STATUTORY INSTRUMENTS

1982 No. 1022

CINEMATOGRAPHS AND CINEMATOGRAPH FILMS

BRITISH FILMS (FINANCE)

The Films (Distribution of Levy) Regulations 1982

Laid before Parliament in draft

Made - - - -	22*nd July* 1982
Coming into Operation	23*rd July* 1982

Whereas a draft of these Regulations has been laid before Parliament and approved by Resolution of each House pursuant to section 6(4) of the Film Levy Finance Act 1981(**a**):

Now, therefore, the Secretary of State in pursuance of the powers conferred by sections 6 and 9(4) of, and paragraph 8(2) of Schedule 1 to, the said Act of 1981, and of all other powers enabling him in that behalf and after consultation with the Cinematograph Films Council, hereby makes the following Regulations:—

Citation and Commencement

1. These Regulations may be cited as the Films (Distribution of Levy) Regulations 1982 and shall come into operation on 23rd July 1982.

Revocation and Saving

2. The Regulations specified in Schedule 2 to these Regulations are hereby revoked:

Provided that Regulations 11 and 12 of the Cinematograph Films (Distribution of Levy) Regulations 1970(**b**) shall continue to apply in relation to claims made before the commencement of these Regulations as if those Regulations had not been revoked.

Interpretation

3.—(1) In these Regulations—

(**a**) 1981 c. 16; this Act consolidated the Cinematograph Films Acts 1957 to 1980.
(**b**) S.I. 1970/1146.

"the Act of 1981" means the Film Levy Finance Act 1981;

"Agency" and "distribution period" have the meanings respectively assigned thereto by Regulation 4 of these Regulations;

"co-production film" means a film which by virtue of any Order in Council made under section 19 of the Films Act 1960(**a**) is to be treated as if it were a film with respect to which the requirements of Part II(**b**) of that Act as to the registration of a film as a British film are fulfilled or would be required to be so treated if it were a standard film;

"earnings" in relation to an eligible film, means the earnings of that film as calculated in accordance with Regulation 9 below;

"eligible film" means—

(i) a co-production film;

(ii) a film which is registered as a British film and as a quota film under Part II of the Films Act 1960 the maker of which was, throughout the time the film was being made, either a person ordinarily resident in, or a company registered in, and the central management and control of whose business was exercised in, any country that is a member State; or

(iii) any other British film made by such a maker the labour costs of which are not less than £50 per minute of playing time,

not being—

(a) a film made by or on behalf of a department of Her Majesty's Government in the United Kingdom or by or on behalf of any other Government;

(b) a television film;

(c) a film of a width not exceeding 16 millimetres;

(d) any film (other than a newsreel) which consists wholly or mainly of photographs which, at the time they were taken, were means of communicating news;

(e) any film made wholly or mainly for the purpose of commercial advertisement;

(f) any newsreel the registration of which is cancelled under section 39(4) of the Films Act 1960;

(g) a standard film which is, or any other film which, if it were a standard film, would be, disqualified from registration as a quota film by virtue of section 20(3) of the Films Act 1960;

(h) a film, other than a co-production film, registered under Part II of the Films Act 1960 after 31st March 1971 (or in the case of a film not required to be registered under that Act, first exhibited to the public after that date) if the playing time of so much of the film as consists of photographs taken or sound recordings made in any studio outside the United Kingdom exceeds seven and a half per cent of the total playing time of the film;

(**a**) 1960 c. 57.
(**b**) The requirements of Part II have been amended by section 8(3) of the European Communities Act 1972 (c. 68) and by section 8 of the Films Act 1980 (c. 41).

"standard film" has the meaning assigned thereto by section 38(4) of the Films Act 1960;

"television film" means a film which is exhibited on television inside the United Kingdom before the expiry of 12 months from the date of registration of the film under Part II of the Films Act 1960, or where the film forms part of a serial film or series of films, from the said date of registration of the last film forming part of the serial film or series of films; and for the purposes of this definition—

(a) the exhibition on television of an excerpt or excerpts from a film shall be deemed to be an exhibition of that film on television; and

(b) the exhibition on television of a film or an excerpt from a film of a width other than 35 millimetres, being a copy of an eligible film or of an excerpt from an eligible film, shall be deemed to be an exhibition on television of that eligible film or excerpt:

Provided that no account shall be taken of—

(i) any excerpts so exhibited no one of which lasts more than 5 minutes, so however that if two or more excerpts are so exhibited without intermission they shall be deemed to be one excerpt,

(ii) any exhibition of a film or an excerpt from a film which took place before 20th October 1957;

(2) Unless the context otherwise requires, these Regulations apply to films of a width exceeding 16 millimetres and expressions other than "serial film or series of films" have the same meanings as in the Films Act 1960:

Provided that, where the earnings or a proportion of the earnings in Great Britain of an eligible film have been assigned by the maker thereof, the assignee shall, as from the date on which notice in writing of the assignment has been given to the Agency and to the extent to which, and, if the assignment is limited as to time, for the period for which, the earnings have been assigned to him, be deemed for all purposes of these Regulations to be the maker of the film to the exclusion of the actual maker thereof; and accordingly the assignee shall, subject to the provisions of these Regulations, be entitled to the payments, or as the case may be, to a proportion of the payments corresponding with the proportion of the earnings assigned to him, to be made hereunder after the said date and, if the assignment is limited as aforesaid, during the period for which the assignment was made, in like manner as the actual maker would have been entitled but for the assignment.

(3) For the purpose of these Regulations each part of a serial film or series of films shall be deemed to be a separate film.

(4) Reference in these Regulations to payments made under or by virtue of Regulation 8(1) shall include payments made under or by virtue of Regulation 5(1) of the Cinematograph Films (Distribution of Levy) Regulations 1963(**a**) and Regulation 8(1) of the Cinematograph Films (Distribution of Levy) Regulations 1970(**b**).

(**a**) S.I. 1963/1376.
(**b**) S.I. 1970/1146.

Agency to make payments

4. The British Film Fund Agency (hereinafter called "the Agency") shall in respect of four successive periods of 52 weeks beginning on 18th October 1981 (any such period being hereinafter called "a distribution period"), make payments in accordance with the provisions of these Regulations, out of moneys available for distribution, to the makers of eligible films in respect of those films.

Moneys available for distribution

5. Moneys available for distribution in respect of any distribution period shall be calculated in accordance with the provisions of Schedule 1 hereto.

Amount of payments

6.—(1) Subject to the provisions of Regulations 7(2) and 11 of these Regulations and to paragraph (3) hereof, the maker of an eligible film shall be entitled in respect thereof, out of moneys available for distribution in respect of a distribution period, to an amount equal to that proportion of such moneys which the total earnings of that film during that distribution period, computed as hereinafter provided, bear to the total of the earnings of all eligible films during that distribution period computed in like manner.

(2) Where, by virtue of the provisions of the said Regulation 11 the maker of an eligible film is not entitled to a payment in respect thereof, the earnings of that film in the distribution period in question shall be disregarded in making any computation under this Regulation in relation to that distribution period.

(3) The aggregate amount payable to the maker of an eligible film by virtue of paragraph (1) hereof in respect of all distribution periods when added to the amount paid by virtue of Regulation 6(1) of the Cinematograph Films (Distribution of Levy) Regulations 1970 in respect of all distribution periods thereunder shall not exceed—

(a) in the case of a film first registered with at least one playing time of not less than 33⅓ minutes, £500,000; and

(b) in all other cases, £50,000.

Time for payment

7.—(1) The amount to which a maker of an eligible film is entitled by virtue of Regulation 6 of these Regulations in respect of a distribution period, less the total of any payments made on account thereof by virtue of Regulation 8(1), shall be paid to him by the Agency within 3 months after the earnings during that distribution period of all eligible films, in respect of which the makers thereof are entitled to payments by virtue of the said Regulation 6, have been finally ascertained.

(2)*(a)* Where in relation to any distribution period other than the final distribution period, the Agency are satisfied that it will not be possible for the earnings of any film to be finally ascertained within a reasonable time, they may with the consent in writing of the Secretary of State make a provisional determination of the total earnings of that film and may make payments under paragraph (1) hereof in respect of all eligible films not affected by any such

provisional determination as if the earnings of that film had been finally ascertained.

(b) Where the total earnings of a film are provisionally determined in pursuance of sub-paragraph *(a)* of this paragraph, the Agency shall compute the amount to which the maker of that film is entitled in accordance with Regulation 6(1) and the amount so computed, less any payments made in respect of that film by virtue of Regulation 8(1), shall be retained by the Agency pending the final ascertainment of the total earnings of that film. Upon the final ascertainment of those earnings the amount so retained shall be applied in or towards payment of the sum (computed in accordance with Regulation 6(1)) due to the maker of that film by virtue of the total earnings as so ascertained.

(c) If, upon the final ascertainment of the total earnings of a film which is the subject of a provisional determination in pursuance of sub-paragraph *(a)* of this paragraph, the amount retained by the Agency in pursuance of sub-paragraph *(b)* exceeds the sum due to the maker, the balance shall be added to the moneys available for distribution in respect of the distribution period during which that balance is ascertained. If the sum so due exceeds the amount so retained, the deficiency shall be paid out of the moneys otherwise available for distribution in respect of the distribution period during which the amount of such deficiency is ascertained.

In relation to the last distribution period references to the period during which such balance or deficiency is ascertained shall include the period between the end of the final distribution period and the time when payment comes to be made in respect thereof in pursuance of Regulation 7(1).

(3) Where payment has been made in relation to a distribution period in pursuance of paragraph (1) hereof in respect of a film to the maker thereof, and

(i) that film is subsequently found to be a television film, or

(ii) the registration of the film as a quota film is cancelled within 12 months of such registration,

that payment (together with any payments made by virtue of Regulation 8(1)) may be recovered by the Agency from the maker in any court of competent jurisdiction.

Provisional payments

8.—(1) Before an amount to which the maker of an eligible film is entitled in respect thereof becomes payable to him by virtue of Regulation 7 of these Regulations, the Agency may from time to time make payments to him on account thereof.

(2) Where the total of the payments made under paragraph (1) hereof to the maker of an eligible film in respect thereof on account of any amount exceeds the amount (if any) to which he is subsequently found to be entitled in respect of that film, the excess may be recovered from him by the Agency in any court of competent jurisdiction.

Computation of earnings of films

9.—(1) Subject to the following provisions of this Regulation and to

Regulation 10 of these Regulations, the earnings during any distribution period of an eligible film shall be—

(a) in the case of

(i) a long film, or

(ii) a film registered under section 12 of the Films Act 1960 with alternative playing times one of which is 33⅓ minutes or more, or

(iii) a film first registered as a long film, the registration of which has been the subject of amendment pursuant to section 13 of the Films Act 1960, or

(iv) a long film which had first been registered as a short film,

the total amount due during the distribution period from exhibitors to renters of all versions of that film under contracts for the hire of the film for exhibition to the public in programmes at cinemas;

(b) in the case of a film registered under the provisions of section 39 of the Films Act 1960 (hereinafter referred to as a "newsreel") two and a half times such total amount; and

(c) in the case of a film (other than a newsreel) first registered as a short film, but only for so long as it remains a short film, two and a half times such total amount:

Provided that if the maker of a film is entitled by virtue of Regulation 6 hereof to an aggregate amount which, in respect of all distribution periods (including any part thereof) when added to his aggregate entitlement by virtue of Regulation 6 of the Cinematograph Films (Distribution of Levy) Regulations 1970 equals or exceeds £30,000 (whether or not that amount or any part thereof has already been paid), this sub-paragraph shall have effect thereafter as if the words "two and half times" were omitted.

In computing the earnings of an eligible film during the distribution period current on the coming into operation of these Regulations any amount due from exhibitors to renters during that part of that distribution period ending on the day before such coming into operation shall be disregarded unless the maker of the film was, throughout the time the film was being made, a person ordinarily resident in, or a company registered in, and the central management and control of whose business was exercised in, the United Kingdom.

(2) Where in respect of the exhibition to the public at a cinema of an eligible film as aforesaid for any period there is no contract for the hire of the film, for the purpose of calculating the earnings of the film in accordance with paragraph (1) hereof, the amount to be included in the total amount mentioned in the said paragraph (1) in respect of that exhibition shall be the amount which the Agency determine would, in their opinion, have been payable for that film under a contract of hire for the exhibition thereof to the public at a comparable cinema for the same period:

Provided that no determination shall be made hereunder in relation to the exhibition of a film if, had there been a contract for the hire of that film, the amount due to the renter under the contract would be disregarded in computing the earnings of the film by virtue of paragraph (3) hereof.

For the purposes of these Regulations, any earnings calculated under this paragraph in relation to the exhibition of a film at a cinema shall be taken to be due on the last day of the exhibition of that film at that cinema.

(3)*(a)* In the case of an eligible film which is registered as a quota film the amount due to a renter under a contract for the hire of that film for exhibition to the public shall be disregarded in computing the earnings of that film if, at any time during the exhibition of that film in pursuance of that contract, the film is to be disregarded for the purposes of section 1(2) and (3) of the Films Act 1960 by virtue of section 2(2) of that Act(**a**);

(b) In the case of any other eligible film the amount due to a renter under a contract for the hire of the film shall be disregarded in computing the earnings of that film if it is exhibited to the public in pursuance of that contract within any year after the expiry of 5 years commencing with the date on which that film was first exhibited to the public, unless, upon an application made by the person who has the right to distribute the film or is in a position to confer that right, the Secretary of State, after consulting the Cinematograph Films Council, and considering its advice in the matter, directs that such amount shall be taken into account in computing those earnings:

Provided that such application be made before the beginning of the period to which it relates.

(c) Where an eligible film which is registered as a quota film and any other eligible film are respectively a standard and a non-standard version of the same film, the earnings of either of those films shall be disregarded when the earnings of the other film are required to be disregarded by sub-paragraph *(a)* or *(b)* of this paragraph.

(4) If a contract for the hire of an eligible film for exhibition to the public contains a provision that the renter is to make a contribution in respect of the expenses incurred by the exhibitor in publicising the film, that provision shall be disregarded in determining, for the purpose of computing the earnings of the film, the amount due to the renter under that contract.

(5) Where the terms of a contract for the hire of an eligible film for exhibition to the public are such that the rentals payable thereunder in respect of that film cannot be ascertained therefrom, that contract shall be disregarded in computing the earnings of that film.

(6) Where a programme includes two or more films one or more of which are eligible films and at least two of the films in the programme are rented from the same renter (whether under the same contract or not), the Agency may, if in their opinion the rental payable for any eligible film in the programme is an undue proportion of the aggregate of (i) that rental and (ii) the total of the rentals for all the other films in that programme rented from the renter who is renting the eligible film, determine the amount which should in their opinion be payable for each film in the programme rented from that renter, and the amount so determined shall, for the purposes of these Regulations, be deemed to be the rental payable under the relevant contract for that film:

Provided that the total of the rentals determined hereunder by the Agency for films in a programme shall not differ from the total of the rentals actually paid for those films under the relevant contract.

For the purposes of this paragraph, where a renter of a film is a company which is a member of a group of companies of which the renter of another film in the same programme is also a member, those films shall be deemed to be rented from the same renter.

(**a**) Section 2(2) of the Films Act 1960 was amended by section 10 of the Films Act 1970 (c. 26).

(7) If the renter of an eligible film under a contract of hire for the exhibition of that film to the public is a member of a group of companies of which the exhibitor of that film under the contract is also a member, the Agency may, if in their opinion the rental payable under the contract for that film is greater than it would have been if the renter and the exhibitor had not been so related, determine the amount which should in their opinion be payable under the contract for that film, and the amount so determined shall, for the purposes of these Regulations, be deemed to be the rental payable under the contract for that film.

(8) For the purposes of this Regulation:—

(a) where a contract of hire between a renter and an exhibitor for the exhibition of an eligible film at only one cinema provides for the amount due to the renter to be computed by reference to the receipts of the exhibitor for the exhibition of the film and also provides—

(i) for the exhibition of the film for a period of not more than one week, that amount shall be taken to be due to the renter at the end of that period;

(ii) for the exhibition of the film for a period of more than one week, each week shall be treated separately and, where the period is not an exact number of weeks, the remainder of the period shall also be treated separately, and that part of the amount which is computed by reference to the receipts for the exhibition of the film during a week or the remainder of the period shall be taken to be due to the renter at the end of that week or the remainder of the period as the case may be;

(b) where a contract of hire between a renter and an exhibitor for the exhibition of a film at more than one cinema provides for the amount due to the renter to be computed as aforesaid, the times at which that amount shall be taken to be due to the renter shall be determined in accordance with the provisions of head *(a)* of this paragraph, separately in respect of each cinema as if that cinema was the only cinema at which the film was to be exhibited by virtue of that contract;

(c) where a contract of hire between a renter and exhibitor for the exhibition of a film provides for an amount certain to be paid for the hire of the film, that amount shall be taken to be due to the renter on the date provided by the contract for the payment thereof.

(9) In this Regulation "group of companies" means a company and all other companies which are its subsidiaries within the meaning of section 154 of the Companies Act 1948(**a**).

Deduction in respect of filming outside the United Kingdom

10.—(1) There shall be a deduction made in accordance with the provisions of this Regulation from the earnings of long and short films.

(2) The deduction shall be of an amount calculated at the rate of 1.25 per cent of such earnings for every full percentage point that the playing time of so much of the film as consists of photographs taken or sound recordings made

(**a**) 1948 c. 38.

outside the United Kingdom exceeds 20 per cent of the total playing time of that film as declared on the Registration Form C (a) completed by the maker in respect of that film.

(3) No deduction shall be made under paragraph (2) hereof if—

(i) the preparation for the making of the film has so far as practicable been carried out in the United Kingdom; and

(ii) the normal laboratory processing work incidental to the making of the film has been carried out in the United Kingdom; and

(iii) at least one half in terms of value of the technical equipment used in the making of the film has been provided from the United Kingdom.

(4) In determining the total playing time of a film for the purposes of this Regulation any portions of that film treated by virtue of section 18 of the Films Act 1960 as not forming part of that film shall nevertheless be treated as forming part of it.

(5) This Regulation shall not apply to any co-production film.

(6) No deduction under this Regulation shall be made in relation to any amount due from exhibitors to renters before the coming into operation of these Regulations.

Claims and information

11.—(1) The maker of an eligible film shall not be entitled, by virtue of Regulation 6 of these Regulations, to any payment in respect thereof unless he has complied with the following provisions of this Regulation in respect of that payment.

(2) The maker of an eligible film shall make a claim in writing for a payment in respect of that film in such form as the Agency may require.

(3) Notice of an intention to make any such claim shall be sent to the Agency before two months have elapsed from the end of the distribution period to which it relates except that notice of an intention to make a claim in relation to any distribution period beginning on or after 16th October 1983 shall be sent only if the claim is in respect of a film in respect of which no claim shall have been made in relation to any distribution period beginning on or after 17th October 1982.

(4) Any such claim shall be sent to the Agency within such time, shall be verified in such manner and shall be supported by such certificates as the Agency may require; and the person making such a claim shall furnish such further information in relation thereto as the Agency may require.

Notice of rejection of claims

12.—(1) If, at any time before a payment becomes due under Regulation 7

(a) The prescribed form of Registration Form C is contained in S.I. 1982/1021.

of these Regulations in relation to a claim made in respect of a film, the Agency are of the opinion that the maker of the film is not entitled to that payment on the ground that the film is not an eligible film or that the maker has not complied with the provisions of Regulation 11, they shall give to the maker notice in writing of the rejection of the claim and shall state therein the ground on which it has been rejected.

(2) A notice of rejection may, at any time before the expiry of one month from the giving of the notice, be withdrawn by the Agency.

(3) A notice of the rejection of a claim (which has not been withdrawn as aforesaid) shall be final and conclusive as to the ground of the rejection unless—

(a) before the expiry of one month from the giving of the notice any legal proceedings have been commenced with a view to disputing the rejection of the claim to which the notice relates, and the commencement thereof has been notified in writing to the Agency by the maker of the film before the expiry of the said one month; or

(b) where the ground of the rejection is that the film is not an eligible film, any legal proceedings (whether or not the Agency are a party thereto), which might affect the question as to whether the film is or is not an eligible film, have been commenced before the expiry of the said one month and were not concluded at the date on which the notice was given, and the commencement thereof has been notified in writing to the Agency by the maker of the film before the expiry of the said one month.

(4) If any legal proceedings mentioned in paragraph (3)*(b)* hereof have been commenced and were not concluded as aforesaid, the Agency shall, at the conclusion thereof or of the last of them, give to the maker of the film in question a notice in writing stating whether they accept or reject the claim in respect of that film; and where the claim is rejected, the provisions of paragraphs (2), (3) (with the omission of head *(b)*) and (5) hereof shall apply to the notice of rejection as they apply to a notice of rejection given under paragraph (1) hereof.

(5) Where any legal proceedings mentioned in paragraph (3) hereof are abandoned, that paragraph shall have effect as if they had never been commenced.

Notice of determination of earnings

13.—(1) The Agency shall compute, in accordance with the provisions of these Regulations, the total earnings during a distribution period of each eligible film in respect of which the maker is entitled to a payment by virtue of Regulation 6, and shall give to the maker thereof a notice in writing of their determination of those earnings but for the purposes of this paragraph the earnings of a film referred to in Regulation 9(1)*(b)* and *(c)* of these Regulations shall be computed on the basis set out in Regulation 9(1)*(a)*.

(2) A notice of the determination of the earnings of an eligible film may, at any time before the expiry of one month from the giving of the notice, be amended by a further notice in writing given by the Agency to the maker of the eligible film.

(3) A notice of the determination of the earnings of an eligible film, or where that notice has been amended, the notice as amended, shall be final and conclusive as to the earnings of that film for the purposes of these Regulations unless—

(a) before the expiry of one month from the giving of the notice, or, where the notice has been amended, from the giving of the notice last amending it, any legal proceedings have been commenced with a view to disputing the determination to which the notice relates, and the commencement thereof has been notified in writing to the Agency by the maker of the film before the expiry of the said one month; or

(b) any legal proceedings (whether or not the Agency are a party thereto), which might affect the earnings of the film, have been commenced before the expiry of the said one month and were not concluded at the date on which the notice was given, and commencement thereof has been notified in writing to the Agency by the maker of the film before the expiry of the said one month.

(4) If any legal proceedings have been commenced for the purpose mentioned in paragraph (3)*(a)* hereof, at the conclusion thereof the Agency shall, if, and to the extent only that, it is necessary to do so as a result of those proceedings, amend the notice in respect of which the action or other proceedings were commenced by a further notice in writing given to the maker of the eligible film in question; and that notice or, if it has been amended by such further notice, that notice as so amended, shall be final and conclusive as to the earnings of that film for the purposes of these Regulations.

(5) If any legal proceedings mentioned in paragraph (3)*(b)* hereof have been commenced and were not concluded as aforesaid, the Agency shall, at the conclusion thereof or of the last of them, give to the maker of the eligible film in question a further notice in writing of their determination of the earnings of that film; and the provisions of paragraphs (2), (3) (with the omission of head *(b)*), (4) and (6) of this Regulation shall apply to the further notice of determination as they apply to a notice of determination given under paragraph (1) hereof.

(6) Where any legal proceedings mentioned in paragraph (3) hereof are abandoned, that paragraph shall have effect as if they had never been commenced.

Investment

14. Any moneys received by the Agency may be invested in the purchase of Treasury Bills.

Expenses of winding up of Agency

15. The Agency shall set aside, out of moneys received by the Commissioners of Customs and Excise under the Cinematograph Films (Collection of Levy) Regulations 1968(a) in respect of payments for admission to entertain-

(a) S.I. 1968/1077; relevant amending instruments are S.I. 1975/1885, 1979/1751 and 1980/1178.

ments taking place during the final distribution period and paid to them by the Commissioners in pursuance of section 3(2) of the Act of 1981, such sum as appears to the Secretary of State sufficient to defray the expenses of the winding up of the Agency, and of which the Secretary of State has given to the Agency notice in writing.

Gerard Vaughan,
Minister of State,
Department of Trade.

22nd July 1982.

SCHEDULE 1

MONEYS AVAILABLE FOR DISTRIBUTION

1. Subject to the provisions of paragraph 3 of this Schedule, moneys available for distribution by the Agency in respect of any distribution period are the aggregate of—

(a) moneys received by the Commissioners of Customs and Excise under the Cinematograph Films (Collection of Levy) Regulations 1968 in respect of payments for admission to entertainments taking place during that distribution period and paid by the Commissioners to the Agency in pursuance of section 3(1) and (2) of the Act of 1981;

(b) interest and discount on Treasury Bills, being

(i) in the case of a distribution period other than the final one, interest earned and discount receivable during that distribution period;

(ii) in the case of the final distribution period, interest earned and discount receivable during the period beginning with that distribution period and ending with the time when payment comes to be made in respect of that distribution period in pursuance of Regulation 7(1);

(c) moneys recovered whether under Regulation 7(3) or 8(2) or otherwise during that distribution period and, in the case of the final distribution period, during the period between the end of that distribution period and the time when payment comes to be made in respect of that distribution period in pursuance of Regulation 7(1); and

(d) any such balance as is mentioned in Regulation 7(2)*(c)*, (being the excess of the amount retained over the sum due to the maker),

less the aggregate of the amounts mentioned in paragraph 2 of this Schedule.

2. The amounts to be deducted in accordance with paragraph 1 of this Schedule in respect of a distribution period are—

(a) any amount, which out of the moneys mentioned in paragraph 1*(a)* has been or is to be paid by the Agency in accordance with the provisions of sections 4 and 5(1)*(b)*, *(c)* and *(d)* of the Act of 1981;

(b) the amount of the expenses incurred by the Agency in the exercise of their functions—

(i) in the case of any distribution period other than the final distribution period, in that distribution period;

(ii) in the case of the final distribution period, in that distribution period and thereafter until the completion of payments in respect of that distribution period together with such sum as the Agency are, by virtue of Regulation 15, required to set aside to defray the expenses of the winding up of the Agency; and

(c) any such deficiency as is mentioned in Regulation 7(2)*(c)* (being the excess of the sum due to the maker over the amount retained).

3. Where any money received by the Commissioners of Customs and Excise under the Cinematograph Films (Collection of Levy) Regulations 1968 in respect of payments for admission to entertainments taking place during a distribution period are not paid to the Agency before the 31st January next following the end of that distribution period, those moneys—

(a) if they are paid to the Agency before the 12th October 1985, shall not be treated as moneys available for distribution in respect of that distribution period, but shall be added to, and treated as, moneys available for distribution in respect of the distribution period in which they are paid to the Agency;

(b) if they are paid to the Agency on or after the said 12th October, shall be added to, and treated as, moneys available for distribution in respect of the final distribution period.

SCHEDULE 2

Regulations Revoked	References
The Cinematograph Films (Distribution of Levy) Regulations 1970	S.I. 1970/1146
The Cinematograph Films (Distribution of Levy) (Amendment) Regulations 1979	S.I. 1979/1750
The Cinematograph Films (Distribution of Levy) (Amendment No. 2) Regulations 1980	S.I. 1980/1179

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations consolidate and amend the Cinematograph Films (Distribution of Levy) Regulations 1970, as amended. The principal amendments—

(1) widen the basis on which EEC film makers may share in the distribution of levy collected from film exhibitors (see the definition of "eligible film" in Regulation 3(1));

(2) provide in certain cases for reduction in the entitlement to distribution payments where more than 20% of the playing time of a film consists of photographs taken or sound recordings made outside the United Kingdom (Regulation 10);

(3) remove the disentitlement to distribution payments in the case of films where there is, on registration under the Films Act 1960, an arrangement for showing them on television (see the definition of "television film" in Regulation 3(1)).

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