

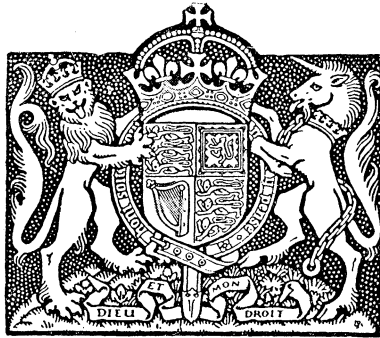
Cinematograph Film Production (Special Loans) Act, 1949

12 & 13 GEO. 6. CH. 20

ARRANGEMENT OF SECTIONS

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CHAPTER 20

An Act to make temporary provision for the lending of money to be employed in financing the production or distribution of cinematograph films ; to provide for the taking over by a national corporation established for the purpose aforesaid of the assets and liabilities of National Film Finance Company Limited ; and for purposes connected with the matters aforesaid.

[9th March 1949.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1.—(1) There shall be established, in accordance with the provisions of this Act, a body corporate to be called the National Film Finance Corporation (hereinafter in this Act referred to as “ the Corporation ”)—

The National
Film Finance
Corporation.

(a) to take over the assets and liabilities of National Film Finance Company Limited; and

(b) to make, during the five years beginning with the passing of this Act, loans to be employed in financing the production or distribution of cinematograph films to persons who, in the judgment of the Corporation, while having reasonable expectations of being able to arrange for the production or distribution of cinematograph films on a commercially successful basis, are not for the time being in a position otherwise to obtain adequate financial facilities for the purpose on reasonable terms from an appropriate source.

(2) The Corporation shall consist of a chairman and a managing director appointed by the Board of Trade, and such number of other members, not being less than three nor more than five, as the Board may from time to time determine.

(3) The members of the Corporation shall be appointed from among persons appearing to the Board of Trade qualified as having had experience, and shown capacity, in matters relating to finance, industry, commerce, administration or law.

(4) The provisions of the Schedule to this Act shall have effect with respect to the remuneration of members of the Corporation out of funds of the Corporation, as to the appointment, and tenure and vacation of office, of the said members, as to the dissolution of the Corporation and otherwise in relation to the Corporation.

Loans by the Corporation.

2.—(1) Loans by the Corporation shall be for such period not exceeding five years from the date of the making thereof, and shall carry such interest, as the Corporation may determine, and the Corporation may require any such security to be given for the repayment thereof, together with any sums due in respect of interest, as may be available.

(2) The interest determined by the Corporation in respect of a loan shall be such interest as the Corporation consider reasonable, regard being had to the current market rates of interest, to the standing of the borrower and to the degree of likelihood that the making of the loan will result in the production or distribution of films on a commercially successful basis.

(3) The Corporation shall not, except in such classes of case as the Board of Trade may approve, make a loan to any person unless he is carrying on the business of distributing cinematograph films to persons carrying on the business of exhibiting such films to the public, and the loan is to be employed in financing the production of such films.

(4) The Corporation shall not make a loan to any person for the purpose of financing the production of a film or programme of films unless that person agrees to produce from time to time to the Corporation, as and when required by them so to do, an estimate of the cost of producing—

(a) that film or, as the case may be, each film in that programme of films; and

(b) any other films the production of which he finances, either in whole or in part, or in the commercial success of which he has any financial interest, at any time before the loan is completely repaid,

and, in making any such loan and exercising their other powers under this Act in relation to any such loan, the Corporation shall

have regard to the amount which might reasonably be expected to be received by the person to whom the loan is made from the distribution—

- (i) of the film or films the production of which is to be financed by means of the loan ; and
- (ii) to such extent, if any, as appears proper in the circumstances, of the said other films.

(5) In this section, references to interest (except in the phrase “ the current market rates of interest ”) include references to rights to share in profits.

3.—(1) The Board of Trade may, after consultation with the Corporation, give to them directions of a general character as to the exercise of their functions and the Corporation shall comply with any such directions.

Powers of Board of Trade as to exercise of functions of Corporation.

(2) The Corporation shall furnish the Board of Trade with such information concerning the financial position of the Corporation as the Board of Trade may from time to time require.

(3) The Corporation shall as soon as possible after the end of each financial year of the Corporation make a general report to the Board of Trade as to the exercise by the Corporation of their functions during that year, and the report for any year shall set out the directions given to the Corporation under subsection (1) of this section during that year.

(4) The Board of Trade shall lay a copy of every such report of the Corporation before Parliament.

4.—(1) For the purposes of enabling the Corporation to perform their functions, the Board of Trade, with the consent of the Treasury, may, within the five years beginning with the passing of this Act, make advances to the Corporation :

Advances by Board of Trade to Corporation.

Provided that the aggregate amount of the principal outstanding in respect of any advances under this subsection shall not at any time exceed five million pounds.

(2) The Corporation shall make to the Board of Trade, at such times and in such manner as the Board may with the approval of the Treasury direct,—

- (a) payments of such amounts as the Board may with like approval direct in or towards repayment of advances made to the Corporation under subsection (1) of this section; and
- (b) payment of interest on any sums for the time being outstanding in respect of such advances at such rate as the Board may with the like approval direct.

(3) Different rates of interest may be directed under this section as respects different advances and as respects interest for different periods.

(4) The Board of Trade shall lay before each House of Parliament a statement of any payment due from the Corporation under this section which is not duly paid to the Board as required thereunder.

**Establishment
of reserve.**

5.—(1) The Corporation shall establish a reserve, applicable to the purposes of the Corporation at such times and in such manner as the Corporation may, subject to the provisions of this section, determine.

(2) The management of the reserve and the sums to be carried from time to time to the reserve shall, subject as aforesaid, be as the Corporation may determine.

(3) The power of the Board of Trade to give directions to the Corporation shall extend to the giving to them, with the approval of the Treasury, of directions as to any matter relating to the establishment or management of the reserve, the carrying of sums thereto, or the application thereof to the purposes of the Corporation, notwithstanding that the directions may be of a specific character.

**Accounts
and audit.**

6.—(1) The Corporation shall keep proper accounts and proper records in relation to the accounts, and shall prepare in respect of each financial year of the Corporation a statement of accounts in such form as the Board of Trade with the approval of the Treasury direct, being a form conforming with the best commercial standards.

(2) The accounts of the Corporation shall be audited by auditors to be appointed annually by the Board of Trade.

(3) A person shall not be qualified to be so appointed unless he is a member of one or more than one of the following bodies:—

The Institute of Chartered Accountants in England and Wales;

The Society of Incorporated Accountants and Auditors;

The Society of Accountants in Edinburgh;

The Institute of Accountants and Actuaries in Glasgow;

The Society of Accountants in Aberdeen;

The Association of Certified and Corporate Accountants;

The Institute of Chartered Accountants in Ireland.

(4) So soon as the accounts of the Corporation for any financial year have been audited, the Corporation shall send to the Board of Trade a copy of the statement of accounts prepared in respect of that year together with a copy of any report made by the auditors on the statement or on the accounts.

(5) The Board of Trade shall lay a copy of every such statement and report before Parliament.

7.—(1) The Treasury may issue to the Board of Trade out of the Consolidated Fund or the growing produce thereof such sums as are necessary to enable the Board to make advances to the Corporation under this Act. Issues out of Consolidated Fund.

(2) For the purpose of providing sums or any part of sums to be issued under this section, or to provide for the replacement of all or any part of sums so issued, the Treasury may, at any time, if they think fit, raise money in any manner in which they are authorised to raise money under the National Loans Act, 1939, and any securities created and issued to raise money under this subsection shall be deemed for all purposes to be created and issued under that Act. 2 & 3 Geo. 6. c. 117.

8.—(1) Sums received by the Board of Trade from the Corporation in respect of advances made by the Board shall be paid into the Exchequer and shall be issued out of the Consolidated Fund or the growing produce thereof at such times as the Treasury may direct and shall be applied by the Treasury as follows, that is to say— Application of, and accounting for, receipts of Board of Trade.

- (a) so much thereof as represents principal shall be applied in redeeming or in paying off debt of such description as the Treasury think fit ;
- (b) so much thereof as represents interest shall be applied to the payment of interest which would, apart from this provision have fallen to be paid out of the permanent annual charge for the National Debt.

(2) The Board of Trade shall, as respects each financial year, prepare in such form and manner as the Treasury may direct an account of sums issued to the Board under subsection (1) of the last preceding section and of sums received by the Board from the Corporation in respect of advances made by the Board, and of the disposal by the Board of those sums respectively.

(3) Any account prepared under this section shall, on or before the thirtieth day of November next following the expiration of the financial year in question, be submitted to the Comptroller and Auditor-General who shall examine and certify the account and lay copies thereof together with his report before each House of Parliament.

9.—(1) No stamp duty shall be chargeable on any conveyance or other instrument executed for the purpose of making over to the Corporation any of the assets or liabilities of National Film Finance Company Limited. Position of Corporation as to taxes, etc.

(2) It is hereby declared that, save as provided in subsection (1) of this section, nothing in this Act exempts the Corporation from liability to any tax, duty, rate, levy or other charge whatsoever, whether general or local.

CH. 20

Cinematograph Film Production 12 & 13 GEO. 6
(*Special Loans*) Act, 1949

Exercise of
powers of
Board of
Trade.

10. Anything authorised or required by this Act to be done by, to or before the Board of Trade may be done by, to or before the President of the Board, any secretary, under-secretary or assistant secretary of the Board, or any person authorised in that behalf by the President.

Short title.

11. This Act may be cited as the *Cinematograph Film Production (Special Loans) Act, 1949*.

SCHEDULE

Section 1.

PROVISIONS RELATING TO CONSTITUTION ETC. OF CORPORATION

1. The Corporation shall have a common seal, and shall have power to hold land and to do all things incidental to the proper discharge of their functions.

2. A person shall be disqualified for being appointed or being a member of the Corporation so long as he is a member of the Commons House of Parliament.

3.—(1) The Board of Trade shall have power, exercisable by statutory instrument, to make regulations with respect to—

- (a) the appointment of the members of the Corporation and their tenure and vacation of office;
- (b) the execution of instruments and the mode of entering into contracts by or on behalf of the Corporation, and the proof of documents purporting to be executed, issued or signed by the Corporation or a member or officer thereof.

(2) Subject to the provisions of regulations under sub-paragraph (1) of this paragraph, the Corporation shall have power to regulate their own procedure, including the manner in which matters subject to the determination of the Corporation are to be determined by or on behalf of the Corporation.

(3) Regulations made under this paragraph shall be subject to annulment in pursuance of a resolution of either House of Parliament.

4. The validity of any proceedings of the Corporation shall not be affected by any vacancy among the members thereof or by any defect in the appointment of a member thereof.

5. The Corporation shall—

- (a) pay to the members of the Corporation such salaries or other remuneration, and such allowances, as the Board of Trade may, with the consent of the Treasury, determine; and
- (b) as regards any member in whose case the Board of Trade may with the consent of the Treasury, determine to make provision for the payment on his death or retirement of a pension, gratuity or other like benefit, pay or provide for the payment of such pension, gratuity or other like benefit to him or to others by reference to his service as the Board of Trade with the like consent may determine.

6. The Corporation shall—

- (a) pay to their officers, servants and agents such remuneration as the Corporation may determine; and
- (b) as regards any officers, servants or agents in whose case it may be determined by the Corporation with the approval of the Board of Trade to make provision for the payment on their death or retirement of pensions, gratuities or other like benefits, pay, or provide for the payment of, such pensions, gratuities or other like benefits to them or to others by reference to their service as may be so determined.

7. Provision for pensions, gratuities or other like benefits under this Schedule may be made either by contributory or by non-contributory arrangements or partly by the one and partly by the other.

8.—(1) If, at any time after the expiration of the five years beginning with the passing of this Act, the Treasury are satisfied that there is no sufficient reason for the continuation of the Corporation, the Treasury may by order dissolve the Corporation.

(2) Any such order—

- (a) may provide for the cancellation in whole or in part of any liability of the Corporation to the Board of Trade;
- (b) may vest any property, rights or liabilities of the Corporation in the Crown or such person acting on behalf of the Crown as may be specified in the order;
- (c) may contain any such incidental or consequential provisions as may appear to the Treasury to be necessary or expedient;
- (d) may be varied by a subsequent order of the Treasury.

(3) Any power conferred by this paragraph to make an order shall be exercisable by statutory instrument.

(4) Before any order is made under this paragraph, a draft thereof shall be laid before the Commons House of Parliament and the order shall not be made until approved by resolution of that House.

(5) Any sums received after the dissolution of the Corporation in respect of any of the property or rights thereof shall be paid into the Exchequer and any sums required after the dissolution of the Corporation to defray any liabilities thereof shall be paid out of moneys provided by Parliament.

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