



Scott-Moncrieff
business advisers and accountants

CENTRE FOR THE MOVING IMAGE

Company registration number SC067087

Charity Registration Number (Scotland) SC006793

Trustees' Report and Consolidated Financial Statements

For the year ended 31 March 2017

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Trustees' Report and Financial Statements
for the year ended 31 March 2017

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CENTRE FOR THE MOVING IMAGE

Trustees' Report

for the year ended 31 March 2017

The directors are pleased to present their annual report and audited consolidated financial statements for the year ended 31 March 2017.

Objectives and activities

The charity's vision and ambition is to provide a local, national and international focus for curatorial, research and educational resources for the film industry and public audience in Edinburgh, Scotland, the UK and internationally. It is a cultural, social, educational and business hub, seeking to educate, inspire and entertain across all platforms including cinema, television, online and gaming.

It is seeking to build on its existing activities, initiating and developing new and enhanced activities, projects and programmes, including research, talent development, education and distribution.

It will look to grow relationships with exhibitors, distributors, educational establishments, audiences and members of the public, as well as collaborate with the key Scottish and UK agencies, Creative Scotland and the British Film Institute.

The charity will achieve these objectives across a range of activities, including the running of the Edinburgh International Film Festival (EIFF), the Filmhouse in Edinburgh and Belmont Filmhouse in Aberdeen.

The major cultural activity for the period 2016/17 was the operation of the Filmhouse cinema, with the specific objectives and goals for the year of:

- Delivering a quality programme of contemporary and historical films from across the world, including a minimum of 650 programmes of feature films, documentaries, shorts and events
- Reaching a minimum number of admissions of 155,000
- Deliver a minimum of one UK wide touring programme
- Support delivery of minimum of 10 collaborative programmes with other cultural organisations
- Support delivery of minimum of 4 collaborative programmes with educational and academic institutions
- Delivery of screening programmes for schools
- Delivery of education and learning programmes for adults and children

Achievements and Performance

Filmhouse aims to promote the diversity of film and the moving image by ensuring the exhibition of a wide range of contemporary and historical films from all over the world, with the spine of the programme made up of the best of the new releases, from which comes the bulk of the cinema income. Audience numbers saw a drop of 12% to 145,729 from the year before, and was below the goal of 155,000 admissions by 6%. However, Filmhouse significantly exceeded its other objectives and goals, particularly in the breadth of the programme, the depth of engagement from audiences, and in its range and depth of its partnerships and collaborations. During the year there were in excess of 818 (an uplift of some 9% in number) programmes of feature films, documentaries and shorts.

The best performing films for the year were: *Hunt for the Wilderpeople*, *T2 Trainspotting*, *Julieta*, *A United Kingdom*, *I, Daniel Blake*, *Viceroy's House*, *Florence Foster Jenkins*, *Jackie* and *Lion*. Older female-skewed films again figure prominently in the top performers, very much in line with previous years.

The issue of film supply was particularly acute this year, being denied, as we were, the following titles on release and being forced to wait to play them: *I, Daniel Blake* (eOne, 14 Oct), *Nocturnal Animals* (Universal, Nov 4) *Silence* (Studiocanal, Jan 1, 2017), *Manchester By The Sea* (Studiocanal, Jan 13), *La La Land* (Lionsgate, Jan 13), and *Moonlight* (Altitude, Feb 17). This, together with what was already a poor year in terms of what films were actually being released and their audience potential for cinemas such as Filmhouse, were the major contributing factors on the year on year reduction in admissions.

Filmhouse continued to develop its programmes of special film seasons and retrospectives showcasing significant filmmakers and film producing nations. The purpose of this work is to add to the current audience's understanding and enthusiasm for world cinema, attract other more general audiences to it, whilst also attracting culturally diverse audiences from under-represented groups. Festivals of national and regional cinemas from around the world during the year included the annual Italian and French Film Festivals, Play Poland, Africa in Motion, Beyond Borders (small nations festival), Iranian Film Festival (with the University of Edinburgh (UoE)),

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Odd Obsessions: Desires, Hopes and Impulses in Contemporary Japanese Cinema (in association with the Japan Foundation), Iberodocs, Scotland Galore!, Greek Film Festival, the second instalment of Fokus: Films From Germany, a week of German cinema at Filmhouse and a handful of other venues across Scotland (organised by Filmhouse, in association with the Goethe Institute), the Edinburgh Asian Film Festival (in association with the London Asian Film Festival) in its second year; and the now-established Edinburgh Spanish Film Festival, in association again with UoE. Retrospectives during the year included Andrei Tarkovsky; a season of the best of the adaptations of novels by Patricia Highsmith (which we curated and toured nationally with funding from the BFI); Antonia Bird; Nick Cave and Warren Ellis; and we began a monthly slot that will, film by film, eventually screen all the cinema of Werner Herzog (in association with and support from the Goethe Institute). Martin Scorsese also received a 12-film retrospective to coincide with the restoration and rerelease of *Goodfellas*. Our regular showcase for LGBTQ+ cinema, *Over the Rainbow*, continued, which again included an annual programme from the POUT Film Festival. The Edinburgh Artists Moving Image Festival (EAMIF) had its second edition, again in collaboration with ECA/UoE.

During the year there were a number of audience development initiatives targeted at specific audience groups. These included collaborative festivals such as Scotland Loves Anime (which literally sells out every show), *Dead By Dawn* horror film festival, the second edition of the Folk Film Gathering, which links to the Storytelling Festival. In addition, there were specially priced matinees for the unwaged, baby and carer screenings, selected audio described screenings for those with sight impairments and regular sub-titled screenings for those with hearing difficulties. Family audiences were also catered for with the regular 'Filmhouse Junior' matinee slot and longer runs of children's cinema during holidays. Filmhouse continued to run the ticket deal called Filmhouse Explorer, which aims to make it easier and cheaper for patrons to engage more deeply with a wider range of cinema than they might otherwise.

Filmhouse again supported the local filmmaking community with a range of activities, including the showcasing of the year's graduate output from Edinburgh College of Art, Napier University, Queen Margaret University and Edinburgh College (Granton and Sighthill). During the year Filmhouse hosted in excess of 100 introductions and post-film discussion with filmmakers and other film professionals, providing opportunities for local audiences and local filmmakers to meet and discuss the art of film.

The power of film to effect positive change in the world is the maxim of the activism festival *Take One Action*, with introduction to and post-film discussions after every screening. Other collaborations with a strong discursive element included work with the Biomedical Ethics Film Festival (with University of Edinburgh and the Scottish Council on Human Bioethics), the Scottish Mental Health Arts and Film Festival and the Guardian Edinburgh International Television Festival. Such informal learning opportunities were augmented through Filmhouse's relationship with the University of Edinburgh, providing life-long learning opportunities throughout the year. These include *Screening Europe*, *Filosofy*, a continuing course examining philosophy in film; and *Edinburgh Spy Week*. Other seasons/screenings included: a comprehensive look at the work of Studio Ghibli; in the run up to the US election, a series of films on US Politics (in association with UoE and the Scottish Parliament's Festival of Politics); *Shakespeare on Screen*; a short retro of the work of Ousmane Sembene, organised by *Africa in Motion*; *Watching Languages* (in association with UoE); *Monkey Business* (a tie-in with national Museum Scotland); *Film & the Other Arts*; *Creative Dialogues in the Avant Garde* (in association with Kim Knowles from the University of Aberystwyth); a season of films on Architecture (in association with Edinburgh Architecture Society and the Festival of Architecture 2016); *Photography on Film* (a collaboration with Stills Gallery); and the Scottish Endarkenment, a series of films to accompany Dovecot Studios and UoE's exhibition.

As mentioned above, Filmhouse was also awarded funding to deliver, nationally, a touring programme of film adaptations of novels by Patricia Highsmith, which launched at EIFF 2016, in partnership with Waterstones the bookseller.

Filmhouse continue to offer schools opportunities to see a broad range of films from across the world and screenings are accompanied by teaching resources and introductions. We worked in partnership with *Take One Action*, Spanish, French and *Into Film* Festivals. As well as coordinating the tour of French Film Festival school titles to other Scottish venues (which we have done for a number of years) we piloted this work with the Edinburgh Spanish Film Festival, allowing teenagers at Eden Court and Glasgow Film Theatre to see award-winning Spanish feature *La Novia*. Among the highlights of the school screenings was a screening of *Battle of the Somme*, that was followed by a talk by a curator from the Imperial War Museum. We also partnered with Animation Centrifuge to host a special screening of *Trolls* with a Q&A from the Head of Character Animation Dave Burgess, who was visiting Scotland from LA.

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Our participation in **Day In Edinburgh** aimed to provide S2 pupils from Holy Rood High School with an insight into how Filmhouse is programmed and marketed. Coordinated by Mercat Tours, working with a range of other arts and tourism organisations in Edinburgh, this project took place early in 2017, timed to support pupils selecting options at High School. The project looked to share information about the range of tourism and arts related jobs available to young people from Edinburgh.

Scottish Film Education funded our film education project Understanding Cinema through 2015/16 and 2016/17 and we worked with schools in Edinburgh and the Dundee area. This project is based on the long running Cinematheque Francaise programme *Cinema Cent Ans De Jeunesse* and each year examines one aspect of cinema ('Climate' in 2015/16), using film extracts and filming exercises to develop understanding and filmmaking skills in young people. A group from Carlogie Primary (Angus) presented their final short film at the Cinematheque in June 2016, alongside hundreds of their peers from Europe and Central America. The schools from all Edinburgh, Dundee and Angus schools then screened and discussed their films during EIFF 2016. The topic for 2016/17 has been 'Play' and as well as continuing to work in Primary schools in Edinburgh and the Dundee area we employed a third filmmaker to work in two Glasgow schools.

In the second year of Creative Europe funding for Moving Cinema, we have worked with a group of 20 Young Programmers, aged 15-19 years since October 2016. Moving Cinema (movingcinema.eu) develops and encourages youth audiences for European Cinema and is a partnership with A Bao A Qu (Barcelona), Meno Avilys (Lithuania) and Os Filhos de Lumière (Portugal). We shared lists of films, as well as responses to films, between the groups in the four cities and each group went on to curate and host public screenings; in Edinburgh the group screened '71 (and hosted a Q&A with screenwriter Gregory Burke), *Mustang*, *Girlhood* and *Run Lola Run* and the financial support for this project allowed us to produce posters and offer £5 tickets for all, with great success.

Filmhouse is always keen to develop new, younger audiences for cinema so we were delighted to partner with Film Hub Wales on their UK-wide Roald Dahl on Film programme, funded by the BFI. During the summer of 2016, over 12 events we introduced young audiences to films written by or adapted from books by Dahl. The highlight of these was a Scratch 'n' Sniff screening of Matilda. Many of the films in this series were part of our regular weekly Filmhouse Jr programme for families.

We have been fortunate in securing funding from the National Lottery for our Senior Selections programme which aims to address loneliness in older people. The Learning team have coordinated a group of senior volunteers who have curated a programme of films and will host fortnightly screenings for those aged 60+. Following the screenings audience members are invited to have refreshments and share their thoughts on the film and cinema in general. We have reached out to NHS and voluntary groups in Edinburgh to share information about this programme with individuals who have perhaps not attended the cinema for a while or are nervous about attending alone.

Filmhouse continues to work with a range of departments and individual academics at the University of Edinburgh. In 2016/17 this has included the continuing popular seasons Filmosophy and Screening Europe.

Financial review

As highlighted in previous years, due to charity reporting requirements income has to be recognised when we are entitled to it, receipt is probable and the amount can be measured reliably. This meant that in 2015/16 £691,074 of income was reflected in the accounts for that year for projects which would straddle more than one year. Financial year 2016/17 saw a reduced level of income that required to be reported in that way, and in parallel saw the previously declared income spent. Therefore the year under review saw a 9% decrease in income within the Group, but with a parallel 5% increase in expenditure.

Trading for the subsidiary company Filmhouse Trading Limited saw a marginal increase in turnover, with a marginal decrease in gross profit (both less than 1%). However, with increased operating costs, due in part to the Belmont Filmhouse café bar operation being managed through Filmhouse Trading Limited, there was a net loss for the year of £6,691 (2016: loss of £3,954). Following a detailed review of the operating costs and performance of both the Filmhouse café bar and the Belmont Filmhouse café bar, it was decided to close the Belmont Café Bar from 1 April 2017, and to seek a 10% reduction in salary costs within the Filmhouse Café Bar in 2017/18. This will deliver a more efficient and profitable operation through 2017/18.

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The 70th EIFF in June 2016 was an artistic and operational success. This was reflected in feedback from funders, sponsors, audiences, press and delegates, and numerically in comparison to the 2015 edition, with a 3% increase in admissions, rising to almost 52,000. There was a 6.1% increase in turnover from 2015/16 to £1.77m and the profit after taxation was £7,205 (2015/16: £21,967).

Belmont Filmhouse Ltd continues to provide a unique offering for audiences in Aberdeen and the North East of Scotland. Income for the year was 3.2% down on 2015/16 to £754,685, with a parallel reduction in expenditure of 2.7% on 2015/16 to £777,485. Overall, the Belmont Filmhouse Ltd made a loss of £22,800 for 2016/17, but carries forward general funds of £33,322. Following a full review of the operating costs of the business, the café bar was closed on 1 April 2017, and there was further rationalisation of the staffing structure through 2016/17. This will deliver a more efficient and profitable operation through 2017/18.

The group has net current assets of £20,842 (2016: £479,996). The final salary pension scheme, now closed to new staff, returned an interim actuarial valuation of £90,000 net liabilities at 31 March 2017, as described at note 21 (2016: net assets of £19,000 although a nil balance was included in the accounts in accordance with Financial Reporting Standard 102).

The organisation's core funding provides the ability to meet the educational, programming and marketing objectives. The grant funding received from the City of Edinburgh has declined as a percentage of the organisation's income over recent years. There is ongoing uncertainty with regards to the long term liabilities attached to the final salary pension scheme, closed to new members since 2006.

Principal funding sources

The principal funding sources of the group are cinema ticket sales, income from trading subsidiaries, individual donors, commercial sponsors, and grant funding from public funders, including Creative Scotland, the British Film Institute, City of Edinburgh Council and Aberdeen City Council.

Reserves policy

Total funds of the group at 31 March 2017 were £964,130 (2016: £1,603,079). Of this, £364,654 (2016: £691,074) is restricted by the donor for specific purposes, as detailed at note 22, and is budgeted for expenditure that will arise during 2017/18. Unrestricted funds at 31 March 2017 were £599,476 (2016: £912,005). The directors have agreed that the charity will aim to develop free reserves of up to 3 months of operating costs (approximately £1.5m).

Investment policy

The only investments held by the charity are the subsidiary undertakings.

Risk management

The directors have examined the major strategic, business and operational risks which the charity faces and have established systems and controls to mitigate any impact they may have on the operations of the charity.

The charity is facing the following major risks:

Reduction in public funding

The charity has seen an increase in public funding in the last 6 years, despite the broader context of 'austerity'. It has achieved this through addressing public funders' key objectives, including increasing access and participation, focusing on excellence and quality, and developing and delivering national programmes and projects. However, it is recognised that this upward trend is unlikely to continue and the charity should seek to broaden its income base to mitigate likely reductions in public funding in the future.

Inadequate building and facilities

The existing Filmhouse building is not adequate for the long term financial health of the organisation. It is exceptionally limited in development potential, and is requiring increasing amounts spent on it to maintain it at a basic level. The existing offices are inadequate for meeting the needs of the business. The charity is seeking alternative long term and interim solutions for addressing this.

Pension fund liabilities

The charity is a community admission body of Lothian Pension Fund. The scheme was closed to new members in 2006, recognising the long unaffordability of the scheme to the charity. Revisions in the

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methodology of valuations employed by Lothian Pension Fund, could present the charity with a significant liability were it to exit the scheme.

Plans for future periods

The charity has a long term vision to create a new International Centre for Film Culture, providing a new home for Filmhouse and Edinburgh International Film Festival. The board of trustees and senior executive are currently considering options for taking this vision forward and are engaging with local and national stakeholders in this.

Structure, governance and management

Centre for the Moving Image (CMI) is a company limited by guarantee governed by its Memorandum and Articles of Association. It has been granted charitable status, charity number SC006793.

Group structure

Throughout the period the company operated the following wholly owned subsidiaries:

- Belmont Filmhouse Limited, a company limited by guarantee and registered in Scotland, carries out the charitable aims of the group in and around the City of Aberdeen through operation of the Belmont Filmhouse. The company was granted charitable status from 1 April 2014
- Edinburgh International Film Festival Limited, a company registered in Scotland, carries out the charitable aims of the group by hosting the film festival and related events.
- Filmhouse Trading Limited, a company registered in Scotland, undertakes ancillary trading with the objective of raising funds for the group.

The associate, Scottish Film Limited, a company limited by guarantee and registered in Scotland, was incorporated on 22nd May 2014. Scottish Film Limited was set up to receive grant funding from BFI (British Film Institute) and Creative Scotland and to distribute this to support audience development and film education in Scotland. CMI holds a 25% interest in the company through Ken Hay, Chief Executive of CMI, being one of the four directors of the company.

Trustee selection, induction and training

Through the Articles of Association, Creative Scotland is entitled to appoint up to two directors, the City of Edinburgh Council may appoint one director and the Edinburgh Film Guild may appoint two directors. The nominating body may also withdraw the appointment of that director.

The directors of the Centre for the Moving Image are appointed based on their skills, knowledge and experience, how these match the skills matrix for trustees of the Centre for the Moving Image, and their commitment to the charitable objectives of the company.

All trustees are inducted into the role and policies of the company, led by the CEO of the Centre for the Moving Image.

Operational management

Decisions related to the corporate governance of the charitable company and group are taken by the Board of Trustees. Decisions on the day to day operations are delegated to the Chief Executive and through the management structure in place within the overall CMI Group.

Pay and remuneration of the key management personnel are kept under review by the Audit and Risk Committee of the board of trustees.

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for the year ended 31 March 2017

Reference and Administrative Information

Centre for the Moving Image is a charitable company registered in Scotland.

Registered Charity number
SC006793

Registered Company Number
SC067087

Trading Name
Centre for the Moving Image is also known as the Filmhouse.

Directors (and Trustees)
C Flockhart (Chair)
P Denning
J Dunnigan
I Tudhope
B Malone
R Lewis (resigned 5 May 2017)
A Cornwell (appointed 6 December 2016)
S Baxter (appointed 6 December 2016)
G Davis (appointed 6 December 2016)

Key management personnel
K Hay – Chief Executive Officer

Registered Office
88 Lothian Road
Edinburgh
EH3 9BZ

Auditor
Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers
The Royal Bank of Scotland plc
142-144 Princes Street
Edinburgh
EH2 4EQ

Solicitors
Turcan Connell WS
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

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Trustees' Report

for the year ended 31 March 2017

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Centre for the Moving Image) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose, with reasonable accuracy at any time, the financial position of the group and company and enable them to ensure that the accounts comply with the Companies Act 2006, with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are trustees at the time when the Trustees' Report is approved:

- so far as the trustees are aware, there is no relevant information of which the charity's auditor is unaware; and
- each trustee has taken all the steps that he ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 485 of the Companies Act 2006.

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The report was approved by the board on 4 September 2017 and signed on its behalf by:



C Flockhart
Chair

CENTRE FOR THE MOVING IMAGE

Independent Auditor's Report to the Members and Directors

for the year ended 31 March 2017

We have audited the financial statements of Centre for the Moving Image for the year ended 31 March 2017 which comprise the consolidated and parent company Statement of Financial Activities, consolidated and parent company Balance Sheets, consolidated and parent company Statements of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charity's members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and the auditor

As described in the statement of trustees' responsibilities set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Smaller Entities (Revised)", in the circumstances set out in note 27 to the financial statements.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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Independent Auditor's Report to the Members and Directors (continued)

for the year ended 31 March 2017

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act and Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit report; or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirements to prepare a strategic report.

Michael Harkness

**Michael Harkness (Senior Statutory Auditor)
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL**

4 September 2017

CENTRE FOR THE MOVING IMAGE

**Group Statement of Financial Activities
(Incorporating Income and Expenditure Account)**

for the year ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Income and endowments from:					
Donations and legacies	5	1,180,023	1,048,888	2,228,911	2,707,612
Charitable activities – cinema admissions		1,619,662	-	1,619,662	1,682,918
Other trading activities	6	1,656,012	-	1,656,012	1,684,205
Other income		246	-	246	282
Total		<u>4,455,943</u>	<u>1,048,888</u>	<u>5,504,831</u>	<u>6,075,017</u>
Expenditure on:					
Charitable activities	7	3,222,173	1,375,308	4,597,481	4,321,816
Raising funds – trading activities	8	1,416,299	-	1,416,299	1,397,912
Total		<u>4,638,472</u>	<u>1,375,308</u>	<u>6,013,780</u>	<u>5,719,728</u>
Net (expenditure)/income	12	(182,529)	(326,420)	(508,949)	355,289
Actuarial (loss)/gain on pension scheme		(149,000)	-	(149,000)	313,000
Loss on asset ceiling		19,000	-	19,000	(19,000)
Net movement of funds		<u>(312,529)</u>	<u>(326,420)</u>	<u>(638,949)</u>	<u>649,289</u>
Reconciliation of funds:					
Total funds brought forward		912,005	691,074	1,603,079	953,790
Total funds carried forward	22	<u><u>599,476</u></u>	<u><u>364,654</u></u>	<u><u>964,130</u></u>	<u><u>1,603,079</u></u>

All activities relate to continuing operations.

There are no other recognised gains or losses in the year.

The notes on pages 14 to 35 form part of these financial statements.

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**Company Statement of Financial Activities
(Incorporating Income and Expenditure Account)**

for the year ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	2017 Total Funds £	2016 Total Funds £
Income and endowments from:					
Donations and legacies	5	220,448	566,136	786,584	1,072,192
Charitable activities – cinema admissions		841,572	-	841,572	939,696
Other trading activities	6	1,025,416	-	1,025,416	1,043,548
Other income		2	-	2	-
Total		<u>2,087,438</u>	<u>566,136</u>	<u>2,653,574</u>	<u>3,055,436</u>
Expenditure on:					
Charitable activities	7	1,397,591	837,999	2,235,590	2,008,293
Raising funds – trading activities	8	864,370	-	864,370	900,729
Total		<u>2,261,961</u>	<u>837,999</u>	<u>3,099,960</u>	<u>2,909,022</u>
Net (expenditure)/Income	12	(174,523)	(271,863)	(446,386)	146,414
Actuarial (loss)/gain on pension scheme		(149,000)	-	(149,000)	313,000
Loss on asset ceiling		19,000	-	19,000	(19,000)
Net movement of funds		<u>(304,523)</u>	<u>(271,863)</u>	<u>(576,386)</u>	<u>440,414</u>
Reconciliation of funds:					
Total funds brought forward		928,072	466,875	1,394,947	954,533
Total funds carried forward	22	<u><u>623,549</u></u>	<u><u>195,012</u></u>	<u><u>818,561</u></u>	<u><u>1,394,947</u></u>

All activities relate to continuing operations.

There are no other recognised gains or losses in the year.

The notes on pages 14 to 35 form part of these financial statements

CENTRE FOR THE MOVING IMAGE

Group and Company Balance Sheet

as at 31 March 2017

	Notes	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Fixed assets					
Tangible assets	14	1,210,331	1,321,201	1,096,016	1,174,981
Investments	15	-	-	105	105
		<u>1,210,331</u>	<u>1,321,201</u>	<u>1,096,121</u>	<u>1,175,086</u>
Current assets					
Stocks		29,014	31,021	5,570	5,570
Debtors	16	263,073	521,441	202,469	616,231
Cash at bank and in hand	17	306,953	496,776	121,046	165,649
		<u>599,040</u>	<u>1,049,238</u>	<u>329,085</u>	<u>787,450</u>
Liabilities					
Creditors: amounts falling due within one year	18	(578,198)	(569,242)	(339,602)	(369,471)
Net current assets/(liabilities)		20,842	479,996	(10,517)	417,979
Total assets less current liabilities		<u>1,231,173</u>	<u>1,801,197</u>	<u>1,085,604</u>	<u>1,593,065</u>
Creditors: amounts falling due after more than one year	19	(177,043)	(198,118)	(177,043)	(198,118)
Net assets excluding pension liability		<u>1,054,130</u>	<u>1,603,079</u>	<u>908,561</u>	<u>1,394,947</u>
Defined benefit pension scheme liability	21	(90,000)	-	(90,000)	-
Total net assets	23	<u><u>964,130</u></u>	<u><u>1,603,079</u></u>	<u><u>818,561</u></u>	<u><u>1,394,947</u></u>
The funds of the charity:					
Restricted funds		364,654	691,074	195,012	466,875
Unrestricted funds		689,476	912,005	713,549	928,072
Pension reserve		(90,000)	-	(90,000)	-
	22	<u>964,130</u>	<u>1,603,079</u>	<u>818,561</u>	<u>1,394,947</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 applicable to small companies. The financial statements were approved and authorised for issue on 4 September 2017 and signed on behalf of the board by:


C Flockhart
 Chair
 Company Registration No. SC067087

The notes on pages 14 to 35 form part of these financial statements

CENTRE FOR THE MOVING IMAGE
Group and Company Statement of Cash Flows
for the year ended 31 March 2017

	Notes	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Cash flows from operating activities:					
Net cash (used by)/provided by operating activities	24	(118,410)	287,783	22,042	168,707
Cash flows from investing activities:					
Purchase of property, plant and equipment		(49,700)	(120,487)	(44,932)	(110,872)
Net cash used by investing activities		<u>(168,110)</u>	<u>(120,487)</u>	<u>(22,890)</u>	<u>(110,872)</u>
Cash flows from financing activities:					
Repayments of borrowing		(21,713)	(22,819)	(21,713)	(22,819)
Cash inflows from new borrowing		-	60,000	-	60,000
Net cash (used by)/provided by financing activities		<u>(21,713)</u>	<u>37,181</u>	<u>(21,713)</u>	<u>37,181</u>
Change in cash and cash equivalents in the reporting period		(189,823)	204,477	(44,603)	95,016
Cash and cash equivalents at the beginning of the period		<u>496,776</u>	<u>292,299</u>	<u>165,649</u>	<u>70,633</u>
Cash and cash equivalents at the end of the reporting period	17	<u><u>306,953</u></u>	<u><u>496,776</u></u>	<u><u>121,046</u></u>	<u><u>165,649</u></u>

The notes on pages 14 to 35 form part of these financial statements

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

1. Principal accounting policies

General Information

Centre for the Moving Image is a company limited by guarantee and the contribution of members to the liability of the Company is restricted by the Memorandum and Articles of Association to a maximum of £1. The company is registered in Scotland with registration number SC067087. The address of its registered office is 88 Lothian Road, Edinburgh, EH3 9BZ.

The principal activity of the company in the year under review was the operation of the Edinburgh Filmhouse cinema and, for the group, the Edinburgh International Film Festival (EIFF) and Belmont Filmhouse in Aberdeen.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, as issued by the Financial Reporting Council (September 2015), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and the Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (as amended by Update Bulletin 1). They are prepared on the historical cost basis.

Centre for the Moving Image meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Basis of consolidation

The Group financial statements consolidate the statements of Centre for the Moving Image, Belmont Filmhouse Limited, The Edinburgh International Film Festival Limited and Filmhouse Trading Limited.

The subsidiaries' results, as shown in note 15, have been consolidated gross in the Statement of Financial Activities in order to comply fully with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2015).

Going concern

These financial statements have been prepared on a going concern basis following assessment by the trustees of the group's financial position at the date of approval which included consideration of forward revenue and cash flow projections.

The board has reviewed operating revenue and cash flow forecasts prepared by management on the basis of approved income and expenditure budgets, with due allowance made for timing factors associated with grants, box office and other trading receipts.

Management's forecasts indicate the adequacy of working capital to allow the group to continue to pay its debts as they fall due for at least a year from the date of this report. Accordingly, and in view of the confirmed funding agreements in place for 2017/18, the board is satisfied that the group can continue to operate as a going concern for the foreseeable future.

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

1. Principal accounting policies (continued)

Recognition and allocation of income

Income is recognised when the charitable company has legal entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Where practicable, income is related to the operating activities of the charitable company. Where there are terms placed on income that limit the company's discretion over how the income can be used that income is shown as restricted income in the accounts.

Grants and donations

Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the company's control and there is sufficient evidence that they have been met or will be met. Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable. Where donor imposed conditions require that the resource is expended in a future accounting period, income is recorded as deferred income at the Balance Sheet date.

Where incoming resources are given specifically to provide a fixed asset, all of the incoming resource is recognised when receivable. Where restrictions on the use of the asset are specified by the funder, the asset is placed into a restricted fund which is reduced in line with depreciation.

Incoming resources from charitable activities

Incoming resources from charitable activities represents cinema admissions and private screen hire, net of value added tax.

Cinema admissions and private screen hire are recognised in the Statement of Financial Activities on the date of the screening or event. Income received in advance of a screening is deferred until the date of the screening.

Other trading activities

Incoming resources from charitable activities represents membership fees and screen advertising, net of value added tax.

Screen advertising income is recognised in the Statement of Financial Activities on the date of the screening. Income received in advance of a screening is deferred until the date of the screening. Membership fees are recognised when received.

Resources expended

Expenditure is recognised when the company has entered into a legal or constructive obligation and related where practicable to the operating activities of the charity.

Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of any Value Added Tax which cannot be recovered, and are classified directly to activities where practicable or apportioned based on staff time.

Costs of raising funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds, together with associated support costs.

Charitable activities include expenditure associated with the screening film and other events undertaken to further the purposes of the charity and include both the direct costs and support costs relating to these activities.

Support costs are the costs of central functions that assist the work of the charity but do not directly undertake charitable activities.

Governance costs relate to the costs associated with the governance of the charity and its assets and are primarily associated with the constitutional and statutory requirements.

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

1. Principal accounting policies (continued)

Fund structure

Unrestricted funds include income receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor.

Tangible fixed assets

Individual fixed assets costing £500 or more are capitalised and held at cost less accumulated depreciation.

Tangible fixed assets are depreciated over their estimated useful economic lives as follows:

Plant & machinery	12.5% on a straight line basis
Computer equipment	25% on a straight line basis
Furniture & fittings	25% on a straight line basis

Land and buildings are held at cost. In the opinion of the directors, any depreciation on land and buildings would be immaterial and as such no depreciation has been provided on these assets.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments in subsidiaries and associated undertakings are carried at cost less any accumulated impairment within the company accounts. Subsidiaries and associated undertakings are consolidated into the group accounts using the equity method.

Debtors

Trade debtors are amounts due for private screen hire and sponsorship. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoiced amount, less any allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks which are readily convertible, being those with maturities of three months or fewer from inception and are measured at fair value.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less. If not, they are presented as creditors falling due after one year. Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Pensions

The charity operates a multi-employer defined benefit pension scheme. The share of the actuarial assets and liabilities of the scheme attributable to Centre for the Moving Image are incorporated into these financial statements at fair value. Contributions payable to the scheme in connection with payroll are charged to the Statement of Financial Activities in the period to which they relate. Actuarial movements on the provision for scheme deficits are recorded through other comprehensive income. Current service costs and the interest on scheme assets and liabilities are recognised in the Statement of Financial Activities in the period to which they relate.

The charity also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions payable by the charity are charged to the Statement of Financial Activities in the year to which they relate.

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

1. Principal accounting policies (continued)

Taxation

Centre for the Moving Image is a registered charity and therefore is not liable to income tax and corporation tax on income and gains derived from its charitable activities as it falls within the various exemptions available to registered charities. The trading subsidiaries donate taxable profits to the charitable parent under Gift-Aid where possible.

Operating leases

Rentals payable under operating leases are charged to expenditure on a straight line basis over the lease term.

Financial assets and liabilities

Financial instruments are recognised in the statement of financial position when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2. Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of grant income in accordance with the Charities SORP (FRS 102).

CENTRE FOR THE MOVING IMAGE**Notes to the Financial Statements****for the year ended 31 March 2017****3. Comparative Statement of Financial Activities**

Group	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Income and endowments from:			
Donations and legacies	1,241,149	1,466,463	2,707,612
Charitable activities – cinema admissions	1,682,918	-	1,682,918
Other trading activities	1,684,205	-	1,684,205
Other income	282	-	282
Total	4,608,554	1,466,463	6,075,017
Expenditure on:			
Charitable activities	3,301,887	1,019,929	4,321,816
Raising funds	1,397,912	-	1,397,912
Total	4,699,799	1,019,929	5,719,728
Net (expenditure)/income	(91,245)	446,534	355,289
Actuarial gain on pension scheme	313,000	-	313,000
Loss on asset ceiling	(19,000)	-	(19,000)
Net movement of funds	202,755	446,534	649,289

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

4. Comparative statement of financial activities (continued)

Company

	Unrestricted Funds £	Restricted Funds £	2016 Total Funds £
Income and endowments from:			
Donations and legacies	181,149	891,043	1,072,192
Charitable activities – cinema admissions	939,696	-	939,696
Other trading activities	1,043,548	-	1,043,548
Total	2,164,393	891,043	3,055,436
Expenditure on:			
Charitable activities	1,339,585	668,708	2,008,293
Raising funds	900,729	-	900,729
Total	2,240,314	668,708	2,909,022
Net (expenditure)/income	(75,921)	222,335	146,414
Actuarial gain on pension scheme	313,000	-	313,000
Loss on asset ceiling	(19,000)	-	(19,000)
Net movement of funds	218,079	222,335	440,414

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

5. Income from donations and legacies

Group	Unrestricted funds	Restricted funds	2017 total	2016 total
	£	£	£	£
Donations	28,023	168,750	196,773	257,899
Creative Scotland	1,067,000	399,407	1,466,407	1,744,807
Scottish Government	-	-	-	50,000
City of Edinburgh Council	-	115,134	115,134	115,602
Europa Cinemas	-	15,101	15,101	12,387
British Film Institute	-	166,500	166,500	315,316
Scottish Film	-	31,000	31,000	35,000
Aberdeen City Council	85,000	-	85,000	85,000
Event Scotland	-	80,750	80,750	50,000
Wellcome Trust	-	29,930	29,930	-
Big Lottery Fund	-	10,000	10,000	-
Other	-	32,316	32,316	41,601
	<u>1,180,023</u>	<u>1,048,888</u>	<u>2,228,911</u>	<u>2,707,612</u>

Company	Unrestricted funds	Restricted funds	2017 total	2016 total
	£	£	£	£
Donations	27,448	168,750	196,198	187,899
Creative Scotland	193,000	289,407	482,407	651,001
Scottish Government	-	-	-	50,000
City of Edinburgh Council	-	30,884	30,884	31,839
Europa Cinemas	-	14,247	14,247	12,387
British Film Institute	-	-	-	98,816
Scottish Film	-	31,000	31,000	35,000
Big Lottery Fund	-	10,000	10,000	-
Other	-	21,848	21,848	5,250
	<u>220,448</u>	<u>566,136</u>	<u>786,584</u>	<u>1,072,192</u>

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

6. Income from other trading activities

Group	Unrestricted funds £	Restricted funds £	2017 total £	2016 total £
Membership schemes	125,249	-	125,249	112,274
Brochure advertising and sponsorship	33,979	-	33,979	81,040
Screen advertising	69,257	-	69,257	70,741
DVD sales	32,466	-	32,466	36,899
Bar and catering	1,365,913	-	1,365,913	1,354,462
Other	29,148	-	29,148	28,789
	<u>1,656,012</u>	<u>-</u>	<u>1,656,012</u>	<u>1,684,205</u>

Company	Unrestricted funds £	Restricted funds £	2017 total £	2016 total £
Membership schemes	81,959	-	81,959	68,726
Brochure advertising and sponsorship	4,802	-	4,802	6,193
Screen advertising	48,503	-	48,503	50,637
DVD sales	32,466	-	32,466	36,899
Facility fees	834,442	-	834,442	861,262
Other	23,244	-	23,244	19,831
	<u>1,025,416</u>	<u>-</u>	<u>1,025,416</u>	<u>1,043,548</u>

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

7. Expenditure on charitable activities

Group	Direct costs	Support & governance costs	2017 total	2016 total
	£	£	£	£
Cinema activities – Edinburgh	1,270,174	237,467	1,507,641	1,452,728
Cinema activities – Belmont	710,978	66,507	777,485	799,139
Projects	542,735	16,464	559,199	420,565
Festival	1,655,448	97,708	1,753,156	1,649,384
	<u>4,179,335</u>	<u>418,146</u>	<u>4,597,481</u>	<u>4,321,816</u>

Company	Direct costs	Support & governance costs	2017 total	2016 total
	£	£	£	£
Cinema activities	1,270,174	237,467	1,507,641	1,452,728
Projects	542,735	16,464	559,199	420,565
Festival	168,750	-	168,750	135,000
	<u>1,981,659</u>	<u>253,931</u>	<u>2,235,590</u>	<u>2,008,293</u>

8. Expenditure on raising funds

Group	Direct costs	Support & governance costs	2017 total	2016 total
	£	£	£	£
Bar and catering costs	1,270,828	115,543	1,386,371	1,358,445
Purchases for resale	29,928	-	29,928	39,467
	<u>1,300,756</u>	<u>115,543</u>	<u>1,416,299</u>	<u>1,397,912</u>

Company	Direct costs	Support & governance costs	2017 total	2016 total
	£	£	£	£
Facilities costs	834,442	-	834,442	861,262
Purchases for resale	29,928	-	29,928	39,467
	<u>864,370</u>	<u>-</u>	<u>864,370</u>	<u>900,729</u>

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

9. Support costs

	Group		Company	
	2017 total £	2016 total £	2017 total £	2016 total £
Office costs	153,012	120,226	139,845	101,652
Consultancy and IT costs	44,150	52,336	38,169	52,336
Management and administration	245,004	228,381	-	-
	<u>442,166</u>	<u>400,943</u>	<u>178,014</u>	<u>153,988</u>

10. Governance costs

	Group		Company	
	2017 total £	2016 total £	2017 total £	2016 total £
Auditor's remuneration	25,746	25,979	10,140	9,475
Accountancy costs	48,805	43,600	48,805	43,600
Legal and professional fees	16,972	23,625	16,972	20,301
Other costs	-	6,081	-	-
	<u>91,523</u>	<u>99,285</u>	<u>75,917</u>	<u>73,376</u>

11. Employees

Number of employees

The average number of employees, per headcount, during the year was:

	Group		Company	
	2017 No.	2016 No.	2017 No.	2016 No.
Administration	43	45	43	45
Front of house	32	31	32	31
Belmont Filmhouse	26	28	-	-
Bar and restaurant	38	39	-	-
	<u>139</u>	<u>143</u>	<u>75</u>	<u>76</u>

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

11. Employees (continued)

Payroll costs

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Wages and salaries	2,214,865	2,123,183	1,233,751	1,189,416
Social security costs	159,213	151,552	97,522	97,576
Pension costs	68,954	90,619	46,617	75,005
	<u>2,443,032</u>	<u>2,365,354</u>	<u>1,377,890</u>	<u>1,361,997</u>

Details of employees who received employee benefits (excluding employer pension costs) for the year were above £60,000:

Banding	Group		Company	
	2017 No.	2016 No.	2017 No.	2016 No.
£70,000 - £80,000	1	1	1	1
£90,000 - £100,000	1	1	1	1

The key management personnel of the group comprise the Chief Executive. The employee benefits for key management, included within employee costs above, totalled £92,700 (2016: £91,620).

12. Net (expenditure)/income

This is stated after charging:	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Depreciation	160,570	165,545	123,897	128,968
Pension costs – defined contribution schemes	65,527	44,368	43,190	28,754
Pension costs – defined benefit scheme	3,427	46,251	3,427	46,251
Auditor's remuneration – Audit services	17,110	15,679	7,600	7,275
– Taxation services	1,850	2,100	-	-
– Other non-audit	6,786	8,200	2,540	2,200

13. Taxation

Factors affecting the tax charge for the year	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Net (expenditure)/income before tax	(495,250)	355,289	(446,386)	146,414
Multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	(99,050)	71,058	(89,277)	29,283
Charities' net income not chargeable to tax	101,898	(67,432)	89,277	(29,283)
Expenses not deductible for tax purposes	5,181	5,839	-	-
Depreciation in excess of capital allowances	1,299	49	-	-
Adjustments in respect of prior periods	4,371	(9,514)	-	-
Total tax charge for the year	<u>13,699</u>	<u>-</u>	<u>-</u>	<u>-</u>

On the grounds of materiality, the group taxation charge is included within expenditure on raising funds. There were no factors that may affect future tax charges.

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

14. Tangible fixed assets

Group

	Land and buildings £	Bar renovation £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost						
At 1 April 2016	615,000	176,106	1,657,458	788,646	88,558	3,325,768
Additions	-	-	14,260	33,840	1,600	49,700
At 31 March 2017	<u>615,000</u>	<u>176,106</u>	<u>1,671,718</u>	<u>822,486</u>	<u>90,158</u>	<u>3,375,468</u>
Depreciation						
At 1 April 2016	-	171,630	1,011,772	741,482	79,683	2,004,567
Charge for year	-	2,043	121,658	31,620	5,249	160,570
At 31 March 2017	<u>-</u>	<u>173,673</u>	<u>1,133,430</u>	<u>773,102</u>	<u>84,932</u>	<u>2,165,137</u>
Net book value						
At 31 March 2017	<u>615,000</u>	<u>2,433</u>	<u>538,288</u>	<u>49,384</u>	<u>5,226</u>	<u>1,210,331</u>
At 31 March 2016	<u>615,000</u>	<u>4,476</u>	<u>645,686</u>	<u>47,164</u>	<u>8,875</u>	<u>1,321,201</u>

Company

	Land and buildings £	Bar renovation £	Plant & machinery £	Fixtures & fittings £	Total £
Cost					
At 1 April 2016	615,000	176,106	1,372,464	766,812	2,930,382
Additions	-	-	11,092	33,840	44,932
At 31 March 2017	<u>615,000</u>	<u>176,106</u>	<u>1,383,556</u>	<u>800,652</u>	<u>2,975,314</u>
Depreciation					
At 1 April 2016	-	171,630	852,826	730,945	1,755,401
Charge for year	-	2,043	95,692	26,162	123,897
At 31 March 2017	<u>-</u>	<u>173,673</u>	<u>948,518</u>	<u>757,107</u>	<u>1,879,298</u>
Net book value					
At 31 March 2017	<u>615,000</u>	<u>2,433</u>	<u>435,038</u>	<u>43,545</u>	<u>1,096,016</u>
At 31 March 2016	<u>615,000</u>	<u>4,476</u>	<u>519,638</u>	<u>35,867</u>	<u>1,174,981</u>

Land and buildings relates to the charity's Filmhouse premises at 88 Lothian Road, Edinburgh. The Royal Bank of Scotland plc has a fixed charge over the property in connection with bank loans and a cross-guarantee for banking facilities with the subsidiary companies.

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Notes to the Financial Statements

for the year ended 31 March 2017

15. Investments

Company	2017	2016
	£	£
Unlisted investments:		
The Edinburgh International Film Festival Limited	5	5
Filmhouse Trading Limited	100	100
Belmont Filmhouse Limited	-	-
Investment in Associate	-	-
	<u>105</u>	<u>105</u>

The Edinburgh International Film Festival Limited

The Edinburgh International Film Festival Limited, incorporated in Scotland with registration number SC132453, is a wholly-owned subsidiary of CMI established to operate the festival. CMI owns 5 £1 ordinary shares of the subsidiary.

The net liabilities of The Edinburgh International Film Festival Limited at 31 March 2017 totalled £38,684 (2016: £45,889), which comprised tangible fixed assets of £1,200 (2016: £nil), current assets of £172,500 (2016: £281,284) less current liabilities of £212,384 (2016: £327,173). Relevant financial information regarding The Edinburgh International Film Festival Limited for the year ended 31 March 2017 is as follows:

	2017	2016
	£	£
Turnover	1,773,903	1,671,140
Gross profit	1,773,903	1,671,140
Administrative and other expenses	(1,753,156)	(1,649,384)
Operating profit	20,747	21,756
Interest receivable and similar income	206	211
Profit before tax	20,953	21,967
Taxation	(13,748)	-
Net profit	<u>7,205</u>	<u>21,967</u>

Filmhouse Trading Limited

Filmhouse Trading Limited, incorporated in Scotland with registration number SC123081, is a wholly-owned subsidiary of CMI established to provide bar and catering facilities and raise funds for CMI. CMI owns 100 £1 ordinary shares of the subsidiary.

The net liabilities of Filmhouse Trading Limited at 31 March 2017 totalled £18,606 (2016: £11,915), which comprised fixed assets of £11,858 (2016: £20,872), current assets of £99,799 (2016: £92,899), current liabilities of £129,357 (2016: £123,151) and provisions for liabilities of £906 (2016: £2,535). Relevant financial information regarding Filmhouse Trading Limited for the year ended 31 March 2017 is as follows:

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Notes to the Financial Statements

for the year ended 31 March 2017

15. Investments (continued)

Filmhouse Trading Limited (continued)

	2017 £	2016 £
Turnover	1,365,913	1,354,462
Cost of sales	(1,224,149)	(1,211,393)
	141,764	143,069
Gross profit		
Administrative and other expenses	(148,523)	(147,052)
	(6,759)	(3,983)
Operating (loss)		
Interest receivable and similar income	19	29
	(6,740)	(3,954)
(Loss) before tax		
Taxation	49	-
	(6,691)	(3,954)
Net (loss)	(6,691)	(3,954)

Belmont Filmhouse Limited

Belmont Filmhouse Limited, a company limited by guarantee incorporated in Scotland (company registration number SC468620) and a registered Scottish charity (charity registration number SC044786), is a subsidiary established to operate the filmhouse in Aberdeen. CMI is the sole member of the subsidiary charity.

The net assets of Belmont Filmhouse Limited at 31 March 2017 totalled £33,322 (2016: £56,122), which comprised fixed assets of £101,257 (2016: £125,348), current assets of £120,821 (2016: £213,658) and current liabilities of £188,756 (2016: £282,884). Relevant financial information regarding Belmont Filmhouse Limited is as follows:

	2017 £	2016 £
Income and endowments from:		
Donations and legacies	285,854	274,280
Charitable activities	403,192	438,187
Other trading activities	65,620	67,573
Other income	19	42
	754,685	780,082
Total income		
Expenditure on charitable activities	(777,485)	(799,139)
	(22,800)	(19,057)
Net expenditure before tax		
Taxation	-	-
	(22,800)	(19,057)
Net expenditure after tax	(22,800)	(19,057)

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Notes to the Financial Statements

for the year ended 31 March 2017

15. Investments (continued)

Scottish Film Limited

Scottish Film Limited, a company limited by guarantee incorporated in Scotland (SC478204), is an associated company set up to receive grant funding from British Film Institute (BFI) and Creative Scotland and to distribute this to support audience development and film education in Scotland. CMI holds a 25% interest in the company through Ken Hay, Chief Executive of CMI, being one of four directors of the company.

Its results for the period, as extracted from the unaudited financial statements, are summarised below:

	2017	2016
	£	£
Turnover	581,570	623,511
Cost of sales	<u>(404,006)</u>	<u>(433,817)</u>
Gross profit	177,564	189,694
Administrative and other expenses	<u>(177,564)</u>	<u>(189,694)</u>
Operating profit/(loss)	<u>-</u>	<u>-</u>
Fixed assets	439	2,629
Current assets	197,130	241,958
Current liabilities	<u>(197,569)</u>	<u>(244,587)</u>
Net assets	<u>-</u>	<u>-</u>
Reserves	<u>-</u>	<u>-</u>

16. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	52,140	60,249	13,909	15,636
Amounts due from group undertakings	-	-	102,439	315,620
Prepayments and accrued income	<u>210,933</u>	<u>461,192</u>	<u>86,121</u>	<u>284,975</u>
	<u>263,073</u>	<u>521,441</u>	<u>202,469</u>	<u>616,231</u>

17. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	<u>306,953</u>	<u>496,776</u>	<u>121,046</u>	<u>165,649</u>

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Notes to the Financial Statements

for the year ended 31 March 2017

18. Creditors: amounts falling due within one year

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	254,519	271,781	145,172	176,572
Other creditors	-	19,163	-	19,163
Accruals and deferred income	149,835	138,264	76,921	64,910
Taxes and social security costs	152,769	118,321	96,434	87,113
Obligations under finance leases	-	638	-	638
Bank loans	21,075	21,075	21,075	21,075
	<u>578,198</u>	<u>569,242</u>	<u>339,602</u>	<u>369,471</u>

For security over bank loans, Royal Bank of Scotland plc holds a floating charge over the parent company's property and a fixed security over the parent company's land and buildings.

19. Creditors: amounts falling due in more than one year

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Bank loans	<u>177,043</u>	<u>198,118</u>	<u>177,043</u>	<u>198,118</u>

Bank loans, totalling £198,118 (2016: £219,193), are repayable £21,075 (2016: £21,075) within one year, £177,043 (2016: £42,150) within one to two years and £nil (2016: £155,968) between two to five years. Interest is payable at 2.18% over the base rate.

20. Financial assets and liabilities

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Financial assets measured at amortised cost	<u>494,474</u>	<u>937,762</u>	<u>297,135</u>	<u>758,795</u>
Financial liabilities measured at amortised cost	<u>576,182</u>	<u>623,855</u>	<u>420,211</u>	<u>480,476</u>

Financial assets measured at amortised cost comprise: cash, trade debtors, amounts owed by group undertakings and accrued income. Financial liabilities measured at amortised cost comprise: trade creditors, accruals and bank loans.

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

21. Defined benefit pension scheme liability

The charity participates in the Lothian Pension Fund, a defined benefits scheme into which employees' and employers' contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. The Lothian Pension Fund is a funded scheme with assets held in a separately administered fund. Four current employees and fourteen former employees are members of this scheme. The scheme is closed to new members.

The last full triennial actuarial valuation was carried out at 31 March 2014. An interim valuation was prepared as at 31 March 2017. Due to the number of active members, the valuation is based on a gilts investment strategy. The value of the fund at 31 March 2017 was as follows:

	2017	2016
Amounts recognised in the balance sheet	£'000	£'000
Present value of funded liabilities	(2,411)	(1,948)
Fair value of scheme assets	2,321	1,967
Asset ceiling loss	-	(19)
	(90)	-
	(90)	-

The net asset position of the scheme is not recognised in these accounts on the basis that the employer does not anticipate receiving refunds from the scheme.

	2017	2016
Movement in present value of defined benefit obligation	£'000	£'000
Opening defined benefit obligation	1,948	2,224
Current service cost	28	38
Interest cost	69	71
Contribution by members	8	9
Actuarial losses/(gains)	477	(325)
Benefits paid	(119)	(69)
	2,411	1,948
Closing defined benefit obligation	2,411	1,948

	2017	2016
Movement in fair value of employer assets	£'000	£'000
Opening fair value of employer assets	1,967	1,931
Interest income	70	62
Contribution by members	8	9
Contribution by the employer	67	46
Actuarial gains/(losses)	328	(12)
Benefits paid	(119)	(69)
	2,321	1,967
Closing fair value of employer assets	2,321	1,967

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

21. Defined benefit pension scheme liability (continued)

	2017	2016
	£'000	£'000
Expense recognised in the statement of financial activities		
Current service cost	28	38
Interest cost	(1)	9
	<hr/>	<hr/>
Recognised within net income	<u>27</u>	<u>47</u>

Fair value of employer assets and the return on those assets

	Value	Expected	Value	Expected
	2017	Return	2016	Return
	£'000	2017	£'000	2017
		%		%
Bonds	<u>2,321</u>	2.6%	<u>1,967</u>	3.6%

Principal actuarial assumptions (expressed as weighted average) at the year-end were as follows:

	2017	2016
	%	%
Inflation/pension increase rate	2.2%	1.85%
Salary increase rate	1.5%	1.5%
Expected return on assets	2.6%	3.6%
Discount rate	2.6%	3.6%

	Males	Females
Current pensioners (years)	22.1 years	23.7 years
Future pensioners (years)	24.2 years	26.3 years

CENTRE FOR THE MOVING IMAGE

Notes to the Financial Statements

for the year ended 31 March 2017

22. Funds

Group	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Actuarial valuation £	Balance at 31 March 2017 £
Unrestricted funds:						
General funds	912,005	4,455,943	(4,638,472)	(40,000)	-	689,476
Pension reserve	-	-	-	40,000	(130,000)	(90,000)
	<u>912,005</u>	<u>4,455,943</u>	<u>(4,638,472)</u>	<u>-</u>	<u>(130,000)</u>	<u>599,476</u>
Restricted funds:						
Scottish Film Talent Network	281,510	274,907	(487,968)	-	-	68,449
Education	33,492	31,000	(37,687)	-	-	26,805
Adapting Miss Highsmith	50,491	-	(50,491)	-	-	-
Masters of Polish Cinema	17,070	-	(17,070)	-	-	-
Scottish Government	31,312	-	(13,187)	-	-	18,125
EIFF	243,669	650,648	(690,925)	-	-	203,392
Dance on Film	14,280	-	(14,280)	-	-	-
Big Lottery Fund – Senior Screen	-	10,000	-	-	-	10,000
Other funds	19,250	82,333	(63,700)	-	-	37,883
	<u>691,074</u>	<u>1,048,888</u>	<u>(1,375,308)</u>	<u>-</u>	<u>-</u>	<u>364,654</u>
Total funds	<u><u>1,603,079</u></u>	<u><u>5,504,831</u></u>	<u><u>(6,013,780)</u></u>	<u><u>-</u></u>	<u><u>(130,000)</u></u>	<u><u>964,130</u></u>

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Notes to the Financial Statements

for the year ended 31 March 2017

22. Funds (continued)

Company	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Actuarial valuation £	Balance at 31 March 2017 £
Unrestricted funds:						
General funds	928,072	2,087,438	(2,261,961)	(40,000)	-	713,549
Pension reserve	-	-	-	40,000	(130,000)	(90,000)
	<u>928,072</u>	<u>2,087,438</u>	<u>(2,261,961)</u>	<u>-</u>	<u>(130,000)</u>	<u>623,549</u>
Restricted funds:						
Scottish Film Talent Network	281,510	274,907	(487,968)	-	-	68,449
Education	33,492	31,000	(37,687)	-	-	26,805
Adapting Miss Highsmith	50,491	-	(50,491)	-	-	-
Masters of Polish Cinema	17,070	-	(17,070)	-	-	-
Scottish Government	31,312	-	(13,187)	-	-	18,125
EIFF	33,750	168,750	(168,750)	-	-	33,750
Big Lottery Fund – Senior Screen	-	10,000	-	-	-	10,000
Other funds	19,250	81,479	(62,846)	-	-	37,883
	<u>466,875</u>	<u>566,136</u>	<u>(837,999)</u>	<u>-</u>	<u>-</u>	<u>195,012</u>
Total funds	<u><u>1,394,947</u></u>	<u><u>2,653,574</u></u>	<u><u>(3,099,960)</u></u>	<u><u>-</u></u>	<u><u>(130,000)</u></u>	<u><u>818,561</u></u>

Pension reserve: This designated fund reflects the provision for the defined benefit pension scheme described at note 21. The transfer represents employer contributions paid to the scheme net of the expense recognised within net income.

Scottish Film Talent Network: The Scottish Film Talent Network is funded by Creative Scotland and the British Film Institute, supporting the development of new and emerging film making talent.

Education: The CMI runs a film education programme, Understanding Cinema, with funding support from Scottish Film Ltd, which is funded by Creative Scotland.

Adapting Miss Highsmith: this is a UK wide curated touring programme of screen adaptations of Patricia Highsmith novels, funded by the British Film Institute.

Masters of Polish Cinema: this is a UK wide curated touring programme of classic Polish films, funded by the British Film Institute.

Scottish Government: this is a one-off grant from the Scottish Government, supporting the charity develop its long term vision and development plan.

EIFF: grant funding from Creative Scotland, British Film Institute, Event Scotland, Wellcome Trust, major private supporters and a number of other funders towards the Edinburgh International Film Festival and associated events

Senior Screen: this is a new programme supported by the Big Lottery Fund, aimed at tackling loneliness in older people through encouraging attendance at Filmhouse.

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for the year ended 31 March 2017

23. Analysis of net assets between funds

Group	Unrestricted Funds £	Restricted funds £	Total £
Tangible fixed assets	1,210,331	-	1,210,331
Current assets	234,386	364,654	599,040
Creditors: amounts falling due within one year	(578,198)	-	(578,198)
Creditors: amounts falling due in more than one year	(177,043)	-	(177,043)
Pension scheme provision	(90,000)	-	(90,000)
	<u>599,476</u>	<u>364,654</u>	<u>964,130</u>
Company	Unrestricted Funds £	Restricted funds £	Total £
Tangible fixed assets	1,096,016	-	1,096,016
Investments	105	-	105
Current assets	134,073	195,012	329,085
Creditors: amounts falling due within one year	(339,602)	-	(339,602)
Creditors: amounts falling due in more than one year	(177,043)	-	(177,043)
Pension scheme provision	(90,000)	-	(90,000)
	<u>923,549</u>	<u>195,012</u>	<u>818,561</u>

24. Reconciliation of net income to net cash flow from operating activities

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Net income for the reporting period (as per the statement of financial activities)	(508,949)	355,289	(446,386)	146,414
Adjustments for:				
Depreciation charges	160,570	165,545	123,897	128,968
Decrease/(increase) in stock	2,007	1,931	-	-
Decrease/(increase) in debtors	258,368	(64,462)	413,762	(103,276)
(Decrease) in creditors	(31,406)	(171,520)	(70,231)	(4,399)
Non-cash movement in provisions	1,000	1,000	1,000	1,000
	<u>(118,410)</u>	<u>287,783</u>	<u>22,042</u>	<u>168,707</u>

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25. Related parties

The results of the wholly-owned subsidiaries have been incorporated into the consolidated financial statements. As such, exemption has been taken under FRS 102 section 33: 'Related Party Disclosures' paragraph 33.1A from disclosing group related transactions.

Income from donations and legacies of the parent company and group for the year ended 31 March 2017 includes £31,000 (2016: £35,000) of grants awarded from Scottish Film, an associate company of CMI as described in note 15. Other trading income includes £6,000 (2016: £9,000) charged for the provision of facilities and administrative support. At 31 March 2017 £nil was included within debtors as accrued income (2016: £10,000).

The City of Edinburgh Council is entitled to appoint one of the directors of CMI. Related party transactions and balances with the City of Edinburgh Council are exempted from disclosure in accordance with FRS 102 section 33: 'Related Party Disclosures' paragraph 33.11(a).

Creative Scotland is entitled to appoint one of the directors of CMI. Related party transactions and balances with Creative Scotland are exempted from disclosure in accordance with FRS 102 section 33: 'Related Party Disclosures' paragraph 33.11(a).

The Trustees were not paid, nor did they receive any other benefits from employment with the charity or its subsidiaries in the period (2016: none) and were not reimbursed for any expenses (2016: none).

Employee benefits of key management personnel are disclosed at note 11.

26. Ultimate controlling party

As described in the Trustees' Report, Creative Scotland, the Edinburgh Film Guild and the City of Edinburgh Council have certain powers to nominate directors. However, due to the diversification of the Board the trustees are of the opinion that there is no ultimate controlling party beyond the Board of Trustees.

27. Non-audit services

In common with many other organisations of its size and nature, the group uses its auditors to assist with the preparation of the financial statements and to submit returns to the tax authorities.