

**Northern Ireland Screen Commission**  
**Directors' Report and Financial Statements**  
**for the year ended 31 March 2012**

### Company Information

Directors	Richard Hill (Chair) Brian McMahon Maurice Hayes Tim McKane James Penny Roger Austin (Outgoing 31-12-11) Anne Cormican (Outgoing 31-12-11) Terry Loane (Outgoing 31-12-11) Ruth McCance (Outgoing 31-12-11) Philip Morrow (Outgoing 31-12-11) Peter Quinn (Outgoing 31-12-11) Mairead Regan (Outgoing 31-12-11) Kate Smith (Outgoing 31-12-11) Michael Catto (Appointed 9-2-12) Adeline Dinsmore (Appointed 9-2-12) Jennifer Johnston (Appointed 9-2-12) Michael Kuhn (Appointed 9-2-12) Fiona MacMillan (Appointed 9-2-12) Aódán MacPóilin (Appointed 9-2-12) Laurence McKeown (Appointed 9-2-12) Ian Parsley (Appointed 9-2-12)
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 2012**

The Directors who served during the year are as follows:

Richard Hill (Chair) Maurice Hayes	Brian McMahon (Vice Chair) James Penny	Tim McKane
Outgoing 31-12-11 Peter Quinn Mairead Regan Roger Austin	Terry Loane Ruth McCance Anne Cormican	Philip Morrow Kate Smith
Appointed 09-02-12 Michael Catto Michael Kuhn Laurence McKeown	Adeline Dinsmore Fiona MacMillan Ian Parsley	Jennifer Johnston Aódán MacPóilin

**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, DCAL, BFI 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 second year of Northern Ireland Screen's 4 year strategy 'Driving Global Growth'. Despite the difficult economic back drop, the screen industry in Northern Ireland has continued to grow and achieve significant success.

The information provided to us to date indicates that we have reached or exceeded the vast majority of our economic targets for the year for the Screen Fund. Full verification of these figures will not be available until the completion of the mid-term evaluation expected in June.

As well as HBO's Game of Thrones, which delivered very strong economic return albeit at an increased cost reflecting the level of global competition, the Screen Fund supported a number of

other potentially returning network television dramas. Notably, as well as reaching our main economic targets, our targets for skills development have, according to the unverified data presently available, been met.

Northern Ireland Screen joined with Skillset and BBC to invest £392k in the development of a joint training programme, Aim High. This apprenticeship programme places new entrants with a range of independent television production companies over an 18 month period. Feedback on the programme to date has been extremely positive and a second programme is planned to run following its completion in 2013-14.

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. The After School Film Clubs received further funding through OFMDFM Childcare Strategy to extend these to 338 schools in 2012-13.

The reduction in core funding in 2010-11 resulting from the loss of income from the UK Film Council and the Savings Plan agreed with DCAL continues to create a number of challenges. The likelihood that some organisations will cease to exist as core funding from Northern Ireland Screen is reduced or terminated is becoming stronger as the cuts bite.

The Irish Language Broadcast Fund and the Ulster Scots Broadcast Fund continue to contribute strongly to both the economic and cultural value of the screen industries in Northern Ireland. Both funds are now supported by the Department of Culture, Media and Sport (DCMS) through the British Film Institute (BFI). The ILBF continues to exceed its targets both through production and through the training programmes to develop the skills in the sector. The Ulster-Scots Broadcast Fund is bedding down and, through commitments in 2011-12, will support more than 12 hours of high quality landmark documentary television in 2012-13.

## **Risk**

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

Sustainable funding: Due to the relatively high number of sources of funding attracted by Northern Ireland Screen, the company carries a significant funding risk at all times.

Funding support from Invest NI, while initially reduced from the levels indicated in the 'Driving Global Growth' strategy, has increased significantly. Funding for year 3 of the strategy almost exhausts the full 4 year £18.7m awarded in 10-11 and therefore will require a further appraisal to extend the strategy into year 4.

The limit of 1 year Letters of Offer continues to have the greatest impact on Northern Ireland Screen's ability to confidently attract and support projects with a longer time frame. This in turn has a negative impact on the quality and range of projects supported and on Northern Ireland Screen's ability to ensure a steady and growing pipe line of projects. Despite Invest NI's efforts to address this issue on an ad hoc project by project basis, it is hoped that the overall policy to issue annual letters of offer can be addressed in the following strategy.

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 and this creates an ongoing risk. Essential repairs and upgrades to the Paint Hall were carried out at the beginning of the year and this has reduced the associated risk. A clear path to resolving the lease issues and the related ownership of the new studios has been developed and is planned to be implemented before June 2012.

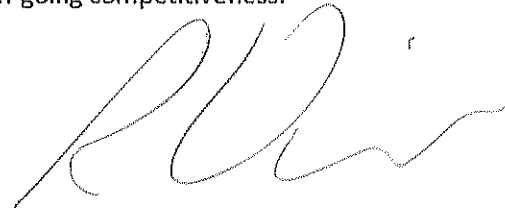
#### **Statement of disclosure to auditors**

The directors confirm that:

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

#### **Conclusion**

The Summary Performance Indicator Report demonstrates Northern Ireland Screen's strong performance. However, the Oscar won by Orlagh and Terry George for their short film *The Shore*, filmed on location in Killough, illustrates the progress the screen industry is making in Northern Ireland. While the announcement that HBO's *Game of Thrones* is re-commissioned for a 3<sup>rd</sup> season also to be produced from Northern Ireland indicates our on-going competitiveness.



**Richard Williams**

Performance Indicators report

Activity	Performance Indicators In Operating Plan 2011-12	Performance Indicators at 31 <sup>st</sup> March 2012
<p><b>Screen Fund</b></p> <p>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 &amp; television Non Drama Digital Content Development</p> <p>Skills</p>	<p>5.97:1</p> <p>£24.175million</p> <p>Secure 1 in 2011 &amp; line up 1 for 2012</p> <p>10:1</p> <p>3.5:1 3.5:1 2:1 10:1</p> <p>60% of crew resident in NI 48% of Heads of Department resident in NI</p>	<p>Current estimate 5.83:1</p> <p>Current estimate £31.293million</p> <p>HBO's GAME OF THRONES Series 2 completed for 2011-12 Series 3 secured for 2012/13.</p> <p>Actual spend ratio 7.65:1 - £21.8million spend by <i>Game of Thrones</i></p> <p>Currently 4.00:1 Currently 4.37:1 Currently 3.43:1 Currently 6:1 on commissions</p> <p>Increase in position to 67% Increase in position to 58%</p>
<p><b>Education</b></p> <p>Creative Learning Centres</p> <p>After School Film Club</p>	<p>1,450 teachers per year to participate in 160 introductory and follow-up courses in creative digital technology (figure revised up after 2011/12 Operating Plan had already been submitted)</p> <p>30 new schools in extended programme</p> <p>250 schools in total to be involved in CLC programmes &amp; courses</p> <p>61 schools with film clubs</p>	<p>173 courses delivered 1,979 teachers participated in courses</p> <p>39 new schools involved in extended programme</p> <p>314 schools in total involved with CLCs</p> <p>65 schools running Film Club at year end (3 stepped down from scheme during year)</p>
<p><b>Exhibition:</b> QFT, Belfast Film Festival, Cinemagic, Cinemobile &amp; Foyle Film Festival</p>	<p>Paid Admissions Target 103k Box Office Target £410k</p>	<p>Paid admission achieved 116k Box office achieved £457k</p>
<p><b>Irish Language Broadcast Fund</b></p>	<p>70 hours television broadcast to 25,000+ people in NI</p> <p>Support 10 trainees</p>	<p>94.5 hours commissioned in 3 funding rounds</p> <p>Supported 12 trainees</p>
<p><b>Ulster Scots Broadcast Fund</b></p>	<p>20 hours commissioned in year</p>	<p>18 hours of programming commissioned</p> <p>The USBF in conjunction with the BBC set a higher editorial bar for programming output. This in turn reduced the number of hours of programming commissioned. The target for 2012/13 has been reduced to reflect this.</p>
<p><b>Outreach</b> Digital Film Archive</p>	<p>50 outreach events/presentations per annum</p> <p>Maintain the delivery of 3 presentations each per DFA site in year</p>	<p>65 outreach events delivered in year</p> <p>19 DFA sites delivered 156 presentations—an average of 8 per site</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 following sections provide details of the remuneration and pension interests of the Accounting Officer/Chief Executive and Board. The information on Page 5 and 6 are covered in the audit opinion.

The Directors who served during the year are as follows:

Richard Hill (Chair) Maurice Hayes	Brian McMahon (Vice Chair) James Penny	Tim McKane
Outgoing 31-12-11 Peter Quinn Mairead Regan Roger Austin	Terry Loane Ruth McCance Anne Cormican	Philip Morrow Kate Smith
Appointed 09-02-12 Michael Catto Michael Kuhn Laurence McKeown	Adeline Dinsmore Fiona MacMillan Ian Parsley	Jennifer Johnston Aódán MacPóilín

Richard Hill received payments totalling £10,000 and expenses totalling £1,483.83 during the year as Chair of the Board.

Brian McMahon received payments totalling £3,500 and expenses totalling £1,944 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 2011-12 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>3,299</u>
	<u>69,275</u>

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

The accounts hold an accrual in respect of backdated remuneration to the Chief Executive for the years 07-08, 08-09, 09-10, 10-11, 11-12 to the total value of £26,389. Discussions are ongoing between the Chief Executive, The Commission and the department in respect of this matter.

The banded remuneration of the highest-paid employee/ Accounting Officer in the financial year 2011-12 was £65,976 (2010-11 £65,976). This was 2.73 times (2010-11 2.73times) the median remuneration of the workforce, which was £24,177 (2010-11 £24,177).

### 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



26 June 2012

**Statement on Internal Control  
for the year ended 31 March 2012**

**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 in 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 finance 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 achievement 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 2012 and up to the date of approval of the annual report and accounts, and accords with DFP 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

updated Risk Register is presented to the Finance and Audit Committee and to the Board at each meeting 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 & 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;
- Quarterly Assurance Reports to the Department of Culture, Arts and Leisure and an annual Fraud Risk Analysis;
- 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 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; and

- 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.

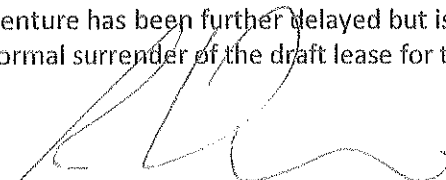
#### **Review of effectiveness**

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.

Following a risk assessment undertaken by DCAL in 2009 which rated Northern Ireland Screen as a medium to high risk, a wide range of changes were implemented to assist in reducing the risk. A further assessment will take place in August 2012. We expect a reduced risk profile, 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 in continuous discussion with relevant Government departments regarding the relatively complex funding and governance arrangements under which it 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. At the time of writing this statement the Priority 1 recommendation is still outstanding. Due to a further delay in concluding final management arrangements for the Paint Hall and the new studios the formal transfer of the Paint Hall to the new Titanic Quarter/Invest NI joint venture has been further delayed but is now scheduled to occur before the end of June 2012. A formal surrender of the draft lease for the Paint Hall will form part of that transfer.



R Williams  
26 June 2012

### **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 2012 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 which was 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the 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 2012 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 Directors' 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**

**26 June 2012**

**NORTHERN IRELAND SCREEN COMMISSION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**



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**Statement of comprehensive income  
for the year ended 31<sup>st</sup> March 2012**

	Note	2012 £	2011 £
Income	5	13,318,609	9,612,814
Other income	5	254,000	243,084
Administrative expenses	6	(959,256)	(983,526)
Programme expenses	7	<u>(12,626,799)</u>	<u>(8,957,685)</u>
		(13,446)	(85,313)
		—	—
Surplus/(deficit) for the year		<u>(13,446)</u>	<u>(85,313)</u>

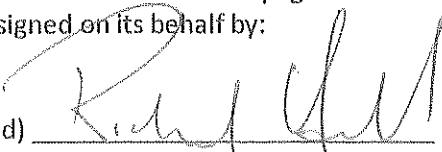
The notes on pages 19 to 30 form part of these financial statements.

Statement of financial position  
 as at 31<sup>st</sup> March 2012

	Note	2012 £	2011 £
<b>Non-current assets</b>			
Property, plant and equipment	10	16,944	9,439
<b>Current assets</b>			
Trade and other receivables	11	620,382	642,515
Cash and cash equivalents	12	<u>1,259,494</u>	<u>771,265</u>
		1,879,876	1,413,780
<b>Total assets</b>		<b>1,896,820</b>	<b>1,423,219</b>
<b>Current liabilities</b>			
Trade and other payables	13	1,874,412	1,384,931
<b>Non-current assets plus net current assets</b>		<b>22,408</b>	<b>38,288</b>
<b>Assets less liabilities</b>		<b><u>22,408</u></b>	<b><u>38,288</u></b>
<b>Reserves</b>			
Revenue reserve	14	22,408	35,854
Government grant reserve	14	-	<u>2,434</u>
		<b><u>22,408</u></b>	<b><u>38,288</u></b>

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2011-12 (FReM).

The financial statements on pages 15 to 18 were approved by the Board on 26 June 2012 and were signed on its behalf by:

(Signed)   
 RICHARD HILL, CHAIR

(Signed)   
 BRIAN MC MCMAHON, VICE CHAIR

Date 26/6/12

Date 26 JUNE 2012

The notes on pages 19 to 30 form part of these financial statements.

**Statement of cash flows  
for the year ended 31<sup>st</sup> March 2012**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>	-	-
Surplus/(deficit) for the year	(13,446)	(85,313)
<b>Adjustments for:</b>		
Depreciation	7,494	93,045
Government Grant release	(2,433)	-
Capital Expenditure	(15,000)	-
Bank interest received	<u>(3,268)</u>	<u>-</u>
Operating surplus/(deficit) before working capital changes	(26,653)	7,732
Decrease/(Increase) in trade and other receivables	22,133	4,111
(Decrease)/Increase in trade and other payables	<u>489,481</u>	<u>633,753</u>
<b>Net cash generated from operations</b>	<b>484,961</b>	<b>645,596</b>
<b>Cash flows from investing activities</b>	-	-
Bank interest received	<u>3,268</u>	<u>-</u>
<b>Net cash generated from investing activities</b>	<u><b>3,268</b></u>	<u>-</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>488,229</b>	<b>645,596</b>
<b>Cash and cash equivalents at 1<sup>st</sup> April 2011 (Note 12)</b>	<u><b>771,265</b></u>	<u><b>125,669</b></u>
<b>Cash and cash equivalents at 31<sup>st</sup> March 2012 (Note 12)</b>	<u><b>1,259,494</b></u>	<u><b>771,265</b></u>

The notes on pages 19 to 30 form part of these financial statements.

**Statement of changes in reserves  
 for the year ended 31<sup>st</sup> March 2012**

	Revenue reserve £	Government grant reserve £
<b>Balance at 1<sup>st</sup> April 2010</b>	<b>29,667</b>	<b>1,801</b>
<b>Changes in reserves for 2009</b>		
Release of government grant reserve	91,500	(91,500)
Surplus/(deficit) for the year	(85,313)	-
Total recognised changes for the year	-----	<u>92,133</u>
<b>Balance at 31<sup>st</sup> March 2011</b>	<b>35,854</b>	<b>2,434</b>
<b>Changes in reserves for 2011</b>		
Release of government grant reserve	-	(2,434)
Surplus/(deficit) for the year	(13,446)	-
Total recognised changes for the year	-----	-----
<b>Balance at 31<sup>st</sup> March 2012</b>	<b><u>22,408</u></b>	<b><u>-----</u></b>

The notes on pages 19 to 30 form part of these financial statements.

**Notes to the financial statements  
for the year ended 31<sup>st</sup> March 2012**

**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 2011-12 (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 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; and
- 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 towards revenue expenditure are released to the statement of comprehensive income as the related expenditure is incurred.

In prior years grants towards capital expenditure were credited to the government grant reserve and released to the revenue reserve over the expected useful life of the assets. This policy has been changed to reflect FReM 11/12. Grant income towards capital assets is now 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

## Notes to the financial statements

### 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.

## 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 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.

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:

	2012 £	2011 £
Income	13,887,154	10,780,818
Surplus/(deficit) for the year	550,099	839,607
	2012 £	2011 £
Accruals and deferred income	126,743	119,550
Revenue reserves	590,953	960,774

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

	2012 £	2011 £
Depreciation of property, plant and equipment	7,494	93,045
Payments under operating leases	1,642	24,144
Auditors' remuneration – statutory audit	4,500	4,500
Auditors' remuneration – other services *	<u>9,850</u>	<u>3,600</u>
* other services to include Invest Northern Ireland quarterly vouching & tax advice		

**5 Income and Other income**

	2012 £	2011 £
Funding Income		
Invest NI	6,842,583	4,652,893
DCAL	1,779,179	1,375,702
DCMS - UKFC	3,919,319	3,041,918
Arts Council	590,790	521,301
Various funding Income	100,572	-
Legacy Trust	<u>86,166</u>	<u>21,000</u>
	<u>13,318,609</u>	<u>9,612,814</u>

Notes to the financial statements

Other Income	2012	2011
	£	£
Rent receivable	254,000	241,500
Other Income	-	<u>1,584</u>
	<u>254,000</u>	<u>243,084</u>
<b>6 Administrative expenses</b>	<b>2012</b>	<b>2011</b>
	£	£
Staff costs	693,901	654,527
Premises expenses	79,185	74,451
Office overheads	109,422	98,368
Staff and Board expenses	69,254	63,136
Depreciation	<u>7,494</u>	<u>93,044</u>
	<u>959,256</u>	<u>983,526</u>
<b>7 Programme expenses</b>	<b>2012</b>	<b>2011</b>
	£	£
Northern Ireland Screen Fund	5,193,347	3,371,488
Ulster-Scots broadcast fund	860,121	-
Slate Development	37,574	184,510
Product Development Fund	650,880	208,751
Markets, Festivals and Conferences Fund	-	5,551
Skills Development	299,485	92,630
Irish Language Broadcast Fund	2,890,008	2,756,116
Creative Learning Centres	551,677	597,144
Lottery Film Funding Programme	574,190	516,613
Third Party Organisations	420,210	459,750
Film Clubs	131,250	89,995
Development Programmes	63,627	63,301
Production legal fees	61,896	82,585
MA in Film & TV Management	-	10,000
Marketing and information	204,669	190,268
Digital archive	4,399	15,368
Education costs	40,250	44,535
UTV Home Training Scheme	-	2,554
Creative Industries Innovation Fund	39,997	-
Infrastructure	64,553	10,526
Paint Hall rental & repairs	252,500	240,000
Creative Learning Centre-Studio-On relocation	200,000	-
Legacy Trust	<u>86,166</u>	<u>16,000</u>
	<u>12,626,799</u>	<u>8,957,685</u>

Notes to the financial statements

**8 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 from the company amounting to £30,857 (2011 - £31,739).

**9 Staff costs**

	2012 £	2011 £
Administrative expenses:		
Salaries	602,515	563,955
Social security costs	62,266	61,062
Other pension costs	<u>29,120</u>	<u>29,509</u>
	<u>693,901</u>	<u>654,526</u>
Programme expenses:		
Salaries	70,666	72,305
Social security costs	7,906	7,765
Other pension costs	1,737	2,230
Trainees wages (including social security cost where applicable)	<u>268,369</u>	<u>143,469</u>
	<u>348,678</u>	<u>225,769</u>

During the year Northern Ireland Screen employed an average of 25 full-time equivalent staff.

Notes to the financial statements

10 Property, plant and equipment

	Production Equipment £	Computer Equipment £	Fixtures and fittings £	Office equipment £	TV equipment £	Total £
<b>Cost</b>						
At 1 <sup>st</sup> April 2011	215,896	156,018	33,423	40,453	20,040	465,830
Additions in Year	-	15,000	-	-	-	15,000
Disposals	-	(143,871)	-	-	(3,023)	(146,894)
At 31 <sup>st</sup> Mar 2012	<u>215,896</u>	<u>27,147</u>	<u>33,423</u>	<u>40,453</u>	<u>17,017</u>	<u>333,936</u>
<b>Depreciation</b>						
At 1 <sup>st</sup> April 2011	215,896	154,620	30,761	38,272	16,842	456,391
Disposal depreciation	-	(143,871)	-	-	(3,023)	(146,894)
Charge for year	-	5,699	594	487	714	7,494
At 31 <sup>st</sup> Mar 2012	<u>215,896</u>	<u>16,448</u>	<u>31,355</u>	<u>38,759</u>	<u>14,533</u>	<u>316,991</u>
<b>Net book values</b>						
At 31 <sup>st</sup> Mar 2012	-	<u>10,699</u>	<u>2,068</u>	<u>1,694</u>	<u>2,484</u>	<u>16,945</u>
At 31 <sup>st</sup> Mar 2011	-	<u>1,398</u>	<u>2,662</u>	<u>2,181</u>	<u>3,198</u>	<u>9,439</u>

	Production Equipment £	Computer Equipment £	Fixtures and fittings £	Office equipment £	TV equipment £	Total £
<b>Cost</b>						
At 1 <sup>st</sup> April 2010	125,861	153,920	33,423	40,453	20,040	373,697
Additions in Year	90,035	2,098	-	-	-	92,133
At 31 <sup>st</sup> 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>
<b>Depreciation</b>						
At 1 <sup>st</sup> April 2010	125,861	153,920	29,996	37,646	15,923	363,346
Charge for year	90,035	700	765	626	919	93,045
At 31 <sup>st</sup> 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>
<b>Net book values</b>						
At 31 <sup>st</sup> Mar 2011	-	<u>1,398</u>	<u>2,662</u>	<u>2,181</u>	<u>3,198</u>	<u>9,439</u>
At 31 <sup>st</sup> Mar 2010	-	-	<u>3,427</u>	<u>2,807</u>	<u>4,117</u>	<u>10,351</u>

All assets are owned by the company

Notes to the financial statements

11 Trade and other receivables

	2012	2011
	£	£
Trade receivables	45,236	94,958
Receivables from related parties	-	1,945
VAT receivable	442,196	489,151
Grants receivable	81,203	20,246
Prepayments	<u>51,747</u>	<u>36,215</u>
	<u>620,382</u>	<u>642,515</u>

VAT receivable is due from HM Revenue & Customs. Grant receivable includes money spent in the financial year which is still outstanding from Invest Northern Ireland of £7,458 and DCAL £73,745.

12 Cash and cash equivalents

	2012	2011
	£	£
At 1 <sup>st</sup> April 2011	771,265	125,669
Net change in cash and cash equivalent balances	<u>488,229</u>	<u>645,596</u>
At 31 <sup>st</sup> March 2012	<u>1,259,494</u>	<u>771,265</u>
	2012	2011
	£	£
Represented by:		
Cash at bank and in hand	<u>1,259,494</u>	<u>771,265</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 2012 the balance held was £153,785. The Lottery Film Funding Programme is summarised in note 16.

Cash balances include £1,089,879 in relation to the Ulster-Scots Broadcasting Fund which will be spent in 2012/13. Cash balances represent deposits held in commercial banks.

Notes to the financial statements

13 Trade and other payables

	2012	2011
	£	£
Bank overdraft	-	-
Trade creditors	124,999	272,647
Other taxes and social security costs	-	-
Other creditors	-	-
Accruals and deferred income - non-Lottery	1,595,595	924,173
Deferred Income - Lottery funds	<u>153,818</u>	<u>188,111</u>
	<u>1,874,412</u>	<u>1,384,931</u>

Accruals and deferred income includes monies received from Invest Northern Ireland (£74,190), recoupment funds (£81,460), Ulster Scots Broadcast Fund (£1,089,879) and Lottery funds (£153,817). 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.

14 Reserves

	Revenue reserve £	Government Grant reserve £
At 1 <sup>st</sup> April 2011	35,854	2,434
Surplus/(deficit) for the year	(13,446)	-
Transfer to government grant reserve	-	-
Release of government grant reserve	-	<u>(2,434)</u>
At 31 <sup>st</sup> March 2012	<u>22,408</u>	-
	Revenue reserve £	Government Grant reserve £
At 1 <sup>st</sup> 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 <sup>st</sup> March 2011	<u>35,854</u>	<u>2,434</u>

Grants credited to the government grant reserve are all UK grants

Notes to the financial statements

**15 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.

	2012	2011
	£	£
Funds held at start of year	188,111	115,938
Adjustment to opening balance	-	692
Lottery funds received during the year	556,463	592,785
Awards paid	(554,166)	(487,588)
Administration costs	<u>(36,623)</u>	<u>(33,716)</u>
Funds held at end of year	<u>153,785</u>	<u>188,111</u>

**16 Commitments under operating leases**

At 31<sup>st</sup> March 2012 the company had no annual commitments under non-cancellable operating leases:

	2012		2011	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Expiry date:				
Within one year	-	-	-	5,786
Between one and five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,125</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,911</u>

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

2012	2011
£	£
<u>1,641</u>	<u>24,144</u>

**Notes to the financial statements**

**17 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.

<b>Organisation</b>	<b>Name</b>	<b>Relationship to Recipient organisation</b>	<b>£</b>
Wild Rover Ltd	Philip Morrow	Director	42,666
Prodigal Films Ltd	Terry Loane	Director	15,000
Mammoth Screen Ltd	James Penny	Director	429,000

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

Northern Ireland Screen is an Non- Department Public Body (NDPB) sponsored by the Department of Culture, Arts and Leisure (DCAL). Grant income is recognised for the year of £1,779,179 revenue expenditure. (£1,768,974 cash received in year and £10,205 grants-in-aid receivable in the year).

**18 Film award payments**

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Lottery	554,166	487,588
Irish Language Broadcast Fund	2,492,134	2,379,809
Ulster-Scots Broadcasting Fund	819,975	-
Northern Ireland Screen Fund	<u>5,881,801</u>	<u>3,764,749</u>
	<u>9,748,076</u>	<u>6,632,146</u>



Notes to the financial statements

19 Production Awards contracted

	Unpaid contracts as at 1 <sup>st</sup> April 2011	Contracts awarded in year	Contract payments in year	Unpaid contracts as at 31 <sup>st</sup> March 12
	£	£	£	£
Lottery Film Funding Programme	315,592	604,517	554,166	365,943
Northern Ireland Screen Fund	619,305	5,949,814	5,881,801	687,318
Ulster-Scots Broadcasting Fund	-	1,239,700	819,975	419,725
Irish Language Broadcast Fund	<u>958,558</u>	<u>4,173,389</u>	<u>2,492,134</u>	<u>2,639,813</u>
	<u>1,893,455</u>	<u>11,967,420</u>	<u>9,748,076</u>	<u>4,112,799</u>

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

Northern Ireland Screen Fund receives funding during the year from Invest Northern Ireland. A balance of £81,203 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 DCMS through BFI.