



The Cinema Exhibitors' Association Ltd

2008 Annual Report



Introduction

2008 saw UK cinema exhibition continue to thrive, showing resilience in the face of the significant challenges presented by the growing economic downturn.

Exceptional summer admissions figures – the highest for almost 40 years – provided the cornerstone of another strong year for the sector. Total annual UK cinema attendance reached 164.2 million, a 1.1 per cent increase on 2007, with an increase in box office of 5 per cent, reaching some £949.5 million.

While performance in the UK underlined the resilience of cinema during times of economic difficulty, the prevailing financial environment did have an effect in other respects.

In particular, with severe restrictions on the availability of capital, the ongoing roll-out of digital cinema technology, expected to gather pace during the year, was effectively stifled. What investment plans were announced for the most part focused on the installation of digital 3D screens, aimed at capturing revenue from the slate of 3D films scheduled for release over 2009 and beyond.

Not least as the potential for the downturn to drive consumers to inferior – but cheaper – pirated copies of films remained ever-present, cinema exhibition continued to do all it could to tackle the problem of film theft. The most recent figures we have suggest that in 2007 this cost the sector at least £88m in lost box office (out of a total cost to the film industry of £486 million).

Aside from these headline issues, during the course of the year the CEA also sought to address a number of areas of operational concern to exhibitors, including energy efficiency, audience and staff safety, cinema access and film classification.

This Annual Report begins with a more in depth look at the performance of the UK sector in 2008, before going on to cover in greater detail some of the key areas where the CEA has been active.

In maintaining its relevance and profile, the Association remains wholly dependent on the energy and imagination of its members – in particular its Executive Board – all of whom continued to provide strong and valued support throughout the year.



1. UK Cinema Performance – an Overview

- 1.1 The UK cinema sector continued to enjoy success during 2008, achieving a 1 per cent increase in admissions over the previous year. This was against a pattern of widely varying fortunes in other European markets.

Country	Cinema admissions 2007	Cinema admissions 2008	Change (%)
Austria	15,700,000	15,628,774	- 0.4
Belgium	22,300,000	21,630,125	- 3.0
Denmark	12,100,000	13,119,000	+ 8.2
Finland	6,700,000	7,000,000	+ 4.4
France	177,500,000	188,800,000	+ 6.7
Germany	125,400,000	129,400,000	+ 3.2
Netherlands	22,100,000	23,514,720	+ 0.6
Italy	103,510,699	99,328,030	- 4.04
Spain	116,930,692	107,800,000	- 7.0
UK	162,542,120	164,222,082	+ 1.1
Norway	10,800,000	11,869,449	+ 9.9
Ireland	18,400,000	18,200,000	- 1.0
Turkey	31,161,700	38,184,262	+ 2.25
Luxembourg	1,152,638	1,134,705	- 1.56
Greece	13,900,000	12,136,415	- 2.5
Switzerland	14,167,529	14,721,041	+ 3.76

Source: UNIC

- 1.2 As a result, in 2008, the UK retained its position as the third largest box office in the world after the USA and Japan.



1.3 The monthly figures for UK admissions in 2008, alongside those for 2007, are set out below.

Month	Cinema admissions 2007	Cinema admissions 2008	Change (%)
January	13,958,785	13,462,193	- 3.6
February	13,864,309	12,863,746	- 7.2
March	11,181,767	12,178,860	+ 8.9
April	10,941,414	9,820,271	- 10.2
May	15,722,615	12,720,821	- 19.1
June	11,220,139	11,820,185	+ 5.3
July	21,834,442	21,421,122	- 1.9
August	17,754,236	20,400,930	+ 14.9
September	9,614,597	10,663,611	+ 10.9
October	12,274,679	13,038,644	+ 6.2
November	9,607,386	13,529,118	+ 40.8
December	14,567,751	12,302,511	- 15.5
Total	162,542,120	164,222,082	+ 1.1

Source: Cinema Advertising Association / Nielsen EDI

- 1.4 After an initially slow start to the year, a series of high-performing films in the late Spring and Summer, including *Mamma Mia!*, *The Dark Knight*, *Indiana Jones and the Kingdom of the Crystal Skull*, *Sex and the City*, *Wall-E*, *Hancock* and *Kung Fu Panda* helped to make admissions for the months June-August – at 53.6 million – the highest for this period since 1969. *Mamma Mia!* in particular was a phenomenon, attracting an estimated 13 million admissions and bringing in over £69 million in box office in the UK and Ireland by the end of 2008, making it the biggest ever film in UK cinemas.
- 1.5 Building on this exceptional period, admissions remained strong towards the end of the year, boosted in particular by *Quantum of Solace*, which ensured that in November admissions were over 40 per cent higher than for the same month in 2007.
- 1.6 This positive news was matched at the box office, where income increased by 5 per cent, reaching £949.5 million, with four films – *Mamma Mia!*, *The Dark Knight*, *Indiana Jones and the Kingdom of the Crystal Skull* and *Quantum of Solace*, each achieving over £40 million.



2. Strategic Issues

- 2.1 The CEA and its members continued to face a range of strategic challenges in 2008. The Association's position on these, and the progress made over this last year, are set out below.

Digital cinema

- 2.2 Issues around the transition from 35mm to digital cinema projection have remained the most serious challenge facing the UK exhibition sector.
- 2.3 The expectation that – building on experience gained through the establishment of the UK Film Council Digital Screen Network – the UK roll-out of digital cinema technology during 2008 would gather pace was not in truth realised. At the end of the year, 305 digital screens were operational across 231 cinema sites, representing just over 8 per cent of the sector.
- 2.4 From the mid-point of the year, bilateral discussions between exhibitors and the key distributors/studios on funding the transition were significantly affected by the general economic downturn and in particular the reduced availability of capital to underwrite potential agreements. This was a feature not just of the UK market, but also of the US and most countries in mainland Europe.
- 2.5 This delay in wider digital roll-out caused attention to shift to the installation of digital 3D technology. Towards the end of the 2008 a number of cinema operators, including several of the largest circuits, announced significant digital 3D installation plans, in order that they might be better-placed to bring to UK audiences the raft of 3D films planned for 2009 and onwards.
- 2.6 Despite its unwelcome origins, the pause in progress on wider digital roll-out provides an opportunity for the CEA to work with others in raising levels of knowledge and understanding amongst the widest possible constituency of cinema operators on the challenges and benefits of digital cinema operation.
- 2.7 The CEA recognises the enhanced cinema-going experience that digital cinema technology has the potential to provide audiences, not least in enabling access to more diverse programming, digital 3D cinema and 'alternative content' (mainly live and recorded music and sporting and cultural events). However it does not underestimate the potential barriers (in particular financial) that this transition presents to most cinema operators.
- 2.8 For that reason, the decision to switch to digital – by whatever route it is funded – must be a business one, based on accurate and objective information. The CEA is working with a number of other partners, most notably the UK Film Council, to explore what it might do in this regard.
- 2.9 Given the balance of financial benefits of conversion to digital, the CEA position remains that the studios and distributors, rather than the exhibitors, should meet the bulk of the costs,



but it also sees potential value in exhibitors working together to explore some shared way of reducing costs all round. In parallel, the Association has therefore also continued to explore what role it might take in bringing cinema operators together to establish some mutually beneficial arrangement for funding the purchase of digital cinema equipment.

- 2.10 During the course of all of its deliberations on issues around digital cinema during 2008, the CEA continued to hold constructive discussions with a range of equipment manufacturers, potential third party funders and others with an interest in this area. Its considerations were regularly informed by the invaluable advice and insight provided by colleagues in mainland Europe (through the Union Internationale des Cinémas – UNIC) and in North America (through its counterpart the National Association of Theatre Owners – NATO).

Disability and access

- 2.11 UK cinema continues to provide a welcoming and accessible entertainment environment for audience members with disabilities.
- 2.12 During the course of 2008, the Association worked closely with its standing Disability Working Group (DWG), comprising representatives of the key circuits and equipment manufacturers as well as those groups representing people with disabilities, to explore further matters around cinema access and disability. The Group met on three occasions during the year and discussed issues including staff training, advances in subtitling for 3D films, access features for Bollywood films, matinees for deaf children and audience attitudes to disability.

Subtitled and audio described screenings

- 2.13 On the ground, further progress was made across a number of relevant areas. The number of UK cinemas equipped with subtitling and audio description equipment increased further to 316, a 12 per cent rise on the previous year. This allowed the number of subtitled film screenings to increase from around 1,300 per month in 2007 to 1,800 per month last year, putting the UK significantly ahead of any comparable territory.
- 2.14 While such advances in provision are welcome, the CEA recognises that more could be done to make potential beneficiaries aware of the availability of such facilities. For that reason, the Association worked closely with the DWG and others to develop plans for an awareness-raising theatrical trailer based around *Shrek the Third*. With the welcome co-operation of a range of players, the ad was signed off at the end of 2008 and should be playing in all access-equipped UK sites early in 2009.



2.15 Other key developments around disability and access are set out below.

CEA Card

- 2.16 The CEA Card – the national concessionary card developed by the Association to allow people with disabilities to obtain one free ticket for a person accompanying them to the cinema – retained strong support during 2008.
- 2.17 Around 90 per cent of UK cinemas continue to support the scheme, ranging from the large national chains to smaller independent operators. During the course of the year, applications for over 29,000 new or replacement cards were processed.
- 2.18 While the scheme remains well-regarded both by disability organisations and, it seems from feedback, by disabled people themselves, discussions during the course of 2008 suggested that there were a number of concerns emerging amongst exhibitors about the operation of the scheme. In consultation with the DWG, the CEA therefore took the decision to establish for the first time a set of standard terms and conditions to set out clearly expectations on both sides around use of the card. These new guidelines will be implemented in early 2009.

Artsline

- 2.19 With the support of funding from All Industry Marketing (AIM), the Artsline website – www.artsline.org.uk – continued in 2008 to provide users with access information about the vast majority of UK cinema sites. This included advice on access to buildings and screens, information on the nearest public transport and updates on the provision of audio described and subtitled films.
- 2.20 Use of the website has been extensive, with the cinema listings gaining significantly more 'hits' than any other category. CEA members have been encouraged to ensure that the information on the site remains both current and accurate.

Yourlocalcinema.com

- 2.21 Again with AIM funding, the listings service at www.yourlocalcinema.com has continued to provide a vital source of weekly information on local screenings of subtitled and audio described films. According to the monitoring undertaken by yourlocalcinema.com, during 2008 UK cinemas showed around 1,800 subtitled screenings of films per month, an increase of almost 40 per cent on the previous year, and around six times the figure recorded for 2003.

Film theft

- 2.22 Figures for the last available year – 2007 – suggest that at least £486 million was lost to the wider film industry through the illegal copying, downloading and distribution of film



content. Of this, around £88 million – over a month’s income – was lost to cinema box office. The CEA, and the cinema exhibition sector more widely, therefore remain fully committed to playing their part in supporting attempts to tackle this endemic problem.

- 2.23 The CEA works closely with a range of organisations across the production, distribution and home entertainment sectors on this issue. Particular partnerships, and the Association’s work on particular issues, are summarised below.

Film theft in cinemas

- 2.24 During the year, the CEA continued through a series of meetings with Government Ministers and officials to press the case for criminalising the illicit recording of films in cinemas. The lack of specific and workable legislation on this has led to the UK becoming one of the most important European sources of film content stolen in this way.
- 2.25 Working with a number of industry organisations, in June the CEA jointly presented evidence on the issue, and potential solutions, to the Film Minister and the Minister for Intellectual Property. Subsequent meetings with their officials and counterparts from the Ministry of Justice and Crown Prosecution Service elicited a general commitment to look again at the current legislation, and to identify a suitable prosecution to act as a test case, but no movement in terms of a specific offence.
- 2.26 Given that 90 per cent of illegally obtained film content available in hard or digital copy can be sourced back to material illicitly recorded in cinema theatres, the unwillingness of the Government to act decisively on this problem remains a key source of frustration. The CEA was happy therefore to welcome a statement made by the Opposition at the beginning of the year that they would look to legislate on this should they come into power.
- 2.27 Evidence from other territories which have introduced such laws – including France, Italy and Spain, as well as Canada and the US – suggests that these can be both a strong deterrent and effective in dealing with the small number of hard-core professional thieves who seek to record films in cinemas.
- 2.28 As well as continued lobbying for a change in legislation, the CEA has also been supportive of practical measures to tackle the problem of illegal recording in cinema. The Association strongly supported the Film Distributors’ Association in distributing 1,200 pairs of night vision goggles to cinemas showing *Quantum of Solace* and encouraged operators to make full use of this equipment at that time and for subsequent vulnerable releases.

Industry Trust

- 2.29 Through AIM funding and direct engagement, the CEA has also supported the work of the Industry Trust for IP Awareness, seeking not only to increase the social stigma that exists



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around the trade in illegally copied DVDs but also to inform the public about the extent to which their support for legitimate content – particularly through buying a cinema ticket – ensures that all those working throughout the industry, not just those on screen, are rewarded.

- 2.30 During the course of 2008, the CEA worked closely with Trust colleagues to develop proposals for a new in-cinema trailer acknowledging the choice made by each audience member in deciding to buy a cinema ticket and thanking them for their continued support of the industry. The campaign, titled *You Make the Movies*, is due to hit cinema screens in early 2009.

Alliance Against IP Theft

- 2.31 The CEA has continued to provide funding to support the high level lobbying of the Alliance Against IP Theft.
- 2.32 During 2008, the initial focus of the Alliance's work was on ensuring robust follow-up to the recommendations made in the *Gowers Review of Intellectual Property*, in particular those around ensuring that Internet Service Providers (ISPs) played their full part in tackling the problem of illegal online file-sharing of film and other creative content. The CEA publicly supported this position.
- 2.33 During the latter stages of the year, the Government announced both a fundamental review of copyright and plans to publish the interim report of its *Digital Britain* work. While again the majority of issues addressed by these workstrands were more pressing for sectors of the film industry other than exhibition, the CEA nevertheless saw great value in ensuring that it was seen to stand foursquare with the wider industry.

FACT

- 2.34 The CEA also continued to help fund and work closely with FACT, the Federation Against Copyright Theft. FACT is most actively involved in the enforcement of IP laws through its intelligence-led work with the Police, HM Customs and Trading Standards across the country.
- 2.35 Increased use of intelligence helped FACT improve the targeting of manufacturing and distribution of counterfeit DVDs during 2008. FACT raids across the UK increased during the year, leading to over 90 illegal DVD 'factories' being closed down and 3.2 million counterfeit discs being seized, with a street value of over £9 million pounds. Of these cases, over 700 resulted in positive court results, 230 of those being prison sentences. In addition Internet investigations resulted in the closing down of over 60 websites/services offering illegally-obtained film and TV material.
- 2.36 The CEA worked closely during 2008 with FACT's dedicated cinema investigator to draw the attention of cinema operators to Vulnerable Release Alerts, indicating forthcoming films which were especially vulnerable to film theft, for example where they were released first in the UK or were particularly high profile. The CEA also continued to work with FACT to develop signage for cinema foyers and other communal areas to alert cinema-goers to the



importance of film theft and to seek their support in tackling the issue.

Education and skills

Film Education

- 2.37 Film Education – funded on behalf of the CEA through AIM – continued to develop its approach to involving schools and colleges with their local cinemas in 2008 in response to new demands from both the film industry and education partners. CEA members provided huge support to National Schools Film Week (NSFW) in particular, growing a new generation of cinema audiences.
- 2.38 Combined with its other educational resources, over 2.9 million schoolchildren engaged in Film Education activities over the year, aiming to build an appreciation of feature films that will benefit the industry in future years through developing an informed audience who, it is hoped, will wish to experience a wide range of films at the cinema.
- 2.39 In 2008, Film Education festivals, screenings and other events brought an unprecedented 470,000 schoolchildren to the cinema, over half of whom had little or no previous experience of film in this environment. NSFW remained the single biggest cinema festival for young people in the world, with almost 400,000 schoolchildren attending and more than 50,000 engaging in a live Q&A or similar occasion. This represented a 30 per cent increase on the previous year's attendance, with far more young people watching films which went 'beyond the blockbuster'.
- 2.40 The two smaller Film Education screening seasons – *March into Movies* and *Sun Screens* – similarly brought young audiences to cinemas around the country.
- 2.41 Film Education continued to produce highly valued and effective teaching materials in support of the release of films – two notable examples being *Kung Fu Panda* and *The Boy in the Striped Pyjamas*. Both received an enthusiastic response from teachers.
- 2.42 At the end of the year, Film Education launched its redesigned website, which also now appears on the National Education Network, thus allowing all schools to access the downloadable materials contained on the site.
- 2.43 In 2008, Film Education continued to support efforts to tackle film theft. The second year of the creative competition *Be Creative, Protect Creativity* saw an increase in the number of entries where students develop their own creative campaigns through critical analysis of existing industry efforts. In addition, two new teaching packs were produced – *How would you feel?* and *Digital Rights, Digital Responsibilities* – both of which asked students to consider issues of copyright, piracy and creativity.



Sector skills

- 2.44 During 2008, the CEA worked with Skillset – the Sector Skills Council for the audio-visual industries, including film – to ensure that the needs of the exhibition sector were fully reflected in the Skillset workforce survey. Over 200 people from exhibition responded to the survey during the summer, providing information on their experience of skills training and recruitment. Later in the year, the CEA was also involved in a similar exercise with cinema employers.
- 2.45 Provision of training is clearly an issue primarily for individual operators. However the CEA will continue to use the information gained from these and future surveys to work with Skillset and People 1st – the Sector Skills Council for the hospitality sector – in identifying opportunities for the exhibition sector to benefit from their expertise in facilitating training provision going forward.

Release windows

- 2.46 The CEA continued to monitor the position on DVD release windows – the period between the official theatrical and DVD release dates of a film – during 2008.
- 2.47 After a period of rapid decline in the earlier part of this decade, the length of the release window has remained stable over the last year or so at a little over 17 weeks (a comprehensive study released in 2007 estimated that in mid-2006 it was on average 17 weeks and 6 days – current tracking suggests that it remains broadly the same). That said, some distributors observe consistently shorter release windows than others.
- 2.48 The CEA would not wish the theatrical window to reduce any further, believing that too short a window risks impacting on cinema attendances, as potential customers decide instead to wait for the DVD release of a particular film. This risk has been exacerbated in recent times by the increasing tendency of online outlets and other suppliers to advertise the availability of DVD films several months in advance of release date, further increasing the ‘anticipation factor’.
- 2.49 During discussions with a range of audiences, the CEA has continued to stress the importance its members attach to distributors and studios respecting the current window period.



3. Legislation and Lobbying

- 3.1 The CEA maintained constructive relations over 2008 with Ministers and Members of Parliament, including meetings with Rt Hon Margaret Hodge MP (then Minister for Culture, Creative Industries and Tourism), Barbara Follett MP (her successor), Jeremy Hunt MP (Shadow Secretary of State for Culture, Media and Sport), Hon Ed Vaizey MP (Shadow Minister for the Arts) and John Whittingdale MP (Chair, House of Commons Culture, Media and Sport Select Committee). In addition, the CEA worked with Government and its various agencies on the following issues.

Licensing Act 2003

- 3.2 The CEA continued to monitor the impact of the 2003 Licensing Act on cinema exhibition and sought to influence the development of a 'minor variations process', intended to reduce much of the current bureaucracy around the making of minor and non-contentious changes to premises licences.
- 3.3 The CEA strongly believes that the current regime imposes too much of a bureaucratic burden on those sites wishing to make changes to layout, opening times etc. which do not have a material negative impact on the stated objectives of the 2003 Act, namely: the reduction of crime and disorder; public safety; prevention of public nuisance; and protection of children from harm. Work on this continued as the year closed.

Film Classification

- 3.4 The CEA has worked closely with the British Board of Film Classification (BBFC) to explore what might be done to clarify the current approach to the classification of live and near-live 'alternative content'. Both organisations believe that a more straightforward approach, which retains appropriate safeguards and ensures that exhibitors remain within the law as set out in the 2003 Licensing Act, is desirable. A potential solution is likely to be trialled in 2009.

National Minimum Wage

- 3.5 The CEA contributed during 2008 to Government consideration of potential changes to the National Minimum Wage. Not least given the prevailing economic climate, the CEA cautioned against anything greater than an inflationary rise in the established levels. Any higher settlement would present a severe challenge to cinemas trying to remain competitive in an already tight fiscal environment, and lead inevitably to upward pressure on wage levels for other workers in the sector.



Smoking in films

- 3.6 During the course of the year, the issue of smoking on-screen was raised on several occasions, with some health lobby groups arguing for classification restrictions to be placed on films which might be seen to portray smoking in a positive light. The CEA supported the BBFC in successfully resisting such calls, noting that the classification guidelines already allow the potential impact of scenes of smoking on audiences to be taken into account when deciding on a film certificate.
- 3.7 The CEA also strongly argued that any approach which sought to impose mandatory certificates for such scenes would result in wide inconsistencies from film to film, requiring an '18' certificate for popular recent releases such as *Atonement* and even perhaps for famous films such as *Casablanca* or *Now, Voyager*.

Carbon Reduction Commitment

- 3.8 Starting in April 2010 as part of the Climate Change Act, the Government's Carbon Reduction Commitment will establish a mandatory carbon emissions trading scheme. Potentially capturing those cinema circuits with a total half hourly electricity consumption of 6,000 MWh or more, the scheme will require the purchase of 'allowances' equivalent to their carbon emissions each year. A gradual cap will be introduced to drive down usage.
- 3.9 During 2008, the CEA liaised closely with the Departments for Energy and Climate Change and for the Environment, Food and Rural Affairs respectively, ensuring that they consult directly with the CEA on the likely impact on members of this mandatory regulation, and seeking to influence those Departments so as to minimise the adverse effects on members as this scheme is introduced.

Food hygiene

- 3.10 During 2008, the Food Standards Agency (FSA) consulted on proposals to implement a so-called 'scores on the doors' system, requiring cinemas and other food outlets prominently to display the results of their most recent food hygiene inspections. In responding, the CEA was clear that it supported any move to improve the public understanding of food hygiene issues and fully accepted that cinema theatres should be included within the proposed national approach.
- 3.11 However the Association did express concerns about a number of aspects of the proposal, not least how it was to be ensured that any resulting bureaucracy was kept to a minimum considering the minimal risk to food safety that cinemas were demonstrably proven to represent. In announcing plans to proceed with the scheme in December, the FSA seemed to have taken on board a number of the points made by the CEA, although there remain concerns about the complexity of what is proposed. The CEA will continue to lobby on this through 2009.



4. Public Advocacy

- 4.1 The CEA continued through 2008 to help ensure that representations of UK cinema exhibition in the media were current, well-informed and accurate. During the course of the year, the CEA appeared on *gm:tv* and were quoted across a range of newspapers and journals including the *Daily Telegraph*, *The Times*, *The Independent*, *Screen Trade*, *Screen International*, *Sight and Sound*, *Variety* and *Cinema Business* as well as other daily and regional newspapers and news websites via the news agencies.

Cinema performance

- 4.2 A number of broadcast news channels sought the opinion of the CEA during the summer, when the resilience of the UK cinema sector during a time of wider economic difficulty was becoming apparent. As a result, the CEA appeared on *Channel 4 News*, *CNN* and *Radio 5 Live*.

The cinema 'offer'

- 4.3 In December, the CEA published for comment a working paper which set out the unique contribution of cinema to the UK economy, to local communities and to cultural engagement – what it termed the cinema 'offer'. A living document, the paper is intended to act as an important resource for the Association and its members when engaging with the public and with decision-makers at national and local level.



5. Promotion and Marketing

All Industry Marketing (AIM)

- 5.1 All Industry Marketing – funded on behalf of the CEA, the Film Distributors' Association (FDA), the UK Film Council and the Cinema Advertising Association by the Orange Wednesdays promotion – has continued to develop and implement initiatives to promote cinema-going in the UK.
- 5.2 In July, the CEA and FDA undertook a review of AIM's structure and representation, deciding to expand its Board of Directors to bring in wider exhibition and distribution interests and to enable the Board itself to allocate project funding on behalf of the wider industry.

Scottish Film Club

- 5.3 In 2008, AIM implemented and sponsored a weekly slot on the popular STV *Five Thirty Show* to test the effectiveness of a 'Film Club' offering within a mainstream primetime programme. *The Grant Lauchlan Film Club* was established within the programme and online, drawing attention to mid-range releases, highlighting one new sub-blockbuster title per month and running promotions and free screenings for 2-3 weeks prior to the release.
- 5.4 Viewing figures and registration grew throughout the year and the featured titles – with only one exception – outperformed their expected box office throughout Scotland, generally by between 30-50 per cent. Featured titles included *Son of Rambow*, *Taken* and *Milk*. The Film Club continues to operate without further assistance from AIM and has become an essential promotional outlet for releases in Scotland. AIM is now looking at applying the principles of generic promotion of mid-range titles more widely, and potentially across other media platforms.

AIM Youth Research Project

- 5.5 Following an analysis of available cinema research, AIM determined that further work needed to be commissioned to understand the behaviour and attitudes towards cinema of the 15-24 age group. Traditionally strong cinema-goers, this segment has also shown a degree of vulnerability over the past five years. In late 2008, AIM appointed Dubit – a specialist youth marketing agency – to conduct an in-depth analysis of the key drivers for this age group. Once available, AIM will utilise the results to formulate new initiatives during 2009.

Orange Wednesdays

- 5.6 The Orange Wednesdays 2 for 1 promotion continued to thrive in 2008, recording its highest ever figures for a single Wednesday during July, thanks to the exceptional slate of summer films. The overall total for the year was 7.69 million admissions, of which 3.2 million were estimated to be incremental (i.e. attendances which would not have occurred without the presence of the promotion).
- 5.7 The current Orange Wednesdays offer is set to run until at least March 2010, and agreement has been reached with Orange to begin updating the box office technology used to record and



verify the codes, moving from the old Orange “Box” system to integration into quicker and more straightforward computerised till systems, where applicable. This will be rolled out through 2009 and beyond.

National Advertising Spot

- 5.8 CEA members continued in 2008 to support ‘Gold Spot’ deals – where key advertising partners benefit from exposure in the advertising break immediately before the start of each film. While the existing deal with Orange for the majority of films continued, the sector was also happy to welcome Walt Disney Studios Home Entertainment as a new partner, advertising before those films deemed to be particularly attractive to a family audience.
- 5.9 The Association ensured that members met the terms of the agreement in matching the right trailer to the right category of film on at least 95 per cent of occasions, a requirement which cinema operators more than met.

Summer of Film / Autumn Collection

- 5.10 2008 saw a repeat of the successful film ‘season’ trailers, produced by the Film Distributors’ Association and showcasing the wide variety of films upcoming to UK screens in the months to follow. In April, the *Summer of Film* trailer and in September the *Autumn Collection* trailers were well-received by exhibitors and audiences alike. The CEA looks forward to supporting this welcome initiative again in 2009.

National Movie Awards

- 5.11 CEA members were happy to support the 2008 National Movie Awards, which in its second year once more invited cinema-goers to vote for their favourite films and screen performances of the year. Cinemas provided voting forms and promoted the Awards, which culminated in a high profile ceremony, held at the Royal Festival Hall and shown at peak-time on ITV1.
- 5.12 The CEA sees the Awards as an important new way to encourage people into cinemas and looks forward to working with the organisers again in 2009.

London 2012 Olympic and Paralympic Games

- 5.13 The 2012 Games represents a unique opportunity for UK cinema exhibition to engage with the widest possible national audience, particularly children and young people. The CEA is working with National Schools Film Week, through colleagues at Film Education, the London Organising Committee of the Olympic Games (LOCOG) and the UK Film Council to explore how the key Olympic themes of young people and diversity might be built into schools film festivals in the years running up to 2012.



6. Operational Issues

Audience and staff safety

- 6.1 The UK cinema industry hosts millions of customers each week and has an unparalleled track record of providing all of those people with affordable entertainment in a welcoming environment. However, cinema audiences reflect wider society and occasional incidents of friction do occur.
- 6.2 In order to ensure that all cinemas were well-placed to deal with such isolated incidents and to share best practice, in 2008 the CEA produced and distributed to independent cinemas *Best Practice Guidelines for Ensuring Audience and Staff Safety: a practical guide for CEA members*.
- 6.3 In drawing up this document, the CEA consulted widely and drew on guidance from both the Health and Safety Executive on safety at work and from the Metropolitan Police. Advice was also sought from other trade associations in the leisure and hospitality sector.

Environmentally sustainable practices

- 6.4 Cinema exhibition, as a user of significant amounts of electricity and other consumables, recognises the role it can play in setting an example of environmentally sustainable – ‘green’ – practice, and the potential for the sector at the same time to save significant expenditure.
- 6.5 During the latter stages of 2008, the CEA set up a standing Energy and Sustainability Working Group to share best practice, advise on forthcoming legislation – such as the potential impact on exhibitors of regulation arising from the Government’s Carbon Reduction Commitment – and drive forward projects to help the CEA membership reduce its consumption across a number of areas.

Energy use

- 6.6 Throughout 2008, the escalating costs of utilities placed severe pressure on many cinema exhibitors. As a potential means by which these might be addressed, the CEA established with a major energy supplier a framework to develop an electricity buying group for exhibitors.
- 6.7 The plan is a long-term one, predicated on the Association identifying at the outset a large enough initial group of interested operators. Going into 2009, the plan is for those operators represented on the Energy and Sustainability Working Group to act as an initial pilot group for this, with the option of a wider membership if this proves successful.



7. Key Partnerships

International

- 7.1 The CEA continued to benefit from the experience and insight of international partners throughout 2008.
- 7.2 In particular, links with NATO, its counterpart organisation in North America, strengthened further still. Contacts between the two across the year covered issues from digital cinema and joint action on film theft to experiences on release windows.
- 7.3 The CEA also enjoyed continuing support from European colleagues through its membership of UNIC. Key points of debate throughout the year included not just those above, but also proposals for the first European Cinema Summit, sponsored by UNIC and planned for Brussels in June 2009.

National

- 7.4 The CEA continues to enjoy strong support from a range of partner organisations across the wider film and audio-visual sectors. In addition to those named above taking action on film theft, on film classification and on marketing and promotion, the CEA worked closely with the UK Film Council, the screen advertising agencies, the British Screen Advisory Council, Regional Screen Agencies, the Independent Cinema Office and the Association of Independent Film Exhibitors.



8. Changes at the CEA

- 8.1 During the course of 2008, the CEA welcomed James Bird to the new post of Policy Executive. James joined from the Department for Culture, Media and Sport, where he had most recently been Private Secretary to the Minister for Culture, Creative Industries and Tourism.

9. CEA Finance

Excerpts from the Cinema Exhibitors' Association Ltd Accounts 2008

Profit and loss account for the year ended 31 December 2008

	2008	2007
	£	£
Turnover	420,188	467,046
Administrative expenses	(364,474)	(605,397)
Operating profit/(loss)	55,714	(138,351)
Other interest receivable and similar income	20,481	27,124
Profit/(loss) on ordinary activities before taxation	76,195	(111,227)
Tax on profit/(loss) on ordinary activities	(4,250)	—
Retained profit/(loss) for the year	71,945	(111,227)

Balance sheet as at 31 December 2008

	2008		2007	
	£	£	£	£
Fixed assets				
Tangible assets		3,726		10,972
Current assets				
Debtors	42,167		49,589	
Cash at bank and in hand	671,043		854,487	
	713,210		904,076	
Creditors: amounts falling due within one year	(360,621)		(630,678)	
Net current assets		352,589		273,398
Net assets		356,315		284,370
Reserves				
Profit and loss account		356,315		284,370
Members' funds		356,315		284,370



Past Presidents

E M Barker	1912 – 1913	W J Speakman	1952 – 1953
R Tennyson-Jupp, Dr	1913 – 1914	J W Davies, OBE	1953 – 1954
W Fowler-Pettie	1914 – 1915	C H Whincup	1954 – 1955
A E Newbold, MP	1915 – 1920	R H Godfrey, JP	1955 – 1956
R R Goodwin, CBE, MCC	1920 – 1921	B T Davis, FSAA	1956 – 1957
C G MacDonald, JP	1921 – 1922	George Singleton, CBE	1957 – 1958
E Trouson, Ald, JP	1922 – 1923	E J Hinge, CBE	1958 – 1959
A J Gale, Maj, OBE, MCC, JP	1923 – 1924	J D Richards	1959 – 1960
J H Dovener, Counc	1924 – 1925	Alfred Davis	1960 – 1961
Thos Ormiston, CBE	1925 – 1926	S K Lewis	1961 – 1962
W N Blake	1926 – 1927	Miles M Jervis	1962 – 1963
E Hewitson, Counc	1927 – 1928	G L Barber, Ald, JP	1963 – 1964
H Victor Davies	1928 – 1929	Peter King, MA	1964 – 1965
F H Cooper	1929 – 1930	J F Wood	1965 – 1966
W Stephenson	1930 – 1931	Wyndham Lewis, OBE, JP	1966 – 1967
R V Crow	1931 – 1932	H S Roelich	1967 – 1968
R E Richards, Ald	1932 – 1933	J K Stafford Poole	1968 – 1969
J Welsh, Baillie	1933 – 1934	Wyndham Lewis, OBE, JP	1969 – 1970
J Pollard, Counc, JP	1934 – 1935	Kenneth Rive	1970 – 1972
R Dooner	1935 – 1936	Victor Chapman	1972 – 1973
T H Fligelstone, Col, MC	1936 – 1937	Miles P Jervis	1973 – 1974
C P Metcalfe	1937 – 1938	R J Dowdeswell	1974 – 1976
M A Nyman, BSc	1938 – 1939	C W A Painter	1976 – 1977
E J Hinge, CBE	1939 – 1940	S Shurman	1977 – 1979
H P E Mears, Ald, OBE, JP	1940 – 1941	D M Cameron	1979 – 1980
S K Lewis	1941 – 1942	R J Dowdeswell	1980 – 1982
W J Speakman	1942 – 1943	G W Rhodes	1982 – 1984
H Simpson, Counc	1943 – 1944	D F Chamberlain	1984 – 1985
Sir W S Clift	1944 – 1945	E J Lee, MBE	1985 – 1990
G H Scarborough	1945 – 1946	M J Vickers	1990 – 1992
Fred A Prior, FSAA	1946 – 1947	I N Riches	1992 – 1993
B T Davis, FSAA	1947 – 1948	R C Warbey	1993 – 1994
Dennis C Walls	1948 – 1949	S Fishman, CBE	1994 – 1999
Sir Alexander B King, CBE, DL, LD, JP	1949 – 1950	CEA Executive Board Chairman	
A B Watts, FSAA	1950 – 1951	Barry Jenkins, OBE	1999 – 2005
H P E Mears, Ald, OBE, JP	1951 – 1952	CEA Ltd Executive Board Chairman	
		Barry Jenkins, OBE	2005 –

Cinema Exhibitors' Association Ltd Executive Board Members – April 2008

Chairman – Barry Jenkins, OBE

Chief Executive – Phil Clapp

Honorary Treasurer – Mike Vickers

Larger Operator Board Members / Nominated Substitutes

Apollo Cinemas – Gerry Tait / Steve Lavelle

Cineworld Cinemas – Steve Wiener / Matt Eyre

City Screen – Lyn Goleby

Empire Cinemas – Justin Ribbons

Natl Amusements (UK) – Duncan Short / Karen Fox / Richard Leonard

Odeon Cinemas – Roger Harris / Luke Vetere

Reel Cinemas – Klash C Suri

Vue Cinemas – Tim Richards / Steve Knibbs / Mark de Quervain

Smaller Operator Board Members / Nominated Substitutes

David Morris – New Picture House St Andrews / Mike Cameron – Granada Cinemas Edinburgh

Gerry Parkes – Parkway Entertainment / James Collington – Savoy Cinemas

Brian Bull – Circle Cinemas / John Merryweather – Regal Melton Mowbray

Mike Vickers – Reeltime Cinemas / Stuart Hall

Peter Hoare – Scott Cinemas South West / Mark Williams – WTW Cinemas

CEA HEAD OFFICE

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James Bird

Annette Bradford

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This Annual Report is also available on request as a text-only large font document and also in other accessible formats – please contact the CEA for further information.



**the cinema exhibitors'
association limited**