



National Film Finance Corporation Act 1981

CHAPTER 15

ARRANGEMENT OF SECTIONS

The Corporation

Section

1. The Corporation.
2. Functions of Corporation.
3. Powers of Secretary of State in relation to Corporation.

Financial provisions

4. Finances of Corporation.
5. Duty of Corporation to pay their way.
6. Reserve of Corporation.
7. Accounts and audit.

Miscellaneous and supplementary

8. Annual reports.
9. Power to wind up Corporation where alternative source of finance for films.
10. Citation, repeals, commencement and extent.

SCHEDULES:

Schedule 1—The Corporation: supplementary provisions.

Schedule 2—Loans by the Corporation: supplementary provisions.

Schedule 3—Repeals.

ELIZABETH II



National Film Finance Corporation Act 1981

1981 CHAPTER 15

An Act to consolidate the Cinematograph Film Production (Special Loans) Acts 1949 to 1980 and to repeal, as spent, certain enactments relating to the National Film Finance Corporation. [15th April 1981]

B E IT ENACTED by the Queen'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:—

The Corporation

1.—(1) There shall continue to be a body corporate called The National Film Finance Corporation (in this Act referred to as “the Corporation”).

(2) The Corporation shall consist of—

- (a) a chairman and a managing director appointed by the Secretary of State ; and
- (b) such number of other members so appointed, not being less than three nor more than six, as the Secretary of State may from time to time determine.

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

(4) Schedule 1 (which contains supplementary provisions relating to the Corporation) shall have effect.

Functions of Corporation.

2.—(1) The Corporation may, for the purpose of financing the production or distribution of films, make loans to persons who, in the judgment of the Corporation, have reasonable expectations of being able to arrange for the production or distribution of films on a commercially successful basis.

(2) Where the Corporation have power to make a loan under subsection (1) for the purpose of financing the production or distribution of a film, and other persons are, or might be, willing to finance the production or distribution or to take part in financing it, the Corporation may—

- (a) by an agreement made with those persons, guarantee to them the completion and delivery of the film and the provision of any further finance necessary for financing the production or distribution ; or
- (b) by an agreement made with the persons arranging for the production or distribution, undertake to make to them such loan as may be necessary to enable them to repay to the persons financing the production or distribution, within such time of the delivery of the film to a distributor as may be specified in the agreement, so much of any sums advanced by them for financing the production or distribution as may be so specified.

(3) The Corporation may, for the purpose of enabling rights to be acquired or work to be undertaken with a view to the production of films, make loans or otherwise give financial assistance to any persons who, in the judgment of the Corporation, will be able (with such assistance) to acquire those rights or to carry that work to a satisfactory conclusion.

(4) Where the Corporation have made or undertaken to make a loan or given a guarantee in connection with a film, they may act as agents in disposing of the right to distribute the film to exhibitors, whether within Great Britain or elsewhere.

(5) The Corporation may—

- (a) acquire the copyright in any film and the right to reproduce any work in the form of a film ; and
- (b) dispose of any right acquired under paragraph (a).

(6) No loans or other financial assistance shall be made or given by the Corporation under subsection (1) or (3), or in pursuance of an agreement under subsection (2)(b), after the end of 1985; and no rights shall be acquired by them under subsection (5)(a) after the end of that year.

(7) Schedule 2 (which contains supplementary provisions relating to loans by the Corporation) shall have effect.

(8) In this section and Schedule 2 "film" includes any record (however made) of a sequence of visual images, which is a record capable of being used as a means of showing that sequence as a moving picture.

3.—(1) The Secretary of State may, after consultation with the Corporation, give to them directions of a general character as to the exercise of their functions.

Powers of Secretary of State in relation to Corporation.

(2) The Corporation shall comply with any directions given to them under subsection (1).

(3) The Corporation shall furnish the Secretary of State with such information concerning the financial position of the Corporation as he may from time to time require.

Financial provisions

4.—(1) The Corporation shall have power, with the consent of the Secretary of State and the Treasury, to borrow such sums as the Corporation may require for performing their functions.

Finances of Corporation.

(2) The aggregate amount of the principal outstanding in respect of sums borrowed under subsection (1) shall not at any time exceed £5 million.

(3) By virtue of section 4 of the Film Levy Finance Act 1981 certain amounts are payable to the Corporation by the British Film Fund Agency for the purpose of enabling the Corporation to perform their functions.

1981 c. 16.

5. It shall be the duty of the Corporation to perform their functions in such manner as appears to them best calculated to secure the avoidance of default being made in the discharge, as regards any loan made to them before or after the commencement of this Act, of their obligations with respect to repayment of the principal of the loan and the payment of interest on any sum for the time being outstanding in respect of it.

Duty of Corporation to pay their way.

6.—(1) The Corporation shall establish a reserve, applicable to the purposes of the Corporation at such times and in such manner as they may, subject to subsection (3), determine.

Reserve of Corporation.

(2) The management of the reserve and the sums to be carried from time to time to the reserve shall, subject to subsection (3), be as the Corporation may determine.

(3) The power of the Secretary of State under section 3(1) 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 to the reserve, or the application of the reserve to the purposes of the Corporation, notwithstanding that the directions may be of a specific character.

Accounts and
audit.

7.—(1) The Corporation shall—

- (a) keep proper accounts and proper records in relation to the accounts ; and
- (b) prepare in respect of each financial year of the Corporation a statement of accounts in such form as the Secretary of State, with the approval of the Treasury, may 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 Secretary of State.

(3) A person shall not be qualified to be appointed under subsection (2) unless he is a member of one or more of the following bodies—

the Institute of Chartered Accountants in England and Wales ;

the Institute of Chartered Accountants of Scotland ;

the Association of Certified and Corporate Accountants ;

the Institute of Chartered Accountants in Ireland ;

any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of section 161(1)(a) of the Companies Act 1948 by the Secretary of State ;

1948 c. 38.

but a Scottish firm may be appointed under subsection (2) if each of the partners is qualified to be so appointed.

(4) As soon as the accounts of the Corporation for any financial year have been audited, the Corporation shall send to the Secretary of State 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 Secretary of State shall lay a copy of every such statement and report before each House of Parliament.

Miscellaneous and supplementary

8.—(1) The Corporation shall as soon as possible after the end Annual of each financial year of the Corporation make a general report ^{reports.} to the Secretary of State as to the exercise by them of their functions during that year.

(2) The report of the Corporation for any financial year shall set out the directions given to them under section 3(1) during that year.

(3) The Secretary of State shall lay a copy of every report made to him under this section before each House of Parliament.

9.—(1) If at any time before the end of 1985 there are made ^{Power to wind up Corporation where alternative source of finance for films.} between—

(a) the Corporation, and

(b) a company which satisfies the Secretary of State as to the matters mentioned in subsection (2),

arrangements satisfactory to the Secretary of State for the transfer to that company, for valuable consideration, of the assets and liabilities of the Corporation, the Secretary of State may, with the approval of the Treasury, by order—

(i) make such provision as appears to him requisite for giving effect to the arrangements, and

(ii) provide for the cesser of the exercise of the functions of the Corporation.

(2) The matters referred to in subsection (1)(b) are the following—

(a) that the company is and will remain a British company ; and

(b) that the company is willing and able to make adequate financial facilities available to persons who wish to arrange for the production or distribution of cinematograph films.

(3) In this section—

“British company” means a company incorporated under the laws of Great Britain, being a company—

(a) over which a Commonwealth citizen has control, or two or more Commonwealth citizens are together in a position to exercise control, or

(b) over which a company which is a British company by virtue of the preceding provisions of this definition has control, or two or more such companies or such a company and a Commonwealth citizen are together in a position to exercise control ; and

“control”, in relation to a company, means the power of a person to secure—

(a) by means of the holding of shares or the possession of voting power in or in relation to that company or any other body corporate, or

(b) by virtue of any powers conferred by the articles of association or other document regulating that company or any other body corporate,

that the affairs of the company are conducted in accordance with the wishes of that person.

(4) An order under this section shall be made by statutory instrument ; but no such order shall be made unless a draft of the order has been laid before the House of Commons and approved by a resolution of that House.

Citation,
repeals,
commence-
ment and
extent.

10.—(1) This Act may be cited as the National Film Finance Corporation Act 1981.

(2) The enactments mentioned in Part I of Schedule 3 (consequential repeals) and those mentioned in Part II of that Schedule (repeal of enactments spent in relation either to the whole of the United Kingdom or to Northern Ireland) are hereby repealed to the extent specified in the third column of that Schedule.

(3) This Act shall come into force at the end of the period of one month beginning with the day on which it is passed.

(4) In this Act—

(a) Part II of Schedule 3 so far as it relates to the National Loans Act 1968 extends to the whole of the United Kingdom ;

(b) the remainder of that Part of that Schedule extends only to Northern Ireland ;

but otherwise this Act does not extend to Northern Ireland.

1968 c. 13.

SCHEDULES

SCHEDULE I

Section 1.

THE CORPORATION: SUPPLEMENTARY PROVISIONS

Appointments and procedure

1.—(1) The Secretary of State may 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 by a member or officer of the Corporation.

(2) Subject to any regulations under sub-paragraph (1), 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 them.

(3) Any regulations under sub-paragraph (1) shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

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

Remuneration, pensions etc. of members

3.—(1) The Corporation shall pay to the members of the Corporation such salaries or other remuneration, and such allowances, as the Secretary of State may determine.

(2) If the Secretary of State determines in the case of any member of the Corporation to make provision for the payment on his death or retirement of a pension, gratuity or other like benefit, the Corporation shall 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 Secretary of State may determine.

(3) No determination shall be made by the Secretary of State under this paragraph without the consent of the Minister for the Civil Service.

Remuneration and pensions of officers etc.

4.—(1) The Corporation shall pay to their officers, servants and agents such remuneration as the Corporation may determine.

(2) If the Corporation determine in the case of any officers, servants or agents to make provision for the payment on their death or retirement of pensions, gratuities or other like benefits, the Corporation shall pay, or provide for the payment of, such pensions,

SCH. 1 gratuities or other like benefits to them or to others by reference to their service as the Corporation may determine.

Pension schemes

5. Provision for pensions, gratuities or other like benefits under paragraph 3(2) or 4(2) may be made either by contributory or non-contributory arrangements, or partly by the one and partly by the other.

Incidental powers of Corporation

6.—(1) The Corporation shall have power to do anything which is incidental to the proper performance of their functions.

(2) Without prejudice to the generality of sub-paragraph (1), the Corporation may, in connection with the performance of their functions, form or join with other persons in forming any body corporate and acquire or dispose of any securities in a body corporate.

Liability to taxes etc.

7. Nothing in this Act exempts the Corporation from liability to any tax, duty, rate, levy or other charge whatever, whether general or local.

Dissolution of Corporation

8.—(1) The Secretary of State may, with the approval of the Treasury, by order dissolve the Corporation—

- (a) at any time after the end of 1985, or
- (b) upon their functions ceasing to be exercisable by virtue of section 9.

(2) Any such order—

- (a) 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 ;
- (b) may contain such incidental or consequential provisions as may appear to the Secretary of State to be necessary or expedient ;
- (c) may be varied by a subsequent order of the Secretary of State with the approval of the Treasury.

(3) Any order under this paragraph shall be made by statutory instrument ; but no such order shall be made unless a draft of the order has been laid before the House of Commons and approved by a resolution of that House.

(4) Any sums received after the dissolution of the Corporation in respect of any of their property or rights shall be paid into the Consolidated Fund; and any sums required after the dissolution of the Corporation to defray any of their liabilities shall be paid out of money provided by Parliament.

SCH. 1

SCHEDULE 2

Section 2.

LOANS BY THE CORPORATION: SUPPLEMENTARY PROVISIONS

General provisions as to terms

1.—(1) Loans by the Corporation, with the exception of those under section 2(3), shall be made in accordance with the following provisions of this paragraph.

(2) Loans shall be for such period not exceeding 5 years from the date of their being made, and shall carry such interest, as the Corporation may determine.

(3) The interest determined by the Corporation in respect of a loan shall be such interest as they consider reasonable, regard being had—

(a) to the current market rates of interest;

(b) to the standing of the borrower; and

(c) to the degree of likelihood that the making of the loan (or, in the case of a loan under section 2(2)(b), the making of the agreement in question) will result in the production or distribution of films on a commercially successful basis.

(4) The Corporation may require such security to be given for the repayment of a loan, together with any sums due in respect of interest, as may be available.

(5) In this paragraph (except sub-paragraph (3)(a)) references to interest include references to rights to share in profits.

Loans for purpose of financing production of films

2.—(1) The Corporation shall not make a loan under section 2(1) to any person for the purpose of financing the production of a film or a programme of films unless he agrees to produce from time to time to the Corporation, as and when required by them to do so—

(a) an estimate of the cost of producing that film or, as the case may be, each film in that programme; and

(b) an estimate of the cost of producing any other films whose production he finances (in whole or in part) at any time before the loan is completely repaid, or in whose commercial success he has at any such time any financial interest.

SCH. 2

(2) In making any such loan, and in 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—

- (a) from the distribution of the film or films whose production is to be financed by means of the loan ; and
- (b) to such extent (if any) as appears proper in the circumstances, from the distribution of films falling within sub-paragraph (1)(b).

Arrangements with respect to certain loans

3.—(1) If at any time the Corporation are satisfied with respect to any loan made by them which has fallen due for repayment that the amount of the loan cannot, without harmful consequences to the production of films, be recovered in accordance with its terms or by means of the remedies available, the Corporation may with the approval of the the Secretary of State enter into any financial arrangements with respect to the loan which, in the judgment of the Corporation, are calculated to lead to the eventual recovery of the whole or part of the amount of the loan without such consequences.

(2) Any such arrangements may in particular provide—

- (a) for the waiving by the Corporation of payment of interest, or
- (b) for the acceptance by the Corporation of shares or debentures in any company in or towards repayment of the amount of the loan.

(3) In sub-paragraph (2)(b) “shares”, “debentures” and “company” have the same meaning as in the Companies Act 1948.

1948 c. 38.

Section 10.

SCHEDULE 3

REPEALS

PART I

CONSEQUENTIAL REPEALS

Chapter	Short title	Extent of repeal
12, 13 & 14 Geo. 6. c. 20.	Cinematograph Film Production (Special Loans) Act 1949.	The whole Act.
2 & 3 Eliz. 2. c. 15.	Cinematograph Film Production (Special Loans) Act 1954.	The whole Act.
5 & 6 Eliz. 2. c. 21. 1966 c. 48.	Cinematograph Films Act 1957. Films Act 1966.	Sections 11 to 13. Section 17(2). Sections 2 and 7(2).

Chapter	Short title	Extent of repeal
1970 c. 26.	Films Act 1970.	Sections 1 and 3. Section 21 so far as it amends the Cinematograph Film Production (Special Loans) Act 1949.
1972 c. 11.	Superannuation Act 1972.	Section 22(1)(a). Section 22(5). In Schedule 4, the entry relating to the Corporation.
1980 c. 41.	Films Act 1980.	Section 1. Section 2(1) to (4). Section 3. Section 9(1)(a).

PART II

REPEAL OF SPENT ENACTMENTS

Chapter	Short title	Extent of repeal
<i>Enactment spent in relation to whole of United Kingdom</i>		
1968 c. 13.	National Loans Act 1968.	Section 10(6).
<i>Enactments spent in relation to Northern Ireland</i>		
12, 13 & 14 Geo. 6. c. 20.	Cinematograph Film Production (Special Loans) Act 1949.	The whole Act.
14 Geo. 6. c. 18.	Cinematograph Film Production (Special Loans) Act 1950.	The whole Act.
15 & 16 Geo. 6 & 1 Eliz. 2. c. 20.	Cinematograph Film Production (Special Loans) Act 1952.	The whole Act.
2 & 3 Eliz. 2. c. 15.	Cinematograph Film Production (Special Loans) Act 1954.	The whole Act.

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