

MINUTES OF THE OTHER CINEMA'S COUNCIL OF MANAGEMENT MEETING
June 7, 1976 at 62 Dean Street.

PRESENT: Paul, Charles, Dave, Nick, Patsy, Susan, Peter Sains., Peter Sylv.,
Marc, Laura, Mary, Tony.

APOLOGIES: Lynda, James, Nigel.

1. FINANCIAL STATEMENTS.

Tony explained the financial statements.

a) Statement of Financial Affairs as at 25/5/76 (distribution)

Out of the royalties due to filmmakers (\$6,300) we can pay £700. £3,500 must be paid to urgent creditors in the next month. Five months ago TOC was in a fairly even situation and immediate liabilities could be met. Peter asked if the royalties due were likely to be higher at the end of June. Tony said yes, but that he was planning to close the books early to save a bit of money. He had repaid the back debt of the basis of 1975's profitability, but lower sales and rising costs have squeezed profits. £3,054.16 has been spent on prints (or is committed to be) for which £1200 has to be found over the summer.

b) Statement of Income and Expenditure for first 5 months in 1976.

This balances with the adjustment in certain areas for money lent to fund-raising.

c) Statement of TOC Expenses for Fundraising up to 25/5/76.

£12,205.85 has been spent so far. The present assets are £15,000 in the building fund back account. Out of this expenditure £4,000 has already been repaid to distribution, leaving approx. £8,200 outstanding. Assuming this sum is repaid, and keeping in mind that distribution owes £9,800, this will leave a short-fall of £3,600 for distribution. Of the money owed from fund-raising to distribution, Tony outlined how it would be raised (£11,000 in loans, £800 rent rebate, £500 from GLAA: total £12,300). This would leave £4,100 for the fund-raising and cinema expenses over the summer period. Nick asked why the situation seemed much more drastic now than when figures were discussed three weeks ago. Tony said that the earlier calculations didn't account for the rent we had to pay on the cinema.

2. DISCUSSION.

Peter Sylv. asked Tony to clarify whether he was saying that we have been running TOC on a Themroc phenomena, and when the phenomena dies, so does the company. Tony replied, basically yes. He said that taking the basic minimum overhead costs, we have to sell £23,000 of film per year, not including expenses like telephone, postage etc., and it was very difficult to do this without a lucrative West End release. Paul thought that it was a case of our having a cash flow problem in the middle of two cycles: - we're trying to open a cinema to create income, but at the same time we don't have the money to open it. Also, the moratorium on film purchase didn't help the situation either. Although necessary, Peter Sains. pointed out. Tony said it's not just a cash-flow problem. The problem is how our money is spent., and proposed we look towards a proper investment programme relating to buying prints. There have been some prints bought since December (when the moratorium was lifted) that we couldn't afford. Markc asked if the cinema repays distribution what it owes, what will be left to open the cinema, Tony replied, nothing, and Nick added, - less than nothing, because the cinema will have a £10,000 deficit.

3. Tony's SOLUTION FOR DISTRIBUTION

a) reduction in staff costs.

b) reduction in operating costs (no advertising, publicity, publications etc.)

c) resurrection ~~the~~ of the film acquisition committee to provide a clearcut policy in this area.

d) revenue from films shown in the cinema (Winstanley etc.)

With these factors operating, we would hopefully see a £2,000 improvement in the cash situation.

4. TONY'S SOLUTION FOR EXHIBITION.

Borrow £5,000 more in guaranteed loans in addition to the £10,000, ~~xxxx~~ which will leave £4,000 to play with for the opening.

5. DISCUSSION

Nick said that the bank probably wouldn't go for additional loans and that we would have to find £15,000 through fund-raising. We had two options - either stop now or go ahead, and if we were to stop he didn't think that the distribution would survive either. Tony said we must think about legally protecting the distribution, should this be the case. Marc said we must raise money and be bold about it. We all had to help as much as we could (like not hiring cinema staff and all taking turns in the box office etc.). Peter Syl. said this wouldn't eliminate the need for staff altogether, but would cut costs. Marc said Winstanley wouldn't be a Themroc (or even a Black Holiday added Peter Sains) and that we had to consider opening pink rather than red. He didn't think we could do much fund-raising because people would get pissed-off being asked for more money. Nick said most money raised so far had come from memberships, and there was much more to be gained in that area. Marc agreed. Laura said we always had calculated that we'd be running in the red for a year or so, and now our problem was undercapitalisation. Peter Sains. said the council agreed long ago that we wouldn't go ahead without a year's rent in the bank, and now we were down to having three months wages for everyone. The problem area had shifted from one year after opening to before the opening. He added that the distribution problems were different, but Patsy argued not really so, because the two ~~xx~~ were so related (i.e. the distribution expected income from cinema openings of its films). Laura said the two were related only in specific area. Marc said that if the problem was one of undercapitalisation, it meant that the ideas of how the cinema should develop would go to waste (e.g. we'd be running programmes like Themroc four times a day). Dave asked whether we could get the Manpower and Wages Commission to pay wages for cinema staff. Nick said he had already talked to them and ~~x~~ they were reasonably interested, but did we think we could find a manager and projectionist this way. Laura said she thought it was first discussed with ref. to ushers and assistants, and Dave added that it was worth trying. Tony was a bit reluctant to accept the analysis that undercapitalisation and cash-flow were the only problems. The distribution problem was not just a cash-flow issue, but a situation ~~xxx~~ where money was spent without any means of recovering it for a long time. Peter Sains. said when this situation occurred a while ago, the solution was to get £10,000 from the BFI and cut back on expenses and print acquisitions. What that did was undercut a potential source of revenue so we could never become solvent again. We'd reached the same situation again with the cinema. Tony said that was assuming the distribution would continually be in debt, but the cinema would change that situation, added Peter Sains. Laura thought Tony's argument was that although an exhibition outlet would make a difference to the distribution's financial situation, it was possible to keep going on a financial basis with a Themroc model. Tony reiterated that print investment and where it had gone wrong was the problem. We need a more definitive policy and not a sporadic and piecemeal one, with a budget as a base. Nick said Tony's thoughts were admirable, but that it had been in his control more than anyone else, and the problem was that we never had cash-flow figures until it was too late. Tony replied that Nick hadn't been listening, because Tony had been warning TOC for months that we were in this situation. Peter Sylv said he had always felt inadequate in discussions related to film acquisition because he hadn't known what financial position we were in at the time. We also should have been more analytical with fund-raising. There was a kind of way of proceeding which we got dragged into and got carried along. We had to start thinking ahead. Patsy thought the only way we could do this was to have a monthly account. Tony refuted this entirely, because he said there had been three-monthly accounts which predicted our financial situation as far back as February. He said if we wanted monthly figures he could give the, but we had to read them.

Paul thought it was a mistake to turn in on ourselves. Peter Sylv. said we couldn't externalise this as simply a cash-flow problem; we have been looking at finance in an apolitical way, in the abstract, but must buy films in relation to actual cash. We did ourselves a political injustice in ignoring finance. Peter Sains. said it was clear that there was no-one on the council with financial expertise and agreed with Paul about not turning in on ourselves, but felt inadequate to make informed decisions. Marc didn't agree and said he was it as a matter of policy, and if we were ruthless we would say we have to operate commercially to maintain any socialist ideology. We were operating a very expensive game along half-hearted socialist lines. Being undercapitalised in the cinema, Marc would far prefer to start off slowly rather than explode all over the place and lose all. We must know how to operate both stands at the same time. Peter Sains. clarified his statement for Laura re: financial expertise by saying we had to understand financing as a procedure, not just arithmetic. We couldn't survive if our financial arrangement was ad hoc. Marc pointed out that there wouldn't be enough English films in the next few years to sustain TOC and that foreign film dubbing costs were enormous. Laura said that went back to Tony's various points; the whole idea of the cinema being economic (as solution no. 1 to TOC distribution dilemma). She pointed out that another dilemma was reassessing at grass roots level how the cinema runs and on what terms, and the third solution would be the dynamic acquisition of new prints. Tony said he hadn't been trying to come across with an investment approach, but rather how to reinterpret the grass roots structure. Peter Sylv. said the fact remained whether to go ahead or pack it in, and if we go ahead, where do we get the £15,000 needed, Peter Sains. said if we stop going ahead we would fall back. Tony pointed out that we already have £11,000, and we've always known it's been undercapitalised. Peter Sains. agreed this was not new, but that the extent had increased. Marc thought there was a difference between borrowed money and capital investment. He wanted to know on what basis were we going to establish the policy of the first year in the cinema. Nick suggested that what we should be going for was that the rest of the programme be both as exciting and potentially commercial as the main slot. Dave thought that if we believed that no-one would go to films we really wanted to show and vice-versa, there was a danger of taking on the guise of a run-of-the-mill cinema to take in cash. He thought the difference in TOC would create an audience. Marc asked where British independent films would fit in. Nick said there was still room for them within a 25 programme per week schedule, and suggested that we could open with Winstanley and Juris Ivens. Marc wondered whether we didn't have a responsibility to British independent filmmakers (like James Scott and Steve Dwoskin). Nick answered perhaps we would have to begin on month one on fairly safe ground. We had three British independent films to open already (Winstanley, Edward ~~Munch~~Munch and Blockhouse), then from Europe there was La Spirale, Ivans, Take It Like A Man. Very quickly we should be able to show Central Bazaar etc. as much as they would demand; if one or two films do well we could be able to do this. Marc said it wasn't a matter of one showing of these films, but that someone had to stick their necks out and show them as a main film. Laura asked about the films just mentioned, if the financial situation of TOC related to deals already made with these producers. It seemed that we had to make direct deals with producers for the cinema, because of a lack of money for taking them into distribution and subtitling costs. Charles asked if there would be any money left from the loan to buy prints. Nick answered no, and that we must fund-raise for this. Peter Sains. thought we needed another meeting before a fortnight. Paul asked what the situation was with Jim Robertson as a financial advisor. Nick said there would be a meeting with Jim on Wednesday to acquaint him with the figures, and perhaps he could come to the next council meeting.

6. OTHER BUSINESS

Tony announced that TOC's educational seminar was set for June 24 and the Nigel no longer had time to co-ordinate it with him. Tony didn't see the relevance of having a higher education seminar and said the June 24 seminar would be for secondary education and technical colleges. Nick said that it would be beneficial to get the expertise of the higher education community into our programming, with respect to lectures, seminars etc.

Nick brought up the question of having a member of GLAA on our council, or as an observer, as they requested. This was agreed.