

Northern Ireland Screen Commission
Registration Number NI 031997

Northern Ireland Screen Commission
Directors' Report and Financial Statements
for the year ended 31 March 2011

Company Information

Directors	Richard Hill (Chair) Brian McMahon (Vice Chair – appointed 1-4-10) Roger Austin Anne Cormican Maurice Hayes Terry Loane Ruth McCance Tim McKane Philip Morrow James Penny Peter Quinn Mairead Regan Kate Smith
Secretary	Richard Williams
Company Number	NI 031997
Registered Office	Alfred House 21 Alfred Street Belfast BT2 8ED
Auditors	ASM 20 Rosemary Street Belfast BT1 1QD
Bankers	Northern Bank Corporate First Floor Donegall Square West Belfast BT1 6JS

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**Directors' Report and Management Commentary
for the year ended 31 March 2011**

The Directors who served during the year are as follows:

Richard Hill (Chair)	Brian McMahon (Vice Chair)	Roger Austin
Philip Morrow	Anne Cormican	James Penny
Maurice Hayes	Peter Quinn	Terry Loane
Mairead Regan	Ruth McCance	Kate Smith
Tim McKane		

History & 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. The company is limited by guarantee.

The Department of Culture, Arts & Leisure (DCAL) is the government sponsor department for Northern Ireland Screen. The primary funders are Invest Northern Ireland, the UK Film Council, as a conduit for the Department of Culture, Media & 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.

Since its establishment, the principal purpose of the company has been to accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.

Business Review

This report covers the first year of Northern Ireland Screen's 4 year strategy 'Driving Global Growth'. Despite a turbulent backdrop with huge pressures on public and private finance and considerable upheaval to the government support structure for film in the UK, the period was very successful for Northern Ireland Screen.

Available funds constrained the full ambition of 'Driving Global Growth' but all of the information provided to us to date indicates that we have reached all of our economic targets for the year. Full verification of these figures will not be available until later this year. Notably, as well as reaching our main economic targets, primarily delivered through our support of HBO's Game of Thrones and the development of the Paint Hall as a studio space, our targets for skills development and economic return on project development have both been met.

Northern Ireland Screen's education work continues to develop and thrive with the Creative Learning Centres and the After School Film Clubs exceeding their combined targets for the year and the Creative Learning Centres receiving positive qualitative feedback from the Educational Inspectorate.

The closing down of the UK Film Council with the subsequent reduction in core funding, along with the reduction in funding from the NI budget through DCAL created a number of challenges requiring difficult decisions during the year. Most significantly we have implemented a phased reduction in the number of cultural organisations supported by Northern Ireland Screen.

Notably, the Irish Language Broadcast Fund, which continues to reach its targets and to contribute strongly to both the economic and cultural value of the screen industries in Northern Ireland generally, is now supported by the Department of Culture, Media and Sport (DCMS) through the British Film Institute (BFI) which takes over this responsibility from the UK Film Council. I am grateful that the upheaval at the UK Film Council, BFI and DCMS was not allowed to interrupt the ongoing development and support of the Irish Language Broadcast Fund.

The Ulster-Scots Broadcast Fund, which is also funded by DCMS through the BFI, was successfully rolled out in the second half of 2010-11 with the first round of funding decisions made towards the end of the financial year. The first supported programming will reach local television screens in the second half of 2011-12.

Risk

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

The Inability to attract sustainable funding: Due to the relatively high number of sources of funding attracted by Northern Ireland Screen, the company carries a significant funding risk almost all the time. The closure of the UK Film Council created a significant challenge with £200k of funding earmarked for cultural activity lost. The Savings Delivery Plan over the next 4 years created a similar challenge although the reduction in funding is spread across 4 years rather than the 2 year period for the loss of UK Film Council funding.

However, funding support from Invest NI, while initially reduced from the levels indicated in the 'Driving Global Growth' strategy, was stable and increased significantly later in the year. As stated above, potential risk associated with the funding of the Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund transferring from the UK Film Council did not materialise.

A new 3 year commitment from the Arts Council of Northern Ireland has also been agreed.

Corporate Governance: Corporate governance arrangements for Arm's Length Bodies in Northern Ireland continued to receive considerable focus across 2010-11. Northern Ireland Screen was no exception. DCAL undertook a risk assessment of Northern Ireland Screen which rated Northern Ireland Screen as a medium to high risk. Northern Ireland Screen has implemented a wide range of changes in practice that will assist in reducing this risk assessment. However, I would emphasise that Northern Ireland Screen's area of work will always carry a higher than average risk profile. Northern Ireland Screen is also in ongoing discussion with the relevant government departments regarding the relatively complex funding and governance arrangements under which Northern Ireland Screen operates.

Paint Hall Facility: A number of risks associated with the Paint Hall facility have required ongoing management throughout the year. The lease of the Paint Hall from Titanic Quarter was not formalised during the year creating a notable and ongoing risk. And towards the end of the

financial year, delay in the carrying out of essential repairs and upgrades to the Paint Hall created a further related risk. While elements of these risks remain unresolved at the time of writing, a clear path to resolving the issues has been developed and implemented.

Conclusion

The Summary Performance Indicator Report demonstrates that Northern Ireland Screen's targets have been met. However, it gives little sense of the quality and range of the projects Northern Ireland Screen has had the opportunity to support. As well as HBO's Game of Thrones, support has been provided for 3 exciting local independent feature films, a number of children's television series for export, significant digital content projects and a range of international television projects. Northern Ireland Screen's growing development slate has also assisted the production of a range of breakthroughs this year including the pickup of Wild Rover's format Take the Money and Run by ABC in the USA. Full details of the supported projects will appear in Northern Ireland Screen's annual review.



Richard Williams

Summary Performance Indicators Report 2010-11

Activity	Performance Indicators in Operating Plan 2010-11	Performance Indicators at 31 st March 2011
<p>Screen Fund Overall Input/Output Ratio</p> <p>Overall return from Screen Fund</p> <p>Paint Hall Studio – large scale production (over \$40million)</p> <p>Other film & television Non Drama Digital Content Development Skills</p>	<p>6.23:1</p> <p>£23.130million</p> <p>Secure 1 in 2010 & line up 1 for 2011</p> <p>10:1</p> <p>3.5:1 3.5:1 2:1 5:1</p> <p>55% of crew resident in NI 45% of Heads of Department resident in NI</p>	<p>Current estimate 6.42:1</p> <p>Current estimate £28.283million</p> <p>HBO's GAME OF THRONES Series 1 completed for 2010-11 Series 2 in discussion.</p> <p>11.18:1 - £17.892million spend in NI</p> <p>Currently 3.5:1 Currently 4.6:1 Currently 3.54:1 Currently 6.86:1</p> <p>Increase in position to 68% Increase in position to 59%</p>
<p>Education Creative Learning Centres</p> <p>After School Film Club</p>	<p>1,500 teachers in total attending CLC courses</p> <p>1,400 teachers per year to avail of 80 introductory and follow-up courses in creative digital technology</p> <p>50 new schools involved with a CLC</p> <p>- 30 in extended programme</p> <p>- 20 receiving continued support from previous year</p> <p>180 schools involved with CLCs</p> <p>45 schools running film clubs</p>	<p>1,842 teachers in total participated in CLC courses</p> <p>171 courses delivered 1,547 teachers participated in courses</p> <p>69 new and returning schools involved 30 – (31 schools involved in extended programme) 20 – (38 returning schools involved in programme)</p> <p>319 schools in involved with CLCs</p> <p>53 schools running Film Club</p>
<p>Exhibition: QFT, Belfast Film Festival, Cinemagic, Cinemobile & Foyle Film Festival</p>	<p>Paid Admissions Target 106k Box Office Target £378k</p>	<p>Paid admission achieved 102k Box office achieved £381k</p>
<p>Irish Language Broadcast Fund</p>	<p>70 hours television broadcast to 25,000+ people in NI</p> <p>5 individuals to complete New Entrant Training Scheme in year and secure employment</p>	<p>86.3 hours commissioned in 3 funding rounds</p> <p>Trainees from previous years course all secured employment - 7 new trainees commenced programme in September 2010.</p>
<p>Ulster Scots Broadcast Fund</p>	<p>20 hours commissioned in year</p>	<p>1st round commissions awarded at end of March 2011 totalling 10hrs 40 mins, second round in place for May 11.</p>
<p>Outreach Digital Film Archive</p> <p>Northern Visions</p>	<p>20 outreach events/presentations per annum Maintain the delivery of 3 presentations each per annum 12 Training workshops on media arts & literacy</p>	<p>58 DFA presentations delivered</p> <p>12 DFA sites delivered 78 presentations 13 workshops delivered in year</p>

Remuneration report

The Board Members are appointed by the Minister of Culture, Arts and Leisure in consultation with the Minister of Enterprise, Trade and Investment. Appointments of Board Members will normally be for a period of four years with the possibility of re-appointment for a further four years. These appointments are made in accordance with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

The Directors who served during the year are as follows:

Richard Hill (Chair)	Brian McMahon (Vice Chair)	Roger Austin
Philip Morrow	Anne Cormican	James Penny
Maurice Hayes	Peter Quinn	Terry Loane
Mairead Regan	Ruth McCance	Kate Smith
Tim McKane		

Richard Hill received payments totalling £10,000 and expenses totalling £850.59 during the year as Chair of the Board.

Brian McMahon took up the post as Vice Chair from 1 April 2010 until 31 March 2014. This position attracts an honorarium of £3,500 per annum. He received payments totalling £2,625 and expenses totalling £1,745 during the year.

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

Formal grading methodologies such as JEGS and JESP will be employed to ensure that the post is correctly loaded and graded. The grading of the post shall be reviewed before the appointment of a new Chief Executive and periodically as determined by DCAL or Northern Ireland Screen. Northern Ireland Screen shall liaise closely with DCAL throughout this process. DCAL shall provide advice and guidance as and when required. Northern Ireland Screen shall obtain DCAL 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 employer contributions to the company defined contribution pension scheme. There is an accrued bonus figure of £6,597 for the year 2010-11 in the accounts awaiting Departmental approval.

Remuneration paid for the year was as follows:

	£
Salary	65,976
Employer contributions to defined contribution pension scheme	<u>3,298</u>
	<u>69,274</u>

Total remuneration received by the Chief Executive in the previous financial year was £69,274.

Statement of Directors' and Accounting Officer's Responsibilities

Northern Ireland Screen is preparing its financial statements for each financial year which give a true and fair view of the state of the company and the surplus/deficit of the company for that year in accordance with FReM. The Directors are also required to prepare financial statements in the form and on the basis directed by the Department of Culture, Arts and Leisure with the approval of the Department of Finance and Personnel. The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of Northern Ireland Screen and of its income and expenditure and recognised gains and losses and cash flows for the financial year.

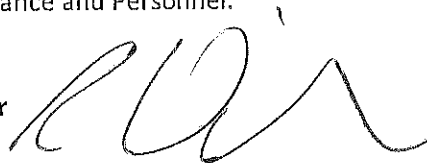
In preparing the financial statements the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which 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 of Culture, Arts and Leisure has designated the Chief Executive as the Accounting Officer of Northern Ireland Screen. His responsibilities, including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding Northern Ireland Screen's assets, are set out in guidance issued by the Department of Finance and Personnel.

R Williams
Accounting Officer



28 June 2011

**Statement on Internal Control
for the year ended 31 March 2011**

Scope of responsibility

As Accounting Officer of Northern Ireland Screen, I have 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 I am personally responsible, in accordance with the responsibilities assigned to me by the Board of Northern Ireland Screen and Managing Public Money Northern Ireland.

Northern Ireland Screen's management statement sets out the relationship between DCAL 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 finances of Northern Ireland Screen.

My responsibilities as Accounting Officer include ensuring that Northern Ireland Screen produces a 4 year strategy and an annual business plan within the timescales set by DCAL. The plans are reviewed regularly by senior management and by the Board to determine progress. Quarterly accountability meetings are held with officials from DCAL to monitor progress.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievements of Northern Ireland Screen's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Ireland Screen for the year ended 31 March 2011 and up to the date of approval of the financial statements, and accords with Department of Finance and Personnel guidance.

Capacity to handle risk

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. The risk register is presented to the Finance and Audit committee at each meeting and to the Board on a quarterly basis.

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 control firmly with Northern Ireland Screen's ability to fulfil its business objectives.

As Accounting Officer I have been delegated responsibility for overseeing and monitoring all risk. Through my management team I ensure that all staff and Board members have received training and guidance on risk.

The risk and control framework

The Board has overall responsibility for ensuring a robust risk management process is established. However a number of other parties also have a role to play. They are Finance and Audit Committee, internal audit, external audit and senior management team. The greatest level of assurance will be obtained through a fully embedded risk management process. The regular review and reporting of risks and control 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 system of internal control are as follows:

- Regular meetings with the officials from the Department of Culture, Arts and Leisure and Invest Northern Ireland to consider both operational and strategic issues and matters relating to the system of internal control;
- 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 Finance and Audit 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;
- Reports from the internal auditors to the Finance and Audit Committee on the system of internal control for the year ;
- External audit report to the Finance and Audit Committee and the Board of Northern Ireland Screen on material issues relating to the financial statements, and provide an opinion on whether the financial statements give a true and fair view of the affairs of the company;
- Periodic reviews of the risk register by the Chief Executive and Head of Finance and also by the Finance and Audit 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 of Culture, Arts and Leisure, Invest Northern Ireland, the Finance and Audit Committee and the Board at their regular meetings.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Heads of Department and senior staff within Northern Ireland Screen who have responsibility for the development and maintenance of the internal control framework, and by the comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Finance and Audit Committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place. This is overseen by the Finance and Audit Committee and prescribed by the internal auditor.

DCAL undertook a risk assessment of Northern Ireland Screen which rated Northern Ireland Screen as a medium to high risk. Northern Ireland Screen has implemented a wide range of changes in practice that will assist in reducing this risk assessment. However, I would emphasise that Northern Ireland Screen's area of work will always carry a higher than average risk profile. Northern Ireland Screen is also in ongoing discussion with the relevant government departments regarding the relatively complex funding and governance arrangements under which Northern Ireland Screen operates.

Significant internal control issues

The internal audit review of Facilities Management in September 2010 resulted in one Priority 1 recommendation relating to the Paint Hall lease and which resulted in 'Limited' Assurance being given. I continue to work with both Invest Northern Ireland and Land & Properties Service to resolve this issue as soon as possible.

In addition, condition reports requested through DFP Properties Division highlighted the need for remedial work to be carried out at the Paint Hall facility. At the year end the Paint Hall was closed to allow essential repairs to be undertaken. At the time of writing, those repairs have been completed and the Paint Hall has been re-opened for full production.



R Williams
28 June 2011

Independent auditors' report to the members of Northern Ireland Screen Commission

We have audited the financial statements of Northern Ireland Screen Commission for the year ended 31 March 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. We have also audited that part of the Remuneration Report to be audited.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its deficit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of the director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Statement of Internal Control does not reflect compliance with the Department of Finance and Personnel's guidance.



.....
Brian Clerkin
Senior Statutory Auditor
for and on behalf of ASM (B) Ltd
Chartered Accountants
Statutory Auditor
20 Rosemary Street
Belfast
BT1 1QD

28 June 2011

NORTHERN IRELAND SCREEN COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

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**Statement of comprehensive income
 for the year ended 31st March 2011**

	Note	2011 £	2010 £
Income	5	9,612,814	12,412,066
Other income	5	243,084	180,000
Administrative expenses	6	(983,526)	(956,766)
Programme expenses	7	<u>(8,957,685)</u>	<u>(11,662,728)</u>
		(85,313)	(27,428)
Credit in respect of notional cost	8	_____ -	<u>1,760</u>
Surplus/(deficit) for the year	4	<u>(85,313)</u>	<u>(25,668)</u>

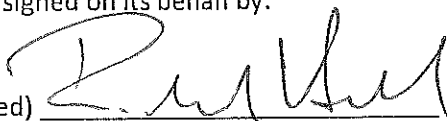
The notes on pages 18 to 29 form part of these financial statements.

Statement of financial position
 as at 31st March 2011

	Note	2011 £	2010 £
Non-current assets			
Property, plant and equipment	11	9,439	10,351
Current assets			
Trade and other receivables	12	642,515	646,626
Cash and cash equivalents	13	<u>771,265</u>	<u>125,669</u>
		1,413,780	772,295
Total assets		1,423,219	782,646
Current liabilities			
Trade and other payables	14	1,384,931	751,178
Non-current assets plus net current assets		38,288	31,468
Assets less liabilities		<u>38,288</u>	<u>31,468</u>
Reserves			
Revenue reserve	15	35,854	29,667
Government grant reserve	15	<u>2,434</u>	<u>1,801</u>
		<u>38,288</u>	<u>31,468</u>

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2010-11 (FRM).

The financial statements on pages 14 to 17 were approved by the Board on 28 June 2011 and were signed on its behalf by:

(Signed) 
 RICK HILL, CHAIR

(Signed) 
 BRIAN MC MAHON, VICE CHAIR

Date 28/6/11

Date 28 JUNE 2011

The notes on pages 18 to 29 form part of these financial statements.

**Statement of cash flows
 for the year ended 31st March 2011**

	2011	2010
	£	£
Cash flows from operating activities	-	-
Surplus/(deficit) for the year	(85,313)	(25,668)
Adjustments for:		
Depreciation	93,045	9,799
Bank interest received	<u>-</u>	<u>-</u>
Operating surplus/(deficit) before working capital changes	7,732	(15,869)
Decrease/(Increase) in trade and other receivables	4,111	(243,358)
(Decrease)/Increase in trade and other payables	<u>633,753</u>	<u>(165,051)</u>
Net cash generated from operations	645,596	(424,278)
Cash flows from investing activities	-	-
Bank interest received	<u>-</u>	<u>-</u>
Net cash generated from investing activities	<u>-</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents	645,596	(424,278)
Cash and cash equivalents at 1st April 2010 (Note 13)	<u>125,669</u>	<u>549,947</u>
Cash and cash equivalents at 31st March 2011 (Note 13)	<u>771,265</u>	<u>125,669</u>

The notes on pages 18 to 29 form part of these financial statements.

**Statement of changes in reserves
 for the year ended 31st March 2011**

	Revenue reserve £	Government grant reserve £
Balance at 1st April 2009	36,564	20,572
Changes in reserves for 2009		
Release of government grant reserve	18,771	(18,771)
Surplus/(deficit) for the year	<u>(25,668)</u>	-
Total recognised changes for the year	-	-
Balance at 31st March 2010	29,667	1,801
Changes in reserves for 2010		
Release of government grant reserve	91,500	(91,500)
Surplus/(deficit) for the year	(85,313)	-
Total recognised changes for the year	<u>-</u>	<u>92,133</u>
Balance at 31st March 2011	<u>35,854</u>	<u>2,434</u>

The notes on pages 18 to 29 form part of these financial statements.

**Notes to the financial statements
for the year ended 31st March 2011**

1 Statement of accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Government Financial Reporting Manual 2010-11 (FReM) as directed by the Department of Culture, Arts and Leisure (DCAL), except that there is a departure from the requirement to recognise grants-in-aid on a cash basis. This departure is detailed in note 3. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM 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 financial statements are prepared in accordance with the FReM. 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.

1.2 Tangible non-current assets and depreciation

Tangible non-current assets 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:

Production equipment	50% straight line/life of lease
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

1.4 Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.5 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;
- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.6 Incoming resources

Grants are credited to deferred income. Grants towards capital expenditure are credited to the government grant reserve and released to the revenue reserve over the expected useful life of the assets. Grants towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

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 sales made during the year.

1.7 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.

Notes to the financial statements

2 Financial instruments

As the cash requirements of Northern Ireland Screen are met through grants provided by a range of funders including DCAL, Invest NI, UKFC, 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 income 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 on a cash basis. The directors consider the departure necessary to achieve a true and fair view.

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

Notes to the financial statements

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

	2011	2010
	£	£
Income	10,780,818	11,814,053
Surplus/(deficit) for the year	839,607	(623,681)
	2011	2010
	£	£
Accruals and deferred income	119,550	157,441
Revenue reserves	960,774	237,467

4 Surplus/(deficit) for the year is stated after charging/(crediting):

	2011	2010
	£	£
Depreciation of property, plant and equipment	93,045	9,799
Payments under operating leases	24,144	53,266
Auditors' remuneration – statutory audit	4,500	6,800
Auditors' remuneration – other services *	<u>3,600</u>	<u>14,810</u>
* other services to include Invest Northern Ireland quarterly vouching & tax advice		

5 Income and Other income

	2011	2010
	£	£
Funding Income		
Invest NI	4,652,893	6,391,781
DCAL	1,375,702	1,449,960
DCMS - UKFC	3,041,918	3,879,635
Arts Council	521,301	510,369
Various funding Income	-	180,321
Legacy Trust	<u>21,000</u>	-
	<u>9,612,814</u>	<u>12,412,066</u>

Notes to the financial statements

	2011	2010
	£	£
Other Income	241,500	180,000
Rent receivable	<u>1,584</u>	<u>-</u>
Other Income	<u>243,084</u>	<u>180,000</u>

6 Administrative expenses

	2011	2010
	£	£
Staff costs	654,527	665,075
Premises expenses	74,451	115,860
Office overheads	98,368	110,290
Staff and Board expenses	63,136	53,982
Depreciation	93,044	9,799
Cost of capital	<u>-</u>	<u>1,760</u>
	<u>983,526</u>	<u>956,766</u>

7 Programme expenses

	2011	2010
	£	£
Northern Ireland Screen Fund	3,371,488	4,799,496
Business Development Programme	-	87,000
Slate Development	184,510	-
Product Development Fund	208,751	700,000
Markets, Festivals and Conferences Fund	5,551	22,660
Skills Development	92,630	-
Irish Language Broadcast Fund	2,756,116	3,531,195
Creative Learning Centres	597,144	503,962
Lottery Film Funding Programme	516,613	507,864
Third Party Organisations	459,750	410,000
Film Clubs	89,995	80,000
Development Programmes	63,301	110,751
Production legal fees	82,585	67,669
MA in Film & TV Management	10,000	20,000
Marketing and information	190,268	258,472
Digital archive	15,368	16,076
Education costs	44,535	66,237
UTV Home Training Scheme	2,554	11,648
Screen Skills	-	101,187
Infrastructure	10,526	134,308
Paint Hall rental	240,000	200,000
Film Societies	-	2,937
Legacy Trust	<u>16,000</u>	<u>31,266</u>
	<u>8,957,685</u>	<u>11,662,728</u>

Notes to the financial statements

8 Notional costs

Notional cost of capital

The statement of comprehensive income bears a non-cash charge for interest relating to the holding of capital by Northern Ireland Screen for 2010. The basis of the charge is 3.5% of the average capital employed by Northern Ireland Screen during the year, defined as total assets less liabilities. This is no longer required under the 2011 version of FReM.

	2011	2010
	£	£
Notional costs of capital	<u>0</u>	<u>1,760</u>

9 Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company amounting to £31,739 (2010 - £27,820).

10 Staff costs

	2011	2010
	£	£
Administrative expenses:		
Salaries	563,955	583,100
Social security costs	61,062	56,609
Other pension costs	<u>29,509</u>	<u>25,366</u>
	<u>654,526</u>	<u>665,075</u>
Programme expenses:		
Salaries	72,305	65,973
Social security costs	7,765	7,074
Other pension costs	2,230	2,454
Trainees wages (including social security cost where applicable)	<u>143,469</u>	<u>120,176</u>
	<u>225,769</u>	<u>195,677</u>

During the year Northern Ireland Screen employed an average of 23 full-time equivalent staff.

Notes to the financial statements

11 Property, plant and equipment

	Production Equipment £	Computer Equipment £	Fixtures and fittings £	Office equipment £	TV equipment £	Total £
Cost						
At 1 st April 2010	125,861	153,920	33,423	40,453	20,040	373,697
Additions in Year	<u>90,035</u>	<u>2,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,133</u>
At 31 st Mar 2011	<u>215,896</u>	<u>156,018</u>	<u>33,423</u>	<u>40,453</u>	<u>20,040</u>	<u>465,830</u>
Depreciation						
At 1 st April 2010	125,861	153,920	29,996	37,646	15,923	363,346
Charge for year	<u>90,035</u>	<u>700</u>	<u>765</u>	<u>626</u>	<u>919</u>	<u>93,045</u>
At 31 st Mar 2011	<u>215,896</u>	<u>154,620</u>	<u>30,761</u>	<u>38,272</u>	<u>16,842</u>	<u>456,391</u>
Net book values						
At 31 st Mar 2011	<u>-</u>	<u>1,398</u>	<u>2,662</u>	<u>2,181</u>	<u>3,198</u>	<u>9,439</u>
At 31 st Mar 2010	<u>-</u>	<u>-</u>	<u>3,427</u>	<u>2,807</u>	<u>4,117</u>	<u>10,351</u>
	Production Equipment £	Computer Equipment £	Fixtures and fittings £	Office equipment £	TV equipment £	Total £
Cost						
At 1 st April 2009	125,861	153,920	33,423	40,453	20,040	373,697
Additions in Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 st Mar 2010	<u>125,861</u>	<u>153,920</u>	<u>33,423</u>	<u>40,453</u>	<u>20,040</u>	<u>373,697</u>
Depreciation						
At 1 st April 2009	125,861	147,095	29,012	36,839	14,740	353,547
Charge for year	<u>-</u>	<u>6,825</u>	<u>984</u>	<u>807</u>	<u>1,183</u>	<u>9,799</u>
At 31 st Mar 2010	<u>125,861</u>	<u>153,920</u>	<u>29,996</u>	<u>37,646</u>	<u>15,923</u>	<u>363,346</u>
Net book values						
At 31 st Mar 2010	<u>-</u>	<u>-</u>	<u>3,427</u>	<u>2,807</u>	<u>4,117</u>	<u>10,351</u>
At 31 st Mar 2009	<u>-</u>	<u>6,825</u>	<u>4,411</u>	<u>3,614</u>	<u>5,300</u>	<u>20,150</u>

All assets are owned by the company.

Notes to the financial statements

12 Trade and other receivables

	2011	2010
	£	£
Trade receivables	94,958	1,228
Receivables from related parties	1,945	1,945
VAT receivable	489,151	439,670
Grants receivable	20,246	179,075
Prepayments	<u>36,215</u>	<u>24,708</u>
	<u>642,515</u>	<u>646,626</u>

VAT receivable is due from HM Revenue & Customs. Grant receivable includes money spent in a previous financial year which is still outstanding from Invest Northern Ireland of £18,750.

13 Cash and cash equivalents

	2011	2010
	£	£
At 1 st April 2010	125,669	549,947
Net change in cash and cash equivalent balances	<u>645,596</u>	<u>(424,278)</u>
At 31 st March 2011	<u>771,265</u>	<u>125,669</u>
	2011	2010
	£	£
Represented by:		
Cash at bank and in hand	<u>771,265</u>	<u>125,669</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 31st March 2011 the balance held was £188,111. The Lottery Film Funding Programme is summarised in note 16.

Cash balances include petty cash of £314. The remainder of cash balances represent deposits held in commercial banks.

Notes to the financial statements

14 Trade and other payables

	2011	2010
	£	£
Bank overdraft	-	-
Trade creditors	272,647	367,165
Other taxes and social security costs	-	-
Other creditors	-	-
Accruals and deferred income - non-Lottery	924,173	268,075
Deferred Income - Lottery funds	<u>188,111</u>	<u>115,938</u>
	<u>1,384,931</u>	<u>751,178</u>

Accruals and deferred income includes monies received from Invest Northern Ireland (£81,272), recoupment funds (£121,188), Ulster Scots Broadcast Fund (£550,080) and Lottery funds (£188,111). 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.

15 Reserves

	Revenue reserve £	Government Grant reserve £
At 1 st April 2010	29,667	1,801
Surplus/(deficit) for the year	(85,313)	-
Transfer to government grant reserve		92,133
Release of government grant reserve	<u>91,500</u>	<u>(91,500)</u>
At 31 st March 2011	<u>35,854</u>	<u>2,434</u>
	Revenue reserve £	Government Grant reserve £
At 1 st April 2009	36,564	20,572
Surplus/(deficit) for the year	(25,668)	-
Release of government grant reserve	<u>18,771</u>	<u>(18,771)</u>
At 31 st March 2010	<u>29,667</u>	<u>1,801</u>

Grants credited to the government grant reserve are all UK grants.

Notes to the financial statements

16 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.

	2011 £	2010 £
Funds held at start of year	115,938	113,434
Adjustment to opening balance	692	-
Lottery funds received during the year	592,785	510,369
Awards paid	(487,588)	(472,186)
Administration costs	<u>(33,716)</u>	<u>(35,679)</u>
Funds held at end of year	<u>188,111</u>	<u>115,938</u>

17 Commitments under operating leases

At 31st March 2011 the company had annual commitments under non-cancellable operating leases as follows:

	2011		2010	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
Within one year	-	5,786	16,667	6,799
Between one and five years	<u>-</u>	<u>9,125</u>	<u>-</u>	<u>14,295</u>
	<u>-</u>	<u>14,911</u>	<u>16,667</u>	<u>21,094</u>

The following operating lease payments were recognised in the statement of comprehensive income for the year:

	2011 £	2010 £
	<u>24,144</u>	<u>53,266</u>

Notes to the financial statements

18 Related party transactions

Directors 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	£
UTV	Mairead Regan	Group HR	2,554
Wild Rover	Philip Morrow	Director	32,500
University of Ulster	Roger Austin	Senior Lecturer	10,000
Freelance	Terry Loane	Director	6,500

Rick Hill and Roger Austin served as directors of Northern Ireland Film Council during the year.

Northern Ireland Screen is an Arm's Length Body (ALB) sponsored by the Department of Culture, Arts and Leisure (DCAL). Grant income is recognised for the year of £1,375,702 revenue expenditure and £2,098 capital expenditure.

19 Film award payments

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

	2011 £	2010 £
Lottery	487,588	472,186
Irish Language Broadcast Fund	2,379,809	3,157,862
Slate Development & Product Development Fund	393,261	700,000
Northern Ireland Screen Fund	<u>3,371,488</u>	<u>4,799,496</u>
	<u>6,632,146</u>	<u>9,129,544</u>

Notes to the financial statements

20 Production Awards contracted

	Unpaid contracts as at 1 st April 2010	Contracts awarded in year	Contract payments in year	Unpaid contracts as at 31 st March 11
	£	£	£	£
Lottery Film Funding Programme	207,324	595,856	487,588	315,592
Product Development Fund	275,543	-	208,751	66,792
Slate Development	-	369,018	184,510	184,508
Northern Ireland Screen Fund	935,135	2,804,359	3,371,489	368,005
Irish Language Broadcast Fund	<u>1,543,034</u>	<u>1,795,333</u>	<u>2,379,809</u>	<u>958,558</u>
	<u>2,961,036</u>	<u>5,564,566</u>	<u>6,632,147</u>	<u>1,893,455</u>

Northern Ireland Screen is responsible for distributing Lottery funds under the Lottery Film Funding Programme. The programme is summarised in note 16.

Product Development Fund and Slate Development payments are funded by Invest Northern Ireland.

As at 31st March 2011 Invest Northern Ireland owed £18,750, which is included as grants receivable within trade and other receivables.

Northern Ireland Screen Fund receives funding during the year from Invest Northern Ireland. A balance of £81,272 is included as deferred income within trade and other payables.

Irish Language Broadcast Fund is funded during the year by DCMS through UKFC.