

BRITISH FILM INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
2011-12

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**BRITISH FILM INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS 2011-12**

**BRITISH FILM INSTITUTE Group and Lottery Annual Report and Financial
Statements for the year ended 31 March 2012**

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THE BFI'S MISSION

The British Film Institute was founded in 1933. Under the Royal Charter we have five objects:

- to encourage the development of the arts of film, television and the moving image throughout the UK;
- to promote their use as a record of contemporary life and manners;
- to promote education about film, television and the moving image generally, and their impact on society;
- to promote access to and appreciation of the widest possible range of British and world cinema; and
- to establish, care for and develop collections reflecting the moving image history and heritage of the UK.

Today, we summarise our Mission as:

Championing the diversity of film culture

THE BFI'S VALUES

Inspirational

We aim to inspire and motivate people, to have a direct effect on stimulating them to take action, whether they are audience members or filmmakers, to seek out and understand more of film, to be inspired to contribute to our film culture both through dialogue and the production of a wide variety of new work.

Responsive

We aim to be quick to react to and understand the changing nature of film and the changing needs of our audiences and the film industry, embracing these changes, ensuring that we stay at the international leading edge of thinking about film, quick to respond to the suggestions and influence of our users.

Approachable

We want to ensure that everyone can engage with the BFI in a way and a style that is easy for them; that we are friendly and open, removing barriers to access, enabling as wide a population as possible to gain from an understanding of film.

Provocative

We aim to incite debate, to create new insights and perspectives on film which challenge thinking in ways that can progress understanding and the widest appreciation of film.

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CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

This year marked a significant milestone; on 1 April 2011 the BFI became the lead agency for film in the UK with the abolition of the UK Film Council (UKFC). The BFI also became a non-departmental public body on this date but remains a registered charity governed by a Royal Charter that sets out its charitable objectives. The transfer to the BFI of the majority of UKFC activities, including its role as Lottery distributor, went remarkably well – all services and programmes were seamlessly integrated - a testament to the significant planning undertaken by all the staff involved. As reported in last year's report the BFI was also required to respond to a reduction in funding by restructuring and changing the way we work.

In addition to the realignment of responsibilities, the composition of the Board of Governors underwent significant change during the year. Seven new Governors joined the BFI Board in April 2011 (including for continuity two former Board members of the UKFC) adding considerably to the wealth of experience and expertise already in place. The year also saw the election of a Member Governor further enhancing the representation of the BFI membership on the Board. In a year of great transition, the strategic guidance and insight of the Board has been invaluable.

With funding for film from the National Lottery set to increase at the conclusion of the Olympics, this is a crucial moment to take the long view and put in place a bold vision that will really make a difference to education, audiences and filmmakers. It must be a vision that supports the UK's agenda for economic growth, sustains existing jobs and helps to create new ones, stimulates inward investment and exports, and capitalises on our British creativity and talent. We believe this is the time to set our sights on new horizons for UK film.

Our proposals will be designed to build upon and sustain current successes, to tackle head-on some difficult challenges such as boosting the market share of British films, to put in place longer-term strategies in key areas like skills and training, education and audience development, and to champion creativity and entrepreneurship.

Underpinning the BFI's vision will be renewed commitment to the future – future generations of audiences, future generations of filmmaking, new ideas and future opportunities the digital revolution can bring.

Lord Smith's independent Review of Film Policy, A Future for British Film (FPR), commissioned by the Department of Culture, Media and Sport (DCMS), was published in January 2012. Our response to the Review warmly welcomed the vast majority of its recommendations, in particular those for partnership working with all the Lottery distributors, with the Broadcasters and OfCom, the national agencies for film, with the film industry, NESTA, and with Government itself. Its recommendations will have a considerable influence on the shape of our future plan and our proposals build on the momentum the Review has stimulated.

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We believe our role is one of enabler, very rarely that of sole funder, nearly always acting in partnership, to invest where we can most make a difference or where we can be a catalyst for change, excellence and innovation. All our decisions, now and in the future, will be underpinned by a strong evidence base through the gathering, interpretation and publishing of research and statistics, and a commitment to consultation.

Greg Dyke
Chair, Board of Governors

Amanda Nevill
Chief Executive

BFI STRATEGY

The BFI is now the lead agency for film. Following a rapid year of transition the development of future strategy for the next five years is being shaped, to a significant degree, by the findings of the Film Policy Review undertaken by Lord Smith, and the Government Response to that Review.

The three strategic priorities, as set out for consultation in the 2012-17 Future Plan are as follows:

- Expanding Education opportunities and Boosting Audience Choice across the UK,
- Supporting the future success of British film
- Unlocking Film Heritage for everyone in the UK to enjoy.

Our emerging proposal therefore is that in the next five years our strategic focus and funding support is centred on three specific areas of equal priority:

Boosting audience choice and expanding education opportunities across the UK

Education is a key part of the foundation of a vibrant film culture and successful film industry. Changes in viewing patterns, whether on the big or small screen, and the ways in which people discover, share and learn about films are being transformed, in an era in which faster broadband, online distribution, broadcast and more powerful mobile networks are rapidly spreading across the UK. If we can exploit them, these changes offer a great opportunity for young people and audiences across the UK to have access to a breadth of film as never before.

Supporting the future success of British film.

Film finance is increasingly difficult to find which means the investment of Lottery money and the Film Tax Relief in film is more important than ever. Critical to British success is the UK's capacity to nurture outstanding creative talent, the strength of our skills base and infrastructure, and the richness of our cinematic heritage which all play their part in enabling British films to win critical and cultural acclaim and succeed at the box office.

Unlocking film heritage for everyone in the UK to enjoy.

The UK has one of the most magnificent collections of film and television in the world and, yet, only a small amount is currently easily available to a public keen to be able to access them. In the digital world this is now possible; our challenge is to make it happen.

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PERFORMANCE REVIEW

This performance review details the main activities undertaken by the BFI. It is set against the background of one of the most important and dramatic periods in the BFI's history that began with the transfer of the strategic and lottery distribution responsibilities of the UKFC to the BFI on 1 April 2011 – the start of a new era for film in the UK.

For ease of reference, this performance review is organised under the three strategic priority headings:

- Expanding educational opportunities and boosting audience choice across the UK
- Supporting the future success of British film
- Unlocking our film heritage for everyone in the UK to enjoy.

Introduction

In 2011-12, the BFI became the lead agency for film, combining and building on the strengths of the UKFC and the BFI in terms of championing film across the UK and by providing a single clear focus internationally.

A considerable amount of work was undertaken with the DCMS and the FPR Panel led by Lord Smith. In parallel with the FPR, the BFI is developing its own Future Plan for the period 2012 -2017. The BFI Future Plan – *New Horizons for UK film* – went out to consultation in May 2012.

Boosting audience choice and expanding education opportunities across the UK

In 2011-12 the BFI strove to connect larger and more diverse audiences through activities based on our collections and cultural programme. The overall objective continued to be to develop the BFI as one of the most significant cultural organisations in the world.

The three-month celebration *Dickens on Screen*, marked Charles Dickens's bicentenary. BFI Distribution released the earliest surviving Dickens adaption *Scrooge: or, Marley's Ghost*; the full range of the BFI's Dickens Collection was made available to cinemas for programming; a major resource on Dickens was programmed for use in schools across the UK; and, on BFI YouTube an extract was made available from the rare Dickens-themed production *Uneasy Dreams – the Life of Mr Pickwick*. Other highlights of the programme included a BFI Special Collections 'Dickens on Screen' display and a special screening of William Raban's works *The Houseless Shadow* and *Thames Film*.

Capital investments from the Screen Heritage UK (SHUK) programme helped to ensure our status as a world leader in the care and curation of one of the world's most significant moving image collections. A landmark BBC2 television series, *The Reel History of Britain*, told the story of Britain through works held in the BFI National Archive and collections across the UK. Launched in September, the 20-part series brought archive film into the nation's living rooms, reaching over 20m viewers. The footage shown was selected from hundreds of thousands of films and programmes preserved in Britain's film and television archives. On average there were 1.2 million viewers per

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episode with episodes 1, 2 and 7 attracting between 1.4 and 1.6 million per programme. The BFI also made many of the featured films available online in their entirety, alongside expert commentary from the BFI's archive curators. *Reel History* was well received critically and footage from the BFI National Archive was included in numerous programmes including *How Hip Hop Changed The World* (Channel Four), *Stephen Fry's Hundred Greatest Gadgets*, the BBC parenting documentary *Carrot or Stick? A Horizon Guide to Raising Kids* and the More4 programme *The Story of Film: An Odyssey*.

Another key project was a celebration of one of Britain's foremost filmmakers, Ken Loach at 75, a programme generously supported by the Esmée Fairbairn Foundation.

Other notable activities included a two-month season to re-appraise and bring new audiences to the films of Dirk Bogarde, which tied in with BFI Palgrave publications on two classic British films, *The Servant* and *Victim*, and, prior to his election as a Governor, a review of the filmmaking of Peter Kosminsky.

The major focus on British TV in the year was *Missing Believed Wiped*, which highlighted 'lost' British television programmes discovered at the Library of Congress: this gave an opportunity for audiences to discover or rediscover striking examples of British TV history that were thought gone for ever.

The BFI's focus on rediscovery and reappraisal is not only about revisiting major figures in British filmmaking. It's also an opportunity to look at the forgotten and the overlooked, especially at the weird and wonderful end of low budget British filmmaking – which we believe can inspire the new filmmakers of today. In particular we believe the popular Flipside strand creates an appetite on film and DVD for the lesser-known facets of British film culture.

The Experimental programming at BFI Festivals has continued alongside a new strand of Essential Experiment programming at BFI Southbank, designed specifically to understand British work in the context of international experimental work and appreciation. We were therefore very excited and pleased to be able to announce that – for the first time ever – the complete restored works of Humphrey Jennings, one of Britain's greatest film artists and documentary filmmakers, would be made available on DVD.

Our major engagement with contemporary filmmaking has been demonstrated through our festivals, with the BFI London Film Festival (LFF) remaining the UK's major annual showcase for both British and international filmmaking. This year the festival was delivered successfully between 12-27 October, with press coverage and critical reaction very positive. The festival attracted more than 1,000 more attendees than in the previous year, reaching 99% of its targets, with a total audience this year of 133,000. The LFF programme highlighted British film with nine new British feature films funded by the BFI showcased, including the opening and closing night UK Gala premieres for *360*, and *The Deep Blue Sea*.

Our second major festival, the BFI Gay and Lesbian Film Festival 2011, achieved two sold out screenings of *The Four-Faced Liar*. Although the festival was shorter this year, the programme and the quality of the festival experience still successfully attracted audiences, which, with almost 16,000 admissions, achieved well beyond the box office target, accomplishing a staggering 89% occupancy rate.

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Among other cultural highlights were a two month focus on Russian cinema, including a season of classic Soviet cinema, a look at the era of Soviet sci-fi films, largely unknown in this country, and a retrospective of the work of Alexander Sokurov; the first year of a planned three year programme on Musicals began, starting with the great MGM musicals; having had huge public success with career retrospectives on Ozu, Truffaut and Howard Hawks, 2011-12 presented major seasons of the work of European *auteurs* Bernardo Bertolucci, Pier Paolo Pasolini, and Alain Resnais; building on the LFF's ongoing work in bringing African and Asian cinema to UK audiences, the BFI took a look at the work of the multiple prize-winning Chadian filmmaker, Mahamat Saleh-Haroun, at the great Raj Kapoor as star, producer and director, and at one of the leaders of Taiwanese New Wave cinema, Edward Yang; two American directors Woody Allen and David Lynch; and a complete retrospective of avant-garde filmmaker, theorist and dancer, Maya Deren.

Bringing films to audiences is at the heart of what the BFI does. And making sure that those audiences have the opportunity to view films that they might not otherwise see drives our access strategy. This year UK audiences have once again demonstrated an enduring enthusiasm for all types of film, underlining Britain's diverse population and broad cultural tastes. Our Lottery Prints and Advertising Fund stimulated public appetite for foreign language, independent and classic films and, and developed that appetite further. This year the BFI provided distribution and marketing support for films such as *Shame* and *Coriolanus*.

The BFI also makes cinema more attractive for all audiences in practical ways, such as through the Rural Pilots Scheme.

In the year, we introduced a one-off and time-limited Lottery fund to support small exhibitors, film clubs and festivals (The Transition Fund). The funding environment poses challenges for core Specialised exhibition providers in the short to medium term. Film societies, local film festivals, schools film clubs and independent cinemas are facing reduced funding in the year and the loss of the Regional Screen Agencies, due to the reductions in Grant in Aid (GiA) for film as well as other factors such as the closure of the Film Festivals Fund. In addition many of these organisations are also facing cuts from other sources of revenue such as local councils and Arts Council England.

The transition was successfully made in October 2011 from Regional Screen Agencies to Creative England. Working with Film London and Creative England and using both GiA and Lottery Funds, the BFI has been able to champion a range of initiatives across England which support local film heritage and ensure British films reach all communities as well as developing talent and funding regional film production. In addition, working in partnership across the nations with the Film Agency for Wales, Creative Scotland and Northern Ireland Screen (Irish Language Broadcast Fund and Ulster Scots Broadcast Fund) has proved crucial in delivering the BFI's UK wide remit.

We have worked with FilmClub to ensure continuity on a transitional basis following the loss of their funding from the Department of Education from April 2012. FilmClub which now reaches 220,000 children in 7,000 schools. We also fund First Light who work with over 5,000 children and young people every year making films as well as Film Education enabling children and young people to have access to moving image culture and heritage in all its variety, and to learn about it, thereby enriching individual lives, raising participation levels and strengthening communities.

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Supporting the future success of British film

In our capacity as the lead agency for film and distributor of film Lottery funds, the BFI has a responsibility to continue to support the film industry so it can flourish. It aims to do this principally through widening access to the industry, providing training and skills and providing filmmakers with financial and creative support.

During the year, the BFI made a number of investments to meet the priorities and challenges of the sector. We invested £3.6m of Lottery funding in Creative Skillset (formerly Skillset), the UK skills and training industry body for the creative industries. The Bigger Future II Strategy developed by Creative Skillset is an ambitious and long term strategy for the UK film industry, supporting more than 2,700 beneficiaries.

The BFI Film Fund champions creative excellence and boldness of vision, supporting filmmakers at every step of their journey to create distinctive and entertaining films.

Over the course of the year of the Film Fund awarded £21m to projects at the development, production or completion stage. A wide range of films supported by the Fund received critical and commercial success.

Four films backed through the BFI Film Fund in 2011-12 premiered at the Cannes Film Festival in May 2012: Ken Loach's *The Angel's Share* (In Competition); Rufus Norris' *Broken* (which opened Critics' Week); Ben Wheatley's *Sightseers* (Special Screening within Directors' Fortnight); and Fyzal Boulifa's short *The Curse* screened in Directors' Fortnight.

Films currently in production include Steve Dvoskin's *Age Is...*, Nick Murphy's *Blood*, Neil Jordan's *Byzantium*, Mike Newell's *Great Expectations*, Ralph Fiennes' *The Invisible Woman*, Omid Nooshin's *Last Passenger*, Sophie Fiennes' *The Pervert's Guide To Ideology*, Martin McDonagh's *Seven Psychopaths*, Scott Graham's *Shell*, Mat Whitecross' *Spike Island*, Ken Loach's *Spirit of '45*, Andrew Köttling's *Swan Down*, Julien Temple's *BABYLON/DON*, Jonathan Glazer's *Under the Skin* and Eran Creevy's *Welcome To The Punch*.

Recent releases supported by the BFI Film Fund include James Watkins' box office hit *The Woman in Black*; Phyllida Lloyd's Academy Award® winning *The Iron Lady*; Steve McQueen's BAFTA nominated *Shame*; Lynne Ramsay's *We Need To Talk About Kevin*; Carol Morley's *Dreams of a Life*; Andrea Arnold's *Wuthering Heights*; and Paddy Considine's BAFTA award-winning *Tyrannosaur*.

The four national screen agencies bring together the different parts of the film agenda at a local, regional and national level – promoting talent, regional economies and the cultural identity of each area. And they are a catalyst in bringing different and fresh stories to the screen. Our key funded partners in 2011-12 were Northern Ireland Screen, Film Agency for Wales, the nine Regional Screen Agencies and Creative England, Creative Skillset, First Light Movies and Film Education.

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Creative England opened for business on 1 October and opened two new schemes, delegated from the BFI, to support the development of filmmaking talent in the English regions which should take place towards the end of the year.

The British Film Commission moved into the offices of Film London in April 2011. Overall, 2011 was a successful year with a figure of £1.04bn for Inward Investment into the UK, with £193.8m coming from UK productions. There was an increase in productions, spurred on by the advantageous exchange rate, the tax relief and the continuing support of the UK infrastructure. The U.S. office saw visits to LA by the Duke and Duchess of Cambridge, the successful governmental visit by Ed Vaizey, and the 7th UK to US Familiarisation Trip (FAM). The FAM trip alumni have gone on to become ambassadors for the UK, often bringing projects to the UK after participating on the trip.

Led by the BFI, an International Committee has been established to work on an International Strategy with the ultimate aim of increasing UK film exports and inward investment, enhancing cultural and commercial returns from an improved co-production offer and realising a workforce equipped to help the UK compete internationally also giving enhanced access internationally to the UK's film culture and heritage.

Unlocking film heritage for everyone in the UK to enjoy.

As mentioned, the capital investments from the SHUK programme have helped to ensure our place as a world leader in the care and curation of one of the world's most significant moving image collections. A highlight of the SHUK programme was the handing over of the Master Film Store at Gaydon.

Key activities in the year included the restoration of all nine silent Hitchcock titles, an agreement was concluded with the Central Office of Information to transfer all of its film and video collection to the BFI and the National Television Archive, which saw the development of trial Redux-based digital TV archive continue.

During the year, selected collections of the BFI archive collections were awarded UN Status by the United Nations Educational, Scientific and Cultural Organization (UNESCO) UK. The *Peter Worden Collection of Mitchell and Kenyon* films have been listed on the prestigious UNESCO UK Memory of the World Register. This collection comprises 826 films of British life showing ordinary people in everyday situations over 28 hours of film (of which only a few hours have yet to be widely seen). The collection is an unparalleled social record of early 20th century British life. Furthermore, BFI National Archive footage was included in Palme d'Or winner *The Tree of Life*.

During the year the BFI also commissioned an innovative new collections database – CID – which is the first internationally to use the new CEN standard for filmographic records.

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DEVELOPMENT

As a Lottery distributor, the BFI receives a fixed proportion of the sum raised each year from the National Lottery for distribution to film. These funds are awarded by the BFI through a transparent application process and allow us to support film production, distribution, education, audience development and market intelligence and research. Effectively, the BFI acts as a channel, a conduit, which administers those funds and awards them to third parties.

In parallel with its newly acquired Lottery distribution function, the BFI continues to fulfill the charitable objectives on which it was founded - from caring for the world's most significant film and television collections in the BFI National Archive to presenting a public programme of over a thousand films a year across BFI Southbank, BFI IMAX and the BFI London Film Festivals; from distributing the broadest choice of cultural cinema in the UK to producing education programmes, print and online resources for learners of all ages across the UK.

Our funding for these activities is entirely distinct from the Lottery funds we have responsibility for distributing. Crucially, we can only undertake these activities with the additional support of our Patrons, individuals, trusts and foundations and corporate partners. We now receive less than half of our income for these activities from the Government - last year our grant-in-aid was reduced significantly and we had to make a number of job cuts and further streamline our operations as a result. So now, more than ever before, we are reliant on private donations and sponsorship to enable the BFI to fulfill its pivotal cultural role.

We welcome the Government's agenda to boost philanthropy which has put an increased focus on the value and importance of fundraising for charitable causes. Our strategy to strengthen the BFI's fundraising capability was boosted this year through the creation of a formal board - the International Development Council - chaired by one of the BFI's Governors, to take the lead on this area of BFI activity. In September 2011 the new board was launched and its Chairman, Josh Berger, is leading a group of committed influential and high profile individuals who we would like to acknowledge and thank for their support.

International Development Council Members 2011-12:

Josh Berger OBE (Chair)

Louis Elson

Eric Fellner CBE

Tania Fares

Isabella Macpherson

Caroline Michel

Hani Farsi

Kathryn Greig

Beth Mill

Joyce Reuben

Dr Richard Wolman

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With this additional resource, expertise and support, the fundraising operation has thrived at a time of economic recession and has delivered an 18% increase in fundraised income - with ongoing increases in targets for the years to come. Highlights of the year include the ongoing partnership with American Express and a new significant grant from the Esmée Fairbairn Foundation towards the work of Ken Loach. The campaign to restore and present the nine surviving silent Hitchcock movies captured the imagination of hundreds of film fans around the world and raised close to £1m alone over two financial years, while the Patrons scheme continues to go from strength to strength.

We receive significant support from our Patrons, individual donors, corporate sponsors and trusts and foundations. In addition, we benefit from in-kind and media partners, gifts in wills, public sector grant-making bodies and cultural partners.

This combined support totals just under £4m per year and is essential to the realisation of our ambitious and broad range of programmes and projects. We continue to seek to expand our network of support to help consolidate our current work and develop in the future – and we are immensely grateful to our donors and partners for their ongoing support.

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KEY PERFORMANCE MEASURES

BFI Grant in Aid Performance Measures

Overall, the BFI's core operations have performed very well during 2011-12, with variations in performance in different sectors largely due to external factors.

<i>All figures are '000</i>	2010-11 Actual	2011-12 Target	2011-12 Actual	2012-13 Target	Notes
BFI Southbank cinema admissions	287	261	295	265	Another exceptionally strong year for BFI Southbank
BFI Imax cinema admissions	405	418	298	465	A difficult year for the BFI IMAX with limited product in the year
Education admissions	61	60	65	74	Continues to deliver high quality services
London Festivals admissions	147*	132	158	140	Very good performance for both key festivals
Cinema admissions to BFI material at non-BFI UK venues	500	510	458	520	Difficult market conditions
Cinema admissions to BFI material at overseas venues	343	327	254	358	Difficult market conditions
DVD+Blu-ray units sold	267	274	273	289	Another good year
Sight & Sound units sold	228	257	244	272	Another good year when taking into account market conditions
Books sold	54	48	45	48	Good performance
bfi.org.uk website users	6,305	7,300	6,688	7,300	Good performance
Other Platforms i.e. YouTube downloads	2,549	2,700	3,807	3,792	New website (bfi.org.uk) will provide a vastly improved customer service and increase usage

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BFI Lottery Fund Performance Measures

This has been a year of great transition for the BFI having become the lead agency for film with responsibility for Lottery distribution. The main focus of the BFI during this period has been to maintain services so as to ensure that the transition that took place on 1 April 2011 was a seamless as possible.

In 2011-2012 Lottery funding was primarily used to strengthen the structure of the indigenous film industry and workforce and to improve the creative quality and commercial viability of British film. In pursuit of these objectives the following value and number of awards were made:

	£m	No of awards
Film Fund	21.782	175
Distribution & Exhibition	3.71	24
Transition Fund	1.785	64
Partnerships awards	7.496	14
Total awards made	<u>34.773</u>	<u>277</u>

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FINANCIAL REVIEW

Funding, Income & Investment in Charitable Activities

As discussed elsewhere in this report 2011 was a year of great change for the BFI as it was appointed the lead agency for film and also the Lottery Distributor for Film following the Government's decision to close the UKFC.

The transfer of the Lottery activities to the BFI on the 1 April 2011 resulted in the transfer of £15.3m of assets from UKFC and £35.6m available for drawdown from the National Lottery Distribution Fund. In addition the BFI received £45.4m of Lottery proceeds and recouped Lottery income in the year. These two transactions are largely responsible for the total income shown in the accounts more than trebling to £165.4m (2011: £48.5m). The transfer of the Lottery activities has also been reflected in the Balance Sheet, which now includes £57.5m of Lottery reserves. It must be noted that although these figures are included in the consolidated BFI accounts the Lottery reserves are only available for the specifically defined Lottery distribution activities and are not available to the more general activities of the BFI.

Non-Lottery income has grown with the acquisition of new activities and associated funding, previously managed by the UKFC, and although the GiA revenue funding would appear to have increased from £14.5m to £25.5m this is either to fund activities new to the BFI or to pass on to other bodies on the instruction of the DCMS. Under the terms of the Comprehensive Spending Review settlement the core BFI Revenue GiA has actually fallen by £0.5m with further reductions in the following three years.

Over recent years the BFI has steadily increased its self generated income to compensate for its static public funding and to allow us to maintain and develop our public programmes, the preservation of the BFI National Archive, maintaining our ageing premises and rising pension costs. We also have put programmes in place to drive efficiencies across all areas of the organisation.

In order to deal with the new landscape the BFI implemented a comprehensive review of all its existing activities and structure, creating a new organisation as the lead body for film in the UK. The resulting costs of change, primarily relating to redundancies and staff relocation, of £1.4m (2011: £3.2m) are included in the accounts. Prior to the BFI becoming a Lottery distributor and "Non-Departmental Public Body" on 1 April 2011 the BFI sold its freehold properties to an independent charity, the BFI Trust, for a nominal sum. This has resulted in a reduction in net assets of £4.6m (2011: £25.9m) which has been charged to charitable activities. The BFI retains the use of the properties under operating leases.

Despite having to deal with all of these very significant changes during the year we largely maintained our revenue streams in difficult economic circumstances. However, due to a poor film slate, it was a challenging year for the BFI London IMAX where revenue was lower than the previous year, contributing to a 9.6% reduction in income from charitable activities to £17.5m (2011: £19.4m).

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This year also saw further investment in the BFI National Archive, with construction completed of the new enhanced storage for the master film collection and new database to access and manage the collection.

The financial strategy continues to be to support the delivery of the BFI core objectives, to seek operational efficiencies to further drive down overhead costs and to seek to deliver increased income from charitable activities, including the exploration of new sources of income.

Due to the nature of its funding the BFI does not hold large cash balances, and its financial investment is focused on its property asset base and investing in people and activities to achieve its charitable objectives.

Incoming resources

The BFI recorded total income of £165.4m (2011: £48.5m), a threefold increase despite underlying reductions in ongoing GiA. This included the new Lottery distribution activities, which brought in £96.3m, including a one-off £50.9m of assets transferred in from the UKFC. In addition to grant in aid funding for new activities (with associated activity costs and grant expenditure) the BFI also received one-off sums related to the transition costs of change and these are detailed in note 24 of the accounts. Other grants included £6.6m (2011: £7.6m) from DCMS for the SHUK programme.

Income from Charitable Activities fell by 9.6% to £17.5m (2011: £19.4m), with the growth generated by a successful year for BFI Southbank, offset by a drop in IMAX sales, which suffered from a difficult slate of films, in common with this sector of the cinema industry.

Resources expended

New activities led to an increase of 66% in total expenditure to £104.5m (2011: £62.5m), of this £95.9m (92%) was invested in Charitable Activities (2011: £58.2m (93%)).

Charitable Activities invested in the following:

- Lifelong Learning, Research and Debate;
- Distribution and Exhibition;
- Film Heritage; and
- Lottery distribution

In addition there was £6.3m of capital investment in the current year under the SHUK programme (2011: £7.8m).

Fund Raising

Fund-raising costs of £1.0m (2011: £0.8m) represent the cost of running the BFI Development Division in order to raise funds for the BFI. This was another successful year in raising funds for the BFI Southbank, Festivals and a host of BFI activities, including the "Hitchcock 9" silent film restorations, in challenging economic conditions.

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Net Incoming/Outgoing Resources

Net incoming resources for the year amounted to £60.9m (2011: £14.0m net outgoing resources), largely due to the receipt of Lottery assets from the UKFC.

Transfer of pension liabilities

As part of the transfer of UKFC activities the BFI agreed to absorb the assets and liabilities of the UKFC's membership of the London Pension Fund Authority (LPFA) into its own LPFA scheme. The actuarial funding deficit for the UKFC was £0.3m and the BFI received additional funding from the DCMS to cover this, and this sum was paid over to the LPFA in the year. On an FRS 17 basis the UKFC deficit taken on was £0.9m.

Actuarial losses/gains on defined pension schemes

On the FRS 17 basis the net pension scheme deficit increased by £14.4m (2011: decrease of £17.7m) from £22.1m to £36.5m, including an actuarial loss of £14.6m (2011: gain of £11.2m).

The latest triennial actuarial valuation, as at 31 March 2010, upon which future contributions are based, showed a net pension liability, including the UKFC scheme, of £12.2m (2007: £11.6m, excluding the UKFC) with future contributions similar to recent levels.

Movement in fair value reserves

A gain of £3.4m (2011: not applicable) arose from the success of Lottery funded films, such as the King's Speech, resulting in an increase in the fair value of the associated film rights held on the balance sheet.

Lottery Financial Review *

With the transfer of lottery distributor status to the BFI on the 1 April 2011, the BFI acquired the full balance sheet and reserves of the lottery from the UK Film Council. The £50.3m of net assets transferred was made up of film rights of £18m, cash held at bank and in the National Lottery Distribution Fund of £39.8m, outstanding award commitments of £7.8m and a pension liability of £0.7m. In addition there were off-book liabilities of £7.7m relating to commitments made that were not yet contractual.

Incoming resources

During the year the BFI's share of the incoming resources of the National Lottery Distribution Fund was 2.43% (2011: 2.25%*), equating to £41.5m (2011: £34.8m). BFI's share of investment income earned on the National Lottery Distribution Fund balance amounted to £0.3m (2011: £0.4m). In addition the BFI received £7.8m of recoupment from its investments in the year (2011: £8.3m). Of this £3.8m (2011: £1.7m) was surplus recoupment over the original investment in the project and was taken to income, with the remainder taken against the carrying values of film rights on the balance sheet. *The Kings Speech* generated £3.5m of this surplus.

* Comparative figures are from the UKFC lottery accounts to 31 March 2011.

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Resources expended

Lottery – non film rights awards of £12.1m (2011: £11.7m), including awards to funded partners were charged to expenditure in the year, with the main changes being between categories of awards, including the new Opportunity and Challenge Scheme (£1.4m). In addition £20.9m (2011: £15.3m) of awards were taken to Film Rights in the balance sheet. Impairments of £17.1m (2011: £14.6m) were charged to expenditure against these Film Rights.

The statutory transfer to the Olympic Lottery Distributor continued at the level of £5.9m per annum.

Costs apportioned from Grant-in-Aid, representing operating overhead costs attributable to lottery, were £4.2m (2011: £5.3m), including other finance costs (pension) of £0.4m (2011: £0.1m) but excluding costs of change arising from the transfer of £1.3m (2011: £1.1m). Operating overhead costs thus fell to 8.5% (2011: 12.2%) of total incoming resources of £49.3m (2011: £43.3m) (which include income in repayment of hard commitments, which are not included in Incoming resources above).

Other comprehensive income

On the FRS 17 basis the net pension scheme deficit apportioned to lottery remained at £1.3m (2011: the deficit had decreased in the year by £2m). This included an actuarial loss of £1.2m (2011: gain of £1.5m), part offset by payments. In addition, on transfer to the BFI the net pension liabilities were revalued by the actuary, reducing the liability by £0.6m.

Movement in fair value reserves

A gain of £3.4m (2011: £3.2m) arose from the success of Lottery funded films, such as the King's Speech, resulting in an increase in the fair value of the associated film rights held on the balance sheet.

Total comprehensive income

Total comprehensive income on lottery activities for the year was £7.6m (2011: £3.1m)

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Reserves Policy

The Governors are committed to maintaining an adequate level of free reserves to meet any unforeseen expenditure or fall in income. This is incorporated into the budgets going forward and the ongoing management of activities within the available income, a significant element of which is subject to market conditions.

The BFI's net free reserves (Note 24) were reduced a little to £0.2m (2011: £0.4m). Due to the BFI's status as an NDPB it seems unlikely that surpluses will be made in the near future to return net free reserves to the pre-restructuring cost level in 2010 of £1.2m.

At 31 March 2012 the BFI had total consolidated reserves of £60.0m (2011: £11.1m) after the impact of FRS 17, which reduces reserves by £36.5m (2011: £22.1m).

Restricted funds of £71.3m (2011: £14.8m) comprises £57.5m (2011: £Nil) in Lottery reserves, £13.8m (2011: £14.4m) in fixed assets and £0.1m of non-Lottery current assets (2011: £0.4m).

Unrestricted reserves are in deficit by £11.4m (2011: £3.6m) as a result of the long term net pension liability under FRS17: Retirement Benefits of £35.2m (2011: £22.1m). As at 31 March 2010, the latest actuarial valuation date, the net pension deficit to be funded was £12.2m and this is being addressed over the next 20 years (subject to future triennial valuations) with additional contributions being made to the LPFA. These contributions are factored into our forward plans and the governors, having considered Charity Commission guidance on FRS17 deficits, are satisfied that this approach is appropriate. If the accounts were to include the triennial valuation deficit instead of the FRS17 deficit then the BFI would have positive net unrestricted reserves of £11.7m (2011: £6.6m).

Going Concern

The BFI continues to receive a significant amount of GiA per annum from the DCMS. This is in recognition of the cultural impact of film, and the importance of the Archive to the Nation's heritage. This level of funding, in common with other government funded bodies, is reduced during the period 2011–15, although the total cash amount is increased to fund the activities previously the responsibility of the UKFC.

Given the recent review of BFI activities and structures, together with the government commitment to funding, the Governors and Executive have a reasonable expectation that the BFI has adequate resources to continue operating. There have been no events since the balance sheet date which would affect this view. Accordingly, the accounts have been prepared on a going concern basis.

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PUBLIC BENEFIT

The Board of Governors has continued to take heed of the Charity Commission's guidance on public benefit, the guidance on public benefit and fee charging being particularly borne in mind while shaping our objectives for the year and planning activities. The Board also continues to be conscious of its responsibilities as the custodian of a National Collection which it holds in trust for the nation.

The BFI's Charter includes a requirement to "promote access to and appreciation of the widest possible range of British and world cinema". The BFI, as a Lottery Distributor for film, invests Lottery money and GiA to help ensure that audiences across the UK have access to a wide range of cinema. The BFI also uses Lottery and GiA to support activities including education and lifelong learning and the preservation of the UK's screen heritage. All these interventions deliver significant public benefit.

The BFI relies on income from the National Lottery, GiA from the Government and income from ticket and other sales, fees and charges to deliver public benefit and to cover its operating costs. In setting both the overall strategy for the organisation as the lead body for film and the level of prices, fees and charges, the Governors have given careful consideration to accessibility to the activities funded by the BFI's for those on low incomes. A key part of our longer-term development strategy has involved providing free access to a wide range of the services we fund and those we run – for example, through our Mediatheques and our websites, to free public screenings and broadcast partnerships. In addition to meeting our social responsibilities, the BFI also considers its impact on local communities, a diverse range of audiences, provides work experience and employment opportunities and works with schools, local authorities and many other organisations.

The BFI directly supports the distribution and exhibition of film through Lottery funding and is also the UK's biggest distributor of world cinema – non-commercial film culture from all parts of the world, both these interventions give the public access to a diversity of film culture which would not otherwise be available: the diversity of Britain's cultural life would be dramatically reduced without the BFI's interventions. We also support and directly make available a wide range of titles on all other platforms.

There are many ways in which the public accesses the BFI's work, and this range ensures we deliver the maximum public benefit for our charitable resources. The BFI activities which deliver public benefit are described in more detail in the pages of this report.

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SUSTAINABILITY REPORT

The BFI has reinforced its commitment to sustainability during 2011–12, taking into account sustainability issues when making strategic and operational decisions and has commenced the first phase of the implementation of a Sustainability Management System in line with BS8909. This phase will develop policies, conduct a full sustainability review and establish objectives and targets for the organisation. As this is the first year of such reporting for the organisation there is inevitable scope for improving the accuracy and quality of our data and subsequent reporting.

Across the BFI work is taking place to reduce carbon emissions. Alongside emission reduction initiatives we have sought to reduce the environmental impacts of projects and operations within our sites, communicate energy awareness, sustainability and ethical sourcing to staff, and to ensure that the BFI follow best practice in respect to environmental compliance.

Of particular note during the year is the completion of the build phase on the new archive storage facilities at Gaydon, which have been designed to be as efficient and sustainable as possible. However the short term impact of cooling the vaults to correct temperatures to ensure maximum efficiency has led to an increase in the carbon footprint of this site, compared to the build phase, which will not be repeated in future years of ongoing running of the site.

The BFI is also reviewing the supply chain and procurement processes to ensure that as far as possible the BFI promotes a positive impact on society and the environment.

Ongoing investment in BFI's estate has continued to deliver improvements in visitor facilities, reducing energy consumption and minimising risks wherever possible.

The BFI is also committed to reducing paper usage and waste – a key target in the Greening Government agenda. We now aim to minimise the copies of reports and papers which are printed, for both internal and external use, and where possible minimise the range of colours and graphics used in reports. Documents are regularly published electronically.

Plans are also in place to introduce an improved waste recycling across the organisation, and in particular at Stephen Street, where we will be introducing centralised waste recycling/disposal within the building. We are introducing the segregation of waste at source as advice received from our waste service provider confirms that our current practice of mixing all types of waste does not enable efficient recycling.

The BFI is also aware, as the strategic body for the film sector, of its wider remit of encouraging the film industry to become, as per the recommendation in the film policy review which have fed into the thinking and consultations underlying our 5 year plan due to be published in autumn 2012.

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Carbon emissions with regard to energy utilisation across the BFI estates

	Annual Carbon Emissions 2011-12 (tonnes of CO2)	Annual Carbon Emissions 2010-11 (tonnes of CO2)	Annual Water Usage 2011-12 (cubic metres)	Annual Water Usage 2010-11 (cubic metres)
Berkhamsted			4,879	5,295
Electricity	1,136	1,134		
Gas	266	329		
Gaydon *			911	419
Electricity	858	620		
Gas	23	-		
Southbank **			10,879	11,942
Electricity	1,107	1,105		
Gas	266	313		
Stephen Street			1,727	2,316
Electricity	337	336		
Gas	79	103		
IMAX **			4,905	6,374
Electricity	966	1,025		
Charlie Chaplin Warehouse			-	-
Electricity	3	5		
TOTAL	5,041	4,970	23,301	26,346

* The new archive storage facilities at Gaydon moved from the build phase in 2010-11, into fit up and initial usage in 2011-12 with a subsequent increase in energy usage and carbon emissions. This is partly a one-off uplift as the storage vaults were initially chilled to the optimum storage conditions.

** It should be noted that due to the nature of the usage of our premises at the Southbank and the IMAX as predominantly cinema venues, energy consumption is closely linked to programme and audiences/footfall. An example of this being in 2010-11 when Avatar was shown at the IMAX, electricity usage greatly increased as the cinema was virtually in constant usage 24Hrs a day, 7 days a week.

Raw data on water consumption across the premises is recorded, but because of the open and public nature of the Southbank and Imax premises and their central London location in a popular, busy area, usage of the facilities is far wider than purely our audiences and other intentional visitors, making the statistics open due to forces outside our control and thus making any planned long-term reduction of water consumption very difficult.

Due to the scale of the London premises, there is only enough waste generated for this to be mixed on collection with waste from other organisations. Any statistics available are thus based on random spot visits and are thus unreliable as to the accuracy of both the total amount of waste produced and the % recycled. However, the most recent estimates are annual waste production of 140 tonnes, of which 48% is recycled. Statistics are not currently available for waste at our non-London sites.

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HOW THE BFI IS GOVERNED

The BFI is governed by a Board of up to 15 Governors subject to the BFI's Royal Charter. The Governors, who are also the trustees of the Charity, now submit their annual report and the audited financial statements for the year ended 31 March 2012. In preparing the annual report and financial statements of the Charity, the Governors have adopted the Statement of Recommended Practice, Accounting and Reporting by Charities issued in February 2005 (SORP 2005).

Governors

Governors who were in post for at least part of the financial year 2011–12 or at the date of signing these accounts:

Greg Dyke (Chair)

Josh Berger CBE (Term commenced 1 April 2011)

Shami Chakrabarti CBE

Peter Foy

Sir Christopher Frayling (Term expired 31 December 2011)

Ashley Highfield

Tom Hooper OBE (Term commenced 11 May 2011)

Matthew Justice (Term commenced 1 April 2011)

Beeban Kidron OBE (Term commenced 1 April 2011)

Peter Kosminsky (Term commenced 27 January 2012)

Sir Howard Newby CBE (Term expired 29 February 2012)

Rt Hon James Purnell (Term commenced 1 April 2011)

Tessa Ross CBE

Lisbeth Savill (Term commenced 1 April 2011)

David Thompson (Term expired 31 December 2011)

Cy Young

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Methods of Appointment

The Chair of the BFI is appointed by the Board of Governors subject to the approval of the Secretary of State for Culture, Media and Sport. All other appointments to the Board are made by the Board of Governors.

The Board of Governors reserves two places on the Board for Member Governors. These are nominated and voted for by the BFI members and Sight & Sound subscribers throughout the United Kingdom. These appointments are also subject to approval by the Board of Governors. All other Governor vacancies are advertised publicly.

A Governor's term of office is normally three years. Pursuant to the BFI's Royal Charter, a Governor may only serve two terms in office. Newly appointed Governors receive a letter of appointment and induction documents which together address, amongst other things, general obligations, the management of conflicts of interest, committee membership, and their responsibilities and duties as Charitable Trustees. Governors have broad experience and expertise in the areas of film, television, the moving image generally, business and strategy and education. All Governors are part-time, unremunerated non-executives.

The Board of Governors has corporate responsibility for:

- delivering the mission set out in the Royal Charter; delivering the BFI's charitable objectives; and developing the overall strategic direction of the BFI;
- ensuring that the BFI as a Non-Departmental Public Body complies with any statutory or administrative requirements for the use of public funds and to maximise value for money;
- ensuring that the BFI acts reasonably and prudently in all matters relating to its charitable status;
- appointment of the Chief Executive;
- ensuring that all BFI properties and assets are protected and effectively utilised in the pursuit of the BFI's overall mission;
- ensuring commercial activities are self financing and aligned to the BFI core purpose and that these activities uphold fair trading standard requirements;
- ensuring that any fund-raising activity carried out on behalf of the BFI is properly undertaken and that all funds collected are properly accounted for;
- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
- ensuring that the BFI's rules for the recruitment and management of staff provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff; and
- ensuring the board operates sound environmental policies and practices in accordance with the approach set out in the 1990 White Paper *This Common Inheritance*, the Government's green initiatives and other relevant guidance.

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Statement of Governors' and Accounting Officer's Responsibilities

The Governors as the trustees of the Charity are responsible for preparing the Trustees' Annual Report and the group, charity and lottery financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Governors delegate power and responsibility to the Chief Executive (CE) for the day to day operation of the organisation. As Accounting Officer for government reporting purposes the CE is also responsible for reporting to DCMS, one of our main funders.

The law applicable to charities in England and Wales requires the Governors and CE to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group, charity and lottery; of the incoming resources and application of resources of the group and charity for that period; and of the income and expenditure of the lottery for that period. In preparing these financial statements, the Governors and CE are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- observe the methods and principles in the Charities SORP or HM Treasury's Financial Reporting Manual as applicable;
- state whether applicable accounting standards have been followed, and;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The Governors and CE are responsible for keeping proper accounting records which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them as trustees to ensure that the accounts comply with applicable law. The Governors and CE are also responsible for safeguarding the Charity's assets and ensuring their proper application in accordance with the Charities Act 2011; National Lottery etc. Act 1993 and the Royal Charter, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

The Governors and CE are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governors and CE confirm that they have met the responsibilities set out above and complied with the requirements for preparing the accounts. The financial statements set out on pages 45 to 67, and 81 to 95 attached have been compiled from and are in accordance with the financial records maintained by the Governors and CE.

The Board of Governors has adopted the Code of Best Practice for board members of Public Bodies and maintains a Register of Interests of board members. This Register is available for inspection at the BFI's registered offices at 21 Stephen Street, London W1T 1LN, on request to the Board Secretary.

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Organisational Structure

The Board of Governors delegates specific responsibilities to its Committees. Recommendations made by Committees are presented to the Board as a whole for approval.

A brief description of each Committee and its function is given below:

- **Audit, Risk and Governance Committee**

This committee reviews the effectiveness of the processes, structures, and controls used to direct, manage and account for the financial and business affairs of the BFI. The Audit, Risk and Governance Committee consider all internal and external audit reports and recommendations. In line with best practice there are two non-Governor members of the committee.

- **Nominations and Appointments Committee**

This Committee makes recommendations to the Board of Governors about appointments to the Board and its' committees and other bodies.

- **Remuneration Committee**

This Committee determines and keeps under review the levels of pay, and the terms and conditions of service, for the Chief Executive and other senior managers.

- **International Development Council (IDC)**

The IDC works closely with the Chief Executive and the Development Department to ensure the financial success of the BFI fundraising campaigns and strengthen the BFI's fundraising capability.

Current Committee members are:

Audit, Risk & Governance

Peter Foy (Chair)

Nick Cowley (Non-Governor member)

Dr Sree Kamineni (Non-Governor member)

Nominations & Appointments

Lisbeth Savill (Chair)

Peter Foy

Greg Dyke

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Remuneration

Greg Dyke (Chair)

Peter Foy

Ashley Highfield

International Development Council

Josh Berger OBE (Chair)

Louis Elson

Eric Fellner CBE

Tania Fares

Isabella Macpherson

Caroline Michel

Hani Farsi

Kathryn Greig

Beth Mill

Joyce Reuben

Dr Richard Wolman

The independent Board Secretary to the Board of Governors and its committees is Iain Thomson.

Executive

The Board of Governors employs a chief executive, Amanda Nevill.

Amanda leads an executive team that during the year consisted of:

Tim Cagney	Deputy Chief Executive	(From 7 July 2011)
Will Evans	Director of Business Affairs	
Heather Stewart	Creative Director of BFI	
Trevor Mawby	Director of Finance and Resources	
Paula Le Dieu	Director of Digital	
Chris Travers	Director of Communications, Marketing & Audiences	(From 17 October 2011)
Francesca Vinti	Director of Development	
Peter Buckingham	Head of Distribution & Exhibition	(To 18 November 2011)

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Eddie Berg	Artistic Director, Southbank	(To 31 July 2011)
Gail Cohen	Director of Comms & Marketing	(To 30 October 2011)
Sandra Hebron	Artistic Director, Festivals	(To 30 November 2011)
Jill McLaughlin	Director of Strategic Projects	(To 31 July 2011)
Tanya Seghatchian	Head of the Film Fund	(To 4 November 2011)

The Executive makes day-to-day management decisions on behalf of the Board of Governors under the Financial Procedures approved by the Board

Employment and training policies and staff participation

The BFI is committed to a policy of equality of opportunity in its employment practices and continues to develop a culturally diverse workforce. Its training and development programmes are designed to encourage and support all employees in improving performance. In particular, the organisation aims to ensure that no potential or actual employees receive more or less favourable treatment on the grounds of race, colour, ethnic or national origin, marital status, age, gender, sexual orientation, disability or religious beliefs.

The BFI ensures that there are arrangements to promote effective consultation and communications with all staff. All departments have regular staff meetings at which matters relating to BFI activities are discussed and staff are regularly briefed on the matters discussed at Executive and Board meetings. Meetings of all staff are held regularly and recognition agreements are in place with Unite and BECTU fostering the best possible relationship with staff.

The BFI seeks to ensure that the requirements of health and safety legislation are met in the workplace. Sickness absence is monitored and is within targets.

Better Payment Practice Code

The BFI attempts to abide by the Better Payment Practice Code and in particular to settle bills in accordance with contract. Invoices are normally settled within our suppliers' standard terms, which are typically in line with our standard 30 day terms. The average payment terms taken were 29 days (2011: 28).

Disclosure of information to the auditors

So far as each person who was a Governor at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Governors, the Chief Executive and the Group's auditor, each Governor has taken all the steps that he/she is obliged to take as a Governor in order to make himself/herself aware of any relevant information and to establish that the auditor is aware of that information.

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GOVERNANCE STATEMENT

Scope of Responsibility

How the BFI is governed is covered on pages 27 to 32. The Board of Governors is aware of the requirements of the UK Corporate Governance Code and work is continuing to ensure compliance.

As Accounting Officer and as Chairman of the Board of Governors, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives set by the Department for Culture, Media and Sport (DCMS), whilst safe-guarding the public funds and the British Film Institute's (BFI) assets for which we are responsible in accordance with the responsibilities assigned to us in Managing Public Money and as Trustees of the Charity.

We also have responsibility, as defined in the BFI's Funding Agreement with the DCMS and the Management Statement and Financial Memorandum, for leading and managing the work of the BFI to fulfil its policies, aims and objectives, and upholding its values. The Accounting Officer reports to the Board of Governors of the BFI and we formally meet regularly with DCMS.

The purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BFI policies, aims and objectives, to evaluate the likelihood of those risks being realised and should they be realised, to manage them efficiently, effectively and economically. The system of internal control includes adequate arrangements for detecting and responding to inefficiency, conflict of interest and fraud, and prioritises those risks associated with the custody of assets and potential loss of Exchequer and Lottery grants. The system of internal control has been in place for the year ended 31 March 2012 and up to the date of approval of the annual report and financial statements, and accords with Treasury guidance.

Capacity to handle risk

As Accounting Officer and Chairman of the Governors we have overall responsibility for the BFI's risk management framework, and are supported in its implementation by the Senior Management Team and staff who are trained and equipped to assess and manage risk in a way appropriate to their authority and duties.

The Audit, Risk and Governance Committee, chaired by Peter Foy, gives independent advice and guidance to us, in our roles as Accounting Officer and Chairman, and to the Board of Governors as a whole, on the adequacy of audit arrangements (both internal and external), on the implications of assurances provided in respect of risk and control at the BFI and oversees the work of the internal auditors, as well as providing guidance as to best practice.

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The Remuneration Committee provide oversight and approval of remuneration and performance for senior staff members including the Accounting Officer.

Further advice and guidance as to best practice is received from the internal and external auditors (who attend meetings of the Audit, Risk and Governance Committee), the DCMS, and other comparable organisations.

The risk and control framework

A risk management policy has been established setting out the BFI's attitude to risk in the achievement of our objectives.

The BFI has incorporated risk management in planning and decision making and maintains an organisation-wide risk register. Policy and operational risks both in the organisation and from external factors are identified through our business planning cycle and the annual operational planning cycle, and are evaluated by the Executive Team. We also consider the risks associated with holding and safeguarding information for operational or financial reporting purposes.

Key risks and challenges faced during the year are discussed elsewhere in this Annual Report and included:

- Taking on and delivering the Lottery and other activities from the UKFC to create a new BFI;
- Engaging with the independent Review of Film Policy, A Future for British Film; and
- Developing our own Future Plan 2012-2017.

In 2011-12 the risk register as noted by the Executive Team and updated in March 2012 included 7 corporate risks. These included:

- Reduction in generated- income resulting from the current economic climate, namely reduced audience numbers and failure to secure sponsorship funding from corporate and commercial partners.
- Misunderstanding of the BFI's new wider role and remit by stakeholders, industry and Government
- The deterioration of the estate condition may cause failures resulting in facility and building closures, thus reducing service and programme levels.
- The safety of the National Collection remains a priority following decades of under-investment: obsolete formats need to be migrated and life-expired air-conditioning plant replaced.
- Failure of key strategic partners – Creative Skillset, Creative England, new Education offer, National Screen Agencies – to deliver BFI strategic priorities

Risk management and internal control are embedded in the processes of the organisation and are considered and reviewed on a regular basis by management. For example, the Production Finance Committee (PFC), who ultimately sign off on lottery commitments, consisted of representatives of the relevant fund, finance and business affairs and was independently chaired by the Accounting Officer or the Head of Business Affairs. Any perceived risks arising in making an award were thus discussed at the time the funding decision was made and appropriate mitigating action taken, whilst

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allowing decision-making, oversight and control to be maintained of the decisions by the respective funds. The committee was updated on the progress of the funded projects to allow timely action to mitigate risks, protect funds and ensure that the ultimate purpose of the award is fulfilled.

For the regularly funded organisations, such as the Creative England, Skillset and First Light, alongside regular oversight and monitoring, a series of regular formal governance meetings were held with the recipients throughout the year to discuss progress against key performance and risk indicators incorporated in their business plans and funding agreements

The work of the BFI's internal audit service, provided by Tribal, operated to standards set out in the Government Internal Audit Standards, was developed from an analysis of BFI's UK exposure.

In 2011-12 internal audit reports covered:

- Lottery Systems Transfer
- Staff Expenses
- Main Financial Systems
- Creative England
- Equality & Diversity
- Find Any Film – Post Project Appraisal
- Digital Screen Network – Post Project Appraisal
- Risk Management – Mitigation Arrangements

The analysis of risk and the internal audit plans are endorsed by the BFI's Executive Team, the Audit and Governance Committee and are approved by the Accounting Officer.

In line with Cabinet Office guidance in relation to information risk, the Finance Director is the Senior Information Risk Owner. Working with the Internal Auditor, all the systems and databases operated by the BFI are kept under review and periodic updates provided to the Audit and Governance Committee.

In addition, the BFI has in place a wide range of policies, for instance relating to corporate governance, conflicts of interest, financial management (including fraud), health and safety, training and development and information technology. These are periodically reviewed and updated.

The internal communications process ensures that all staff are informed about key decisions on a timely basis through appropriate means. There is also an external communications strategy that ensures stakeholders, Parliament, press, funded organisations and projects, the industry at large, and members of the general public receive appropriate and reliable information.

Progress in achieving objectives set in the strategic plan is monitored by Board and Senior Management. The Board receive appropriate regular financial reporting, enabling monitoring against financial targets.

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Review of effectiveness

The Board is responsible for considering its performance and reviewing its effectiveness, including assessing the quality of the information it receives on an ongoing basis, and judge that it is of a satisfactory standard. Papers and reports are normally concise, relevant and timely. The Governors receive frequent updates on the BFI's financial positions, forecasts, risks and performance against strategic goals.

As Accounting Officer and Chairman of the Governors, we have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by the work of the internal auditors and the Senior Management within the BFI who have responsibility for the development and maintenance of the internal control framework, and comment made by the external auditors in their management letters and other reports. We have been advised on the implications of the results of our review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to address any weaknesses and ensure continuous improvement is in place.

In respect of risk management the responsibilities of the Executive Team are to:

- manage risk in their own areas of responsibility through the implementation of risk mitigation processes and by following the BFI's risk policy;
- translate the risk register into day-to-day operational planning within teams; and
- report to the Accounting Officer on the status of risks and controls.

The Board receives reports from the Chairman of the Audit, Risk and Governance Committee, and from the Accounting Officer and managers, on the steps taken to manage risks, including progress reports on key activities and projects, as well as on new risks that may arise both internally within the organisation and due to external factors such as the political and economic environment of both the industry and the public sector.

Amongst the considerations of the Board, the Audit, Risk and Governance Committee and the Executive Team in the year were the risks associated with the transition of Lottery Distributor Status, the new responsibilities with the transfer of the lead body status for film, and indeed the smooth transfer of ongoing operations from the UKFC to the BFI with minimum impact upon stakeholders.

The Internal Auditor provides audit reports on the areas of activity within the BFI. The reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the BFI's system of internal control during the year together with recommendations for improvement.

We take assurance from assessment of the risk register, from the business and budget planning cycle, from the decision approval and operational procedures and from the reviews of, and assurance received from, delegate bodies that appropriate risk management procedures are in place.

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We can confirm that in our opinion:

- the BFI complies with its current Financial Directions, Funding Agreement, Management Statement and Financial Memorandum and the requirements of a Charity;
- adequate audit arrangements, both internal and external, are in place to support us in reviewing the systems of internal control;
- adequate arrangements are in place to detect and respond to inefficiency, conflicts of interest and fraud and to minimise losses of Lottery and other funds;
- the BFI has drawn up and maintains risk assessment and control procedures and risk registers;
- the BFI has complied with Cabinet Office guidance on information risk and has suffered no protected personal data incidents during 2011-12 or during previous years, and has made no reports to the Information Commissioners Office; and
- the systems of internal control were fully operational during the year and no significant weaknesses have been uncovered.

The overall Board of Governors' attendance rate for the year was 84%. In order to follow best practice and, in particular, comply with the *Corporate Governance Code*, we will in future publish attendance rates for individual Governors.

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REMUNERATION REPORT

The Remuneration Committee

The Board of the BFI is responsible for determining the remuneration of the Chief Executive and senior staff. In the year ending 31 March 2012, due to the circumstances of the substantial changes to the Executive Team, it discharged this responsibility through the cycle of monthly Board meetings – which included involvement in the appointment of new members of the Executive Team, and ensuring appropriate approvals were obtained from the Department of Culture, Media and Sport (DCMS).

In addition the Board is supported by the Remuneration Committee, who meet as required, which is authorised within its terms of reference, to obtain independent professional advice if it considers this necessary. The Remuneration Committee comprises a chairman, who is also chairman of the BFI Governors, and up to 3 other members of the Board or co-opted members, who are each appointed for a period of up to three. The members during the year were:

Greg Dyke (Chair)

Peter Foy

Ashley Highfield

Remuneration Framework

Governors are not entitled to draw any remuneration for their time spent working as a Trustee of the BFI, although they are entitled to reimbursement of expenses incurred in their duties.

In determining appropriate levels of remuneration for senior staff, the BFI follows the Government's policy to maximise value for money by paying enough to attract and retain suitably qualified senior staff, and salaries are based on the minimum required to recruit, retain and motivate senior staff of appropriate calibre.

All staff including the Chief Executive, are entitled to membership of the Local Government Pension Scheme (LGPS) operated by the London Pension Fund Authority (LPFA), which is a defined benefit scheme for those BFI employees who wish to join. Further details of the scheme can be found in note 10 to the BFI Group financial statements. Staff enrolled in the scheme, which is contributory, accrue a pension entitlement in the year at the rate of 1/60 of final pensionable salary, up to a limit of two thirds of their final pensionable salary.

The staff pay bill for each year is subject to review by the Remuneration Committee and the DCMS, under HM Treasury guidelines and limits for public sector pay.

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Contracts of Employment

The Chairman of the Board of Governors is approved by the Secretary of State for Culture for a term of 4 years. Governors are appointed by the Board, again for a period of 3 years, with 2 members being elected by the membership of the BFI. Both the Chairman and any other Governors may stand for two successive terms of office. There is no period of notice required for resignation from the Board.

In those cases where contractual terms are open ended the period of notice required for termination of contract is no greater than six months.

Audited Information

Governors' remuneration

No Governor drew any remuneration in the year – although costs amounting to £1,749 (2011: £2,431) were incurred. This primarily represents reimbursed travelling expenses for three (2011: three) governors and the provision of food and beverages for meetings. No payments were made in the year for services (2011: £Nil).

As part of their oversight duties as Trustees, copies of all books and DVD/Blu-Ray releases published by the BFI during the year are made available to all Governors.

Senior staff remuneration

Remuneration (excluding pension arrangements) for the senior staff for the year:

	Total Remuneration for the year ended 31 March 2012 (FTE) £'000	Bonuses Attributable for the year ended 31 March 2012 (2011) £'000	Benefits Attributable for the year ended 31 March 2012 (2011) £	Total Remuneration for the year ended 31 March 2011 £'000
Amanda Nevill Chief Executive and Accounting Officer	135-140	- (0-5)	0-100 (0-100)	135-140
Tim Cagney Deputy Chief Executive	80-85 (FTE: 115-120)	-	0-100	Not applicable

Benefits in kind

All members of BFI staff are entitled to receive: up to £100 contribution towards gym membership per annum; up to 12 free tickets per month at the BFI Southbank cinemas; staff discounts on purchases at the BFI Southbank's Film Store and Benugo's cafe and restaurant and the BFI London IMAX, ranging from 10-70%; and interest free loans for train season tickets, bicycle and computer purchases. Staff whose contracts transferred from UKFC receive a contractual payment of £250 for cinema tickets per annum in place of the BFI Southbank ticket entitlement. Staff on BFI contracts receive a monthly copy of Sight and Sound.

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Senior staff pension arrangements

The senior staff were both members of the LPFA scheme during the year.

	Real increase in accrued pension benefits 2011-12	Attributable pension accrued at 31 March 2012	Cash Equivalent Transfer Value (CETV) as at 31 March 2011	CETV as at 31 March 2012	Real increase in the CETV after adjustment for inflation etc in 2011-12
	£'000	£'000	£'000	£'000	£'000
Amanda Nevill Chief Executive and Accounting Officer	0-2.5 (lump sum: 2.5-5)	32.5-35 (lump sum: 72.5-75)	581	620	(2)
Tim Cagney Deputy Chief Executive Officer	0-2.5 (lump sum: 0-2.5)	0-2.5 (lump sum: 0-2.5)	-	12	7

The accrued pensions are the amounts eligible at retirement if the staff member left service at the relevant date. The transfer values do not represent a sum paid or payable to the individual, but rather a potential liability of the pension scheme. They have been calculated using assumptions certified by a qualified actuary.

Termination payments

The termination payments payable to employees were:

Exit Package Cost	Number of compulsory redundancies		Number of other departures		Total	
	2012	2011	2012	2011	2012	2011
<£10,000	-	6	-	7	-	13
£10,000-£25,000	-	3	-	3	-	6
£25,000-£50,000	-	2	-	5	-	7
£50,000-£100,000	1	3	-	14	1	17
£100,000-£150,000	-	1	-	2	-	3
No of exit packages	1	15	-	31	1	46
Cost £'000	65	487	-	1,463	65	1,950

In addition to the above termination payments, costs were also incurred in respect of capital contributions to the LPFA for early retirement for one member of staff of £453,000 (2011: 11 staff at a total cost of £253,000). The cost this year was in respect of redundancy under UKFC contractual terms, protected under TUPE.

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Hutton Review of Fair Pay

The BFI is required to disclose the relationship between the remuneration of the highest-paid member of the Executive team in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the Chief Executive in the financial year was £135,000 - £140,000 (2011: £135,000 - £140,000). This was 5 times (2011: 5) the median remuneration of the workforce, which was £27,230 (2011: £25,689).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Approved by the Board of Governors for signature on 12 July 2012.



Greg Dyke
Chair, Board of Governors



Amanda Nevill
Chief Executive

CORPORATE INFORMATION

British Film Institute

The British Film Institute is incorporated by Royal Charter and is registered in England and Wales as a charity, number 287780.

Registered Office: 21 Stephen Street, London W1T 1LN

www.bfi.org.uk

Auditor

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road, London SW1W 9SP

Bankers

Lloyds TSB Bank

32 Oxford Street, London W1A 2LD

Internal auditors

Tribal Business Assurance

54 Gosport Business Centre, Aerodrome Road, Gosport PO13 0FQ

Solicitors

Farrer & Co

66 Lincoln's Inn Fields, London WC2A 3LH

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INDEPENDENT AUDITOR'S REPORT

**THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE GOVERNORS OF
THE BRITISH FILM INSTITUTE**

I have audited the financial statements of British Film Institute for the year ended 31 March 2012 under the Charities Act 2011. The financial statements comprise: the Statements of Financial Activities (Including an Income and Expenditure Account), the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governors, Accounting Officer and auditor

As explained more fully in the Statement of Governors' and Accounting Officer's Responsibilities, the Governors and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Charities Act 2011. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Film Institute's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by British Film Institute; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Charity's affairs as at 31 March 2012 and of its net incoming resources before other recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared; and
- the information given in the Performance Review, Key Performance Measures and Financial Review sections of the annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Amyas C E Morse

16 July 2012

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

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STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2012

	Note	Unrestricted £'000	Lottery Restricted £'000	Other Restricted £'000	Total Restricted £'000	2012 Total £'000	2011 Total £'000
Incoming resources							
<i>Incoming resources from charitable activities</i>							
Lifelong Learning		3,936	-	-	-	3,936	4,209
Distribution & Exhibition		11,757	-	-	-	11,757	13,326
Film Heritage		1,850	-	-	-	1,850	1,872
<i>Incoming resources from generated funds</i>							
Voluntary income	25	-	-	-	-	-	-
Lottery proceeds		-	41,537	-	41,537	41,537	-
Lottery recoupment income		-	3,828	-	3,828	3,828	-
Grant-in-Aid - revenue funding	4	25,482	-	-	-	25,482	14,550
Grant-in-Aid - capital funding	4	-	-	1,808	1,808	1,808	1,450
Other grants - transfer of UKFC net assets	4	-	50,936	-	50,936	50,936	-
Other grants, legacies and donations	24	199	-	21,810	21,810	22,009	10,015
Lottery awards	5	-	-	449	449	449	640
Donated services and facilities	6	-	-	1,751	1,751	1,751	1,805
Investment income	7	36	3	-	3	39	69
Other incoming resources		-	-	-	-	-	517
Total incoming resources		43,260	96,304	25,818	122,122	165,382	48,453
Resources expended							
<i>Charitable activities</i>							
Lifelong Learning	8	(12,803)	-	(4,488)	(4,488)	(17,291)	(8,114)
Distribution & Exhibition	8	(17,859)	-	(5,470)	(5,470)	(23,329)	(16,970)
Film Heritage	8	(12,260)	-	(5,224)	(5,224)	(17,484)	(7,205)
Lottery distribution	8	-	(33,228)	-	(33,228)	(33,228)	-
Sale and transfer of assets to a registered charity	12	(4,591)	-	-	-	(4,591)	(25,889)
<i>Total charitable activities (after an exceptional pension credit to unrestricted resources expended in the prior year of £7,899,000)</i>		<i>(47,513)</i>	<i>(33,228)</i>	<i>(15,182)</i>	<i>(48,410)</i>	<i>(95,923)</i>	<i>(58,178)</i>
<i>Costs of generating funds</i>							
Costs of generating voluntary income	8, 25	(972)	-	-	-	(972)	(838)
Governance costs	8	(270)	(50)	-	(50)	(320)	(249)
Olympic deduction		-	(5,866)	-	(5,866)	(5,866)	-
Restructuring costs	8	(149)	(1,236)	-	(1,236)	(1,385)	(3,224)
Total resources expended	8,11	(48,904)	(40,380)	(15,182)	(55,562)	(104,466)	(62,489)
Net incoming/(outgoing) resources		(5,644)	55,924	10,636	66,560	60,916	(14,036)
Transfer of UK Film Council net assets							
Transfer of pension liabilities	10	(266)	(671)	-	(671)	(937)	-
Net (outgoing)/incoming resources before transfers		(5,910)	55,253	10,636	65,889	59,979	(14,036)
Gross transfers between funds	24	11,529	-	(11,529)	(11,529)	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		5,619	55,253	(893)	54,360	59,979	(14,036)
Other recognised (losses)/gains							
Actuarial (losses)/gains on defined benefit pension scheme	10	(13,365)	(1,205)	-	(1,205)	(14,570)	11,213
Movement in fair value reserves		-	3,413	-	3,413	3,413	-
Net movement in funds		(7,746)	57,461	(893)	56,568	48,822	(2,823)
Reconciliation of funds							
Total funds brought forward		(3,624)	-	14,767	14,767	11,143	13,966
Total funds carried forward	24	(11,370)	57,461	13,874	71,335	59,965	11,143

All gains and losses recognised in the year are included in this Statement of Financial Activities.
The accompanying notes form an integral part of this Statement of Financial Activities.

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**CONSOLIDATED AND CHARITY BALANCE SHEET
31 MARCH 2012**

	Note	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Fixed assets:					
Tangible fixed assets	12	36,044	44,648	36,044	44,648
Intangible fixed assets	14	1,456	-	-	-
Investments	15	-	-	2,393	93
Total fixed assets		37,500	44,648	38,437	44,741
Current assets:					
Film Rights	16	21,161	-	21,161	-
National Lottery Distribution Fund	17	39,820	-	39,820	-
Stocks & work in progress	18	731	763	708	733
Debtors	19	5,732	5,245	6,566	6,491
Cash at bank and in hand		9,182	8,320	6,785	6,470
Total current assets		76,626	14,328	75,040	13,694
Liabilities:					
Creditors: amounts falling due within one year	21	(17,631)	(25,774)	(17,103)	(25,233)
Net current assets/(liabilities)		58,995	(11,446)	57,937	(11,539)
Total assets less current liabilities		96,495	33,202	96,374	33,202
Defined benefit pension scheme net liability	10	(36,530)	(22,059)	(36,530)	(22,059)
Net assets including defined benefit pension scheme net liability		59,965	11,143	59,844	11,143
Funds:					
Restricted income funds					
Restricted income funds excluding Lottery and pensions asset/liability	24	13,874	14,767	13,874	14,767
Lottery reserve		51,673	-	51,673	-
Lottery fair value reserve		7,112	-	7,112	-
Lottery share of pension reserve		(1,324)	-	(1,324)	-
Total restricted funds	24	71,335	14,767	71,335	14,767
Unrestricted income funds					
Unrestricted income funds excluding pensions asset/liability		23,836	18,435	23,715	18,435
Pension reserve		(35,206)	(22,059)	(35,206)	(22,059)
Total unrestricted funds	24	(11,370)	(3,624)	(11,491)	(3,624)
Total funds	24	59,965	11,143	59,844	11,143

The accompanying notes form an integral part of this consolidated and Charity balance sheet.

The Governors and Chief Executive Officer of the BFI, registered charity number 287780, approved these financial statements and authorised their signature on 12 July 2012.

Governor



Chief Executive Officer



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**CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2012**

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	2	12,818	10,723
Return on investments and servicing of finance	3	39	69
Capital expenditure and financial investment	3	(10,507)	(8,446)
Acquisitions and disposals	3	(1,488)	-
Increase in cash in the year		<u>862</u>	<u>2,346</u>

The accompanying notes form an integral part of this consolidated cash flow statement.

**BRITISH FILM INSTITUTE
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**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements of the BFI are prepared under the historical cost convention and in accordance with the Charities Act, the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005)" and applicable accounting standards. The requirements of the National Lottery etc Act 1993 have been followed for the treatment of hard and soft commitments, which is consistent with the above basis of preparation.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity, including its Lottery distribution activities, and its subsidiary undertakings (see note 15 for details of subsidiaries and associate or jointly controlled entities). The results of the subsidiaries are consolidated on a line by line basis within the SOFA. A separate Income and Expenditure account has not been presented for the Charity, as permitted by paragraph 397 of the SORP. However, a summary Operating Statement is included at note 24. The balance sheet and related notes show the assets and liabilities of the Group as well as the Charity. Separate accounts are also prepared for the BFI's Lottery distribution activities as required under the National Lottery etc Act 1993 and these are attached to the consolidated accounts.

Going concern

The accounts have been prepared on a going concern basis. After making enquiries, the Board of Governors has a reasonable expectation that the BFI has adequate resources to continue provided that it receives ongoing funding and sales based on past experience. In the year to 31 March 2012 the BFI received £25,482,000 of revenue grant in aid from the Department of Culture, Media and Sport's (DCMS) assessment of its commitment to recognising the cultural impact of film, the BFI National Archive and the Nation's heritage. This funding continues through to 2014-15 but in common with other government funded bodies we face a reduction in funding during the period 2012-15 on a like-for-like basis.

Following the government's abolition of the UKFC, with the BFI becoming the lead body for film, the BFI is actively engaged with the government in developing the strategy for film in the UK which will impact on future funding. As of 1 April 2011 the BFI is a Lottery distributor, with a Statutory right to receive a share of the National Lottery Distribution Funds (NLDF), and is considered by government to be a "Non Departmental Public Body", both of which give support to our future financial stability. During the year the BFI also received other funding from DCMS in order to assist with the impact of these changes, ensuring a smooth transition of responsibilities.

The transfer of £50m of net Lottery assets has clearly transformed the Statement of Financial Activities and Balance Sheet, but these assets are restricted and pressure remains on the underlying Charity. As a consequence of these changes, excluding the restricted Lottery activities, the BFI recorded a surplus in the year as a result of additional income being invested in capital projects and acquiring the British Screen Finance group of companies, despite restructuring costs of £149,000 (2011: £3,224,000) and the disposal of assets of £4,591,000 (2011: £25,881,000). However, the FRS17 pension liability has increased significantly to £36,530,000 (2011: £22,058,000) contributing to negative unrestricted reserves of £11,370,000 (2011: £3,624,000). This is being addressed in the longer term with additional contributions being made to the London Pension Fund Authority, based on the triennial actuarial valuations, and these contributions are factored into our forward plans.

As at 31 March 2010, the latest actuarial valuation date, the deficit to be funded was £11,893,000 and this is being addressed over the next 20 years, subject to future triennial valuations. Even allowing for liabilities acquired from the UKFC, this is considerably less than the deficit in the accounts of £36,530,000 (2011: £22,058,000) under FRS17 and governors are satisfied that this approach is appropriate.

At the year end, the BFI held total reserves of £59,965,000 (2011: £11,143,000) which included unrestricted cash balances of £3,950,000 (2011: £3,419,000) and free reserves of £170,000 (2011: £373,000) (Note 24).

Charitable activities

The BFI engages in a diverse range of activities in order to meet its objects, which are described in more detail in the Governors' Report. In the financial statements, the BFI categorises its activities across four of its core areas of operation:

Lifelong Learning - to promote education about film, television and the moving image generally, and their impact on society;
Distribution & Exhibition - to promote access to and appreciation of the widest possible range of British and world cinema;
Film Heritage - to establish, care for and develop collections reflecting the moving image history and heritage of the UK; and
Lottery distribution - to promote film production, access and education across the UK.

Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income, entitlement is virtually certain and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

Donated services and facilities: including gifts in kind, are included in income and expenditure at the value to the Charity where this can be quantified (see Note 6).

Grants and deferred income: whilst grants, including Grant-in-Aid, are typically accounted for in full upon receipt, where related to performance and specific deliverables, grants are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of its recognition, it is deferred and included in creditors: amounts falling due within one year. Where entitlement occurs before income being received, the income is accrued. Capital grants are accounted for as income as soon as they are receivable.

Other incoming resources: primarily relates to the disposal of fixed assets.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category concerned. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources (see Note 8). Costs of generating funds are fund-raising and publicity costs incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of charitable activities. Governance costs comprise all costs identified as wholly or mainly attributable to ensuring the public accountability of the Charity and its compliance with regulation. These costs include external and internal audit and Governors' costs.

Donated services and facilities: including gifts in kind, are included in income and expenditure at the value to the Charity where this can be quantified (see Note 6).

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1. ACCOUNTING POLICIES (CONTINUED)

Resources expended (continued)

The basis of the reporting of Lottery award commitments is laid out in the Accounts Direction and the National Lottery etc Act 1993, and align with the reporting requirements of the Charities SORP. Under these a distinction is made in respect of Lottery awards between 'hard commitments' and 'soft commitments'. Where the BFI has made a firm offer of a grant, which, together with the relevant conditions, has been accepted by the recipient and the conditions of the grant have been fully met, the award is accounted for as a 'hard commitment'. Where the BFI has agreed in principle to fund a scheme or project and made an offer, but the offer has not been accepted and the associated conditions precedent met, the award is accounted for as a 'soft commitment'. Hard commitments are recognised in the financial statements whereas soft commitments are recognised by way of a note to the financial statements (see Note 23).

Hard commitments payable within one year of the balance sheet date are recognised in the statement as current liabilities. Those payable more than one year from the balance sheet date are shown as commitments to filmmakers payable over more than one year, however such commitments are extremely unlikely in the usual course of business. Commitments for future years may be entered into, taking into account income forecasts provided by DCMS. These forecasts take a conservative view of future income and any such longer term commitments, which relate to future years, are not recognised in the accounts.

Charitable expenditure: Collections: films etc

The BFI has built the National Archive since its establishment in 1933, consisting of film and other related materials dating back to the 19th century. The BFI develops, cares for and interprets a collection that illustrates the art, history and impact of film, to be held in perpetuity for the public, for their use and for use by the BFI in pursuit of its objectives. The collection is one of the largest and most diverse collections in the world. It includes feature films, documentary and factual films, television programmes, artists film, photographic stills, posters, books and other related materials, held primarily for use in the BFI's activities and charitable objectives, as described in more detail in the Governors' Report and below. The Collection Policy was most recently updated in November 2011 and can be found at www.bfi.org.uk. It documents our procedures for Acquisition and Disposal, Documentation, Conservation and Access and describes our role in a national network of organisations that collect or provide access to film.

For the most part this collection has been acquired by donation, often with restricted usage rights, and as a result there is little in the way of purchase cost. There is also a lack of comparable market values, compounded by the diverse nature of the objects and the volume of the items held. In the opinion of the Governors, reliable information on cost or value is not available for the BFI's collection.

In the Governors' opinion, conventional valuation approaches lack sufficient reliability and any valuation is likely to incur significant costs that are likely to be onerous. Even if valuations could be obtained this would not be commensurate with any benefits to the BFI's management, curatorial staff, the public, or other users of the financial statements. For this reason the collections, large proportions of which were gifted to the BFI at nil cost and are incomparable in nature, are not recognised in the BFI's balance sheet.

All expenditure on acquiring, preserving and improving the collection is included in charitable expenditure in the year incurred. In the main, this expenditure is of a curatorial or restoration nature and the Governors are of the opinion that any value attributable to heritage assets or fixed assets would not be material. The collections also comprise donated materials that are not subject to formal valuation.

Heritage assets

Much of the BFI's collection is used, or expected to be used in the future, in its charitable activities. To the extent that the collection comprises Heritage Assets, there is an absence of reliable cost information, a diverse range of assets held, a lack of comparable market values and a complex mixture of intellectual property rights associated with the assets. As a result the Governors are of the opinion that valuation information cannot be obtained at a cost commensurate with the benefits to users of the financial statements, so a valuation approach is not practicable. Therefore the BFI has adopted a non-recognition approach.

Tangible fixed assets, depreciation and impairment

Expenditure on tangible fixed assets costing £1,000 or more and with a useful economic life of at least 3 years is capitalised and included at cost.

Depreciation is provided on all tangible fixed assets, except freehold land, to write off the cost less estimated residual values over their expected useful economic lives. It is calculated on a straight line basis, except freehold buildings which are on a reducing balance basis, at the following rates:

Freehold buildings	2% per annum
Long leasehold property	2% per annum
Leasehold improvements	10% per annum
Computer and other IT equipment	10-33% per annum
Furniture, fixtures and fittings	10-33% per annum
Plant and machinery	10-33% per annum
Assets in the course of construction	Depreciation commences upon completion of construction

The carrying value of fixed assets is reviewed at least annually. Where the carrying value is considered to be greater than the value of the asset to the activities of the Charity, an impairment charge will be made in the year to reflect that loss in value.

Intangible fixed assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the carrying value/fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is separately disclosed. Goodwill is recognised as an asset and reviewed for impairment annually or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. Purchased goodwill arising on consolidation is amortised over the period of its expected useful economic life. This is considered to be a period of ten years from the date of acquisition.

Investments

Investments in subsidiaries, associate or jointly controlled entities are stated at cost less provision for impairment.

National Lottery Distribution Fund

Balances held in the NLDF remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. The share of these balances attributable to the BFI is as shown in the financial statements and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the BFI in respect of current and future commitments.

The amount attributable to the BFI up to 31 March 2012, has been treated as income within these financial statements.

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1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The principal financial instruments are cash and holdings in the NLDF and film rights, from the adoption of FRS 25 (Financial Instruments: Presentation), FRS 26 (Financial Instruments: Recognition and Measurement) and FRS 29 (Financial Instruments: Disclosures), fall within the definition of Financial Instruments.

Other financial instruments include debtors and creditors that arise directly from Lottery and non-Lottery operations.

Film rights

Film rights represent loans paid and advances paid and payable to filmmakers. All advances to filmmakers are repayable under certain conditions. Where a feature film made with the assistance of the BFI is successfully released, the BFI is entitled to participate in revenues generated by that success. This can lead to repayment of the investment in full, together with a share of the profits generated by the film.

Film rights meet the definition of "Available for sale financial assets" under Financial Reporting Standards (FRS25, FRS26 and FRS29) and are therefore shown in the financial statements at fair value.

When an advance is made (satisfying the definition of hard commitments above) it is taken to the balance sheet initially at the full value of the award. This valuation is impaired to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The valuation is reviewed on a rolling basis to ensure that fair value is maintained.

Movements in impairments shown in the SOFA reflect the net effect of increases and decreases in impairments against film rights in the year. Any impairment may be reversed in part or in full if the valuation understates the fair value of the film right. Advances for development and short film awards are fully impaired in the year of award, unless there is a reasonable expectation of repayment.

If the valuation of the film right is in excess of the amount of the award investment from estimated recoupment over the next three financial years, the key earning period for the film, then this is taken to a fair value reserve, and released to income as the recoupment is received. In the context of the life of a film, and its' distribution cycle, three years is felt to be a reasonable period over which a meaningful forecast can be taken.

Film recoupment income

Income received from a film right is offset against the value of the right on the balance sheet. Income in excess of the original value of the right is taken to the SOFA as film recoupment income and if appropriate through the fair value reserve.

Stocks and work in progress

Raw materials, stocks and work in progress are valued at the lower of cost and net realisable value. Stocks consist of goods held for resale and work in progress consists of expenditure on DVD and Blu-Ray development carried forward and written off over the expected commercial life of the individual titles.

Pension costs

For defined benefit pension schemes the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in the Other recognised (losses) / gains.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Charity, in separate trustee-administered funds which are part of the London Pension Fund Authority (LPFA). The LPFA is a local government pension scheme and the BFI is an Admitted Body member. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained every three years and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Until 31 March 2011, employees of the UKFC were members of the LPFA under their own membership. With effect from 1 April 2011, active, deferred and pensioner members transferred to the BFI, together with the UKFC's assets and liabilities of the fund. The impact was an increase in the net liability under FRS17: Retirement Benefits of £937,000 and this is reflected in the SOFA this year.

For defined contribution schemes, the amount charged to the SOFA in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating lease transactions

Payments made under operating leases are charged to the SOFA on a straight line basis as they are incurred.

Fund accounting

Unrestricted funds are funds available for use at the discretion of the Governors in the furtherance of the general objectives of the BFI and which are not subject to externally imposed restrictions.

Restricted funds are funds to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in the notes to the accounts.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date.

Taxation

The BFI is a registered charity and as such its income and gains falling within s.505 ICTA 88 or s.256 TCGA 92 are exempt from corporation tax to the extent that they are applied to its charitable objectives. Its subsidiaries have not incurred a tax charge as they either gift all profits to the BFI or have utilised available tax losses.

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2. CASH FLOW STATEMENT

Reconciliation of changes in resources to net inflow from operating activities:	2012	2011
	£'000	£'000
Net incoming/(outgoing) resources before other recognised gains and losses	59,979	(14,036)
Less interest receivable	(39)	(69)
Depreciation	2,290	2,037
Impairment of fixed assets	-	289
Loss on fixed asset disposals	16,821	13,173
Amortisation of goodwill	118	-
(Increase) in film rights	(17,748)	-
(Increase) in National Lottery Distribution Fund	(39,820)	-
Decrease in stocks	32	81
(Increase) in debtors	(474)	(2,361)
(Decrease)/increase in creditors	(8,242)	18,124
(Decrease) in defined benefit pension scheme liability	(99)	(6,515)
Net cash inflow from operating activities	<u>12,818</u>	<u>10,723</u>

The above movements exclude British Screen Finance balances at acquisition.

3. ANALYSIS OF CASH FLOWS

	2012	2011
	£'000	£'000
Return on investments and servicing of finance		
Interest receivable	<u>39</u>	<u>69</u>
Net cash inflow from return on investments and servicing of finance	<u>39</u>	<u>69</u>

	2012	2011
	£'000	£'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(10,507)	(9,537)
Disposal of tangible fixed assets	<u>-</u>	<u>1,091</u>
Net cash outflow from capital expenditure and financial investment	<u>(10,507)</u>	<u>(8,446)</u>

	2012	2011
	£'000	£'000
Acquisitions and disposals		
Payments to acquire of subsidiary undertaking	(2,300)	-
New cash acquired with subsidiary	<u>812</u>	<u>-</u>
Net cash outflow from acquisitions and disposals	<u>(1,488)</u>	<u>-</u>

a) Reconciliation of net cash flow to movement in net funds	2012	2011
	£'000	£'000
Increase in cash in the year	862	2,346
Net funds at 1 April 2011	<u>8,320</u>	<u>5,974</u>
Net funds at 31 March 2012	<u>9,182</u>	<u>8,320</u>

b) Analysis of net funds	1 April	Cash flow	31 March
	2011	2012	2012
	£'000	£'000	£'000
Cash at bank and in hand	<u>8,320</u>	<u>862</u>	<u>9,182</u>

4. RELATED PARTY AND OTHER SIGNIFICANT TRANSACTIONS

a) Grant-in-Aid - DCMS and UKFC

Neither DCMS nor the UKFC is a related party, but have been the BFI's largest single source of funding (the latter using resources delegated by DCMS), prior to the BFI becoming a Lottery Distributor. They have therefore been included in this category in order to provide supplementary disclosure. During the year, the BFI had the following material transactions with DCMS (2011: received via the UKFC):

On 1 April 2011 the BFI took over responsibility for a range of activities previously undertaken by the UKFC, most notably the BFI became a Lottery Distributor. As a result, net assets totalling £49,999,000 were transferred to the BFI from the UKFC along with 45 staff who transferred under Transfer of Undertakings (Protection of Employment) Regulations (TUPE). This has resulted in an increase in total Grant-in-Aid funding, albeit reduced on a like-for-like basis, and this is now received direct from DCMS rather than via the UKFC. The assets and liabilities transferred are summarised below.

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4. RELATED PARTY AND OTHER SIGNIFICANT TRANSACTIONS (CONTINUED)

UKFC Assets and Liabilities Transferred 1 April 2011	Non-Lottery £'000	Lottery £'000	Total £'000
Film rights	-	18,014	18,014
National Lottery Distribution Fund	-	35,676	35,676
Debtors	-	985	985
Cash at bank and in hand	-	4,078	4,078
Total current assets	-	58,753	58,753
Creditors: amounts falling due within one year	-	(7,817)	(7,817)
Net current assets	-	50,936	50,936
Defined benefit pension scheme liability	(266)	(671)	(937)
Net Assets	(266)	50,265	49,999
Income from the DCMS and/or the UKFC		2012 £'000	2011 £'000
Unrestricted funds - Grant-in-Aid, revenue funding		25,482	14,550
Restricted funds - Grant-in-Aid, capital funding		1,808	1,450
Restricted funds - Other grant funding (included within 'Other grants', see Note 24)		19,191	8,607

The balances carried forward at the end of the year are £Nil (2011: £Nil) for unrestricted funds and £Nil (2011: £273,000) for restricted funds (see Note 24).

Grant-in-Aid is spent in accordance with the funding agreement between the BFI and DCMS (2011: the UKFC). The common objectives are to:

- extend & improve access to film culture, serving the diverse geographical needs of the UK's nations and regions and recognising the differing needs of rural, suburban and metropolitan locations;
- improve education about the moving image;
- support & encourage cultural diversity and social inclusiveness; and
- promote film activity in the nations and regions, and ensure that national and regional bodies work in concert towards common goals.

b) Governors

The Governors neither received nor waived any emoluments during the year (2011: £Nil). Governors expenses amounted to £1,749 in the year (2011: £2,431). This primarily represents reimbursed travelling expenses for three (2011: three) governors and the provision of food and beverages for meetings. No payments were made in the year for services (2011: £Nil).

During the year, the BFI received payments in relation to international film sales totalling £23,000 (2011: £Nil) from Hanway Films Limited. A former Governor, Peter Watson, who retired from the Board on 31 March 2011, is a minority shareholder in the company. The contract was awarded in accordance with the BFI's tendering and notifiable interest procedures and an Order was obtained from the Charity Commission to authorise this payment. The initial advances, totalling £200,000, have now been recouped from sales, for which Hanway Films Ltd receive a commission consistent with the open market. There were no other material connected party transactions involving Governors in their personal or business capacities.

The Charity has purchased insurance to indemnify the Governors against the consequences of any neglect or default on their part. The cost amounted to £4,303 (2011: £4,753), which includes cover for Governors and Officers of the Charity.

Lottery and Grant in Aid awards - the interests of the Governors and Executive management are disclosed in Note 30.

c) BFI Trust

BFI Trust is not a related party, it is an independent registered charity with objectives consistent with those of the BFI. It has therefore been included in this category in order to provide supplementary disclosure. During the year, the BFI had the following material transactions with BFI Trust:

	2012 £'000	2011 £'000
<i>Incoming resources from generated funds - Other Grants, Legacies and Donations includes:</i>		
Grants receivable from BFI Trust	200	-
<i>Resources expended - Charitable activities includes:</i>		
Rental of leasehold premises	(1,483)	-
Grants awarded to BFI Trust	(8,000)	-
Sale of land and buildings - loss on disposal	(4,591)	(25,889)

5. LOTTERY FUNDED PROJECTS (BFI AS A RECIPIENT)

	Gross costs of projects 2012 £'000	Lottery monies received 2012 £'000	BFI funded 2012 £'000	Lottery monies received 2011 £'000	BFI funded 2011 £'000
Heritage Lottery Fund	(4)	4	-	36	-
UKFC Lottery funding	(692)	445	247	604	4
	(696)	449	247	640	4

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6. DONATED SERVICES AND FACILITIES

	2012	2011
	£'000	£'000
Publicity and advertising	993	1,036
Buildings and facilities	250	236
Services and equipment hire	339	352
Food and drink	116	115
Other goods	53	66
	<u>1,751</u>	<u>1,805</u>

7. INVESTMENT INCOME

	2012	2011
	£'000	£'000
Bank interest receivable	<u>39</u>	<u>69</u>

8. TOTAL RESOURCES EXPENDED

	Direct Costs	Allocated Pension charges	Allocated Support costs	2012 Total	2011 Total
	£'000	£'000	£'000	£'000	£'000
Lifelong Learning	(15,884)	(596)	(811)	(17,291)	(8,114)
Distribution & Exhibition	(21,586)	(653)	(1,090)	(23,329)	(16,970)
Film Heritage	(15,754)	(818)	(912)	(17,484)	(7,205)
Lottery distribution	(32,163)	(316)	(749)	(33,228)	-
Costs of generating voluntary income	(972)	-	-	(972)	(838)
Governance costs	(320)	-	-	(320)	(249)
Total resources expended, before Olympic deduction and restructuring costs	<u>(86,679)</u>	<u>(2,383)</u>	<u>(3,562)</u>	<u>(92,624)</u>	<u>(33,376)</u>

On the 31 March 2011 the BFI entered into an agreement to sell its freehold interest in land and buildings in Warwickshire to an independent charity, BFI Trust, for the nominal sum of £10. The sale formally completed on 31 January 2012 once building works had concluded. As a result, assets with a net book value of £16,789,000 were disposed of in the year ending 31 March 2012. The charitable objects of BFI Trust are consistent with those of the BFI and this sale therefore includes a donation of valuable assets to that charity, in respect of which a liability of £12,198,000 was recognised in last year's accounts. The BFI has also entered into an agreement to occupy the property on a thirty year lease at open market value from BFI Trust.

Support services, including staff and other costs, which are allocated across the activities of the Charity, are shown in the allocated support costs column. The basis of allocation is as follows:

Nature of cost	Allocation basis	2012	2011
		£'000	£'000
IT and finance support	Combination of head count and departmental spend	(1,577)	(1,333)
Human resources	Head count	(260)	(303)
Premises and utilities	Combination of floor area and head count	(1,076)	(460)
Communication and marketing	Direct spend and percentage of income generated	(305)	(301)
Other overheads	Combination of time and departmental spend	(344)	(459)
Total support		<u>(3,562)</u>	<u>(2,856)</u>
Pension (cost)/credit (Note 10)	Salary costs	<u>(2,383)</u>	<u>4,337</u>

	2012	2011
	£'000	£'000
Governance costs:		
Audit fees: Charity (excluding Lottery)	(70)	(50)
Audit fees: Lottery	(30)	-
Audit fees: subsidiaries	(22)	(9)
Audit of UK Media Desk grant claim	(3)	-
Legal and professional fees	(30)	(32)
Trustees costs	(34)	(3)
Corporate planning	(131)	(155)
Total governance	<u>(320)</u>	<u>(249)</u>
Restructuring costs	<u>(1,385)</u>	<u>(3,224)</u>

Last year, as a result of cuts to the underlying Grant-in-Aid allocation and the intention to close the UKFC, the BFI undertook a review of its existing activities and capacity to take on many of the activities previously carried out by the UKFC. As a result the BFI took difficult decisions to stop some non-core activities and restructure teams and processes, losing over 60 staff. This year, some further restructuring has taken place following the closure of the UKFC and to facilitate the transfer of some staff under TUPE.

	2012	2011
	£'000	£'000
Film rights impairments	<u>(17,148)</u>	<u>-</u>

The carrying value of the film rights reflects the extent to which full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The valuation is reviewed on a rolling basis to ensure that fair value is maintained.

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9. STAFF COSTS

	2012	2011
	£'000	£'000
Staff costs consists of:		
Wages & salaries	(16,602)	(15,183)
Social security costs	(1,405)	(1,187)
Pension costs (see Note 10)	(1,692)	(1,981)
	<u>(19,699)</u>	<u>(18,351)</u>

The average number of full-time equivalent employees of the BFI during the year was:

	2012	2011
	Number	Number
Costs of generating voluntary income	15	16
Lifelong Learning	104	116
Distribution & Exhibition	149	173
Film Heritage	132	132
Lottery	45	-
Governance costs	2	2
	<u>447</u>	<u>439</u>

In the Lottery financial statements, Note 3: Staff Costs quotes 24 as being the full-time equivalent Lottery staff. The figure above of 45 includes the 24 directly employed Lottery staff plus the apportionment of BFI staff not fully and directly employed on the Lottery.

Higher paid employees

	Age at		
	31 March		
	2012	2012	2011
		£'000	£'000
Chief Executive Officer			
A. Nevill	55	<u>(137)</u>	<u>(137)</u>

Including bonuses totalling £Nil (2011: £Nil). Employer's pension contributions for the year amounted to £17,554 (2011: £19,336).

Pension payments are to the LPFA scheme of which the BFI is a member. Pension benefits accrue as a result of the period of employment at the BFI and are payable on retirement. The scheme also provides for lump sum payments on retirement of three times final pension. In addition, pension contributions were paid during the year in respect of the defined contribution scheme for BFI (Big Screen) Limited employees and private pension schemes for two members of the Executive team.

	UKFC TUPE Transfer	Non-UKFC	Total	2011
	2012	2012	2012	2011
	Number	Number	Number	Number
Other Executive Team Members				
(including employer's pension contributions)				
£230,000 - £239,999	Left during the year - see note below	1	-	-
£180,000 - £189,999	Left during the year - see note below	1	-	-
£150,000 - £159,999	1	-	1	-
£140,000 - £149,999	-	-	-	1
£130,000 - £139,999	-	1	1	-
£120,000 - £129,999	-	1	1	-
£110,000 - £119,999	-	-	-	1
£100,000 - £109,999	-	-	-	2
£90,000 - £99,999	-	2	2	2
£80,000 - £89,999	-	1	1	2
£70,000 - £79,999	-	1	1	1
£60,000 - £69,999	-	-	-	-
Cost	<u>£578,000</u>	<u>£611,000</u>	<u>£1,189,000</u>	<u>£904,000</u>
Other senior staff				
(including employer's pension contributions)				
£100,000 - £109,999	-	-	-	1
£90,000 - £99,999	2	4	6	2
£80,000 - £89,999	2	4	6	4
£70,000 - £79,999	7	9	16	8
£60,000 - £69,999	-	9	9	8
Cost	<u>£888,000</u>	<u>£1,985,000</u>	<u>£2,873,000</u>	<u>£1,755,000</u>
Total Cost	<u>£1,466,000</u>	<u>£2,596,000</u>	<u>£4,062,000</u>	<u>£2,659,000</u>

During the year two senior managers, who transferred from the UKFC under TUPE regulations, ceased employment with the BFI and the above remuneration and pension contributions include payments in respect of UKFC contractual bonuses and notice periods.

Included in the above are 40 (2011: 29) staff who are ordinary members of the LPFA pension scheme. The amount of employer's pension contributions attributable to these staff amounted to £348,000 (2011: £280,000).

A number of Executive staff and other employees have interests in award applications which have been fully disclosed in note 30.

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10. PENSIONS

The BFI is an admitted body to the LPFA, which provides a defined benefit pension scheme for the salaried employees of the Charity. It is a funded scheme and the assets are administered by trustees and are independent of the BFI. The related costs are assessed in accordance with the advice of professionally qualified actuaries. A defined contribution pension scheme is available for employees of the subsidiary company, British Film Institute (Big Screen) Limited.

The BFI has accounted in full for pensions' benefits in the year ended 31 March 2012 under the requirements of FRS17. Therefore, as at 31 March 2012, a pension liability of £36,530,000 (2011: £22,059,000) is included in the BFI balance sheet.

In addition to the amounts payable for current members of the pension scheme, within this scheme the BFI has an unfunded liability to pay pensions to 42 (2011: 43) former employees and their spouses. The total actuarial valuation for this liability at 31 March 2012 is included in the pension provision.

For FRS17 disclosure, the full valuation at 31 March 2010 has been updated by the actuaries Barnett Waddingham to assess the liabilities of the scheme as at 31 March 2012.

The most significant actuarial assumptions in this recent valuation are:

		2012	2011
		%	%
		Per annum	Per annum
Rate of increase in prices	RPI	3.3	3.5
Rate of increase in prices	CPI	2.5	2.7
Rate of increase in salaries		3.8	4.0
Rate of increase in pensions in payment		2.5	2.7
Expected return on assets		5.9	6.7
Discount rate		4.6	5.4
Return on scheme investment:			
Equities		6.3	7.4
Target return funds		4.5	4.5
Alternative assets		5.3	6.4
Cash		3.0	3.0
Corporate bonds		-	5.5

The BFI share of the net pension liability as at 31 March 2012 is:

	2012	2011	2010	2009
	£'000	£'000	£'000	£'000
Fair value of employer assets	58,009	48,584	44,610	34,318
Present value of scheme liabilities	(92,279)	(68,328)	(82,071)	(61,590)
Net underfunding in funded plans	(34,270)	(19,744)	(37,461)	(27,272)
Present value of unfunded liabilities	(2,260)	(2,315)	(2,326)	(2,550)
Net pension deficit	<u>(36,530)</u>	<u>(22,059)</u>	<u>(39,787)</u>	<u>(29,822)</u>

Assets - Split of Investments by Category

	2012	Asset	2011	Asset
	£'000	Distribution	£'000	Distribution
		%		%
Equities	1,961,510	73%	1,924,410	69%
Target return funds	322,440	12%	334,680	12%
Alternative assets	376,180	14%	390,460	14%
Cash	26,870	1%	83,670	3%
Corporate bonds	-	-	55,780	2%
Total	<u>2,687,000</u>	100%	<u>2,789,000</u>	100%

Analysis of the amount chargeable to resources expended under FRS17

	2012	2011
	£'000	£'000
Current service cost	(1,692)	(1,973)
Losses on curtailments and settlements	(247)	(592)
Past service cost	-	7,899
Total operating (charge) / credit	<u>(1,939)</u>	<u>5,334</u>

Amount credited/(debited) to other finance charges under FRS17

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	3,837	3,072
Interest on pension scheme liabilities	(4,281)	(4,069)
Net costs	<u>(444)</u>	<u>(997)</u>
Net revenue account (cost) / credit	<u>(2,383)</u>	<u>4,337</u>

Transfer of Pension Liabilities *

<u>(937)</u>	<u>-</u>
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* Transfer in of UKFC employees, deferred and active pensioners.

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10. PENSIONS (CONTINUED)

Analysis of amount recognised in the SOFA	2012	2011
	£'000	£'000
Actual return less expected return on pension scheme assets	(3,272)	143
Experience gains arising on the scheme liabilities	130	13,980
Changes in assumptions underlying the present value of the scheme liabilities	(11,428)	(2,910)
Actuarial (loss)/gain recognised in SOFA	<u>(14,570)</u>	<u>11,213</u>

Reconciliation of defined benefit obligation	2012	2011
	£'000	£'000
Defined benefit obligation in scheme at beginning of year	(70,643)	(84,397)
Movement in year:		
Current service cost	(1,692)	(1,973)
Interest cost	(4,281)	(4,069)
Past service cost	-	7,899
Contributions by members	(767)	(691)
Unfunded benefits paid	159	158
Impact of settlements and curtailments	(247)	(592)
Liabilities assumed in a business combination	(8,709)	-
Benefits paid	2,939	2,028
Actuarial (losses)/gains	(11,298)	10,994
Deficit in scheme at end of the year	<u>(94,539)</u>	<u>(70,643)</u>

Reconciliation of fair value of employer assets	2012	2011
	£'000	£'000
Fair value of employer assets in scheme at beginning of year	48,584	44,610
Movement in year:		
Expected return on assets	3,837	3,072
Contributions by members	767	691
Contributions by the employer	3,260	2,020
Contributions in respect of unfunded benefits	159	158
Actuarial (losses)/gains	(3,272)	219
Unfunded benefits paid	(159)	(158)
Benefits paid	(2,939)	(2,028)
Receipts of bulk transfer value	7,772	-
Fair value of employer assets in scheme at end of year	<u>58,009</u>	<u>48,584</u>

History of experience gains and losses	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	58,009	48,584	54,902	34,318	43,081
Present value of defined benefit obligation	(94,539)	(70,643)	(104,654)	(64,140)	(68,401)
(Deficit)	<u>(36,530)</u>	<u>(22,059)</u>	<u>(49,752)</u>	<u>(29,822)</u>	<u>(25,320)</u>
Experience (losses)/gains on assets	(3,272)	143	7,947	(12,264)	(4,505)
Experience gains on liabilities	130	13,980	618	59	1,155

11. NET RESOURCES

Net resources expended before transfers are stated after charging:	2012	2011
	£'000	£'000
Auditors' remuneration:		
Audit: Charity (excluding Lottery)	(70)	(50)
Audit: Lottery	(30)	-
Audit: Media Desk	(3)	-
Audit: subsidiary (British Film Institute (Big Screen) Limited)	(9)	(9)
Audit: subsidiaries (British Screen group of companies)	(13)	-
Other services: Charity	-	(246)

Details of auditors remuneration relate to the fees of the National Audit Office in the year and Deloitte LLP in the prior year.

Foreign exchange (losses) / gains	(8)	3
Depreciation	(2,290)	(2,037)
Loss on disposal of fixed assets	(4,591)	(13,173)
Amortisation of goodwill	(118)	-
Agreement to sell land and buildings - net book value as at 31 March 2011	-	(12,198)
Impairment of fixed assets	-	(289)

	2012	2011
	£'000	£'000
Charges for operating leases:		
Land and buildings	(1,634)	-
Plant & machinery	(300)	(500)

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12. TANGIBLE FIXED ASSETS

Group and Charity	Freehold land and buildings £'000	Short & Long leasehold property £'000	Computer and other IT equipment £'000	Furniture fixtures and fittings £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
Cost							
At 1 April 2011 - reclassified	6,234	31,818	3,341	4,490	6,990	10,245	63,118
Additions	-	-	1,344	2,240	1,103	5,820	10,507
Disposals	(6,234)	(2)	(617)	(271)	(172)	(12,458)	(19,754)
Transfers	-	-	-	-	2,332	(2,332)	-
At 31 March 2012	-	31,816	4,068	6,459	10,253	1,275	53,871
Depreciation							
At 1 April 2011 - reclassified	(1,869)	(7,469)	(2,031)	(2,380)	(4,721)	-	(18,470)
Charge for the year	(102)	(838)	(396)	(431)	(523)	-	(2,290)
Disposals	1,971	1	604	190	167	-	2,933
At 31 March 2012	-	(8,306)	(1,823)	(2,621)	(5,077)	-	(17,827)
Net Book Value							
At 31 March 2012	-	23,510	2,245	3,838	5,176	1,275	36,044
At 1 April 2011 - reclassified	4,365	24,349	1,310	2,110	2,269	10,245	44,648

In order to provide enhanced information, the category "Furniture, fittings and equipment" used in previous years has been reclassified into the new categories shown above and the category of "Motor vehicles" removed. As a result the balances as at 1 April 2011 are shown as reclassified.

On the 31 March 2011 the BFI entered into an agreement to sell its freehold interest in land and buildings in Warwickshire to an independent charity, BFI Trust, for the nominal sum of £10. The sale formally completed on 31 January 2012 once building works had concluded. As a result, assets with a net book value of £16,789,000 were disposed of in the year ending 31 March 2012. The charitable objects of BFI Trust are consistent with those of the BFI and this sale therefore includes a donation of valuable assets to that charity, in respect of which a liability of £12,198,000 was recognised in last year's accounts. The BFI has also entered into an agreement to occupy the property on a thirty year lease at open market value from BFI Trust.

Included within long leasehold property is property with a depreciated net book value of £12.7m (2011: £13.1m) relating to the BFI IMAX cinema building. Arts Council England has a legal charge on the property to the value of £15,000,000 in respect of original funding for the building costs. In the event that the BFI were to dispose of the building prior to 2018 there may be a requirement to repay some or all of the charge.

In addition to costs capitalised as shown above, the BFI incurred costs of £535,000 (2011: £265,000) which relate to Screen Heritage UK. Whilst the costs incurred relate to a capital project, they could not be capitalised under the accounting rules set out in FRS15.

13. HERITAGE ASSETS

In order to give an indication of the physical size and diversity of the collections, the main elements are summarised below.

Fiction film

60,000 titles. The collection includes the original camera negatives of some of the most important feature films in British film history. The BFI also looks after an extensive international collection of films.

Non fiction film

120,000 titles including documentaries, newsreels, government films, sponsored films, advertisements and home movies. It is the world's most important collection of documentary films.

Television

Around 750,000 television titles including material recorded off-air, as it was seen by the viewer, as well as production and transmission material. The collection includes all BBC output since 1980 including unique live broadcasts and extensive samples of commercial terrestrial television, with emphasis on key British productions. As well as the recorded material, significant collections of transmitted programming donated by broadcasters include the Rediffusion Collection (the earliest ITV contractor) and material preserved on analogue videotape from the 1960s and 1970s donated by the BBC and ITV. The collection also includes recordings of the proceedings of the two houses of Parliament and select committees (approximately 60,000 hours).

Library

The library holds some 45,000 books including major film, TV and video directories and yearbooks from around the world, all major film and TV festival catalogues, programmes and brochures and all UK based festival catalogues. It also includes major film catalogues from around the world, annual reports from relevant companies and bodies; official publications including copyright, arts policy, and government reports; biographies and autobiographies of UK film/TV personalities.

One of the greatest strengths of the library is its near comprehensive collections of UK trade and academic journals (5,000 titles; many hundreds of thousands of issues). An extensive collection of newspaper cuttings, publicity and press material are also held (on microfilm) as are brochures, leaflets, prospectuses etc. describing the work of organisations that are relevant to film and television.

Special collections

30,000 unpublished scripts, from first drafts to release scripts, relating primarily to British film and TV titles.

30,000 pressbooks, 15,000 film posters and 2,000 items of cinema ephemera such as programmes, tickets, autographed letters, promotional material and personal memorabilia.

600 collections of personal and company papers reflecting the history of British film and television production from the earliest days to the present time.

Approximately 1 million still images from or related to film and TV, including publicity material, production shots, and portraits.

Other items include: 3,000 production and costume designs; 3,000 animation cells including artwork by leading animators; and extensive audio collections including oral history recordings and interviews with many key industry figures.

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14. INTANGIBLE FIXED ASSETS

Goodwill

	£'000
Goodwill on Acquisition	
At 1 April 2011	-
Additions	1,574
At 31 March 2012	<u>1,574</u>
Goodwill Amortisation	
At 1 April 2011	-
Amortisation in the year	(118)
At 31 March 2012	<u>(118)</u>
Net Book Value	
At 31 March 2012	<u><u>1,456</u></u>
At 1 April 2011	<u><u>-</u></u>

Goodwill arises on consolidation of British Screen Finance Limited (BSF) and its subsidiary companies, which were acquired on 29 June 2011, and is being amortised over ten years on a straight line basis.

15. INVESTMENTS

	British Screen Finance Group £'000	BFI Findanyfilm £'000	BFI Big Screen £'000	Connoisseur Video £'000	2012 Total £'000	2011 Total £'000
Trading Account						
Income	286	36	5,514	-	5,836	6,921
Expenditure	(48)	(308)	(4,066)	-	(4,422)	(4,969)
Net operating profit	<u>238</u>	<u>(272)</u>	<u>1,448</u>	<u>-</u>	<u>1,414</u>	<u>1,952</u>
Interest receivable and similar income	-		1	-	1	11
Surplus gift aided to the BFI	-		(1,449)	-	(1,449)	(1,963)
Net profit	<u>238</u>	<u>(272)</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>-</u>
Balance Sheet						
Stocks and work in progress	-	-	24	-	24	30
Debtors	1	58	716	93	868	710
Cash at bank and in hand	1,185	-	1,212	-	2,397	1,850
Current liabilities	(221)	(330)	(1,952)	-	(2,503)	(2,497)
Total (BFI interest)	<u>965</u>	<u>(272)</u>	<u>-</u>	<u>93</u>	<u>786</u>	<u>93</u>

Shareholdings in subsidiaries

On 29 June 2011 the BFI acquired BSF, together with its subsidiaries and associated joint-venture company, for £2.3m. This amount represented the fair value of the assets of the group, after taking into account the value of film rights not held on the balance sheet. BSF is a company that manages a current and historic portfolio of investments in commercial film development and production. The fair value of the assets acquired was:

	29 June 2011 £'000
Goodwill, representing the value attributable to film rights not held on the balance sheet	1,574
Debtors	13
Cash	812
Current liabilities	<u>(99)</u>
	<u><u>2,300</u></u>

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15. INVESTMENTS (CONTINUED)

BSF, in addition, holds the following investments:

	Ordinary shares of £1 each	Holding
Subsidiary undertakings		
National Film Finance Consortium Limited (NFFC)	100	100%
European Co-Production Fund Limited (ECF)	2	100%
British Screen Rights Limited (BSR)	2	100%
The Greenlight Fund Limited (GLF)	2	100%
Associated undertakings		
British Film-Makers Limited (BFM)	50	50%

NFFC is a dormant company. ECF was a company that made loans to films produced by European co-producers. BSR acquired and sold rights in feature films. GLF managed the investment of some National Lottery proceeds into feature films on behalf of the Arts Council of England and is now dormant. BFM collects and distributes film revenues on behalf of BSF and third parties. Its results are not material to the Group. All group companies are registered in England and Wales.

The BFI also holds 100% of the issued share capital of the following undertakings, which are registered in England and Wales:

BFI (Big Screen) Limited (operates the theatrical and commercial activities of the BFI IMAX)
 Connoisseur Video Limited (DVD publishing overseas - dormant)
 Project Rosebud Limited (e-commerce development - dormant with nil assets and investment value)
 BFI Findanyfilm Limited (website connecting audiences with film experiences)

Trading subsidiaries are involved in activities wholly consistent with the BFI's charitable aims and objectives and remit taxable profits to the BFI under Gift Aid. Their income and expenditure are consolidated into the Group accounts.

The investments held by the Charity are summarised as follows:

	2012 £'000
Cost	
At 1 April 2011	150
Additions	2,300
At 31 March 2012	<u>2,450</u>
Impairment	
At 1 April 2011	(57)
Written down in the year	-
At 31 March 2012	<u>(57)</u>
Net Book Value	
At 31 March 2012	<u>2,393</u>
At 1 April 2011	<u>93</u>

16. FILM RIGHTS

	Total £'000
Transfers in at 1 April 2011	18,014
Advances	20,881
Repayments	(3,917)
Decommitments	(84)
Fair value adjustments in the year	3,413
Impairments written back	-
Impairments	<u>(17,146)</u>
At 31 March 2012	<u>21,161</u>

Repayment of outstanding film rights is dependent upon a number of factors, including the performance of the films at the box office and in ancillary markets. For these reasons it is not possible to state when the loans will be repaid.

The fair valuation adjustment relates to future income anticipated on those projects where the original investment has already been fully recouped. Whilst based on best information available at the balance sheet date there is inevitable uncertainty in estimating these future income flows. Of the £3.4m increase in fair value in the year, £3.3m relates to The King's Speech, which in the year ended 31 March 2012 recouped £3.4m against a fair valuation at 1 April 2011 of £3.1m.

Schedule 1 of the Lottery financial statements gives a project by project breakdown in the movement of the film rights.

Under Financial Reporting Standards relating to Financial Instruments (FRS25, FRS26 and FRS29) film rights fall within the definition of financial instruments. Within that, they meet the definition of 'Available for sale financial assets' and are shown in the balance sheet at fair value.

The valuation of film rights is inherently uncertain, being on informed expectation of future receipts and is under constant review over the life of a project, subject to its actual or anticipated success or otherwise. Many of the factors affecting the valuation will only occur over the passage of time. Should a project over-perform against expectations, once the full investment has been recouped, the film right is increased by a fair valuation based on future years anticipated revenues. However should a film be considered to be likely to under-perform against the original estimation, the impairment against it will be subsequently increased.

It is always more likely that a film right will have an increased impairment over time, as more factual evidence comes to light both as to the project itself and its actual commercial performance.

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16. FILM RIGHTS (CONTINUED)

The table below illustrates the year on year movement in provisions and fair value and the subsequent movements in film right valuations

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Film rights valuation at 1 April	18,014	20,891	15,056	23,085	34,827
Movement in year on provisions on film rights	(4,303)	(5,259)	(430)	(4,932)	(7,326)
Experience gains in year in fair valuation on film rights as at 1 April	6,800	3,175	148	286	480

In 2008 the main additional impairments related to Closing The Ring (£1.6m) and Sunshine (£3.3m). The fair value gains reflect a portfolio of projects including Bend It Like Beckham, The Magdalene Sisters and Mike Bassett: England Manager.

In 2009 the main additional impairments related to How To Lose Friends And Alienate People (£1.1m), Brideshead Revisited (£0.9m), Franklyn (£0.7m), Moon Princess (£0.9m) and Death Defying Acts (£0.8m).

In 2010 the main additional impairments related to Triangle (£0.4m), 1939 (£0.5m), Dorian Gray (£0.4m) and Jean Charles (£0.3m).

In 2011 the main additional impairments related to Brighton Rock, Chalet Girl, Tracker and Another Year. The fair value gains reflected the immediate success of the King's Speech which recouped its in initial investment within weeks of its critical and commercial success.

In 2012 the largest increase in provisions relates to the writing off of the remaining rights valuation on Sunshine (£1.9m). Notes On A Scandal (£0.6m) and Wuthering Heights (£0.3m) and an additional provision with regard to Attack The Block. The fair value gains reflect the ongoing commercial success of The King's Speech and anticipated future revenues from this.

17. NATIONAL LOTTERY DISTRIBUTION FUND

The movement in balances held at the NLDF is:

	2012
	£'000
Transferred in from UKFC	35,676
Income received from the Lottery	41,537
Transfer to the Olympic Lottery Distribution Fund (OLDF)	(5,866)
Available for distribution	71,347
Cash drawn down	(31,527)
Balance at 31 March	39,820

Income received from the Lottery shown above is after unrealised gains of £0.46 million (2011: unrealised losses of £0.05m).

The funds are invested on behalf of the NLDF by the National Debt Commissioners. The BFI's distribution is in accordance with Sections 22 and 23 of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). The BFI is required by statute to show on the balance sheet at the lower of the market value or the cost of the investment as at the year end.

In February 2008, a Statutory Instrument (SI 2008 No. 255, The Payments into the OLDF etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the NLDF to the OLDF in order to meet some of the costs of holding the 2012 Olympic and Paralympic Games. This comprises £410m as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675m arising from the subsequent budget review.

The UKFC was committed to contribute up to £9.6m in the original bid and this order allows for the transfer of up to a further £12.2m making a total of £21.8m and the balance of this liability transferred to the BFI on 1 April 2011.

Four transfers of funds under the statutory instrument took place during the financial year with the BFI contributing a total of £5.9m.

As this liability only crystallises at the point of transfer, the remaining commitment of £3.0m is not recorded in the balance sheet as at 31 March 2012.

18. STOCKS AND WORK IN PROGRESS

	Group	Group	Charity	Charity
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Raw materials	13	11	13	11
Work in progress	127	183	127	183
Finished goods	591	569	568	539
	<u>731</u>	<u>763</u>	<u>708</u>	<u>733</u>

19. DEBTORS

	Group	Group	Charity	Charity
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade debtors	1,744	3,274	1,608	2,711
Amount owed by subsidiary undertakings	-	-	1,576	1,863
Other debtors	1,461	853	1,475	853
Prepayments and accrued income	2,527	1,118	1,907	1,064
	<u>5,732</u>	<u>5,245</u>	<u>6,566</u>	<u>6,491</u>

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19. DEBTORS (CONTINUED)

Additional analysis of debtors

Central Government bodies	930	2,032	945	2,032
Public corporations and trading funds	30	61	129	61
Bodies external to Government	4,772	3,152	5,492	4,398
	<u>5,732</u>	<u>5,245</u>	<u>6,566</u>	<u>6,491</u>

20. FINANCIAL RISKS

Financial Reporting Standards require disclosure of the role which financial instruments have had during the period, in creating or changing the risks the BFI faces in undertaking its role.

Liquidity risks

In 2012 £25.5m (15%) of the incoming resources were derived from the DCMS revenue allocation of Grant-in-Aid (2011: £14.5m, 30%); £1.8m (1%) (2011: £1.5m, 3%) related to the DCMS capital provision for the year; £22.0m (13%) was generated from Other legacies, grants and donations (2011: £10m, 21%) and £17.5m (11%) (2011: £19.4m, 40%) were Resources generated from charitable activities. £1.8m (1%) (2011: £1.8m, 3%) came from Donated services and facilities. With the transfer of Lottery Distribution status in 2012, £45.4m of incoming resources (27%) was from Lottery proceeds and receipts, and £50.9m (31%) was the one off transfer of assets from the UKFC. Other incoming resources totalled £0.5m (1%), (2011: £1.2m, 3%).

The Governors consider that, as the NLDF balance notified by the Secretary of State for Culture, Olympics, Media and Sport and the BFI's own Lottery cash holding amount to £39.8m at the balance sheet date, sufficient liquid resources are available to cover all current Lottery hard and soft commitments totalling £16.2m and any related trade and other creditors. The non-Lottery cash holdings are considered sufficient to cover the non-Lottery other payables.

Interest rate risks

The BFI's largest financial asset is retained in the NLDF, which invests in a narrow band of low risk assets such as Government bonds and cash. Neither the BFI nor its Governors has any control over these investments. The interest rate risks in respect of these financial assets are disclosed in the financial statements of the NLDF. The market value at year-end of the BFI's investment in the NLDF was £39.8 million and the average investment return for the year was 2.26%.

Cash drawn from the NLDF, DCMS or received from other sources, to pay grant commitments and operating costs are held in variable rate bank accounts and the average interest rate return for the year was 0.1%. The group cash balance at the year end was £9.2m.

Other price risks

Under Financial Reporting Standards (FRS 25, 26 and 29) film rights fall within the definition of financial instruments and within that meet the definition of 'Available for sale financial assets' and are therefore shown in the balance sheet at fair value.

Establishing the fair value of film rights is subjective and therefore contains an element of risk. The fair value is based on a review of external evidence such as the sales agents estimates as to the likely revenues generated by a project, and depending on where it is in the life cycle of the project, upon actual performance of the film to date. This is matched with the knowledge and experience of the staff and management involved in the process of assessing the projects both at application stage and as they come to fruition. Any reduction in fair value is immediately taken to the SOFA in the year.

The valuation of film rights are subject to ongoing review to ensure a fair value is maintained with any impairments being charged as expenditure. Any increase in the fair value beyond the original investment value is taken to reserves and only released as income upon the actual receipt of funds.

Film rights at 31 March 2012 have a valuation of £21.1m. The Governors consider that the BFI is not exposed to significant other price risks.

Foreign currency risks

The BFI's financial assets are not exposed to material foreign exchange risks, as long-term balances are held in sterling.

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Trade creditors	(1,485)	(2,916)	(1,374)	(2,816)
Amount owed to subsidiary undertakings	-	-	(111)	(93)
Other taxes and social security costs	(441)	(404)	(429)	(394)
Other creditors	(357)	(12,877)	(285)	(12,468)
Hard commitments	(8,654)	-	(8,654)	-
Accruals	(4,710)	(5,369)	(4,454)	(5,369)
Deferred income (see Note 22)	(1,984)	(4,208)	(1,796)	(4,093)
	<u>(17,631)</u>	<u>(25,774)</u>	<u>(17,103)</u>	<u>(25,233)</u>

Included in other creditors last year was a liability of £12.2m arising from the agreement to sell land and buildings in Warwickshire to BFI Trust (see Notes 8 and 12). This liability equated to the carrying value of the fixed assets as at 31 March 2011 and was included in Other creditors because a constructive liability had been incurred equating to the awarding of a grant of value to BFI Trust. This had the effect of creating net current liabilities. However, the liability was met by reducing the carrying value of fixed assets in the year ended 31 March 2012 and not from current assets.

Additional analysis of creditors

Central Government bodies	(671)	(1,340)	(660)	(1,329)
Bodies external to Government	(16,960)	(24,434)	(16,443)	(23,904)
	<u>(17,631)</u>	<u>(25,774)</u>	<u>(17,103)</u>	<u>(25,233)</u>

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22. DEFERRED INCOME

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
At 1 April 2011	(4,208)	(2,005)	(4,093)	(1,740)
Amount released to incoming resources	4,208	2,005	4,093	1,740
Amount deferred in year	(1,984)	(4,208)	(1,796)	(4,093)
At 31 March 2012	<u>(1,984)</u>	<u>(4,208)</u>	<u>(1,796)</u>	<u>(4,093)</u>

Mainly relates to performance related grants received in the year, deferred to match future performance, and advance ticket sales.

23. LOTTERY HARD AND SOFT COMMITMENTS

Hard Commitments

	2012 £'000
Balance transferred in at 1 April 2011	5,243
Commitments made	33,880
Hard decommitments	(752)
Amounts paid	(30,427)
At 31 March 2012	<u>7,944</u>

Hard decommitments arise when any element of the award is not utilised once contracts are signed and drawdown has commenced.

New hard commitments made during the year:

	2012 £'000
Film rights	20,881
Regional awards	2,743
First Light awards	1,100
Distribution & Exhibition awards	3,906
Opportunity and Challenge Fund	1,595
Training awards	3,654
	<u>33,880</u>

Regional awards are, in the first six months the delegated amounts to the Regional Screen Agencies created under the Regional Investment Fund for England (RIFE). From 1 October 2011, Creative England was appointed the delegate with responsibility for all the English regions outside of London, with all Lottery transactions and activities transferring into the new body as at that date.

	2012 £'000
<i>Ageing of hard commitments</i>	
Commitments payable in the year ended 31 March 2013	7,944
	<u>7,944</u>

Soft Commitments

	2012 £'000
Balance transferred in at 1 April 2011	7,650
Commitments made	34,773
Soft decommitments	(235)
Transferred to hard commitments	(33,880)
At 31 March 2012	<u>8,308</u>

Soft decommitments arise when the conditions of the terms of the award are not met and prior to signature of contract and completion of any terms precedent.

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24. STATEMENT OF FUNDS

	At 1 April 2011 £'000	Income £'000	Expenditure £'000	Transfer of pension liabilities £'000	Transfers £'000	At 31 March 2012 £'000
Unrestricted funds:						
Net incoming/(outgoing) resources before other recognised gains and losses		43,260	(48,904)	(266)	11,529	
Actuarial losses on defined benefit pension scheme		-	(13,365)	-	-	
	(3,624)	43,260	(62,269)	(266)	11,529	(11,370)
Restricted funds:						
Fixed Assets	14,388	-	(555)		-	13,833
<i>Charitable Activities:</i>						
Donated Services and Facilities	-	1,751	(1,751)		-	-
TV Grants	-	1,298	(1,290)		(8)	-
David Lean Foundation	-	65	(65)		-	-
Chaplin Foundation	41	-	-		-	41
ECF Hub Grant	-	21	(21)		-	-
ECF Doc Next	-	24	(24)		-	-
European Commission	-	12	(12)		-	-
Skills Week	-	25	(25)		-	-
Skillset - BFI website	-	13	(13)		-	-
Arts Council England	-	70	(70)		-	-
Greater London Authority	-	68	(68)		-	-
Commission Des Com	-	127	(127)		-	-
Europa Cinemas	-	18	(18)		-	-
The Japan Foundation	-	7	(7)		-	-
Sir John Cass's Foundation	-	26	(26)		-	-
Esmee Fairburn Foundation	-	200	(200)		-	-
BBC	-	30	(30)		-	-
Film Foundation	-	72	(72)		-	-
Mohamed S Farsi Foundation	-	15	(15)		-	-
Friends of the British Film Institute	-	16	(16)		-	-
Simon Hessel	-	96	(96)		-	-
Peter Thompson	-	20	(20)		-	-
Dr Mortimer & Theresa Sackler Foundation	-	20	(20)		-	-
Col Needham	-	15	(15)		-	-
Eric Anker Petersen	-	94	(94)		-	-
British Board of Film Classification	-	10	(10)		-	-
Matt P Spick	-	60	(60)		-	-
Pia Getty	-	30	(30)		-	-
Daniel Friel	-	11	(11)		-	-
LOCOG	-	51	(51)		-	-
HLF - Screen Heritage	-	4	-		(4)	-
UKFC - BSF funds	-	7,957	(7,957)		-	-
DCMS - UKFC relocation grant	-	1,000	-		(1,000)	-
DCMS - British Screen group acquisition	-	2,300	-		(2,300)	-
DCMS - UKFC pension grant	-	300	(300)		-	-
DCMS - Capital Grant in Aid	65	1,808	-		(1,873)	-
DCMS - Screen Heritage	273	6,606	(535)		(6,344)	-
UKFC - Cannes	-	48	(48)		-	-
UKFC - Lottery funding for LFF	-	445	(445)		-	-
UKFC - Cross Arts Venues	-	980	(980)		-	-
Other up to £5,000	-	105	(105)		-	-
Total restricted funds excluding Lottery	14,767	25,818	(15,182)	-	(11,529)	13,874
Lottery funds:						
Net incoming/(outgoing) resources before other recognised gains and losses		96,304	(40,380)	(671)		
Actuarial losses on defined benefit pension scheme		-	(1,205)	-		
Movement in fair value reserves		-	3,413	-		
	-	96,304	(38,172)	(671)	-	57,461
Total funds	11,143	165,382	(115,623)	(937)	-	59,965

Transfers represent fixed assets funded by restricted grants, which have been transferred to unrestricted assets on completion.

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24. STATEMENT OF FUNDS (CONTINUED)

Restricted funds:	Description:
Fixed assets	Assets subject to ongoing restrictions and their associated depreciation. This is primarily the BFI London IMAX, as described in Note 12.
TV Grants	Archiving services for both Independent Television and the BBC.
David Lean Foundation	Support for restoration work.
Chaplin Foundation	Charlie Chaplin archive and research projects.
ECF Hub Grant	Supporting the Doc Next Network of the Youth and Media Programme.
ECF Doc Next	Supporting the Hub Network of the Youth and Media Programme.
European Commission	Supporting the EC Film Literacy project.
Skills Week	Supporting "Think Shoot Distribute 2011" programme.
Skillset - BFI website	BFI website development support.
Arts Council England	Support for exhibitions in the BFI Southbank Gallery.
Great London Authority	Support for the London Film Festival 2011.
Commission Des Com	Support for the provision of Media Desk services.
Europa Cinemas	To increase the screening of European films at the BFI Southbank.
The Japan Foundation	Supporting the Art Theatre Guild Season at BFI Southbank.
Sir John Cass's Foundation	Support for the Cultural Campus for Lambeth at BFI Southbank.
Esmee Fairburn Foundation	The cataloguing of Ken Loach's archive.
BBC	Support for the production of the Reel History of Britain.
Film Foundation	For the restoration of Alfred Hitchcock's silent films.
Mohamed S Farsi Foundation	For the restoration of Alfred Hitchcock's silent films.
Friends of the British Film Institute	For the restoration of Alfred Hitchcock's silent films.
Simon Hessel	For the restoration of Alfred Hitchcock's silent films.
Peter Thompson	For the restoration of Alfred Hitchcock's silent films.
Dr Mortimer & Theresa Sackler Found'n	For the restoration of Alfred Hitchcock's silent films.
Col Needham	For the restoration of Alfred Hitchcock's silent films.
Eric Anker Petersen	For the restoration of Alfred Hitchcock's silent films.
British Board of Film Classification	For the restoration of Alfred Hitchcock's silent films.
Matt P Spick	For the restoration of Alfred Hitchcock's silent films.
Pia Getty	For the restoration of Alfred Hitchcock's silent films.
Daniel Friel	For the restoration of Alfred Hitchcock's silent films.
LOCOCG	London Organising Committee of the Olympic and Paralympic Games (LOCOCG), for the restoration and screening of Alfred Hitchcock's silent films.
HLF - Screen Heritage	Support for the "Portrait of Britain" project.
UKFC - BSF funds	The transfer of funds arising from the British Screen Finance group prior to acquisition.
DCMS - UKFC relocation grant	The relocation costs of integrating former UKFC functions and staff into the BFI.
DCMS - British Screen group acq'n	Funding for the acquisition of the British Screen Finance group of companies.
DCMS - UKFC pension grant	The costs of pre 1 April 2011 accrued pension rights .
UKFC - Capital Grant in Aid	Grant-in-Aid annual funding for capital renewals.
DCMS - Screen Heritage	Development and planning for the Screen Heritage programme of projects. Total funding of £22.5m was made available by the DCMS towards securing the UK's film archives and improving public access and the BFI has been a major beneficiary between 2008/9 and 2011/12.
UKFC - Cannes	Support for the BFI presence at Cannes 2012.
UKFC - Lottery funding for LFF	Film Festival Fund plus additional funding.
UKFC - Cross Arts Venues	To support an the England-wide consortium of leading film and digital arts centres.
Other under £5,000	Various grant awards towards education, restoration and programming.

Fund balances at 31 March 2012 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Tangible fixed assets	22,211	13,833	36,044
Intangible fixed assets	1,456	-	1,456
Film rights	-	21,161	21,161
National Lottery Distribution Fund	1	39,819	39,820
Stocks and work in progress	731	-	731
Debtors	4,131	1,601	5,732
Cash at bank and in hand	3,905	5,277	9,182
Current assets	8,768	67,858	76,626
Current liabilities	(8,599)	(9,032)	(17,631)
Income funds excluding pensions asset/liability	23,836	72,659	96,495
Long term pension liabilities	(35,206)	(1,324)	(36,530)
Total net assets	(11,370)	71,335	59,965

Restricted funds are committed as directed by the donors. Unrestricted Funds are available to fund revenue initiatives identified during the year and to provide a reserve against unforeseen costs arising.

Net free reserves

	2012 Unrestricted £'000	2011 Unrestricted £'000
Current assets	8,768	8,199
Current liabilities	(8,599)	(20,024)
Less: Other creditors - value of assets per sale agreement with BFI Trust	-	12,198
Net free reserves	169	373

Included in other creditors last year was a liability of £12.2m arising from the agreement to sell land and buildings in Warwickshire to BFI Trust (see Notes 8 and 12). This liability equated to the carrying value of the fixed assets as at 31 March 2011 and was included in Other creditors because a constructive liability had been incurred equating to the awarding of a grant of value to BFI Trust. This had the effect of creating net current liabilities. However, the liability was met by reducing the carrying value of fixed assets in the year ended 31 March 2012 and not from current assets.

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24. STATEMENT OF FUNDS (CONTINUED)

Operating statement - Charity only

	2012	2011
	Total	Total
	£'000	£'000
Incoming resources	159,544	41,521
Resources expended	(100,198)	(57,520)
Operating surplus/(deficit)	<u>59,346</u>	<u>(15,999)</u>
BFI (Big Screen) Limited surplus gift aided to the BFI	1,449	1,963
Transfer of pension liabilities	(937)	-
Actuarial (losses) / gains on defined benefit pension schemes	(14,570)	11,213
Movement in fair value reserves	<u>3,413</u>	<u>-</u>
Charity only funds at 1 April 2011	<u>11,143</u>	<u>13,966</u>
Charity only funds at 31 March 2012	<u>59,844</u>	<u>11,143</u>

25. VOLUNTARY INCOME

	2012	2011
	£'000	£'000
Grant-in-Aid - revenue funding	25,482	14,550
Grant-in-Aid - capital funding	1,808	1,450
Other grants, legacies and donations	22,009	10,015
Lottery awards	449	640
Donated services and facilities	<u>1,751</u>	<u>1,805</u>
	<u>51,499</u>	<u>28,460</u>
Costs of generating funds		
Costs of generating voluntary income	<u>972</u>	<u>838</u>

Costs of generating voluntary income is the staff, direct and indirect costs of the in-house teams who source funding from individuals, trusts, foundations and corporations. The costs include some press and public relations expenditure. In addition to the above voluntary income, income from charitable activities includes sponsorship income of £676,000 (2011: £753,000) raised by the Sponsorship department. This income primarily relates to the corporate sponsorship of the London Film Festival and the London Lesbian & Gay Film Festival. The costs of the BFI Sponsorship department, which also raises grants and donations for the festivals and other activities, are included in the costs of generating voluntary income and amounted to £348,000 (2011: 301,000).

% Expenditure/Income 1.9% 2.9%

Including the income reported in charitable activities the equivalent % Expenditure/Income is 1.9% (2011: 2.9%).

26. LEASE COMMITMENTS

At 31 March 2012, the Charity had annual commitments in respect of non-cancellable operating leases as set out below:

	Land and	Land and	Other	Other
	buildings	buildings	2012	2011
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Leases which expire:				
Less than 1 year	-	-	(180)	(46)
Within 2 to 5 years	-	-	(6)	(213)
Over 5 years	<u>(1,515)</u>	<u>(1,483)</u>	<u>-</u>	<u>-</u>
	<u>(1,515)</u>	<u>(1,483)</u>	<u>(186)</u>	<u>(259)</u>

27. CONTINGENT AND OTHER LIABILITIES AND POST BALANCE SHEET EVENTS

Some grant funding in the current and previous years could potentially become repayable in the event of the assets funded being disposed of by the BFI, subject to time and other restrictions set out in the grant agreements (see Note 12).

There were no provisions other than those under FRS17: Retirement Benefits (see Note 10).

At the time of signing the accounts there had been no post balance sheet events which would adjust the figures reported in the financial statements.

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28. GRANT IN AID AND LOTTERY AWARDS

With the closure of the UKFC, the BFI took responsibility on behalf of DCMS for the administration of Grant-in-Aid awards made to third party and partner organisations in the film sector, and received additional funding for this.

Awards in the year were:

2012
£'000

Regional Screen Agencies:

EM Media	260
Northern Film & Media	161
NW Vision & Media	161
Screen East (EM Media)	182
Screen South	171
Screen West Midlands	123
South West Screen	138
Screen Yorkshire	237

Other award recipients

Creative England	1,151
Film London	1,047
Film Agency for Wales	128
Northern Ireland Screen: Irish Language Fund	3,000
Northern Ireland Screen: Ulster Scots Fund	1,000
Film Club	2,950
	10,709
	10,709

The Regional Screen Agencies received funding for the 6 months to 30 September 2011, at which point responsibility for regional funding outside of London passed to Creative England.

With the closure of the UKFC, Film London took responsibility for the British Film Commission from 1 April 2011, alongside its regional responsibilities.

Full details of all Lottery commitments made in the year are shown in the accompanying Lottery financial statements.

29. TAX STATUS

The BFI is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they are applied to its charitable objectives.

Its subsidiaries' total taxable profits are either gifted to the Charity or tax losses have been utilised and therefore no tax is payable.

Irrecoverable VAT is charged to the cost category to which it relates.

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30 RELATED PARTIES

The BFI maintains a publicly available register of Governors' interests. Given their broad experience across the film sector, it is inevitable that Governors had connections with or interests in projects and organisations that may from time to time have come to the BFI for funding. All Governors were therefore required to declare any direct interest in and commercial relationships with award applications made to the BFI and they had no role in the award making process. Similarly, BFI employees were excluded from decision making around any relevant application involving any organisation or company in which they have a declared interest.

During the year the BFI entered into transactions, in the ordinary course of business, with related parties. National Lottery awards are included in film rights at the date of the statement of financial position or written off to expenditure within the year.

All awards outstanding are payable upon the meeting of conditions precedent within individual contracts.

The following related party transactions occurred during the period:

Governors of the BFI

Recipient of funding	Name	Role with BFI	Relationship to recipient of funding	New Awards made 2012 £	Balances outstanding 31 March 2012 £
Grant in Aid Funding					
Film Club	Beeban Kidron	Governor	Vice Chair	2,950,000	-
Film Agency Wales	Heather Stewart	Employee	Board Member	128,000	-
Lottery Awards					
Big Talk Productions	Matthew Justice	Governor	Managing Director	300,000	62,379
Daybreak Pictures Ltd	Peter Kosminsky	Governor	Director	33,500	33,500
First Light	Peter Kosminsky	Governor	Board member	1,100,000	-
International Documentary Festival Sheffield Ltd	Paula La Dieu	Employee	Board member	77,452	-

Tessa Ross, a Governor of the BFI, is Controller of Film and Drama at Channel 4. Film 4, who are part of Channel 4, independently co-funded a number of projects across the year with the BFI. She is also a Board Member of the Royal National Theatre, which received payments totalling £18,090 in the year.

In addition £106,384 was paid to Olswang Solicitors for professional services rendered in the year. Lisbeth Savill, a Governor of the BFI, is a Senior Partner in the firm.

31. LOSSES AND SPECIAL PAYMENTS

Screen East, the regional screen agency under the RIFE programme, went into liquidation in September 2010. The agency had received grant and Lottery awards from the UKFC. A protective claim of £1,046,686 was lodged with the liquidator. This claim was transferred to the BFI on 1 April 2011 and remains unadjusted. Until the conclusion of the liquidation process it is unclear what funds will be receivable from the liquidator, and recovery of funds has not been anticipated in these financial statements. There is a risk that the full balance will be lost.

In August 2011, £158,985 worth of DVD stock was written off due to destruction in a warehouse fire. This was recovered through third party insurance.

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GOVERNANCE STATEMENT

Scope of Responsibility

As Accounting Officer and as Chairman of the Board of Governors, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives set by the Department for Culture, Media and Sport (DCMS), whilst safe-guarding the public funds and the British Film Institute's (BFI) assets for which we are responsible in accordance with the responsibilities assigned to us in Managing Public Money and as Trustees of the Charity.

We also have responsibility, as defined in the BFI's Funding Agreement with the DCMS, the Management Statement and Financial Memorandum and the Financial and Accounting Directions issued under the National Lottery etc Act 1003 as amended, for leading and managing the work of the BFI to fulfil its policies, aims and objectives, and upholding its values. The Accounting Officer reports to the Board of Governors of the UKFC and we formally meet regularly with DCMS.

The purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BFI policies, aims and objectives, to evaluate the likelihood of those risks being realised and should they be realised, to manage them efficiently, effectively and economically. The system of internal control includes adequate arrangements for detecting and responding to inefficiency, conflict of interest and fraud, and prioritises those risks associated with the custody of assets and potential loss of Exchequer and Lottery grants. The system of internal control has been in place for the year ended 31 March 2012 and up to the date of approval of the annual report and financial statements, and accords with Treasury guidance.

Capacity to handle risk

As Accounting Officer and Chairman of the Governors we have overall responsibility for the BFI's risk management framework, and are supported in its implementation by the Senior Management Team and staff who are trained and equipped to assess and manage risk in a way appropriate to their authority and duties.

The Audit, Risk and Governance Committee, chaired by Peter Foy, gives independent advice and guidance to us, in our roles as Accounting Officer and Chairman, and to the Board of Governors as a whole, on the adequacy of audit arrangements (both internal and external), on the implications of assurances provided in respect of risk and control at the BFI and oversees the work of the internal auditors, as well as providing guidance as to best practice.

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The Remuneration Committee provide oversight and approval of remuneration and performance for senior staff members including the Accounting Officer.

Further advice and guidance as to best practice is received from the internal and external auditors (who attend meetings of the Audit, Risk and Governance Committee), the DCMS, and other comparable organisations.

The risk and control framework

A risk management policy has been established setting out the BFI's attitude to risk in the achievement of our objectives.

The BFI has incorporated risk management in planning and decision making and maintains an organisation-wide risk register. Policy and operational risks both in the organisation and from external factors are identified through our business planning cycle and the annual operational planning cycle, and are evaluated by the Executive Team. We also consider the risks associated with holding and safeguarding information for operational or financial reporting purposes.

In 2011-12 the risk register as noted by the Executive Team and updated in March 2012 included 7 corporate risks. These included:

- Reduction in generated- income resulting from the current economic climate, namely reduced audience numbers and failure to secure sponsorship funding from corporate and commercial partners.
- Misunderstanding of the BFI's new wider role and remit by stakeholders, industry and Government
- The deterioration of the estate condition may cause failures resulting in facility and building closures, thus reducing service and programme levels.
- The safety of the National Collection remains a priority following decades of under-investment: obsolete formats need to be migrated and life-expired air-conditioning plant replaced.
- Failure of key strategic partners – Skillset, Creative England, new Education offer, National Screen Agencies – to deliver BFI strategic priorities

Risk management and internal control are embedded in the processes of the organisation and are considered and reviewed on a regular basis by management. For example, the Production Finance Committee (PFC), who ultimately sign off on lottery commitments, consisted of representatives of the relevant fund, finance and business affairs and was independently chaired by the Accounting Officer or the Head of Business Affairs. Any perceived risks arising in making an award were thus discussed at the time the funding decision was made and appropriate mitigating action taken, whilst allowing decision-making, oversight and control to be maintained of the decisions by the respective funds. The committee was updated on the progress of the funded projects to allow timely action to mitigate risks, protect funds and ensure that the ultimate purpose of the award is fulfilled.

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For the regularly funded organisations, such as Creative England, Skillset and First Light, alongside regular oversight and monitoring, a series of regular formal governance meetings were held with the recipients throughout the year to discuss progress against key performance and risk indicators incorporated in their business plans and funding agreements

The work of the BFI's internal audit service, provided by Tribal, operated to standards set out in the Government Internal Audit Standards, was developed from an analysis of BFI's UK exposure.

In 2011-12 internal audit reports covered:

- Lottery Systems Transfer
- Staff Expenses
- Main Financial Systems
- Creative England
- Equality & Diversity
- Find Any Film – Post Project Appraisal
- Digital Screen Network – Post Project Appraisal
- Risk Management – Mitigation Arrangements

The analysis of risk and the internal audit plans are endorsed by the BFI's Executive Team, the Audit and Governance Committee and are approved by the Accounting Officer.

In line with Cabinet Office guidance in relation to information risk, the Finance Director is the Senior Information Risk Owner. Working with the Internal Auditor, all the systems and databases operated by the BFI are kept under review and periodic updates provided to the Audit and Governance Committee.

In addition, the BFI has in place a wide range of policies, for instance relating to corporate governance, conflicts of interest, financial management (including fraud), health and safety, training and development and information technology. These are periodically reviewed and updated.

The internal communications process ensures that all staff are informed about key decisions on a timely basis through appropriate means. There is also an external communications strategy that ensures stakeholders, Parliament, press, funded organisations and projects, the industry at large, and members of the general public receive appropriate and reliable information.

Progress in achieving objectives set in the strategic plan is monitored by Board and Senior Management. The Board receive appropriate regular financial reporting, enabling monitoring against financial targets.

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Review of effectiveness

As Accounting Officer and Chairman of the Governors, we have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by the work of the internal auditors and the Senior Management within the BFI who have responsibility for the development and maintenance of the internal control framework, and comment made by the external auditors in their management letters and other reports. We have been advised on the implications of the results of our review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to address any weaknesses and ensure continuous improvement is in place.

In respect of risk management the responsibilities of the Executive Team are to:

- manage risk in their own areas of responsibility through the implementation of risk mitigation processes and by following the BFI's risk policy;
- translate the risk register into day-to-day operational planning within teams; and
- report to the Accounting Officer on the status of risks and controls.

The Board receives reports from the Chairman of the Audit, Risk and Governance Committee, and from the Accounting Officer and managers, on the steps taken to manage risks, including progress reports on key activities and projects, as well as on new risks that may arise both internally within the organisation and due to external factors such as the political and economic environment of both the industry and the public sector.

Amongst the considerations of the Board, the Audit, Risk and Governance Committee and the Executive Team in the year were the risks associated with the transition of Lottery Distributor Status, the new responsibilities with the transfer of the lead body status for film, and indeed the smooth transfer of ongoing operations from the UKFC to the BFI with minimum impact upon stakeholders.

The Internal Auditor provides audit reports on the areas of activity within the BFI. The reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the BFI's system of internal control during the year together with recommendations for improvement.

We take assurance from assessment of the risk register, from the business and budget planning cycle, from the decision approval and operational procedures and from the reviews of, and assurance received from, delegate bodies that appropriate risk management procedures are in place.

Additionality

Lottery applications and assessment processes are designed to ensure that awards made will be in line with the achievement of policies, aims and objectives set by the DCMS and the mission and values of the BFI, as well as the requirements of the National Lottery etc Act 1993 as amended, requiring that Lottery awards uphold the concept of additionality in funding activities which would not otherwise take place.

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Administrative Costs Cap

The BFI acknowledges the request of the DCMS that by the year ending March 2015, all lottery distributors have a cap on costs associated with Lottery grant processing of 5% of incoming resources, with a maximum gross Lottery administration cost of 8%.

In the year overheads attributed to lottery (excluding restructuring costs) were £4.3m (2011: £5.3m) with total incoming resources of £49.6m (2011: £43.3m) – a gross administration cost of 8.7% (2011: 12.2%). Of these costs, £2.8m (5.6% of incoming resources) are deemed attributable to grant processing (2011: £2.9m, 6.7%).

In light of the plans developing around the forward plan and the resources necessary for this, and in light of the future year projections provided by DCMS for lottery receipts, the Governors believe the target caps on administration costs to be attainable by 2014-15.

We can confirm that in our opinion:

- the BFI complies with its current Financial Directions, Funding Agreement, Management Statement and Financial Memorandum and the requirements of a Charity;
- adequate audit arrangements, both internal and external, are in place to support us in reviewing the systems of internal control;
- adequate arrangements are in place to detect and respond to inefficiency, conflicts of interest and fraud and to minimise losses of Lottery and other funds;
- the BFI has drawn up and maintains risk assessment and control procedures and risk registers;
- the BFI has complied with Cabinet Office guidance on information risk and has suffered no protected personal data incidents during 2011-12 or during previous years, and has made no reports to the Information Commissioners Office; and
- the systems of internal control were fully operational during the year and no significant weaknesses have been uncovered.

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REMUNERATION REPORT

This remuneration report extracts information contained within the remuneration report for the Group and Charity of the British Film Institute and concentrates on those areas and costs specific to Lottery.

The Remuneration Committee

The Board of the BFI is responsible for determining the remuneration of the Chief Executive Officer and other senior staff. In the year ending 31 March 2012, due to the circumstances of the substantial changes to the Executive Team, it discharged this responsibility through the cycle of regular Board meetings – which included involvement in the appointment of new members of the Executive Team, and ensuring appropriate approvals are obtained from the Department of Culture, Media and Sport (DCMS).

In addition the Board is supported by the Remuneration Committee, which meet as required, and is authorised within its terms of reference, to obtain independent professional advice if it considers this necessary. The Remuneration Committee comprises a chairman, who is also chairman of the BFI Governors, and up to 3 other members of the Board or co-opted members, who are each appointed for a period of up to three years. The members during the year were:

Greg Dyke (Chair)

Peter Foy

Ashley Highfield

Remuneration Framework

Governors are not entitled to draw any remuneration for their time spent working as a Trustee of the BFI, although are entitled to reimbursement of expenses incurred in their duties.

In determining appropriate levels of remuneration for senior staff, the BFI follows the Government's policy to maximise value for money by paying enough to attract and retain suitably qualified senior staff, and salaries are based on the minimum required to recruit, retain and motivate senior staff of appropriate calibre.

All staff including the Chief Executive Officer, are entitled to membership of the Local Government Pension Scheme (LGPS) operated by the London Pension Fund Authority (LPFA), which is a defined benefit scheme for those BFI employees who wish to join. Further details of the scheme can be found in note 10. Staff enrolled in the scheme, which is contributory, accrue a pension entitlement at the rate of 1/60 of final pensionable salary for each year of membership, up to a limit of two thirds of their final pensionable salary.

The staff pay bill for each year is subject to review¹ by the Remuneration Committee and the DCMS, under HM Treasury guidelines and limits for public sector pay.

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Contracts of Employment

The Chairman of the Board of Governors is approved by the Secretary of State for Culture for a term of 4 years. Governors are appointed by the Board, for a period of 3 years, with 2 members being elected by the membership of the BFI. Both the Chairman and any other Governors may stand for two successive terms of office. There is no period of notice required for resignation from the Board.

The only member of senior management under a closed contract as at 31 March 2012 was Trevor Mawby, whose contract as Interim Finance Director, dated June 2011, expires on 30 September 2012.

In those cases where contractual terms are open ended the period of notice required for termination of contract is no greater than six months.

Audited Information

Governors' remuneration

No Governor drew any remuneration in the year – although costs amounting to £1,749 (2011: not applicable) were incurred on behalf of the BFI as a whole. This primarily represents reimbursed travelling expenses for three (2011: not applicable) governors and the provision of food and beverages for meetings. No payments were made in the year for services (2011: £Nil). In the prior year £5,590 was paid by the UKFC as directors' remuneration (including daily allowances) to four directors.

As part of their oversight duties as Trustees copies of all books and DVD/Blu-Ray releases published by the BFI during the year are made available to all Governors.

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Senior staff remuneration

Remuneration (excluding pension arrangements) for the senior staff attributable to lottery for the year ending 31 March 2012:

Total Remuneration For the year Ended 31 March 2012 (FTE) £'000	Bonuses Attributable For the year Ended 31 March 2012 (2011) £'000	Benefits Attributable For the year Ended 31 March 2012 (2011) £	Total Remuneration For the year Ended 31 March 2011 £'000
--	---	--	--

BFI Staff in employment at 1 April 2011 or thereafter

Amanda Nevill Chief Executive Officer *	Apportioned to Lottery: 45-50 (FTE:135-140)	-	0-100 (N/A)	N/A
Tim Cagney Deputy CEO – British Film Institute * [1]	Apportioned to Lottery: 55-60 (Full salary Since July '11: 80-85) (FTE:115-120)	-	0-100 (N/A)	N/A
Trevor Mawby Director of Finance and Resources (Interim) * [2]	Apportioned to Lottery: 10-15 (FTE:165-170)	-	0-100 (N/A)	N/A

UKFC staff who transferred to BFI at 1 April 2011

Peter Buckingham Head of Distribution and Exhibition ** [3]	155-160 (FTE:130-135)	10-15 (5-10)	0-100 (0-100)	140-145
Will Evans Head of Business Affairs **	135-140	- (0-1)	0-100 (0-100)	155-160
Tanya Seghatchian Head of Film Fund ** [4]	155-160 (FTE:135-140)	65-70 (0-1)	0-100 (0-100)	135-140

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Total Remuneration For the year Ended 31 March 2012 (FTE) £'000	Bonuses Attributable For the year Ended 31 March 2012 (2011) £'000	Benefits Attributable For the year Ended 31 March 2012 (2011) £	Total Remuneration For the year Ended 31 March 2011 £'000
--	---	--	--

UKFC staff who did not transfer to BFI at April 2011

Alan Bushell UKFC Chief Operating Officer [5]	-	- (0-1)	- (0-100)	110-115
Tim Cagney UKFC - Head of UK Partnerships (to 30 October 2010) UKFC Managing Director (from 1 November 2011) [5]	-	- (0-1)	- (0-100)	40-45
Lenny Crooks UKFC Head of New Cinema Fund (to 7 May 2010) [5]	-	- (0-1)	- (0-100)	10-15
John Woodward Chief Executive Officer, UK Film Council (to 30 October 2010) [5]	-	- (20-25)	- (0-100)	105-110

* Staff in place at the BFI at 1 April or thereafter have no comparative information, as there was no involvement with the management of Lottery funds until the transfer of distributor status on 1 April 2011

** Transferred from UKFC under TUPE regulations on 1 April 2011. Prior year remuneration was paid by the UKFC and is included to assist the readers of the accounts

[1] Tim Cagney was appointed Deputy CEO of the BFI from 7 July 2012. The comparative data presented here relates to his contract at the UKFC, which ceased with the closure of that company on 30 June 2011. He was Managing Director of the UKFC until its closure on 30 June 2011.

[2] Trevor Mawby is currently contracted until 30 September 2012 on a part time, interim, basis. The cost is based upon the total cost to the BFI for his part time employment, initially through an agency and latterly via a personal service company. The equivalent salary received by Mr Mawby was considerably lower.

[3] Peter Buckingham left under redundancy and/or compensation for early retirement on 18 November 2011. His remuneration above includes UKFC contractual notice and bonus.

[4] Tanya Segatchian left on 4 November 2011 and received UKFC contractual notice and bonus.

[5] The remuneration paid to the senior staff of the UKFC who did not transfer to the British Film Institute, is presented here for prior year comparison. These staff held no responsibility for the distribution of Lottery Funds after the transfer of distributor status on 1 April 2011 and thus there is no relevant data for the year ending 31 March 2012.

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Benefits in kind

All members of BFI staff are entitled to receive: up to £100 contribution towards gym membership per annum; up to 12 free tickets per month at the BFI Southbank cinemas; a staff discount on purchases at the BFI Southbank's, Film Store and Benugo's cafes and restaurant and the BFI London IMAX ranging from 10-70%; and interest free loans for train season tickets, bicycle and computer purchases. Staff who transferred whose contracts transferred from UKFC receive a contractual payment of £250 for cinema tickets per annum in place of the BFI Southbank ticket entitlement. Staff on BFI contracts receive a monthly copy of Sight and Sound.

Senior staff pension arrangements

The following senior staff were all members of the LPFA scheme during the year. The data provided covers the full accrued pensions as it is not possible to break out that element purely attributable to Lottery.

	Real increase/ (decrease) in accrued pension benefits 2011-12	Attributable pension accrued at 65 at 31 March 2012	Cash Equivalent Transfer Value (CETV) as at 31 March 2011	CETV as at 31 March 2012 *	Real increase in the CETV after adjustment for inflation etc in 2011-12
	£'000	£'000	£'000	£'000	£'000
Amanda Nevill Chief Executive and Accounting Officer	0-2.5 [lump sum: (2.5-5)]	32.5-35 [lump sum: 72.5-75]	581	620	(2)
Peter Buckingham Head of Distribution and Exhibition (to 18 November 2011) [1]	0-2.5 [lump sum: (0-2.5)]	15-17.5 [lump sum: 25-27.5]	241	275	15
Tim Cagney Deputy CEO (from 7 July 2011)	0-2.5 [lump sum: (0-2.5)]	0-2.5 [lump sum: 0-2.5]	-	12	7
Tanya Seghatchian Head of Film Fund (to 4 November 2011)	0-2.5 [lump sum: (0-2.5)]	10-12.5 [lump sum: 7.5-10]	78	100	11

* Or date of leaving, if earlier.

The accrued pensions are the amounts eligible at retirement if the staff member left service at the relevant date. The transfer values do not represent a sum paid or payable to the individual, but rather a potential liability of the pension scheme. They have been calculated using assumptions certified by a qualified actuary.

[1] In addition, as a result of redundancy, under UKFC contractual terms protected under TUPE, the BFI incurred a capital contribution cost of £453,000 for early retirement.

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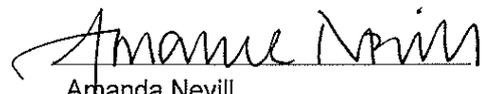
In the year to 31 March 2012, all senior staff with costs attributed in part or whole to lottery, and with the exception of Trevor Mawby and Will Evans, were members of the LPFA scheme. Pension contributions during the year were made to private pension schemes, and attributable to lottery, for Trevor Mawby and Will Evans of £2,400 and £20,570 respectively.

Further disclosure required by the Hutton Review of Fair Pay can be found in the remuneration report for the BFI Group and Charity accounts.

Approved by the Board of Governors for signature on 12 July 2012.



Greg Dyke
Chair, Board of Governors



Amanda Nevill
Chief Executive

**BRITISH FILM INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS 2011-12
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INDEPENDENT AUDITOR'S REPORT

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the British Film Institute Lottery Distribution Fund for the year ended 31 March 2012 under the National Lottery etc. Act 1993. These comprise the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governors, Chief Executive Officer and auditor

As explained more fully in the Statement of the Governors' and Chief Executive Officer's Responsibilities, the Chief Executive Officer and Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Film Institute Lottery Distribution Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the British Film Institute; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the British Film Institute Lottery Distribution Fund's affairs as at 31 March 2012 and of its surplus for the year for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993; and
- the information given in the Performance Review, Key Performance Measures and Financial Review sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

13 July 2012

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

**BRITISH FILM INSTITUTE
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**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2012**

	Notes	2012 £'000	2011 £'000
Income			
Proceeds from the National Lottery	8	41,243	34,775
National Lottery Distribution Fund investment income	8	294	405
Recoupment income			
Arts Council England portfolio	2	-	81
UK Film Council portfolio	2	3,828	1,707
		<u>45,365</u>	<u>36,968</u>
Expenditure:			
Awards			
Regional awards		(2,170)	(2,090)
First Light scheme		(1,100)	(1,100)
Distribution and Exhibition awards		-	(3,221)
Digital Film Archive Fund		-	29
2012 Partnerships Fund		-	43
Training awards		-	(3,654)
Film Festivals awards		-	-
Film Education awards		-	(500)
Publications awards		-	(8)
Rural Strategy awards		-	(1,197)
Film Fund awards		90	-
Opportunity and Challenge awards		(1,355)	-
Print and Advertising awards		(3,906)	-
Creative Skillset awards		(3,654)	-
Lottery – non film rights		<u>(12,095)</u>	<u>(11,698)</u>
Statutory transfer to the Olympics	8	(5,866)	(5,866)
Impairments against film rights	7	(17,148)	(14,583)
Costs apportioned from Grant-in-Aid	5	(3,821)	(5,133)
Other finance costs		(370)	(139)
Restructuring costs	5	(1,302)	(1,122)
Total expenditure		<u>(40,602)</u>	<u>(38,541)</u>
Operating surplus/(deficit)		4,763	(1,573)
Bank interest receivable		3	6
Surplus/(deficit) on ordinary activities before taxation		<u>4,766</u>	<u>(1,567)</u>
Tax on surplus/(deficit) on ordinary activities for the year	6	-	(2)
Surplus/(deficit) for the year		<u>4,766</u>	<u>(1,569)</u>
Other comprehensive income / (expenditure)			
Actuarial (loss)/gain in the year		(1,205)	1,502
Pension liability revaluation on transfer into BFI		582	-
Movement in fair valuation reserve		3,413	3,167
Total other comprehensive income		<u>2,790</u>	<u>4,669</u>
Total comprehensive income		<u><u>7,556</u></u>	<u><u>3,100</u></u>

All activities were on a continuing basis. The notes on pages 85 to 95 form part of the financial statements.

**BRITISH FILM INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS 2011-12
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**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2012**

	Lottery Reserve £'000	Fair Valuation Reserve £'000	Pension Reserve £'000	Total Reserve £'000
Balance at 31 March 2010	49,285	532	(3,234)	46,583
(Deficit)/surplus for the year	(2,048)	-	479	(1,569)
Actuarial gain in the year	-	-	1,502	1,502
Movement in fair valuation reserve	-	3,167	-	3,167
Balance at 31 March 2011	47,237	3,699	(1,253)	49,683
Surplus for the year	4,214	-	552	4,766
Actuarial loss in the year	-	-	(1,205)	(1,205)
Pension liability revaluation on transfer into the BFI	-	-	582	582
Movement in fair valuation reserve	-	3,413	-	3,413
Balance at 31 March 2012	51,451	7,112	(1,324)	57,239

The Lottery reserve primarily represents the carrying value of film investments made by the UK Film Council (prior to 31 March 2011) and British Film Institute (since 1 April 11), and uncommitted funds held at the National Lottery Distribution Fund, offset by all outstanding award liabilities.

If the valuation of the film right is in excess of the amount of the award investment based on estimated recoupment over the next three financial years, then this is taken to a fair value reserve, and released to income as the recoupment is received.

In the year £3.4m was released against income and additional fair value adjustments of £6.8m were made.

The pension reserve represents the liability arising on the valuation of the BFI pension fund at year end, as notified by the actuaries.

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STATEMENT OF FINANCIAL POSITION
31 MARCH 2012

	Notes	2012 £'000	2011 £'000
Current assets			
Film rights	7	21,161	18,014
National Lottery Distribution Fund	8	39,819	35,676
Trade and other receivables falling due within one year	9	2,338	985
Cash and cash equivalents	10	4,160	4,078
Total assets		67,478	58,753
Current liabilities			
Trade and other payables	12	(261)	(2,574)
Other payables - award commitments	13	(8,654)	(5,243)
Total current liabilities		(8,915)	(7,817)
Net current assets		58,563	50,936
Net non-current liabilities			
Pension liability	4	(1,324)	(1,253)
Total non-current liabilities		(1,324)	(1,253)
Assets less liabilities		57,239	49,683
Capital and reserves			
Lottery reserve		51,451	47,237
Fair valuation reserve		7,112	3,699
Pension reserve		(1,324)	(1,253)
		57,239	49,683

The notes on pages 85 to 95 form part of the financial statements.

The financial statements were approved and authorised for signature by the Governors on 12 July 2012


Amanda Nevill
Chief Executive Officer


Greg Dyke
Chairman

**BRITISH FILM INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS 2011-12
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STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2012**

	Notes	2012 £'000	2011 £'000
Cash inflows from operating activities			
Cash receipts from National Lottery Distribution Fund		31,528	24,843
Arts Council England delegated funds		-	1,485
Arts Council England portfolio income		-	81
Recoupment income on film portfolio		7,746	8,231
Other cash receipts		4,686	1,788
Payments of Lottery hard commitments		(30,427)	(32,789)
Other payments		(13,454)	(6,530)
Tax paid		-	(3)
Net cash from operating activities	18	79	(2,894)
Cash flows from investing activities			
Interest received		3	6
Net cash from investing activities		3	6
Net (decrease)/increase in cash and cash equivalents		82	(2,888)
Net cash and cash equivalents at 1 April		4,078	6,966
Net cash and cash equivalents at 31 March		4,160	4,078

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Transfer of Lottery Distributor Status

From 1 April 2011, the status of Lottery Distributor for film was transferred to the British Film Institute (BFI) from the UK Film Council (UKFC) in accordance with Statutory Instrument SI685/2011. The UKFC's Lottery assets and liabilities, and share of future revenue streams, transferred to the BFI as at that date. Under the Transfer of Undertakings (Protection of Employment) (TUPE) legislation the related staff employed on Lottery activities also transferred to the BFI. There were costs relating to the transfer of distributor status attributed to Lottery in the year ending 31 March 2012.

As a result of this, Lottery activities transferred to the BFI as a going concern at that date, with a full transfer of the UKFC balance sheet as at 31 March 2011. Consequently the comparative figures in these accounts are those from the statutory Lottery accounts of the UKFC as presented to Parliament on 14 July 2011. However the BFI operation is inevitably different from that of the UKFC and thus, whilst the prior year figures on the Statement of financial position are entirely comparable, on the statement of comprehensive income different methodologies and costings, in particular relation to recharged costs mean that some of the detail in the analysis of the current and prior year figures will not be entirely comparable between the organisations.

These financial statements are prepared under the historical cost convention, and in accordance with the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury. These meet the requirements of section 35(3) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and applicable Accounting Standards, except certain headings have been amended in order to reflect special circumstances of the company. The requirements of the Accounts Directions issued to the BFI for its activities as a Lottery distributor under the National Lottery etc Act 1993 have been followed for the treatment of hard and soft commitments.

The financial statements have been prepared in accordance with the 2010 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the BFI for the purpose of giving a true and fair view has been selected. The particular policies adopted by the BFI are described below and they have been applied consistently in dealing with items that are considered material to the accounts.

There are no standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets.

Certain aspects of these financial statements involve the exercise of judgement in ascertaining the valuations used. In the year these included the valuations of film rights, the basis of the recharge of operating costs and the costs arising from the transfer of functionality to the BFI.

In accordance with the Directions issued by the Secretary of State for Culture, Olympics, Media and Sport, financial statements have also been prepared for the BFI Group activities as a whole.

A copy of the Accounts Direction is available from the Secretary to the Board of Governors, 21 Stephen Street, London W1T 1LN.

Accruals Convention

Income and expenditure is accounted for on a receivable basis. The exception is recoupment income, because of the inherent difficulties in relating the income to the period to which it relates, and it is thus accounted for upon notification of amounts received by the BFI. Commitments are reported as per the National Lottery Act etc. 1993.

As required by the Secretary of State for Culture, Olympics Media and Sport, a distinction is made in respect of Lottery awards between 'hard commitments' and 'soft commitments'. Where the BFI has made a firm offer of a grant, which, together with the relevant conditions, has been accepted by the recipient, and the conditions of the grant have been fully met, the award is accounted for as a 'hard commitment'. Where the BFI has agreed in principle to fund a scheme or project and made an offer, but the offer has not been accepted and the associated conditions precedent met, the award is accounted for as a 'soft commitment'. Hard commitments are recognised in the financial statements whereas soft commitments are recognised by way of a note to the financial statements.

Hard commitments payable within one year of the statement of financial position are recognised in the statement as current liabilities. Those payable more than one year from the statement of financial position date are shown as commitments to filmmakers payable over more than one year, however such commitments are extremely unlikely in the usual course of business. Commitments for future years have been entered into, taking into account income forecasts provided by the Department for Culture, Media and Sport (DCMS). These forecasts take a conservative view of future income.

Other Lottery Awards

Lottery awards other than those for film rights are taken in full to the statement of comprehensive income in the year in which the hard commitment is recognised.

Apportioned Costs

The BFI incurred costs which are shared between Lottery and other activities, relating to both operating costs for the year, and restructuring costs resulting from the transfer of responsibilities to the BFI. The BFI is required to apportion costs in accordance with the principles of full cost recovery as outlined in Managing Public Money. In addition to costs wholly attributable to Lottery activities, an assessment is made of the other costs attributable to Lottery activities incurred by service and other departments. This is based on a combination of head count, office space occupied, activity levels and additional expenditure incurred. These departments include Finance & Resources, Marketing, Monitoring, Partnerships and the Chief Executive and Deputy Chief Executive offices.

National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. The share of these balances attributable to the BFI is as shown in the financial statements at market value and, at the statement of financial position date, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the BFI in respect of current and future commitments. On 1 April 2011, the balance passed to the BFI under SI No. 685/2011 from the UKFC, together with the right to the future income.

The share of proceeds and investment returns attributed to the BFI has been treated as income within these financial statements.

Financial Instruments

The Lottery account's principal financial instruments are cash and holdings in the NLDF and film rights which, with the adoption of IAS 32 (Financial Instruments: Presentation), 39 (Financial Instruments: Measurement and Recognition) and IFRS 7 (Financial Instruments: Disclosure), fall within the definition of Financial Instruments.

Other Lottery financial instruments include trade receivables and payables that arise directly from Lottery operations. The main risks arising from the Lottery accounts' financial instruments are interest rate risk, foreign currency risk and other price risk.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (CONTINUED)

Film Rights

Film rights represent loans paid and advances paid and payable to filmmakers. All advances to filmmakers are repayable under certain conditions. Where a feature film made with the assistance of the BFI is successfully released, the BFI is entitled to participate in revenues generated by that success. This can lead to repayment of the investment in full, together with a share of the profits generated by the film.

Under the International Financial Reporting Standards (IAS 32, 39 and IFRS 7) film rights fall within the definition of Financial Instruments; within that, they meet the definition of Available for sale financial assets and are therefore shown in the statement of financial position at fair value.

When an advance is made (satisfying the definition of hard commitments above) it is taken to the statement of financial position initially at the full value of the award made. This valuation is reduced by impairments made against film rights to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The valuation is reviewed on a rolling basis to ensure that fair value is maintained.

Movements in impairments shown in the statement of comprehensive income reflect the net effect of increases and decreases in impairments against film rights in the year. Any impairment may be reversed in part or in full if the valuation understates the fair value of the film right. Advances for development and short film awards are fully impaired in the year of award, unless there is a reasonable expectation of repayment.

If the valuation of the film right is in excess of the amount of the award investment based on estimated recoupment over the next three financial years, then this is taken to a fair value reserve, and released to income as the recoupment is received. In the context of the life of a film, and its' distribution cycle, three years is felt to be a reasonable period over which a meaningful forecast can be taken.

Film Recoupment Income

Income received from a film right is offset against the value of the film right on the statement of financial position.

Income in excess of the original value of the right is taken to the statement of comprehensive income as film recoupment income through the fair value reserve.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the date of the statement of financial position. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

Lease Costs and Commitments

Rentals payable under operating leases are charged in the group statement of comprehensive income on a straight-line basis over the lease term and the proportion of costs related to Lottery activities are charged within these accounts.

Pensions

For defined benefit pension schemes the amounts charged in resources expended are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of comprehensive income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in Comprehensive income / (expenditure).

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the BFI, in separate trustee-administered funds which are part of the London Pension Fund Authority (LPFA). The LPFA is a local government pension scheme and the BFI is an Admitted Body member. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained every three years and are updated at each statement of financial position date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the statement of financial position.

Following agreement between the LPFA, DCMS and the BFI, the UKFC's pension fund has been transferred within the LPFA to the existing BFI pension fund.

2. FILM RIGHTS RECEIPTS AND RECOUPMENT INCOME

Under the transfer agreement with UKFC, the BFI received all future income generated from rights in the portfolio of films transferred from the UKFC and Arts Council England.

Income generated from the Arts Council England portfolio of films

There were no titles in receipt of income over £100,000 (2011: nil).

There were no titles (2011: 8) with income below £100,000 (2011: £81,000).

Income generated from the UK Film Council portfolio of films

In the year ended 31 March 2012, the BFI received cash recoupment from 78 films (2011: 75), which was taken against film rights.

Film titles, listing those recovering over £100,000, in the year ended 31 March 2012 (2011: £6.6m) were:

	2012
	£'000
Project Nim	512
The Iron Lady	471
Under the Skin	328
The Woman In Black	244
Submarine	243
Streetdance	199
Brighton Rock	176
Centurion	151
Attack The Block	119
Bugs	107
68 titles with income below £100,000	969
	<hr/>
	3,517

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

2. FILM RIGHTS RECEIPTS AND RECOUPMENT INCOME (CONTINUED)

Income received on titles where the initial investment has been recovered is taken into the income and expenditure account (2011: £1.7m):

	2012 £'000
The King's Speech	3,454
St Trinians	11
The Magdalene Sisters	15
The Illusionist	65
Strictly Sinatra	21
28 Days Later	161
5 titles with income below £100,000	101
	<u>3,828</u>

Income generated from the BFI portfolio of films

In the year ended 31 March 2012, the BFI received cash recoupment from 14 films, which was taken against film rights.

Film titles, listing those recovering over £100,000, in the year ended 31 March 2012 (2011: £nil) were:

	2012 £'000
14 titles with income below £100,000	401
	<u>401</u>

3. STAFF COSTS

No member of the Board of Governors received remuneration during the year.

The costs of staff working wholly on Lottery activities were:

	2012 £'000	2011 £'000
Wages and salaries	1,425	2,047
Social Security costs	152	215
Pension service costs and other pension costs	387	188
	<u>1,964</u>	<u>2,450</u>

The average number of staff (full-time equivalents) employed during the year:

	2012 £'000	2011 £'000
Management and administration:		
Permanent staff	24	23
Other staff	-	-
	<u>24</u>	<u>23</u>

In the BFI financial statements, Note 9: Staff Costs quotes 45 staff as being full-time equivalent Lottery staff. This figure includes the apportionment of BFI staff not fully and directly employed on the Lottery, in addition to the 24 above.

The remuneration of the Chief Executive Officer and costs attributable to Lottery during the year are:

	2012 £	%	Attributable to Lottery £
Amanda Nevill (from 1 April 2011)			
Salary and benefits	137,138		45,256
Bonus	-		-
Total	<u>137,138</u>	33.0%	<u>45,256</u>
Pension contribution	<u>17,553</u>		<u>5,793</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

3. STAFF COSTS (CONTINUED)

The comparative remuneration of the previous Managing Director and Chief Executive and costs attributable to Lottery in the prior year are taken from the 2011-12 Annual Report and Financial Statements of the UKFC.

	Age	2011 £	%	Attributable to Lottery £
Tim Cagney (from 1 November 2010 to 31 March 2011)				
Salary and benefits	47	50,000		44,500
Bonus		-		-
Total		<u>50,000</u>	89.0%	<u>44,500</u>
Pension contribution		<u>6,050</u>		<u>5,385</u>
	Age	2011 £	%	Attributable to Lottery £
John Woodward (1 April 2010 to 31 October 2010)	52			
Salary and benefits		99,266		88,347
Bonus		<u>22,335</u>		<u>19,878</u>
Total		<u>121,601</u>	89.0%	<u>108,225</u>
Pension contribution		<u>15,883</u>		<u>14,135</u>

4. PENSION BENEFITS

The BFI is an admitted body of the LPFA. The majority of the Charity's staff are members of the scheme. Although membership of the scheme is open to all employees, only costs relating to staff employed on Lottery activities are disclosed.

The pension scheme is a defined benefit scheme and is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £868,000 (2011: £329,000)

Following the advice of the consulting actuaries to the scheme, the BFI's employer contributions for current service (as a percentage of the pensionable salary) were set at 12.8% throughout the year (2011: 12.1%).

A valuation under IAS19 as at March 2012 was carried out by a qualified independent actuary. The assumptions used by the actuary for the BFI's scheme were:

	2012 %	2011 %
Rate of increase in salaries	3.8	4.5
Rate of increase in pension payments	2.5	2.7
Discount rate	4.6	5.5
Inflation assumption (CPI)	2.5	2.7
<i>Average life expectancy at 65:</i>		
Current pensioners	Males 21.1 years	Females 23.9 years
Future pensioners	23.1 years	25.8 years

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit attributable to Lottery:

		2012 Long term Rate of return expected £'000	%	2011 Long term Rate of return expected £'000
Equities	6.3	4,310	7.4	3,758
Target return portfolio	4.5	708	4.5	657
Alternative assets	5.3	827	6.4	766
Cash	3.0	59	3.0	164
Corporate bonds	n/a	-	6	109
Total market value of assets		<u>5,904</u>		<u>5,454</u>
Present value of scheme liabilities		<u>(7,228)</u>		<u>(6,707)</u>
Net pension deficit		<u>(1,324)</u>		<u>(1,253)</u>

The overall expected rate of return on scheme assets is projected by the scheme actuaries using modelling techniques, with reference to key assumptions and the relative weighting of scheme assets.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

4. PENSION BENEFITS (CONTINUED)

The amounts recognised in the statement of changes in equity are as follows:

	2012 £'000	2011 £'000
Current service cost	(140)	(702)
Interest cost	(337)	(478)
Expected return on employer's assets	317	339
Past service costs	-	1,070
Loss on curtailment	(156)	(81)
Pension liability revaluation on transfer into BFI	582	-
Total	<u>266</u>	<u>148</u>

Actual return on plan assets	47	16
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Amount recognised in statement of changes in equity:

	2012 £'000	2011 £'000
Actuarial (losses) / gains recognised in the statement of changes in equity	(1,205)	1,502
Cumulative actuarial losses in statement of changes in equity	(3,048)	(1,843)

Changes in the present value of the defined benefit obligation:

	2012 £'000	2011 £'000
Opening defined benefit obligation	(6,707)	(8,709)
Movement in value of liability upon transfer	468	-
Current service cost	(140)	(698)
Interest cost	(337)	(478)
Contributions by members	(204)	(185)
Actuarial (losses) / gains	(934)	2,179
Past service costs	-	1,062
Estimated benefits paid	782	203
Loss on curtailment	(156)	(81)
Closing defined benefit obligation	<u>(7,228)</u>	<u>(6,707)</u>

Changes in the fair value of the plan:

	2012 £'000	2011 £'000
Opening fair value of employer assets	5,454	5,475
Movement in value of assets upon transfer	114	-
Expected return on assets	317	338
Contributions by members	204	185
Contributions by employer	868	329
Actuarial losses	(271)	(671)
Benefits paid	(782)	(202)
Closing fair value of employer assets	<u>5,904</u>	<u>5,454</u>

A history of experience gains and losses is shown below:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of employer assets	5,904	5,454	5,475	4,114	4,558
Present value of defined benefit obligation	<u>(7,228)</u>	<u>(6,707)</u>	<u>(8,709)</u>	<u>(4,916)</u>	<u>(4,610)</u>
Deficit	(1,324)	(1,253)	(3,234)	(802)	(52)
Experience (losses)/gains on assets	(271)	(592)	959	(1,382)	78
Experience gains/(losses) on liabilities	<u>11</u>	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>(308)</u>

5. OTHER EXPENDITURE APPORTIONED FROM CORE BFI GRANT-IN-AID

Other expenditure apportioned from core BFI Grant-in-Aid relates to the costs of those centralised functions within the BFI that are apportioned to Lottery. These are CEO and Deputy CEO offices, Partnerships, Finance, Facilities, HR, IT, Monitoring, Marketing, Strategic Development, Research and Statistics and Certification. The apportionment is based on a review of the work of these departments and is set as an appropriate percentage recharge in light of this. Auditor's remuneration was £30,000 (2011: £28,000).

Restructuring costs are a proportion of the costs incurred relating to the transfer of Lottery Distributor status to the BFI from 1 April 2011. These include: leasehold improvements on the offices (£0.3m); staff restructuring (£0.2m); and a share of those costs otherwise attributable to the changes arising from the new role (£0.8m).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

6. TAXATION

The BFI is a registered charity and as such its income and gains falling within s.505 ICTA 88 or s.256 TCGA 92 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

As a company, £2,000 corporation tax was payable on the interest earned by the UKFC in the year ended 31 March 2011 at the rate of 28%.

7. FILM RIGHTS

	Gross £'000	Impairments £'000	Repayment £'000	Net £'000
At 1 April 2010	226,646	(144,000)	(61,755)	20,891
Hard commitments made in the year	15,283	(9,324)	(194)	5,765
Movements on prior year commitments	-	(5,258)	(6,160)	(11,418)
Fair valuation adjustments in the year	3,166	-	-	3,166
Decommitments	(390)	-	-	(390)
At 31 March 2011	<u>244,705</u>	<u>(158,582)</u>	<u>(68,109)</u>	<u>18,014</u>
Hard commitments made in the year	20,881	(12,842)	(628)	7,411
Movements on prior year commitments	-	(4,304)	(3,289)	(7,593)
Fair valuation adjustments in the year	3,413	-	-	3,413
Decommitments	(84)	-	-	(84)
At 31 March 2012	<u>268,915</u>	<u>(175,728)</u>	<u>(72,026)</u>	<u>21,161</u>

The fair valuation adjustment relates to future income anticipated on those projects where the original investment has already been fully recouped. Whilst based on best information available at the statement of financial position date there is inevitable uncertainty in estimating these future income flows. Of the £3.4m increase in fair value in the year, £3.3m relates to The King's Speech, which in 2011-12 recouped £3.4m against a fair valuation at 1 April 2011 of £3.1m.

Schedule 1 gives a project by project breakdown in the movement of the film rights.

Under International Financial Reporting Standards relating to Financial Instruments (IAS32, IAS39 and IFRS7) film rights fall within the definition of financial instruments; within that, they meet the definition of 'available for sale financial assets' and are shown in the statement of financial position at fair value.

The valuation of film rights is inherently uncertain, being on informed expectation of future receipts and is under constant review over the life of a project, subject to its actual or anticipated success or otherwise. Many of the factors affecting the valuation will only occur over the passage of time. Should a project over-perform against expectations, once the full investment has been recouped, the film right is increased by a fair valuation based on future years anticipated revenues. However should a film be considered to be likely to under-perform against the original estimation, the impairment against it will be subsequently increased.

It is always more likely that a film right will have an increased impairment over time, as more factual evidence comes to light both as to the project itself and its actual commercial performance.

The table below illustrates the year on year movement in provisions and fair value and the subsequent movements in film right valuations

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Film rights valuation at 1 April	18,014	20,891	15,056	23,085	34,827
Movement in year on provisions on film rights	(4,303)	(5,259)	(430)	(4,932)	(7,326)
Experience gains in year in fair valuation on film rights	6,800	3,175	148	286	480

In 2008 the main additional impairments related to: Closing The Ring (£1.6m) and Sunshine (£3.3m). The fair value gains reflect a portfolio of projects including Bend It Like Beckham, The Magdalene Sisters and Mike Bassett: England Manager.

In 2009 the main additional impairments related to How To Lose Friends And Alienate People (£1.1m), Brideshead Revisited (£0.9m), Franklyn (£0.7m), Moon Princess (£0.9m) and Death Defying Acts (£0.8m).

In 2010 the main additional impairments related to Triangle (£0.4m), 1939 (£0.5m), Dorian Gray (£0.4m) and Jean Charles (£0.3m).

In 2011 the main additional impairments related to Brighton Rock, Chalet Girl, Tracker and Another Year. The fair value gains reflected the immediate success of the Kings Speech which recouped its in initial investment within weeks of its critical and commercial success.

In 2012 the largest increase in provisions relates to the writing off of the remaining rights valuation on Sunshine (£1.9m), Notes On A Scandal (£0.6m) and Wuthering Heights (£0.3m) and an additional provision with regard to Attack The Block. The fair value gains reflect the ongoing commercial success of The King's Speech and anticipated future revenues from this.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

8. NATIONAL LOTTERY DISTRIBUTION FUND

The movement in balances held at the NLDF is:

	2012 £'000	2011 £'000
Opening balance held at the NLDF	35,676	31,225
Income received from the Lottery	41,243	34,775
Transfer to the Olympic Lottery Distribution Fund (OLDF)	(5,866)	(5,866)
Investment income earned	294	405
Available for distribution	<u>71,347</u>	<u>60,539</u>
Cash drawn down	<u>(31,528)</u>	<u>(24,863)</u>
Balance as at 31 March	<u><u>39,819</u></u>	<u><u>35,676</u></u>

Income received from the Lottery shown above is after unrealised gains of £460,000 (2011: unrealised losses of £50,000).

The funds are invested on behalf of the NLDF by the National Debt Commissioners. The BFI's distribution is in accordance with Sections 22 and 23 of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). The BFI is required by statute to show on the statement of financial position the lower of the market value or the cost of the investment as at the year end.

In February 2008, a Statutory Instrument (SI 2008 No. 255, The Payments into the OLDF etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the NLDF to the OLDF in order to meet some of the costs of holding the 2012 Olympic and Paralympic Games. This comprises £410m as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675m arising from the subsequent budget review.

The UKFC was committed to contribute up to £9.6m in the original bid and this order allows for the transfer of up to a further £12.2m making a total of £21.8m and the balance of this liability transferred to the BFI on 1 April 2011.

Four transfers of funds under the statutory instrument took place during the financial year with the BFI contributing a total of £5.9m. Further transfers are anticipated at quarterly intervals until July 2012.

As this liability only crystallises at the point of the three monthly transfer, the remaining liability of £3m is not recorded in the statement of financial position as at 31 March 2012.

9. TRADE AND OTHER RECEIVABLES

	2012 £'000	2011 £'000
Trade and other receivables falling due within one year		
Prepayments and accrued income	1,207	-
VAT receivable	153	624
Other receivables	978	361
Total trade and other receivables	<u>2,338</u>	<u>985</u>

Analysis of trade and other receivables between:

	2012 £'000	2011 £'000
Payable by central government	1,413	624
Payable by local authorities	-	-
Payable by bodies external of Government	925	361
	<u>2,338</u>	<u>985</u>

10. CASH AND CASH EQUIVALENTS

All Lottery cash balances are held in commercial bank accounts.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012**

11. FINANCIAL RISKS

International Financial Reporting Standards require disclosure of the role which financial instruments have had during the period, in creating or changing the risks the BFI faces in undertaking its role.

Liquidity risks

In 2012, £41.2m (83%) (2011: £34.8m, 80%) of the BFI's Lottery cash inflows were derived from the National Lottery. The remaining Lottery income comprises investment returns from the balance held with the NLDF £0.3m (1%) (2011: £0.4m, 1%); recoupment income from film rights £3.9m (8%) (2011: £6.3m, 15%); surplus on UKFC and Arts Council England investments £3.8m (8%) (2011: £1.8m, 4%); and bank interest and other income £0.3m (1%) (2011: £nil, 0%).

The Governors consider that, as the NLDF balance notified by the Secretary of State for Culture, Olympics, Media and Sport and the BFI's own Lottery cash holding amount to £39.8m at the statement of financial position date (2011: £35.7m), sufficient liquid resources are available to cover all current hard and soft commitments totalling £16.2m (2011: £12.9m) and any other payables.

Interest rate risks

The BFI's largest financial asset is retained in the NLDF, which invests in a narrow band of low risk assets such as Government bonds and cash. Neither the BFI nor its Governors has any control over these investments. The interest rate risks in respect of these financial assets are disclosed in the financial statements of the NLDF. The market value at year end of the BFI's investment in the NLDF was £39.8m (2011: £35.7m) and the average investment return for the year was 2.26% (2011: 2.26%).

Cash drawn from the NLDF, or received from other sources, to pay grant commitments and operating costs are held in variable rate bank accounts and the average interest rate return for the year was 0.1% (2011: 0.1%). The cash balance at the year end was £4.1m (2011: £4.1m).

Other price risks

Under International Financial Reporting Standards relating to Financial Instruments (IAS32, IAS39 and IFRS7) film rights fall within the definition of financial instruments and within that meet the definition of 'Available for sale financial assets' and are therefore shown in the statement of financial position at fair value.

Establishing the fair value of film rights is subjective and therefore contains an element of risk. The fair value is based on a review of external evidence such as the sales agents estimates as to the likely revenues generated by a project, and depending on where it is in the life cycle of the project, upon actual performance of the film to date. This is matched with the knowledge and experience of the staff and management involved in the process of assessing the projects both at application stage and as they come to fruition. Any reduction in fair value is immediately taken to the statement of comprehensive income in the year.

The valuation of film rights are subject to ongoing review to ensure a fair value is maintained with any impairments being charged as expenditure. Any increase in the fair value beyond the original investment value is taken to reserves and only released as income on the actual receipt of funds.

Film rights have a valuation of £21.1m (2011: £18.0m) and the Governors consider that the BFI is not exposed to significant other price risks.

Foreign currency risks

The BFI's financial assets are not exposed to material foreign exchange risks, as long-term balances are held in sterling.

12. TRADE AND OTHER PAYABLES

	2012	2011
	£'000	£'000
Corporation tax	-	2
Other payables - Grant-in-Aid	119	2,480
Other payables	<u>142</u>	<u>92</u>
	<u>261</u>	<u>2,574</u>
Analysis of other payables between:		
Payable to Grant-in-Aid	119	2,480
Payable to Central Government – HM Revenue and Customs re Corporation Tax	-	2
Payable to bodies external of Government	<u>142</u>	<u>92</u>
	<u>261</u>	<u>2,574</u>

Amounts payable to BFI Grant-in-Aid comprise £100,000 of operating costs for Lottery activities in the last month of the year ending 31 March 2012 (2011: £2.5m payable to UKFC Grant-in-Aid). It is anticipated that all other payables as at 31 March 2012 fall due within one year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

13. OTHER PAYABLES - AWARDS COMMITMENTS

Hard Commitments

	2012 £'000	2011 £'000
At 1 April 2011	5,243	11,151
Commitments made	33,880	27,800
Hard decommitments	(42)	(919)
Amounts paid	<u>(30,427)</u>	<u>(32,789)</u>
At 31 March 2012	<u>8,654</u>	<u>5,243</u>

Hard decommitments arise when any element of the award is not utilised once contracts are signed and drawdown has commenced.

New hard commitments made during the year:

	2012 £'000	2011 £'000
Film rights	20,881	15,308
Regional awards	2,743	2,465
First Light awards	1,100	1,100
Distribution & Exhibition awards	3,906	3,569
Opportunity and Challenge Fund	1,595	-
Training awards	3,654	3,654
Film Education	-	500
Publication awards	-	7
Rural Strategy Pilot awards	<u>-</u>	<u>1,197</u>
	<u>33,880</u>	<u>27,800</u>

Regional awards are, in the first six months the delegated amounts to the Regional Screen Agencies created under the Regional Investment Fund for England (RIFE). From 1 October 2011, Creative England was appointed the delegate with responsibility for all the English regions outside of London, with all Lottery transactions and activities transferring into the new body as at that date.

Ageing of hard commitments - estimated dates of payment

	2012 £'000	2011 £'000
Year ended 31 March 2012	-	5,243
Year ended 31 March 2013	<u>8,654</u>	<u>-</u>
	<u>8,654</u>	<u>5,243</u>

Soft Commitments

	2012 £'000	2011 £'000
At 1 April 2011	7,650	18,143
Commitments made	34,773	18,436
Soft decommitments	(235)	(1,129)
Transferred to hard commitments	<u>(33,880)</u>	<u>(27,800)</u>
At 31 March 2012	<u>8,308</u>	<u>7,650</u>

Soft decommitments arise when the conditions of the terms of the award are not met and prior to signature of contract and completion of any terms precedent.

14. LEASES

As at 31 March 2012, the BFI had total minimum payments under a non-cancellable operating lease relating to land and buildings in London, Berkhamsted and Gaydon, as set out below. The comparative figures, for the UKFC, relate to the single London office premises.

	2012 £'000	2011 £'000
Amounts payable within one year	1,515	356
Amounts payable within two to five years	6,060	1,144
Amounts payable beyond five years	<u>7,575</u>	<u>-</u>

The proportion of the costs relating to these leases forming part of the costs apportioned from Grant-in-Aid are:

	2012 £'000	2011 £'000
Amounts payable within one year	261	317
Amounts payable within two to five years	1,044	1,018
Amounts payable beyond five years	<u>1,305</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

15. CAPITAL COMMITMENTS

As at 31 March 2012, the BFI had no capital commitments outstanding (2011: £nil).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

At 31 March 2012, the BFI Lottery activities had no provisions, contingent assets or liabilities (2011: £nil).

17. SEGMENTAL REPORTING

The BFI is required under the Lotteries Act to produce statutory accounts which cover its operations as a Lottery distributor to 31 March 2012. These are reported to the Board of Governors and the Chief Executive Officer as a stand-alone entity. Thus in the context of IFRS8 no additional disclosure of segmental reporting is deemed appropriate.

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash flow from operating activities:

	2012 £'000	2011 £'000
Operating surplus/(deficit)	4,763	(1,573)
(Increase) / decrease in film rights	(3,147)	3,207
(Increase) in trade receivables	(5,496)	(4,668)
Decrease in trade payables	4,511	615
Movement in pension liability	(552)	(475)
Net cash from operating activities	<u>79</u>	<u>(2,894)</u>

19. EVENTS AFTER THE REPORTING PERIOD

From 1 April 2012 the proportion of the Lottery share attributable to the BFI as one of the good causes increased from 2.43% to 2.704%.

There were no other events after the reporting period either adjusting or non-adjusting which are not disclosed elsewhere in the Notes to the financial statements.

These accounts were authorised for issue on the date that C&AG certified the accounts.

20. LOSSES AND SPECIAL PAYMENTS

Screen East, the regional screen agency under the RIFE programme, went into liquidation in September 2010. The agency had received grant and Lottery awards from the UKFC. A protective claim of £1,046,686 was lodged with the liquidator. This claim was transferred to the BFI on 1 April 2011 and remains unadjusted. Until the conclusion of the liquidation process it is unclear what funds will be receivable from the liquidator, and recovery of funds has not been anticipated in these financial statements. There is a risk that the full balance will be lost.

21. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODIES

In 2012 delegation agreements with the Regional Screen Agencies (to 30 September 2011), Creative England (from 1 October 2011), First Light Movies Ltd and Skillset were in place and fully operational for the purpose of distribution of Lottery funds. With the transfer of Lottery delegate status on 1 October 2011 to Creative England, all open awards and the matching funds in relation to the non London Regional Screen Agencies were transferred to Creative England.

Transactions in these accounts relating to delegate bodies reconcile to transactions in the accounts of these organisations as follows:

Transactions in the BFI accounts:

	Hard commitments in year ended 2012 £'000	Delegate body payable at 31 March 2012 £'000
Creative England	1,675	690
EM Media	186	-
First Light Movies Ltd	1,100	-
Northern Film & Media	163	-
North West Vision & Media	83	-
Screen East	-	-
Screen South	128	-
Screen West Midlands	111	-
Screen Yorkshire	134	-
Creative Skillset	3,654	236
South West Screen	117	-
	<u>7,351</u>	<u>926</u>

Hard commitments to Creative England includes £670,000 with regard to commitments that were transferred from the Regional Screen Agencies at the point of transfer of Lottery delegate status on 1 October 2011. The funds were returned initially to BFI and then reallocated to Creative England who also took on responsibility for the awards to which these sums related.

Film London ceased to be a delegate body in the year, receiving instead an award of £146,000 Lottery funds for specific activities.

In the addition to the above, at 1 April 2010 Screen East had Lottery reserves relating to the Regional Investment Fund for England and the Digital Film Archive Fund of £0.56m, and subsequently went into liquidation on 30 September 2010.

Until the conclusion of the liquidation process it is unclear what funds will be recoverable from the Liquidator, and recovery of funds has not been anticipated in these accounts and there is a risk that the full balance, less any payments made in the months prior to the liquidation, will be lost.

Schedule 3 lists the individual Lottery awards made by these delegates during the year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

22. RELATED PARTIES

The BFI maintains a publicly available register of Governors' interests. Given their broad experience across the film sector, it is inevitable that Governors had connections with or interests in projects and organisations that may from time to time have come to the BFI for funding. All Governors were therefore required to declare any direct interest in and commercial relationships with award applications made to the BFI and they had no role in the award making process. Similarly, BFI employees were excluded from decision making around any relevant application involving any organisation or company in which they have a declared interest.

During the year the BFI entered into transactions, in the ordinary course of business, with related parties. National Lottery awards are included in film rights at the date of the statement of financial position or written off to expenditure within the year.

All awards outstanding are payable upon the meeting of conditions precedent within individual contracts.

The following related party transactions occurred during the period:

Recipient of funding	Name	Role with BFI	Relationship to recipient of funding	New Awards made Year Ended 2012 £	Balances outstanding 2012 £
Big Talk Productions	Matthew Justice	Governor	Managing Director	300,000	62,379
Daybreak Pictures Limited	Peter Kosminsky	Governor	Director	33,500	33,500
First Light	Peter Kosminsky	Governor	Board member	1,100,000	-
International Documentary Festival Sheffield Limited	Paula La Dieu	Employee	Board member	77,452	-

Tessa Ross, a Governor of the BFI, is Controller of Film and Drama at Channel 4. Film 4, who are part of Channel 4, independently co-funded a number of projects across the year with the BFI.

In addition £106,384 was paid to Olswang Solicitors for professional services rendered in the year. Lisbeth Savill, a Governor of the BFI, is a Senior Partner in the firm.

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
Africa United	Africa United Ltd	50,000	-	(69,478)	-	-	-	-	-	-
Attack The Block	ATB Pictures Ltd	738,336	-	-	-	-	(300,000)	19,478	-	438,336
Brighton Rock	Brighton Rock Productions Ltd	263,021	-	(176,124)	-	-	-	-	-	86,897
Centurio	Centurio Films Ltd	199,052	-	(150,988)	-	-	-	-	-	48,064
The Cottage	Steel Mills (Yorkshire) Ltd & Steel Mill Cottage (IOM) Ltd	5,000	-	-	-	-	-	-	-	5,000
Dagenham Girls	Dagenham Girls Ltd and We Want Sex Ltd	117,387	-	(59,729)	-	-	-	-	-	57,658
Faintheart	Valhalla Films Ltd	5,000	-	(2,910)	-	-	-	-	-	2,090
Harry Brown	Harry Brown Film Ltd	639,169	-	(42,870)	-	-	-	-	-	596,299
Mike Bassett:England Manager	Hallmark Entertainment Film Productions and Hallmark Entertainment Distributors LLC	74,317	-	(9,414)	-	-	-	-	-	64,903
Nowhere Boy	Lennon Films Ltd & Nowhere Boy Productions	160,456	-	(54,377)	-	-	-	3,901	-	106,078
P45 aka Severance	Severance Films Ltd	8,056	-	(11,956)	-	-	-	-	-	750,000
Salmon Fishing in the Yemen	Yemen Productions	750,000	-	-	-	-	-	-	-	21,825
Snowflake	Snow Flake Films Ltd	21,825	-	-	-	-	-	-	-	222,207
Streetdance	Streetdance Ltd	420,807	-	(198,600)	-	-	-	-	-	222,207
St Trinians	Fragile St Trinians's & Mayhem Films Ltd	241,552	-	(11,212)	11,212	-	-	-	(11,212)	230,339
The Guard	Boyle Film Productions	50,000	-	-	-	-	-	-	-	50,000
The King's Speech	Speaking Film Ltd	3,050,000	-	(3,454,318)	3,454,318	-	-	-	3,280,000	6,330,000
Triangle	Triangle Films Ltd	35,325	-	(23,096)	-	-	-	-	-	12,229
WAZ	Waz Distribution Ltd	5	-	-	-	-	-	-	-	5
Wuthering Heights	Wuthering Heights Films Ltd	300,000	-	-	-	-	(300,000)	-	-	-
CORSICA 72	Ruby Films Ltd	44,510	-	-	-	-	(44,510)	-	-	-
Dan Leno	Number 9 Films Ltd	60,568	-	-	-	-	(60,568)	-	-	-
Dreams of a Life	Dreams of a Life Ltd	45,000	-	-	-	-	-	-	-	45,000
Eight Minutes Idle	iFeatures Ltd and Cinema Six SPV2 Ltd	45,000	-	-	-	-	-	-	-	45,000
Grabbers	Erim Island Ltd and Bear Rock Films Ltd	135,000	-	-	-	-	(100,000)	-	-	35,000
Horrid Henry	Novel Animation Ltd and Henry Productions Ltd	225,000	-	-	-	-	-	-	-	225,000
We Need To Talk About Kevin	Kevin Films Ltd	350,000	-	-	-	-	(350,000)	-	-	-
Rafta Rafta	Left Bank Pictures (Film) Ltd and Rafta Rafta Ltd	75,000	-	-	-	-	-	-	-	75,000
Shane	See-Saw Films Ltd	300,000	-	-	-	-	-	-	-	300,000
Trap for Cinderella	Trap for Cinderella Ltd	42,350	-	(42,350)	-	-	-	-	-	-
The Deep Blue Sea	Deep Blue Sea Productions Ltd	318,000	-	-	-	-	(200,000)	-	-	118,000
Spike Island (fka 30 Odd Miles Up the East Lancs Rd)	Fiesta Productions Ltd	27,500	-	(27,500)	-	-	-	20,500	-	-
Spike Island (fka 30 Odd Miles Up the East Lancs Rd)	Fiesta Productions Ltd	20,500	-	(20,500)	-	-	-	14,550	-	-
Spike Island (fka 30 Odd Miles Up the East Lancs Rd)	Fiesta Productions Ltd	14,550	-	(14,550)	-	-	-	-	-	-
The Iron Lady	Blue Cloth Ltd	1,000,000	-	(470,716)	-	-	-	-	-	529,284
The Nine Muses	Smoking Dogs Films Ltd	45,000	-	-	-	-	(45,000)	-	-	-
Trishna	Trishna Films Ltd	195,000	-	-	-	-	(143,500)	-	-	51,500
The Woman In Black	Squid Productions Ltd	500,000	-	(243,663)	-	-	-	-	-	256,337

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
Production Vision Award	Blueprint Pictures Ltd	900	-	-	-	-	-	-	-	900
Brideshead Revisited	Ecosse Films Ltd	37,000	-	-	-	-	-	-	-	37,000
Chance Encounter	Blueprint Pictures Ltd	1,000	-	-	-	-	(1,000)	-	-	-
Production Vision Award	Dan Films Ltd	18,750	-	-	-	-	(15,036)	-	-	18,750
The Dream Project	Wall to Wall Media Ltd	15,036	-	-	-	-	-	-	-	-
Production Vision Award	Ecosse Films Ltd	2,500	-	(15,000)	-	-	-	12,500	-	-
Production Vision Award	Fiesta Productions Ltd	13,125	-	(15,000)	-	-	-	1,875	-	-
Production Vision Award	Free Range Films	18,750	-	(18,750)	-	-	-	-	-	-
The Duchess (aka Georgiana, Duchess of Devonshire)	Qwerty Films Ltd	20,189	-	(3,605)	-	-	-	-	-	16,584
Slate Funding	Jupiter Projects Ltd	171,784	-	-	-	-	-	-	-	171,784
Production Vision Award	Left Bank Pictures Ltd	18,750	-	-	-	-	-	-	-	18,750
Slate Funding	Number 9 Films Ltd	194,645	-	-	-	-	-	-	-	194,645
Production Vision Award	Revolution Films	3,750	-	(3,750)	-	-	-	-	-	-
Shell	Broken Spectre Ltd	10,000	-	-	-	-	-	-	-	10,000
Production Vision Award	Sigma Films Ltd	37,500	-	-	-	-	-	-	-	37,500
Production Vision Award	See-Saw Films Ltd	18,750	-	-	-	-	-	-	-	18,750
The Berberian Sound Studio	Illuminations Films Ltd	25,000	-	(25,000)	-	-	-	-	-	-
The House of Sleep	Three Rivers Ltd	5,000	-	-	-	-	(5,000)	-	-	-
Production Vision Award	Warp Films Ltd	3,750	-	-	-	-	-	-	-	3,750
Production Vision Award	104 Films Ltd	(3,000)	-	(3,000)	-	-	-	3,000	-	-
Slate Funding	Fragile Films Ltd	(806)	-	(806)	-	-	-	806	-	-
Cirkus Columbia	Autonomous Ltd	43,000	-	-	-	-	-	-	-	43,000
First Grader	Origin Pictures Ltd	28,875	-	-	-	-	-	-	-	28,875
FISH TANK	Kasander (Andrea Unfilled Ltd)	6,144	-	(11,556)	-	-	-	-	-	-
HUSH WARP X	Warp X / Fear Factory (Hush) Ltd	19,804	-	4,234	-	-	-	5,412	-	24,038
Kill List	Warp X / Rook Films (Kill List) Ltd	117,400	-	(70,789)	-	-	-	-	-	46,611
Laid Off	Wildier Films (Laid Off) Ltd	155,000	-	-	-	-	(155,000)	-	-	-
The Magdalene Sisters	PPF Films Ltd	10,000	-	(14,576)	14,576	-	-	-	5,000	15,000
Neds	Bluelights Neds Ltd	65,000	-	-	-	-	-	-	-	65,000
Project Nim	Project Nim Ltd	27,100	-	(27,100)	-	-	-	-	-	-
Punch (aka Donkey Punch)	Warp X (Punch) Ltd	49,061	-	(1,695)	-	-	-	-	-	47,366
Rage	Adventure Pictures (Rage) Ltd	3,021	-	(804)	-	-	-	-	-	2,217
Reach the Clouds (aka Man on Wire)	Wall to Wall (Egypt) Ltd	23,910	-	(4,897)	4,897	-	-	-	49,991	73,901
Sparkle	Magic Light Pictures (Commissioning) IOM Ltd	354	-	-	-	-	-	-	-	354
Submarine	Warp (Submarine) Ltd	350,000	-	(242,570)	-	-	-	-	-	107,430
The Berberian Sound Studio	Illuminations Films Ltd	82,375	-	-	-	-	-	-	-	82,375
Tony	Tony Pictures Ltd	10,000	-	-	-	-	-	-	-	10,000
Touching the Void	Touching the Void Ltd	15,769	-	(332)	332	-	-	-	(332)	15,437
TYRANNOSAUR	Warp X / Inflammable (Tyrannosaur) Ltd	20,654	-	(15,879)	-	-	-	-	-	4,775
Unmade Beds	Three Pillows Films Ltd	4,626	-	-	-	-	-	-	-	4,626

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
A Way Thro The Woods/Sep Lies	DNA Films Ltd	225,909	-	-	-	-	(225,909)	-	-	53,091
Bend It Like Beckham	Bend It Films Ltd	63,039	-	(9,948)	9,948	-	-	-	(9,948)	99,201
A Christmas Carol	The Film Consortium Ltd	117,900	-	(18,699)	-	-	-	-	-	86,526
Churchill, the Hollywood Years	Pathe Productions Ltd	86,526	-	-	-	-	-	-	-	212,125
Enduring Love	Pathe Productions Ltd	214,377	-	(2,252)	-	-	-	-	-	15,395
51st State	The Film Consortium Ltd	15,395	-	-	-	-	-	-	-	2,499
It Was An Accident	Pathe Productions Ltd	2,499	-	-	-	-	-	-	-	17,493
The Lawless Heart	MP Productions (LH) Ltd	17,493	-	-	-	-	-	-	-	159,151
Magic Roundabout	Pathe Productions Ltd	159,151	-	-	-	-	-	-	-	18,799
Max	Pathe Productions Ltd	18,799	-	-	-	-	-	-	-	19,295
Morvern Callar	Morvern Callar Productions Ltd	19,295	-	-	-	-	-	-	-	238,930
Miss Henderson Presents	Pathe Productions Ltd	238,930	-	-	-	-	-	-	-	238,930
Natural History	Pathe Productions Ltd	75,894	-	-	-	-	(569,089)	-	-	75,894
Notes on a Scandal	DNA Films Ltd	569,089	-	-	-	-	(460,218)	-	-	-
DNA General Overheads	DNA Films Ltd	460,218	-	-	-	-	-	-	-	-
Bride & Prejudice	Pathe Productions Ltd	75,872	-	-	-	-	-	-	-	75,872
Shooting Fish	Gruber Films Ltd	6,935	-	-	-	-	-	-	-	6,935
Silk Road aka In This World	The Film Consortium Ltd	19,342	-	-	-	-	-	-	-	19,342
Sunshine	DNA Films Ltd	1,858,275	-	-	-	-	(1,858,275)	-	-	-
Suzie Gold	DNA Films Ltd	24,795	-	-	-	-	-	-	-	24,795
Thunderpants	Pathe Productions Ltd	3,669	-	(46,529)	-	-	-	46,529	-	3,669
Twenty Four Hour Party People	The Film Consortium Ltd	88,182	-	(2,136)	-	-	-	-	-	86,046
With Prejudice	Pathe Productions Ltd	27,530	-	-	-	-	-	-	-	27,530
Abduction Club	Pathe Productions Ltd	-	-	-	-	-	-	-	-	-
Adulthood	Adulthood Ltd	-	-	12,741	-	-	(12,741)	-	-	-
Bent	Bent Productions Limited	-	-	(97,616)	-	-	-	97,616	-	-
Brick Lane	Seven Seas (SL) Ltd	-	-	(334)	-	-	-	334	-	-
Bright Star	Bright Star Films Ltd	-	-	(1,230)	-	-	-	1,230	-	-
Bugs	The Film Consortium Ltd	-	-	(66,761)	-	-	-	66,761	-	-
Camelmen: The Life and Work of Jack Cardiff	Modus Operandi Films Ltd	-	-	(107,208)	-	-	-	107,208	-	-
A Complete History of my Sexual Failures	Warp X Ltd and Complete History Films Ltd	-	-	(5,648)	-	-	-	5,648	-	-
Entitled aka In Every Dream House	Haystack Productions	-	-	(790)	-	-	-	790	-	-
The Escapist	Picture Farm (The Escapist) Ltd	-	-	(24,746)	-	-	-	24,746	-	-
Free Style	Freestyle Films Ltd	-	-	(14,186)	-	-	-	14,186	-	-
Girl with a Pearl Earring	Pathe Productions Ltd	-	-	(533)	-	-	-	533	-	-
Good Vibrations	Pathe Productions Ltd	-	-	(5,529)	-	-	-	5,529	-	-
Heartlands	Candorblinks (Vibes)	-	-	(15,000)	-	-	-	15,000	-	-
The Illusionist	DNA Films Ltd	-	-	(4,831)	-	-	-	4,831	-	-
Intermission	Pathe Productions Ltd	-	-	(65,000)	65,000	-	-	-	-	-
In my father's den	Company of Wolves (Intermission) Ltd	-	-	(227)	-	-	-	227	-	-
Little Red Riding Hoodie	Little Bird Company Ltd and Father's Den Production Ltd	-	-	(4,535)	-	-	-	4,535	-	-
Lore	Imagine Pictures Ltd	-	-	(1,365)	-	-	-	1,365	-	-
Northern Film & Media Dig Shorts	Edge City Films Ltd	-	-	(18,500)	-	-	-	18,500	-	-
Ratcatcher	Northern Film and Media Ltd	-	-	(7,323)	-	-	-	7,323	-	-
The Hole	Pathe Productions Ltd	-	-	(1,607)	1,607	-	-	-	-	-
The Journeyman	Pathe Productions Ltd	-	-	(3,820)	-	-	-	3,820	-	-
This is England	Inflammable Films Ltd	-	-	(9,950)	-	(25,050)	-	35,000	-	-
Untitled Mike Leigh 2: Happy-go-lucky	Warp Buildog Ltd and Warp Films Ltd	-	-	(4,924)	-	-	-	4,924	-	-
Untitled Mike Leigh - Vera Drake	Untitled '06 Distribution Ltd	-	-	(1,509)	-	-	-	1,509	-	-
Wasp	Untitled '03 Ltd and Untitled Productions '03 Ltd	-	-	(4,805)	-	-	-	4,805	-	-
Another Year aka Untitled 09	Cowboy Films Ltd	-	-	(1,152)	-	-	-	1,152	-	-
Becoming Jane	Untitled '09 Ltd	-	-	(78,602)	-	-	-	78,602	-	-
French Film	Becoming Jane Films Ltd	-	-	(13,264)	-	-	-	13,264	-	-
Strictly Sinatra	Pont Neuf Ltd	-	-	(1,183)	-	-	-	1,183	-	-
Lila Says	DNA Films Ltd	-	-	(21,333)	21,333	-	-	-	-	-
Straightheads	Passion Pictures	-	-	(4,198)	-	-	-	4,198	-	-
Dust	Straightheads Limited	-	-	(473)	-	-	-	473	-	-
Gabriel and Me (aka Jimmy Spud)	The Film Consortium Ltd	-	-	3,418	-	-	-	(3,418)	-	-

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
28 Days Later	DNA Films Ltd	100,000	-	(161,349)	161,349	-	-	-	-	200,000
Ladies in Lavender	Ladies in Lavender Ltd	20,000	-	(5,060)	5,060	-	-	-	-	20,000
28 Weeks Later	DNA Films Ltd	0	-	-	-	-	(0)	-	-	246
Cirkus Columbia	Autonomous Ltd	20,800	-	(20,554)	-	-	-	-	-	-
Project Nim	Project Nim Ltd	255,047	-	(484,800)	-	-	-	229,753	-	53,077
Made in Dagenham	Dagenham Girls Ltd and We Want Sex Ltd	3,330	-	-	-	-	(3,330)	-	-	-
The Dream Project	Wall to Wall Media Ltd	18,750	-	-	-	-	-	-	-	18,750
Production Vision Award	Warp Films Ltd	18,750	-	(6,250)	-	-	-	-	-	12,500
Production Vision Award	Free Range Films	18,750	-	(21,250)	-	-	-	2,500	-	-
Production Vision Award	Revolution Films	18,750	-	-	-	-	-	-	-	18,750
Production Vision Award	See-Saw Films Ltd	18,750	-	-	-	-	-	-	-	3,750
Production Vision Award	Dan Films Ltd	18,750	-	(15,000)	-	-	-	-	-	-
Production Vision Award	Blueprint Pictures Ltd	18,750	-	(25,000)	-	-	-	6,250	-	-
The Guard	Element Pictures UK Ltd	14,920	-	-	-	-	-	-	-	14,920
Made in Dagenham	Dagenham Girls Ltd and We Want Sex Ltd	18,042	-	-	-	-	-	-	-	18,042
We Need to Talk About Kevin	Kevin Films Ltd	38,750	-	-	-	-	(38,750)	-	-	-
Wuthering Heights	Wuthering Heights Films Ltd	112,500	-	-	-	-	(112,500)	-	-	-
Attack the Block	ATB Pictures Ltd	175,000	-	(118,746)	-	-	-	-	-	56,254
360	360 Films Ltd	285,000	-	-	-	-	(285,000)	-	-	-
Spike Island (fka 30 Odd Miles Up the East Lanes Rd)	Fiesta Productions Ltd	5,000	-	(5,000)	-	-	-	-	-	-
Trap for Cinderella	The Jones Company Productions Ltd and Forthooming Productions Ltd	-	-	(14,000)	-	-	-	-	-	11,000
Billy Elliott (aka Dancer)	Tiger Aspect Productions Ltd	200,000	-	-	-	-	-	-	-	200,000
Bite	Parallax East Ltd	-	-	-	-	(2,500)	-	2,500	-	-
Hyde Park on Hudson	Free Range Films	-	-	(20,430)	-	(27,110)	-	47,540	-	-
Kingsland	The Bureau Film Company Ltd	-	-	-	-	(14,560)	-	14,560	-	-
Kling Klang - The Story of Kraftwerk	Synchronicity Films Ltd	-	-	-	-	(2,500)	-	2,500	-	-
The Rocketeers (aka Scottish Screenplay)	La Plante Films	-	-	-	-	(12,500)	-	12,500	-	-
Total commitments made pre 1 April 2011		18,013,584	-	(7,117,372)	3,749,632	(84,210)	(5,285,425)	987,634	3,413,499	13,671,342
Remainder	Tiger Lily Films Ltd	-	2,400	-	-	-	(2,400)	-	-	-
Posh	Blueprint Pictures Ltd	-	10,000	-	-	-	(10,000)	-	-	-
The Outcast	Blueprint Pictures Ltd	-	12,500	-	-	-	(12,500)	-	-	-
Strangers	Number 9 Films (Slate)	-	28,280	-	-	-	(28,280)	-	-	-
Stain on the Snow	Amusement Park Films GmbH	-	35,000	-	-	-	(35,000)	-	-	-
The Clash (w/)	Ruby Films Ltd	-	57,000	-	-	-	(57,000)	-	-	-
Boxing Day	Independent Film Productions Ltd	-	100,000	-	-	-	(100,000)	-	-	-
Under the Skin	Modern Films Ltd	-	1,500	-	-	-	-	-	1,500	-
Apples	Tiger Lily Films Ltd	-	1,500	-	-	-	(1,500)	-	-	-
Tell it to the Bees	Conviction Film Productions Ltd	-	2,500	-	-	-	(2,500)	-	-	-
Balance of Power	Element Pictures / Scarlet Films	-	2,500	-	-	-	(2,500)	-	-	-
Girl on the Landing	Girl On The Landing Ltd	-	3,000	-	-	-	(3,000)	-	-	-
Dan Leno and the Limehouse Golem	Number 9 Films Ltd	-	3,975	-	-	-	(3,975)	-	-	-
The Arbor	Moonspun Films Ltd	-	4,000	-	-	-	-	-	4,000	-
Tell Her	Cloud Eight Films Ltd	-	4,126	-	-	-	(4,126)	-	-	-
Half of a Yellow Sun	Yellow Sun Ltd	-	4,864	-	-	-	-	-	4,864	-
New Career in a New Town: David Bowie in Stay the Same	Blue Horizon Productions (2010) Ltd	-	5,000	-	-	-	(5,000)	-	-	-
White Rose Rebel	Tiny Spark Productions	-	5,000	-	-	-	(5,000)	-	-	-
A Spy By Nature	Feet Films Ltd and Free Range Films Ltd	-	5,000	-	-	-	(5,000)	-	-	-
ID2	Silent War Films	-	5,100	-	-	-	(5,100)	-	-	-
St George's Day	Parallax East Ltd	-	5,500	-	-	-	(5,500)	-	-	-
A Great Work of Time	Amber Film and Photography Collective c/o	-	5,500	-	-	-	(5,500)	-	-	-
Bill & Lena	Number 9 Films (Slate) Ltd	-	6,866	-	-	-	(6,866)	-	-	-
Nativity! The Second Coming	Fly Film Company Ltd	-	7,130	-	-	-	(7,130)	-	-	-
Couple in a Hole	Mirrorball Films Ltd	-	7,250	-	-	-	-	-	7,250	-
Candy	011 Productions Ltd	-	9,500	-	-	-	(9,500)	-	-	-
The Reluctant Orator	Parizian	-	10,000	-	-	-	(10,000)	-	-	-
The Enduring Heart	NyAC	-	10,000	-	-	-	(10,000)	-	-	-
100	Missing in Action Films Ltd	-	10,000	-	-	-	(10,000)	-	-	-
Second Is Nowhere	One Hundred Film SPV Ltd	-	10,000	-	-	-	(10,000)	-	-	-
All in Good Time (fka: Ratita Raffia)	AL Films Ltd	-	10,150	-	-	-	(10,150)	-	-	10,150
	Left Bank Pictures (Film) Ltd	-	10,488	-	-	-	-	-	-	10,488

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
Byzantium (aka Vampire Story)	Number 9 Films Ltd		10,625				(10,625)			-
Ten Meals with Mandy Moon	Endor Productions Ltd		10,750				(10,750)			-
Cool Box	Tiger Lily Films Ltd		11,000				(11,000)			-
Severance II	Dan Films Ltd		11,495				(11,495)			-
I'm Just Swell, Jacques Brel	Singer Films		12,000				(12,000)			-
Skin Flicks, Osaka	Emu Films		12,250				(12,250)			-
Belle	DJ Films Ltd		13,000				(13,000)			-
Spike Island	Fiesta Productions Ltd		14,550							14,550
Great Expectations	Number 9 Films (Slate) Ltd		15,000	(15,000)						-
Bummer	Escape Films Ltd		15,000				(15,000)			-
Step 13	Optimism Film Ltd		15,000				(15,000)			-
Sisters	Cineman Films Ltd		15,000				(15,000)			-
Trishna	Trishna Films Ltd		15,000							15,000
NFTS development deal	National Film and TV		16,000				(16,000)			-
Now Is Good	Blueprint Pictures Ltd		16,000							16,000
Hair of the Dog	Dan Films Ltd		16,500				(16,500)			-
In Search of Flynn	Coconut Monk Films Ltd		16,500				(16,500)			-
Warrior Daughter	Crab Apple Films Ltd		17,000				(17,000)			-
Scouting for Rudeboys	Joke Disco Films Ltd		18,000				(18,000)			-
Shut Up Kevin	Picture Farm Ltd		18,933				(18,933)			-
Patience (after Sebald)	Artevents		19,000				(19,000)			-
Brand New-U	Hot Property Ltd		19,000				(19,000)			-
The Rising	Endor Productions Ltd		19,000				(19,000)			-
Honour	Jason Newark Developments Ltd		19,400	(19,400)				26,000		19,500
Honour	Parit Productions		19,400	(26,000)						-
Fast Girls	DJ Films Ltd		19,500							19,500
Ten Meals with Mandy Moon	Endor Productions Ltd and Rise Films		20,000				(20,000)			-
The Drought	Mann Made Films Ltd		20,000				(20,000)			-
Stones in his Pockets	Stones Film Productions Ltd		20,000				(20,000)			-
Atlantic Bridge	Sigma Films Ltd		20,000				(20,000)			-
Artist Features	Fly Film Company Ltd		20,000				(20,000)			-
The Curse	Quark Films		20,000				(20,000)			-
About A Girl (Aka Stefan Golaszewski Speaks About a Girl He Once Loved)	Ruby Films Ltd		20,250				(20,250)			-
Zayoun	Zayoun Rights Ltd		20,750	(20,750)						-
The Invisible Woman	Headline Pictures Ltd		21,050							21,050
Apples	Tiger Lily Films Ltd		21,280				(21,280)			-
Eight Minutes Idle	iFeatures Ltd		21,800							21,800
The Box of Delights	Brilliant Films Ltd / Fifty Cannon Entertainment		22,250				(22,250)			-
Necropolis	Northpoint Pictures Ltd		22,400				(22,400)			-
Seaside Stories (Paul Wright Feature)	Warp Films Ltd		23,625				(23,625)			-
My Soviet Kitchen	Tailormade Productions		24,000				(24,000)			-
Floating Brothel	Atlantic Film Productions Ltd		25,000				(25,000)			-
Adland: Fall Harder	Liberty Films Entertainment Ltd		25,000				(25,000)			-
The Love Interest (Teaser)	Metzfilm Ltd		25,000				(25,000)			-
Wingman (Pilot) [aka The Liars Club]	People Films Ltd		25,000				(25,000)			-
Salvaged	Frequent Flyer Films Ltd		25,000				(25,000)			-
The Karman Line	Fortune Films Ltd		25,000				(25,000)			-
Greenland Time	Sigma Films Ltd		25,000				(25,000)			-
Settle Down	Scott Free Films Ltd		26,750				(26,750)			-
Balance of Power	Element Pictures / Scarlet Films		26,950				(26,950)			-
The Price On Your Head	Hot Property Films Ltd		27,000				(27,000)			-
The Parachutist	Various Films Ltd		27,518				(27,518)			-
Four Stars Funny Moving (aka Madame Depardieu)	Wildgaze Films Ltd		28,500				(28,500)			-
A Spy By Nature	Silent War Films		28,500				(28,500)			-
Fast Girls	Fast Girls (DJ Films) Ltd		28,750							28,750
Tell it to the Bees	Conviction Film Club Ltd		29,000				(29,000)			-
Broken	Cuba Pictures Ltd		30,000	(30,000)						-
Buildog Drummond	Runaway Fridge Films		30,500				(30,500)			-
The Canterville Ghost	Hibbert Ralph Film Ltd		31,000				(31,000)			-
The Factory [w/]	Open TV and Film Ltd		31,000				(31,000)			-
Trigger	Met Film Production		32,250				(32,250)			-
This House	The Bureau Film Company Ltd		33,000				(33,000)			-
Last Passenger	Last Passenger Ltd		34,970	(34,970)						-

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
Last Passenger	NDF International Ltd			(17,400)					17,400	
Last Passenger	NDF International Ltd			(10,000)					10,000	
Last Passenger	NDF International Ltd			(10,000)					10,000	
The Learning	Inflammable Films Ltd						(35,000)			
Bomb	Adventure Pictures Ltd		35,000							
Last Day on Mars	Qwerty Films Ltd		35,000							35,000
Great Expectations	Number 9 Films (Slate) Ltd		35,000	(30,000)						5,000
Jimmy the Hook	Revolution Films		35,000				(35,000)			
Eight Minutes Idle	iFeatures Ltd		35,000							35,000
Smash and Grab: The Story of the Pink Panthers	Roast Beef Productions		35,000							35,000
The Night Climbers	Starfield Productions Ltd		35,000				(35,500)			
Destroyer	Crab Apple Films and Warp Films Ltd		35,000				(35,700)			
Carbanel	Magic Light Pictures Ltd		36,500				(36,500)			
Gemma Bovey	Ruby Films Ltd		37,500				(37,500)			
Epic	Film and Music Entertainment Ltd		42,950				(42,950)			
Journey into Space	Sigma Films Ltd		45,700				(45,700)			
The Rocketeers (aka Scottish Screenplay)	Dirty Hands Productions Ltd		45,750				(45,750)			
Nightwork	Fragile Films Ltd		46,875				(46,875)			
The Account	Ealing Studios		47,500				(47,500)			
Welcome To the Punch	Red Diesel Ltd		49,930	(49,930)						
Mobius	Rocking Horse Film		50,000				(50,000)			
Under the Skin	Modern Films Ltd		50,000	(50,000)						
Under the Skin	Modern Films Ltd		50,000	(172,174)	60,225			111,949		
Under the Skin	Modern Films Ltd		50,000	(14,963)	4,988			9,975		
Under the Skin	Modern Films Ltd		50,000	(34,536)	11,512			23,024		
Under the Skin	Modern Films Ltd		50,000	(3,750)	1,250			2,500		
Under the Skin	Modern Films Ltd		50,000	(2,250)	750			1,500		
Under the Skin	Modern Films Ltd		50,000				(50,000)			
Basil D Oliveira (aka Dolly)	Greyhound Productions Ltd		50,000				(50,000)			
Blood Red Road	Scott Free Films Ltd		50,000				(50,250)			
The Boy Who Loved Lights	Runaway Fridge Films		50,250							5,076
Wuthering Heights	Ecosse Films Ltd		57,407							
Travels with my Aunt	Ascension Films Ltd		57,500				(67,500)			
Dud	Hammer and Tongs		60,000				(60,000)			
The Janus Effect (aka Codenames Only)	Eleventh Hour Films		60,000				(60,000)			
Grabbers	Forward Films Ltd		65,000							65,000
Your Voice in My Head	Ruby Films Ltd		70,750				(70,750)			
Now Is Good	Blueprint Pictures Ltd		75,000							75,000
Three Miles North of Molkom	Blueprint Pictures Ltd		76,400				(76,400)			
Soprano / Gather at the River	DJ Films Ltd		80,250				(80,250)			
Grabbers	Forward Films Ltd		150,000							150,000
The Comedians	The Bureau Film Company Ltd		180,000				(126,000)			54,000
Swandown	Swandown Productions Ltd		215,750				(151,250)			64,500
Women in the Fifth	Haut El Long		227,273				(159,091)			68,182
Wuthering Heights	Ecosse Films Ltd		260,000				(260,000)			
Broken	Cuba Pictures Ltd		267,500				(187,250)			80,250
The Perverts Guide to Ideology	P Guide Ltd		270,000				(189,000)			81,000
The Sightseers	Sightseers Film Ltd		300,000				(150,000)			150,000
Mister John	Desperate Optimis		300,000				(210,000)			90,000
Sitell	Broken Spectre Ltd		400,000				(280,000)			120,000
Last Passenger	Last Passenger Ltd		428,000				(214,000)			214,000
Welcome to the Punch	Red Diesel Ltd		500,000							500,000
Sireetdance Encore	Vertigo Films Ltd		500,000							500,000
Great Expectations	Number 9 Films (Slate) Ltd		626,552				(626,552)			
Fast Girls	Fast Girls (DJ Films) Ltd		630,000				(455,000)			175,000
Now Is Good	Blueprint Pictures Ltd		674,750				(536,025)			138,725
Shadow Dancer	Shadow Dancer (working title)		750,000				(375,000)			375,000
Angels' Share	Sixteen Films Ltd		750,000				(425,000)			325,000
Seven Psychopaths	Blueprint Pictures Ltd		1,000,000				(500,000)			500,000
Great Expectations	Number 9 Films (Slate) Ltd		1,373,448				(773,448)			600,000
Under the Skin	Seventh Kingdom Productions Ltd		1,673,744				(836,872)			836,872
Submarine	Warp (Submarine) Ltd		7,500							7,500
Salmon Fishing in the Yemen	Kuoco Pictures Ltd		42,000				(42,000)			
All Day Breakfast	Sherbet		10,650				(10,650)			
Earthquakes in London	Headlong Theatre Ltd		29,500				(29,500)			

SCHEDULE 1: MOVEMENT IN FILM RIGHTS
YEAR ENDED 31 MARCH 2012

Description	Applicant	Balance at 1 April	New Commitments	Recoupment	Surplus	Fall In	Provisions	De-provisions	Fair Valuation Movement	Balance at 31 March
Alive, Alone	Ruby Films Ltd	-	10,000	-	-	-	(10,000)	-	-	-
Defence of the Realm	Jason Newmark Developments Ltd	-	30,750	-	-	-	(30,750)	-	-	-
Smash and Grab: The Story of the Pink Panthers	Roast Beer Productions	-	165,000	-	-	-	(115,500)	-	-	49,500
Alive, Alone	Ruby Films Ltd	-	15,000	-	-	-	(15,000)	-	-	-
Bomb	APB Distribution Ltd	-	1,020,000	-	-	-	(714,000)	-	-	306,000
Last Days on Mars (aka The Animators)	Number 9 Films Ltd	-	250,000	-	-	-	-	-	-	250,000
Owerty Films Ltd	Owerty Films Ltd	-	1,000,000	-	-	-	(700,000)	-	-	300,000
Fast Girls (DJ Films) Ltd	Fast Girls (DJ Films) Ltd	-	80,000	-	-	-	(80,000)	-	-	-
Girl on the Landing	Girl on the Landing Ltd	-	41,500	-	-	-	(41,500)	-	-	-
Remainder	Tiger Lily Films Ltd	-	2,500	-	-	-	(2,500)	-	-	-
The Account	Ealing Studios	-	23,500	-	-	-	(23,500)	-	-	-
The Night Climbers	Starfield Productions Ltd	-	1,500	-	-	-	(1,500)	-	-	-
Untitled Noel Coward biopic	B Good Picture Company Ltd	-	47,750	-	-	-	(47,750)	-	-	-
Settle Down	Scott Free Films Ltd	-	4,000	-	-	-	(4,000)	-	-	-
The Chinese Busker	Kennedy Mellor Ltd	-	3,500	-	-	-	(3,500)	-	-	-
The Double	Alcove Entertainment	-	35,000	-	-	-	(35,000)	-	-	-
You Really Got Me	Recorded Picture Company Ltd	-	53,625	-	-	-	(53,625)	-	-	-
Trap for Cinderella	Forthcoming Productions	-	800,000	-	-	-	(560,000)	-	-	240,000
Seven Psychopaths	Blueprint Pictures Ltd	-	57,500	-	-	-	-	-	-	57,500
BabyLondon (aka This is London)	Nirrate London Ltd	-	355,000	-	-	-	(248,500)	-	-	106,500
Spike Island	Made of Stone Films Ltd	-	900,000	-	-	-	(630,000)	-	-	270,000
The Dirty Little Book of Stolen Time	Forward East Ltd	-	57,341	-	-	-	(57,341)	-	-	-
Atlantic Bridge	Sigma Films Ltd	-	1,750	-	-	-	(1,750)	-	-	-
Like a Virgin	Fly Film Company Ltd	-	23,000	-	-	-	(23,000)	-	-	-
The Freak Show	104 Films Freaks Ltd	-	27,130	-	-	-	(27,130)	-	-	-
Blood (aka Conviction)	Conviction Films Ltd	-	34,750	-	-	-	-	-	-	34,750
Half of a Yellow Sun	Slate Films Ltd	-	29,932	-	-	-	-	-	-	29,932
Second Is Nowhere	AL Films Ltd	-	45,450	-	-	-	-	-	-	45,450
Blood (aka Conviction)	Conviction Films Ltd	-	700,000	-	-	-	(490,000)	-	-	210,000
ID2	Parallax East Ltd	-	6,500	-	-	-	(6,500)	-	-	-
Our Robot Overlords	Tempo Productions Ltd	-	23,150	-	-	-	(23,150)	-	-	-
All Quiet on the Orient Express	Idollamp Productions Ltd	-	8,500	-	-	-	(8,500)	-	-	-
Bummer	Escape Films Ltd	-	8,800	-	-	-	(8,800)	-	-	-
Bypass	Third Films Ltd	-	26,380	-	-	-	-	-	-	26,380
The Invisible Woman	Headline Pictures Ltd	-	43,059	-	-	-	-	-	-	43,059
St Trinian's 3	Fragile Films Ltd	-	53,000	-	-	-	-	-	-	53,000
The Horned Man	Modern Films Ltd	-	1,500	-	-	-	(1,500)	-	-	-
Where There's a Will	Starfield Productions Ltd	-	25,500	-	-	-	(25,500)	-	-	-
A Miracle	Har Films	-	34,500	-	-	-	(34,500)	-	-	-
All I Am	Tiger Lily Films Ltd	-	8,900	-	-	-	(8,900)	-	-	-
Now You See It	Neon Films Ltd	-	11,000	-	-	-	(11,000)	-	-	-
The Invisible Woman	Headline Pictures Ltd	-	7,500	-	-	-	-	-	-	7,500
Total commitments made 2012		-	20,880,951	(628,454)	78,724	-	(13,053,992)	212,348	-	7,489,578
Total film rights as at 31 March 2011		18,013,684	20,880,951	(7,745,825)	3,828,356	(84,210)	(18,339,418)	1,193,982	3,413,489	21,160,920

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SCHEDULE 2: NEW SOFT COMMITMENTS
YEAR ENDED 31 MARCH 2012

Producer	Film	New Soft Comms
NorthPoint Pictures Ltd	Necropolis	22,400
Joke Disco Films	Scouting for Rudeboys	18,000
Starfield Production Ltd	The Night Climbers	35,500
Slate Films	Half Of A Yellow Sun (Pilot)	4,864
Cloud Eight Films Limited	TELL HER	4,126
Sigma Films Ltd	Journey Into Space	45,700
Unanimous Pictures	Shadow Dancer (Working Title)	750,000
Tiny Spark Productions	Stay the Same	5,000
iFeatures Ltd	Eight Minutes Idle	35,000
Blueprint Pictures Ltd	The Outcast	12,500
P Guide Limited	The Pervert's Guide to Ideology	270,000
Tigerlily Films Ltd	Apples	21,280
Greyhound Productions Ltd	Basil D'Olivera	50,000
Magic Light Pictures Ltd	Carbonel	36,500
DJ Films Ltd	Belle	13,000
Headline Pictures (Peter Pan in Scarlet) Ltd	Peter Pan in Scarlet	50,875
Ruby Films Ltd	Stefan Golaszewski Speaks About a Girl He Once Loved	20,250
Blueprint Pictures Ltd	Three Miles North of Molkom	76,400
Vertigo Films Ltd	Streetdance Encore	500,000
Blueprint Pictures Ltd	NOW IS GOOD	16,000
Beat Films Ltd	Welcome To The Punch	500,000
Left Bank Pictures (Film) Limited	Italian Shoes	32,375
Modern Films Ltd.	Under The Skin	50,000
Modern Films Ltd.	Under The Skin	1,673,744
Blueprint Pictures Ltd	NOW IS GOOD	75,000
Number 9 Films (Slate) Limited	A Great Work of Time	6,696
Tailormade Productions	My Soviet Kitchen	24,000
ROAST BEEF PRODUCTIONS	Smash and Grab - The Story of the Pink Panthers	35,000
Baby Cow Films Ltd	Alan Partridge - The Movie (tentative title)	80,500
DJ Films Ltd	Fast Girls	19,500
Wildgaze Films Ltd	FOUR STARS, FUNNY & MOVING (aka Madame Depardieu)	28,500
Optimism Film Ltd	Step 13	15,000
Red Diesel Ltd	Welcome To The Punch	49,930
Warp Films Ltd	A Gun For George	47,250
Silent War Films	A Spy By Nature	5,100
Liberty Films Entertainment Ltd	Adland: Fail Harder	25,000
Sherbet	All Day Breakfast	10,650
Escape Films Ltd	Bummer	15,000
Headlong Theatre Ltd	Earthquakes in London	29,500
Dan Films Limited	Hair of the Dog	16,500
Jason Newmark Developments Ltd	Honour	19,400
Parallax East Ltd	ID2	5,500
Qwerty Films Ltd	Last Days on Mars (aka The Animators)	35,000
Last Passenger Ltd	Last Passenger	34,970
Dirty Hands Productions Limited	Scottish Screenplay (aka Rocketeers)	45,750
Headline Pictures (Pan in Scarlet) Ltd	The Invisible Woman (Project No 2007-25563 and 2009-29810)	21,050
Various Films Ltd	The Parachutist	27,518
Hopscotch Films	The Story of Film	185,000
Trishna Films Ltd	TRISHNA	15,000
Peaple Films Ltd	Wingman (Pilot) [pva The Liar's Club]	25,000
Perfect Mass Films Limited	Zaytoun (working title)	20,750
Metzfilm Ltd	'The Love Interest' (teaser)	25,000
Ruby Films and Television Ltd	Alive, Alone	10,000
Ruby Films Ltd	Country Music	15,875
011 Productions Ltd	Couple in a Hole	9,500
Jason Newmark Developments Ltd	Defence Of The Realm	30,750
iFeatures Ltd	Eight Minutes Idle	21,800
Ruby Films (Chatroom) Limited	Gemma Boverly	37,500
Forward Films Ltd	GRABBERS	150,000
Number 9 Films (Slate) Limited	Great Expectations	35,000
Last Passenger Ltd	Last Passenger	428,000
AL Films Ltd	Second is Nowhere	10,150
Scott Free Films Ltd	Settle Down	26,750
Blueprint Pictures Ltd	SEVEN PSYCHOPATHS	1,000,000
Swandown Productions Ltd	Swandown	215,750
Moonspun Films	The Arbor	4,000
Big Talk Pictures Ltd	The Sightseers	300,000
Ecosse Films Ltd	Wuthering Heights	57,407
Sigma Films Ltd	Atlantic Bridge	20,000
Hot Property Limited	Brand New-U	19,000
Cuba Pictures Ltd	BROKEN	30,000
Cuba Pictures Ltd	BROKEN	267,500
Crab Apple Films Ltd and Warp Films Ltd	Destroyer	35,700
Fast Girls (DJ Films) Ltd	Fast Girls	28,750
DJ Films Ltd	Fast Girls	630,000
Number 9 Films (Slate) Limited	Great Expectations	1,373,448
London Fields Pictures Ltd	In Search of Flynn	16,500
Mirrorball Films Limited	Nativity! The Second Coming	7,250
Cineman Films Limited	SISTERS	15,000
Fortune Films	The Karman Line	25,000
Endor Productions	The Rising	19,000
Silent War Films	A Spy By Nature	28,500
Element Pictures / Scarlet Films (Co Reg 05457039)	Balance of Power	2,500
Scott Free Films Ltd	Blood Red Road	50,000
Tigerlily Films Ltd	Cool Box	11,000
Film and Music Entertainment Limited	Epic	42,950
Missing In Action Films Ltd	GBH	20,000
Number 9 Films Limited	Great Expectations	626,552
Sigma Films Ltd	GREENLAND TIME	25,000
Fragile Films Ltd	Nightwork	46,875
Blueprint Pictures Ltd	Seven Psychopaths	57,500
FIESTA PRODUCTIONS LIMITED	Spike Island (aka 30 Odd Miles Up the East Lancashire Road)	14,550
Amber Film and Photography Collective cic	St George's Day	5,500
Runaway Fridge Films Limited	The Boy Who Loved Lights	50,250
Blueprint Pictures Ltd	THE OUTCAST	11,250
B&W Films Ltd	This Is London	355,000

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SCHEDULE 2: NEW SOFT COMMITMENTS
YEAR ENDED 31 MARCH 2012

Producer	Film	New Soft Comms
Number 9 Films Limited	Dan Leno and the Limehouse Golem	3,975
Crab Apple Films Ltd	Warrior Daughter	17,000
Fly Film Company	Artist Features	20,000
Number 9 Films (Slate) Limited	Strangers	28,280
ROAST BEEF PRODUCTIONS	Smash and Grab: The Story of the Pink Panthers	165,000
TigerLily Films Ltd	Apples	1,500
Magnific Pictures Limited	100	10,000
Leopardrama Limited	Danny La Rue	55,000
Fiesta Productions	Spike Island	900,000
Feet Films Ltd & Free Range Films Ltd	White Rose Rebel	5,000
Blueprint Pictures Ltd	Posh	10,000
Dan Films Limited	Severance II	11,495
Met Film Production Ltd	Trigger	32,250
Forward East Ltd	The Dirty Little Book of Stolen Time	57,341
Desperate Optimists Productions Ltd	Mister John	300,000
Sigma Films Ltd	Atlantic Bridge	1,750
Quark Films	THE CURSE	20,000
Fly Film Company Ltd	Like A Virgin	23,000
104 Films	The Freak Show - Outstanding Disabled Film Talent Development Project	27,130
Jonah Films	Jonah	27,500
Runaway Fridge Films Limited	Bulldog Drummond	30,500
Red Production Company Ltd	Blood	34,750
Ruby Films and Television Ltd.	Alive Alone	15,000
Fly Film Company Ltd	Bill and Lena	7,130
Potboiler Productions Ltd	Half Of A Yellow Sun	29,932
Headline Pictures Limited	Invisible Woman	7,500
TigerLily Films Ltd	Remainder	2,400
AL Films Ltd	Second is Nowhere	45,450
Stones Film Productions Ltd	Stones in his Pockets	20,000
Endor Productions	Ten Meals With Mandy Moon	10,750
Origin Pictures Ltd	X&Y	45,000
Conviction Film Productions Ltd	Blood (aka Conviction)	700,000
Adventure Pictures (Bomb) Ltd	BOMB	1,020,000
Adventure Pictures Ltd	Bomb	35,000
Number 9 Films Limited	Byzantium	250,000
Fast Girls (DJ Films) Ltd	Fast Girls	20,000
Lighthouse	Film Fund Shorts 2012: Call for a Managing Company	140,000
Parallax East Ltd	ID2	6,500
Qwerty Films Ltd	Last Days on Mars (aka The Animators)	1,000,000
Slingshot Films 2 Limited	Londonstani	30,000
TEMPO PRODUCTIONS LIMITED	Our Robot Overlords	23,150
Complicite Films Ltd	The Lazarus Project	8,875
Daybreak Pictures Ltd	The Village Bike	33,500
Nitrate London Ltd	This Is London	29,000
Big Pond Production Ltd	Wigan (working title)	46,100
Idiotlamp Productions Ltd	All Quiet On The Orient Express	8,500
Escape Films Ltd	Bummer	8,800
Third Films Limited	Bypass	26,380
HAMMER FILM PRODUCTIONS LIMITED	Coven	30,000
Free Range Films Limited	Death and Life	15,700
Fast Girls (DJ Films) Ltd	FAST GIRLS	80,000
Girl on the Landing Ltd	Girl on the Landing	41,500
In Bed With Ltd	In Bed With Chris Needham	59,750
Headline Pictures Limited	Invisible Woman	43,059
Headline Pictures (Invisible Woman) Ltd	Invisible Woman	1,200,000
TigerLily Films Ltd	Remainder	2,500
Space Age Films Ltd	Seeds	10,000
Space Age Films Ltd	SEEDS	1,750
Fragile Films Ltd	St Trinian's 3: Battle of the Sexes	53,000
MJW Productions Ltd	TELL ME THE TRUTH ABOUT LOVE	25,000
Ealing Studios	The Account	23,500
Alcove Entertainment	The Double	1,100,000
Modern Films Ltd	The Horned Man	1,500
Qwerty Films Ltd.	The Last Days on Mars	108,075
Starfield Productions	The Night Climbers	1,500
Sixteen Fly Limited	The Spirit of 1945	200,000
B Good Picture Company Ltd	Untitled Noel Coward Biopic	47,750
Starfield Productions	Where There's A will	25,500
Rainmark Films Two Ltd	White Mughals	93,000
Creative England	iFeatures Delegation	175,000
Har Films	A Miracle	34,500
Illuminations Films Ltd	AGE IS...	30,600
TigerLily Films Ltd	ALL I AM	8,900
Newscope Films LTD	Darkness Visible	13,365
Synchronicity Films	GLASGOW KISS	19,125
Potboiler Productions Ltd	Half Of A Yellow Sun	750,000
Headline Pictures (Invisible Woman) Ltd	Invisible Woman	370,000
Feelgood Fiction Ltd	ManBears	11,500
Zephyr Films	Mating in Captivity	50,000
Left Bank Pictures (Film) Limited	MISS WORLD / LIBERATION	58,000
Neon Films Ltd	NOW YOU SEE IT	11,000
Scott Free Films Limited	Settle Down	4,000
Blueprint Pictures Ltd	SEVEN PSYCHOPATHS	64,935
Ruby Films Limited	Stefan Golaszewski Speaks About A Girl He Once Loved	1,000
SUMS* Film and Media Ltd	STORIES FOR A PHONE BOOK PAGE	33,600
Emotion Control	The Ballad of Peckham Rye	34,250
Jonescompany Productions	The Bristol Job	38,000
Kennedy Mellor Ltd	The Chinese Busker	3,500
Alcove Entertainment	The Double	35,000
Cannon and Morley Productions Ltd	The Falling (working title)	45,750
Origin Pictures Ltd	Three Big Men	49,000
Recorded Picture Company Ltd	You Really Got Me	53,625
	Film Fund awards	21,781,807

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SCHEDULE 2: NEW SOFT COMMITMENTS
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Producer	Film	New Soft Comms
Scott Free Films Ltd	Life In A Day	150,000
Trinity Filmed Entertainment Ltd	Beautiful Life	150,630
Axiom Films International Ltd	In A Better World	110,090
Left Films Ltd	Just Do It - A tale of Modern Life	35,000
Kaleidoscope Home Entertainment Ltd	A Lonely Place To Die	299,900
Pathé Productions Ltd	The Skin I Live In	250,000
Momentum Pictures	Troll Hunter	220,000
Cinemanx Distribution Ltd	Albatross	100,087
Glimmer Films Ltd	Sound It Out	18,034
Icon Film Distribution	You Instead	40,000
Britannia Film Advisory Services	First Night	19,000
Arrow Film Distributors	Perfect Sense	130,000
The Works UK Distribution Ltd	POM Wonderful Presents: The Greatest Movie Ever Sold	12,200
Revolver Entertainment Ltd	Sket	150,000
City Screen Ltd	The Future	35,000
Optimum Releasing	Tyrannosaur	100,962
Artificial Eye Film Company Ltd	We Need To Talk About Kevin	199,700
Verve Pictures Ltd	The British Guide To Showing Off	39,534
Artificial Eye Film Company Ltd	The Deep Blue Sea	100,000
Artificial Eye Film Company Ltd	Wuthering Heights	99,980
Lions Gate UK Ltd	Coriolanus	200,000
Dogwoof Ltd	Dreams of a Life	24,500
Momentum Pictures	Shame	250,000
Lions Gate UK Ltd	A Dangerous Method	200,000
Soda Pictures	NBCQ Programme Year 3	50,000
Twentieth Century Fox Film Co Ltd	Chariots of Fire	150,000
E1 Entertainment	Hunky Dory	125,000
Metrodome Distribution Ltd	In Darkness	79,635
Studio Canal UK Ltd	La Grande Illusion (75th Anniversary Reissue)	16,911
Trinity Filmed Entertainment	This Must Be The Place	153,925
Film Education	Film: 21st Century Literary Strategy 2012 Continuation	30,000
Momentum Pictures	Cafe de Flore	150,000
Dogwoof Ltd	Town of Runners	19,500
	D&E awards	3,709,588
Animate & Create Community Interest Company	Animate & Create CIC	2,790
Arts Alive In Shropshire And Herefordshire	Arts Alive (Flicks in the Sticks)	6,210
Audio Visual Arts North East	AV Festival	20,000
Birmingham International Film Society	Birmingham International Film Society	8,000
Borderlines Film Festival Community Interest Company	Borderlines Film Festival	11,025
British Federation of Film Societies (BFFS)	British Federation of Film Societies	46,350
British Independent Film Awards	British Independent Film Awards	52,718
Chichester Cinema at New Park Ltd	Chichester Cinema at New Park	3,500
Edinburgh International Film Festival Ltd	Edinburgh International Film Festival	19,620
Encounters Festivals Ltd	Encounters Festivals Ltd	50,000
University of the Arts London	Fashion in Film	17,559
Filmclub (UK) Ltd	Filmclub	141,000
Glasgow Film Theatre Ltd	Glasgow Film Theatre (GFT)	7,182
Greater Manchester Arts Centre Ltd	Greater Manchester Arts Centre Ltd	18,000
Institute of Contemporary Arts Ltd	Institute of Contemporary Arts Ltd	23,100
Kendal Mountain Festival CIC	Kendal Mountain Festival CIC	19,350
Leeds City Council	Leeds City Council	35,000
Light House Media Centre Ltd	Light House Media Centre	12,124
London Metropolitan Archives	London Metropolitan Archives	19,000
London Short Film Festival Ltd	London Short Film Festival (LSFF)	1,800
Ludlow and District Community Association	Ludlow Assembly Rooms	4,100
Midlands Art Centre Limited (trading as 'mac')	mac Birmingham	8,700
Bradford Film Ltd	National Media Museum (T/A Bradford Film Ltd)	38,700
onedotzero Ltd	onedotzero	15,890
Leicester Arts Centre Ltd	Phoenix Square Film and Digital Media Centre	9,000
Portland Green Cultural Projects Ltd	Portland Green	14,361
Queen's University Belfast	Queen's Film Theatre (QFT)	20,000
The Sensoria Festival	Sensoria Festival	9,980
International Documentary Festival Sheffield Ltd	Sheffield International Documentary Festival	77,452
The Sheffield Media & Exhibition Centre Ltd	Sheffield Media and Exhibition Centre Ltd	9,900
Strode College	Strode Theatre, Strode College	17,227
Nottingham Media Centre	The PBQ Consortium - Broadway Cinema in Nottingham as Lead	20,000
The White Bus Limited	The White Bus Ltd	20,000
The Tricycle Theatre Company Limited	Tricycle Theatre and Cinema	10,134
Tyneside Cinema	Tyneside Cinema	22,275
The Watershed Arts Trust Ltd	Watershed Arts Trust Ltd	67,500
Your Local Cinema.com	Your Local Cinema.com	9,000
Amber Film and Photography Collective cic	Amber Film & Photography Collective / Side Cinema	6,000
Animated Exeter Ltd	Animated Exeter	6,300
Belfast Film Festival Ltd	Belfast Film Festival	30,668
Birmingham International Film Festival CIC	Birmingham International Film festival CIC	4,950
Bournemouth YMCA	Bournemouth YMCA	5,052
Cambridge Film Trust	Cambridge Film Trust	20,700
Carousel Project	Carousel	4,500
Cineclub Ltd	Cineclub, The Young Filmmakers Network	43,362
Cornwall Film Festival	Cornwall Film Festival	7,200
Exposures Student Film Festival Ltd	Exposures Student Film Festival Ltd	4,500
Flatpack Festival Ltd	Flatpack Festival	14,400
Independent Cinema Office	Independent Cinema Office	106,650
Ironopolis Media Ltd	Ironopolis Media Ltd	3,600
London International Animation Festival	London International Animation Festival	7,200
London Screen Study Collection	London Screen Study Collection	10,248
Power To The Pixel Ltd	Power to the Pixel Ltd - Cross Media Forum 2011	29,700
Derby QUAD Ltd	QUAD	10,000
Reel Solutions - Screenwaves	Reel Solutions - Screenwaves	3,600
Regional Screen Scotland Ltd	Regional Screen Scotland Ltd	27,000
Stop And Stir Arts Ltd	Stop and Stir Arts Ltd	4,500
The Byre Theatre of St Andrews	The Byre Theatre of St Andrews Ltd	3,420
Theatr Gwaun Community Trust (TGCT)	Theatr Gwaun Community Trust (TGCT)	17,775
Film Export UK	Film Export UK	70,000
The Salt Company (International) Ltd	Grabbers	10,015
Pacha Pictures	My Brother the Devil	9,000

SCHEDULE 2: NEW SOFT COMMITMENTS
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Producer	Film	New Soft Comms
Intandem Pictures Ltd	Comes A Bright Day (Film Export Festival Support)	17,651
Global Screen GmbH	I, Anna (Film Export Festival Support)	12,500
Premier Public Relations Ltd	UK Presence at Cannes Film Festival 2012 (Premier PR)	350,000
Entertainment One UK	DREAMS OF A LIFE (Film export festival support)	20,000
Independent Film Sales	Hunky Dory (FEFS)	15,300
HanWay	The Story of Film: An Odyssey (FEFS)	2,000
Goldcrest Films International Limited	Cheerful Weather for the Wedding (FEFS)	13,500
Dogwoof Ltd	TOWN OF RUNNERS (FEFS)	4,990
	Transition Fund	1,784,828
First Light	First Light 2011-12	1,100,000
Skillset	Skillset 2011-12	3,654,000
EM Media	RIFE funding 2011-12	79,387
EM Media - East	RIFE funding 2011-12	106,822
North West Vision	RIFE funding 2011-12	82,632
Northern Film & Media	RIFE funding 2011-12	163,217
Screen South	RIFE funding 2011-12	127,557
Screen West Midlands	RIFE funding 2011-12	111,180
Screen Yorkshire	RIFE funding 2011-12	133,519
South West Screen	RIFE funding 2011-12	117,365
Film London	Film London 2011-12	146,116
Creative England	Creative England 2011-12	1,003,206
Creative England	Transferred awards	90,717
Creative England	Transferred awards	581,510
	Partnerships awards	7,497,227
	Total soft commitments 2011-12	34,773,450

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SCHEDULE 3: LOTTERY COMMITMENTS (SOFT) MADE BY DELEGATE BODIES
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Award recipient	Project	£
<u>Creative England</u>		
104 Films	Disabled and disadvantaged new film network workshops	17,500
Abandon Normal Devices	Abandon Normal Devices Festival	10,000
Arts Alive - Flicks in the Sticks	Flicks in the Sticks	15,000
AV Festival	AV Festival 12: Film Programme	10,000
B3 Media	Alchemy	18,000
Berwick Film and Media Arts Festival Ltd	Berwick Film and Media Arts Festival 2012	10,000
Blaize	Cine Yorkshire +	15,000
Cambridgeshire Film Consortium	Programme of education and public screenings	23,800
Carousel	Oska Bright on the Road	10,000
Cinecity	Cinecity	10,000
Cinema Plus (Norfolk & Norwich Film Theatre Ltd)	Cinema Plus Media Education Project for Norfolk	16,125
Cornerhouse	Cornerhouse Projects	20,000
Encounters Festivals Ltd	Bristol Encounters: Short Film and Animation Festival	25,000
Flatpack Festival	Flatpack Festival 2012	10,000
Leicester Arts Centre	Big Country Rural Cinema Network	12,000
Light House Media Centre	Programming for a diverse audience	10,000
Media Archive for Central England	A new way of seeing	18,000
National Media Museum	Bradford International Film Festival	12,000
Northern Film & Media	The Digital Bridge	18,000
Producers' Forum	Producers' Forum	10,000
Sheffield International Documentary Festival	Documentary culture at DocFest 2012	40,000
South West Film and TV Archive	Integrating SWFTA into Plymouth History Centre	21,000
The Dartington Hall Trust	Interiors/Exteriors	10,000
The Rural Media Company	Communities	26,799
Tyneside Cinema	Tyneside Cinema Projects 2012	15,000
Watershed Media Centre	Developing diversity in cinema	37,500
Watershed Media Centre	Film Works	17,500
Yorkshire Film Archive	Archive Attractions - See and Send	12,000
19 awards less than £10,000		100,748
		570,972
<u>East Midlands Media</u>		
Broadway Media Centre	Right Up My Street	10,000
Kibworth CE Primary School	Tapping into Today	10,000
Warp Films	Numbers	10,000
8 awards less than £10,000		36,149
		66,149
<u>East Midlands Media East</u>		
Andrew Haigh	Simon Is Waiting	20,500
Bungalow Town Productions	Party Politics	10,000
Image Productions	Movie Makers	10,000
Signals Media Arts Centre	Essex Media Project	20,000
11 awards less than £10,000		40,647
		101,147

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Award recipient	Project	£
<u>First Light</u>		
Arpeggio Films Ltd	Beacon Hill Arts	26,519
Central Youth Theatre	Travels with Morris	17,900
Chenderit School	Smile	10,784
Chocolate Films Ltd	Home	25,388
Cinetig	Let's Talk	28,000
CTVC	Bold Voice	17,940
Directors UK	Second Light Directors Lab	15,000
Dorchester Arts	Wind, Sea and Sail	30,000
Education Other Than at School	3D Dreams	13,125
Film City Production Agency	Film City Academy 2011-12	15,991
First Take	your avin a laugh	11,760
Firstborn Studios	Teech!	16,462
Foundation for Art and Creative Technology (FACT)	Robots & Avatars	29,620
Glasgow Media Access Centre (GMAC)	GMAC Studio Films 2012	30,000
ICO	Second Light Exhibition and Distribution Lab	15,000
Ideal Films Ltd	Hear Us	26,000
IdeasTap Ltd	Second Light Cinematography Lab	15,000
Institute of Education, University of London	Montage. Mash-Up, Machinima	56,575
Kandu Arts for Sustainable Development	Unspoken Truths	13,095
Latimer Films Ltd	Behind the Veil	20,470
Link Productions Ltd	Community Olympics	22,856
MED (Manaton & East Dartmoor) Theatre	Moorland Haunts	12,800
Medb Films Ltd	Kaleidoscope	29,805
Mind the Gap	Immovable	30,000
My Pockets	Doing It	20,000
Nottinghamshire YMCA	Moving On	20,238
Producers' Forum	Producers' Forum	13,500
Producers' Forum	Second Light Producers Lab	15,000
Reel Access	Reel Shorts	19,740
Rowan Arts	Holloway Reels	29,636
Script Factory Ltd	Script Factory	13,500
Soft Touch Arts Ltd	Comedy grant	10,024
SPID Theatre Company	The Sweetie Jar Project	22,289
The Lighthouse Group (LTG)	Media Academy 2	17,240
Valley and Va;e Community Arts	We Call The Shots	16,000
Wind & Foster	Postcode Personalities	24,775
29 awards less than £10,000		186,609
		944,641
<u>Northern Film and Media</u>		
Amber Film & Photography Collection CIC	Amber Film & Photography Collection CIC	15,000
Berwick Film and Media Arts Festival	Berwick Film Festival 2011	10,000
Gary Young-Henry	Gary Young-Henry	10,000
NRFTA	Collections Access Development	40,000
29 awards less than £10,000		73,678
		148,678
<u>North West Vision and Media</u>		
Abandon Normal Devices	FCP	10,000
FACT	FCP	10,000
Kendal Mountain Festival	FCP	10,000
North West Film Archive	FCP	10,000
Signal Film and Media	FCP	10,000
2 awards less than £10,000		10,000
		60,000
<u>Screen South</u>		
City Eye Ltd	Screen South Network Partner 2011-12 Community	11,000
Elaine Wickham	Kent and North Sea Screenwriters Forum	10,000
Future Creative	uScreen Community Fund - Cut to the Chase - uScreen countdown to 2012	60,000
Hopscotch Films Ltd	The infectious imagination of Henry Bramble	10,000
Lighthouse Arts	Screen South Network Partner 2011-12 Community	11,000
Maidstone Studios	Kent & Maidstone NSSP Film & TV Development Programme	73,625
OFVM Centre	Screen South Network Partner 2011-12 Community	11,000
Screen Archive South	Screen South Network Partner 2011-12 Heritage	16,500
30 awards less than £10,000		155,215
		358,340

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Award recipient	Project	£
<u>Screen West Midlands</u>		
MACE	MACE - The Next Chapter	18,000
The Producers' Forum		10,000
The Rural Media Company		25,000
9 awards less than £10,000		48,900
		101,900
<u>Screen Yorkshire</u>		
17507 Fullrange	Digital Film Archive Fund Legacy Film	27,479
Leeds Film	LIFF25 Anniversary Edition	14,000
Leeds Young People's Film	13th Leeds Young People's Film Festival	15,000
Sheffield Doc Fest	Develop audiences for documentary film culture	25,000
13 awards less than £10,000		56,350
		137,829
<u>Skillset</u>		
NFTS		90,000
Guild of British Camera Technicians		30,000
Ravensbourne College of Design and Communication		30,000
Independent Cinema Office		33,000
Sphere VFX		55,000
Four Corners		49,000
Film London		15,000
Directors Guild		19,907
Media Business School		65,000
The Production Guild		150,000
Creative England		163,370
Northern Film & Media		24,500
The Digital Film Company		49,500
Scenario Films Ltd		15,850
Teeside University		27,813
Screen Yorkshire		59,950
London Film School		35,050
First Light Movies		25,000
104 Films Ltd		29,611
Crossover Labs Ltd		19,657
First Light Movies		11,928
Sheffield Doc/Fest		49,453
Lighthouse Arts And Training		37,000
Independent Cinema Office		33,963
Sheffield Media & Exhibition Centre Ltd		19,195
Encounters Festival Ltd		12,000
Screen South		45,870
B3 Media		33,000
Film London		94,965
Power to the Pixel Ltd		40,000
Diversity in Visual Arts		33,660
MV Studio Ltd		10,000
Northern Alliance		16,900
Soho Editors Training		17,665
Napier University		151,650
London Film School		258,764
Natio nal Film and Television School		832,942
145 awards less than £10,000		141,201
		2,827,365
<u>South West Screen</u>		
Sulkybunny Ltd	Flytopia	10,000
South West Film and TV Archive	SWFTA Online	10,000
11 awards less than £10,000		91,000
		111,000
Total awards by delegate bodies 2011-12		5,428,020

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Statement of compliance with the Government’s Lottery policy and financial directions

Financial directions

Under the National Lottery etc Act 1993, the Secretary of State issued financial directions to the British Film Institute (the BFI). These are as follows:

The BFI shall comply with the requirements contained within the Statement of Financial Requirements, which have the status of directions under section 26 of the National Lottery etc. Act 1993, (“the Act”) as amended by the National Lottery Act 1998 (“the 1998 Act”).

The BFI has implemented procedures to ensure the requirements of the statement of financial requirements are followed and the BFI confirms that, to the best of its knowledge, it complied fully with the financial requirements in 2011-12.

The BFI shall devise and abide by a procedure for handling potential conflicts of interest which may arise in the evaluation of applications by BFI or individual members of the BFI. This procedure together with a statement confirming the arrangements that have been applied, should be provided to the Secretary of state for Culture, Media and Sport before the distribution of any funds under section 25 of the Act, and thereafter at the beginning of each financial year.

The BFI has in place procedures for dealing with conflicts of interest and, to the best of its knowledge, it abided by this procedure in 2011-12.

Policy directions

Under the National Lottery etc Act 1993, the Secretary of State for Culture, Media and Sport issued policy directions, which the BFI must take into account in distributing National Lottery funds.

A The need to involve the public and local communities in making policies and setting priorities.

The BFI will consult widely on its strategy and Lottery funding schemes, with a wide-scale public consultation is planned for May-June 2012 on the five year strategic plan for the period 2012-2017.

B The need to increase access and participation for those sections of society who do not currently benefit from opportunities available in the United Kingdom.

The BFI aims to ensure that equality and diversity are central to all activities thus allowing sections of society to have access to or benefit from funding, taking into account differences in values, attitudes, cultural perspectives, beliefs, ethnic background, able or disabled, skills, knowledge, geography, age and life experiences.

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C The need to inspire children and young people, awakening their interest and involvement in the activities covered by the good cause.

Children and young people are targets of specific BFI Lottery Fund programmes. Most notably, the First Light project involves a range of children's and young people's film activities in the UK.

D The need to improve community cohesion and/or social inclusion.

The BFI ensures that the benefits of Lottery funding are spread widely, in both geographical and social terms. Creativity and diversity in the film sector is enriched by encouraging the participation of people from a wide range of communities.

E The need to encourage new talent, innovation, and excellence and help people to develop new skills.

The BFI provides opportunities for filmmaking talent to flourish. The freshness and relevance of the films produced have been recognised by the international film industry awards they have won. As well as direct support for filmmaking, the BFI invests in training talent. In partnership with Skillset, the Sector Skills Council for the audiovisual industry, a comprehensive funding programme was delivered during the year for training and skills.

F The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain.

It has always been a primary intention of the National Lottery that it should improve the quality of life for people throughout the UK.

All applicants, including private, voluntary or commercial organisations, have to be able to demonstrate the benefit to the public that would result from their proposed project. The BFI applies a range of criteria in order to ascertain that an appropriate level of public benefit is derived from the project. The criteria includes the creative and technical quality of the project and its contribution towards the BFI's strategic objectives, including strengthening the film industry, broadening the audience for film and extending access to film.

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G The need to further the objectives of sustainable development.

Technological development is supported through encouraging the use of digital production techniques and associated processes.

On location filming of any Lottery-funded films, producers are expected to be sensitive to the needs of the environment and the use of natural resources, returning locations back to their original state in environmental terms, after use.

The BFI works with other Lottery Distributors and the Department for Culture, Media and Sport in developing proposals for sustainable development.

H The importance of ensuring equality of opportunity and the desirability of reducing economic and social deprivation and of ensuring that all areas of the United Kingdom have access to the money distributed.

All parts of the country have access to BFI Lottery funding through applications for training, development, production, distribution and exhibition activity.

The Regional Investment Fund England is channelled through Creative England whilst First Light Movies, and the Film Skills Fund, all deliver projects in areas across the UK.

I The desirability of working jointly with other organisations, including other distributors.

The BFI is increasing its partnership working with other Lottery distributors, most notably with Arts Council England. The BFI delegates funding to Creative England in support of its strategic objectives that can be delivered at a local and/or regional level.

Skillset and First Light are the two other Lottery delegate partners delivering key aspects of our strategy.

J The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding.

The BFI ensures that the Lottery is credited on all projects in receipt of Lottery funding through the use of the credits on films and branding on other materials.

K The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas.

The BFI requires all applications to include an element of partnership funding, to demonstrate commitment to the project. The level of partnership funding required depends on each fund and the activity being supported.

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L The need (a) for money distributed to be distributed to projects only where they are for a specific, time-limited, purpose, (b) to ensure that the BFI has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects.

Funding is either provided on a specifically time limited basis or will only benefit individuals while they remain within the definition of a particular programme.

The BFI undertakes an appraisal of each application for funding prior to final decision.

The BFI reserves the right to request that applicants provide any additional information that may be required in order to properly assess such application, in addition to the requirements set out in the application guidelines. It also seeks, where necessary, the confidential, independent and objective views of expert advisers. As a publicly accountable body, the BFI has a duty to ensure that National Lottery funds are properly spent and accounted for, that risk is minimised, and that fraud is avoided.

M Where setting up costs are sought, the need for a clear business plan showing how any running and maintenance costs will be met for a reasonable period.

Financial viability is a key factor in the assessment of BFI Lottery applications and these questions are examined against appropriate criteria for all funded applications in the context of assessing the potential risk of each Lottery award. Each potential recipient of Lottery funding has to demonstrate that its finances are secure and, in respect of larger projects sufficient to ensure project exploitation after the funding period.

N The need to make the UK a global hub for film in the digital age, with the world's most imaginative, diverse and vibrant film culture, underpinned by a flourishing competitive film industry by:

- i. Improving the quality of British films and raising their profile in the marketplace;*
- ii. Stimulating greater choices for audiences;*
- iii. Encouraging participation and opportunities for learning;*
- iv. Promoting the UK in the wide world.*

The allocation of National Lottery funds by the BFI is influenced by the need to strengthen the industry's structure and workforce; to improve the quality and commercial viability of British films; and to support the distribution of specialised film in the analogue and digital environments, helping to ensure UK audiences have access to film in all its variety.

The BFI took over responsibility for lottery activity on 1 April 2011 and it was agreed that the former UKFC three year plan, *Film in the Digital Age, April 2007 – March 2010*, would continue to set out the priorities for lottery funding, until 2012-13 when the BFI will launch its own Future Plan, which will be informed by an assessment of the public needs of the film sector and followed an extensive consultation.

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O Where awards are made in relation to feature film production or distribution projects the BFI should take into account:

- *The need for recipients of awards for film production to pay the set contribution towards the Skills Investment Fund (SIF)*
- *The need for recipients of awards to comply with recognised industry best practice and agreements relating to pay and the employment of trainees*
- *The need to conserve and expand the UK's film heritage by requiring the deposit of Lottery funded productions and other selected material in the collections of the British Film Institute or the national or regional archives as designated*
- *The need for feature film development and production projects to be capable or substantially capable of qualifying as "British films" {in accordance with the procedures set out by the DCMS}*
- *The need to improve public access to film through the use of audio-description and/or subtitling for the hard of hearing.*

All relevant projects in receipt of this type of funding are required, contractually, to comply with these conditions.

Lottery administrative costs for the last five years

Financial Year ended 31 March	Actual Operating Costs £m	Inflated Operating Costs (2008 = base year) £m
2008	£7.83 million	£7.83 million
2009	£7.89 million	£8.02 million
2010	£7.55 million	£8.22 million
2011	£5.27 million	£8.47 million
2012	£4.28 million	£8.77 million



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