

Northern Ireland Screen Commission
Registration Number NI 031997

Northern Ireland Screen Commission
Strategic Report, Directors' Report and Financial Statements
for the year ended 31 March 2015

Company Information

Directors

Rotha Johnston
Tim McKane
James Penny
Michael Catto
Adeline Dinsmore
Jennifer Johnston
Michael Kuhn
Fiona MacMillan
Aódán MacPóilin
Laurence McKeown
Ian Parsley
Sinead McCartan

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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Strategic Report for the year ended 31 March 2015

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. The company is limited by guarantee.

The Department of Culture, Arts & Leisure (DCAL) is the government sponsor department for Northern Ireland Screen. The primary funders are Invest Northern Ireland, DCAL, and 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.

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

Northern Ireland Screen is a company limited by guarantee, currently governed by a board of 12 Directors and employing 27 staff. The organisation is the government-backed lead agency in Northern Ireland for the film, television and digital content industry, driving global growth through boosting our economy, celebrating our culture and enhancing our children's education.

This report covers the first year of Northern Ireland Screen's Strategy *Opening Doors 2014-2018*.

Review of business with Key Performance Indicators

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

Northern Ireland Screen has 3 overarching objectives:

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

Strategic Report (cont)
for the year ended 31 March 2015

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. Northern Ireland Screen's activities make a considerable contribution to *Growing a Sustainable Economy; Creating Opportunities and Tackling Disadvantage*; and, *Building a Strong & Shared Future*.

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.

Northern Ireland Screen while delivering its objectives will contribute to some of the key DCAL priorities for 2015-16 including supporting the creative industries, making culture, arts and leisure more accessible, promoting and supporting our cultural identity, advancing the Promoting Equality, Tackling Poverty and Social Exclusions (PETPSE) agenda, and supporting the use of social clauses in procurement.

Our strategy *Opening Doors 2014-18* is now at the end of its first year and is well on track to deliver significant economic, cultural and educational successes across the period. Our commitment to develop a diversified screen industry through the support of a range of Sectoral Priorities is working with significant projects supported in Large-Scale Production, Animation, Independent Film, Television Drama, Factual and Entertainment Television, Gaming and Irish Language and Ulster-Scots.

Opening Doors highlights from Year 1:

- Supported productions which will contribute more than £56m to the NI economy, including spend on jobs and in local businesses;
- *Boogaloo and Graham*, written and directed by Ronan Blaney and Michael Lennox from NI and supported by Northern Ireland Screen, went on to win the *BAFTA* for best short film and the film was shortlisted for an *Oscar*. This is a strong endorsement of our work in talent development and short film production;
- The NI screen sector gained unprecedented worldwide media exposure when Queen Elizabeth and Prince Phillip visited the set of *Game of Thrones* at Titanic Studios in June;
- Northern Ireland Screen continues to attract high profile international productions to film in NI – eg *High Rise* from Oscar winning producer Jeremy Thomas starring Tom Hiddleston, Elizabeth Moss and Sienna Millar.

Strategic Report (cont)
for the year ended 31 March 2015

- ***The Frankenstein Chronicles*** started production in Northern Ireland; an internationally financed medium- to large-scale television drama led by Frank Doelger, the creative producer on ***Game of Thrones***, a significant project for the Northern Ireland industry;
- ***Game of Thrones*** completed filming its 5th season in Northern Ireland contributing £22m to the economy and facilitating 118 trainee places;
- Feature Documentary ***Road***, produced by local production company Doubleband Films, gained international recognition and received critical acclaim holding the number one spot on Amazon and iTunes for almost a year.
- ***Lily's Driftwood Bay***, created and produced by local company Sixteen South, is finding audiences all round the world and collected the 2015 Broadcast Award for pre-school animation ahead of all of the CBeebies shows in the category.
- The Creative Learning Centres in Derry, Belfast and Armagh continued to expand geographically and exceeded their target of delivering 70% of activity to areas of social deprivation across NI;
- 10 Northern Ireland students gained placements on the BFI Film Academy residential programme in the National Film and Television School;
- Film Clubs continued to develop, expanding into 249 extended schools;
- The Irish Language Broadcast Fund celebrated its 10th anniversary in 2015 marked with an event at the Linenhall Library bringing together producers, trainees, commissioners and on screen talent from many of the shows across those 10 years;
- The Ulster-Scots Broadcast Fund continues to deliver a first class selection of programmes to viewers in Northern Ireland including ***Paul and Nick's Big American Food Trip*** presently broadcasting on UTV and scheduled to be broadcast on STV in Scotland and on UTV Ireland, and ***Imagining Ulster***, presently broadcasting on BBC Northern Ireland.

	Target	Actual
Screen Fund		
NI spend ratio for 2014-15 projects	6.07:1	Currently 6.90:1
NI spend ratio – projects in production	-	Currently 7.33:1
NI spend ratio – funds committed	-	Currently 8.13:1
NI spend – 2014-15 projects	£56.48million	Estimated £54m
NI spend – projects in production	-	Estimated £45m
NI spend – funds committed	-	Estimated £74m
Large-scale production (over \$40million)	Secure 2 large scale film or television projects in 2014-15	2 large-scale productions secured – and funds forward committed to <i>Game of Thrones</i> 6
NI spend ratio 2014-15 projects		
Large-scale	10.5:1	Currently 11.55:1
Animation	5:1	Currently 4.33:1
TV Drama	6:1	Currently 6.42:1
Factual/entertainment television	5:1	Currently 4.84:1
Independent Film	3:1	Currently 3.19:1
Gaming, mobile	4:1	Currently 3.94:1
Skills	52% of NI crew on large-scale production 25% of NI HoD on large-scale production	Currently 42% Currently 25%
	68% of NI crew on other production 60% of NI HoD on other production	Currently 74% Currently 64%
Education		
Creative Learning Centres	Activity in areas of disadvantage – schools or groups	
	Nerve Centre 70% Nerve Belfast 70% Amma Centre 70%	86% 77% 76% Average across three CLCs 79.9%
	2,500 teachers involved in CLC programmes	3,767 teachers involved
After School Film Club	Maintain a total of 280 active film clubs and increase membership by 25% to 8.5k	269 clubs signed up to Into Film. 202 active clubs with membership of 7.1k
Exhibition:		
QFT, Belfast Film Festival, Cinemagic, Foyle Film Festival and Creative Arts Initiative	PETPSE programmes: Belfast Film Festival screenings - 40% Foyle Film Festival Education programme - 90% Cinemagic Education activity – 40% QFT outreach activity – 40%	 43% 90% 40% 47%
Irish Language Broadcast Fund	55 hours television broadcast to 25,000+ people in NI	69.85 hours of television broadcast
	Support 2 trainee producers, 2 trainee editors, 2 trainee camera operators	1 trainee producer, 1 trainee assistant producer, 3 trainee editors, 1 trainee researcher, 2 trainee video journalists
Ulster-Scots Broadcast Fund	Commission 12 hours of Ulster-Scots programming - 90% broadcast within 6 months of delivery	10 hours of programming commissioned - 90% broadcast within 6 months of delivery
Outreach		
Digital Film Archive	40 presentations: targeting specific areas/groups 15 Partner events to reach 1,500	52 presentations delivered in year of which 45 targeted specific areas/groups. 198 'Partner' events delivered to 2,938

Strategic Report (cont)
for the year ended 31 March 2015

Principal risks and uncertainties

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

The company carries a significant funding risk in securing the balance of Invest NI funding. The four year Letter of Offer confirms £8m of a £10.7m offer (£42.6m over 4 years). The enhancement to £10.7m is subject to an annual September monitoring bid.

The DCAL funding position for 2015-16 brings with it significant challenges. The sector has lost a percentage of funding similar to other elements of the public sector. This equates to a 5% cut across all of the cultural and educational activity and overheads, and the loss of two key technology development projects.

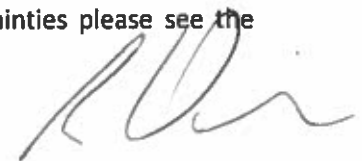
Funding from Department of Culture, Arts and Leisure (DCAL) will continue on a one year allocation basis with future uncertainty around the new Comprehensive Spending Review (CSR) period in 2016-17.

The Irish Language Broadcast Fund and Ulster-Scots Broadcast Fund have secured funding to March 2016. Funding beyond that point is subject to the Comprehensive Spending Review at Westminster as this funding comes from the Department of Culture, Media and Sport.

With a new strategy with stretching ambition and targets, the risk of the organisation not achieving against performance targets has been highlighted as an area of focus for the coming year.

Particularly, it will be difficult to achieve our stated ambitions within Large-Scale Production without immediate expansion of our film studio capacity. We have been working with all stakeholders to increase the available sound stages and continue to prioritise this infrastructure development.

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



R Williams
9 June 2015

**Directors' Report
for the year ended 31 March 2015**

The Directors who served during the year are as follows:

Rotha Johnston (Chairwoman)	Michael Catto
Brian McMahon (resigned 2 June 2014)	Aódán MacPóilin
Adeline Dinsmore	Tim McKane
Michael Kuhn	Laurence McKeown
James Penny	Fiona MacMillan
Jennifer Johnston	Ian Parsley
Sinead McCartan (appointed 2 June 2014)	

Sickness absence

The sickness absence rate for the year was 5.31% (2014: 3.22%). This is an increase on the previous year due to a member of staff on long term sickness.

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) 12/98 and DAO (DFP) 19/02 refer.

The percentage of bills paid within these standards is not known although as it is only disputed invoices which are withheld pending resolution, the vast majority would be expected to meet this standard. The trade payable days at 31 March 2015 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.

**Directors' Report
for the year ended 31 March 2015**

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 2015 was £62,000 (2014 - £11,000).

Complaints Handling

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

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

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

Going concern

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards issued by the UK accountancy bodies in a form directed by the Department of Culture, Arts and Leisure with the consent of the Department of Finance and Personnel.

The company's funding position is outlined in further detail in the Strategic Report on page 5.

Conflicts of interest

Directors declare any interest in successful applications to the Commission and commercial relationships with the Commission (see note 16).

Auditor's remuneration

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



**Richard Williams
9 June 2015**

Remuneration report

The Board Members are appointed by the Minister of Culture, Arts and Leisure in consultation with the Minister of Enterprise, Trade and Investment. The appointment of eight Board Members in February 2012 was for staggered terms to ensure the future continuity of the Board. Five Board members were appointed for two years and three were appointed for four years. In December 2014 five Board members were re-appointed by the Minister. These appointments are made in accordance with the Code of Practice issued by the Commissioner for Public Appointments for Northern Ireland.

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

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

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

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

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

Remuneration report (cont)

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

	2014-15			Total ¹	2013-14		
	Salary (including pension contributions)	Employer contribution to NILGOSC scheme	Employer contribution to defined contribution scheme		Salary (including pension contributions)	Employer contribution to defined contribution scheme	Total ¹
	£000	£000	£000	£000	£000	£000	£000
Richard Williams <i>Chief Executive</i>	100-105	10-15	-	115-120	65-70	10-15	80-85
Rotha Johnston <i>Chair</i>	5-10	-	-	5-10	-	-	-

In addition, the following expenses were paid out:
 Laurence McKeown received expenses of £241 (2013-14 £202)
 Michael Kuhn received £nil (2013-14 £1,073)
 Anne Morrison Smyth received £47 (2013-14 £nil)

Remuneration report (cont)

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.

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 2013-14 or 2014-15.

Bonuses

There were no bonuses accrued in 2014-15.

The accounts hold a payment in respect of backdated remuneration to the Chief Executive for the years 2008/09 to 2013/14 inclusive to the total value of £29,265.

Median Report

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

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

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

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

The ratio is calculated as follows:

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

The banded remuneration of the highest-paid employee/ Accounting Officer in the financial year 2014-15 was £65-70k (2013-14 £65-70k). This was 2.56 times (2013-14 2.5 times) the median remuneration of the workforce, which was £27,271 (2013-14 £26,260).

Remuneration report (cont)

Northern Ireland Screen Pensions

The company operated the NILGOSC pension scheme at the end of the year effective from 1 April 2013. This is a funded scheme which provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th 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 5.5% and 7.5% 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.

	2014-15	2013-14
	£	£
Employer's Contribution	145,773	171,149

Pension Entitlements

	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2015	Real increase in CETV	Employer contribution to partnership pension account
	£	£	£	£	£	£
Richard Williams Chief Executive	1,100	1,100	-	11,542	11,542	-
Rotha Johnston Chair	-	-	-	-	-	-

Remuneration 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 year.



Richard Williams
9 June 2015

Statement of Directors' and Accounting Officer's Responsibilities

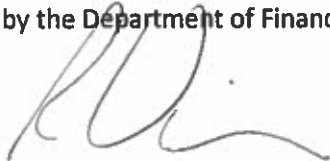
Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed Northern Ireland Screen Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Northern Ireland Screen Commission and of its net expenditure, statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

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

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



R Williams
Accounting Officer
09 June 2015

**Governance Statement
for the year ended 31 March 2015**

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 Management Statement sets out the relationship between DCAL and Northern Ireland Screen and defines the financial and administrative framework within which Northern Ireland Screen operates. Northern Ireland Screen's Financial Memorandum which should be read in conjunction with the Management Statement sets out the framework for the management and control of the finance of Northern Ireland Screen.

Compliance with Corporate Governance Best Practice

The publication, in April 2013, of the 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 the 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 DCAL 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 DCAL and Invest NI as approved by their respective Ministers and for promoting the efficient, economic and effective use of staff and other resources.

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 governed by a Board of twelve non-executive directors:

Rotha Johnston - Chairwoman	Michael Catto
Fiona MacMillan	Michael Kuhn
Adeline Dinsmore	James Penny
Tim McKane	Laurence McKeown
Aódán MacPóilin	Sinead McCartan
Jennifer Johnston	Ian Parsley

Board Attendance in 2014-15:

	17.6.14	24.9.14	10.12.14	10.3.15
Rotha Johnston (Chair)	✓	✓	✓	✓
Michael Catto	✓	✓	✓	✓
Adeline Dinsmore	x	✓	✓	✓
Jennifer Johnston	✓	✓	x	✓
Michael Kuhn	✓	✓	✓	x
Fiona MacMillan	✓	✓	✓	✓
Aódán Mac Póilin	✓	✓	✓	✓
Laurence McKeown	✓	x	✓	✓
Tim McKane	✓	✓	✓	✓
Ian Parsley	x	x	✓	✓
James Penny	✓	x	✓	✓
Sinead McCartan	✓	x	✓	✓

Five board members, Michael Catto, Jennifer Johnston, Fiona MacMillan, Aódán Mac Póilin and Ian Parsley were re-appointed to the Board in January 2015 for a further three year term.

The Board of Northern Ireland Screen is required to review its effectiveness annually with the most recent review undertaken in January 2014. A further review will be scheduled in 2015.

In 2014, the Finance and Audit Committee was replaced by an Audit and Risk Committee and a Strategic Resources Committee, reflecting best practice in separation of duties.

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, DCAL.

Board members are required to complete Conflicts of Interest declarations annually and a Register of Interests is updated when appropriate or at the very least 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;
- Miscellaneous reports as required by the Committee.

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

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 ILBF 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 4 non-executive Board members and is tasked with reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. The Committee Chair, after each meeting, reports to the Accounting Officer and Board summarising the business undertaken by the Committee and offers views and advice from the Committee on issues on which they consider the Accounting Officer and Board should be taking action.

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

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

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

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

Audit and Risk Committee Attendance in 2014-15:

	17.6.14	10.9.14	26.11.14	24.2.15
Fiona MacMillan (Chair)	✓	✓	✓	✓
Laurence McKeown	✓	x	✓	✓
Adeline Dinsmore	x	✓	✓	✓
Sinead McCartan	✓	✓	✓	✓

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 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;
- 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;
- 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 Head of Finance.

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 2014-15:

	17.9.14	24.9.14	3.12.14	10.3.15
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;
- Act as the advisory panel to the Board with regard to all matters relating to each Fund;
- 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 2015 and have reported on their activities to the Board of Northern Ireland Screen at each quarterly Board meeting.

Investment Committee Attendance 2014-15:

	Michael Kuhn	James Penny	Mike Catto	Tim McKane	Rotha Johnston
16.4.14	✓	x	✓	✓	✓
22.5.14	✓	✓	x	✓	x
17.6.14	✓	✓	✓	x	✓
7.8.14	x	✓	✓	✓	x
12.9.14	✓	✓	✓	x	✓
17.9.14	✓	✓	✓	✓	✓
19.9.14	✓	✓	x	✓	✓
16.10.14	✓	x	✓	✓	✓
29.10.14	✓	✓	✓	✓	✓
5.12.14	✓	✓	✓	✓	x
18.12.14	✓	✓	✓	✓	x
20.1.15	✓	✓	✓	✓	✓
12.2.15	✓	✓	✓	✓	✓
13.3.15	✓	✓	✓	✓	✓
19.3.15	✓	✓	✓	✓	✓

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 DCAL and Invest NI. The organisation consults with DCAL and Invest NI on the preparation of its corporate strategy.

A new strategy was developed and launched in April 2014. The strategy sets out Northern Ireland Screen's key objectives and associated performance indicators and targets relating to the period of the strategy. There is also a review of Northern Ireland Screen's performance during the previous strategy which focuses on achievements and returns on performance. A forecast of expenditure and income for the strategy period is included.

The strategy is approved by Invest NI and The Department for Trade and Investment (DETI) and the organisation's sponsor department.

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

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

The 4 year strategy and annual Operating 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 31st March 2015 were:

- the availability of Invest NI funding in 2015-16 against the full value of the Letter of Offer and the risk that the expected demand for support does not arise or does not arise in the manner identified in the strategy, impacting on the economic return and the range of areas supported;
- the availability of additional studio and production office space to service inward productions as existing facilities are fully utilised; and
- the availability of funding for both the Irish Language and Ulster-Scots Broadcast Funds beyond March 2016.

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 DCAL's policies, aims and objectives, whilst safeguarding the public funds and organisational assets for which he is personally responsible.

The Annual Board Assurance Statement is completed by the Chair of the Board and submitted to DCAL for review/comment. This document is designed to evidence the collective corporate responsibility of the Board to manage risk to a reasonable level but is not designed to eliminate all risk to achieve policies, aims and objectives; therefore it can only provide reasonable and not absolute assurance of effectiveness.

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

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 2014-15 there were no incidents of actual or suspected fraud identified. 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 is being organised through DARD. All potential or alleged frauds will be reported to DCAL and other appropriate bodies. A Fraud Risk Analysis is submitted to DCAL 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 frauds.

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.

A comprehensive review of data security was undertaken in 2014-15 by Northern Ireland Screen's System Administrator and any identified weaknesses will be actioned. The options available to the organisation for an external body to undertake a review of data security will be reviewed in 2015-16.

IT system DDoS Incident

The organisation's website was exposed to a Denial of Service attack (DDoS) during the year. This prevented traffic accessing the web site. These attacks are generally designed to cause inconvenience and loss of reputation by preventing the availability of service the web site provides. This was not a hack of either the web site or the funding system. After the attack, the website provider ran a security scan on both systems and found no evidence of any breach. No other system was under attack or under any threat. The accounting officer does not believe the attack to have arisen as a result of any significant control deficiency.

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

inclusion of performance measures and results against targets in the annual operating plan;

- Reports from the internal auditors to the Audit and Risk Committee on the system of internal governance for the year;
- Public sector audit report by Comptroller and Auditor General (C&AG) to the Audit and Risk Committee, Strategic Resources Committee and the Board of Northern Ireland Screen 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, Head of Finance, 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 of Culture, Arts and Leisure, 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 and Personnel on 23 May 2013, reference DAO (DFP) 07/13.

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:

<u>Internal Audit Review</u>	<u>Rating</u>
• Review of Financial Controls	Substantial
• Review of Procurement & Contract Management	Substantial
• Review of Risk Management	Substantial

The Internal Audit Annual Report shows an overall substantial 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.

In 2014-15 Northern Ireland Screen's Accounting Officer's delegated limit continues to be set at £150k as a result of a risk assessment undertaken by DCAL in 2013-14 which showed that Northern Ireland Screen's risk profile had been reduced. Procurement and delegated limits are not in line with the current draft of the MSFM (signed 22.6.2009); however, DCAL is working to review the MSFM and bring it into line with changes.

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 2014-15

Update on Prior Control Issues which have now been resolved

A priority 1 issue relating to the Board and Audit and Risk Committee lacking a current member with relevant financial experience was outstanding when the 2013-14 Governance Statement was completed. The matter was resolved through the co-opting of a non-executive Board member with the relevant skillset until the Board recruitment process is completed by the sponsor Department.

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

None

Identification of new control issues in current year

None

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



**R Williams
9 June 2015**

NORTHERN IRELAND SCREEN COMMISSION

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE NORTHERN IRELAND SCREEN COMMISSION

I certify that I have audited the financial statements of the Northern Ireland Screen Commission for the year ended 31 March 2015 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. 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 Remuneration Report that is described in that report as having been audited.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its total comprehensive expenditure, cash flows and changes in taxpayers' equity 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 other matters

In my opinion:

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

Matters on which I report by exception

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

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

| July 2015

NORTHERN IRELAND SCREEN COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2015

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**Statement of comprehensive net expenditure
for the year ended 31st March 2015**

	Note	2015 £	2014 £
Expenditure			
Staff costs	6	(873,491)	(889,077)
Depreciation	6	(940)	(6,082)
Other expenditure	6	(326,908)	(250,528)
Programme expenses	7	<u>(17,060,311)</u>	<u>(15,033,920)</u>
		(18,261,650)	(16,179,607)
Income			
Income from activities	5	18,239,064	16,166,680
Other income	5	<u>13,901</u>	<u>1,500</u>
		18,252,965	16,168,180
Net (expenditure)/surplus		<u>(8,685)</u>	<u>(11,427)</u>
Other Comprehensive Net Expenditure			
Actuarial (loss)/Gain		(43,000)	7,000
Total Comprehensive Expenditure		<u>(51,685)</u>	<u>(4,427)</u>

The notes on pages 35 to 54 form part of these financial statements.

**Statement of financial position
as at 31st March 2015**

	Note	2015 £	2014 £
Non-current assets			
Property, plant and equipment	9	2,825	3,765
Current assets			
Trade and other receivables	10	107,083	216,766
Cash and cash equivalents	11	<u>1,010,013</u>	<u>760,861</u>
Total current assets		<u>1,117,096</u>	<u>977,627</u>
Total assets		<u>1,119,921</u>	<u>981,392</u>
Current liabilities			
Trade and other payables	12	<u>(1,103,835)</u>	<u>(964,621)</u>
Non-current assets plus net current assets		<u>16,086</u>	<u>16,771</u>
Non-current liabilities			
Pension liabilities	18	<u>(62,000)</u>	<u>(11,000)</u>
Total non-current liabilities		<u>(62,000)</u>	<u>(11,000)</u>
Assets less liabilities		<u>(45,914)</u>	<u>5,771</u>
Taxpayers' equity			
General fund		<u>(45,914)</u>	<u>5,771</u>
Total taxpayers' equity		<u>(45,914)</u>	<u>5,771</u>

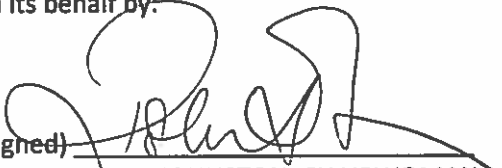
These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2014-15 (FReM).

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

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

**Statement of financial position
as at 31st March 2015 (contd)**

The financial statements on pages 30 to 54 were approved by the Board on 9 June 2015 and were signed on its behalf by:

(Signed) 
ROTHA JOHNSTON, CHAIRWOMAN

(Signed) 
FIONA MACMILLAN, DIRECTOR

Date 9-6-15

Date 9-6-15.

The notes on pages 35 to 54 form part of these financial statements.

**Statement of cash flows
for the year ended 31st March 2015**

	2015 £	2014 £
Cash flows from operating activities		
Net (expenditure)/surplus	(8,685)	(11,427)
Adjustments for non-cash transactions:		
Depreciation	940	6,082
Adjustment for pension funding	7,000	18,000
Bank interest received	—	—
Operating (deficit)/surplus before working capital changes	(745)	12,655
Decrease/(Increase) in trade and other receivables	109,683	(3,758)
Increase/(Decrease) in trade and other payables	<u>140,214</u>	<u>(30,445)</u>
Net cash (outflow)/inflow from operating activities	249,152	(21,548)
Cash flows from investing activities		
Bank interest received	—	—
Net cash inflow from investing activities	—	—
(Decrease)/increase in cash and cash equivalents	249,152	(21,548)
Cash and cash equivalents at 1st April 2014 (Note 11)	<u>760,861</u>	<u>782,409</u>
Cash and cash equivalents at 31st March 2015 (Note 11)	<u>1,010,013</u>	<u>760,861</u>

The notes on pages 35 to 54 form part of these financial statements.

Statement of changes in taxpayers' equity

	General fund £
Balance at 1st April 2013	10,198
Changes in reserves for 2013-14	
Net expenditure for the year	(11,427)
Actuarial gain	7,000
Total recognised changes for the year	<u>(4,427)</u>
Balance at 31st March 2014	5,771
Changes in reserves for 2014-15	
Net expenditure for the year	(8,685)
Actuarial loss	(43,000)
Total recognised changes for the year	<u>(51,685)</u>
Balance at 31st March 2015	<u>(45,914)</u>

The notes on pages 35 to 54 form part of these financial statements.

**Notes to the financial statements
for the year ended 31st March 2015**

1 Statement of accounting policies

The financial statements are prepared in accordance with the Government Financial Reporting Manual 2014-15 (FRoM) as directed by the Department of Culture, Arts and Leisure (DCAL), except that there is a departure from the requirement to recognise grants-in-aid on a cash basis. This departure is detailed in note 3. The accounting policies contained in the 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, modified to account for the revaluation of property, plant and equipment and certain financial assets and liabilities.

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:

Production equipment	50% straight line/life of lease
Computer equipment	33 1/3% straight line
TV and video equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance

1.3 Programme Expenditure

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

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

**Notes to the financial statements
for the year ended 31st March 2015**

1.4 Pensions

The company was part of the NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) effective from 1 April 2013. NILGOSC is a final salary contracted out occupational pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year. The pension costs are assessed in accordance with the advice of an independent qualified actuary using the market led approach. The last full actuarial valuation of the scheme occurred on 1 April 2013. The latest actuarial valuations of the scheme were at 31 March 2015.

Pension scheme assets are measured using the market value. Pension scheme liabilities are measured using the projected unit 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 2015**

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.

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 DCAL, 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 income as the related expenditure is incurred. In selecting this accounting policy, the directors have departed from the accounting policy prescribed in the FReM that grants-in-aid should be accounted for as a financing transaction rather than an income transaction and that grants-in-aid should be accounted for on a cash basis. The directors consider the departure necessary to achieve a true and fair view, 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 2015**

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:

	2015 £	2014 £
Income	18,553,619	16,070,963
Net expenditure	305,870	272,986
	2014 £	2014 £
Accruals	97,635	138,524
General fund	268,642	266,815

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

	2015 £	2014 £
Depreciation of property, plant and equipment	940	6,082
Payments under operating leases	8,420	5,031
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>10,000</u>	<u>9,000</u>

**Notes to the financial statements
 for the year ended 31st March 2015**

5 Income and Other income

Funding Income	2015 £	2014 £
Invest NI	11,121,993	7,633,776
DCAL – grant-in-aid	2,434,500	3,195,261
DCMS - BFI	3,926,968	4,349,540
Arts Council	592,713	706,745
Various funding Income	<u>162,890</u>	<u>281,358</u>
	<u>18,239,064</u>	<u>16,166,680</u>

Other Income	2015 £	2014 £
Pension Interest	10,000	-
Rent receivable and Other	<u>3,901</u>	<u>1,500</u>
	<u>13,901</u>	<u>1,500</u>

6 Administrative expenses

	2015 £	2014 £
Staff costs	<u>873,491</u>	<u>889,077</u>
Premises expenses	83,590	92,175
Office overheads	144,911	94,022
Pension – current service cost	11,000	-
Pension – interest cost	7,000	-
Staff and Board expenses	<u>80,407</u>	<u>64,331</u>
	<u>326,908</u>	<u>250,528</u>
Depreciation	<u>940</u>	<u>6,082</u>

**Notes to the financial statements
for the year ended 31st March 2015**

7 Programme expenses

	2015	2014
	£	£
Northern Ireland Screen Fund	9,493,100	6,708,932
Ulster-Scots Broadcast Fund	809,630	1,174,537
Skills Development	561,022	533,142
Irish Language Broadcast Fund	2,875,820	2,903,446
Creative Learning Centres	942,696	1,374,999
Lottery Film Funding Programme	513,629	660,546
Third Party Organisations	780,000	596,500
Film Clubs	337,034	422,611
Development Activity	118,075	169,722
Production legal fees	129,304	86,787
Marketing and information	410,000	297,268
Education and Digital archive	43,120	65,430
Creative Industries Innovation Fund	-	40,000
SBRI E Car	11,381	-
BFI Film Academy	28,000	-
University of Ulster	7,500	-
	<u>17,060,311</u>	<u>15,033,920</u>

8 Staff costs

	Permanently employed staff	Others	2015	2014
	£	£	£	£
Administrative expenses:				
Salaries	686,350	-	686,350	662,101
Social security costs	60,385	-	60,385	73,996
Other pension costs	<u>126,756</u>	-	<u>126,756</u>	<u>152,980</u>
	<u>873,491</u>	-	<u>873,491</u>	<u>889,077</u>
Programme expenses:				
Salaries	164,543	384,691	549,234	582,211
Social security costs	12,133	17,988	30,121	35,168
Other pension costs	<u>31,040</u>	-	<u>31,040</u>	<u>36,169</u>
	<u>207,716</u>	<u>402,679</u>	<u>610,395</u>	<u>653,548</u>

During the year Northern Ireland Screen employed an average of 27 full-time equivalent staff (2013-14: 25).

Notes to the financial statements
for the year ended 31st March 2015

9 Property, plant and equipment

	Computer Equipment	Fixtures and fittings	Office equipment	TV and video equipment	Total
	£	£	£	£	£
Cost					
At 1 st April 2014	27,147	33,423	40,453	17,017	118,040
Additions in Year	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 st Mar 2015	<u>27,147</u>	<u>33,423</u>	<u>40,453</u>	<u>17,017</u>	<u>118,040</u>
Depreciation					
At 1 st April 2014	27,147	32,176	39,432	15,520	114,275
Disposals	-	-	-	-	-
Charge for year	-	400	26	514	940
At 31 st Mar 2015	<u>27,147</u>	<u>32,576</u>	<u>39,458</u>	<u>16,034</u>	<u>115,215</u>
Net book values					
At 31 st Mar 2015	<u>-</u>	<u>847</u>	<u>995</u>	<u>983</u>	<u>2,825</u>
At 31 st Mar 2014	<u>-</u>	<u>1,247</u>	<u>1,021</u>	<u>1,497</u>	<u>3,765</u>
	Computer Equipment	Fixtures and fittings	Office equipment	TV and video equipment	Total
	£	£	£	£	£
Cost					
At 1 st April 2013	27,147	33,423	40,453	17,017	118,040
Additions in Year	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 st Mar 2014	<u>27,147</u>	<u>33,423</u>	<u>40,453</u>	<u>17,017</u>	<u>118,040</u>
Depreciation					
At 1 st April 2013	22,148	31,818	39,138	15,089	108,193
Disposals	-	-	-	-	-
Charge for year	4,999	358	294	431	6,082
At 31 st Mar 2014	<u>27,147</u>	<u>32,176</u>	<u>39,432</u>	<u>15,520</u>	<u>114,275</u>
Net book values					
At 31 st Mar 2014	<u>-</u>	<u>1,247</u>	<u>1,021</u>	<u>1,497</u>	<u>3,765</u>
At 31 st Mar 2013	<u>4,999</u>	<u>1,605</u>	<u>1,315</u>	<u>1,928</u>	<u>9,847</u>

*There are no assets held under finance lease

**Notes to the financial statements
for the year ended 31st March 2015**

10 Trade and other receivables

	2015	2014
	£	£
Trade receivables	10,011	7,780
Grants receivable	69,138	180,052
Prepayments	<u>27,934</u>	<u>28,934</u>
	<u>107,083</u>	<u>216,766</u>

Grant receivable includes money spent in the financial year which is still outstanding from Invest Northern Ireland of £46,320 (2013-14: £51,034), Creative Skillset £4,500 (2013-14: £29,018) and other £18,318 (2013-14: £100,000).

11 Cash and cash equivalents

	2015	2014
	£	£
At 1 st April 2014	760,861	782,409
Net change in cash and cash equivalent balances	<u>249,152</u>	<u>(21,548)</u>
At 31 st March 2015	<u>1,010,013</u>	<u>760,861</u>
	2015	2014
	£	£
Represented by:		
Cash at bank and in hand	<u>1,010,013</u>	<u>760,861</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 2015 the balance held was £46,912 (2013-14: £223,873). The Lottery Film Funding Programme is summarised in note 14.

Cash balances include £528,330 (2013-14: £385,684) in relation to the Ulster-Scots Broadcast Fund which will be spent in 2015/16. Cash balances represent deposits held in commercial banks.

**Notes to the financial statements
for the year ended 31st March 2015**

12 Trade and other payables

	2015	2014
	£	£
Trade creditors	5,000	27,933
Accruals and deferred income - non-Lottery	1,051,924	712,815
Deferred Income - Lottery funds	<u>46,911</u>	<u>223,873</u>
	<u>1,103,835</u>	<u>964,621</u>

Accruals and deferred income includes monies received from Invest Northern Ireland £82,072; 2013-14: £11,508), recoupment funds (£306,797; 2013-14: £57,841), Ulster-Scots Broadcast Fund (£528,330; 2013-14: £385,683), BBC NI £29,971 (2013-14: £114,616) and Lottery funds (£46,912; 2013-14: £223,516). 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.

	2015	2014
	£	£
Funds held at start of year	223,873	112,500
Lottery funds received during the year	416,109	817,759
Awards paid	(508,621)	(641,710)
Administration costs	<u>(84,450)</u>	<u>(64,676)</u>
Funds held at end of year	<u>46,911</u>	<u>223,873</u>

**Notes to the financial statements
for the year ended 31st March 2015**

14 Commitments under operating leases

At 31st March 2015 the company had one outstanding commitment under non-cancellable operating leases:

	2015		2014	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiring:				
Within one year	-	8,420	-	8,420
Between one and five years	-	<u>10,153</u>	-	<u>18,573</u>
	-	<u>18,573</u>	-	<u>26,993</u>

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	£
Dante's Foodservice Ltd	Rotha Johnston	Related to a director of the company	£1,540
Into Film	Jennifer Johnston	Employee	£135,000
Belfast Film Festival	Laurence McKeown	Board member	£123,000
Mammoth Screen (NI) Ltd	James Penny	Commercial Director with Mammoth Screen Ltd and Mammoth Screen (NI) Ltd	£40,284
Cinemobile	Bernard McCloskey	Board member	£90,000

Northern Ireland Screen is a Non-Departmental Public Body (NDPB) sponsored by the Department of Culture, Arts and Leisure (DCAL). DCAL is regarded as a related party. During the year, Northern Ireland Screen Commission had various material transactions with the Department (see note 5).

**Notes to the financial statements
for the year ended 31st March 2015**

16 Film award payments

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

	2015 £	2014 £
Lottery	508,621	641,710
Irish Language Broadcast Fund	2,498,404	2,523,345
Ulster-Scots Broadcasting Fund	765,431	1,137,437
Northern Ireland Screen Fund	<u>9,493,100</u>	<u>6,708,932</u>
	<u>13,265,556</u>	<u>11,011,424</u>

17 Production Awards contracted

	Unpaid contracts as at 1 st April 2014 £	Contracts awarded in year £	Less De- committed within year £	Contract payments in year £	Unpaid contracts as at 31 st March 15 £
Lottery Film Funding Programme	383,562	-	2,500	260,596	120,466
Lottery 2014-2017	-	636,393	-	248,025	388,368
Northern Ireland Screen Fund DGG	498,898	-	-	427,258	71,640
Northern Ireland Screen Fund ODS	-	10,959,647	-	9,065,842	1,893,805
Ulster-Scots Broadcast Fund	404,507	711,464	-	765,431	350,540
Irish Language Broadcast Fund	<u>1,364,752</u>	<u>3,686,828</u>	<u>86,813</u>	<u>2,498,404</u>	<u>2,466,364</u>
	<u>2,651,719</u>	<u>15,994,332</u>	<u>89,313</u>	<u>13,265,556</u>	<u>5,291,183</u>

Northern Ireland Screen is responsible for distributing Lottery funds under the Lottery Film Funding Programme. The programme is summarised in note 13. Northern Ireland Screen Fund receives funding during the year from Invest Northern Ireland. A balance of £11,508 is included as deferred income within trade and other payables. Irish Language Broadcast Fund and the Ulster-Scots Broadcast Fund are funded during the year by the Department for Culture, Media and Sport (DCMS) through BFI.

**Notes to the financial statements
for the year ended 31st March 2015**

18 Pension costs

NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee) was introduced at the end of the 2014 year effective from 1 April 13. 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 2014-15 the contribution rates were 19% employers and ranging between 5.5% and 7.5% employees.

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

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

The pension charge represents contributions from the Commission amounting to £154k for NILGOSC (2013-14 - £88k)

The employer's regular contributions to the Fund for the accounting period ending 31 March 2016 are estimated to be £169k.

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

Assumptions

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

	31 March 2015	31 March 2014	31 March 2013
Discount rate	3.2	4.3	4.5
Pension increases	1.8	2.4	2.8
Pension accounts revaluation rate	1.8	n/a	n/a
Salary increases	3.3	3.9	5.2

**Notes to the financial statements
for the year ended 31st March 2015**

18 Pension costs (cont)

Mortality assumptions

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

Post retirement mortality (retirement in normal health)	
Males	
Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table (years)	0
Scaling to above base table rates	110%
Improvements to base table rates	CMI 2012 with a long term improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	22.2
Future lifetime from age 65 (aged 45 at accounting date)	24.4
Females	
Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NFA)
Rating to above base table (years)	0
Scaling to above base table rates	110%
Improvements to base table rates	CMI 2012 with a long term improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	24.7
Future lifetime from age 65 (aged 45 at accounting date)	27.0

Commutation

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

Asset allocation

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

**Notes to the financial statements
for the year ended 31st March 2015**

18 Pension costs (cont)

The Administering Authority does not invest in 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 2015			Value at 31 March 2014
	Quoted	Unquoted	Total	
Equities	73.0	0.0	73.0	74.2
Property	0.0	12.6	12.6	11.2
Government bonds	5.7	0.0	5.7	5.9
Corporate bonds	6.5	0.0	6.5	6.1
Cash	2.0	0.0	2.0	2.6
Other*	0.2	0.0	0.2	0.0
Total	87.4%	12.6%	100.0%	100.0%

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

Reconciliation of funded status to Statement of Financial Position

	Value as at 31 March 2015 £M	Value as at 31 March 2014 £M
Fair value of assets	0.355	0.123
Present value of funded defined benefit obligation	0.417	0.134
Funded status	(0.062)	(0.011)
Impact of minimum funding requirement/asset ceiling	0.000	0.000
Asset/(Liability) recognised in the Statement of Financial Position	(0.062)	(0.011)

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

Active members	100%
Deferred pensioners	0%
Pensioners	0%

Notes to the financial statements
for the year ended 31st March 2015

18 Pension costs (cont)

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

	Year ending 31 March 2015 (£M)	Year ending 31 March 2014 (£M)
Operating cost		
Current service cost ⁽¹⁾	0.165	0.108
Past service cost (incl. curtailments)	-	-
Settlement cost	-	-
Financing cost		
Net interest on net defined benefit liability/(asset)	(0.003)	(0.002)
Pension expense recognised in OCI	0.162	0.106
Remeasurements in OCI		
Return on plan assets (in excess of)/below that recognised in net interest	(0.019)	(0.002)
Actuarial (gains)/losses due to changes in financial assumptions	0.062	(0.005)
Actuarial (gains)/losses due to changes in demographic assumptions	-	-
Actuarial (gains)/losses due to liability experience	-	-
Total amount recognised in OCI	0.043	(0.007)
Total amount recognised	0.205	0.099

⁽¹⁾ The current service cost includes an allowance for the administration expenses of £2,000.

Notes to the financial statements
for the year ended 31st March 2015

18 Pension costs (cont)

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

	Year ending 31 March 2015 (£M)	Year ending 31 March 2014 (£M)
Opening defined benefit obligation	0.134	-
Current service cost	0.165	0.108
Interest expense on defined benefit obligation	0.007	0.001
Contributions by participants	0.053	0.032
Actuarial (gains)/losses due to changes in financial assumptions	0.062	(0.005)
Actuarial (gains)/losses due to changes in demographic assumptions	-	-
Actuarial (gains)/losses due to liability experience	-	-
Net benefits paid out #	(0.004)	(0.002)
Past service cost (incl curtailments)	-	-
Net increase in liabilities from disposals/acquisitions	-	-
Settlements	-	-
Closing defined benefit obligation	0.417	0.134

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 £2,000.

Changes to the fair value of assets during the accounting period

	Year ending 31 March 2015 (£M)	Year ending 31 March 2014 (£M)
Opening fair value of assets	0.123	-
Interest income on assets	0.010	0.003
Re-measurement of gains/(losses) on assets	0.019	0.002
Contributions paid by the employer	0.154	0.088
Contributions paid by participants	0.053	0.032
Net benefits paid out #	(0.004)	(0.002)
Net increase in assets from disposals/acquisitions	-	-
Settlements	-	-
Closing fair value of assets	0.355	0.123

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 £2,000.

**Notes to the financial statements
for the year ended 31st March 2015**

18 Pension costs (cont)

Actual return on assets

	Year ending 31 March 2015 (£M)	Year ending 31 March 2014 (£M)
Interest income on assets	0.010	0.003
Re-measurement gain/(loss) on assets	0.019	0.002
Actual return on assets	0.029	0.005

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 2015 and the projected service cost for the year ending 31 March 2016 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

	+0.1% p.a.	Base figure	-0.1% p.a.
Adjustment to discount rate			
Present value of total obligation (£M)	0.406	0.417	0.429
% change in present value of total obligation	-2.7%		2.8%
Projected service cost (£M)	0.161	0.169	0.177
Approximate % change in projected service cost	-4.5%		4.6%

Rate of general increase in salaries

	+0.1% p.a.	Base figure	-0.1% p.a.
Adjustment to salary increase rate			
Present value of total obligation (£M)	0.424	0.417	0.410
% change in present value of total obligation	1.7%		-1.6%
Projected service cost (£M)	0.169	0.169	0.169
Approximate % change in projected service cost	0.0%		-0.0%

Notes to the financial statements
for the year ended 31st March 2015

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 (£000s)	0.425	0.417	0.410
% change in present value of total obligation	1.8%		-1.8%
Projected service cost (£000s)	0.177	0.169	0.161
Approximate % change in projected service cost	4.6%		-4.5%

Post retirement mortality assumption

Adjustment to mortality age rating assumption ⁽¹⁾	-1 year	Base figure	+1 year
Present value of total obligation (£000s)	0.428	0.417	0.406
% change in present value of total obligation	2.7%		-2.7%
Projected service cost (£000s)	0.175	0.169	0.163
Approximate % change in projected service cost	3.6%		-3.6%

⁽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 2015 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 2016 (£M)
Current service cost	0.169
Interest on the net defined benefit liability/(asset)	-
Total estimated pension expense	0.169

Allowance for administration expenses included in Current Service Cost (£M) 0.002

Estimated pensionable payroll over the period ending 31 March 2016 (£M) 0.832

Active members as at 31 March 2013

	Number	Total Pay (£M)
Total	15	0.496

Pensioner and deferred pensioner members as at 31 March 2013

	Number	Total pension (£M)
Deferred members	0	0.000
Pensioners and dependants	0	0.000

**Notes to the financial statements
for the year ended 31st March 2015**

18 Pension costs (cont)

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	10	0.126	
Employer – Additional capital contributions	10	-	
Employer – Early retirement strain on fund payments	10	-	
Total contributions by the Employer			0.151
Employee – Normal contributions	10	0.044	
Employee – Added years contributions	10	-	
Total contributions by participants			0.053
Transfers in	0	-	
Other income	0	-	
Transfers out	0	-	
Retirement lump sums	0	-	
Other outgoings	0	-	
Death in service lump sums *	0	-	
Benefits paid (ie pension paid)	0	-	
Net benefits paid out **			0.004

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

** The 'Net benefits paid out' figure includes an allowance for expenses of (£M) 0.002

Funded cash-flow data provided – additional contributions

	Amount (£M)
Payments in respect of contribution breaks – employer contributions	0.003

Annualised pensionable payroll over the accounting period

Description	Amount (£M)*
Period ending 31 March 2015	0.805
Period ending 31 March 2014	0.468

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

**Notes to the financial statements
for the year ended 31st March 2015**

19 Capital commitments

At 31 March 2015 authorised future capital expenditure amounted to £Nil (2014: £Nil). The company has no capital commitments at 31 March 2015 (2014: £Nil)

20 Losses and special payments

There were no losses or special payments during the year ended 31 March 2015.

21 Off-payroll payments

There were no off-payroll payments in the year to 31 March 2015.

22 Events after the reporting date

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

23 Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 1st July 2015.