 1 <sup>st</sup> April 2016	Contracts awarded in year	Less De- committed within year	Contract payments in year	Unpaid contracts as at 31 <sup>st</sup> March 17
	£	£	£	£	£
Lottery Film Funding Programme	18,558	50,790	-	(16,193)	53,155
Lottery 2014- 2017	359,691	559,195	(23,175)	(620,017)	275,694
Northern Ireland Screen Fund DGG	3,742	-	-	-	3,742
Northern Ireland Screen Fund ODS	2,270,002	8,171,495	-	(7,399,442)	3,042,055
Ulster-Scots Broadcast Fund	610,958	720,535	-	(870,190)	461,303
Irish Language Broadcast Fund	<u>597,066</u>	<u>2,693,678</u>	<u>(2,500)</u>	<u>(2,498,310)</u>	<u>789,934</u>
	<u>3,860,017</u>	<u>12,195,693</u>	<u>(25,675)</u>	<u>(11,404,152)</u>	<u>4,625,883</u>

Northern Ireland Screen is responsible for distributing Lottery funds under the Lottery Film Funding Programme. The programme is summarised in note 13. Northern Ireland Screen Fund receives funding during the year from Invest Northern Ireland. A balance of £73k is included as deferred income within trade and other payables. Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund are funded during the year by the Department for Culture, Media and Sport (DCMS) through BFI.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**18 Pension costs**

NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) was introduced at the end of the 2014 year effective from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. Northern Ireland Screen makes employer contributions to NILGOSC which is a funded scheme of the defined benefit type. The fund is invested in suitable investments, managed by the Committee. For 2015-16 the contribution rates were 17% for employers and ranging between 5.5% and 8.5% for employees.

Results under IAS 19 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the scheme are invested in equities. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the employer's balance sheet and in Other Comprehensive Income (OCI). It will also lead to volatility in the IAS 19 pension expense in the Statement of Comprehensive Net Expenditure.

The disclosures below relate to the funded liabilities within the Northern Ireland Local Government Officers' Pension Fund ("the Fund") which is part of the Local Government Pension Scheme (Northern Ireland) (the "LGPS"). The funded nature of the LGPS requires the employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. The Fund Administering Authority, Northern Ireland Local Government Officers' Superannuation Committee is responsible for the governance of the Fund.

The pension charge represents contributions from the Commission amounting to £216k for NILGOSC (2015-16 - £177k).

The employer's regular contributions to the Fund for the accounting period ending 31 March 2018 are estimated to be £183k.

Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**18 Pension costs (cont)**

**Key Assumptions**

The latest actuarial valuation of NI Screen's liabilities took place as at 1 April 2013. Liabilities have been estimated by the independent, qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the employer's position for IAS 19 purposes were:

	31 March 2017 % p.a	31 March 2016 % p.a
Discount rate	2.5	3.5
RPI Inflation	3.1	3.0
CPI Inflation	2.0	1.9
Pension increases	2.0	1.9
Pension accounts revaluation rate	2.0	1.9
Salary increases	3.5	3.4

**Mortality assumptions**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund, and allows for expected future mortality improvements.

Post retirement mortality (retirement in normal health)	31 March 2017	31 March 2016
<b>Males</b>		
Member aged 65 at accounting date	23.2	22.3
Member aged 45 at accounting date	25.4	24.5
<b>Females</b>		
Member aged 65 at accounting date	25.8	24.8
Member aged 45 at accounting date	28.1	27.2

**Commutation**

Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2009 service) is 75% of the permitted maximum.

**Asset allocation**

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. The assets allocated to the employer in the Fund are notional and the assets are assumed to be invested in line with the investments of the Fund set out below for the purposes of calculating the return to be applied to those notional assets. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid (e.g. bulk transfer value payment).

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**18 Pension costs (cont)**

The Administering Authority does not invest in the property of assets related to it. It is possible, however, that assets may be invested in shares relating to some of the private sector employees participating in the Fund if it forms part of their balance investment strategy.

	Value at 31 March 2017			Value at 31 March 2016
	Quoted %	Unquoted %	Total %	
Equities	74.3	0.2	74.5	71.9
Property	10.5	-	10.5	13.2
Government bonds	5.4	-	5.4	5.7
Corporate bonds	6.1	-	6.1	6.4
Cash	2.6	-	2.6	2.3
Other*	-	0.9	0.9	0.5
<b>Total</b>	<b>98.9%</b>	<b>1.1%</b>	<b>100%</b>	<b>100.0%</b>

\* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

**Reconciliation of funded status to Statement of Financial Position**

	Value as at 31 March 2017 £M	Value as at 31 March 2016 £M
Fair value of assets	1.563	0.577
Present value of funded defined benefit obligation	2.260	0.625
<b>Funded status</b>	<b>(0.697)</b>	<b>(0.048)</b>
Unrecognised asset	0.000	0.000
<b>(Liability) recognised in the Statement of Financial Position</b>	<b>(0.697)</b>	<b>(0.048)</b>

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active members	98%
Deferred pensioners	2%
Pensioners	0%

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**18 Pension costs (cont)**

**Breakdown of amounts recognised in profit and loss / Surplus or Deficit on the Provision of Services and Other Comprehensive Income (OCI)**

	Year ending 31 March 2017 (£M)	Year ending 31 March 2016 (£M)
<b>Operating cost</b>		
Current service cost <sup>(1)</sup>	0.214	0.177
Past service cost (incl. curtailments)	0.002	-
Settlement cost	0.000	-
<b>Financing cost</b>		
Net interest on net defined benefit liability/(asset)	(0.001)	(0.001)
<b>Pension expense recognised in surplus or deficit on the provision of service</b>	<b>0.215</b>	<b>0.176</b>
<b>Remeasurements in OCI</b>		
Return on plan assets (in excess of)/below that recognised in net interest	(0.752)	0.002
Actuarial (gains)/losses due to changes in financial assumptions	0.332	(0.041)
Actuarial (gains)/losses due to changes in demographic assumptions	(0.024)	-
Actuarial (gains)/losses due to liability experience	1.030	-
<b>Total amount recognised in OCI</b>	<b>0.586</b>	<b>(0.039)</b>
<b>Total amount recognised</b>	<b>0.801</b>	<b>0.137</b>

<sup>(1)</sup> The current service cost includes an allowance for the administration expenses of £4,000.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**18 Pension costs (cont)**

**Changes to the present value of defined benefit obligation during the accounting period**

	Year ending 31 March 2017 (£M)	Year ending 31 March 2016 (£M)
<b>Opening defined benefit obligation</b>	<b>0.625</b>	<b>0.417</b>
Current service cost	0.214	0.177
Interest expense on defined benefit obligation	0.023	0.014
Contributions by participants	0.063	0.062
Actuarial losses/(gains) due to changes in financial assumptions	0.332	(0.041)
Actuarial gains due to changes in demographic assumptions	(0.024)	-
Actuarial losses due to liability experience	1.030	-
Net benefits paid out #	(0.005)	(0.004)
Past service cost (incl curtailments)	0.002	-
Net increase in liabilities from disposals/acquisitions	-	-
Settlements	-	-
<b>Closing defined benefit obligation</b>	<b>2.260</b>	<b>0.625</b>

# Consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £4,000.

**Changes to the fair value of assets during the accounting period**

	Year ending 31 March 2017 (£M)	Year ending 31 March 2016 (£M)
<b>Opening fair value of assets</b>	<b>0.577</b>	<b>0.355</b>
Interest income on assets	0.024	0.015
Re-measurement of gains/(losses) on assets	0.752	(0.002)
Contributions paid by the employer	0.152	0.151
Contributions paid by participants	0.063	0.062
Net benefits paid out #	(0.005)	(0.004)
Net increase in assets from disposals/acquisitions	-	-
Settlements	-	-
<b>Closing fair value of assets</b>	<b>1.563</b>	<b>0.577</b>

# Consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £4,000.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**18 Pension costs (cont)**

**Actual return on assets**

	Year ending 31 March 2017 (£M)	Year ending 31 March 2016 (£M)
Interest income on assets	0.024	0.015
Re-measurement gain/(loss) on assets	0.752	(0.002)
<b>Actual return on assets</b>	<b>0.776</b>	<b>0.013</b>

**Sensitivity analysis**

The results shown in this report are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2017 and the projected service cost for the year ending 31 March 2018 is set out below.

In each case, only the assumption mentioned is altered; all other assumptions remain the same and are summarised above. For inflation, for example, we have assumed this will not only change the salary inflation figure and will affect pension increases only.

We have not included sensitivity of unfunded benefits on materiality grounds.

**Funded LGPS benefits**

**Discount rate assumption**

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	2.195	2.260	2.327
% change in present value of total obligation	-2.9%	-	3.0%
Projected service cost (£M)	0.310	0.321	0.333
Approximate % change in projected service cost	-3.5%	-	3.6%

**Rate of general increase in salaries**

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	2.289	2.260	2.232
% change in present value of total obligation	1.3%	-	-1.2%
Projected service cost (£M)	0.321	0.321	0.321
Approximate % change in projected service cost	0.0%	-	0.0%



Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017

18 Pension costs (cont)

Rate of increase to pensions in payment and deferred pensions assumptions

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	2.298	2.260	2.223
% change in present value of total obligation	1.7%	-	-1.7%
Projected service cost (£M)	0.333	0.321	0.310
Approximate % change in projected service cost	3.6%	-	-3.5%

Post retirement mortality assumption

Adjustment to mortality age rating assumption <sup>(1)</sup>	-1 year	Base figure	+1 year
Present value of total obligation (£M)	2.327	2.260	2.193
% change in present value of total obligation	3.0%	-	-3.0%
Projected service cost (£M)	0.333	0.321	0.310
Approximate % change in projected service cost	3.6%	-	-3.6%

<sup>(1)</sup> A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

We provide an estimate of the changes to the estimated surplus or deficit on the profit and loss/provision of services in future periods, based on the assumptions as at 31 March 2017 set out above.

Analysis of amount charged to profit and loss/surplus or deficit on the provision of services next year

	Year ending 31 March 2018 (£M)
Current service cost	0.321
Net interest on the net defined benefit liability	0.015
<b>Total estimated pension expense</b>	<b>0.336</b>

Allowance for administration expenses included in Current Service Cost (£M) 0.004  
Estimated pensionable payroll over the period ending 31 March 2017 (£M) 0.913

Active members as at 31 March 2016

	Number	Total Pay (£M)
Total	25	0.805

Pensioner and deferred pensioner members as at 31 March 2013

	Number	Total pension (£M)
Deferred members	5	0.002
Pensioners and dependants	-	0.000

Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017

18 Pension costs (cont)

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	10	0.125	-
Employer – Additional capital contributions	-	-	-
Employer – Early retirement strain on fund payments	10	0.002	-
<b>Total contributions by the Employer</b>			<b>0.152</b>
Employee – Normal contributions	10	0.052	-
Employee – Added years contributions	-	-	-
<b>Total contributions by participants</b>			<b>0.063</b>
Transfers in	-	-	-
Other income	-	-	-
Transfers out	-	-	-
Retirement lump sums	-	-	-
Other outgoings	-	-	-
Death in service lump sums *	-	-	-
Benefits paid (i.e. pension paid)	-	-	-
<b>Net benefits paid out **</b>			<b>0.005</b>

\* We have calculated the expected death in service lump sums over the year to be (£M) 0.001

\*\* The 'Net benefits paid out' figure includes an allowance for expenses of (£M) 0.004

Capital cost

	Amount (£M)
The capital cost of early retirement occurring in the accounting period is	0.002

Annualised pensionable payroll over the accounting period

Description	Amount (£M)*
Period ending 31 March 2017	0.883
Period ending 31 March 2016	0.887

\* These figures have been derived from the contributions paid over the relevant accounting period.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2017**

**Actuarial note:**

The asset/(liability) recognised on the balance sheet is the difference between the assets notionally allocated to the employer and the present value of funded defined benefit obligations (i.e. the liabilities) associated to the Employer's staff members. Over the year both the asset and liabilities have increased by a significant amount (assets from £0.577m to £1.563m and liabilities from £0.625m to £2.260m).

The increase in the deficit is related to the change in market conditions over the year. Over the year the fund has achieved positive asset returns (+17.7%). However, over the last year, the long term outlook of the bond market has fallen, and the IAS19 standard requires the investment return assumption to be based on Corporate Bond yields, which has resulted in a significantly higher value being placed on the liabilities. The impact of this assumption change is £0.332m.

In addition to this, the actuary was provided with updated membership data for the 2016 triennial actuarial valuation which has now been completed, and the 2017 accounting results have made allowance for this updated data. Previously the IAS19 results had been based on an approximate roll-forward of the starting position when we were given membership data when the Employer commenced in the Fund (April 2013).

Whilst the Board are content with the estimation and presentation of the pension scheme deficit at the end of 2016/17, they believe that the deficit reported at 31 March 2016 should have been £600k (rather than £48k as reported in the 2015/16 financial statements). The impact of this is that the current year actuarial loss (reflected in the Statement of Comprehensive Net Expenditure) includes a charge of £552k which relates to the prior year. The Board do not consider the understatement of the comparative pension liability balance to be a material error and are therefore not proposing any restatement of comparative figures. However, had the comparative figures been restated, the 2016/17 actuarial loss would have been revised from £586k as reported to £34k.

**19 Capital commitments**

At 31 March 2017 authorised future capital expenditure amounted to £Nil (2016: £Nil). The company has no capital commitments at 31 March 2017 (2016: £Nil)

**20 Events after the reporting date**

There were no events after the reporting date which would require adjustment to the financial statements.

**21 Date of authorisation for issue**

The Accounting Officer authorised the issue of these financial statements on 7<sup>th</sup> June 2017.