

Northern Ireland Screen Commission
Registration Number NI 031997

Northern Ireland Screen Commission
Annual Report and Financial Statements
for the year ended 31 March 2018

Company Information

Directors at 31 March 2018

Dame Rotha Johnston
Elaine Sperber
Michael Catto
Adeline Dinsmore
Jennifer Johnston
Michael Kuhn
Fiona MacMillan
Ian Parsley
Greg Maguire

Secretary

Richard Williams

Company Number

NI 031997

Organisation Status

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

Registered Office

Alfred House
21 Alfred Street
Belfast
BT2 8ED

Auditor

Comptroller and Auditor General
Northern Ireland Audit Office

Bankers

Danske Bank
First Floor
Donegall Square West
Belfast
BT1 6JS

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Performance Report:

**Strategic Report
For the year ended 31 March 2018**

Overview

History and statutory background

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

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

Northern Ireland Screen is a company limited by guarantee, currently governed by a board of 9 Directors with 3 vacancies and employing 28 staff (DfE has instigated the recruitment process to renew and replenish the board). The organisation is the government-sponsored lead body in Northern Ireland for the film, television and digital content industry.

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

Review of business with Key Performance Indicators

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

Northern Ireland Screen has 3 overarching objectives:

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

**Strategic Report (cont)
for the year ended 31 March 2018**

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

Developing the screen industry and its cultural sector has an almost unrivalled fit with the *Programme for Government* with the creative and cultural mix of the sector impacting on multiple priorities simultaneously. While the Opening Doors Strategy was devised before the present Programme for Government, the screen sector makes a significant contribution to 8 out of the 12 Outcomes set out in the Programme for Government

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

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

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

The statement of financial position shows a movement in Total Taxpayer's Equity from a deficit of £630,475 to a deficit of £661,731. This deficit is wholly attributable to the increase in pension liabilities. The pension liabilities relate to the defined benefit scheme which is managed by the pension fund Committee of NILGOSC and the directors of Northern Ireland Screen do not have any control in the management of this Fund. The liability does not present a real risk to the organisation's position as a going concern.

Performance Analysis

Opening Doors highlights from Year 4:

1. The over-arching Opening Doors Strategy target to return £250 million in direct spend during the 4-year period has been exceeded, with the overall direct spend value levered by the Opening Doors 14-18 strategy projected to be more than £274 million including spend that falls in 18-19 but was levered by investment in 17-18.
2. In 17-18, the Screen Fund committed to support productions with an estimated value of more than £50 million, lower than the figure for 16-17 for contractual timing reasons only.
3. Krypton, a Large-Scale Television Drama Project from Warner Horizon Television, was the first project to be produced at Belfast Harbour Studios, taking up residence at the studios as soon as they were available in June 2017 and filming there from October 2017 until February 2018.

Strategic Report (cont)
for the year ended 31 March 2018

4. Northern Ireland Screen continued to attract high profile productions to film in Northern Ireland including HBO's *Game of Thrones*, BBC network dramas including *Line of Duty*, *Come Home*, and *Derry Girls* for Channel 4.
5. *Derry Girls*, produced by Hat Trick Productions for Channel 4, was launched to huge fanfare in January 2018, going on to become the biggest series ever in Northern Ireland since modern records began in 2002. The comedy, written by Derry writer Lisa McGee, averaged with 519k viewing and 64.2% share of the audience in Northern Ireland
6. Projections to the end of series 8 of *Game of Thrones* in March 2018 indicate a total value to Northern Ireland of around £206 million.
7. In the animation sector, Dog Ears was nominated for the Kids: Preschool category at the 2017 International Emmy Kids Awards for *Puffin Rock*. Dog Ears is currently in production on *Puffin Rock: The Movie* with co-producers China Nebula Pictures. Paper Owl is currently working on Series two of *Pablo*, the first children's series to be made about a character on the autism spectrum, which was purchased by US network Universal Kids. February 2018 was a busy month for Sixteen South with *Pinkalicious and Peteriffic* premiering on US network PBS KIDS in February 2018, while animated series *Claude* premiered in Australia on Disney Junior.
8. Within Gaming, Italic Pig won the top-prize at the inaugural Big Indie Awards in Shenzhen, China for its project *Mona Lisa*, winning a cash and promotional prize of up to \$25K. *Mona Lisa* is a stealth and forgery adventure that sees Leonardo Da Vinci's famous creation brought to life as Renaissance Italy's greatest art thief. Billy Goat Entertainment's *HMS Spiffing* was voted runner up UK Game of the Show at GDC Play in San Francisco in March 2018.
9. In Children's TV, Zodiak Kids' *Millie Inbetween* and *Secret Life of Boys* returned for production and aired on CBBC.
10. *Rocky Ros Muc*, which received funding support from the Irish Language Broadcast Fund, won Best Irish Feature Documentary at the Galway Film Fleadh and Best Documentary at the Irish Film Festival, Boston. The feature documentary also received its US premiere in New York, Los Angeles and Boston.
11. As part of Burns week in January 2018, BBC Radio Ulster broadcast two programmes supported by the Ulster-Scots Broadcast Fund, marking the first radio projects to receive funding from Northern Ireland Screen. *A Birl For Burns* explored the influence of Robert Burns on the work of the late Seamus Heaney, while *On Board With Burns* marked Burns Night on the ferry from Larne to Cairnryan.
12. *Aim High 3* was completed with 6 trainees going through the 18-month placement. Currently all 6 are employed full-time within the sector.

**Strategic Report (cont)
for the year ended 31 March 2018**

13. The **Creative Learning Centres** in Derry, Belfast and Armagh continued to provide support for schools across Northern Ireland and exceeded their target of delivering 70% of activity in partnership schools with 87% of activity taking place in schools with a high pupil intake from disadvantaged areas.
14. 71 Northern Ireland students participated in the **BFI Film Academy Network Programme** and achieved the NCFE (National Certificate in Further Education) Preparing to Work in the Film Industry Certification.
15. Important film and tape from the **UTV Archive** is to be preserved, digitised, and made accessible through the Northern Ireland Screen Digital Film Archive (DFA) following an intervention by PRONI in partnership with Northern Ireland Screen and the BFI, with support from DfC. Phase 1 of the project sees the digitisation of over 1,100 items, approximately 450 hours of material, from the UTV Archive.

Strategic Report (cont)
for the year ended 31 March 2018

Key Performance Indicators for the 2017 – 2018 Financial Year

Activity	PI targets 2017-18	Performance Indicators @ 31 March 2018	Year End Position 2017-18
ECONOMIC			
Northern Ireland Screen Fund:	Direct spend output ratio 7.2:1 £64.1m 2014-18 £250m	Direct spend output ratio 7.8:1 £50.1m 2014 to date £274.5m	
	Accumulated	Accumulated	
	17-18 14-18	17-18 14-18	
Large-scale production	11.25:1 10.6:1	9.5:1 13.2:1	
Animation	8:1 6.5:1	8.6:1 6.4:1	
TV Drama	6:1 6:1	6.6:1 7.3:1	
Factual/Entertainment	5:1 5:1	6.9:1 5.0:1	
Independent Film	3:1 3:1	3.8:1 4.6:1	
Gaming/Mobile	6:1 6:1	4.2:1 4.0:1	
Skills	60% and 40% NI crew & HOD on large-scale productions 75% and 65% NI crew & HOD on other productions	57% and 51% NI crew & HOD on large scale production 77% and 62% NI crew & HOD on other productions	
EDUCATION			
Creative Learning Centres	Activity in areas of disadvantage - schools or groups Nerve centre 70% Nerve Belfast 70% Amma Centre 70% 3,000 teachers involved in all CLC programmes	Activity in areas of disadvantage – schools or groups Nerve Centre 92% Nerve Belfast 85% Amma Centre 83% 3,681 teachers involved in all CLC programmes	
School Film Clubs	270 extended schools and maintain membership at 6k	249 schools signed up Membership 3.7k.	Not all returns submitted
CULTURAL			
Exhibition: QFT, Belfast Film Festival (BFF), Cinemagic, Cinemobile and Foyle Film Festival	Foyle to deliver 90% Education programme to extended schools. BFF to deliver 40% of screenings to areas of poverty and deprivation	Foyle delivered 90% Education Programme to extended schools. Belfast Film Festival delivered 40% of screenings to areas of poverty and deprivation.	
Irish Language Broadcast Fund	55 hours television broadcast to 25,000+ people in N Ireland. Emphasis on developing the linguistic quality Support 11 trainees across mixed disciplines	76 hours awarded in round 1 in April. 23.25 hours round 2 September. Consolidated and extrapolated figures indicate an audience of over 25,000. Supporting 13 trainees across mixed disciplines	
Ulster-Scots Broadcast Fund	Commission 10 hours of Ulster-Scots programming – 90% broadcast within 9 months of delivery	Commissioned 29 hours to date 10 projects delivered and broadcast within 9 months of delivery. NTV continues to broadcast content across the year.	
OUTREACH			
Digital Film Archive	40 presentations 250 partner events reaching 4,500	40 presentations delivered 151 partner events reaching 3,142 people	Not all partner organisations have returned statistics.

**Strategic Report (cont)
for the year ended 31 March 2018**

Principal risks and uncertainties

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

As we entered the final year of Opening Doors Strategy there was a risk that a funding gap could occur if funding for the new strategy was not agreed before December 2017. Phase 2 of Opening Doors 18-22 was agreed by a DfE Casework Committee before December which facilitated ongoing cashflow for Northern Ireland Screen. A budget for 18/19 has subsequently been agreed.

Northern Ireland Screen sought all year to confirm funding for a digital skills transformation programme – Digiskills – and carried both delivery and overheads recover risks in relation to this project. We were very disappointed that in the final quarter of the year it was confirmed that this project would not be funded.

As a development agency working in a dynamic and fast moving industrial sector, Northern Ireland Screen carries constant risk associated with delivering the outcomes outlined in our strategy; ensuring relatively stable demand for the freelance crew base that both supports and benefits from the screen industry in Northern Ireland and for the supply chain companies involved in supporting particularly large scale production including the 2 main studio complexes; and ensuring an even cashflow profile year to year. This risk was well managed through the year.

The transfer of sponsor department from DfC to DfE and the more complex transfer of responsibilities from Invest NI to DfE continue to create a degree of risk albeit that this has been well managed by all parties.

The EU exit could impact adversely on the industry where there is a limit on the free movement of labour for companies in the UK and therefore restrict our availability and development of skills.

With GDPR implementation, Northern Ireland Screen carry the risk of failure to implement the legislation leading to significant fines.

There are inevitable uncertainties and risks facing Northern Ireland Screen which are described above. We continually review and revise our strategy/target approach through the management of KPI's whilst striving to meet our economic targets.

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

**Strategic Report (cont)
for the year ended 31 March 2018**

Future Developments

Northern Ireland Screen agreed and finalised a strategy for 2018-2022. DfE confirmed that this future strategy will be directly funded by the department. This strategy was developed against the Programme for Government and DfE's Industrial Strategy.

Other

There was no non-financial information to include social matters, respect for human rights, anti-corruption and anti-bribery matters that need disclosure in this year.

All conflicts of interest are detailed on page 49, note 15.

Northern Ireland Screen will continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.



**R Williams
5 June 2018**

**Strategic Report (cont)
for the year ended 31 March 2018**

**Accountability Report
Corporate Governance Report**

**Directors' Report
for the year ended 31 March 2018**

The Directors who served during the year are as follows:

Dame Rotha Johnston (Chair)
Michael Catto
Adeline Dinsmore
Michael Kuhn
James Penny
Jennifer Johnston

Elaine Sperber (Vice Chair)
Tim McKane
Laurence McKeown
Fiona MacMillan
Ian Parsley
Greg Maguire

Personal data related incidents

There are no personal data related incidents to report.

Payments to Suppliers

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

The percentage of bills paid within these standards in 2017-18 is 98% (2016-17: 98%). The trade payable days at 31 March 2018 is less than 10 days.

Risk

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

Disclosure of Information to Auditor

The Directors confirm that:

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

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

**Strategic Report (cont)
for the year ended 31 March 2018**

Pension arrangements

The company operated NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year. Northern Ireland Screen's share of the scheme recorded net pension liabilities at 31 March 2018 was £728,000 (2016-17- £697,000).

Complaints Handling

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

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

All complaints and comments received, and actions taken are monitored and retained including the speed with which they are actioned. Complaints are analysed to identify problem areas where action may be required in order to provide a better quality of service, and suggestions on how to improve services are welcomed.

Going concern

The financial statements of Northern Ireland Screen are produced on the Going Concern Basis in accordance with applicable accounting standards in a form directed by the Department for Economy with the consent of the Department of Finance.

As of 31 March 2018, Northern Ireland Screen had a negative statement of financial position, where the liabilities were greater than the assets by £661,731. These and other liabilities will be met by future grant in aid, received from and approved annually by DfE.

DfE funding for 2018-19 has now been approved. Therefore, the future financing of any Northern Ireland Screen liabilities is expected to be met by DfE. In this context, the financial statements have been prepared on a going concern basis.

Conflicts of interest

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

Auditor's remuneration

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



**Richard Williams
5 June 2018**

Statement of Directors' and Accounting Officer's Responsibilities

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

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

- Observe the Accounts Direction issued by the Department for the Economy, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis.

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

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



R Williams
Accounting Officer
5 June 2018

**Governance Statement
for the year ended 31 March 2018**

Scope of Responsibility

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

Northern Ireland Screen's former Management Statement and Financial Management with DCAL has been adopted by DfE, while a new one for DfE is being agreed and should be adopted by June 2018. It sets out the relationship between DfE and Northern Ireland Screen and defines the financial and administrative framework within which Northern Ireland Screen operates. Northern Ireland Screen's Financial Memorandum which should be read in conjunction with the Management Statement sets out the framework for the management and control of the finance of Northern Ireland Screen.

Compliance with Corporate Governance Best Practice

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

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

Governance Framework

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

Governance and sponsorship responsibility for Northern Ireland Screen transferred to DfE in the new Government structures. Northern Ireland Screen will continue to have a service provision relationship within Department for Communities in relation to aspects of Northern Ireland Screen's activities that fall with DfC's policy responsibilities. However, the governance in relation to this funding is channelled through DfE.

The Board advises on five main areas:

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

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

Board Membership

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

Dame Rotha Johnston - Chair	Elaine Sperber - Vice Chair
Michael Catto	Greg Maguire
Fiona MacMillan	Michael Kuhn
Adeline Dinsmore	James Penny (term expired Dec 2017)
Tim McKane (term expired Dec 2017)	Ian Parsley
Laurence McKeown (term expired Mar 2018)	Jennifer Johnston

**Governance Statement (cont)
for the year ended 31 March 2018**

Board Attendance in 2017-18:

	6.6.17	12.9.17	5.12.17	13.3.18
Dame Rotha Johnston (Chair)	✓	✓	✓	✓
Elaine Sperber (Vice Chair)	✓	✓	✓	✓
Michael Catto	✓	✓	✓	✓
Adeline Dinsmore	✓	✓	✓	✓
Jennifer Johnston	✓	✓	X	✓
Michael Kuhn	✓	✓	✓	✓
Fiona MacMillan	✓	✓	✓	✓
Greg Maguire	✓	X	✓	✓
Laurence McKeown	✓	✓	X	✓
Tim McKane	X	✓	✓	
Ian Parsley	X	X	X	X
James Penny	✓	X	✓	

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

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

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

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

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

Committees of the Board

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

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

Audit and Risk Committee

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

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

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

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

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

Audit and Risk Committee Attendance in 2017-18:

	23.5.17	29.8.17	21.11.17	6.3.18
Fiona MacMillan (Chair)	✓	✓	✓	✓
Laurence McKeown	✓	✓	✓	✓
Adeline Dinsmore	✓	✓	X	✓
Sinead McCartan (Co-opted)	✓	✓	X	✓
Dame Rotha Johnston (Observer)	✓	X	✓	✓

Strategic Resources Committee

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

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

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

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

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

Strategic Resources Committee Attendance in 2017-18:

	30.5.17	5.9.17	28.11.17	6.3.18
Dame Rotha Johnston (Chair)	✓	✓	✓	✓
Fiona MacMillan	✓	✓	✓	✓
James Penny	✓	✓	✓	✓

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

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

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

Investment Committee Attendance 2017-18:

	Michael Kuhn	James Penny	Mike Catto	Tim McKane	Elaine Sperber	Dame Rotha Johnston
13.4.17	✓	✓	✓	✓	✓	✓
8.6.17	✓	✓	✓	x	x	x
28.6.17	✓	✓	✓	x	✓	x
25.9.17	✓	✓	✓	✓	✓	✓
1.11.17	✓	✓	x	✓	✓	✓
11.12.17	✓	✓	x	✓	✓	✓
31.1.18	✓		✓		✓	✓
13.3.18	✓		✓		✓	✓
22.3.18	✓		✓		✓	✓

The Management Team of Northern Ireland Screen

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

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

Business Planning

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

relating to the period of the strategy. Performance against this strategy is independently reviewed – most recently in May 2017 covering the first 2 years of the strategy. A forecast of expenditure and income for the strategy period is included.

Phase 2 Opening Doors Strategy 2018-22 was approved by a DfE Casework Committee in December 2017, having been independently appraised by MorrowGilchrist and Oxford Economics in October 2017.

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

Quarterly performance indicator reports are now submitted to DfE and were submitted to INI during this year (INI's last year of direct involvement with Northern Ireland Screen) and are discussed at departmental accountability meetings and at all Northern Ireland Screen Board meetings.

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

Business cases and post project evaluations are completed.

Risk Management

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

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

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

Northern Ireland Screen's Risk Register outlines the key corporate risks facing Northern Ireland Screen as identified by its Senior Management Team. The Risk Register details management's assessment of the key risks by rating associated controls and actions required to minimise the risk occurring. The updated Risk Register is presented to the Audit and Risk Committee and to the Board at each meeting on a quarterly basis. Key risks identified at 31 March 2018 were:

- As we entered the final year of Opening Doors Strategy there was a risk that a funding gap could occur if funding for the new strategy was not agreed before December 2017. Phase 2 of Opening Doors 18-22 was agreed by a DfE Casework Committee before December which

**Governance Statement (cont)
for the year ended 31 March 2018**

facilitated ongoing cashflow for Northern Ireland Screen. A budget for 18/19 has subsequently been agreed.

- Northern Ireland Screen sought all year to confirm funding for a digital skills transformation programme – Digiskills – and carried both delivery and overheads recover risks in relation to this project. We were very disappointed that in the final quarter of the year it was confirmed that this project would not be funded.
- As a development agency working in a dynamic and fast moving industrial sector, Northern Ireland Screen carries constant risk associated with delivering the outcomes outlined in our strategy; ensuring relatively stable demand for the freelance crew base that both supports and benefits from the screen industry in Northern Ireland and for the supply chain companies involved in supporting particularly large scale production including the 2 main studio complexes; and ensuring an even cashflow profile year to year. This risk was well managed through the year.
- The transfer of sponsor department from DfC to DfE and the more complex transfer of responsibilities from Invest NI to DfE continue to create a degree of risk albeit that this has been well managed by all parties.
- The EU exit could hold an adverse impact on the industry where there is a limit on the free movement of labour and companies in the UK and therefore restrict our availability and development of skills.
- With GDPR implementation, Northern Ireland Screen carry the risk of failure to implement the legislation leading to significant fines

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

The risk management process is integrated with normal management processes and informs the annual business planning cycle so as to link risk management and internal governance firmly with Northern Ireland Screen's ability to fulfil its business objectives. An internal audit review of risk management resulted in a satisfactory rating for the organisation in 2018.

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

Fraud Risk and Information Risk

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

In 2017-18 there were no incidents of actual or suspected fraud.

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

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

Appropriate arrangements are in place within Northern Ireland Screen to ensure that all data, including personal/sensitive data is held and used securely and whistle-blowers are protected. Northern Ireland Screen implemented GDPR European data legislation which was enforced in May 2018.

Governance and Accountability within Northern Ireland Screen

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

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

- Regular meetings with the officials from DfE to consider both operational and strategic issues and matters relating to the system of internal governance;

**Governance Statement (cont)
for the year ended 31 March 2018**

- Bi-Annual Assurance Reports and an annual Fraud Risk Analysis;
- Northern Ireland Screen's Risk Management policy explains the organisation's underlying approach to risk management, and outlines the roles and responsibilities of the Board, Audit and Risk Committee, Strategic Resources Committee, the senior management team and Internal and External Audit;
- Following best practice with regard to the procurement of goods and services;
- Regular reports by administrative staff on progress against principal financial targets and the projected financial outcome for the year, and progress reports by staff responsible for major funds;
- Detailed progress reports to the Audit and Risk Committee, the Strategic Resources Committee and the Board of Northern Ireland Screen at their regular meetings and the inclusion of performance measures and results against targets in the annual operating plan;
- Reports from the internal auditors to the Audit and Risk Committee on the system of internal governance for the year;
- Report to those charged with governance by Comptroller and Auditor General (C&AG) on material issues relating to the financial statements, and provision of an opinion on whether the financial statements give a true and fair view of the affairs of the company; and
- Periodic reviews of the Risk Register by the Chief Executive, Director of Finance and Corporate Services, the Board, Audit and Risk Committee and internal auditors of Northern Ireland Screen. The principal risks to the achievement of the objectives of Northern Ireland Screen are identified and recorded in the risk register, together with the controls in place and any further controls required to manage the risk effectively, efficiently and economically. Reports on emerging issues and strategies to deal with any associated risks are made to the Department for the Economy, Invest Northern Ireland, the Audit and Risk Committee and the Board at their regular meetings.

Sources of Independent Assurance

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

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

**Governance Statement (cont)
for the year ended 31 March 2018**

Internal Audit Review

Rating

- | | |
|--------------------------------|--------------|
| • Review of Financial Controls | Satisfactory |
| • Review of Risk Register | Satisfactory |
| • Review of Procurement | Satisfactory |

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

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

Review of effectiveness of the System of Internal Governance

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal governance. The review of the effectiveness of the system of internal governance is informed by the work of the internal auditors. The comments made by the external auditors in their management letter and other reports also inform this review. The senior management team and senior staff have responsibility for the development and maintenance of the internal governance framework. A plan to address any weaknesses and ensure continuous improvement of the system is in place. This is overseen by the Audit and Risk Committee, Strategic Resources Committee and prescribed by the internal auditor.

Review and implementation of new delegated limits is underway as part of DfE's review of the MSFM which requires considerable overhaul due to the transfer of responsibility from DfC to DfE and the transfer of direct responsibility from Invest NI to DfE. The current MSFM, drafted by DCAL in 2009, does not appropriately reflect the sponsor, governance and funding arrangements now in place for Northern Ireland Screen. It is anticipated that the redrafted MSFM will be adopted by Northern Ireland Screen's Board at its June 2018 meeting.

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

Internal Governance Divergences 2017-18

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

None

Identification of new control issues in current year

None

**Governance Statement (cont)
for the year ended 31 March 2018**

Going concern

The financial statements of Northern Ireland Screen are produced on the Going Concern Basis in accordance with applicable accounting standards in a form directed by the Department for Economy with the consent of the Department of Finance.

As of 31 March 2018, Northern Ireland Screen had a negative statement of financial position, where the liabilities were greater than the assets by £661,731. These and other liabilities will be met by future grant in aid, received from and approved annually by DfE.

DfE funding for 2018-19 has now been approved. Therefore, the future financing of any Northern Ireland Screen liabilities is expected to be met by DfE. In this context, the financial statements have been prepared on a going concern basis.

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

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



**R Williams
5 June 2018**

Remuneration and Staff Report

NI Screen Board currently consists of a Chair, a Vice-Chair and 7 members. The terms of office have been varied in the past between 3 and 5 years to facilitate the retention of a sufficient level of experience. General Board members do not receive remuneration and are expected to attend board and committee meetings totalling approximately 16 days per annum.

There are 5 immediate vacancies and 4 upcoming vacancies that will arise in 2018. In November 2016, the then DfE Minister agreed to conduct a competition to appoint new members. The political situation led to the appointments process being halted and three extensions were made by the then Permanent Secretary: -

- Chair: Rotha Johnston's first term extended for 7 months from 1/06/17 to 31/12/17 and a further 6-month extension from 1/01/18 to 30/06/18;
- Member: James Penny's second term extended for 6 months from 1/07/17 to 31/12/17; declined further extension and left; and
- Member: Tim McKane's second term extended for 6 months from 1/07/17 to 31/12/17; declined further extension and left.

The Permanent Secretary has agreed that a Board competition to fill the nine NI Screen Board vacancies should now be undertaken and that process is underway. The Board appointments will be made in accordance with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland. The Department will seek to fill 5 current vacancies, as soon as possible, and a further 4 vacancies which will arise on 31 December 2018.

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

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

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

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

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

Remuneration and Staff Report (cont)

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

	2017-18				2016-17		
	Salary (including pension contributions)	Employer contribution to NILGOSC scheme	Employer contribution to defined contribution scheme	Total	Salary (including pension contributions)	Employer contribution to NILGOSC scheme	Total
	£000	£000	£000	£000	£000	£000	£000
Richard Williams Chief Executive	70-75	10-15	-	85-90	70-75	10-15	85-90
Dame Rotha Johnston Chair	10-15	-	-	10-15	10-15	-	10-15
Elaine Sperber Vice Chair	0-5 (0-5 full year equivalent)	-	-	0-5	0-5 (0-5 full year equivalent)	-	0-5

In addition, the following expenses were paid out: Laurence McKeown £805, Michael Kuhn £403, and Elaine Sperber £150 (2016-17: Laurence McKeown £249, Michael Kuhn £564, Greg Maguire £8 and Aódán MacPóilin £180).

Salary

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

Staff costs (subject to audit)

	Permanently employed staff £	Others £	2018 £	2017 £
Administrative expenses:				
Salaries	788,018	-	788,018	755,776
Social security costs	76,554	-	76,554	77,493
Other pension costs	256,594	-	256,594	189,353
Voluntary exit scheme	-	-	-	7,329
	1,121,166	-	1,121,166	1,029,951
Programme expenses:				
Salaries	163,563	487,696	651,259	705,384
Social security costs	15,220	34,664	49,884	47,656
Other pension costs	29,856	4,166	34,022	30,411
	208,639	526,526	735,165	783,451

Remuneration and Staff Report (cont)

Average number of persons employed (subject to audit)

During the year Northern Ireland Screen employed an average of 28 full-time equivalent staff (2016-17: 28), of which 20 were female and 8 were male (2016-17: 18 female, 10 male). Northern Ireland Screen also employed 54 production trainees (2016-17: 67), of which 29 were female and 25 were male (2016-17: 30 female, 37 male).

Sickness absence

The sickness absence rate for the year was 2.02% (2017: 4.05%), a decrease on the previous year of 2.03%.

Benefits in kind

The monetary value of benefits in kind covers any benefit provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were payable in 2016-17 or 2017-18.

Bonuses

There were no bonuses accrued in 2016-17 or 2017-18.

Fair pay disclosure (subject to audit)

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

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

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

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

The ratio is calculated as follows:

Midpoint in highest paid director's pay band
Median remuneration of Northern Ireland Screen's staff

Remuneration and Staff Report (cont)

The banded remuneration of the highest-paid employee/Accounting Officer in the financial year 2017-18 was £70-75k (2016-17 £70-75k). This was 2.71 times (2016-17 2.63 times) the median remuneration of the workforce, which was £27,544 (2016-17 £27,544).

Northern Ireland Screen Pensions (subject to audit)

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

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

	2017-18	2016-17
	£	£
Employer's Contribution	154,450	152,629

Pension Benefits

	Accrued pension at pension age as at 31 March 2018 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2018	Real increase in CETV
	£000	£000	£000	£000	£000
Richard Williams <i>Chief Executive</i>	15-20 and no lump sum	0-2.5 and no lump sum	161	186	14
Rotha Johnston <i>Chair</i>	-	-	-	-	-
Elaine Sperber <i>(Vice Chair)</i>	-	-	-	-	-

Remuneration and Staff Report (cont)

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Exit Packages

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

There were no payments under the Voluntary Exit Scheme (VES) in 2017-18, (£7,329 2016-17). There was one leaver under the VES in 2015-16 where a payment of £50,266 was awarded.

Losses and special payments

There were no losses 2017-18 (2016-17: none) and no special payments made during the year ended 31 March 2018 (2016-17 Special payment- Voluntary Exit Scheme totalling £7,329).

Remuneration and Staff Report (cont)

Off-payroll payments and other matters

There were no off-payroll payments in the year to 31 March 2018 (2016-17: none) or any other employee matters that required disclosure.

There were no disclosures required under:

- Health and safety at work;
- Trade union relationships;
- Human capital management such as career management and employability, pay policy etc.

According to our Equal Opportunity Statement of Policy, Northern Ireland Screen will provide equal opportunity for all job applicants and workers. All recruitment, promotion, training and receipt of any other benefit will be based upon an individual's ability and job performance and will exclude any consideration of an applicant's/worker's religious beliefs, political opinion, gender, sexual orientation, marital or civil partnership status, race, age, disability, having or not having dependants, trade union membership or non-membership or being a part time worker.

Northern Ireland Screen will not directly or indirectly discriminate on the grounds of religious belief or political opinion.

Northern Ireland Screen will continue to promote more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.



Richard Williams
5 June 2018

Assembly Accountability and Audit Report

NORTHERN IRELAND SCREEN COMMISSION

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of Northern Ireland Screen Commission for the year ended 31 March 2018 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. 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. I have also audited the information in the Accountability Report and the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Ireland Screen Commission's affairs as at 31 March 2018 and of its net expenditure 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 Companies Act 2006.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom.' My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Northern Ireland Screen Commission in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The directors and Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report and the Remuneration and Staff Report described in the report as having been audited and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Responsibilities of the directors and Accounting Officer for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the directors and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013.

I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

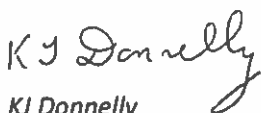
Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.


KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
22 June 2018

NORTHERN IRELAND SCREEN COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

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**Statement of comprehensive net expenditure
for the year ended 31st March 2018**

	Note	2018 £	2017 £
Expenditure			
Staff costs	6	(1,121,166)	(1,029,949)
Depreciation	6	(18,507)	(11,516)
Other expenditure	6	(345,335)	(290,991)
Programme expenses	7	<u>(17,503,063)</u>	<u>(15,188,511)</u>
		(18,988,071)	(16,520,967)
Income			
Income from activities	5	18,798,815	16,403,684
Other income	5	<u>42,000</u>	<u>71,514</u>
		18,840,815	16,475,198
Net expenditure		<u>(147,256)</u>	<u>(45,769)</u>
Other Comprehensive Net Expenditure			
Actuarial Gain/(Loss)	18	116,000	(586,000)
Total Comprehensive Net Expenditure		<u>(31,256)</u>	<u>(631,769)</u>

The notes on pages 39 to 57 form part of these financial statements.

**Statement of financial position
as at 31st March 2018**

	Note	2018 £	2017 £
Non-current assets			
Property, plant and equipment	9	65,979	65,628
Current assets			
Trade and other receivables	10	63,910	139,366
Cash and cash equivalents	11	<u>568,155</u>	<u>3,245,170</u>
Total current assets		632,065	3,384,536
Total assets		<u>698,044</u>	<u>3,450,164</u>
Current liabilities			
Trade and other payables	12	<u>(631,775)</u>	<u>(3,383,639)</u>
Non-current assets plus net Current Assets		<u>66,269</u>	<u>66,525</u>
Non-current liabilities			
Pension liabilities	18	<u>(728,000)</u>	<u>(697,000)</u>
Assets less liabilities		<u>(661,731)</u>	<u>(630,475)</u>
Taxpayers' equity		<u>(661,731)</u>	<u>(630,475)</u>
General fund			
Total taxpayers' equity		<u>(661,731)</u>	<u>(630,475)</u>

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2017-18 (FRM).

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

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

The financial statements on pages 40 to 58 were approved by the Board on 5 June 2018 and were signed on its behalf by:

(Signed) 
ROTHA JOHNSTON, CHAIRWOMAN

(Signed) 
FIONA MACMILLAN, BOARD

Date 5/6/2018

Date 5/6/18

The notes on pages 40 to 58 form part of these financial statements.

**Statement of cash flows
for the year ended 31st March 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net expenditure		(147,256)	(45,769)
Adjustments for non-cash transactions:			
Depreciation	9	18,507	11,516
Adjustment to depreciation opening balance	9	(300)	-
Adjustment for pension funding	18	<u>147,000</u>	<u>63,000</u>
Operating surplus before working capital changes		17,951	28,747
Decrease/(increase) in trade and other receivables	10	75,456	260,888
Increase/(decrease) in trade and other payables	12	<u>(2,751,864)</u>	<u>1,582,824</u>
Net cash inflow/(outflow) from operating activities		(2,658,457)	1,872,459
Cash flows from investing activities			
Purchase of property, plant and equipment	9	<u>(18,558)</u>	<u>(40,000)</u>
Net cash outflow from investing activities		<u>(18,558)</u>	<u>(40,000)</u>
Increase/(decrease) in cash and cash equivalents		(2,677,015)	1,832,459
Cash and cash equivalents at beginning of the year	11	<u>3,245,170</u>	<u>1,412,711</u>
Cash and cash equivalents at end of the year	11	<u>568,155</u>	<u>3,245,170</u>

The notes on pages 39 to 57 form part of these financial statements.

Statement of changes in taxpayers' equity

	Note	General fund £
Balance at 1st April 2016		1,294
Changes in reserves for 2016-17		
Net expenditure for the year		(45,769)
Actuarial loss	18	<u>(586,000)</u>
Total recognised changes for the year		<u>(631,769)</u>
Balance at 31st March 2017		<u>(630,475)</u>
Changes in reserves for 2017-18		
Net expenditure for the year		(147,256)
Actuarial gain	18	<u>116,000</u>
Total recognised changes for the year		<u>(31,256)</u>
Balance at 31st March 2018		<u>(661,731)</u>

The notes on pages 39 to 57 form part of these financial statements, updated for 31 March 2018.

**Notes to the financial statements
for the year ended 31st March 2018**

1 Statement of accounting policies

The financial statements are prepared in accordance with the Government Financial Reporting Manual 2017-18 (FRoM) as directed by the Department for the Economy (DfE), except that there is a departure from the requirement to recognise grant-in-aid on a cash basis. This departure is detailed in note 3. The accounting policies contained in the FRoM apply International Financial Reporting Standards as adapted or interpreted for the public-sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Northern Ireland Screen for the purpose of giving a true and fair view has been selected. The particular policies adopted by Northern Ireland Screen are described below. They have been adopted consistently in dealing with items that are considered material to the financial statements.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Property, plant and equipment

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

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

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

1.3 Programme Expenditure

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

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

**Notes to the financial statements
for the year ended 31st March 2018**

1.4 Pensions

The company was part of the NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) effective from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year. The pension costs are assessed in accordance with the advice of an independent qualified actuary using the market led approach. The last full actuarial valuation of the scheme occurred on 1 April 2016. The latest actuarial valuations of the scheme were at 31 March 2018.

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

1.5 Incoming resources

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

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

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

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

1.6 Operating lease agreements

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

1.7 Impending application of newly issued accounting standards not yet effective

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

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

**Notes to the financial statements
for the year ended 31st March 2018**

1.8 Critical accounting judgments and estimates

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

1.9 Operating segments

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

2 Financial instruments

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

3 Incoming resources

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

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

**Notes to the financial statements
 for the year ended 31st March 2018**

3 Incoming resources (cont)

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

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

	2018	2017
	£	£
Income	16,049,385	21,646,511
Net expenditure	(2,896,688)	5,149,544
	2018	2017
	£	£
Accruals	59,162	107,140
General fund	3,411,160	4,564,828

4 Net expenditure for the year is stated after charging:

	2018	2017
	£	£
Depreciation of property, plant and equipment	18,507	11,516
Payments under operating leases	5,518	374,879
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>10,000</u>	<u>10,000</u>

**Notes to the financial statements
for the year ended 31st March 2018**

5 Income and Other income

Funding Income	2018 £	2017 £
Invest NI	10,538,071	9,127,989
Department for Communities	1,921,092	1,765,647
Department for the Economy	1,067,558	351,726
DCMS – BFI	4,278,104	4,207,985
British Film Institute (BFI)	223,610	-
Arts Council	410,952	690,830
Various funding Income	<u>359,428</u>	<u>259,507</u>
	<u>18,798,815</u>	<u>16,403,684</u>
	2018 £	2017 £
Other Income		
Pension Interest	42,000	24,000
Rent receivable and Other	<u>-</u>	<u>47,514</u>
	<u>42,000</u>	<u>71,514</u>

6 Administrative expenses

	2018 £	2017 £
Staff costs	<u>1,121,166</u>	<u>1,029,949</u>
Premises expenses	113,489	93,454
Office overheads	97,049	94,755
Pension – interest cost	57,000	23,000
Staff and Board expenses	<u>77,797</u>	<u>79,782</u>
	<u>345,335</u>	<u>290,991</u>
Depreciation	<u>18,507</u>	<u>11,516</u>

Notes to the financial statements
for the year ended 31st March 2018

7 Programme expenses

	2018	2017
	£	£
Northern Ireland Screen Fund	9,509,652	7,039,791
Studio costs	-	407,163
Ulster-Scots Broadcast Fund	1,207,139	892,476
Skills development	789,800	771,477
Irish Language Broadcast Fund	2,865,985	2,865,983
Creative Learning Centres	750,025	805,025
Lottery Film Funding Programme	393,072	645,054
Third party organisations	270,000	479,667
Film clubs	302,252	311,647
Development Activity	237,602	214,401
Production legal fees	96,793	97,254
Marketing and information	399,556	407,014
Education and digital archive	408,309	67,173
British Film Institute – Unlocking film	109,564	91,952
British Film Institute Academy	28,000	28,000
Project Funding	135,314	-
Digi Skills	-	64,434
	<u>17,503,063</u>	<u>15,188,511</u>

8 Staff costs

	Permanently employed staff	Others	2018	2017
	£	£	£	£
Administrative expenses:				
Salaries	788,018	-	788,018	755,776
Social security costs	76,554	-	76,554	77,493
Other pension costs	256,594	-	256,594	189,353
Voluntary exit scheme	-	-	-	7,329
	<u>1,121,166</u>	<u>-</u>	<u>1,121,166</u>	<u>1,029,951</u>
Programme expenses:				
Salaries	163,563	487,696	651,259	705,384
Social security costs	15,220	34,664	49,884	47,656
Other pension costs	29,856	4,166	34,022	30,411
	<u>208,639</u>	<u>526,526</u>	<u>735,165</u>	<u>783,451</u>

During the year Northern Ireland Screen employed an average of 28 full-time equivalent staff (2016-17: 28).

**Notes to the financial statements
for the year ended 31st March 2018**

9 Property, plant and equipment

	Production Vehicle	Fixtures and fittings	Office equipment	Computer/TV equipment	Total
	£	£	£	£	£
Cost					
At 1 st April 2017	-	73,423	40,453	96,614	210,490
Adjustment of opening balance	-	543	(386)	143	300
Additions in Year	18,558	-	-	-	18,558
Disposals	-	-	-	-	-
At 31 st Mar 2018	<u>18,558</u>	<u>73,966</u>	<u>40,067</u>	<u>96,757</u>	<u>229,348</u>
Depreciation					
At 1 st April 2017	-	33,425	39,612	71,825	144,862
Disposals	-	-	-	-	-
Charge for year	-	<u>10,135</u>	<u>114</u>	<u>8,258</u>	<u>18,507</u>
At 31 st Mar 2018	-	<u>43,560</u>	<u>39,726</u>	<u>80,083</u>	<u>163,369</u>
Net book values					
At 31 st Mar 2018	<u>18,558</u>	<u>30,406</u>	<u>341</u>	<u>16,674</u>	<u>65,979</u>
At 31 st Mar 2017	-	<u>39,998</u>	<u>841</u>	<u>24,789</u>	<u>65,628</u>
	Production Vehicle	Fixtures and fittings	Office equipment	Computer/TV equipment	Total
	£	£	£	£	£
Cost					
At 1 st April 2016	-	33,423	40,453	96,614	170,490
Additions in Year	-	40,000	-	-	40,000
Disposals	-	-	-	-	-
At 31 st Mar 2017	-	<u>73,423</u>	<u>40,453</u>	<u>96,614</u>	<u>210,490</u>
Depreciation					
At 1 st April 2016	-	33,016	39,476	60,854	133,346
Disposals	-	-	-	-	-
Charge for year	-	<u>409</u>	<u>136</u>	<u>10,971</u>	<u>11,516</u>
At 31 st Mar 2017	-	<u>33,425</u>	<u>39,612</u>	<u>71,825</u>	<u>144,862</u>
Net book values					
At 31 st Mar 2017	-	<u>39,998</u>	<u>841</u>	<u>24,789</u>	<u>65,628</u>
At 31 st Mar 2016	-	<u>407</u>	<u>977</u>	<u>35,760</u>	<u>37,144</u>

**Notes to the financial statements
for the year ended 31st March 2018**

10 Trade and other receivables

	2018	2017
	£	£
Trade receivables	30,774	40,651
Grants receivable	18,555	74,004
Prepayments	<u>14,581</u>	<u>24,711</u>
	<u>63,910</u>	<u>139,366</u>

Grant receivable includes money spent in the financial year which is still outstanding from DfE of £18,555 (2016-17 £NIL), Invest NI £NIL (2016-17 £74,004).

11 Cash and cash equivalents

	2018	2017
	£	£
At 1 st April 2017	3,245,170	1,412,711
Net change in cash and cash equivalent balances	<u>(2,677,015)</u>	<u>1,832,459</u>
At 31 st March 2018	<u>568,155</u>	<u>3,245,170</u>
	2018	2017
	£	£
Represented by:		
Cash at bank and in hand	<u>568,155</u>	<u>3,245,170</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 2018 the balance held was £92,193 (2016-17: £73,335). The Lottery Film Funding Programme is summarised in note 13.

Cash balances include £331,462 (2016-17:£606,105) in relation to the Ulster-Scots Broadcast Fund which will be spent in 2017/18. Cash balances represent deposits held in commercial banks.

12 Trade and other payables

	2018	2017
	£	£
Trade creditors	100,681	-
Accruals and deferred income – non-Lottery funds	438,901	3,310,324
Deferred Income – Lottery funds	92,193	73,315
VAT	<u>-</u>	<u>-</u>
	<u>631,775</u>	<u>3,383,639</u>

**Notes to the financial statements
for the year ended 31st March 2018**

Accruals and deferred income includes monies received from Ulster-Scots Broadcast Fund £331,461; (2016-17: £606,100), BFI £48,275: (2016-17: £102,597) and Lottery funds £92,193; (2016-17: £73,335). These monies have been treated as deferred income as the relevant event which would allow them to be treated as income has not yet occurred. In most cases the 'relevant event' is the payment of funding to one of the projects supported by the Commission.

13 National Lottery Film Funding Programme

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

	2018	2017
	£	£
Funds held at start of year	73,335	118,886
Lottery funds received during the year	429,810	645,278
Awards paid	(385,952)	(636,210)
Administration costs	<u>(25,000)</u>	<u>(54,619)</u>
Funds held at end of year	<u>92,193</u>	<u>73,335</u>

14 Commitments under operating leases

At 31st March 2018 the company had no outstanding commitments under non-cancellable operating leases:

	2018		2017	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Expiring:				
Within one year	-	-	67,309	5,518
Between one and five years	-		<u>134,618</u>	<u>-</u>
			<u>201,927</u>	<u>5,518</u>

**Notes to the financial statements
for the year ended 31st March 2018**

15 Related party transactions

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

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

Organisation	Name	Relationship to Recipient organisation	£
Humain	Greg Maguire	CEO	£5,807
Into Film	Jennifer Johnston	Board Member	£128,250
Belfast Film Festival	Laurence McKeown	Board Member	£103,250
Zodiak Kids	Elaine Sperber	Executive Producer	£251,000

The above directors and key management were excluded from decision making in applications made from organisations where a related party relationship existed.

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

16 Film award payments

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

	2018	2017
	£	£
Lottery	385,952	636,210
Irish Language Broadcast Fund	2,423,831	2,498,310
Ulster-Scots Broadcasting Fund	1,144,481	870,190
Northern Ireland Screen Fund	<u>9,509,652</u>	<u>7,399,442</u>
	<u>13,463,916</u>	<u>11,404,152</u>

**Notes to the financial statements
for the year ended 31st March 2018**

17 Production awards contracted

	Unpaid contracts as at 1 st April 2017	Contracts awarded in year	Less De- committed within year	Contract payments in year	Unpaid contracts as at 31 st March 18
	£	£	£	£	£
Lottery Film Funding Programme	53,155	-	(408)	(50,825)	1,922
Lottery 2014-2017	275,694	10,593	(13,092)	(227,977)	45,218
Lottery 2017-2018	-	237,379	-	(107,150)	130,229
Northern Ireland Screen Fund ODS	3,057,053	8,524,499	(187,798)	(9,509,652)	1,884,102
Ulster-Scots Broadcast Fund	461,303	1,567,103	-	(1,144,481)	883,925
Irish Language Broadcast Fund	<u>789,934</u>	<u>2,748,056</u>	-	<u>(2,423,831)</u>	<u>1,114,159</u>
	<u>4,637,139</u>	<u>13,087,630</u>	<u>(201,298)</u>	<u>(13,463,916)</u>	<u>4,059,555</u>

Northern Ireland Screen is responsible for distributing Lottery funds under the Lottery Film Funding Programme. The programme is summarised in note 13. Northern Ireland Screen Fund receives funding during the year from Invest Northern Ireland, note opening balance of contracts has a prior year adjustment of £11k due to timing. Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund are funded during the year by the Department for Culture, Media and Sport (DCMS) through BFI.

18 Pension costs

NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) was introduced at the end of the 2014 year effective from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. Northern Ireland Screen makes employer contributions to NILGOSC which is a funded scheme of the defined benefit type. The fund is invested in suitable investments, managed by the Committee. For 2017-18 the contribution rates were 18% for employers and ranging between 5.5% and 10.5% for employees.

**Notes to the financial statements
for the year ended 31st March 2018**

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

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

The pension charge represents contributions from the Commission amounting to £216k for NILGOSC (2016-17 - £216k).

The employer's regular contributions to the Fund for the accounting period ending 31 March 2019 are estimated to be £154k.

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

Key Assumptions

The latest actuarial valuation of NI Screen's liabilities took place as at 1 April 2016. Liabilities have been estimated by the independent, qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the employer's position for IAS 19 purposes were:

	31 March 2018 % p.a	31 March 2017 % p.a	31 March 2016 % p.a
Discount rate	2.6	2.5	3.5
RPI Inflation	3.1	3.1	3.0
CPI Inflation	2.0	2.0	1.9
Pension increases	2.0	2.0	1.9
Pension accounts revaluation rate	2.0	2.0	1.9
Salary increases	3.5	3.5	3.4

Mortality assumptions

**Notes to the financial statements
for the year ended 31st March 2018**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund, and allows for expected future mortality improvements. Samples life expectancy at age 65 resulting from these mortality assumptions are shown below.

Post retirement mortality (retirement in normal health)	31 March 2018	31 March 2017
Males		
Member aged 65 at accounting date	23.3	23.2
Member aged 45 at accounting date	25.5	25.4
Females		
Member aged 65 at accounting date	25.9	25.8
Member aged 45 at accounting date	28.2	28.1

Commutation

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

Asset allocation

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

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

	Value at 31 March 2018			Value at
	Quoted %	Unquoted %	Total %	31 March 2017
Equities	71.3	0.1	71.4	74.5
Property	0.0	10.0	10.0	10.5
Government bonds	5.2	-	5.2	5.4
Corporate bonds	7.2	-	7.2	6.1
Cash	4.5	-	4.5	2.6
Other*	0.1	1.6	1.7	0.9
Total	88.3%	11.7%	100%	100%

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

**Notes to the financial statements
for the year ended 31st March 2018**

Reconciliation of funded status to Statement of Financial Position

	Value as at 31 March 2018 £M	Value as at 31 March 2017 £M
Fair value of assets	1.874	1.563
Present value of funded defined benefit obligation	2.602	2.260
Funded status	(0.728)	(0.697)
Unrecognised asset	0.000	0.000
(Liability) recognised in the Statement of Financial Position	(0.728)	(0.697)

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

Active members	98%
Deferred pensioners	2%
Pensioners	0%

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

	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Operating cost		
Current service cost ⁽¹⁾	0.300	0.214
Past service cost (incl. curtailments)	0.000	0.002
Settlement cost	0.000	0.000
Financing cost		
Net interest on net defined benefit liability/(asset)	0.015	(0.001)
Pension expense recognised in surplus or deficit on the provision of service	0.315	0.215
Remeasurements in OCI		
Return on plan assets (in excess of)/below that recognised in net interest	(0.044)	(0.752)
Actuarial (gains)/losses due to changes in financial assumptions	(0.073)	0.332
Actuarial (gains)/losses due to changes in demographic assumptions	0.000	(0.024)
Actuarial (gains)/losses due to liability experience	0.001	1.030
Total amount recognised in OCI	(0.116)	0.586

**Notes to the financial statements
for the year ended 31st March 2018**

Total amount recognised	0.199	0.801
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⁽¹⁾The current service cost includes an allowance for the administration expenses of £3,000 (2016-17 £4,000).

18 Pension costs (cont)

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

	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Opening defined benefit obligation	2.260	0.625
Current service cost	0.300	0.214
Interest expense on defined benefit obligation	0.057	0.023
Contributions by participants	0.062	0.063
Actuarial losses/(gains) due to changes in financial assumptions	(0.073)	0.332
Actuarial gains due to changes in demographic assumptions	-	(0.024)
Actuarial losses due to liability experience	0.001	1.030
Net benefits paid out *	(0.005)	(0.005)
Past service cost (incl curtailments)	-	0.002
Net increase in liabilities from disposals/acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	2.602	2.260

* Consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £3,000.

Changes to the fair value of assets during the accounting period

	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Opening fair value of assets	1.563	0.577
Interest income on assets	0.042	0.024
Re-measurement of gains/(losses) on assets	0.044	0.752
Contributions paid by the employer	0.168	0.152
Contributions paid by participants	0.062	0.063
Net benefits paid out *	(0.005)	(0.005)
Net increase in assets from disposals/acquisitions	-	-
Settlements	-	-
Closing fair value of assets	1.874	1.563

* Consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums. Also includes an allowance for fund administration expenses of £3,000.

**Notes to the financial statements
for the year ended 31st March 2018**

18 Pension costs (cont)

Actual return on assets

	Year ending 31 March 2018 (£M)	Year ending 31 March 2017 (£M)
Interest income on assets	0.042	0.024
Re-measurement gain/(loss) on assets	0.044	0.752
Actual return on assets	0.086	0.776

Sensitivity analysis

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out below.

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

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

Funded LGPS benefits

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	2.527	2.602	2.679
% change in present value of total obligation	-2.9%	-	3.0%
Projected service cost (£M)	0.289	0.300	0.311
Approximate % change in projected service cost	-3.5%	-	3.6%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	2.635	2.602	2.570
% change in present value of total obligation	1.3%	-	-1.2%
Projected service cost (£M)	0.300	0.300	0.300
Approximate % change in projected service cost	0.0%	-	0.0%

**Notes to the financial statements
for the year ended 31st March 2018**

18 Pension costs (cont)

Rate of increase to pensions in payment and deferred pensions assumptions

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	2.646	2.602	2.599
% change in present value of total obligation	1.7%	-	-1.7%
Projected service cost (£M)	0.311	0.300	0.289
Approximate % change in projected service cost	3.6%	-	-3.5%

Post retirement mortality assumption

Adjustment to mortality age rating assumption⁽¹⁾	-1 year	Base figure	+1 year
Present value of total obligation (£M)	2.678	2.602	2.526
% change in present value of total obligation	2.9%	-	-2.9%
Projected service cost (£M)	0.311	0.300	0.289
Approximate % change in projected service cost	3.6%	-	-3.5%

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

We provide an estimate of the changes to the estimated surplus or deficit on the profit and loss/provision of services in future periods, based on the assumptions as at 31 March 2018 set out above.

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

	Year ending 31 March 2019 (£M)
Current service cost	0.300
Net interest on the net defined benefit liability	0.017
Total estimated pension expense	0.317

Allowance for administration expenses included in Current Service Cost (£M)	0.004
Estimated pensionable payroll over the period ending 31 March 2019 (£M)	0.885

**Notes to the financial statements
for the year ended 31st March 2018**

18 Pension costs (cont)

Active members as at 31 March 2016

	Number	Total Pay (£M)
Total	25	0.805

Pensioner and deferred pensioner members as at 31 March 2016

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

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	10	0.128	-
Employer – Additional capital contributions	12	0.015	-
Employer – Early retirement strain on fund payments	10	-	-
Total contributions by the Employer			0.168
Employee – Normal contributions	10	0.052	-
Employee – Added years contributions	10	-	-
Total contributions by participants			0.062
Transfers in	-	-	-
Other income	-	-	-
Transfers out	-	-	-
Retirement lump sums	-	-	-
Other outgoings	-	-	-
Death in service lump sums *	-	-	-
Benefits paid (i.e. pension paid)	-	-	-
Net benefits paid out **			0.005

* We have calculated the expected death in service lump sums over the year to be (£M) 0.002

** The 'Net benefits paid out' figure includes an allowance for expenses of (£M) 0.003

Capital cost

Amount (£M)

**Notes to the financial statements
for the year ended 31st March 2018**

18 Pension costs (cont)

Annualised pensionable payroll over the accounting period

Description	Amount (£M)*
Period ending 31 March 2018	0.855
Period ending 31 March 2017	0.883

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

Actuarial note:

The asset/(liability) recognised on the balance sheet is the difference between the assets notionally allocated to the employer and the present value of funded defined benefit obligations (i.e. the liabilities) associated to the Employer's staff members.

19 Capital commitments

At 31 March 2018 authorised future capital expenditure amounted to £Nil (2017: £Nil). The company has no capital commitments at 31 March 2018 (2017: £Nil)

20 Events after the reporting date

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

21 Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 5th June 2018.