UK CINEMA
association
Promoting the big screen
Annual Report 2018

Promoting the big screen

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Introduction

2018 was by any measure an exceptional year for the UK cinema sector.

Across the full twelve months, the cinema-going public responded to a diverse film slate and continued investment by cinema operators in all aspects of the big screen experience. Such was the strength of this response that by year-end, UK cinema admissions were at their highest level for almost 50 years.

Unlike most recent years, no one or two titles enjoyed runaway success. Instead the year saw an unusually large number of strongly-performing films across a range of genres and audiences. No fewer than eleven titles released in 2018 went on to realise over £30 million at the box office with a definite 'feel-good' theme running through many of the most successful titles, including *The Greatest Showman*, *Mamma Mia: Here We go Again!* and *Bohemian Rhapsody*.

Film distribution colleagues helped play a major role here, continuing to observe a 12 months, 52 weeks of the year release strategy, with films from each quarter of 2018 eventually occupying the year's top ten.

But that exceptional performance was also undoubtedly the result of a strong public response to massive levels of ongoing investment in the big screen experience, including a large number of new openings and significant refurbishments. The year saw over a dozen new sites – representing almost 100 screens – open to the cinema-going public, involving venues of all sizes and across all business models.

That is a trend that is set to continue over the coming years, confirming the good health of the UK cinema sector and its ongoing resilience in the face of economic uncertainty and the commercial challenges being faced in particular by others operating in the leisure and retail spheres.

Increasingly urgent preparations for 'Brexit' meant that there were comparatively few opportunities to engage with key politicians and policy-makers during 2018, but where that was possible – on matters as diverse as public health, business rates, unauthorised developments and the National Minimum Wage – the Association was able also to reinforce its core messages around the economic, social and cultural value of the UK cinema sector.

During the year, the Association continued to work with its members and colleagues from across the industry on a wide range of strategic and operational issues. Many of these – such as the implementation of the data handling requirements around GDPR and work to reduce levels of consumption of single-use plastics – were wider issues which required specific consideration in the context of the cinema sector.

In that vein, as in previous years, a significant amount of Association time was spent on issues around disability and access, with the aim of maintaining and enhancing the reputation of the UK sector as a World leader in accessibility. In particular the year saw the launch of the ground-breaking Technology Challenge Fund, an attempt by the Association to stimulate new thinking around the challenging area of subtitled screenings for deaf and hard of hearing customers.

Efforts to maintain the security of film content also continued to enjoy great success. While – after almost three years without a film being recorded in a UK cinema – two such incidents in 2018 were of course disappointing, that small number nevertheless pays testament to the hard work of cinema staff across the country in keeping their sites secure and the Film Content Protection Agency in supporting, advising and investigating in this area.

A well-received conference on e-commerce and retail in March saw a significant strengthening of links with the Association's sister trade body REVO, representing the commercial retail property sector. This development underlines increasing joint activity between the two sectors on the ground.

Backed by continuing marketing muscle, 2018 saw the *Meerkat Movies* 2 for 1 cinema ticket promotion – now in its fifth year – continue to grow, providing further evidence of its value in driving incremental cinema admissions for operators of all sizes.

The Association remains dependent on – and hugely grateful for – the support and engagement of its Executive Board, wider membership and partners across the industry as it endeavours to support cinema operators large and small in ensuring that as many people as possible choose to see films in their best possible setting – the cinema theatre.

01

UK cinema performance – an overview

The year in review

1.1 2018 was by any measure an exceptional year for the UK cinema sector. Across the full twelve months of the year, the cinema-going public responded to a diverse film slate and continued investment by cinema operators in all aspects of the big screen experience. Such was the strength of that response that by year-end, UK cinema admission were at 177 million, their highest level for almost 50 years..

1.2 The monthly figures for UK admissions in 2018, alongside those for 2017, are set out below.

Country	**Cinema admissions 2018**	Cinema admissions 2017	Change %
January	**16,201,679**	14,995,364	+8.0
February	**16,104,240**	16,479,373	-2.3
March	**13,530,321**	16,153,356	-16.2
April	**15,499,145**	15,642,269	-1.0
May	**13,723,204**	11,340,178	+21.0
June	**10,411,163**	9,583,856	+8.6
July	**15,614,626**	17,803,869	-12.3
August	**19,224,516**	14,474,561	+32.8
September	**10,132,727**	10,783,134	+6.0
October	**16,047,372**	12,106,187	+32.6
November	**14,847,358**	14,089,744	+5.4
December	**15,665,130**	17,164,883	-8.7
Total	**177,001,481**	170,616,774	+3.7

Source: Cinema Advertising Association

1.3 The top ten films for the year were as follows.

	Title	Distributor	**Box office £m**
1	**Avengers: Infinity War**	Walt Disney	**66.7**
2	**Mamma Mia: Here We Go Again!**	Universal	**60.7**
3	**Incredibles 2**	Walt Disney	**52.2**
4	**Black Panther**	Walt Disney	**47.8**
5	**Bohemian Rhapsody**	20th Century Fox	**44.7**
6	**Jurassic World: Fallen Kingdom**	Universal	**38.7**
7	**Peter Rabbit**	Sony	**38.0**
8	**The Greatest Showman**	20th Century Fox	**37.8**
9	**Fantastic Beasts: The Crimes Of Grindelwald**	Warner Bros	**31.3**
10	**Deadpool 2**	20th Century Fox	**30.6**

Source: ComScore

1.4 2018 began strongly, with *The Greatest Showman* (which went on to be perhaps the year's longest-running title) drawing in enthusiastic audiences, complemented by titles released late in the previous year – *Star Wars: the Last Jedi* and *Jumanji: Welcome to the Jungle* – as well as a number of BAFTA-nominated titles including *Darkest Hour* and the eventual 'best film' winner *Three Billboards Outside Ebbing, Missouri*.

1.5 While that early momentum tailed off a little over the next couple of months, there were nevertheless still a number of titles which kept box office more than ticking over, in particular the ground-breaking *Black Panther* (which went on to be the fourth biggest title of the year), *Coco* and *Peter Rabbit*.

1.6 Late Spring and into the early Summer however saw the year really take off, with the release of *Avengers: Infinity War* – which went on to be the biggest title of the year – as well as *Deadpool 2* and *Solo: A Star Wars Story*. Complemented by the subsequent releases of *Jurassic Park: Fallen Kingdom*, *Incredibles 2* and *Mamma Mia: Here We Go Again!*, the sector entered the latter stages of the Summer level in terms of admissions with 2017, itself a strong year.

1.7 That 2018 ended up with total admissions of 177 million – the highest figure since 1970 – is testament therefore to an exceptionally strong final third to the year, which saw continued success for some Summer titles underpinned by the exceptional performance of Autumn/Winter releases such as *Bohemian Rhapsody* and *Fantastic Beasts: The Crimes of Grindelwald*.

1.8 Taken as a whole, 2018 was unusual in that there were not – as there had been in previous years, one or two runaway leading titles, but instead a wide range of strongly-performing releases. Indeed *Avengers: Infinity War*, the largest film of the year, made less than £70 million at the UK box office. But there were ten other titles that made more than £30 million, confirming the public's enthusiastic response to a diverse and year-round slate.

1.9 Alongside those remarkable 2018 admissions figures, the sector achieved parity in terms of box office with 2017, the final figure coming in at £1,277,122,327.

1.10 That performance was underpinned by an exceptional contribution to the box office by British films, where UK independent and UK-qualified content accounted for a record 44.8 per cent of total revenues.

1.11 Within those same headline figures, 3D continued to make a significant contribution, with half of the top ten films of the year available in that format.

European cinema sector

1.12 While UK cinema admissions remained strong, other European film territories experienced for the most part more challenging circumstances during 2018, the result of a number of factors including local economic conditions and weaknesses in the domestic film slate.

Global cinema sector

1.13 In terms of global box office, the US remained the biggest film territory, with China second and Japan in third place. The UK remained the fourth-ranked overall (the disparity in UK box office figures compared to those above relates to changing currency exchange rates).

Country	**Cinema box office 2018 $ million**	Cinema box office 2017 $ million	Change %
1 USA	**11,046.7**	10,306.3	+7.2
2 China	**9,218.2**	8,277.2	+11.4
3 Japan	**2,015.7**	2,037.6	-1.1
4 U.K.	**1,703.7**	1,645.2	+3.6
5 South Korea	**1,644.5**	1,552.4	+5.9
6 France	**1,585.4**	1,534.0	+3.4
7 India	**1,507.4***	1,478.7	+1.9
8 Germany	**1,064.0**	1,193.1	+10.8
9 Australia	**930.2**	920.4	+10.6
10 Mexico	**873.6**	—	—

Source: IHS Markit

*Provisional figure

Country	**Cinema admissions 2018 million**	Cinema admissions 2017 million	Change %
Austria	**12.8**	14.5	-11.4
Denmark	**13.0**	12.5	+4.0
Finland	**8.1**	8.8	-8.2
France	**200.5**	209.4	-4.3
Germany	**105.4**	122.3	-13.9
Ireland	**15.8**	16.1	-2.1
Italy	**85.9**	92.3	-6.9
Netherlands	**35.7**	36.0	-0.8
Norway	**12.1**	11.8	3.0
Portugal	**14.7**	15.6	-5.9
Russia	**200.2**	212.2	-5.7
Spain	**97.7**	99.7	-2.0
Sweden	**16.4**	16.5	-1.0
Switzerland	**12.1**	13.9	-12.9
Turkey	**70.4**	71.2	-1.1
U.K.	**177.0**	170.3	+3.8

Source: UNIC

02

Strategic issues

2.1 During 2018, the Association supported and represented its members across a range of strategic issues. Below is a headline account of the relevant activities of the Association in these areas.

Release windows

2.2 The Association strongly supports the principle of maintaining a clear 'window' between a film's theatrical release and its release on other platforms, believing that this ensures that audiences continue to enjoy the widest possible range of films in their intended environment, the cinema theatre. It is the unique nature of the cinema experience that means that so many cinemas across the UK remain key focal points for their local communities.

2.3 During the course of 2018, the average theatrical release window remained unchanged at 110 days. As ever however, this masked a wide range of practices, with a number of films being released on very short windows of less than two weeks and an increasing number observing windows of 30–90 days.

2.4 While decisions on the release window around any individual film are a commercial matter between exhibitors and the relevant distributor, and not therefore something in which the Association has any role, it would be concerned by any moves taken in this regard which were at the expense of cinema exhibition, a part of the film industry which continues to perform strongly and provide a solid foundation for subsequent elements of film revenue.

2.5 Across 2018, efforts were made by a number of video-on-demand and streaming service providers to 'disrupt' the current business model, typically through offering Association members the opportunity to show film content on very short windows or 'day and date' with their home entertainment release.

2.6 Decisions on whether to take up these offers were and remain for each cinema operator alone to make, but in the longer term the Association hopes to persuade these providers that their best film content deserves to be seen by the widest possible audience on the big screen.

British Film Institute (BFI)

2.7 The Association remained actively engaged throughout 2018 with a number of strands of activity led or co-ordinated by the British Film Institute (BFI). More details on specific elements are set out below.

BFI Film Audience Network

2.8 During 2018, the Association continued to engage with the BFI Film Audience Network (FAN), established by the BFI to support the development of local cinema audiences, in particular for British independent and specialised film. Some of the lead organisations for the regional structure of the FAN are Association members, while many more members are involved in FAN activities in some way.

2.9 Following the results of a review of the Network the previous year, the Association saw significant progress during 2018 in terms of greater engagement and consultation with mainstream cinemas, a point that it had made strongly in responding to the relevant consultation exercise.

BFI Independent Film Commission

2.10 Established as part of its *BFI 2022* strategy, the early part of the year saw the work of the BFI Independent Film Commission reach its final stages.

2.11 Although supportive of its headline aims – and despite the fact the group included two leading exhibition executives – the Association had found helping the Commission in finding a commercially-viable solution to developing cinema audiences for British independent film challenging. Those models looked at, including a 'Film Club' model which had been successful in Denmark and a number of subscription models, relied for their success on a significant marketing budget, something not available in this case.

National Lottery Cinema Day

2.12 September 2018 also saw the establishment of the first National Lottery Cinema Day, recognising the contribution that the Lottery had made since 1994 in supporting the production of British films. While initially aiming to involve as many UK cinema operators as possible, the challenging requirements around such initiatives – including that they be open to all 40 million plus people who play the Lottery regularly – proved a significant disincentive for many.

2.13 As a result, the initiative in the end involved less than 20 per cent of UK sites, and very few if any amongst the larger UK cinema operators. The Association will look to help shape a more impactful proposal should attempts be made to develop this initiative further.

BFI 5-19 film education scheme – Into Film

2.14 Through cross-industry body Cinema First, UK cinema invests £725,000 annually in Into Film, the BFI Lottery-funded charity aiming to put film at the heart of young people's educational, cultural and personal development and to cultivate the largest possible young audience for film.

2.15 In the six years since its establishment, Into Film has worked hard to engage over a million young people every year through an active network of over 9,000 school film clubs, creative learning resources and teacher training. Cinema First investment supports a range of activities to encourage and incentivise cinema-going to ensure young people become the paying audience of the future. The flagship event of this audience development activity is the Into Film Festival – the largest free film festival in the world.

2.16 The 2018 Festival, which ran over three weeks in November, saw 439,000 children and young people and their teachers attend 2,545 screenings, special events and previews across 550 cinema sites. The Festival was supported by all of the major UK cinema companies as well as by a large number of smaller operator members of the Association. Half of the programme was accessible, including audio described, subtitled and autism friendly screenings. For over 30,000 attendees this was their first ever cinema trip.

2.17 Festival highlights included 'pupil premieres' of *The Grinch* and *Ralph Breaks The Internet*, with previews of *Shoplifters* and *Nativity Rocks* alongside titles ranging from *Beast* to *Mary and the Witch's Flower*, and talks from a range of UK film talent (including actors Will Poulter and Ruby Barnhill and directors Asif Kapadia and Joe Cornish). A specially-commissioned pre-reel trailer championed the big screen experience and many exhibitors offered bounce-back incentives which were redeemed by 20,000 young people after the Festival.

2.18 In partnership with the Industry Trust for IP Awareness, and informed by a research project into the film-watching habits of 7-11-year olds and their parents, during the year Into Film also ran a cinema campaign to increase respect for IP, reaching over 700,000 children and young people.

National Film and Television School

2.19 Cinema operators rely on a large number of others in the wider film industry in order to be successful, not least those who create films for the big screen, be they in front of or behind the camera. Foremost amongst those institutions which have made a contribution in this regard is the National Film and Television School (NFTS), recognised by many as the best film school in the World, and the originator of countless Oscar, BAFTA and other industry award-winning professionals.

2.20 Recognising that pre-eminence, in 2018 the Association continued to provide funding and in-kind support to a new MA in Marketing, Distribution, Sales and Exhibition delivered by the NFTS, looking to involve members from across a range of disciplines in providing 'real World' experience to students taking the qualification.

2.21 Broadening its engagement with the School, the Association was also delighted to work with students on the NFTS 'Directing Commercials' course, setting them an initial topic of promoting the big screen experience, and working with them in developing and critiquing their ideas.

Music rights

2.22 The issue of music rights collection remains a key concern for cinema operators, not just to Association members but also their counterparts across Europe. In the UK, music rights payments to songwriters and composers are made to the collecting agency PRS for Music, with cinemas required to pay a fee for music played in their cinemas, whether as part of a film or event or simply as background music in foyers and auditoriums.

2.23 Association members support the right of all creative people to be rewarded for their work. However, they also strongly believe that it is important that the royalties paid are a fair and appropriate reflection of the value that music provides to the overall experience. There is also the need to ensure transparency in the system so that it is clear how musicians, composers and songwriters are rewarded for their work.

2.24 Association members continue to believe that the fees demanded by PRS in particular are too high and do not reflect the contribution of music to the modern cinema-going experience. Equally it is understood that PRS would like to see their members realise an even larger return.

2.25 While neither side is happy with the status quo, given the potential downside of opening up debate on the current complex tariff, members agreed to this being 'rolled over' unchanged into 2018. However, the Association reserves the right to revisit this position should circumstances change.

2.26 2018 did however see PRS and PPL, the counterpart collecting organisation for musicians, take steps to deliver on an earlier commitment to merge 'back office functions', effectively creating a new licence – 'TheMusicLicence'. This is to be rolled out and applied to all cinemas from early 2019, albeit in a way that there will still be clearly defined elements relating to each tariff, something that the Association will monitor closely.

Film Complaints Panel

2.27 The work of the Film Complaints Panel, under the Chairmanship of Thomas Dillon, continued during the course of the year. Although the Panel held no formal hearings, Thomas kept in touch with the changing characteristics of the sector through the UK Cinema Association and its counterpart, the Film Distributors' Association.

03

Legislation and lobbying

3.1 The burden placed on government at all levels by considerations around Brexit meant that the Association struggled during 2018 to achieve sustained engagement with politicians and policy-makers across the year. There were nevertheless some successes in areas in which the Association sought to influence the political and public policy agenda. A summary of these is below.

Pro-cinema messaging campaign

3.2 Key to the Association's lobbying activities over the last few years have been ongoing efforts to remind key Parliamentarians of the economic, social and cultural value provided by the UK cinema sector.

3.3 These have been delivered in part by continued support for a programme of visits by MPs to their local cinemas, providing them with a 'behind the scenes' look at a key community resource, as well as distribution of an impactful 'facts and figures' brochure, something which has proved a very useful tool in recent years in raising levels of awareness about the sector.

3.4 2018 also saw the Association organise another successful 'friends and family' screening for Ministers, MPs and relevant officials across Government, this time of *Solo: A Star Wars Story* at the Vue West End, London in May. Through this event (generously supported by colleagues at Walt Disney Studios), it was possible to again emphasise key messages around the important contribution to the life of the country made by the UK film and cinema sector.

Film theft

3.5 The Association continued to support the lobbying efforts of the Alliance for Intellectual Property, which during the year maintained pressure on the UK Government to ensure in particular the maintenance of strong copyright legislation in the EU as well as promoting enforcement and education initiatives via the European Observatory on Infringements of Intellectual Property Rights and in the UK with the Intellectual Property Office.

3.6 During 2018 the Alliance undertook a number of activities and held a number of events in pursuit of these goals, including: the publication in January of the *Trading Places* report, emphasising the need for the UK to maintain its World-leading IP regime as it potentially sought to negotiate new trade deals post-Brexit; delivery of the third British IP Day, allowing a dozen creators and creative business-owners to meet their MPs and remind them of the importance of IP to their ongoing success; and continuing to help officials at a range of Government Departments understand the business models that support IP-rich business sectors.

Public health

3.7 Soft drinks and snacks have long been part of the cinema-going experience and – in moderation – present no health issues when consumed as an occasional treat. That said, over a number of years, the Association has worked with its members in responding to public concerns around the potential health impacts of certain food and drink offerings. Industry-wide responses have included providing customers with more detailed nutritional information, offering 'healthier' alternatives, reducing portion sizes and working with suppliers to support the reformulation of key products.

Soft drinks levy

3.8 April 2018 saw the introduction of the soft drinks levy (or 'sugar tax'), in the Government's Childhood Obesity Strategy, announced in 2016. Aimed at producers and importers of added sugar soft drinks, the aim of the levy is both to encourage suppliers to reformulate their overall product ranges and customers to choose low/no added sugar products.

3.9 Any decision made by a supplier on whether to pass any additional costs arising from this new charge on to a cinema operator, and in turn by that operator on whether to pass these costs on to their customers, are commercial matters and therefore not issues in which the Association has any role. However it did during the course of 2018 continue to advise members of the detail of these provisions, and engage with other relevant trade bodies in order better to understand and communicate the likely impacts of these changes.

Calorie Reduction Programme

3.10 The Association continued during the year to engage with Public Health England (PHE) and the Government's Childhood Obesity Strategy. In particular it was involved in a number of workshops intended to help shape the proposed Calorie Reduction Programme, ensuring that there was a better understanding of the 'out of home' sector and the challenges presented in reducing calories across many hundreds of different product lines.

3.11 The Association will monitor the impact of the Programme when introduced in 2019, and continue to keep members updated on relevant developments.

Sugar Reduction Programme

3.12 A key strand of the PHE approach is the Sugar Reduction Programme, which aims to achieve a 20 per cent reduction in sugar levels in food by 2020. With an initial report in May 2018 suggesting that progress towards an interim reduction of 5 per cent in the first year of the programme had not been achieved, it is anticipated that Government will return in 2019 with strengthened proposals. The Association will assess and monitor the impact of any resulting changes carefully.

Business rates

3.13 The business model of cinema operation is one that involves a number of significant fixed costs. Some of these – such as staff costs – reflect in the main the hospitality and retail aspects of cinema activity, while others – such as utility costs and business rates – reflect the fact that cinemas are fixed buildings. The level and nature of these costs, and the resultant need to plan for the long-term, mean that significant or sudden increases in any of these areas can have a disproportionate impact on financial viability.

3.14 For that reason, the seemingly relentless upward drift in recent years of the business rates affecting many of its members has been source of increasing concern for the Association, and something on which it has made its views known to relevant Ministers and officials at HM Treasury on a number of occasions, not least following the 2017 revaluation exercise, when some members faced increases in business rates of as much as 300 per cent.

3.15 The Association was therefore hugely disappointed to be told by that same Department in 2018 that members would once again not benefit from a business rates discount aimed at 'high street retailers' announced in the October Budget Statement.

3.16 This decision, which follows moves to exclude cinema operators from such measures in previous years, flies in the face of all available evidence of the economic, social and cultural contribution of cinemas to their local communities. This is in fact a feature of the sector which has grown in importance in recent years, not least as other retail sectors have come under increasing pressure, so the decision not to allow relevant cinemas to benefit from such measures seems particularly ill-judged.

Unauthorised development and encampments

3.17 The sudden arrival of unauthorised vehicles and caravans in car parks and other private land close to Association member sites is thankfully a rare occurrence, but where it does happen it can cause a good deal of disruption and disturbance, with the police and local authorities often seemingly unable to take swift and decisive action.

3.18 In June, the Government consulted on whether there was a case to give the police (or others) wider powers to tackle unauthorised development and encampments. As a result of the above experience, the Association was able to share a number of examples where the current legislation seemed inadequate in dealing with these issues.

3.19 As the year closed, further confirmation from Government of its plans was still awaited.

UK departure from the European Union ('Brexit')

3.20 During the course of the year, the Association worked closely with Government, the BFI and other relevant trade bodies in trying to assess the impact on its members of the planned departure of the UK from the European Union ('Brexit').

3.21 While a managed departure seemed the most likely outcome then the general view was that the nature of such impacts would for the most part be limited to the reduced availability of non-UK European film content (although Government had indicated that it would look to ensure that UK cinemas could still participate in the valued Europa Cinemas initiatives). But as the prospect of a 'no deal' Brexit started to crystallise towards the end of the 2018, so the Association took a more proactive role in assessing any more significant challenges that such an outcome might present.

3.22 In particular, it liaised with a wide range of suppliers of technology and food and drink to the industry to ensure that contingencies were in place for any disruption to import or supply in these areas. While most food and drink items are produced or manufactured in the UK (and so any impacts are likely to be small), that is not the case for a great deal of the technology utilised by the sector, including projectors, servers and screens. In each case, the Association worked to ensure that there were plans in place for sufficient resources of new or replacement equipment and that supply lines would be protected in the context of a 'no deal' scenario.

3.23 As the year ended, this remained very much a moving picture, and one the Association continued to monitor.

04

Public advocacy

Pro-cinema messaging

4.1 During the course of the year, the Association continued its efforts to engage with a wide variety of key contacts in the print, online and broadcast media to ensure that they were aware of the sector position on issues affecting the industry and to rebut any negative stories that arose.

Specific issues

4.2 As well as offering more general commentary, the Association was called upon to offer specific comment during the year in a number of key areas. Particular examples are set out below.

Health of the UK cinema sector

4.3 While 2018 proved an exceptional year for UK cinema, it was perhaps to be expected that the Association spent as much time during the year addressing the misplaced negativity around the sector from a number of sources as it did celebrating that success. In particular a comparatively short but challenging period during the Summer – when the industry faced the competing attractions of the World Cup and prolonged hot weather – seemed to prompt an outpouring of pessimism and doom-mongering from several broadsheet newspapers, thankfully balanced by more measured coverage from the financial press.

4.4 Ultimately however, the undeniably good news of a cinema sector enjoying its most successful year in terms for admissions since 1970 provided a range of opportunities to reconfirm the health of the industry, with positive pieces across a range of outlets including *The Guardian, Sunday Times, Screen Daily, Sky News* and *BBC You and Yours*.

Cinema vs streaming

4.5 Part of the negativity referenced above stemmed from a perception amongst many journalists that cinema was in some way losing out to the competition posed by a number of streaming services, in particular Netflix. Throughout the year, the Association was able amply to demonstrate that the two offers were distinct but complementary – many of the most prolific streamers are also the most avid cinema-goers – but that the big screen provides an immersive and social experience with which no home entertainment offer can compete.

Cinema pricing

4.6 The year saw a significant amount of media coverage around the issue of cinema pricing. This went beyond previous under-researched commentary on the costs of cinema-going, reflecting in part the introduction of some tactical discounting across the sector as well as continued interest in the potential disruption presented by third party subscription schemes. During the year, such queries came from media outlets as diverse as the BBC *One Show* and *BBC News* website, *The Sun* and *The Huffington Post*.

4.7 While prevented by competition law from getting into the detail of pricing policies, the Association took the opportunity to communicate the extent to which variations in pricing reflected the increasingly diverse cinema experience on offer to UK audiences and the marginal impact that third parties were having on UK cinema business models respectively.

Cinema food and drink

4.8 As in previous years, the topic of cinema food and drink again arose at various points during 2018, with a variety of issues raised, ranging from costs and quality to standards of food hygiene. On the latter, the Association worked with colleagues at a number of the major operating companies to push back robustly on a misleading and damaging piece on the BBC *Watchdog* programme, providing strong evidence to counter its claims about poor practice within many cinema sites.

Cinema noise levels

4.9 At a number of points during 2018, the Association was called on to rebut critical pieces carried by *Heart Radio* and other local stations regarding the potential health impact of cinema noise, pointing out the misapplication of relevant noise regulations and concerns that customers might be misled as to the dangers to their hearing presented by a cinema visit.

Social media activity

4.10 Outside of the issues and press contacts above, the Association during the year continued to use social media channels, including its Twitter feed **@Cinema_UK** and Facebook page, to offer comments and updates on a range of aspects of cinema and cinema-going as well as providing a commentary on its own activities and those of members. By the end of the year the Association's Twitter feed had well over 2,200 'followers', a significant number of those themselves journalists or bloggers.

05

Promotion and marketing

Cinema First

5.1 During the year, the work of Cinema First, the cross-industry body charged with finding ways to promote and encourage cinema-going, continued.

Review of Cinema First

5.2 The year saw the establishment of a review of Cinema First. Originally established almost 30 years ago, when the cinema landscape was very different and the health of the industry undoubtedly less positive, the organisation has (in its various guises) been responsible for a number of important developments in the sector, including the launch of the *Orange Wednesdays* promotion – and now *Meerkat Movies* – and support for organisations such as Film Education, yourlocalcinema.com, Into Film and the Industry Trust.

5.3 However in recent times there has been a growing consensus that the organisation could be doing more. Accordingly in March 2018 Cinema First commissioned Monica Chadha of Mocha 8 to undertake a far-reaching analysis of stakeholder views, the findings of which resulted in the submission of an ambitious proposed programme of change, accepted in its entirety by the Cinema First Board.

5.4 As a result of this work, as the year closed, the UK Cinema Association, together with the Film Distributors' Association, launched a wide-ranging recruitment exercise to find a new Chair for the organisation.

Meerkat Movies

5.5 The *Meerkat Movies 2 for 1* cinema ticket promotion, the result of a cross-industry partnership with the price comparison website **comparethemarket.com**, continued to enjoy strong growth as it entered its fifth year.

5.6 The initial years of the promotion had focused on building awareness of the brand and 2 for 1 mechanic, primarily through promotion of key film releases and broad customer engagement activity. But Spring 2018 saw a renewed emphasis on more targeted marketing activities, a greater focus on a smooth 'customer journey' and greater sharing of key learnings and data between all sides, all with the aim of developing and improving the promotion.

5.7 Mid-2018 also saw a significant change in marketing creative, with a move away from the previous approach of principally promoting individual titles to one which emphasised the broad range of films available at the cinema. *Hooray for 2 for 1*, a campaign relying on iconic moments to promote the cinema-going experience, reminded the public of the always-on, year-round big screen offer.

5.8 The year also saw continued investment in the bespoke *Meerkat Movies* app, which had by the end of 2018 been downloaded more than five millon times and was resident on one in ten UK smartphones, clearly regarded as a useful resource for a much wider audience than solely those using the promotion.

5.9 As a result of these and other changes, 2018 saw the promotion reach a number of significant milestones, with an increase in frequency of usage driving the average weekly share of admissions to 4.7 per cent by the end of the year. The year also saw the programme reach the 13 million redemption mark, well ahead of previous forecasts. Taken as a whole, during the year *Meerkat Movie* members accounted for almost 21 per cent of Tuesday and Wednesday audiences, a contribution which undoubtedly helped push UK admissions in 2018 to such impressive levels.

Screen Awards

5.10 For the sixth year, the Association supported the long-running Screen Awards, providing an excellent opportunity for the sector to recognise and celebrate excellence and achievement both in exhibition and across the wider cinema industry.

5.11 The Association again sponsored the Exhibition Achievement Award, deservedly given on this occasion to Peter Hoare, Director of WTW Scott Cinemas. The decision to make the award to Peter, a well-known and popular figure who has made an incredible contribution to the sector over 50 years, was hugely welcomed by colleagues from across the industry.

5.12 The Association also again encouraged applications from members for the two cinema of the year categories, offered to an individual site run by a company with 24 or fewer screens and an individual site run by a company with 25 or more screens respectively. For the first time, these categories were judged by a specially-convened panel of Association members representing a cross-section of colleagues from both circuit and smaller operators.

5.13 With winners judged not solely on box office and admissions but also on marketing, innovation and outreach, these were hotly-contested categories with the eventual winners – The Picture House, Uckfield (companies with 24 screens or fewer) and the recently-refurbished ODEON Luxe, Edinburgh West (25 screens or more) – richly deserving of their awards. Such was the strength of competition that the panel also awarded 'highly commended' status to a cinema in each category – The Hebden Bridge Picturehouse and Picturehouse Crouch End respectively.

06

Operational issues

Film theft

6.1 Efforts continued throughout the year to maintain the sector's success in ensuring the security of UK cinemas, something which has seen an exceptionally small number of films recorded at member sites in recent years. While the lack of up to date data on the overall impact of film theft on the industry remains a frustration (the last reliable figures dating from 2011, when financial losses to the UK cinema sector were calculated at some £216 million, or 21 per cent of annual box office) there remains no let-up in the determination of UK cinema operators to play their part.

Film theft in cinemas

6.2 The Film Content Protection Agency (FCPA) was created by Film Distributors' Association in 2016 to preventing film theft in cinemas in the UK and Ireland, continuing the excellent work previously undertaken by the Federation for Copyright Theft (FACT).

6.3 Despite ongoing attempts by individuals to record films in cinema theatres – there were 140 separate incidents in UK cinemas in 2018, a new record – much of the year saw the continuation of a period of unprecedented success in this regard. Indeed, by the time a pirated copy of a newly-released film was traced back to a Birmingham cinema in October, the UK industry had enjoyed over three years without a similar occurrence. The fact that this was swiftly followed by two further (unrelated) incidents in Cornwall only confirmed the need for vigilance at cinemas of all sizes.

6.4 As the year closed, the FCPA was collaborating on investigating these three cases with the Police Intellectual Property Crime Unit (PIPCU), based at the City of London Police.

6.5 Whilst the increase in incidents noted above may reflect the increasing availability of smart phones with recording capabilities, it is also hoped that it results from even greater awareness and vigilance amongst staff – which inevitably leads to a rise in reported activity. During 2018, over 2,200 cinema staff from 68 UK cinemas attended briefings held by the FCPA and were provided with expert advice and information on how their vigilance could tackle illegal recording.

6.6 Encouraging and incentivising such vigilance and awareness is vital – so the FCPA has continued to acknowledge cinema staff for their efforts in tackling film piracy through its reward programme. Across the year, a record 52 cinema staff were formally recognised for successfully disrupting attempts to illegally record films and presented with cash rewards at presentations in March and September.

6.7 The year also saw two significant FCPA prosecutions come to a successful conclusion:

- in May, a 21 year old man was convicted at Newcastle Crown Court of "camcording" newly-released films and distributing them online, having been apprehended following a surveillance operation at a local cinema. He was sentenced to a two-year community order with 200 hours of unpaid work; and
- in the same month, a 41 year old man pleaded guilty at Glasgow Sheriff's Court to offences under the Copyright Designs and Patents Act 1988 having been spotted by cinema staff recording *T2: Trainspotting* at a local theatre. He was convicted and fined, this being only the second time someone in Scotland had been convicted of such a crime, and the first since 2011.

Industry Trust for IP Awareness

6.8 Throughout the year, the Association continued to support the work of The Industry Trust for IP Awareness, which is dedicated to changing audience behaviour around piracy and infringement while also providing educational materials for both the consumer and industry.

6.9 Monitoring and evaluation undertaken by the Trust across 2018 suggested that the year saw a significant increase in levels of infringement, this being largely driven by upturns in activity across younger age groups. In response, the Trust worked with a number of impacted sectors to demonstrate the effectiveness of disruptive search and of display advertising in reducing intention to infringe. Work in partnership with Crimestoppers also highlighted the illegality of streaming stolen film content and the risk that those infringing expose themselves to in terms of viruses, malware and identity theft.

6.10 As noted, 2018 saw increases in headline levels of piracy, with particular growth around newer routes to illegal film content such as IPTV and via apps, where 40 per cent of those infringing via these methods report that they are watching films still playing in cinemas. Yet there is also evidence that those in the 16–34 years age group – the key demographic for infringement – continue to value the cinema experience, with 46 per cent saying that if illegal content was not available they would go to the cinema more often.

6.11 Those findings underpin the Trust's long-running *Moments Worth Paying For* campaign, which aims to use positive messaging to remind audiences of the value of the cinema experience. During the course of the year, the campaign – which included bespoke content from *Jurassic World: Fallen Kingdom*, *Oceans 8* and *Peter Rabbit* – benefited from support from a wide range of Association members such that it delivered more than £10.3 million in comparable media value, reaching a total audience 13 times greater than the population of the UK.

6.12 The *Moments Worth Paying For* campaign has the highest reported influence with 11–15 year olds, where 63 per cent of the viewers of the *Jurassic World: Fallen Kingdom* trailer within this age group suggesting that it had put them off piracy. This insight supports the need to connect audiences to a legal point of purchase, a core objective for the Trust supported by the FindAnyFilm search engine.

6.13 This resource has been embraced across a host of educational and enforcement initiatives and is in the process of being upgraded to ensure it offers audiences an innovative and intuitive route to purchase cinema tickets directly from individual cinema company websites. The refreshed service will be available in Summer 2019, all with the aim of guiding audiences away from illegal content and into the cinema.

Disability and access

6.14 During 2018, the Association worked with members and a range of industry partners to ensure that the UK cinema sector continued to develop its approaches around meeting the needs of disabled customers.

6.15 In doing so, it was again supported by the advice and guidance of its retained disability advisors Freeney Williams, and by its longstanding Disability Working Group (DWG). Comprising representatives from circuit and independent cinema operators as well as colleagues from distribution, technology suppliers and organisations representing disabled people, the DWG met three times during the year, but was involved on a regular basis across a range of relevant issues.

6.16 The Association remains hugely grateful to all of those that support its work on these important issues, and who help to make the cinema-going experience as enjoyable and accessible as possible for all disabled customers. Details of the core workstrands are set out below.

Training and awareness

6.17 The Association has in recent years developed a number of training resources for cinema staff to help them deal with issues around access and disability. Working with Freeney Williams, the Association delivered through 2018 a number of training workshops for cinema managers and staff, with the aim of enabling them better to deal with challenging situations, improving their understanding of the legal framework within which cinemas operate, and building individual confidence and awareness.

6.18 Six workshops, centred on two separate strands of training – 'Welcoming Disabled Customers' and training for call centre staff – were delivered during 2018 to representatives from a range of member companies, allowing participants to share and learn from others' experiences.

6.19 With increasing demand for such learning opportunities, the Association will continue with this programme into 2019, developing in particular a new 'train the trainer' session for cinema managers that can then be cascaded to other staff within their companies.

Accessible Screenings UK

6.20 While the provision of accessible screenings – whether subtitled, audio described or autism friendly – has grown significantly in recent years, levels of awareness and consequently take-up have remained relatively low. In an attempt to address this, the Association has developed 'Accessible Screenings UK', a website that provides the first fully comprehensive, accessible and searchable listings site for all industry information on UK accessible screenings: **www.accessiblescreeningsuk.co.uk**

6.21 The richness and accuracy of the data available to the site is key to the success of this resource and during 2018 the Association continued to encounter some issues in obtaining all the relevant data feeds. But continued progress in this regard meant that as the year closed the Association was making plans for a full launch in early 2019.

Subtitling

6.22 Over the last decade, subtitled (ST) screenings for deaf and hard of hearing customers – sometimes termed 'open caption' screenings – have grown significantly, with over 1,500 ST screenings now taking place in UK cinemas every week.

6.23 While this is hugely positive, the general unwillingness of the wider audience to embrace such screenings – and the resultant reluctance of cinema operators therefore to schedule them at peak times – has resulted in fewer subtitled screenings, and less at peak times, than many deaf and hard of hearing customers would like, something which became the subject of increasing social media comment during the year, culminating in at least two high profile petitions demanding that cinemas increase their provision in this area.

6.24 In response, in December the Association, together with representatives from Odeon, Cineworld and Vue and Action on Hearing Loss, sat down with those behind these petitions, both to hear their views and explore how the industry might if possible respond. As the year closed, further discussions on this were planned for the New Year.

Technology Challenge Fund

6.25 While there have been several attempts to develop and market 'closed caption' devices – personal solutions which allow only the user to see the subtitles and therefore offer a more inclusive cinema experience – to date none have managed to meet the operational and economic demands of the sector. With that in mind, in October 2018, the Association – in partnership with the charity Action on Hearing Loss – launched its Technology Challenge Fund, aiming to identify new and innovative approaches to help address this particular issue.

6.26 Responses to the Fund, which looked for proposals from both within and outside of the industry, were assessed by a specially-convened 'Expert Panel', drawn from across the cinema sector, as well as a focus group of deaf and hard of hearing cinema-goers. This resulted in a decision at the end of the year to allow four different proposals to go forward to the next (funded) stage of the process.

Subtitled trailers

6.27 While as noted significant progress has been made in recent years in the number of subtitled films, the lack of similar provision of subtitled trailers has been an ongoing source of comment and frustration from deaf and hard of hearing audiences. The Association was therefore delighted to welcome for the first time during the course of 2018 a large number of such trailers for major releases. Thanks are due to colleagues at Walt Disney and Sony but in particular 20th Century Fox, who during the year produced more than a dozen subtitled trailers across a range of releases.

Audio description

6.28 Audio described (AD) screenings are intended to benefit blind and visually-impaired customers and involve an enhanced soundtrack (including descriptions of action on screen) being made available to audience members through headphones.

6.29 While the growth and provision of AD screenings in UK cinemas has been one of the key accessibility achievements of recent years, the Association still recognises that there remain limitations with the current technology. In response, and building on an RNIB-supported demonstration day held in late 2017, the Association continued during the year to engage with several companies offering 'app-based' solutions to these issues.

6.30 There is a good deal to suggest that these technologies, which offer the customer the opportunity to pre-download to their smartphone a copy of the AD track which then 'syncs' with the film soundtrack once the customer is in the cinema, might offer a positive way forward in making AD much more widely available. However concerns remain, not least around content security, something on which the Association was in discussion with distribution colleagues as the year ended.

Autism friendly screenings

6.31 Autism friendly screenings (AFS), where sound volumes are slightly reduced, lighting left on at a low level and audience members allowed to move around and make noise, have in recent years become increasingly popular for people on the autism spectrum and their families (who might otherwise be reluctant to attend the cinema). As a result, a significant number of Association members now run regular and well-attended AFS.

6.32 Reflecting this trend, the Association, in partnership with the autism charity Dimensions and the BFI Film Audience Network (FAN) began during 2018 to create a series of guidance materials for cinemas wishing to put on AFS. These included a written guide and a training video resource, production of which began in October after a tender exercise.

6.33 Both the guide and video will be launched in Spring 2019, their release timed to coincide with World Autism Awareness Month.

Dementia friendly screenings

6.34 Dementia friendly screenings (DFS) represent a growing area of activity for a number of Association members. These involve the creation of a cinema environment that allows people with varying degrees of dementia to enjoy the big screen experience, often featuring 'classic' films from the archive and additional engagement activities for those attending.

6.35 Following the launch by the Association of a guide to DFS – developed in partnership with the Alzheimer's Society and the BFI FAN – late in the previous year, 2018 saw an increasing number of cinemas begin regular programmes of such screenings.

Changing Places

6.36 One of the key areas of disability and access-related work for the Association during the year was around the provision of Changing Places (CP) facilities, enhanced accessible toilets allowing provision for children and adults with multiple needs. This had been something on which a number of members of all sizes had been contacted, and an area where it was decided the Association needed to take a fresh 'first principles' look.

6.37 As a result, and following extensive discussion and consideration of detailed legal advice, in January the Association offered revised guidance to its members, this covering a wide range of factors – not least affordability – that they should considered in coming to a view on the reasonableness of installing a CP facility at a particular cinema site.

CEA Card

6.38 The CEA Card scheme, established well over a decade ago, provides one way in which cinemas can meet their obligations under the disability provisions of the Equality Act 2010 to make reasonable adjustments in order to support disabled people visiting their local cinema. A person holding a CEA Card is entitled to a free ticket for someone to accompany them to the cinema.

6.39 During the course of the year, an increasing number of applicants took advantage of the more straightforward online application process, resulting in continued strong demand for the scheme, with almost 130,000 new Cards issued by the Association's partners at The Card Network. This in turn saw well over one million free tickets provided to ensure that disabled customers were better able to enjoy their cinema-going experience.

6.40 2018 also saw a significant increase in requests for 2 to 1 support, where the nature of the applicant's disability called for more extensive support. This is not something currently covered within the CEA Card scheme, and will be closely monitored by the Association and The Card Network better to understand the changing needs of disabled customers.

Skills and training

6.41 The Association has an ongoing role in supporting its members in ensuring that staff are equipped with the right skills for the modern workplace. This has involved working at the strategic level with the sector skills agency ScreenSkills in ensuring that the framework of support and provision remains appropriate. In addition, Association Chief Executive Phil Clapp is Deputy Chair of that organisation's Film Skills Board.

Cinema Operative Apprenticeship

6.42 The cinema industry – like any other – relies on the talent and capabilities of all who work within in it. While individual companies within the sector have a strong track record of attracting and retaining talent, there is always of course more that can be done, not least in ensuring greater consistency across the piece.

6.43 In responding to that challenge, and the arrival of the Apprenticeship Levy in April of that year, in 2017 the UK Cinema Association had established a recognised sector-specific training standard across the cinema exhibition sector. Working with its members and Lifetime Training – a national training provider for apprenticeships – a scheme had been developed which built on the Government-accredited apprenticeships (in either customer service or hospitality, at entry or supervisor level).

6.44 This contained a bespoke 'cinema operative' pathway incorporating key elements relevant to the level and likely role of an apprentice working in the sector, specifically: cinema and the wider industry; accessible cinema; cinema technology and presentation; cinema marketing and sales; and cinema audience development.

6.45 Although developed in consultation with a working group of members, including both large and smaller operators, in truth 2018 saw relatively low take-up of the qualification, such that towards the end of the year the Association began a review of the scheme in the hope of finding ways of making it more attractive to members.

Digital cinema

6.46 The conversion to digital cinema technology, which took place now almost ten years ago, has proved to be transformational for the sector, bringing with it the ability to be much more flexible in terms of programming as well as opening up revenue streams from event cinema and 3D. That said, there remain challenges, the navigation of which the Association remains ready to assist its members.

Digital Funding Partnership

6.47 The Digital Funding Partnership (DFP), established by the Association in 2008, supported members representing over 100 sites/300 screens in negotiating a collective deal for the purchase and installation of digital cinema projection equipment via a shared 'Virtual Print Fee' (VPF) scheme. That scheme, which relied on significant funding support from colleagues in film distribution, allowed a large number of smaller sites to find a deal which would allow them to convert.

6.48 While the current DFP funding deal is likely fully to recoup in early 2020 – at which point digital projection equipment financed under the deal will no longer be subject to the relevant VPF scheme – October 2018 saw a major milestone when members took full ownership of this equipment, the Partnership having reached its agreed 'turn rate'.

6.49 While that is undoubtedly positive news, the minds of all operators are already turning to what comes next both in terms of ongoing upgrades and the eventual need to replace the current digital platform. Towards the end of the year, and in the absence of any likely further industry-wide funding support for cinema operators, the Association began initial discussions with a range of technology partners on their thinking on the deals that might be achievable for members (including but not limited to those involved in the DFP) in this regard.

SMPTE DCP test

6.50 During the course of 2017, the Association had agreed to take the lead in progressing the UK and Ireland stage of the SMPTE DCP test, a global exercise intended to support the introduction of a new and more stable digital platform for film content. At a basic level, the test was intended to offer cinema operators reassurance that their projection equipment was capable of screening content mastered according to this new format.

6.51 Although the Association led in co-ordinating the test, it inevitably relied on the support of a range of partners, in particular the European Digital Cinema Forum, but also colleagues at Unique Digital, Deluxe Technicolor, Motion Picture Solutions and Wide Eye Media. Test content having been issued to all cinemas the previous year, continuing progress saw the UK cinemas successfully complete the test in September 2018. In doing so, the UK became the first major cinema territory to pass this milestone.

Cinema sound levels

6.52 A key aspect of the cinema experience is the opportunity to see a film on the big screen with the best possible sound. Not least through the increasing uptake of 'immersive sound' technology at sites of all sizes, cinema operators are making massive investments in this aspect of the cinema environment.

6.53 One consequence of this investment is that cinema sound systems are now very much more powerful, leading to volume levels which a very small number of cinema customers will on occasion find uncomfortable. While the Association would always advise audience members experiencing discomfort to raise this with cinema staff, there are instances where the sound mix of particular film leads to more widespread concerns.

6.54 During 2018, the Association supported members with regard to a small number of major film releases where these issues arose, liaising with relevant colleagues in distribution to ensure that audience comfort as well as the creative vision of the director were maintained.

Cinema security

6.55 The need to ensure the comfort and security of audiences remains a paramount concern for all cinema operators. At the same time, there is an understanding that whatever measures are taken should be proportionate and not unnecessarily detract from the enjoyment of the big screen experience.

6.56 That said, the nature of a number of high-profile incidents during recent years has prompted re-assessment by Government of relevant systems and procedures, with a renewed focus on how best the private and public sector can work together, not least through more effective communications and better training and education of staff on helping to deter and prevent future incidents.

6.57 With these issues in mind, in October the Association and a number of representatives from its members attended a Government-led counter terrorism workshop, with the aim of renewing industry preparedness for incidents should they arise.

6.58 In addition, over the year the Association attended a number of meetings and wider security think-tanks, as well as disseminating related guidance, training materials and updates to members to ensure that all were adequately equipped to cope with a range of challenging scenarios. This involved some close working with colleagues at the Society for London Theatres, members of which face many of the same issues.

General Data Protection Regulation (GDPR)

6.59 The General Data Protection Regulation (GDPR), which came into force in May 2018, is a piece of legislation intended to strengthen safeguards around the collection, storage and utilisation of personal data. This is an area in which many Association members have been increasingly active in recent times, using this information to ensure in particular that their digital marketing activities are better-focussed and more timely.

6.60 Mindful that – as was certainly the case with its own records in this area – the introduction of GDPR would require many members to revisit their mailing lists and databases, the Association worked with legal advisers to develop a set of guidelines on the practical steps needed to ensure that such data was being held and used legally within the terms of this new legislation. This included advice on the development of an overarching company privacy policy and identification of key responsibilities within each organisation. The Association also established a 'call off' contract for members to take individual legal advice on specific issues, a resource which proved useful for a number of companies.

Plastics and sustainability

6.61 In response to increasing public concern and debate (prompted in large part by high profile TV programmes such as BBC *Blue Planet 2*), the Government during the course of 2018 made a number of announcements aimed at reducing the use of plastics, with a specific focus on single use, non-recyclable materials.

6.62 These issues are as relevant to the cinema sector as any other, and so demanded a constructive and positive response. With that in mind, over the latter part of the year the Association undertook an audit of current use and related activity in this area, an exercise which confirmed that a great deal of change is already underway. A number of companies having eradicated the use of plastic straws (for many a symbol of the issue) as well as other 'disposable' plastic items, while others have gone still further, instituting company-wide sustainability and recycling strategies.

6.63 As the year ended, the Association began to bring these various strands together with a view to developing a sector-wide strategy, shining a light on good practice and encouraging others to identify opportunities for positive action.

07

Partnerships

International

7.1 Throughout 2018, the Association continued to draw strength from its partnership with organisations across a wide range of cinema territories as well as closer to home.

Global Cinema Federation

7.2 Having been launched at the previous year's edition of CineEurope, 2018 saw the Global Cinema Federation, a grouping of the largest international cinema operators and key cinema trade bodies (including the UK Cinema Association) – continue to develop its approach across a number of key areas of shared interest amongst its members.

7.3 This was most evident during a round of meetings with US studio colleagues as well as the Directors Guild of America (where discussion involved Steven Spielberg, Christopher Nolan and Michael Mann), and where topics covered included theatrical exclusivity, film theft and cinema technology.

UNIC

7.4 The Association continued closely to involve itself with the work of the European trade grouping the Union Internationale des Cinémas (UNIC – International Union of Cinemas), now bringing together cinema trade associations and key operators from across 37 territories and of which the Association's Chief Executive Phil Clapp serves as President. Meetings in Brussels, Cannes, Barcelona and Paris allowed the sharing of information, ideas and expertise and information with European colleagues on admissions, release windows, film theft, cinema security, music rights, ticket subscription schemes and disability and access.

7.5 The year saw UNIC continue to ensure that the interests of European cinema operators were reflected across a range of relevant European Commission policy areas, including ongoing proposals to establish a 'Digital Single Market' for film, reform of the Creative Europe MEDIA programme, a review of the Audio Visual Media Services (AVMS) Director, and a number of strands of work under the Copyright Director, all intended to improve levels of protection for Intellectual Property. In each case, UNIC worked to ensure that proposal reflected the realities of the modern industry.

7.6 Here and elsewhere, the organisation continued to promote an informed view of the broader sector with key politicians and policy-makers, using the Cannes Film Festival to launch a *European Cinema: Facts & Figures* brochure, detailing the economic, social and cultural contribution made by the sector across a wider range of European regions and territories.

7.7 The year also saw the CineEurope event, the official convention of UNIC and now in its seventh year in Barcelona, continue to go from strength to strength. The 2018 event brought together over 3,200 professionals from across the European cinema industry to discuss issues of common concern and learn more about emerging technologies and business challenges. The Association was pleased again to be able to negotiate an additional discount for smaller operator members, something taken up by over 40 individuals, many of whom were as a result able to attend for the first time.

7.8 2018 also saw the continuation of the UNIC Women's Leadership Programme, a new initiative intended to identify and provide support for talented female executives making their way in the industry by providing tailored mentoring from a senior woman colleague from elsewhere in the sector. With UK Cinema Association Policy Executive Gráinne Peat having been one of the first tranche of mentees, the Association was delighted when Cinema First colleague Sharon Reid was also enrolled in year two.

NATO

7.9 The Association's relationship with the National Association of Theatre Owners (NATO), representing cinema exhibitors in North America and beyond, continued to be a source of strength in 2018. Dialogue between the two organisations covered a range of issues, including public health, music rights, minimum wage levels, film theft, disability and access and cinema security.

National

Executive Board

7.10 The Executive Board met four times during 2018, discussing a range of strategic issues including the *Meerkat Movies* promotion, the relationship with the British Film Institute, data and analytics, disability and access, film theft, pro-cinema messaging, the Apprenticeship Levy and related apprenticeship pilot and cinema security. The Board also heard presentations from colleagues representing the British Independent Film Awards, the Cinema and Television Benevolent Fund, the Film Content Protection Agency, the Industry Trust for IP Awareness, Into Film, MediCinema and the National Film and Television School. During the year, the Association was delighted to welcome Picturedrome Cinemas to its Executive Board.

Annual conference

7.11 First established in its current format in 2013, the UK Cinema Association annual conference has now become one of the key dates in the industry calendar. Bringing together not just Association members, but also colleagues from film distribution, technology, concessions, screen advertising and the wider industry, the conference provides a unique opportunity to network and consider the challenges and opportunities facing the sector.

7.12 The 2018 edition – *Building the Big Screen Experience* – focussed on two specific aspects: the increasing importance of digital marketing and e-commerce; and growing links between the cinema sector and those working in leisure and regeneration. Hosted at the Cineworld, The O2 site in Greenwich, the event was attended by almost 400 people across its two days.

7.13 The Association would like to thank in particular its sister trade body REVO for all their support in delivering the second day of the event.

Regional branches

7.14 Smaller operator members of the Association have historically been organised into regions, something which has in recent years gathered pace with the establishment of growing groups in Wales and more recently Northern Ireland, adding to longstanding branches in Scotland, the West of England, the Midlands and North of England and London and South East England respectively.

7.15 Over the course of the year, branch meetings were held at the Rio, Dalston and Rich Mix, Bethnal Green (London and South East), Savoy, Nottingham and Everyman, York (North and Midlands), the Wells Film Centre and Plaza, Truro (West of England) and Filmhouse, Edinburgh and Dominion, Edinburgh (Scotland) and Chapter Arts Centre, Cardiff (Wales), Strand Arts Centre, Belfast and Movie House, Glengormley (Northern Ireland).

7.16 The Association is grateful in particular for the support of the elected Chairs of each of its regional branches.

Other partners

7.17 The Association enjoys the support of a wide range of industry and other partner organisations throughout the year. Principal amongst these were colleagues at the Film Distributors' Association and elsewhere in film distribution, with whom it discussed a wide range of strategic and operational issues, including accessible cinema, film delivery and film classification.

7.18 Over the course of the year, the Association also looked to strengthen links with two key industry charities: the Film and Television Charity, providing welfare and other support to those working in the film industry; and MediCinema, building and running cinemas in hospital settings. The Association will continue to develop this dialogue over 2019 and beyond.

7.19 Many of the other key partner organisations without whose support the Association could not do its work are mentioned elsewhere in this report, but also included the Independent Cinema Office, the British Screen Advisory Council, the British Association for Screen Entertainment, the Cinema Technology Community, the Event Cinema Association and the screen advertising agencies Pearl & Dean and Digital Cinema Media. Particular thanks are again due to colleagues at the Cinema Advertising Association, IHS Markit and ComScore for their support across the year in providing key statistics and data.

7.20 The Association is grateful to all those who supported its work during 2018.

08

Finance

Profit and loss account for the year ended 31 December 2018

	2018 £	2017 £
Turnover	**471,053**	467,942
Administrative expenses	**(474,898)**	(458,112)
Operating profit/(loss)	**(3,845)**	9,380
Other interest receivable and similar income	**2,022**	909
Profit/(loss) on ordinary activities before taxation	**(1,823)**	10,739
Tax on profit/(loss) on ordinary activities	**—**	175
Retained profit/(loss) on year	**(1,823)**	10,564

Balance sheet as at 31 December 2018

	2018 £		2017 £	
Fixed assets				
Tangible assets		**—**		1,080
Current assets				
Debtors	**304,013**		159,382	
Cash at bank and in hand	**1,301,159**		2,162,769	
	1,605,172		2,322,151	
Creditors: amount falling due within one year	**1,357,019**		(2,073,255)	
Net current assets		**248,153**		248,896
Net assets		**248,153**		249,976
Reserves		**249,976**		239,412
Profit and loss account		**(1,823)**		10,564
Members funds		**248,153**		249,976

Excerpts from the UK Cinema Association Ltd Accounts 2018.

Past Presidents

CEA Ltd Executive Board Chairman

Barry Jenkins, OBE	2005–12

CEA Executive Board Chairman

Barry Jenkins, OBE	1999–2005
S Fishman, CBE	1994–99
R C Warbey	1993–94
I N Riches	1992–93
M J Vickers	1990–92
E J Lee, MBE	1985–90
D F Chamberlain	1984–85
G W Rhodes	1982–84
R J Dowdeswell	1980–82
D M Cameron	1979–80
S Shurman	1977–79
C W A Painter	1976–77
R J Dowdeswell	1974–76
Miles P Jervis	1973–74
Victor Chapman	1972–73
Kenneth Rive	1970–72
Wyndham Lewis, OBE, JP	1969–70
J K Stafford Poole	1968–69
H S Roelich	1967–68
Wyndham Lewis, OBE, JP	1966–67
J F Wood	1965–66
Peter King, MA	1964–65
G L Barber, Ald, JP	1963–64
Miles M Jervis	1962–63
S K Lewis	1961–62
Alfred Davis	1960–61
J D Richards	1959–60
E J Hinge, CBE	1958–59
George Singleton, CBE	1957–58
B T Davis, FSAA	1956–57
R H Godfrey, JP	1955–56
C H Whincup	1954–55
J W Davies, OBE	1953–54
W J Speakman	1952–53
H P E Mears, Ald, OBE, JP	1951–52
A B Watts, FSAA	1950–51
Sir Alexander B King, CBE, DL, LD, JP	1949–50
Dennis C Walls	1948–49
B T Davis, FSAA	1947–48
Fred A Prior, FSAA	1946–47
G H Scarborough	1945–46
Sir W S Clift	1944–45
H Simpson, Counc	1943–44
W J Speakman	1942–43
S K Lewis	1941–42
H P E Mears, Ald, OBE, JP	1940–41
E J Hinge, CBE	1939–40
M A Nyman, BSc	1938–39
C P Metcalfe	1937–38
T H Fligelstone, Col, MC	1936–37
R Dooner	1935–36
J Pollard, Counc, JP	1934–35
J Welsh, Baillie	1933–34
R E Richards, Ald	1932–33
R V Crow	1931–32
W Stephenson	1930–31
F H Cooper	1929–30
H Victor Davies	1928–29
E Hewitson, Counc	1927–28
W N Blake	1926–27
Thos Ormiston, CBE	1925–26
J H Dovener, Counc	1924–25
A J Gale, Maj, OBE, MCC, JP	1923–24
E Trouson, Ald, JP	1922–23
C G MacDonald, JP	1921–22
R R Goodwin, CBE, MCC	1920–21
A E Newbold, MP	1915–20
W Fowler-Pettie	1914–15
R Tennyson-Jupp, Dr	1913–14
E M Barker	1912–13

UK Cinema Association Ltd
Executive Board Members – April 2018

Phil Clapp, Chief Executive
James Collington, Honorary Treasurer

Larger Operator Board Members / Nominated Substitutes

Cineworld Cinemas – Matt Eyre / Shaun Jones

Curzon Cinemas – Alex Sheldon

Empire Cinemas – Justin Ribbons / Paul Baxter

Everyman Cinemas – Crispin Lilly

Light Cinemas – Keith Pullinger

Movie House Cinemas – Michael McAdam / Hugh Brown

Natl Amusements (UK) – Duncan Short / Mark Barlow

Picturedrome Cinemas – Adam Cunard

Odeon Cinemas – Carol Welch / Gino Casciani

Reel Cinemas – K C Suri / Naveen Suri

WTW Scott Cinemas – Mark Williams / Peter Hoare

Vue International – Kevin Styles / Shona Gold

Smaller Operator Board Members / Nominated Substitutes

The Picture House, Uckfield – Kevin Markwick (London and South East)

Savoy Cinemas – James Collington / **Zeffirellis, Ambleside** – Dorothy Smith / **Reels on Wheels** – Robert Johnson (North and Midlands)

Pavilion Cinema, Galashiels – Andrew Poole / Neil Poole (Scotland)

Chapter Arts Centre, Cardiff – Sally Griffith (Wales)

Wells Film Centre – Sally Cooper (West of England)

UK Cinema Association Head Office

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James Connor
Seema Saujani

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