



**BRITISH FILM INSTITUTE
GROUP AND LOTTERY
ANNUAL REPORT AND FINANCIAL STATEMENTS
2015-16**

BRITISH FILM INSTITUTE Group and Lottery Annual Report and Financial Statements for the year ended 31 March 2016

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CONTENTS

BFI ANNUAL REPORT

Mission and Values	Page 1
Chairman and Chief Executive's Report	Page 2
What we delivered this year	Page 5
Public Policy, Leadership and Advocacy	Page 23
Fundraising and Philanthropy	Page 26
Key Performance Measures	Page 33
Financial Review	Page 37
Public Benefit	Page 41
Environmental Sustainability	Page 42
How the BFI is Governed	Page 44
Remuneration and Staff Report	Page 50
Corporate Information	Page 58

GOVERNANCE STATEMENT	Page 59
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BFI GROUP AND CHARITY FINANCIAL STATEMENTS

Statement of Governors and Accounting Officer's Responsibilities	Page 65
Independent Auditors Report	Page 66
BFI Group and Charity Financial Statements	Page 68

LOTTERY FINANCIAL STATEMENTS

Statement of Governors and Accounting Officer's Responsibilities	Page 91
Certificate and Report of the Comptroller and Auditor General	Page 92
Lottery Financial Statements	Page 94
Schedule 1: Lottery commitments (soft) made by the BFI	Page 111
Schedule 2: Lottery commitments (soft) made by delegate bodies	Page 117

STATUTORY BACKGROUND	Page 120
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MISSION AND VALUES

The BFI serves a public role which covers the cultural, creative and economic aspects of film in the UK.

Founded in 1933, the BFI is a registered charity governed by Royal Charter. Under the Royal Charter, the BFI has five objectives:

- 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;
- To establish, care for and develop collections reflecting the moving image history and heritage of the UK.

Film Forever is the BFI's strategic plan for 2012-2017, which covers all BFI activity, and focuses on three priority areas:

- Expanding education and learning and boosting audience choice;
- Supporting the future success of British film;
- Unlocking our film and television heritage.

In carrying out its duties, the BFI undertakes to:

- Consider the views of the industry, our audiences and our partners
- Be efficient, effective and accessible
- Be honest, open and accountable for our actions
- Provide clear and appropriate information, guidance and feedback
- Share and learn best practice in order to continually improve the services on offer.

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

This year the BFI London Film Festival opened and closed with two standout British films, Suffragette, proudly supported by the BFI and FILM4, opened the Festival with Danny Boyle's biopic of Steve Jobs bringing the Festival to wonderful conclusion. These two great British films had to really stand out against competition from the rest of the world. The number of distinctive British films winning critical acclaim on the world festival circuit has increased steadily in recent years, and a reminder that success cannot be measured just in economic terms, but driven by creativity – something the Brits have in spades.

The BFI's job is to do all it can to bring forward the next generation of creative people, to give opportunity where it might not exist. It is our role to do all we can to make sure that film, television and all the arts of the Moving Image are central to all our cultural and creative lives.

This Report is ample proof that it has been a very exciting year for the BFI, packed with a richness of cultural programmes and creative opportunities which we and our partners have delivered for everyone across the UK, wherever you live, whatever your age.

Education is the foundation stone, and this year we led a panel of experts from 18 European countries to publish a single 'Framework for Film Education'. Meanwhile INTO FILM, celebrated reaching into over 9000 schools with their enthusiastically supported scheme for after school film clubs. A particular honorary note of gratitude should be made here for the 9,000 teacher volunteers leading these great initiatives.

Our partners across the Film Audience Network – nine leading not-for-profit film theatres around the UK working with their network of over 1000 partners – joined forces with the BFI to bring an astonishing range of dynamic opportunities to enjoy a wide range of film, and not just in cinemas, but through events from Paisley Abbey and Norton Aerodrome to the Nottingham Games Festival's exploration of amorous storytelling in games. Our pledge to digitise and make available 10,000 titles from the BFI National and Significant Regional archives connected with audiences with a level of exuberant enthusiasm that even the most optimistic could only have dreamed of. In the first nine months following the launch of the first 3,000 titles on our 'Britain on Film' platform we had over 10 million views. Having established the size of the public appetite to see and enjoy their own moving history, we are excited about the next instalment, 'Rural Britain', to be launched next year.

The BFI Film Academy, which operates in every corner of the UK seeking out those young people who are thinking of a career in the industry, was financially supported for a third year by the Department for Education. Proof the initiative, with a focus on creating opportunity where it might not exist otherwise and finding and backing distinctive British voices, is working. Graduates from the first year are finding their way into the Industry either into full time vocational opportunities or in some cases through winning competitive places at the National Film & Television school. Further up the ladder, we work with Creative England, Creative Scotland, Northern Ireland Screen and Film Cymru Wales on a range of initiatives to support talented individuals further their careers and projects.

Alongside our mission to find and support future filmmakers, it is a privilege to support those already making a successful way in the industry. Many BFI backed films have achieved critical success, with BAFTA and Oscar nominations, as well as international audiences, such as Brooklyn, High Rise Lobster, and 45 Years.

With a firm look to the future, the BFI made a major commitment to Diversity, understanding that this is the heartbeat of creativity and opportunity, by introducing the Diversity Standards for all those seeking funding from us. The scheme has received Government recognition and received solid support from the industry as an important agent for change, making opportunity available where it didn't always exist before. In the year there was a particular emphasis on gender, with a series of events at the BFI London Film Festival, buoyed by the female led opening film Suffragette and, for the first time ever outside the US, the Festival hosted the Geena Davies Symposium. Looking at the year overall, in terms of producers funded it is a 50/50 gender split and over 30% of films funded by the BFI were directed by women. Nevertheless, we have the ambition to reach a 50/50 position in as short a time as possible.

In a continuing challenging financial environment, it has been pleasing to see the growth in earned income from all our charitable activities. We set ourselves tough targets, growing existing activities and drawing on our strengths to create new income sources, such as an international learning course in modern film archive care, which attracted paying participants from countries as far afield as China, Russia and Japan. Of particular note is sponsorship and philanthropy where ever increasing value is placed on the importance of our activities by individuals, corporate partners and trusts and foundations. In a competitive environment the festival was supported by increased sponsorship and the bi-annual fundraising Gala 'Luminous' far exceeded our expectation. A big thank you to all our supporters.

We would like to record our thanks to the Department for Culture Media and Sport, who supported our income generating ambitions with a capital grant to further commercialise our estate at Stephen Street and BFI Southbank.

As we approach the end of *Film Forever*, our five-year strategy for film 2012-17, we have begun the process of developing our direction for the next five years. During the first three months of 2016 we have been evaluating and reviewing learnings from Film Forever, taking early soundings from the industry. It is clear from these initial discussions that the strategic priorities captured in Film Forever remain the right ones and that we should build on them going forward. However, there is recognition that times have changed since the publication of *Film Forever* and there are new challenges and opportunities for our screen industries and culture. A number of key themes have emerged and we look forward to consulting further with the industry and publicly during the summer of 2016, ready to launch the new strategy in the autumn.

Finally, after eight years our Chair, Greg Dyke, came to the end of his second term in February 2016. Greg has had a profound influence upon modern television and popular culture and he has made a massive impact on so many other sectors from film to journalism and sport. His contribution to the BFI cannot be overstated. In challenging times he has provided inspirational leadership to the Board and organisation. His ambition and passion for the BFI National Archive, improving diversity, educational opportunities and our digital capabilities, together with his determination to make the BFI UK - wide has been transformative. We were delighted to bestow a Fellowship on him for

his outstanding contribution to television and film. Greg leaves a significant legacy; one that we, the Board and the wider organisation are proud to build on.

As we move into the next era, we are delighted to welcome the Chair, Josh Berger. Josh has been on the BFI Board for the last five years, and so brings a winning combination of wider industry knowledge and an experienced understanding of the BFI. With Josh's proven energy and commitment we will be able to sustain the momentum established under Greg's great leadership, and push ahead with our ambitious plans for the future.

Amanda Nevill

Chief Executive

WHAT WE DELIVERED THIS YEAR

STRATEGIC PRIORITY ONE

EXPANDING EDUCATIONAL OPPORTUNITIES AND BOOSTING AUDIENCE CHOICE ACROSS THE UK

- **THE BFI 5-19 EDUCATION OFFER**

Into Film

We recognise that the future of British film depends on our ability as a nation to inspire future filmmakers and adventurous film-watchers. For us that starts with engaging young people from the age of 5 years old, right through to when they leave school and beyond. We partner with *Into Film* which has one of the largest school based networks for cultural education, with over 9,000 active film clubs across the UK. As well as watching films, film club members are encouraged to discuss and review what they see. Into Film also delivered training and CPD to over 6,000 club leaders and teachers face to face, and to a further 2,852 online.

Film clubs provide a safe space for young people to grow, flourish and gain confidence. In a study, 81% of club leaders confirm that using film has improved young people's imagination and creativity, while 78% say it has improved their speaking and listening skills, and overall enjoyment of learning. Watching a wide array of film in a regular, communal setting inspires in young people a love of cinema, and a desire and enthusiasm to discover more, including how to make film.

- **AT BFI SOUTHBANK**

The BFI Future Film Festival is programmed by young people for young people and offers under 25 year olds a unique opportunity to submit films (this year we had a record 1,420 entries), attend talks, masterclasses and networking events. Highlights this year included keynotes by Sarah Gavron and Faye Ward (director and producer of *Suffragette*) and by film-makers Jenn Nkiru and Desiree Akhavan, plus screenings of *Dear White People*, *Room*, and *A Syrian Love Story*. A new addition this year saw opportunities for 60 young volunteers to get hands-on experience in producing a film festival.

The Future Film Festival awards are supported by The Chapman Charitable Trust and The London School of English/London School Trust. The BFI Raw Awards, an additional £5,000 prize available for BFI Future Film Festival winners, are kindly supported by the concept founder Charles Morgan.

The African Odysseys programme which introduces black diaspora communities to cinema through monthly screenings and talks this year featured a two-week practical film course for emerging black film-makers led by African-American actor and director Tim Reid. The programme also included a retrospective of the work of Haitian born director Raoul Peck, celebrations of the work of black artists Aubrey Williams and Eve Wright, and the gala premiere of *Looking for Love*, by Menelik Shabbaz.

- **EDUCATION ONLINE**

First Film MOOC

The BFI, working with Into Film, produced a free 12 hour 'MOOC' (Massive Open Online Course) with the FutureLearn platform to explore **Improving Literacy Through Film**. Students were able to understand how to 'read' film, use it for critical analysis, improve story writing using film, and utilise simple filmmaking techniques to enhance learning attainment.

Working with the education teams at the British Museum, the V&A, the RSC and Into Film, the BFI is a key partner in a new innovative platform developed by TES for teachers across the globe: [Teaching Shakespeare](#). So far we have provided twenty new resources around Shakespeare on screen, including ten full-length films such as *The Tempest* (1908) and *England's Shakespeare* (1939).

We are also a key partner in the British Council led Shakespeare Lives project, working closely with BBC Arts Online to offer a range of content from archive materials to specially commissioned short films around Shakespeare and cinema.

- **EDUCATION LEADERSHIP AND ADVOCACY**

The BFI is a leader in research, development, and innovation in learning with film. We were pleased to play an active role in the overhaul of the GCSE and A level qualifications in Film Studies and Media Studies, ensuring they remain relevant to the curriculum of the future. In November we published *Screening Languages*, a report detailing two years of work funded by the London Mayor's Office into film-centred language teaching.

Following the publication of *Screening Literacy* in 2013 (the first Europe-wide survey of film education in Europe), this year the BFI led a panel of education experts from 18 countries and published *A Framework for Film Education*: a model of film education to guide and support film educators all over Europe, written by film education experts from 18 different European countries. The BFI has taken the chair of a new European working group on film education, drawn from the European Film Association Directors (EFADs).

The BFI was a partner in two major projects which received funding from the AHRC (Arts & Humanities Research Council): 'Fifty Years of British Music Video' (with the University of the Arts, University of Portsmouth and British Library) and 'Transformation and Tradition in Sixties British Cinema' (with the University of East Anglia and the University of York). Both projects have utilised our archival and library collections and the research will contribute to our cultural programme.

NURTURING YOUNG TALENT AND SKILLS

- **BFI FILM ACADEMY – Working to change the face of the film industry.**

Backed with funding from the Department for Education, the BFI Film Academy is now in its fourth year of providing UK-wide opportunities and training for talented and committed young

people aged 16-19, from all backgrounds, to develop new skills and help set them on course to build a career within the film industry. Led by industry experts, BFI Film Academy courses cover every area of the industry, enabling young people to develop the commercial and cultural knowledge and skills to make those first steps. Our aim is to find film talent wherever it is in the UK and to give opportunity, and bursaries are available to those needing additional support.

This year some 800 young people participated across 47 regional courses, while six week-long specialist residential courses saw 185 students take part in masterclasses delivered by industry professionals and practical skills training on Screenwriting, Craft Skills, Documentary, Visual effects, Programming and Animation. A two week Craft Skills residential at the National Film and Television School took 66 of the most talented and committed students to receive expert tuition to learn craft specialisms, such as cinematography or sound. Of this year's intake of Academy students, 30% were BAME (Black Asian and Minority Ethnic); 49% women; 10% disabled and 16% received free school meals, demonstrating we are reaching a diverse mix of young people which bodes well for the future.

And for the first time this year an additional Film Academy residential was funded by O2's GoThinkBig, working with the BFI London Film Festival and its celebrations of Suffragette. This residential was for 18 to 24 year olds and was delivered around the theme of The Time Is Now, over one week during the Festival. Three short films were made by the 24 young filmmakers, six of whom were alumni of the Film Academy.

There are now almost 3,500 alumni in the BFI Film Academy network. Those from the inaugural Film Academy in 2012 are now in their early twenties and already many have put down strong foundations for successful careers in the industry.

- **CREATIVE SKILLSET**

The skills of the UK Film industry and creative sector as a whole are the envy of the world and give the UK a major competitive advantage internationally. Government has set out its vision for growing the UK's economy by focusing on productivity gains and has confirmed that skills are a key driver for productivity. We are working with Creative Skillset to maintain the strength of our creative workforce, looking ahead to anticipate what new skills are going to be needed in the future, as well as encouraging new and fresh talent into the sector.

We provide National Lottery funding to support Creative Skillset to deliver its Film Skills Strategy. A key objective is to achieve a more diverse workforce that better reflects our society. Initiatives have included a leadership development course for women in exhibition, development for emerging BAME leaders, talent development for diverse filmmakers and craft & technical development aimed at encouraging aspiring filmmakers from right across the UK.

A one-off Capital Fund award has ensured the National Film & Television School completes its Digital Village.

GROWING AUDIENCES AND CHOICE UK WIDE

- **BFI AUDIENCE FUND**

BFI Film Audience Network (FAN)

We want everyone in the UK to have the widest possible choice and access to film and we work in partnership with a wide-range of film organisations and experts to help us do this - the BFI Film Audience Network (FAN).

The network comprises nine Film Hub Lead Organisations (FHLOs)¹ plus the Independent Cinema Office (ICO), Cinema for All and Into Film who act as UK wide Strategic Partners. Each Hub has members made up of film exhibitors, film festivals, archives and other organisations that seek to boost audience engagement in a wider range of film and across this network there are now over 1,000 members.

Throughout the year the FAN has enabled us to reach existing and new audiences across the UK with an ambitious programme of films, including many around common themes such as *The Time is Now*, a four-month season of films exploring and celebrating women's role in affecting change which was timed to coincide with the UK wide release of *Suffragette*; the BFI-led blockbuster season on *LOVE* which saw nearly 700 themed screenings across over 70 locations, from metropolitan multiplexes and mainland independent cinemas through to remote film clubs, village halls and other rural community venues; and a partnership with the BFI's Britain on Film project showcasing archive footage of people and places from across the nation.

As well as boosting audience choice, the FAN contributes to developing skills, expertise and knowledge across the independent exhibition sector such as through REACH, a workshop driven strategic audience development course, and the Technical Ambassadors scheme, which provides technical training and practical support.

Programming UK-wide

As part of our aim to broaden audience choice and provide opportunities to engage in cinema right across the UK, we provide £1.4 million each year in Lottery funding to support bold, culturally ambitious initiatives that present films to audiences in a fresh and original way. During the year we made awards to 16 projects with over 80% of the funding going to organisations outside London.

Among the projects supported are a tour of British female directors and producers showcasing their work, a series of archive film events built around the BFI's Britain on Film initiative, a tour of films made by and for people with learning disabilities, and a tour of classic Polish Cinema, curated by Martin Scorsese. The FAN has generated a number of these projects, including some centred around the BFI's *LOVE* blockbuster seasons such as a sold-out immersive screening of

¹ The Film Hub Leading Organisations are: Broadway Nottingham; Chapter, Cardiff; HOME, Manchester; Film London; QFT (Queen's Film Theatre), Belfast; the University of Brighton; Watershed, Bristol; Showroom Cinema, Sheffield and Scottish Film, a consortium made up of Centre for the Moving Image, Dundee Contemporary Arts, Eden Court, Glasgow Film and Regional Screen Scotland.

Wings of Desire at Paisley Abbey near Glasgow.

BFI Neighbourhood Cinema

BFI Neighbourhood Cinema brings film to communities that have a limited provision of cinema locally showing British independent and specialised film. Using lottery funding we help existing community cinemas buy new or upgraded equipment to improve their facilities and the breadth of programme. We also fund new and existing touring cinemas that focus on providing a cinema experience to the most remote or underserved communities.

During the year we made 100 awards across both schemes to 129 existing venues and 49 new venues. An evaluation of the first year of the Fund shows that BFI Neighbourhood Cinemas generated 65,000 admissions across the UK.

Film Festival Fund

Film Festivals are an engaging and popular way for people to watch films they might not normally get to see, such as specialised and independent British films. We support two categories of festivals - the large events that are international in scope such as the Edinburgh International Film Festival, Glasgow Film Festival or Sheffield Doc/Fest – and smaller, local or specialised festivals that help bring audiences a diversity of programming they wouldn't otherwise get.

This year we provided £1million in Lottery funding to support 42 festivals across the UK; a number in partnership with Northern Ireland Screen, Ffilm Cymru Wales and Creative Scotland. The programming has been diverse, ranging from horror, silent film, comedy, slapstick and animation, to music documentaries, short films, the cross over between art and film, the culture and history of Afghanistan, African and its diaspora, Asia, Romani people, LGBT, and films made by and for the deaf community and people with learning disabilities.

• BFI DIGITAL

BFI Player goes International

The BFI Player's second full year has seen strong growth as it becomes more established. Year-on-year the number of video plays increased from 100,000 to 2 million, while the number of users more than trebled to 2.6 million. Much of this growth was driven by an enthusiastic audience flocking to view the BFI's Britain on Film collection, which was launched in the summer and presents 4,700 (and growing) newly-digitised films charting the people, the places and the stories of Britain over the past 120 years for everyone to see online for free. During the year there were almost 1.5 million views of the new material on the BFI Player alone, giving viewers a unique insight into British culture, life and identity.

The popularity of the Britain on Film collection has grown exponentially through social sharing which has driven people to watch the films on other digital platforms such as YouTube and

Facebook, totalling over 4.3 million views since its launch in July 2015.

Another highlight of the year was the launch of our subscription service, BFI Player+, where for a single monthly fee people can watch from over 300 classic and critically-acclaimed titles, with a weekly recommendation from the film critic Mark Kermode. The take up has exceeded our expectations in terms of both revenue and subscribers who are attracted to the hand-crafted curation of titles.

During the year we launched a Samsung smart TV version of the service. We also rolled out our first international collaboration, with Chinese subscription VOD (Video On Demand) platform iQIYI. BFI programmers have hand-picked a collection of stand-out British independent films and world cinema from the BFI London Film Festival to make available to iQIYI's 10 million paid subscribers across China. The service launched with 20 titles and more are being added as the collection continues to develop.

BFI Digital Platforms

Overall traffic to our websites grew 41% year on year to 19.2 million visits and on our YouTube channel we received 3.9 million views, a growth of 56% on 2014.

For the second year running, BFI Flare partnered with the British Council on the fiveFilms4Freedom, the world's first global, online LGBT Film Festival. It brings people from across the globe together to watch online and for free over a 24 hour period five short films from the BFI Flare programme that reflect the diverse range of experiences of LGBT culture. This year's event went viral on social media with 140 million people globally engaging, tweeting and posting their support. There were over 1.5 million views of the films in 179 countries, including Russia, Saudi Arabia, UAE, Iraq, Rwanda, Equatorial Guinea and the Maldives.

Our online content produced to support the BFI cultural programme proved popular and encouraged people to engage in new ways. To support the LOVE blockbuster season we ran an online poll to discover the UK's favourite screen couple and it received 12,000 votes, while our interactive quiz feature 'Are You A Replicant?' sat alongside a BFI re-release of the sci-fi classic *Blade Runner* and was viewed over a quarter of a million times.

• THE BFI CULTURAL PROGRAMME

Britain on Film

Our major three-year project to digitise and make available for free 10,000 films from the BFI National Archive and other significant regional and national collections has gone down a storm with the British public, attracting 6 million views across the BFI Player and other digital platforms such as YouTube and Facebook, 77% from outside London. Our archive partners UK-wide marked the launch with sell-out cinema and open-air screenings in Leeds, Newcastle, Belfast and nine cities in Scotland, whilst in the capital we screened a season of London on Film at BFI Southbank.

The Lottery-funded project has been one of the most transformational in the BFI National Archive's history, changing the way people engage with their heritage, reaching new audiences, and giving people a new insight into our way of life over the past century and more.

As well as being able to watch the films online, a further 5 million watched Britain on Film titles on outdoor screens at shopping centres and in major UK railway stations across the country; as well as on viewing pods in Café Nero and in Fopp stores. We are positive that audiences will keep coming back for more as we present our next collections on football, rural life, black British lives, railways and industries.

The collection is also a source of inspiration for filmmakers: Penny Woolcock's revelatory 17-minute short film *Out of the Rubble* (tx C4 February 2016) used archive to explore housing and British urban life.

LOVE

The BFI blockbuster season for 2015 was *LOVE: Films to Fall in Love With, Films to Break Your Heart*, presented with the generous support of headline sponsor Plusnet. The programme explored and celebrated big screen romantic love, love gone wrong and the romantic comedy as core to the evolution of screen arts. Women, as both authors (in the wider sense) and audiences were central to the project, carrying forward the momentum generated by the BFI London Film Festival which made provocations around female agency and representation. The *LOVE* programme reappraised the romcom as a critically neglected genre, and featured a wide range of contributors - many of whom, from Jean-Pierre Jeunet to Mike Newell - were involved with the season. British talent from Jane Austen to the Working Title comedies of Richard Curtis, and scriptwriter Tess Morris to actresses Claire Grogan and Gugu Mbatha-Raw, were at the forefront, with Hugh Grant awarded a BFI Fellowship in recognition of his fantastic contribution to comedy acting.

Perhaps the most impactful moment during the season was when we revealed the first identified inter-racial on-screen kiss – in *You in Your Small Corner* (1962), held in the BFI National Archive – which carved through the news media and gained global traction online. This story, alongside the guest visit of US film director Gina Prince-Bythewood - director of *Love and Basketball* and *Beyond the Lights* - and a hugely successful sell-out twentieth anniversary celebration of the Bollywood classic *Dilwale Dulhania Le Jayenge* (DDLJ), engaged a range of black and Asian audiences new to the BFI. In the 'Greatest on-screen lovers' poll, *DDLJ*'s Raj and Simran, played by Indian stars Shah Rukh Khan and Kajol, was voted top by a global audience that went beyond South Asian countries to include China, Russia, Sudan, Ecuador, Indonesia and Iraq. We had much that appealed to young audiences: costume drama was brought to life with a Study Day and a celebration of Jane Austen with costumed Regency dance workshops (in partnership with Nonsuch Dance Company); a Clueless-inspired dress-up party night at BFI Southbank; working with Bechdel Test Fest, the Feminists' Guide to Love events were some of the most rewarding of the season, with vibrant debate among young female audiences; and immersive screening events presented by Bristol Watershed's Future Producers, with cast members from *Hollyoaks* looking at Love & Sex in the TV Soap were a huge success.

The BFI Film Audience Network engaged audiences in LOVE screenings across every nation and region of the UK, beginning with Glasgow Film's beautifully produced event screening of Wim Wenders' *Wings of Desire* at Paisley Abbey with simultaneous screenings across the UK. There were 1940s-themed tea dances to accompany a 70th anniversary re-release of *Brief Encounter*,

Sensoria's drive-in screening of *A Matter of Life and Death* at Norton Aerodrome, and a discussion at Nottingham's Game City festival on the amorous narrative possibilities of video games.

Four key LOVE titles, with *True Romance* as lead release, were presented in 54 VUE cinemas, and the BFI's 50th anniversary re-release of David Lean's newly restored romantic epic *Doctor Zhivago* screened at over 150 venues across the UK. Long popular with audiences but not critically revered in its day, this time around the film achieved glowing reviews and whole-hearted praise for its reappraisal on the big screen.

LOVE featured on BFI Player with a collection of 92 classic and contemporary films available and on BFI DVD with releases of films such as Kim Longinotto's *Love is All* and Ken Russell's *Valentino*. BFI Palgrave MacMillan published seven Film Classics. Overall the LOVE season fulfilled its aim of introducing 40% audiences new to the BFI to a breadth and depth of film and TV.

Cinemas and Events

Throughout the year BFI Southbank offered a richly varied and highly accessible survey of British and international film and television with a vibrant programme of live events, talks and discussions. There were comprehensive tributes to Orson Welles and Jean-Luc Godard alongside seasons devoted to the Hollywood noir classics of Robert Siodmak; the films of Marilyn Monroe; a season of restorations of Masterpieces of Polish Cinema, presented in association with Martin Scorsese, The Film Foundation and Kinoteka Polska; a look at the pioneering cinema of D.W.Griffith; a revival of the films of Andrei Tarkovsky; and tributes to such important and influential figures in television as producer Verity Lambert, to Noel Coward and to the great writer, Dennis Potter.

BFI Southbank is unique in its presentation of the unfamiliar, the rarities and the obscurities, alongside well-known classics. A centrepiece to *London on Film* was a revival of the iconic *The Long Good Friday*, which with other landmark titles *Piccadilly*, *Pressure* and *Beautiful Thing*, shared the programme with a little-known oddity *Brittania of Billingsgate* and a number of home-movies. Welcomed to the stage to present their work were Waris Hussein, Mark Lester, Sheila Steafel, Alan Parker, *Sparrows Can't Sing* star Barbara Windsor, Leslie Caron with *The L-Shaped Room*, and Peter Medak to introduce *The Krays* with Gary and Martin Kemp.

Our regular onstage live music and film strands provide the programme with innovative risk taking and performative experiences, continuing to build new audiences for the BFI and drive membership. BFI Sonic Cinema presented two events with bands Public Service Broadcasting and Saint Etienne delighting sold out houses with their unique blends of Archive film and live music. BUG: The Evolution of Music Video, hosted by comedian Adam Buxton, reached its landmark 50th edition this year and fittingly curated a special David Bowie BUG. We launched the BFI's Shakespeare on Film project with the World Premiere of *Play On! Shakespeare in Silent Film*, a new creative archive film comprised of BFI restored Shakespeare silents brought to life with a live score from the Shakespeare's Globe players.

Engaging with the Contemporary

A key part of the cultural programme at BFI Southbank are previews of first run releases and showcases of the work of contemporary British and international filmmakers. One of Africa's greatest filmmakers, Abderrahmane Sissako, was celebrated with a run of *Timbuktu* and a small retrospective of some of his earlier features, while Haitian director Raoul Peck appeared on stage to talk about his work. Other notable filmmakers interviewed on stage included Amma Asante, Carol Morley, John Waters, Alan Parker – who brought an exhibition of his original cartoons into the venue, to mark the donation of his films and personal papers into the BFI National Archive - David Puttnam, and Christopher Nolan who helped draw attention to the BFI's ongoing commitment to film in the digital era with a hot ticket discussion on the merits of the physical medium during the BFI London Film Festival.

BFI London Film Festival in Partnership with American Express®

The 59th BFI London Film Festival in partnership with American Express® presented 423 fiction and documentary features, and live action and animated shorts from 72 countries, with nearly 800 international and British filmmakers (from global stars to new talent) presenting work across 16 London cinemas and 45 regional cinemas, including live cinecasts of Opening Night film *Suffragette* and Closing Night film *Steve Jobs*, with total audiences of 164,000. We also welcomed more than 1,100 accredited delegates for dedicated industry Screenings.

In the 2015 edition of the festival we created a high profile and very timely debate about gender equality and diversity in film, declaring it 'the year of the strong woman'. Having opened with the European Premiere of *Suffragette* - director, producers and predominant cast all women - a major highlight was then a Global Symposium on Gender in Media, hosted by the BFI in partnership with the Geena Davis Institute on Gender in Media, and with Women in Film and Television (WFTV) at which Davis gave a brilliant keynote address.

At the Festival's Awards ceremony three of the four LFF competition awards were won by films directed by women – *Chevalier* by Athina Rachel Tsangari (Best Film); *Sherpa* by Jennifer Peedom (The Grierson Award for Best Documentary); and *An Old Dog's Diary* by Shai Heredia and Shumona Goel (Best Short Film Award). The Sutherland Award for Best First Feature was presented to Robert Eggers for *The Witch*, and the Board of Governors presented the BFI Fellowship to Academy Award®-winning actress Cate Blanchett.

Other highlights this year were the new LFF Connects series of thought-provoking talks exploring the future of film and how film engages with other creative industries which featured discussions with Christopher Nolan and Tacita Dean (Film); Guy Maddin (Art), Louis Theroux with Simon Chinn (TV), Chris Milk (Creative Technologies) Alistair Hope (Games) and Laurie Anderson with Brian Eno (Performance/Music). While shining a light on the future of filmmaking, the Festival continued its commitment to the preservation and restoration work of film archives with 15 works presented including the annual BFI Archive gala, the world premiere of *Shooting Stars*.

BFI FLARE: London LGBT Film Festival

March 2016 marked the 30th anniversary edition of BFI Flare: London LGBT Film Festival and we were delighted also to be celebrating the 10th year the Festival was supported by principal sponsor Accenture. BFI Flare is the UK's leading LGBT film event and one of the world's longest established and what better way to open this year's festival than with the world premiere of the new British film *The Pass*, starring Russell Tovey. The programme presented over 50 features, more than 100 shorts and a wide range of special events, guest appearances, discussions, and workshops, before closing with *Summertime*. As a special feature in the anniversary programme, screenings continued the day after the Festival closed with Second Chance Sunday devoted to 2016 Festival best-sellers and a selection of LGBT archive gems from the Festival's history.

The BFI's 360° commitment to LGBT cinema has expanded significantly in recent years, from our VOD platform BFI Player which has a vibrant selection of films in the Flare collection, to the BFI Film Fund's Lottery support of such upcoming releases as *Departure* and *Who's Gonna Love Me Now?* - both of which screened at the festival. Our commitment to developing filmmakers and creating opportunities for emerging talent continues with BFI Flare's LGBT Filmmakers' Mentorship Programme, run again this year with BAFTA and Creative Skillset.

The struggle for basic human rights still remains the most pressing issue for many LGBT people worldwide. We and our partners British Council were thrilled with the response and level of support we received from every corner of the globe in response to our fiveFilms4freedom initiative, which is proving just how powerful cinema is to open hearts and minds.

UK-Wide

The BFI is at the heart of film in the UK with a network of partners and alliances, filmmakers and audiences, educators and learners that together create an environment where film and the moving image can flourish both culturally and economically. Our aim is to ensure audiences everywhere have the opportunity to see the broadest possible choice of film, in particular British and independent cinema. We work with national and regional partners who help deliver this in exhibition, education and skills development, but we also reach the furthest corners of the UK through our film distribution activities, publishing and digital initiatives.

We distribute films from the BFI National Archive to a wide range of venues around the country and internationally, and during the year we reached an audience of 830,000 in screenings across the UK, and a further 163,000 internationally.

DVD and Blu-ray remains an important means of reaching audiences and driving income for the BFI and sales continued to rise even as the market place is moving away from these formats.

BFI Film and archive footage sales bring our archive to audiences on television in the UK and internationally, reaching millions of viewers. For example, Mark Cousins' creative documentary *Atomic*, which used archive material from the BFI, screened on BBC4 and was seen by an audience of 364,000 UK-wide, of which 90,000 were on the iPlayer.

Distribution

In April 2015 we re-released Ridley Scott's seminal 1982 sci-fi film *Blade Runner*, reaching audiences old and new across the country and taking over £750,000 at the box office, our biggest cinema success to date. Other BFI releases include Fellini's *8½* (1963) which took 63 cinema bookings and is on BFI Player; *Man with a Movie Camera* (1929) by the great Dziga Vertov was voted the Number One best documentary in *Sight & Sound*'s poll and was released into 61 cinemas and on also on BFI Player; *Touch of Evil* (1958) by Orson Welles; and Godard's *Le Mepris* (1963).

Diversity Highlights UK-Wide and Internationally

Make More Noise! a compilation of BFI National Archive footage of Suffragettes in silent film was premiered with a live score by Lillian Henley to coincide with *Suffragette*, and released as part of the FAN The Time is Now UK-wide tour to 54 venues, also on BFI DVD and Player. *Make More Noise!* also had an Ambassadorial screening during a month-long campaign for gender equality in the Embassy at Guangzhou, China, on International Women's Day, 8 March.

The World Cinema Foundation's restoration of Ousmane Sembene's *Black Girl* screened as part of the Africa in Motion tour around the UK and was released on BFI Blu-ray and DVD, along with Sembene's *Borom Sarret*.

BFI Publishing

Our latest *BFI Compendium*, on LOVE, contains a broad range of compelling essays tackling our on-screen loves and obsessions.

In a busy year for *Sight & Sound*, highlights included the 'Female Gaze' special issue and 'Deep Focus' specials on 'Southern Gothic' and 'The Tarkovsky Legacy'.

STRATEGIC PRIORITY TWO

SUPPORTING THE FUTURE SUCCESS OF BRITISH FILM BY INVESTING IN FILM DEVELOPMENT, PRODUCTION, TALENT AND SKILLS

- **DEVELOPMENT AND PRODUCTION**

In 2015 we celebrated the success of multiple BFI-backed British films, critically, commercially and internationally. Exciting first features from Stephen Fingleton, Debbie Tucker Green, John MacLean, Guy Myhill, Alex Taylor and Andrew Steggall, as well as the incredible success at festivals and awards events of *Suffragette*, *45 Years*, *The Lobster* and *Brooklyn*, among many others, have demonstrated the incredible range and diversity of British filmmaking talent.

Yorgos Lanthimos' *The Lobster* was welcomed with critical acclaim at the 68th Festival de Cannes, picking up the coveted Jury Prize for its eccentric depiction of romance in a dystopian future. The film also travelled to Toronto, along with *London Road* by Rufus Norris which opened the City to City strand of the festival with its international premiere. Other premieres in Toronto included two ambitious literary adaptations - Ben Wheatley's extraordinary take on the J.G. Ballard classic *High Rise*, and the Scottish historical masterpiece *Sunset Song*, directed by Terence Davies. Scott Graham's second feature, *Iona*, closed the Edinburgh International Film Festival, following the presentation of two awards for *45 Years* - Best British Film, and Best Actress for Charlotte Rampling.

Notes on Blindness, the anticipated first feature from promising directors Peter Middleton and James Spinney, featured in the New Frontiers section at Sundance, accompanied by its virtual reality project *Into Darkness*. The film presents a hauntingly beautiful and powerfully emotive experience of blindness and demonstrates the talents of two highly original storytellers.

As we stepped into Awards season, John Crowley's *Brooklyn* won Outstanding British Film at the BAFTAs and was nominated for Best Film at the Oscars. Nick Hornby's screen adaptation of the Colm Toibin novel won the hearts of critics and audiences alike, following the tale of a young woman in the 1950s torn between her beloved home in Ireland, and the possibility of a new life and romance in New York. *45 Years* and *The Lobster* were also nominated for Outstanding British Film.

In BAFTA's Outstanding Debut category, three of the five nominations were BFI-backed productions; Stephen Fingleton's *The Survivalist*, Debbie Tucker Green's *Second Coming* and Sean McAllister's *A Syrian Love Story*. McAllister's hard-hitting account of a family torn apart by the war in Syria also earned him Grand Jury Prize at Sheffield DocFest.

- **DIVERSITY**

During the year we undertook an audit of the Three Ticks pilot scheme and the guidelines have been further developed. Under the new name of BFI Diversity Standards, we have expanded the scope to all other activities we support with Lottery funding, as will those supported through BFI funded partners (including BFI Film Audience Network, Creative England, Creative Scotland, Ffilm Cymru Wales, Film London, Into Film, and Northern Ireland Screen) who will be adopting the

standards over the course of 2016. We have also set about to ensure the guidelines engage with and challenge the industry in a constructive manner, to make a strong and long-lasting change. The revised standards were launched at an industry event during the BFI London Film Festival during which we also unveiled a new Diversity Fund, which is now receiving applications.

The standards have been met positively by the industry and the BFI is seen as a leader in this space.

- **SUPPORTING FUTURE FILMMAKING**

BFI NET.WORK

Since launching in September 2013 BFI NET.WORK, the £3m UK wide talent development initiative has continued to discover, develop and fund the most exciting new and emerging filmmakers. The partnership which involves Creative England, Ffilm Cymru Wales, Northern Ireland Screen, Film London and the Scottish Film Talent Network has to date funded 194 short films, 68 features in development and four features currently in production.

The short films supported through our funds have received three BAFTA nominations, a BAFTA win, an Oscar nomination and have screened and won awards at various film festivals including Sundance, the BFI London Film Festival and Berlinale.

In 2015 the NET.WORK launched its online offer at the Edinburgh International Film Festival allowing filmmakers to submit their work directly to NET.WORK execs for engagement. The Postroom has seen submissions from a growing community of over 300 filmmakers and each month the Postroom Pick highlights the best submission to the site, championing as yet undiscovered voices.

This year saw the first NET.WORK Weekender take place at HOME in Manchester. The weekend of masterclasses, talks and events brought 40 NET.WORK filmmakers on the cusp of making their first feature together with a number of UK industry experts and filmmakers including Andrea Arnold, Peter Strickland, Joe Cornish and Clare Binns.

BFI Aardman Development Lab

The BFI Aardman Animation lab was set up in 2015 to help three filmmaking teams develop their animation projects under the expert eye of the world's leading stop-frame and CGI (Computer Generated Imagery) animation studios. With two years' Lottery funding guaranteed, the teams are learning and working with Aardman on three feature film projects, with a dedicated development executive and co-founder Peter Lord himself working on the visual design of one of the projects.

Vision Awards

The BFI Vision Awards were set up to help successful applicants fund their development slates and grow their businesses. Of the nineteen companies awarded Lottery funding over the two years of the scheme, five are specialising in animation, and many have now gone into production or are due to release films they have developed under the scheme.

Establishing and maintaining a slate of films is immensely challenging, particularly for emerging producers, and we have just opened applications for a new round of Vision Awards designed to help them cover their overheads in order to sustain themselves in the first year of business.

- **DOCUMENTARIES**

Following two documentary pitching sessions at Sheffield Doc/Fest in June and at the BFI in December, we have now made commitments to support seven new documentaries through the BFI Film Fund.

Yonathan Gal's *Dreadtown* is a feature documentary that tells the story of British reggae group Steel Pulse, who emerged from the racial turbulence of 1970's Britain to conquer the world.

Sky Neal and Kate McLarnon's *Even When I Fall* tells the story of three women survivors of child trafficking who together set up Nepal's first circus and, following the devastating earthquake that hit the country in 2015, heroes of the rebuilding process.

Lucy Cohen's *Fly Away* charts the emotional recovery of a family as they come to terms with their father's suicide that left them in financial ruin.

John Akomfrah's *Kathleen Cleaver: Black Panther Symphonies* is an exhilarating feature length 'thriller documentary' on Black Power activist, Kathleen Cleaver's four extraordinary years in revolutionary Algeria.

Ashish Ghadiali's *Living the War on Terror*, centres around the rise of the Bosnian Mujahideen to the torture-cells of Guantanamo Bay, from the rebel training camps of Syria to the prison-bars of Belmarsh.

Lucy Walker's *Slumdogs* is a musical-feature documentary that charts the astonishing rise of hip-hop in one of the world's most unforgiving environments, the slums of Mumbai.

Brian Hill's *The Hippie Trail: How Paradise Was Found and Lost* features archive of the hundreds of thousands of young Westerners headed East in the 60's and 70's, in search of adventure, enlightenment & themselves.

- **ON THE INTERNATIONAL STAGE**

This has been a busy year for the BFI's International team as we help build and strengthen Britain's relationship with China. A major bi-lateral project, in partnership with FCO China, the British Film Commission and supported by UKTI China and Creative Skillset, saw senior Chinese film executives visit the UK for a six-day familiarisation trip coinciding with the BFI London Film Festival to meet their UK industry counterparts across production, studios, tax specialists, producers, talent agents, distributors and sales agents. A bespoke UK-China co-production workshop during the Festival, with speakers from the Chinese industry and authorities, was attended by over 130 UK film executives from across all film sectors. A reciprocal workshop was

also held in Beijing with three high profile UK film executives (including a producer and the casting director of *Spectre*) to present in detail the benefits of working with the UK. The workshop was attended by 100 or more Chinese film executives.

BFI International also worked closely with the Chinese Film Bureau (SARPPFT) on their visit to the UK in October, negotiating for four recent Chinese films to be screened as part of the BFI London Film Festival's industry programme. Further ongoing strategic work with China included the preparation and signing of the Memorandum of Understanding (MoU) between the UK and China and attendance at the China UK Film and TV Conference which was part of the UK China High Level People to People Dialogue.

The International Fund supported the Sino-European script development initiative *Bridging the Dragon* which aims to build greater cultural and creative synergies with China. A number of UK based projects participated in the workshop with a larger number of UK producers benefiting from the networking opportunities.

Co-production updates

Brazil

In November 2015, BFI International attended the Sao Paulo International Film Festival (Mostra) at the invitation of the Mostra and UKTI Brazil, to promote the UK as a co-production and filmmaking destination, and to scope the Festival as potential platform for UK – Brazil collaboration. Ratification of the UK-Brazil co-production treaty is still awaited pending constitutional procedures on the Brazilian side.

Germany, France

BFI International led a select group of senior UK producers and a talent/casting agent to Berlin for a UK-Germany film workshop, run in partnership with the Medienboard Berlin Brandenburg (Berlin Film Fund). Germany is a key territory for UK film, in particular for export and co-production. A number of new co-production partnerships were forged.

The BFI international fund also supported UK filmmaker attendance at the Dinard British Film Festival.

Inward investment

2015-16 has been another hugely successful year for the UK production industry with very high levels of inward investment across film and high-end television making their productions in the UK, reaffirming the UK's status as a leading centre for production excellence. Many of the large scale productions coming to the UK have been assisted and supported by the British Film Commission, supported by the BFI through Grant-in-Aid and a Lottery award.

The BFI funded partner Creative England works in partnership with the British Film Commission to provide free, bespoke support to productions filming in England, outside London and to promote England internationally, through provision of services to facilitate and source locations, studios, facilities and crew. Creative England's team liaises with local authorities, film offices, regional and national partners, with regional representatives situated in offices across England

who provide specialist local knowledge.

Our support for the British Film Commission and Creative England complements the work of other national screen agencies across the UK.

- **EXPANDED ROLE FOR THE BFI FILM CERTIFICATION UNIT**

The BFI Certification Unit is responsible for certifying films, high-end television programmes, animation television programmes, children's television programmes and video games as British, either under the relevant Cultural Test or (for film and television) as official co-productions under one of the UK's eleven bi-lateral treaties (five of which allow television co-production) or the European Convention.

In addition, the Certification Unit has continued to promote and market the Creative Sector tax reliefs at every opportunity at events and conferences around the UK and in Europe such as MipCom, Mip Junior, Develop, London Games Festival, Children's Media Conference and EIFF amongst others. The Unit also ran a second BFI Video Games Day in Nottingham as part of the Game City Festival.

The Certification Unit also assesses the diversity standards applications for the film fund.

STRATEGIC PRIORITY THREE

UNLOCKING FILM HERITAGE FOR EVERYONE IN THE UK TO ENJOY BY INVESTING IN PRESERVATION, DIGITISATION, INTERPRETATION AND ACCESS

• UNLOCKING FILM HERITAGE

Unlocking Film Heritage marks a paradigm shift from analogue to digital for the BFI National Archive as we see significant advancement towards successfully accomplishing its objectives in preservation, digitisation, interpretation and access.

Digital Preservation Architecture

Installation of world leading Digital Preservation Infrastructure at the Conservation Centre was achieved during the year and is expected to be up and running during the summer of 2016. New state-of-the-art film and sound scanners and a post digital production system will transform our in-house capacity to turn analogue into digital, equipping the BFI National Archive for the digital future.

This work has attracted enormous interest within the film archive community and we invited delegates from archives in Brazil, China, Singapore, Argentina, Estonia, Ukraine, Portugal and Thailand to an executive education programme where we could share the learnings from the *Unlocking Film Heritage* programme and encourage new international partnerships across the global archival community.

Public interest in the workings of the archive led us to take part in the *National Trust Heritage Open Days* for the first time, with tickets selling out in 24 hours for a series of public tours of the Conservation Centre in Berkhamsted.

The end of 2015 saw the National Television Archive off-air capture process go fully digital – with manual legacy processes becoming automated. Part of this transformation was a trial of BBC software to enable the integration of off-air capture into our newly developed digital workflows. We are now able to capture eighteen channels twenty-four hours a day.

Digitisation

The target we set ourselves in *Film Forever* was to select, digitise and make available 10,000 titles – comprising 5,000 from the BFI National Archive and 5,000 from regional and national archives and commercial Rightsholders collections from across the UK. The title selection process is now complete and included a public vote live on bfi.org.uk to select one of three wonderful but forgotten British feature films to be digitised. The chosen film – *Mr Topaze*, an unknown comedy from 1961 directed by and starring Peter Sellers – was digitized and offered free-to-watch for up to 48 hours on the BFI Player.

By the end of March 2016 we reached our digitisation goal for the year of 7,000 titles of which 4,500 titles are already available, mostly for free on the BFI Player. A programme is also underway to digitise the BFI stills collection comprising approximately 1.35million images.

Unlocking Film Heritage is the beginning of our ultimate goal to digitise and make available to the public all of our screen heritage, with the first public engagement campaign, *Britain on Film*, made possible thanks to a grant from the Esmée Fairbairn Foundation. At launch the attention it attracted across the media and from people flooding online to watch the films was a clear sign of the popular appeal of heritage film and it has led to other archives wanting to follow suit and willing to pay to come and learn from us.

The National Catalogue

A further major outcome of the project is the creation of a National Catalogue of British Feature Films, with every film being registered in the Entertainment Identifier Registry (EIDR) and documented in the BFI's Collections Information Database (CID) using a new European standard for film cataloguing. The entire UK filmography has now been fully documented in CID and 100% of titles are registered in EIDR telling the complete story of British feature film for the very first time and giving us valuable baseline data for evidence-based strategy development and investment.

The BFI Reuben Library

Since re-locating to BFI Southbank, visitor numbers to the BFI Reuben Library continue to increase year on year, averaging over 6,000 visitors a month and at our busiest time welcoming over 300 people a day. Many browse the shelves for inspiration and research, others come as part of specialised Group Study Visits mainly as students studying at A and AS level, but also university undergraduate groups with students coming from overseas.

In the past year we have supported the Public Programme with displays of library material from the collections, targeting particular screenings and seasons including work on Federico Fellini and Howard Hawks, material focusing on the writings about African cinema to tie in with Abderrahmane Sissako, a focus on Orson Welles in July and Jean Luc Godard in early 2016. Alongside our collection displays we've hosted events as part of the overall Public Programme, which offer our audiences a more intimate setting for delving deeper in to the offer at the BFI Southbank. Some highlights from the past year include events around the LOVE blockbuster including a talk with script-writer Tess Morris about scripting the Rom-Com and a sell-out run of events about the work of Jean Luc Godard. A Digital Library on Demand service was launched in 2015, recognising that not everyone can travel to London to refer to material.

PUBLIC POLICY, LEADERSHIP AND ADVOCACY

As the Government's lead agency for film, the BFI helps ensure that public policy supports film and, in particular, British film. During the year, the BFI worked with the UK Government and its Devolved Administrations, the European Commission and various statutory and industry organisations on a range of public policy areas relating to film.

UK Policy

As part of the Comprehensive Spending Review, the BFI was given notice that it would receive new capital funding to support modernisation and revenue raising projects at BFI Stephen Street and BFI Southbank. The BFI continued with implementation of the recommendations of the Government's Triennial Review with 25 of the 26 recommendations being completed, and with further work continuing on the remaining one.

The UK Government (DCMS) Culture White Paper also recognised the BFI's work on diversity, its innovative approach with the BFI Film Academy in helping young people from right across the UK into higher education and/or employment and the steps taken to draw commercial revenue through our internationally-recognised expertise in archiving and conservation.

The BFI has made representations to Government regarding the future of the BBC and to Parliament on the future of Channel 4. Both channels provide vital funding for British independent film, a large audience for our work, and play a key role in developing and nurturing talent for the screen industries. Our positions reflect that we would not wish to see changes which would place these contributions in jeopardy.

This year the BFI has continued to increase our engagement with the Nations and regions. This has included discussing priorities for our 2017-2022 Strategic Plan with industry and public sector leaders in cities such as Cardiff, Liverpool, Newcastle, Edinburgh, Leeds and Nottingham. This outreach has provided very useful evidence and local intelligence which will inform our regional engagement going forward, as well as our strategic direction.

This year we launched a Creative Clusters Challenge Fund which is designed to help identify and support the growth of emerging screen industry hubs that we know exist across the UK. Its purpose is to help create a blueprint for growth of capacity, capability and talent development across all screen sectors – film, TV, video games and animation – out of London. In the first round we awarded seed funding to the Yorkshire Screen Industries Hub bid which then secured match funding from a Yorkshire-wide consortium. Screen Yorkshire, in partnership with Game Republic and Sheffield Doc/Fest, is seeking to build long-term growth across the Yorkshire and Humber region, with a focus on expanding the screen industries infrastructure and skills base.

The BFI is an active contributor to a number of public and industry fora including the Creative Industries Council, UK Trade & Investment's Strategic Advisory Group for the Creative Industries, the Creative Industries Federation, the IPO, the CBI's Creative Industries Group and the British Screen Agencies Council. Our work with these partners this financial year has covered the impact of the new Apprenticeship Levy on screen businesses, efforts to boost the creative industries in

the UK nations and regions and a renewed focus on screen industry exports.

European Policy

At a European level, the BFI continued to work with the UK Government, the UK film sector and partner film agencies throughout Europe in helping to inform discussions relating to the Digital Single Market (DSM). In particular, we are following the European Commission's and the European Parliament's evolving thinking on portability, and we are gathering continuing intelligence concerning any proposals on cross-border access.

The BFI recently submitted a response to the Commission's consultation on copyright enforcement, stressing the importance of enforcement, education and the development of new business models. In December, at the request of EC Vice-President Andrus Ansip, we organised a roundtable with senior representatives of the British film industry to discuss DSM issues.

On all these matters we work very closely with our colleagues in the European Film Agency Directors (EFADs) association. EFADs is increasingly seen to be a persuasive voice for Europe's audio-visual industries, carefully balancing the interests of the public and the industry and we are now working with the European Commission to present a programme of European Film Forums at which key matters of concern can be debated with the industry and opinion formers.

The BFI remains an "interested third person" in the Antitrust case being pursued by DG Competition on cross-border provision of pay-TV services available in the UK and Ireland.

Looking ahead to the UK's Presidency of the European Union in the second half of 2017 we are working with the DCMS to ensure film and audio play their part in helping make the Presidency a success.

During its first two years (2014–2015), the BFI and British Council led Creative Europe Programme has supported 228 UK cultural and creative organisations and audiovisual companies and the cinema distribution of 84 UK films in other European countries with grants totalling €40 million.

Examples of supported projects include: *I, Daniel Blake*, a feature film by Ken Loach, *Shaun the Sheep: The Farmers Llamas*, a 30 min animation special for BBC One produced by Aardman, and *Total Dark*, a video game by Chinese Room. Creative Europe has also supported UK cinema releases of *Timbuktu* and *Force Majeure* as well as European cinema releases of UK films: *Pride*, *Amy*, *Paddington* and *High-Rise*.

Research and Statistics

The BFI launched a new Research and Statistics Fund which will further assist the UK film sector with detailed market information and research in a range of key areas, building on existing work, such as the Statistical Yearbook and official statistics releases. An Advisory Group of academics and sector experts is now assisting the Fund to identify priority research areas - the Fund's first projects include a meta-analysis of major issues and cross-cutting effects from diversity projects in the screen sectors and an analysis of job creation through investment in UK screen production. The latter will add further granularity to the employment statistics presented in the

2015 Olsberg/Nordicity report on the economic contribution of the UK's film, high-end TV, video games and animation.

A programme of quantitative and qualitative audience research projects is also in development.

Forward Planning

During the year, the BFI also commenced planning for its next Strategic Plan for the period 2017-2022. Informal consultation meetings and discussions were held with stakeholders and partners right across the UK to help identify the key issues and challenges for the organisation. A public digital consultation with accompanying roadshows will begin in the summer of 2016 with the final plan published in winter 2016.

FUNDRAISING AND PHILANTHROPY

The BFI is the only charity in the world that takes care of every aspect of film: past, present and future. Our supporters help keep the magic of film alive for everyone, forever.

The Development department had a strong year in 2015-2016, surpassing target by almost half a million pounds whilst additionally setting a healthy basis for fundraising in the year ahead.

A highlight of the year, on 6 October, was the return of our LUMINOUS fundraising gala which raised £400,000 net in one evening in support of the essential work of the BFI National Archive. A major undertaking for the team, over 400 guests attended the evening, compèred by BFI Governor Jonathan Ross, featuring an impassioned speech from BFI Ambassador Tom Hiddleston, and presented in partnership with IWC Schaffhausen.

October also saw the launch of FILM IS FRAGILE, our nationwide fundraising campaign to raise £1million to restore and protect national treasures from the UK's film and television collection. FILM IS FRAGILE has raised over £690,000 so far, engaging the support of many new donors to the BFI, as well as attracting a strong national profile to our charitable mission. One new supporter identified through our direct mail campaign made a hugely important £50,000 gift.

American Express® returned as Principal Partner of the BFI London Film Festival for a sixth successive year, supporting the Opening Night Gala for Suffragette, along with the American Express Gala for Carol, and successfully consolidating growth across their card-member access programme.

Giorgio Armani joined the Festival for the first time to present 'Films of City Frames', a short film project working with students from four international film schools that took Armani's Frames for Life Eyewear Collection as inspiration. We were also delighted to welcome Sky Movies as an Official Sponsor for the first time.

In 2016 BFI Flare: London LGBT Film Festival celebrated two anniversaries; its 30th birthday and the momentous 10 year anniversary of Accenture's Principal Sponsorship.

Outside BFI Festivals, we welcomed a new partnership with Plusnet, the internet service broadband provider. Supporting the UK-wide 2015 blockbuster, LOVE, Plusnet customers were able to access nationwide screenings, special events and unique promotions and experiences across the three month season.

Support from Trusts and Foundations sustained year-to-year growth, with the team exceeding target in the year 2015-2016. Our generous supporters included the Esmée Fairbairn Foundation, continuing their significant commitment to Britain on Film, and the Louis B. Mayer Foundation and Film Foundation with a grant for film restoration at the BFI National Archive. We also welcomed a raft of new Trust supporters in the year and received a number of significant pledges for the year ahead.

Individual supporters, through BFI Patrons, our Film Forever Club and major donors enabling specific projects, gave over £930,000 to the BFI in 2015-2016. Our Patrons Scheme continued to

attract new members and wonderful testimonials on the experience of being a BFI Patron, manifest through high retention of memberships within the scheme.

The Friends of the British Film Institute is an independent 501(c)(3) not-for-profit, registered in California, that supports the work of the BFI. Over the course of the year, it made two grants, totalling \$191,388 to the BFI. The majority of grants were directed to the BFI National Archive, whilst one restricted grant of \$4,800 from the Film Music Foundation was made in support of a young composer's workshop and seminar on film music that took place at the BFI London Film Festival. The Friends of the BFI is an important and growing source of support to the BFI, with a bi-annual events programme now established in San Francisco and plans to expand to the East Coast in 2016.

THE FRIENDS OF THE BRITISH FILM INSTITUTE BOARD OF DIRECTORS 2015-2016

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The BFI warmly thanks the following individuals and organisations for their generous support in 2015-2016:

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Jing Yu

And thank you to all those Patrons who would prefer to remain anonymous.

** The Friends of the British Film Institute is a California-based USA non-profit organisation that supports the work of the BFI in the UK and the USA.*

*** Donations marked with double asterisk were made possible by The Friends of the British Film Institute.*

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KEY PERFORMANCE MEASURES

As set out in *Film Forever* the BFI proposed a focused number of aims to be delivered by 2017. Performance in 2015-16 is as follows:

To have ensured that a new education offer is available to every school and 25% of all young people are actively engaged in making, watching and understanding a wide range of film

- Available to all schools in the UK (approximately 28,000 schools)
- 9,042 active film clubs since the scheme was introduced* (increase of 2,247 in the year)
- Estimated take-up of 5-19 Education activities was 4,626,837 in the year (3,115,000 in previous year)
- 13% of young people actively engaged in Film Clubs and the Into Film Festival (increase of 40% in the year with approximately 1.0m young people engaged throughout the UK)

** Meet at least once every two weeks*

To have increased the size, diversity and geographic spread of audiences viewing British independent and specialised film (through BFI interventions)

- Audiences (reach) to activities supported by the BFI online, in-venue and publishing is estimated to be 37 million (2012-13 base year 13.2m)
- Increased the Geographic spread of audiences viewing BFI material: estimated 75% of audiences to BFI supported activity from outside London (2012-13 base year was estimated that 70% of audiences to BFI supported activity were from outside of London)

To have funded a range of British films and talent which will have won major domestic and international awards

See page 5

To have helped increase the total level of inward investments and of exports, by generating new business from emerging target markets

- the total level of inward investments in 2015 was: £1.17bn with 96% from US (2012-13: base year £671m; 95% from the US; 2014: £1.23bn, 98% from US.)
- Exports: UK film industry exported £1.18bn of services in 2014 compared to £1.36b in 2013; there was a decline in exports to Europe (45%) and Asia (31%) with an increase to N America (11%)

To have increased by 25% the number of visits and reach to BFI content digitally

- the number of visits to BFI content digitally was 19.4 million in the year. This is a 115% increase from the 2012-13 base (and 33% up on 2014-15). In addition there were 7,254,530 streams of BFI content on YouTube (an increase of 102% on previous year)

To have digitised and made available 10,000 significant heritage titles and increased the number of views of archive materials

- Number of items digitised: 7,013 to date (2,531 titles in 2015/16)
- Number of titles available: 4,278 to date (on BFI Player) (1,051 in the year)

To have increased, year-on-year, the total amount of charitable income to the BFI

- Total amount of charitable fundraised income to the BFI: £5.2m (£3.7m cash) (2015: £4m, £2.6m cash)

Ensured that 80% of key partners consider the BFI as either very effective or effective

- In a survey independently undertaken by DCMS for the Triennial Review 2014 85% rated the BFI's leadership and advocacy role as very effective or effective (next survey to be undertaken as part of the development of the 2017-2022 strategic plan)

To have supported an increase in the diversity of talent, in terms of ethnicity, gender and disability, by funding a range of British films and talent

- BFI Film Fund supported talent in the year was as follows: female 44% (2015: 40%); from a BAME background 18% (2015: 15%) and with a disability 2% (2015: 1%). This information is based on completed returns to the monitoring questionnaire.

2016-17 is the final year of our 5 year Film Forever programme. We will develop and undertake a UK wide public consultation on the successor strategy for 2017-22 to be published in the Autumn.

NOMINATIONS AND AWARDS

Oscar 2016 nominations

Brooklyn – Best Picture

45 Years / Charlotte Rampling – Actress in a Leading Role

Brooklyn / Saoirse Ronan – Actress in a Leading Role

Brooklyn – Writing (Adapted Screenplay)

BAFTA 2016 nominations

45 Years – Outstanding British Film

Brooklyn – Outstanding British Film

The Lobster – Outstanding British Film

Second Coming / Debbie Tucker Green (writer, director) – Outstanding debut by British writer, director or producer

A Syrian Love Story / Sean McAllister (director, producer) and Elhum Shakerifar (producer) - Outstanding debut by British writer, director or producer

The Survivalist / Stephen Fingleton (writer, director) - Outstanding debut by British writer, director or producer

Brooklyn – Best adapted screenplay

Brooklyn / Saoirse Ronan – Best actress

Brooklyn / Julie Walters – Best supporting actress

Brooklyn – Best costume design

Brooklyn – Best make-up and hair

BAFTA 2016 wins

Brooklyn – Outstanding British Film

Golden Globes 2016 nominations

Brooklyn / Saoirse Ronan – Best Performance by an Actress in a Motion Picture Drama

BIFA 2015 noms (and winners are highlighted)

The Lobster / Colin Farrell – Best Actor

45 Years / Tom Courtenay – Best Actor

High Rise / Tom Hiddleston – Best Actor

The Lobster / Ben Whishaw – Best supporting actor

Suffragette / Brendan Gleeson – Best supporting actor

Brooklyn / Domhall Gleeson – Best supporting actor

High Rise / Luke Evans – Best supporting actor

Suffragette / Carey Mulligan – Best actress

45 Years / Charlotte Rampling – Best actress

Brooklyn / Saoirse Ronan – Best actress

Suffragette / Anne Marie Duff – Best supporting actress

Suffragette / Helena Bonham Carter – Best supporting actress

Brooklyn / Julie Walters - Best supporting actress

The Lobster / Olivia Colman - Best supporting actress

High Rise / Sienna Miller - Best supporting actress

45 Years / Andrew Haigh – Best director

The Lobster / Yorgos Lanthimos – Best director

Dark Horse: The Incredible True Story of Dream Alliance – Best documentary

How to Change the World – Best documentary

A Syrian Love Story – Best documentary

Slow West – The Douglas Hickox Award (Debut director)

The Survivalist – The Douglas Hickox Award (Debut director)

45 Years – Best Screenplay

Brooklyn– Best Screenplay

High Rise– Best Screenplay

The Lobster– Best Screenplay

45 Years – Best British Independent Film

The Lobster – Best British Independent Film

Sunset Song / Agyness Deyn – Most Promising Newcomer

The Survivalist / Mia Goth – Most Promising Newcomer

45 Years – Producer of the Year

The Lobster – Producer of the Year

The Violators – Producer of the Year

Brooklyn / Fiona Weir (casting) – Outstanding achievement in craft

- Chris Collins – special jury prize

FINANCIAL REVIEW

FUNDING, INCOME and INVESTMENT in CHARITABLE ACTIVITIES

Review of the year

Income for the BFI in the year to March 2016 was £100.1m – an increase of £0.7m over the £99.4m received in 2014-15. Net funds increased by £14.8m (2015: £2.1m decrease). This positive movement in funds was largely due to Lottery £16.9m in the year (2015: £18.4m) reflecting the impact of the multi-year Lottery awards covering the period to March 2017 recognised in earlier periods.

Other activities of the BFI resulted in a net decrease in funds of £2.1m (2015: £20.5m decrease). Total non-lottery income increased to £47.3m (2015: £45.4m); total expenditure to £59.2m (2015: £52.7m), a £6.5m increase in spend on charitable activities. Other recognised gains in the year of £8.3m (2015: losses of £13.4m) were substantially due to the actuarial valuation of the defined benefit pension scheme.

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

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

Non-Lottery Activities

Income

Incoming from non-Lottery activities increased in the year by £2.0m.

2015-16 was another successful year for fundraising for BFI Southbank, festivals, the National Film and TV Archive and other BFI activity. £5.2m was raised of which £3.7m (71%) were cash contributions and £1.5m (29%) gifts in kind. (2015: £4m of which cash contributions £2.6m (65%) and gifts in kind £1.4m (35%)). Revenue Grant in Aid funding in the year of £20.9m returned to closer to the 2013-14 income of £22.4m, after the timing related change in the balance of Grant in Aid and other grants, legacies and donations in 2014-15.

Expenditure

Total non-Lottery expenditure increased to £59.2m (2015: £51.2m). Education, learning and Audiences £33.9m (2015: £30.8m), Supporting British Film £6.3m (2015: £6.0m), Film Heritage £17.2m (2015: £15.3m). Fund raising costs of £1.7m (2015: £1.1m) represent the costs of running the BFI Development division in order to raise funds for the BFI and include the costs of the biennial Luminous gala (£0.4m).

Gross Transfers between funds

Capital expenditure of £1.2m (2015: £1.0m) on the Unlocking Film Heritage project was also transferred from restricted to unrestricted reserves. Non-Lottery activities also received a £1.5m Lottery award in the year to support the BFI London Film Festival 2015.

Actuarial Gains/losses on defined benefit pension scheme

On the FRS 102 basis the net pension scheme deficit attributed to non-lottery activities fell by £3.8m from £57.0m to £53.2m (2015: an £18.6m increase from £38.4m). The reduction in the deficit included an actuarial gain of £6.8m (2015: £17.9m loss) arising from the changes in discount rates and the assumptions underlying the present value of the scheme liabilities. The most recent triennial valuation as at March 2013, upon which current and future contributions are based, showed a net liability of £12.7m for the whole pension scheme including lottery (2010: £12.2m). The deficit is being funded over 14 years under a deficit recovery plan agreed with the pension trustees.

Movement in fair value returns

A net increase of £1.5m (2015: £4.5m) arose on the value of the leasehold land and buildings and associated plant and fixtures. These movements arise from the standard indexation applied to the 2012 revaluation of the properties.

Lottery Activities**Income**

During the year the BFI's 2.7% share of the incoming resources of the National Lottery Distribution Fund was £52.2m (2015: £53.0m). In 2014 BFI received a one-off contribution of £4.0m due to the closure of the Olympic Lottery Distribution Fund.

Recoupment from investments in film in the year was £4.6m (2015: £5.6m). Of this £0.6m (2015: £0.9m) was surplus recoupment over the original investment and was taken to income.

Expenditure – Lottery Awards

Lottery non-film rights in the year totalled £15.5m (2015: £10.2m). The apparent increase is mainly due to the accounting in the year for the Creative England award for 2016-17 of £3.85m, in addition to their award for 2015-16 as both awards were confirmed during the year.

£23.6m (2015: £16.9m) of awards were taken to Film Rights in the Statement of Financial Position, against which impairments of £16.5m (2015: £16.5m) were charged to expenditure. The Lottery awarded £1.5m in the year to the BFI non-Lottery activities under S27 of the National Lotteries etc. Act 1993, being the award to support the BFI London Film Festival 2015.

Operating Costs and Administrative Costs targets

Operating costs were £5.5m in the year to March 2016 (2015: £5.1m).

These costs can be attributed as:

	2015-16	2014-15
Costs of generating recoupment	£0.3m	£0.3m
Costs of award processing and other Lottery administrative costs	£4.9m	£4.4m
Other finance costs	£0.3m	£0.4m

Net income, after offsetting costs of generating recoupment were £56.6m (£58.4m). The BFI acknowledge the request of the DCMS that all Lottery distributors have a target on costs associated with Lottery award processing of 5% of incoming resources, with a gross target for award processing and other administrative costs of 8% of incoming resources.

In 2015-16 the gross award processing and other administrative costs were 8.7% of net incoming resources (2015: 7.5%). This uplift is largely a result of the movement in incoming resources, which are variable and over which lottery distributors have no control.

Administration costs of £2.4m (4.2% of incoming resources) are deemed attributable to grant processing and thus fall within the targeted 5% (2015; £2.5m, 4.3%).

Actuarial Gains/losses on defined benefit pension scheme

On the IAS 19 basis the net pension scheme deficit attributed to lottery activities fell by £0.4m from £2.9m to £2.5m (2015: a £1.1m increase from £1.7m liability). The reduction in the deficit included £0.7m gain from the change in discount rate and assumptions underlying the present value of the present value of the scheme assets.

Film Rights and Fair Value Reserve

Film rights carried on the balance sheet increased by £3.4m to £11.0m (2015: £7.6m). This reflects a change in the valuation methodology of the film right assets looking at estimated film recoupment over a seven year period, in line with industry standard, rather than a three year model previously adopted. This also accounts for the £1m increase in the fair value reserve to £2.3m (2015: £1.3m), representing the anticipated future value of those projects which have already recovered their initial investment in full and are where the BFI continues to receive a surplus over and above the funds invested.

Reserves

At 31 March 2016 the BFI had consolidated reserves of £40.5m (2015: £25.7m). The increase is substantially due to the £16.9m uplift in the restricted lottery reserves to £36.2m (2015: £19.3m). Restricted funds excluding lottery were £27.1m (2015: £32.7m) comprising fixed assets of £22.0m (2015: 23m) and the unspent restricted grants, primarily relating to the ongoing Unlocking Film Heritage project due to be completed by March 2017, of £5.1m (2015: £9.6m).

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 financial planning and budgets going forward and in the on-going management of activities within the available income, a significant element of which is subject to market conditions, including the Lottery income. The BFI's free net reserves (note 23) were maintained at £1.7m (2015: £1.6m).

Going Concern

The BFI receives Grant-in-Aid each year from the DCMS. This is in recognition of the cultural impact of film, and the importance of the National Film and Television Archive to the nation's heritage. Following the government Spending Review in November 2015, the BFI has received indicative annual funding for the four years to March 2020, and the ongoing status as Lottery Distributor, 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, and accordingly the financial statements for the charity, group and lottery activities have been prepared on a going concern basis.

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 Grant in Aid to help ensure that audiences across the UK have access to a wide range of cinema. The BFI also uses Lottery and Grant in Aid 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, Grant in Aid 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 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 the BFI Player, 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.

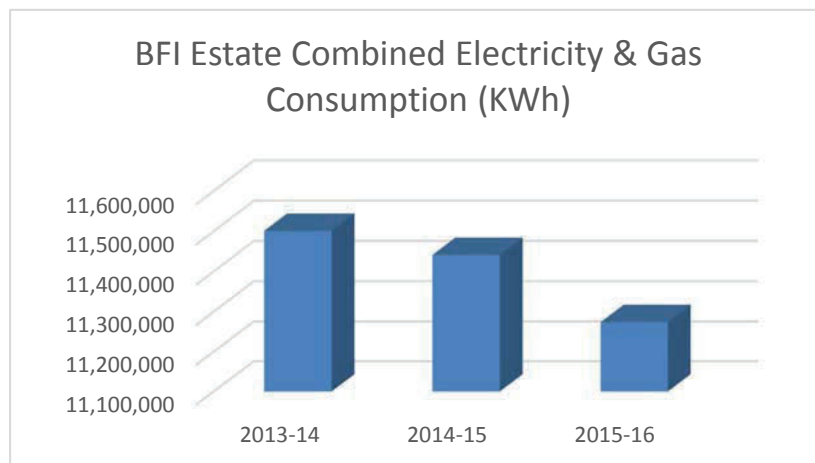
ENVIRONMENTAL SUSTAINABILITY

Greenhouse Gas Emissions

In 2015-16 the BFI achieved a 1.5% reduction in estate energy consumption across all sites in absolute terms. This was realised through the optimisation of boiler controls at our head office and some overnight shutdowns of air handling units at the Master Film Store. The energy reduction would have been greater but were partly offset by new digital media servers coming online at Berkhamsted as part of the Unlocking Film Heritage Project.

The associated carbon dioxide emissions from power consumption and travel combined have reduced from 5,023 tCO₂e to 4,593 tCO₂e representing an 8% reduction (see DCMS sustainability report below for more details on emissions).

In 2016-17 we will continue to work on controls optimisation at our Conservation Centre where we also expect to realise boiler efficiencies as a result of the upgraded Paper Store air handling plant.



Procurement

The BFI recognises the ability to make positive change when procuring goods and services. As such the procurement team monitor for forthcoming tenders and, in partnership with the Sustainability Manager, assess the potential to improve sustainability performance when drafting new tenders.

We are pleased to announce the signing of our new film transport contract which includes the provision of an electric vehicle to help improve London air quality and reduce Greenhouse Gas Emissions.

Travel & Transport

The BFI has been working hard to encourage a more sustainable commute to work and for inter-site travel. We continue to offer secure cycle parking at all sites and the facility for cyclists to shower and change. We have recently launched a trial of Santander bikes for inter-site travel in London and to commute from Euston Train Station for staff travelling to and from the Conservation Centre in Berkhamsted. Free cycle training continues to be offered to all staff as

well as a Ride to work bike hire scheme.

Finite Resource Consumption

We reduced our paper consumption by 10% in 2015-16 based on 2014-15 levels. We continue to procure paper from only Forest Stewardship Council (FSC) approved sources.

2015-16 saw water consumption over the BFI Estate reduce by 11%. Water economisers in sanitary conveniences have helped achieve this.

Waste

The BFI's waste contract is zero to landfill with residual waste sent to a waste to energy plant for energy recovery. The BFI has a recycling rate of 72% which has increased 4% from 2015-16 levels.

We continue to work closely with our waste contractors to ensure high recycling rates and we conduct bi-annual bin audits to ensure staff and contractors are using the correct bins.

Staff Engagement

To promote sustainable travel we have introduced the free use of Santander bikes for staff commuting between sites in London. We also ran several cycle safety training and bike security marking sessions to encourage the uptake of cycling.

Additionally, we have encouraged staff to take positive action in their own lives by holding Climate talks and film screenings coinciding with the UN Climate Change Conference in Paris.

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 2016. 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 July 2014 (SORP FRS102).

Governors

Governors who were in post for at least part of the financial year 2015–16 or at the date of signing these accounts:

Greg Dyke (*Chair*)¹
Josh Berger CBE (*Chair*)²
Pat Butler
Charles Cecil MBE
Pete Czernin
Alison Cornwell
Ashley Highfield³
Tom Hooper
Matthew Justice
Oona King
Peter Kosminsky⁴
J. Timothy Richards
Jonathan Ross OBE
Lisbeth Savill (*Deputy Chair*)
Andrea Wong

Methods of Appointment

The Chair and Governors of the BFI are appointed by the Secretary of State for Culture, Media and Sport pursuant to a process regulated by the Office of the Commissioner for Public Appointments.

The Board of Governors reserves one place on the Board for a Member Governor. The Member Governor is nominated and voted for by the BFI membership throughout the United Kingdom. This appointment is also subject to approval by the Board of Governors.

A Governor's term of office is normally four years. Pursuant to the BFI's Royal Charter, a Governor may only serve two terms in office. Newly appointed Governors receive a letter of

¹ Term expired 14 February 2016.

² Term as Chair commenced 15 February 2016.

³ Term expired 16 November 2015.

⁴ Term expired 26 January 2016.

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.

Board Assessment

The Board undertakes a formal and rigorous evaluation of its own performance and that of its committees and individual Governors on a bi-annual basis. The last evaluation took place in early 2016 so that any findings could be considered by the new Chair.

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.

- **Finance Committee**

This Committee is responsible for overseeing the budgetary, assurance and value for money processes within the BFI.

- **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.

Current Committee members are:

Audit, Risk & Governance

Alison Cornwell (*Chair*)

Charles Cecil MBE

Nick Cowley (Non-Governor member)⁵

Alison Dolan (Non-Governor member)

Dr Sree Kamineni (Non-Governor member)⁶

Phil Stokes (Non-Governor member)⁷

Finance

Pat Butler (*Chair*)

Matthew Justice

Peter Kosminsky⁸

Alison Dolan (Non-Governor member)

Nominations & Appointments

Lisbeth Savill (*Chair*)

Matthew Justice

Greg Dyke⁹

⁵ Term expired 25 June 2015.

⁶ Term expired 25 June 2015.

⁷ Appointed 27 February 2016.

⁸ Term expired 26 January 2016.

⁹ Term expired 14 February 2016.

Remuneration

Greg Dyke (*Chair*)¹⁰

Pat Butler

Ashley Highfield¹¹

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

Executive

The Board of Governors employs a Chief Executive, Amanda Nevill CBE. Amanda leads an executive team that during the year consisted of:

Fiona Cookson	Director of External Affairs
Will Evans	Director of Business Affairs
Ed Humphrey	Director of Digital
Ceri Morgan	Director of External Affairs (Maternity Cover)
David Parkhill	Director of Finance and Resources
Ben Roberts	Director of Film Fund
Richard Shaw	Director of Marketing, Communications and Audiences
Heather Stewart	Creative Director of BFI
Francesca Vinti	Director of Development

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

¹⁰ Term expired 14 February 2016.

¹¹ Term expired 16 November 2015.

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.

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 23 days (2015: 24).

Disclosure of information to the auditors

So far as the Accounting Officer and 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/Accounting Officer has taken all the steps that he/she is obliged to take as a Governor/Accounting Officer in order to make himself/herself aware of any relevant information and to establish that the auditor is aware of that information.

Board of Governors Attendance 2015-16

The number of BFI Board meetings held in the 2015-16 financial year was eight and the Governors' attendance records were as follows:

Greg Dyke (Chair)	7 of 7
Josh Berger CBE	6 of 8
Pat Butler	4 of 8
Charles Cecil MBE	7 of 8
Alison Cornwell	7 of 8
Pete Czernin	3 of 8
Ashley Highfield	3 of 6
Tom Hooper	5 of 8
Matthew Justice	8 of 8
Oona King	8 of 8
Peter Kosminsky	4 of 6
J. Timothy Richards	6 of 8
Jonathan Ross OBE	4 of 8
Libby Savill (Deputy Chair)	8 of 8
Andrea Wong	4 of 8

All Governors are required to complete a declaration of any potential related party interests – and details of any transactions with these related parties is reported in note 30 of the Charity and Group financial statements.

Audit, Risk and Governance Committee Attendance 2015-16

The number of Audit Risk and Governance Committee meetings held in the 2015-16 financial year was three and the members' attendance records were as follows:

Alison Cornwell (Chair)	3 of 3
Charles Cecil MBE	3 of 3
Nick Cowley (<i>Non-Governor Member</i>) ¹²	1 of 1
Alison Dolan (<i>Non-Governor Member</i>)	2 of 3
Dr Sree Kamineni (<i>Non-Governor Member</i>) ¹³	1 of 1

¹² Term expired 25 June 2015.

¹³ Term expired 25 June 2015.

REMUNERATION and STAFF 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 2016, 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 for Culture, Media and Sport (DCMS).

In addition the Board is supported by the Remuneration Committee that meets 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 chair, who is also chair of the BFI Governors, and up to two 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)¹⁴
Josh Berger (Chair)¹⁵
Pat Butler
Ashley Highfield (Term expired)

The Remuneration Committee met on 30 July 2015.

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 either membership of the Local Government Pension Scheme (LGPS) operated by the London Pension Fund Authority (LPFA), which is a defined benefit scheme, or a defined contribution scheme operated by Legal and General. Further details of the schemes can be found in note 10 to the BFI Group financial statements.

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.

¹⁴ Term expired 14 February 2016.

¹⁵ Term as Chair commenced 15 February 2016.

Contracts of Employment

The Chair of the BFI is appointed by the Secretary of State for Culture, Media and Sport pursuant to a process governed by the Office of the Commissioner for Public Appointments. Governors are appointed by the Board for a period of four years, with one Governor 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.

No members of senior management were employed under closed contracts as at 31 March 2016 and 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 £594 (2015: £144) were incurred. This primarily represents reimbursed travelling expenses. No payments were made in the year for services (2015: £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 salary for the year ended 31 March 2016 (2015)	Bonuses attributable for the year ended 31 March 2016 (2015)	Benefits Attributable for the year ended 31 March 2016 (2015)	Pension benefits accrued in the year ended 31 March 2016 (2015)	Total remuneration for the year ended 31 March 2016 (2015)
	£'000	£'000	£ (Nearest £100)	£'000s	£'000
Amanda Nevill Chief Executive Officer and Accounting Officer	140-145 (140-145)	- (-)	100 (100)	57 (33)	195-200 (170-175)
Fiona Cookson¹⁶ Director of External Affairs (Maternity leave from 14.1.2016)	90-95 45-50 (FTE: 85-90)	- (-)	100 (100)	N/A (N/A)	90-95 (45-50)
Will Evans Director of Business Affairs	140-145 (140-145)	- (-)	100 (100)	N/A (N/A)	140-145 (140-145)
Ed Humphrey Director of Digital	110-115 (110-115)	10 (-)	100 (100)	18 (11)	140-145 (135-140)
Ceri Morgan¹⁷ Director of External Affairs (Maternity Cover from 4.1.2016)	20-25 (FTE: 85-90) N/A	- N/A	- N/A	N/A N/A	20-25 N/A
David Parkhill Director of Finance and Resources	120-125 (115-120)	- (-)	100 (100)	37 (34)	155-160 (150-155)
Ben Roberts Director of Film Fund	140-145 (135-140)	- (-)	100 (100)	42 (34)	180-185 (170-175)
Richard Shaw¹⁸ Director of Communications, Marketing and Audiences	100-105 90-95 (FTE: 95-100)	- (-)	100 (100)	N/A (N/A)	100-105 (90-95)
Heather Stewart Creative Director	120-125 (110-115)	- (-)	100 (100)	86 (20)	205-210 (130-135)
Francesca Vinti Director of Development	90-95 80-85 (FTE: 90-95)	10 (-)	100 (100)	36 (22)	135-140 (100-105)

Pension benefits accrued during the year calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

¹⁶ Appointed 1 September 2014. Maternity leave from 14 January 2016

¹⁷ Appointed as maternity cover for Fiona Cookson from 4 January 2016.

¹⁸ Appointed on 14 April 2014.

Tim Cagney left the BFI in April 2014 and received no remuneration in the current year. His prior year remuneration is disclosed in the Annual Report and Accounts for the year ended 31 March 2015. Please see last year's accounts for pension details.

In the year to 31 March 2016, all senior staff except for Fiona Cookson, Ceri Morgan, Will Evans and Richard Shaw were members of the LPFA defined benefit scheme. Pension contributions during the year were made to private pension schemes of:

	Contributions paid	
	2015-16	2014-15
Fiona Cookson ¹⁹ Director of External Affairs	4,613	1,514
Will Evans Director of Business Affairs	22,926	21,384
Richard Shaw ²⁰ Director of Communications, Marketing and Audiences	5,047	3,598

No contributions were paid for Ceri Morgan in the year to March 2016.

Included in the above is remuneration (excluding pension arrangements) for senior staff in the year which are attributable to lottery for the year ending 31 March 2016. These are recharged as part of our lottery funded operations and thus contained within expenditure in the Lottery Financial Statements for the year ending 31 March 2016.

Remuneration (excluding pension arrangements) for the senior staff attributable to lottery for the year ending 31 March 2016:

	Total salary apportioned to lottery for the year ended 31 March 2016 (2015)	Bonuses attributable apportioned to lottery for the year ended 31 March 2016 (2015)	Benefits Attributable apportioned to lottery for the year ended 31 March 2016 (2015)	Pension benefits accrued in the year ended 31 March 2016 (2015)	Total remuneration apportioned to lottery for the year ended 31 March 2016 (2015)
	£'000	£'000	£ (Nearest £100)	£'000s	£'000
Amanda Nevill Chief Executive Officer and Accounting Officer	70-75 (75-80)	- (-)	100 100	30 (18)	100-105 (95-100)
Will Evans Director of Business Affairs	140-145 (140-145)	- (-)	100 (100)	N/A (N/A)	140-145 (140-145)
David Parkhill Director of Finance and Resources	65-70 (60-65)	- (-)	100 (100)	20 (19)	85-90 (80-85)
Ben Roberts Director of Film Fund	130-135 (135-140)	- (-)	100 (100)	39 (34)	170-175 (170-175)

¹⁹ Appointed 1 September 2014. Maternity leave from 14 January 2016

²⁰ Appointed on 14 April 2014.

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 may opt to 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 members of the LPFA scheme at 31 March 2016.

	Real increase in accrued pension benefits 2015-16	Attributable pension accrued at 31 March 2016 (or date left the BFI if earlier)	Cash Equivalent Transfer Value (CETV) as at 31 March 2015	CETV as at 31 March 2016 (or at date left the BFI if earlier)	Real increase in CETV after adjustment for inflation etc in 2015-16
	£'000	£'000	£'000	£'000	£'000
Amanda Nevill Chief Executive and Accounting Officer	2.5-5 (lump sum: 0-2.5)	52.5-55 (lump sum: 82.5-85)	820	909	70
Ed Humphrey Director of Digital	0-2.5 (lump sum: 0-2.5)	2.5-5 (lump sum: 0-2.5)	24	40	5
David Parkhill Director of Finance and Resources	2.5-5 (lump sum 0-2.5)	5-7.5 (lump sum: 0-2.5)	40	84	28
Ben Roberts Director of Film Fund	2.5-5 (lump sum: 0-2.5)	5-7.5 (lump sum: 0-2.5)	29	55	9
Heather Stewart Creative Director	2.5-5.0 (lump sum 5-7.5)	57.5-60 (lump sum: 102.5-105)	931	1,051	107
Francesca Vinti Director of Development	0-2.5 (lump sum: 0-2.5)	15-17.5 (lump sum:15-17.5)	179	208	19

These staff cover both Lottery and Grant-in-Aid and other funded activities. However it is not possible to break out the element purely attributable to Lottery.

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.

Senior number and costs

The number of senior staff by number and band is:

Chief Executive and other executive Staff at 31 March 2016

Salary Banding (Inc. Bonuses)	2016 (Number)	2015 (Number)
£140,000-£149,000	3	2
£130,000 - £139,999	-	1
£120,000 - £129,999	3	1
£110,000 - £119,999	-	2
£100,000 - £109,999	1	-
£90,000 - £99,999	1 ²¹	1
£80,000 - £89,999	-	1

Other senior staff

Salary Banding	2016 (Number)	2015 (Number)
£80,000 - £89,999	10	8
£70,000 - £79,999	21	18
£60,000 - £69,999	14	15

Staff number and costs (including on-costs)

	2016		2015	
	Number	£'000	Number	£'000
Average no. of permanent staff during year	492	25,396	484	23,539
Average no. of other staff engaged on objectives of the organisation	20	590	24	727

Employment and training policies

The BFI is committed to a policy of equality opportunity in its employment practises 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 received more or less favourable treatment on the grounds of race, colour, ethnic or national origin, marital status, age, gender, sexual orientation, disability or religious belief.

²¹ Ceri Morgan was appointed as maternity cover Director of External Affairs from 4 January 2016, with Fiona Cookson taking maternity leave from 14 January 2016. Thus whilst there were 10 individuals as member of the Executive during the year, there were only 9 for the substantial majority of the year.

Equality information:

	31 March 2016		31 March 2015	
	Women	Men	Women	Men
Board of Governors	4	8	4	9
Executive ²²	5 *	5	4	5
Senior Managers	20	17	19	16
Employees	248	256	250	248
Total	277	286	277	278

Senior managers are defined on the basis of matching pay to the Senior Civil Service pay grades and the prior year figures have been restated to reflect this.

*Includes one maternity cover (Jan – Dec 2016).

Sickness absence data

The BFI seeks to ensure that the requirements of health and safety legislation are met in the workplace. The BFI has policies and procedures in place to monitor sickness absence, (both long term and short term) and this information is regularly reviewed by the Senior Management Team. During 2015-16, sickness absence (excluding long term absence) averaged 3.3 days (2015: 2.74 days). 9 individuals had long term sickness absence (2015: 12). Long term sickness absence is deemed to be any absence over four weeks.

Off Payroll Consultancy Engagements

During the year ended 31 March 2016 the BFI had 3 off payroll engagements totalling £196,000 (2015: 5, £171,000) for more than £220 a day, that lasted longer than 6 months and amounted to £20,000 or more. These have been subject to a risk based assessment as to whether assurance is required that individuals are paying the correct tax and, where necessary, that assurance has been sought.

²² Ceri Morgan was appointed as maternity cover Director of External Affairs from 4 January 2016, with Fiona Cookson taking maternity leave from 14 January 2016.

Termination payments

The termination payments payable to employees were:

Exit Package Cost	Number of compulsory redundancies		Number of other departures		Total	
	2016	2015	2016	2015	2016	2015
<£10,000	2	-	-	1	2	1
£10,000-£25,000	-	-	-	1	-	1
£25,000-£50,000	1	-	-	2	-	2
£50,000-£100,000	-	2	-	1	-	3
£100,000-£150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	1	-	1
No of exit packages	3	2	-	6	3	8
Cost £'000	45	178	-	330	45	508

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 Director of Business Affairs in the financial year was £140,000-£145,000 (2015: £140,000-£145,000). This was 4.5 times (2015: 4.7) the median remuneration of the workforce, which was £32,037 (2015: £30,351).

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

The range of remuneration was £15,000-£145,000 (2015: £15,000-£145,000).

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 Bank plc

113-117 Oxford Street, London W1D 2HW

Internal auditors

Moore Stephens

150 Aldersgate Street, London, EC1A 4AB

Solicitors

Farrer & Co

66 Lincoln's Inn Fields, London WC2A 3LH

Approval of Annual Report

This annual report includes information that the BFI is required to disclose in accordance with the Government Financial Reporting Manual (FReM) and accounts direction in a Strategic Report for the Lottery activities. A separate report has therefore not been prepared.

The Annual Report, including the Remuneration Report, was approved by the Board of Governors for signature on 8 July 2016.

***Alison Cornwell,
Chair, Audit, Risk and Governance Committee***

8 July 2016

Amanda Nevill, Chief Executive

8 July 2016

GOVERNANCE STATEMENT

Scope of Responsibility

How the BFI is governed is covered on pages 44 to 49. 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 Chair 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 safeguarding 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. With the exception of the departure referred to on page 45 in relation to the deferral of the annual Board Assessment, the BFI complies with the UK Corporate Governance Code to the extent relevant to a Charity and Lottery distributing body.

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 2016 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 Chair of the Board of 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. Attendance at Board of Governors meetings in 2015-16 is detailed at [4](#)

The Audit, Risk and Governance Committee, chaired by Alison Cornwell, gives independent advice and guidance to us, in our roles as Accounting Officer and Chair, 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. Attendance at Audit, Risk and Governance Committee meetings in 2015-16 is detailed at page

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.

Terms of reference for the Audit, Risk and Governance Committee and the Remuneration Committee are reviewed by the Board of Governors and are held by the Board Secretary.

The risk and control framework

A risk management policy has been established setting out the BFI's attitude to the assessment, limitation and mitigation of 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 2015-16 the risk register as noted by the Executive Team included 18 corporate risks. The most significant are:

<i>RISK</i>	<i>MITIGATING ACTIONS</i>
Reduction in Grant in Aid income from DCMS as although the Government announced its funding plans in November, there is an on-going risk that continuing pressure on Government spending will result in further reductions in grant-in-aid allocations.	Maintenance of a good working relationship with DCMS and fully engage in discussion with them; continue to undertake detailed financial planning, considering options for mitigating reductions.
Reduction in operating budget due to failure to secure sponsorship funding from corporate and commercial partners.	Development of a detailed operational plan, including the establishment of the Board Fundraising Taskforce.

RISK	MITIGATING ACTIONS
The BFI's employers pension liability increases due to variance in the assessment of the contribution to the pension company is adjusted detrimentally.	Continued additional contributions being made in line with deficit recovery plan agreed with the scheme Trustees. Triennial valuation of scheme as at March 2016.
Risk of increase volatility in lottery incomes and income lower than expected.	Maintain lottery resources at suitable balance and regular review of programme budgets.

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 Lottery Finance Committee (LFC), 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.

For the regularly funded organisations, such as Creative England, Film London, Into Film, 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 Moore Stephens, operated to standards set out in the Public Sector Internal Audit Standards was developed from an analysis of BFI's UK exposure.

In 2015-16 internal audit reports covered:

- Risk management
- HR systems
- Key financial controls
- Payroll
- Health and Safety
- Audience View booking system
- Film Forever (review of annual planning and ongoing oversight against the strategy)
- BFI Player (review of risks in relation to Video-On-Demand services to the public)

At the Audit, Risk and Governance Committee meeting on 19 April 2016, the Internal Auditors gave their annual opinion. They concluded that there was an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved.

The analysis of risk and the internal audit plans are endorsed by the BFI's Executive Team,

the Audit, Governance and Risk 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, Governance and Risk 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.

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 concise, relevant and timely. The Governors receive appropriate updates on the BFI's financial positions, forecasts, risks and performance against strategic goals at their scheduled meetings.

As Accounting Officer and Chair of the Board of 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 comments 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 Chair 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.

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. The BFI considers that Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.

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;
- the BFI complies with DCMS guidelines as issued to it, including obtaining relevant approvals and observing the requirements of spending controls;
- 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 2015-16 or during previous years, and has made no reports to the Information Commissioners Office; and

- adequate systems of internal control were operational during the year and no significant weaknesses have been uncovered.

The BFI will continue to strive to improve the systems of internal control in place in relation to its management, and processes to maximise our operational efficiency as a Lottery Distributor.

***Alison Cornwell,
Chair, Audit, Risk and Governance Committee***

8 July 2016

Amanda Nevill, Chief Executive

8 July 2016

BFI GROUP AND CHARITY FINANCIAL STATEMENTS
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 and charity 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 for the day to day operation of the organisation. As Accounting Officer for government reporting purposes the Chief Executive 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 Chief Executive to prepare an annual report and accounts for each financial year which as a whole are fair, balanced and understandable and give a true and fair view of the state of affairs of the group and charity and of the income and expenditure, changes in funds, and cash flows for the financial year. In preparing these financial statements, the Governors and Chief Executive 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 Chief Executive 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 Chief Executive 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, the Royal Charter and Managing Public Money issued by HM Treasury, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

The Governors and Chief Executive 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 Chief Executive confirm that they have met the personal responsibilities set out above and complied with the requirements for preparing the annual report and accounts. The charity and group financial statements set out on pages 68 to 87, have been compiled from and are in accordance with the financial records maintained by the Governors and Chief Executive.

The Board of Governors has approved a Code of Conduct which reflects the principles laid down in 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.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE BRITISH FILM INSTITUTE

I have audited the financial statements of the British Film Institute for the year ended 31 March 2016 under the Charities Act 2011. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated 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 and Staff 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 and express an opinion on 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 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 and Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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.

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 the British Film Institute's affairs as at 31 March 2016 and of its net income 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 and Staff Report to be audited has been properly prepared; and - the information given in What we delivered this year, Key Performance Measures, Financial Review, Environmental Sustainability, and How the BFI is Governed 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 and Staff 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.

Sir Amyas C E Morse Comptroller
and Auditor General

12 July 2016

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

BRITISH FILM INSTITUTE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2016

	Note	2016					Restated
		Unrestricted	Non-Lottery	Total	Lottery	2016	2015
		£'000	Restricted	Non-Lottery	Restricted	Total	Total
			£'000	£'000	£'000	£'000	£'000
Income							
<i>Income and endowments from charitable activities (earned income)</i>							
Education, Learning & Audiences		17,680	-	17,680	-	17,680	16,523
Film Heritage		2,136	-	2,136	-	2,136	835
<i>Income from Donations and legacies</i>	5						
Voluntary income							
Lottery proceeds	16	-	-	-	52,219	52,219	52,990
Lottery recoupment income		-	-	-	584	584	941
Revenue Grant in Aid funding	4	20,918	-	20,918	-	20,918	14,936
Capital Grant in Aid funding	4	1,307	-	1,307	-	1,307	561
Other grants, legacies and donations	5	1,749	1,972	3,721	75	3,796	11,181
Donated services and facilities	6	-	1,485	1,485	-	1,485	1,395
Investment income	7	11	-	11	8	19	18
Total Income		43,801	3,457	47,258	52,886	100,144	99,380
Expenditure on							
<i>Charitable activities</i>							
Education, Learning & Audiences	8	(29,306)	(4,595)	(33,901)	(4,273)	(38,174)	(34,023)
Supporting British Film	8	(5,912)	(354)	(6,266)	(31,239)	(37,505)	(34,268)
Film Heritage	8	(12,665)	(4,526)	(17,191)	(426)	(17,617)	(16,186)
<i>Total charitable activities</i>		(47,883)	(9,475)	(57,358)	(35,938)	(93,296)	(84,477)
<i>Costs of raising funds</i>	5, 8	(1,739)	-	(1,739)	-	(1,739)	(1,090)
Restructuring Costs	8	(131)	-	(131)	-	(131)	(535)
		(1,870)	-	(1,870)	-	(1,870)	(1,625)
Total expenditure		(49,753)	(9,475)	(59,228)	(35,938)	(95,166)	(86,102)
Net (expenditure) / income		(5,952)	(6,018)	(11,970)	16,948	4,978	13,278
Gross transfers between funds	23	1,726	(226)	1,500	(1,500)	-	-
Net (expenditure) / Income and net movement in funds before other recognised gains and losses		(4,226)	(6,244)	(10,470)	15,448	4,978	13,278
Other recognised gains / (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	10	6,843	-	6,843	479	7,322	(17,560)
Gains / (losses) on film rights	15	-	-	-	1,003	1,003	(2,231)
Gains on the revaluation of fixed assets	12	851	601	1,452	-	1,452	4,453
Net movement in funds		3,468	(5,643)	(2,175)	16,930	14,755	(2,060)
Reconciliation of funds							
Total funds brought forward	23	(26,290)	32,713	6,423	19,303	25,726	27,786
Total funds carried forward		(22,822)	27,070	4,248	36,233	40,481	25,726

Restatement of 2015 relates to changes required under FRS102. See note 8 for further information.

All gains and losses recognised in the year are included in this Statement of Financial Activities and all activities are classified as continuing.

The accompanying notes 1 to 31 form an integral part of this Statement of Financial Activities.

BRITISH FILM INSTITUTE
CONSOLIDATED CASH FLOW STATEMENT
As at 31 MARCH 2016

				2016	Restated
	Notes	Unrestricted	Restricted	Total	2015
		£'000	£'000	£'000	Total
					£'000
Cash flows from operating activities	2	(708)	1,063	355	10,065
Cash flows from investing activities	3	(1,439)	(1,111)	(2,550)	(7,802)
Change in cash and cash equivalents in the year		(2,147)	(48)	(2,195)	2,263
Cash and Cash equivalents at the beginning of the year		5,856	4,685	10,541	8,278
Cash and Cash equivalents at the end of the year	3(a) & 23	3,709	4,637	8,346	10,541

The accompanying notes 1 to 31 form an integral part of this consolidated cash flow statement.

BRITISH FILM INSTITUTE
CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 MARCH 2016

	Note	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Fixed assets:					
Intangible fixed assets	11	827	984	-	-
Tangible fixed assets	12	49,879	51,213	49,879	51,213
Investments	14	-	-	1,443	2,393
Total fixed assets		50,706	52,197	51,322	53,606
Current assets:					
Stocks & work in progress	17	435	417	435	417
Debtors	18	7,218	5,845	8,073	6,672
Film Rights	15	10,970	7,561	10,970	7,561
National Lottery Distribution Fund	16	61,106	61,160	61,106	61,160
Cash at bank and in hand	3	8,346	10,541	5,905	7,833
Total current assets		88,075	85,524	86,489	83,643
Liabilities:					
Creditors: amounts falling due within one year	20	(42,564)	(38,292)	(42,050)	(37,663)
Net current assets		45,511	47,232	44,439	45,980
Total assets less current liabilities		96,217	99,429	95,761	99,586
Creditors: amounts falling due after more than one year	22	-	(13,816)	-	(13,816)
Net assets excluding pension scheme liability		96,217	85,613	95,761	85,770
Defined benefit pension scheme net liability	10	(55,736)	(59,887)	(55,736)	(59,887)
Total net assets		40,481	25,726	40,025	25,883
The Funds of the Charity:					
Restricted income funds					
Restricted income funds excluding Lottery and pensions liability		16,792	22,276	16,792	22,276
Restricted fixed asset revaluation reserve		10,278	10,437	10,278	10,437
	23	27,070	32,713	27,070	32,713
Lottery reserve		36,442	20,828	36,442	20,828
Lottery fair value reserve		2,329	1,326	2,329	1,326
Lottery share of pension reserve		(2,538)	(2,851)	(2,538)	(2,851)
	23	36,233	19,303	36,233	19,303
Total restricted funds		63,303	52,016	63,303	52,016
Unrestricted income funds					
Unrestricted income funds excluding pensions asset/liability		23,668	24,153	23,212	24,310
Unrestricted fixed asset revaluation reserve		6,708	6,592	6,708	6,592
		30,376	30,745	29,920	30,902
Pension reserve		(53,198)	(57,035)	(53,198)	(57,035)
Total unrestricted funds	23	(22,822)	(26,290)	(23,278)	(26,133)
Total charity funds	23	40,481	25,726	40,025	25,883

The accompanying notes 1 to 31 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 8 July 2016.

Alison Cornwell
Chair, Audit, Risk and Governance
Committee

8 July 2016

Amanda Nevill
Chief Executive

8 July 2016

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

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, as modified for revaluation of certain categories of fixed assets and in accordance with the Charities Act, the Statement of Recommended Practice (SORP(FRS 102)), "Accounting and Reporting by Charities Statement of Recommended Practice (FRS102)" and applicable accounting standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity, including its Lottery distribution activities, and all its subsidiary undertakings (see note 14 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 FRS 102. However, a summary Operating Statement is included at note 23. 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 and there are no material uncertainties about the charity's ability to continue. After making enquiries, the Board of Governors has a reasonable expectation that the BFI has adequate resources to continue for at least the next 12 months following signature of the accounts based on receiving ongoing funding and income generation based on past experience. In the year to 31 March 2016 the BFI received £20.9m (2015: £14.9m) of revenue grant-in-aid from the Department for 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 2019-20 but, in common with other government funded bodies, we face further reductions in funding during the period 2016-20 on a like-for-like basis.

Since the BFI became the government's lead body for film in 2011, the BFI has actively engaged with the government in developing and delivering the strategy for film in the UK which will impact on future funding. 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.

Much of the assets of the BFI are either restricted and/or long term fixed assets and pressure therefore remains on the underlying Charity. Excluding the restricted activities, the BFI recorded a deficit (before other recognised gains/losses) in the year of £4.2m (2015: deficit £2.5m), albeit after non-cash transactions including depreciation of £4.3m (2015: £3.9m) and FRS102 net costs of £3.0m (2015: £2.3m). The FRS102 pension liability has decreased to £55.7m (2015: £59.9m) contributing to negative unrestricted reserves of £22.8m (2015: £26.3m). 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 2013, the latest actuarial valuation date, the deficit to be funded was £12.7m and this is being addressed over 14 years, subject to future triennial valuations. This is considerably less than the deficit in the accounts of £55.7m (2015: £59.9m) under IAS 19 and the governors are satisfied that this approach is appropriate.

At the year end, the BFI held total reserves of £40.5m (2015: £25.7m) which included unrestricted cash balances of £3.7m (2015: £5.9m) and free reserves of £1.7m (2015: £1.6m) (note 23).

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 its three strategic priorities to further its charitable aims for the public benefit:

Education, Learning & Audiences - expanding education opportunities and boosting audience choice across the UK;

Supporting British Film - investing in film development, production and skills; and

Film Heritage - investing in preservation, interpretation and access.

Income and endowments

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

Income from charitable activities: includes a wide range of chargeable activities including sales of cinema tickets, DVDs, film and footage and sponsorship income.

Lottery proceeds are the BFI's share of Lottery income as notified to the BFI by the National Lottery Distribution Fund (NLDF).

Lottery recoupment income is income from film rights in excess of the original value of the right and is taken to the SOFA as film recoupment income and, if appropriate, through the fair value reserve.

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. Grant-in-Aid refers to direct grants from the Department for Culture, Media and Sport for the general use of the BFI and also ring-fenced funding for other appropriate bodies delivering activities in accordance with the BFI's charitable objects.

Expenditure

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.

Grant Awards

Grant expenditure is charged to the statement of financial activities in the year in which funded activities take place. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors.

The basis of reporting Lottery award commitments is laid out in the revised Accounts Direction from DCMS and the National Lottery etc. Act 1993, and continues to align with the reporting requirements of the Charities SORP. Where the BFI has made a firm offer of a grant and notified successful applicants, the award is accounted for within other creditors as a grant commitment. Where the BFI has agreed to make an award in respect of investing in a film rights project, these are not grants and are accounted for as set out below under financial instruments and film rights.

In line with our five year Business Plan, Film Forever 2012-17, multi-year Lottery awards were made covering the four years to March 2017, including those awards to Into Film in respect of our education strategy, to Creative Skillset in respect of industry skills and training and for the project Unlocking Film Heritage. In line with the National Lottery etc. Act 1993 and the BFI Lottery Accounts Direction, which are consistent with the BFI's basis of preparation of accounts as outlined above, these multi-year awards were accounted for in full in the Statement of Financial Activities in the year in which the award was notified to the successful applicant.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

Expenditure (continued)

Grant Awards (continued)

Commitments payable within one year of the balance sheet date are recognised in the statement within creditors as current liabilities. Those payable more than one year from the balance sheet date are shown as creditors payable over more than one year, however, such commitments other than the above multi-year Lottery awards are unlikely in the usual course of business.

Awards made under the Lotteries etc. Act 1993 Section 27 dispensation

Using the power granted by the Section 27 of the National Lotteries etc. Act 1993, the Secretary of State gave permission in 2012-13 to allow an award of £15,000,000 to the BFI in relation to Unlocking Film Heritage, the BFI's archive strategy as outlined in the Film Forever future plan, for both the national and regional moving image archives. The award was shown on the SOFA as a transfer between funds, reflecting the movement from Lottery restricted reserves to other restricted reserves.

Under the same power in 2015-16 the Secretary of State gave permission for an award of £1,500,000 to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

Charitable expenditure on collections

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 Annual 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 £5,000 or more and with a useful economic life of at least 3 years is capitalised and included at cost. Leasehold land and buildings, together with some associated plant and fixtures, are included at a valuation based on either Existing Use Value or Depreciated Replacement Cost as appropriate.

The BFI's leasehold properties BFI Southbank and BFI London IMAX were revalued as at 31 March 2012 by appropriately qualified valuers, Drivers Jonas Deloitte, in accordance with FRS 15: Fixed Assets, using Existing Use and Depreciated Replacement Cost methods respectively. The values as at 31 March 2016 and 2015 have been estimated using appropriate indexation, resulting in a net increase in value in the year of £1.5m (2015: increase of £4.5m). The same indexation is applied to acquisitions, starting in the year following the acquisition.

Revaluation is not applied to those classes of asset which are made up of low value and/or short useful economic life assets or where the historical cost is considered a reasonable approximation of fair value.

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual values over their expected useful economic lives. It is calculated on a straight line basis at the following rates from the month after acquisition to the month prior to disposal:

Long leasehold property	1-7% per annum
Short leasehold property	10% per annum
Plant & fixtures valued with leasehold property	10-20% 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.

Financial instruments

The principal financial instruments are cash and holdings in the NLDF and film rights, under the definitions set out under FRS102.

Other financial instruments include debtors and creditors that arise directly from Lottery and non-Lottery operations. The main risks arising from the financial instruments are interest rate risk, foreign currency risk and other price risk.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

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 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 Balance Sheet at fair value. The fair value is based upon cash flows and models of future income that may be generated by the film right asset. The calculations behind these models are based upon external factors such as sales agents' estimates, actual sales made, the recoupment order agreed in the financing contract between investors, the skills and expertise of management involved in this calculation and a review of the historic performance of the portfolio.

When an advance is made (satisfying the definition of an award liability) it is taken to the Balance Sheet initially at the full value of the award. An assessment is made of the likely repayment of an advance that will occur over the next seven years and the valuation is reduced by impairments to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The initial impairment is calculated either as a standard percentage suggested by historic recoupment performance of that particular type of award, or based on the value suggested by future estimated receipts. The approach taken will depend on the stage of the film, the type of award and other external factors.

In subsequent years the valuations are reviewed to ensure that all revenues due are received and the valuation remains appropriate. The valuations are based on the best available information at the Balance Sheet date, and particularly in relation to new awards, the valuations will naturally change over time. For instance, on production awards, the actual value of sales made to a territory may exceed or fall below the original sales estimate provided by the sales agent or the box office performance may exceed or fall below the initial projections following the release of a film.

Movements in impairments shown in the Statement of Financial Activity 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 the award, unless there is a reasonable expectation of repayment.

Movements in Film Rights valuations shown in the Statement of Financial Activities reflect the net effect of increases and decreases in valuations against Film Rights in the year. Awards are fully impaired unless there is a reasonable expectation of repayment in the next seven financial years.

If the valuation of the film right is in excess of the amount of the award investment from estimated recoupment over the next seven financial years, 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, seven years is felt to be a reasonable period over which a meaningful forecast can be taken.

Should the full amount of an award for film rights not be utilised, any unused element of the funding will be decommitted. If such a decommitment exceeds the impaired value of the film, then any necessary impairment will be released back to the Statement of Financial Activity so the remaining impairment is not greater than the value of the revised investment value.

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 Statement of Financial Activity as film recoupment income and if appropriate through the fair value reserve.

National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Culture, Media and Sport. The share of these balances attributable to the BFI is as shown in the financial statements at an estimate of market value and, at the balance sheet date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the BFI in respect of current and future commitments.

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

Pension costs

For defined benefit pension schemes the amounts charged in expenditure are the service costs, gains and losses on settlements and curtailments, administration costs and net interest on the defined liability. The service costs are included as part of staff costs. Actuarial gains and losses are recognised in the SOFA as other recognised gains / (losses).

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 is presented separately after other net assets on the face of the balance sheet.

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 and finance lease transactions

Payments made under operating leases are charged to the SOFA on a straight line basis over the lease term. There were no finance leases.

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. Where the conditions have been met, for example to acquire fixed assets without ongoing restrictions, the related reserves are transferred to unrestricted reserves on the face of the Statement of Financial Activities.

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 and gains and losses charged/credited to the Statement of Financial Activities.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

Estimates and judgements

Estimates and judgements have been used in the production of these accounts, notably with regard to the valuation of Film Rights as at the year end, which are on the basis of a review of all available information with regard to the balance sheet date, including third party evidence and experienced judgement. Further information on this can be found in note 15: Film Rights

Prior Year Restatement

Where a change in accounting policy or a material error has been recognised or identified, the BFI will amend its accounting policies and correct both the current financial year's results and the previous financial years results to which the change in policy or error relates to. The correction to prior years will be identified with the words "Restated".

2. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of net income / (expenditure) to net cash flows from operating activities.

	Unrestricted £'000	Restricted £'000	2016 Total £'000	2015 Total £'000
Net (expenditure) / income	(5,952)	10,930	4,978	13,278
Less interest receivable	(11)	(8)	(19)	(18)
Depreciation	4,316	1,094	5,410	4,841
Amortisation of goodwill	157	-	157	157
(Increase) / decrease in film rights	-	(2,406)	(2,406)	5,566
(Increase) / decrease in stocks	(18)	-	(18)	(29)
(Increase) / decrease in debtors	(858)	(515)	(1,373)	(815)
(Decrease) / increase in creditors due within one year	(1,346)	5,618	4,272	1,777
Decrease in creditors due after one year	-	(13,816)	(13,816)	(16,996)
Non-cash pension movements	3,004	166	3,170	2,304
Net cash in / (out) flows from operating activities	<u>(708)</u>	<u>1,063</u>	<u>355</u>	<u>10,065</u>

3. ANALYSIS OF CASH FLOWS

	Unrestricted £'000	Restricted £'000	2016 Total £'000	2015 Total £'000
Cash flows from investing activities				
Return on investments and servicing of finance	-	54	54	(5,343)
Increase in National Lottery Distribution Fund	11	8	19	18
Purchase of tangible fixed assets	(1,450)	(1,173)	(2,623)	(2,477)
Disposal of tangible fixed assets	-	-	-	-
Cash flows from investing activities	<u>(1,439)</u>	<u>(1,111)</u>	<u>(2,550)</u>	<u>(7,802)</u>

	Unrestricted £'000	Restricted £'000	2016 Total £'000	2015 Total £'000
a) Analysis of cash and cash equivalents				
Cash at bank and in hand	<u>3,709</u>	<u>4,637</u>	<u>8,346</u>	<u>10,541</u>

All cash at bank is held with UK commercial banks.

4. OTHER SIGNIFICANT TRANSACTIONS

a) Grant-in-Aid - DCMS

DCMS has been the BFI's largest source of funding, excluding Lottery income. 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:

	2016 £'000	2015 £'000
Revenue Grant in Aid funding	<u>20,918</u>	<u>14,936</u>
Capital Grant in Aid funding	<u>1,307</u>	<u>561</u>

Revenue grant funding in the prior year was lower due to the timing of part of our funding, amounting to £7.5m, which was received in 2012-13. In the prior year this lower funding was matched by an increase in other grants and donations.

Capital grant funding in the year was boosted by one-off funding of £0.3m.

The balances carried forward at the end of the year are £nil (2015: £nil) for unrestricted and restricted funds.

Grant-in-Aid is spent in accordance with the funding agreement between the BFI and DCMS. 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; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

4. OTHER SIGNIFICANT TRANSACTIONS (continued)

b) Governors

The Governors neither received nor waived any emoluments during the year (2015: £nil). Governors expenses amounted to £594 in the year (2015: £144). This primarily represents reimbursed travel, accommodation and subsistence for four governors (2015: one). No payments were made in the year for services (2015: £nil).

There were no material related party transactions involving Governors in their personal or business capacities other than Lottery and Grant-in-Aid awards disclosed in Note 30.

The Charity has purchased insurance to indemnify the Governors against the consequences of any neglect or default on their part. The cost amounted to £16,043 (2015: £13,878), which includes cover for Governors and Officers of the Charity but also covered management liability, crime and employment practices liability for the organisation as a whole.

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:

		2016	2015
		£'000	£'000
<i>Incoming resources from generated funds - Other grants, legacies and donations includes:</i>			
Grants receivable from BFI Trust	Restricted	154	8,937
	Unrestricted	150	-
<i>Resources expended - Charitable activities includes:</i>			
Rental of leasehold premises		(1,515)	(1,515)
Grants payable to BFI Trust	Restricted	(263)	-
	Unrestricted	(450)	-

In the previous year, grant income was boosted by one -off grants, including assisting the BFI to manage the timing of Grant in Aid revenues across financial years.

5. INCOME FROM DONATIONS AND LEGACIES

	Non-Lottery		Lottery		Non-Lottery		Lottery	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
	2016	2016	2016	2016	2015	2015	2015	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lottery proceeds	-	-	52,219	52,219	-	-	52,990	52,990
Lottery recoupment income	-	-	584	584	-	-	941	941
Revenue Grant in Aid funding	20,918	-	-	20,918	14,936	-	-	14,936
Capital Grant in Aid funding	1,307	-	-	1,307	561	-	-	561
Other grants, legacies and donations	1,749	1,972	75	3,796	8,825	2,311	45	11,181
Donated services and facilities	-	1,485	-	1,485	-	1,395	-	1,395
	23,974	3,457	52,878	80,309	24,322	3,706	53,976	82,004

		2016	2015
		£'000	£'000
<i>Incoming resources from charitable activities (earned income) includes Sponsorship income</i>			
Education, Learning & Audiences	includes sponsorship income raised from the costs of generating voluntary income	1,816	1,351
Costs of generating funds			
Costs of generating voluntary income		(1,739)	(1,090)

Costs of generating voluntary income is the staff and other costs of the in-house teams who source funding from individuals, trusts, foundations and corporations. In addition to voluntary income, income from charitable activities includes sponsorship income of £1,816,000 (2015: £1,351,000) raised by the teams. This income primarily relates to the corporate sponsorship of the London Film Festival and BFI Flare (formerly known as the London Lesbian & Gay Film Festival). In the year, expenditure was higher due to the staging of the Luminous fundraising gala.

6. DONATED SERVICES AND FACILITIES

	2016	2015
	£'000	£'000
Publicity and advertising	892	762
Buildings and facilities	300	226
Services and equipment hire	240	245
Food and drink	40	99
Other goods	13	63
	1,485	1,395

Donated services and facilities are valued using information provided by the suppliers regarding market value.

7. INVESTMENT INCOME

	Unrestricted	Lottery	2016	Unrestricted	Lottery	2015
	£'000	Restricted	Total	£'000	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bank interest receivable	11	8	19	11	7	18

Bank interest receivable was £19,000 (2015: £18,000) of which £11,000 was earned on unrestricted bank deposits (2015: £11,000) and £8,000 was earned on restricted bank deposit balances (2015: £7,000)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

8. EXPENDITURE

Following the introduction of FRS102 there is a change in the treatment of pensions and Governance costs on the face of the SOFA. The restatements required to the 2014-15 comparatives are shown below.

Year ended 31 March 2015

	Unrestricted £'000	Non-Lottery Restricted £'000	Lottery £'000	31 March 2015 published accounts £'000	Prior period adjustment £'000 (see 1 below)	Prior period adjustment £'000 (see 2 below)	31 March 2015 (restated) £'000
Statement of financial activities							
Expenditure on							
<i>Charitable activities</i>							
Education, Learning & Audiences	(27,481)	(2,405)	(3,166)	(33,052)	(756)	(215)	(34,023)
Supporting British Film	(5,764)	(269)	(28,025)	(34,058)	(72)	(138)	(34,268)
Film Heritage	(10,639)	(4,634)	(216)	(15,489)	(632)	(65)	(16,186)
<i>Total charitable activities</i>	<u>(43,884)</u>	<u>(7,308)</u>	<u>(31,407)</u>	<u>(82,599)</u>	<u>(1,460)</u>	<u>(418)</u>	<u>(84,477)</u>
Governance costs	(321)	-	(97)	(418)	-	418	-
Other recognised gains / (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	(17,872)	-	(1,148)	(19,020)	1,460	-	(17,560)

(1) FRS102 presentation of pension costs on the SOFA differs from SORP 2005 by removing the expected return on assets and replacing it with a net interest cost comprising interest income on the assets and interest expense on the defined benefit obligation. The net interest is included in expenditure, resulting in a reclassification between expenditure and other recognised gains / losses.

(2) FRS102 presentation of governance costs differs from SORP 2005 by including them within expenditure rather than separately on the face of the SOFA.

	Direct Costs £'000	Allocated Pension charges £'000	Allocated Support costs £'000	2016 Total £'000	Restated 2015 Total £'000
Education, Learning & Audiences	(32,204)	(3,030)	(2,940)	(38,174)	(34,023)
Supporting British Film	(36,291)	(1,090)	(124)	(37,505)	(34,268)
Film Heritage	(13,900)	(2,163)	(1,554)	(17,617)	(16,186)
Costs of generating voluntary income	(1,739)	-	-	(1,739)	(1,090)
Total resources expended, before restructuring costs	<u>(84,134)</u>	<u>(6,283)</u>	<u>(4,618)</u>	<u>(95,035)</u>	<u>(85,567)</u>

Expenditure on charitable activities was £93,296,000 (2015: £84,447,000) of which £47,883,000 was unrestricted (2015: £45,523,000), £9,475,000 was restricted (2015: £7,308,000) and £35,938,000 was Lottery funded restricted expenditure (2015: £31,646,000).

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	2016 £'000	2015 £'000
IT and finance support	Combination of head count and departmental spend	(2,081)	(2,036)
Human resources	Head count	(422)	(389)
Premises and utilities	Combination of floor area and head count	(693)	(721)
Communication and marketing	Direct spend and percentage of income generated	(700)	(563)
Other overheads	Combination of time and department spend	(329)	(409)
Governance costs	Departmental spend	<u>(393)</u>	<u>(418)</u>
Total support		<u>(4,618)</u>	<u>(4,536)</u>
Pension cost (Note 10)	Net revenue account cost	<u>(6,283)</u>	<u>(5,367)</u>
Governance costs:		2016 £'000	2015 £'000
Audit fees: Charity (excluding Lottery)		(91)	(99)
Audit fees: Lottery		(49)	(52)
Audit: subsidiaries (British Screen group of companies)		(5)	(8)
Audit: subsidiary (British Film Institute (Big Screen) Limited)		(5)	(2)
Audit of UK Media Desk grant claim		(4)	(4)
Trustees costs		(54)	(13)
Corporate planning		<u>(185)</u>	<u>(240)</u>
Total governance		<u>(393)</u>	<u>(418)</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

8. EXPENDITURE (Continued)

Governance costs: (Continued)

Governance costs are allocated across the activities of the Charity and are included in the allocated support and governance costs column above. The basis of allocation is departmental spend on activities.

Restructuring Costs:	2016 £'000	2015 £'000
Restructuring costs for 2015/2016	(131)	(535)

The restructuring costs of £0.1m relate to redundancy costs incurred in the year (2015: £0.5m) and these costs have been allocated across the activities of the Charity which are included in the allocated support and governance costs column above. The basis of allocation is a combination of directly attributable and head count basis.

Net resources expended before transfers are stated after charging:	2016 £'000	2015 £'000
Auditors' remuneration (analysed above)	(154)	(165)

Auditors' remuneration includes additional fees of £10,000 for the National Audit Office relating to the prior year audit (2015: £20,000) and there were Enil fees for non audit services (2015: Enil).

	2016 £'000	2015 £'000
Foreign exchange (losses) / gains	(7)	(51)
Depreciation	(5,410)	(4,841)
Amortisation of goodwill	(157)	(157)

Included in expenditure on Education, Learning & Audiences

Charges for operating leases:

	2016 £'000	2015 £'000
Land and buildings	(1,515)	(1,515)
Plant & machinery	(74)	(74)

	2016 £'000	2015 £'000
Film rights impairments	(16,510)	(16,525)

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.

Grant-in-Aid awards

BFI has 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:	2016 £'000	2015 £'000
Creative England	864	960
Film London	532	840
Film Agency for Wales	122	128
Northern Ireland Screen: Irish Language Fund	3,000	3,000
Northern Ireland Screen: Ulster Scots Fund	1,000	1,000
Film Academy awards	718	776
Cultural Venues and Archives Fund	663	700
Creative Europe partners	177	164
	7,076	7,568

From 1 April 2015 the administration of the Europe-wide Creative Europe programme was changed by the EU. Prior to this BFI provided the hub point (Media Desk) for the Creative Europe programme in England, with equivalent directly funded Media Desks in the nations. From April 2015 the BFI, in partnership with the British Council, became the lead hub of Creative Europe programme, receiving funds from Brussels and passing these on as appropriate to the other national hubs at the British Council, Creative Scotland and the Arts Councils of Wales and Ireland.

Lottery awards

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

9. STAFF COSTS

	2016 £'000	Restated 2015 £'000
Staff costs consists of:		
Wages & salaries	(20,110)	(19,126)
Social security costs	(1,638)	(1,525)
Pension costs (see Note 10)	(4,238)	(3,615)
	<u>(25,986)</u>	<u>(24,266)</u>
Agency staff costs included in Wages & salaries above	<u>(590)</u>	<u>(727)</u>
Staff costs capitalised and not included above	<u>(25)</u>	<u>(197)</u>

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

	2016 Full Time	2016 Part Time	2016 Total	2015 Full Time	2015 Part Time	2015 Total
Costs of generating voluntary income	17	2	19	18	2	20
Education, Learning & Audiences	190	24	214	199	30	229
Supporting British Film	65	8	73	44	7	51
Film Heritage	165	21	186	160	24	184
	<u>437</u>	<u>55</u>	<u>492</u>	<u>421</u>	<u>63</u>	<u>484</u>

	2016 Number	2015 Number
Average number of full time equivalent Agency staff at the BFI during the year	<u>20</u>	<u>24</u>

Higher paid employees

	2016 £'000	2015 £'000
Chief Executive		
A. Nevill	<u>143</u>	<u>141</u>

Including bonuses totalling £nil (2015: £nil). Employer's pension contributions for the year amounted to £16,349 (2015: £17,238)

Other Executive Team Members

	2016 Number	2015 Number
£140,000 - £149,999	2	1
£130,000 - £139,999	-	1
£120,000 - £129,999	3	1
£110,000 - £119,999	-	2
£100,000 - £109,999	2	-
£90,000 - £99,999	1	1
£80,000 - £89,999	-	1

Cost	<u>£951,478</u>	<u>£813,000</u>
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Other senior staff

£80,000 - £89,999	10	8
£70,000 - £79,999	21	18
£60,000 - £69,999	14	15

Cost	<u>£3,340,694</u>	<u>£3,018,000</u>
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Total Cost	<u>£4,292,172</u>	<u>£3,831,000</u>
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Included in the above are 46 (2015: 45) staff who are ordinary members of the LPFA pension scheme. The amount of employer's pension contributions attributable to these staff amounted to £443,000 (2015: £422,000).

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.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

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. From 1 January 2014 the BFI also operates a defined contribution pension scheme which is available for all employees not already in the defined benefit scheme.

The BFI has accounted in full for pension benefits in the year ended 31 March 2016 under the requirements of FRS102. Therefore, as at 31 March 2016, a pension liability of £55,736,00 (2015: £59,887,000) 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 (2015: 44) former employees and their spouses. The total actuarial valuation for this liability at 31 March 2016 is included in the pension provision.

For FRS 102 disclosure, the full valuation at 31 March 2013 has been updated by the actuaries, Barnett Waddingham, to assess the liabilities of the scheme as at 31 March 2016.

The most significant actuarial assumptions in this recent valuation are:

		2016 %	2015 %
		Per annum	Per annum
Rate of increase in prices	RPI	3.3	3.2
Rate of increase in prices	CPI	2.4	2.4
Rate of increase in salaries		3.8	3.7
Rate of increase in pensions in payment		2.4	2.4
Discount rate		3.7	3.3

The BFI share of the net pension liability as at 31 March 2016 is:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Fair value of employer assets	77,628	77,069	71,081	67,259	58,009
Present value of scheme liabilities	(131,076)	(134,363)	(108,676)	(102,200)	(92,279)
Net underfunding in funded plans	(53,448)	(57,294)	(37,595)	(34,941)	(34,270)
Present value of unfunded liabilities	(2,288)	(2,593)	(2,428)	(2,473)	(2,260)
Net pension deficit	(55,736)	(59,887)	(40,023)	(37,414)	(36,530)

Assets - Split of Investments by Category

Assets whole fund	2016 £'000	Asset Distribution %	2015 £'000	Asset Distribution %
Equities	36,061	46%	33,437	43%
LDI/Cash flow matching	7,869	11%	5,785	8%
Target return funds	16,513	21%	22,279	29%
Infrastructure	4,253	5%	3,818	5%
Commodities	347	0%	717	1%
Properties	2,770	4%	2,184	3%
Cash	9,815	13%	8,849	11%
Total	77,628	100%	77,069	100%

Analysis of the amount chargeable to expenditure under FRS102

	2016 £'000	Restated 2015 £'000
Service cost	(4,046)	(3,523)
Contributions in respect of defined contribution schemes	(192)	(92)
Administration expenses	(116)	(107)
Net Interest on the defined liability	(1,929)	(1,737)
Total expenditure	(6,283)	(5,459)

Analysis of amount recognised in the SOFA

	2016 £'000	Restated 2015 £'000
Actual return less expected return on pension scheme assets	(3,167)	1,595
Experience gains / (losses) arising on the scheme liabilities	141	(35)
Changes in assumptions underlying the present value of the scheme liabilities	10,348	(19,120)
Actuarial gain / (loss) recognised in SOFA	7,322	(17,560)

Reconciliation of defined benefit obligation

	2016 £'000	Restated 2015 £'000
Defined benefit obligation in scheme at beginning of year	(136,956)	(111,104)
Movement in year:		
Service cost	(4,046)	(3,344)
Interest cost	(4,493)	(4,964)
Contributions by members	(1,143)	(1,195)
Unfunded benefits paid	158	167
Impact of settlements and curtailments	-	(179)
Benefits paid	2,627	2,818
Experience gains / (losses) on defined benefit obligation	141	(35)
Actuarial gain / (loss)	10,348	(19,120)
Deficit in scheme at end of the year	(133,364)	(136,956)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

10. PENSIONS (Continued)

	2016	Restated
	£'000	2015
		£'000
Reconciliation of fair value of employer assets		
Fair value of employer assets in scheme at beginning of year	77,069	71,081
Movement in year:		
Interest on assets	2,564	3,227
Expected return on assets	(3,167)	1,595
Contributions by members	1,143	1,195
Administration expenses	(116)	(107)
Contributions by the employer, including in respect of unfunded benefits	2,920	3,063
Benefits paid, including unfunded benefits	(2,785)	(2,985)
Fair value of employer assets in scheme at end of year	<u>77,628</u>	<u>77,069</u>

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Fair value of employer assets	77,628	77,069	71,081	67,259	58,009
Present value of defined benefit obligation	(133,364)	(136,956)	(111,104)	(104,673)	(94,539)
Deficit	(55,736)	(59,887)	(40,023)	(37,414)	(36,530)
Experience gains / (losses) on assets	3,167	(1,595)	(912)	4,866	(3,272)
Experience (losses) / gains on liabilities	(141)	35	3,518	(239)	130

The sensitivity analysis on the major assumptions in the above is:

		£'000	£'000	£'000
Adjustment to discount rate				
	Present value of total obligation	+0.1%	0.0%	-0.1%
	Projected service cost	130,890	133,364	135,886
		3,514	3,596	3,680
Adjustment to long term salary increase				
	Present value of total obligation	+0.1%	0.0%	-0.1%
	Projected service cost	133,643	133,364	133,086
		3,598	3,596	3,594
Adjustment to pension increases and deferred valuation				
	Present value of total obligation	+0.1%	0.0%	-0.1%
	Projected service cost	135,637	133,364	131,135
		3,679	3,596	3,515
Adjustment to mortality age rating assumption				
	Present value of total obligation	+ 1 Year	None	- 1 Year
	Projected service cost	137,273	133,364	129,569
		3,688	3,596	3,507

11. INTANGIBLE FIXED ASSETS (Group)

Goodwill	Group
	£'000
Goodwill on Acquisition	
At 1 April 2015 and 31 March 2016	1,574
Goodwill Amortisation	
At 1 April 2015	(590)
Amortisation in the year	(157)
At 31 March 2016	(747)
Net Book Value	
At 31 March 2016	827
At 1 April 2015	984

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. This is charged against Education, Learning & Audiences and Film Heritage.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

12. TANGIBLE FIXED ASSETS (Group and Charity)

	Short & long leasehold property £'000	Plant & fixtures valued with 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 or valuation							
At 1 April 2015	38,700	11,059	7,279	4,307	10,946	160	72,451
Additions	-	178	257	11	1,169	1,008	2,623
Disposals	-	-	(2,113)	(659)	(3,844)	-	(6,616)
Reclassification	1,890	250	(42)	(1,888)	(207)	(3)	-
Revaluation	1,484	166	-	-	-	-	1,650
At 31 March 2016	42,074	11,653	5,381	1,771	8,064	1,165	70,108
Depreciation							
At 1 April 2015	(3,669)	(4,258)	(4,477)	(2,424)	(6,410)	-	(21,238)
Charge for the year	(1,608)	(1,456)	(1,184)	(290)	(872)	-	(5,410)
Disposals	-	-	2,113	659	3,844	-	6,616
Reclassification	(516)	50	(94)	781	(221)	-	-
Revaluation	(138)	(59)	-	-	-	-	(197)
At 31 March 2016	(5,931)	(5,723)	(3,642)	(1,274)	(3,659)	-	(20,229)
Net Book Value							
At 31 March 2016	36,143	5,930	1,739	497	4,405	1,165	49,879
At 1 April 2015	35,031	6,801	2,802	1,883	4,536	160	51,213

The BFI's leasehold properties BFI Southbank and BFI London IMAX, including associated plant and fixtures, were revalued as at 31 March 2012 by appropriately qualified valuers, Drivers Jonas Deloitte, in accordance with FRS 102: Section 17 - Property Plant and Equipment, using Existing Use and Depreciated Replacement Cost methods respectively. The values as at 31 March 2016 and 2015 have been estimated using appropriate indexation, resulting in a net increase in value in the year of £1.5m (2015: increase of £4.5m). Other classes of assets have not been revalued, as they are made up of low value and/or short useful economic life assets or where the historical cost is considered a reasonable approximation of fair value.

Included within long leasehold property is property with a depreciated net book value of £20.0m (2015: £18.4m) 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.

During the course of the Financial Year, BFI reviewed its Fixed Asset Register and reclassified its assets into five categories for reporting and maintenance purposes. As a result, the fixed asset note reflects this review for the year end accounts. The single largest reclassification was the refurbishment of the Stephen Street premises from Fixtures and Fittings to Short Term Leasehold property £1,476,000.

13. HERITAGE ASSETS (Group and Charity)

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 Annual 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.

In line with the accounting policy, Heritage Assets are not recognised on the balance sheet as there is an absence of reliable cost information and a valuation approach is not practicable. 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 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 press books, 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.

30,000 films and television advertisements

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

14. INVESTMENTS (Charity)

	British Screen Finance Group £'000	BFI Big Screen £'000	Connoisseur Video £'000	2016 Total £'000	2015 Total £'000
Trading Account					
Income	405	3,661	-	4,066	3,442
Expenditure	(56)	(573)	-	(629)	(510)
Net operating profit	<u>349</u>	<u>3,088</u>	<u>-</u>	<u>3,437</u>	<u>2,932</u>
Interest receivable and similar income	3	2	-	5	6
Surplus gift aided to the BFI	(529)	(3,090)	-	(3,619)	(2,938)
Net profit	<u>(177)</u>	<u>-</u>	<u>-</u>	<u>(177)</u>	<u>-</u>
Balance Sheet					
Debtors	38	1,534	93	1,665	1,199
Cash at bank and in hand	1,402	1,039	-	2,441	2,709
Current liabilities	(457)	(2,573)	-	(3,030)	(2,655)
Total (BFI interest)	<u>983</u>	<u>-</u>	<u>93</u>	<u>1,076</u>	<u>1,253</u>

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

	Company Registration Number
British Screen Finance Limited (BSF)	1910848
BFI (Big Screen) Limited (operates the theatrical and commercial activities of the BFI IMAX)	3088677
Connoisseur Video Limited (DVD publishing overseas - dormant)	2463593
Project Rosebud Limited (e-commerce development - dormant with nil assets and investment value)	3946785

BSF, in addition, holds the following investments:

	Ordinary shares of £1 each	Holding
Subsidiary undertakings		
National Film Finance Consortium Limited (NFFC)	1056412	100%
European Co-Production Fund Limited (ECF)	2631250	100%
British Screen Rights Limited (BSR)	2908542	100%
The Greenlight Fund Limited (GLF)	3191007	100%
Associated undertakings		
British Film-Makers Limited (BFM)	0368248	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.

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:

	2016 £'000
Cost	
At 1 April 2015 and 31 March 2016	2,450
Impairment	
At 1 April 2015	(57)
Impairment for the year	(950)
At 31 March 2016	<u>(1,007)</u>
Net Book Value	
At 1 March 2016	<u>1,443</u>
At 1 April 2015	<u>2,393</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

15. FILM RIGHTS (Group and Charity)

Film rights fall within the definition of 'available for sale' financial assets and are held at fair value. The valuation approach to establish the fair value of the film rights portfolio is set out in Note 1 Accounting Policies.

The BFI's primary objective in investing in film rights is to support the future success of British film by backing new voices, new stories, new ideas and skills, enriching and diversifying British film production. Thus whilst the potential commerciality of a project is important in our assessment of an application it is not the key funding criteria.

The fair value of film rights at 31 March is as follows:

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Production Awards	9,325	6,022	14,166	15,968	20,348
Development and Vision Awards	1,411	1,188	876	270	813
Other Awards	234	351	316	137	-
	10,970	7,561	15,358	16,375	21,161

Production awards are made to producers to co-finance feature film productions and from which we are entitled to recoup our award and take a share of net profits from the film. The value of the productions will be dependent upon many factors which are inherently uncertain; the ability of sales agents to meet sales estimates, how the film will be critically and commercially received (including box office projections) all play a role. Further details are set out in the impairments note below.

Development awards are made to producers to support a film development. In the event that the development project progresses into a feature film production, we would be entitled to be repaid our award and take a share of net profits. Accordingly development awards are impaired in full in the year in which the award is made, unless there is a reasonable anticipation of it progressing to production.

Vision Awards are made to production companies to enable them to develop their business and the awards are repayable from any applicable feature film production made by the production company. As we do not expect all recipients to be required to repay the award in full we routinely impair 50% of the award in the year in which it is committed.

Other awards include distribution awards which are awards made to distributors to support the release of a film in the UK and targeted development awards which are awarded to support new talent. These awards are written off in full in the year unless there is a reasonable expectation of recoupment.

Movements in the valuation of film rights

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Film rights valuation at 1 April	7,561	15,358	16,375	21,161	18,013
New commitments: made in year	23,570	16,892	27,208	25,933	20,882
Decommitments: new film rights in year	(135)	(149)	(34)	(197)	-
Decommitments: historical portfolio	(463)	(1,088)	(17)	(325)	(84)
Repayment of investments: new film rights in year	(449)	(389)	(791)	(593)	(550)
Repayment of investments: historical portfolio	(3,608)	(4,307)	(2,934)	(5,640)	(3,368)
Impairments: new film rights in year	(17,494)	(13,519)	(19,293)	(18,850)	(13,053)
Impairments: historical portfolio	(2,354)	(5,676)	(5,069)	(7,249)	(5,285)
Impairments written back	3,338	2,670	1,781	3,822	1,193
Fair value movement in year: decrease for income already received	(576)	(911)	(2,205)	(2,242)	(3,477)
Fair value movement in year: (decrease) / increase in additional income expectation	1,581	(1,320)	337	555	6,890
Film rights valuation at 31 March	10,970	7,561	15,358	16,375	21,161

The value of new commitments made in the year will vary due to timing differences arising from the closure of awards.

The valuation of the Film Rights is based on the anticipated cash receipts over the next seven financial years after the balance sheet date. In relation to recent production awards (that is production awards that were recognised as hard commitments this financial year and the last seven financial years), the valuation is based on the cash receipts anticipated from the first cycle of revenues including revenues from the cinema DVD, VOD and television. In relation to older production awards, the valuation is based on the anticipated cash receipts for the next seven years following the balance sheet date calculated from the individual film's historic cash receipts. As all recent production awards are valued individually no default base valuation is used (2015: 20% of the award). All such anticipated cash receipts are discounted using the applicable Treasury Rate.

Movements in impairments in the year are as follows:

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Impairments: new film rights in year	(17,494)	(13,519)	(19,293)	(18,850)	(13,053)
Impairments: historical portfolio	(2,354)	(5,676)	(5,069)	(7,249)	(5,285)
	(19,848)	(19,195)	(24,362)	(26,099)	(18,338)
Impairments written back: historical portfolio	3,338	2,670	1,781	3,822	1,193
Net movement in impairments	(16,510)	(16,525)	(22,581)	(22,277)	(17,145)

The value of impairments on new film rights in the year is always governed by the value of awards made and therefore can vary considerably year to year.

As at 31 March 2016, the Film Rights valuation for production awards is £9.3m (2015: £6.0m) and for all other Film Rights is £1.6m (2015: £1.6m) totalling £10.9m (2015: £7.6m). For production awards, were the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2016 would be £0.5m for 176 awards (2015: £0.3m for 197 awards).

In relation to older production awards, the Film Rights valuation is calculated on the assumption that the future anticipated receipts will be based on the historic cash receipts for the two to three years prior to the Balance Sheet date, subject to a 75% default reduction every three years thereafter. The total amount of the Film Rights valuation based on this methodology is £1.8m (2015 - £0.5m). Were this default reduction percentage to change to 80% the Film Rights valuation would increase by £0.1m (2015 - £0.1m) were this default reduction percentage to change to 70% the Film Right valuation would decrease by £0.1m (2015 - £0.1m).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

15. FILM RIGHTS (Group and Charity) (Continued)

The Film Rights valuation is based on the anticipated cash receipts for the next seven financial years following the balance sheet date. All anticipated cash receipts for the Production Awards are discounted using the Treasury Rate of 3.7%.

The valuation methodology for Film Rights was amended at the date of the Balance Sheet. The change was made following an internal review of the valuation of lottery film library. The changes in the methodology included valuing the rights more in line with industry standards by extending the anticipated cash receipts to seven years (2015: three years) and discounting such cash receipts to a net present value using the Treasury Rate of 3.7% (2015: 0%) as well as eliminating the default valuation for all new production awards (2015: 20% on all new production awards). Were the Film Rights valued using the old methodology the valuation would be £10.1m which is £0.9m less than the £11.0m valuation using the current methodology.

Fair value adjustments in the year can be summarised as follows:

	2015-16 £'000	2014-15 £'000
Fair value reserve at 1 April	1,326	3,557
Decrease for income received	(577)	(911)
(Decrease)/increase for expected future income	1,580	(1,320)
Fair value at 31 March	2,329	1,326

16. NATIONAL LOTTERY DISTRIBUTION FUND (Group and Charity)

The movement in balances held at the NLDF is:

	2015-16 £'000	2014-15 £'000
Balance at 1 April 2015	61,160	55,817
Income received from the Lottery receipts	52,007	52,777
Investment income earned on NLDF balances	212	213
Available for distribution	113,379	108,807
Cash drawn down	(52,273)	(47,647)
Balance at 31 March 2016	61,106	61,160

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 the lower of the market value or the cost of the investment as at the year end. There were no unrealised gains in the year (2015: £nil).

Repayment from the Olympic Lottery Distribution Fund (OLDF)

With the wind-up of the OLDF and transfer of funds into the NLDF in the year ending 2016, £ nil (2015: £4m) was repaid to the BFI. This repaid in part those funds transferred to the OLDF as a contribution towards the costs of running the 2012 Olympic and Paralympic Games under Statutory Instrument (SI 2008 No. 255 The Payments into the OLDF etc Order 2008) under which the BFI/UKFC contributed £21.8m to the total transfer from the NLDF of £1,085m.

17. STOCKS AND WORK IN PROGRESS (Group and Charity)

	Charity 2016 £'000	Charity 2015 £'000
Raw materials	-	12
Work in progress	51	16
Finished goods	384	389
	435	417

18. DEBTORS

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade debtors	2,594	2,368	2,212	2,298
Amount owed by subsidiary undertakings	-	-	1,988	1,758
Other debtors	1,470	1,195	1,810	1,241
Prepayments and accrued income	3,154	2,282	2,063	1,375
	7,218	5,845	8,073	6,672

19. FINANCIAL RISKS (Group and Charity)

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

Incoming resources were derived from:

	2016 £'000	%	2015 £'000	%
DCMS Grant-in-aid	20,918	20.9%	14,936	15.0%
DCMS Capital provision	1,307	1.3%	561	0.6%
Other legacies, grants and donations and investment income	3,815	3.8%	11,199	11.2%
Resources generated from charitable activities	19,816	19.8%	17,358	17.5%
Donated services and facilities	1,485	1.5%	1,395	1.4%
Lottery proceeds and receipts	52,803	52.7%	53,931	54.3%
	100,144	100.0%	99,380	100.0%

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

19. FINANCIAL RISKS (Group and Charity) (Continued)

The Governors consider that, as the NLDF balance notified by the Secretary of State for Culture, Media and Sport and the BFI's own Lottery cash holding amount to £65.7m at the balance sheet date (2015: £65.6m), sufficient liquid resources are available to cover all existing commitments totalling £38.0m (2015: £49.1m) and any other payables. 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 £61.1m (2015: £61.2m) and the average investment return for the year was 0.5% (2015: 0.5%).

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 0.3% (2015: 0.1%). The group cash balance at the year end was £8.3m (2015: £10.5m).

Other price risks

Under FRS102 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 2016 have a valuation of £11.0m (2015: £7.6m). 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.

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade creditors	(1,232)	(1,504)	(1,222)	(1,436)
Amount owed to subsidiary undertakings	-	-	(93)	(93)
Other taxes and social security costs	(650)	(486)	(650)	(486)
Other creditors	(1,125)	(1,413)	(1,124)	(1,342)
Lottery awards payable (see Note 22)	(33,434)	(28,610)	(33,434)	(28,610)
Accruals	(4,847)	(4,890)	(4,805)	(4,757)
Deferred income (see Note 21)	(1,276)	(1,389)	(722)	(939)
	(42,564)	(38,292)	(42,050)	(37,663)

21. DEFERRED INCOME

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
At 1 April 2015	(1,389)	(1,176)	(939)	(738)
Amount released to incoming resources	1,389	1,176	939	738
Amount deferred in year	(1,276)	(1,389)	(722)	(939)
At 31 March 2016	(1,276)	(1,389)	(722)	(939)

Mainly relates to subscriptions to Sight and Sound magazine and ticket sales

22. OTHER PAYABLES - AWARD COMMITMENTS (Group and Charity)

	2016 £'000	2015 £'000
At 1 April 2015	(42,426)	(59,010)
New films right commitments in year	(23,570)	(16,892)
Commitments transferred from prior year provision for non-film rights awards	-	-
New non-film rights commitments in year	(13,249)	(8,881)
Decommitments	825	1,237
Amounts paid	44,986	41,120
At 31 March 2016	(33,434)	(42,426)

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

	2016 £'000	2015 £'000
Ageing of award commitments, estimated date of payment		
Due within one year	(33,434)	(28,610)
Due after one year	-	(13,816)
	(33,434)	(42,426)

Award commitments payable beyond 31 March 2016 relate to the multi-year awards made to Into Film, Creative Skillset and the Film Hub Lead Organisations plus Creative England and the Film Festivals Fund covering the period to March 2017. Further detail is presented in the Notes to the Lottery Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

23. STATEMENT OF FUNDS (Group)

	At 1 April 2015 £'000	Income £'000	Expenditure £'000	Other recognised gains/(losses) £'000	Transfers £'000	At 31 March 2016 £'000
Unrestricted funds:						
Income funds excluding pensions asset/liability	24,153	43,801	(45,819)	-	1,533	23,668
Pension reserve	(57,035)	-	(3,006)	6,843	-	(53,198)
Fixed asset revaluation reserve	6,592	-	(928)	851	193	6,708
Total unrestricted funds	(26,290)	43,801	(49,753)	7,694	1,726	(22,822)
Restricted funds:						
<i>Fixed Assets</i>	12,591	-	(522)	-	(365)	11,704
Fixed asset revaluation reserve	10,437	-	(572)	601	(188)	10,278
	23,028	-	(1,094)	601	(553)	21,982
<i>Charitable Activities:</i>						
Donated Services and Facilities	-	1,485	(1,485)	-	-	-
Arts Council England	-	82	(82)	-	-	-
BFI Lottery	-	-	(1,500)	-	1,500	-
BFI Trust	-	154	(154)	-	-	-
British Council	-	128	(128)	-	-	-
Chaplin Foundation	41	-	-	-	-	41
Commission Des Com	-	175	(175)	-	-	-
Creative Access	-	15	(15)	-	-	-
David Lean Foundation	-	48	(48)	-	-	-
Esmee Fairbairn Foundation	-	424	(374)	-	-	50
European Commission	-	62	(62)	-	-	-
Film London	-	60	(60)	-	-	-
Friends of the BFI	-	136	(136)	-	-	-
Garfield Weston Foundation	49	-	-	-	-	49
Greg Dyke	-	263	(263)	-	-	-
International Prosperity Fund	-	68	(68)	-	-	-
Matt Spick	-	50	(50)	-	-	-
Reuben Foundation	-	50	(50)	-	-	-
Simon Hessel	-	50	(50)	-	-	-
Taipei Representative Office	-	15	(15)	-	-	-
The Film Foundation	-	24	(24)	-	-	-
The Wellcome Trust	-	68	(68)	-	-	-
Unlocking Film Heritage	9,595	-	(3,473)	-	(1,173)	4,949
Other up to £10,000	-	100	(100)	-	-	-
Total restricted funds excluding lottery	32,713	3,457	(9,475)	601	(226)	27,070
Lottery funds:						
Lottery reserve	20,828	52,811	(35,697)	-	(1,500)	36,442
Northern Ireland Department of Culture	-	28	(28)	-	-	-
Donations and other income	-	47	(47)	-	-	-
Lottery fair value reserve	1,326	-	-	1,003	-	2,329
Lottery share of pension reserve	(2,851)	-	(166)	479	-	(2,538)
Total Lottery funds	19,303	52,886	(35,938)	1,482	(1,500)	36,233
Total funds	25,726	100,144	(95,166)	9,777	-	40,481

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

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 11.
Arts Council of England	Artists Film at the BFI and the LFF Archive Gala Music Commission for the restoration of Shooting Stars
BFI Lottery	Awarded by the Lottery under Section 27 dispensation towards improving public access to the 2015 BFI London Film Festival.
BFI Trust	Film Centre development planning
British Council	Reframing language / Shakespeare
Commission Des Com	Media Desk
Creative Access	Training support re Marketing
David Lean Foundation	Fundraising for the BFI National Archive
Esmee Fairbairn Foundation	Britain on Film
European Commission	EC Film Literacy / Remapping Europe / ECF Doc Next
Film London	Funding for Industry programme and Mayor's Gala at the LFF
Friends of the BFI	Archive restoration and other work
Garfield Weston Foundation	Archive - Special Collections Store at the BFI National Archive
Greg Dyke	Film Centre development
International Prosperity Fund	Foreign & Commonwealth Office support for building film culture and industry links with China
Matt Spick	Restoration of Battles of Coronel and Falkland Islands
Reuben Foundation	BFI Reuben Library
Simon Hessel	Restoration of Hell Drivers
Taipei Representative Office	Hou Hsiao-Hsien Retrospective and LFF
The Film Foundation	Restoration of Bluebeard's Castle
Wellcome Trust	Queering Love, Queering Hormones and What's the Grey Matter with Gregory?
Unlocking Film Heritage	Development, planning and awards for the Unlocking Film Heritage programme of projects. Total funding of £15m was awarded by the Lottery under Section 27 dispensation towards improving public access to the UK's film archives from 2012-13 to 2016-17.
Other up to £10,000	Various grant awards towards education, restoration and programming
Northern Ireland Department of Culture	Funding for the Film Academy programme in Northern Ireland
Donations and other income	Sundry other income

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

23. STATEMENT OF FUNDS (Group) (Continued)

Fund balances at 31 March 2016 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Intangible fixed assets	827	-	827
Tangible fixed assets	27,897	21,982	49,879
Film rights	-	10,970	10,970
National Lottery Distribution Fund	-	61,106	61,106
Stocks and work in progress	435	-	435
Debtors	5,834	1,384	7,218
Cash at bank and in hand	3,709	4,637	8,346
Current assets	9,978	78,097	88,075
Current liabilities	(8,326)	(34,238)	(42,564)
Income funds excluding pensions asset/liability	30,376	65,841	96,217
Creditors due after more than one year	-	-	-
Long term pension liabilities	(53,198)	(2,538)	(55,736)
Total net assets	(22,822)	63,303	40,481

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

	2016 Unrestricted £'000	2015 Unrestricted £'000
Current assets	9,978	11,248
Current liabilities	(8,326)	(9,672)
Net free reserves	1,652	1,576

Operating statement - Charity only

	2016 Total £'000	2015 Total £'000
Income	96,076	95,932
Expenditure	(95,330)	(83,975)
Operating surplus	746	11,957
BFI (Big Screen) Limited and British Screen Group surpluses gift aided to the BFI	3,619	2,938
Actuarial gains / (losses) on defined benefit pension schemes	7,322	(19,020)
Movement in fair value reserves	1,003	(2,231)
Movement in fixed asset revaluation reserves	1,452	4,453
Charity only funds at 1 April	25,883	27,786
Charity only funds at 31 March	40,025	25,883

24. LEASE COMMITMENTS (Group and Charity)

At 31 March 2016, the Charity had annual commitments in respect of non-cancellable operating leases as set out below:

	Land and buildings 2016 £'000	Land and buildings 2015 £'000	Other 2016 £'000	Other 2015 £'000
Leases which expire:				
Less than 1 year	(1,515)	(1,515)	(55)	(70)
Within 2 to 5 years	(6,060)	(6,060)	(46)	(99)
Over 5 years	(516)	(2,031)	-	-
	<u>(8,091)</u>	<u>(9,606)</u>	<u>(101)</u>	<u>(169)</u>

25. CAPITAL COMMITMENTS (Group and Charity)

As at 31 March 2016, the BFI had capital commitments outstanding of £346,000 (2015: £604,000) relating to the UFH Digitisation infrastructure.

26. CONTINGENT AND OTHER LIABILITIES (Group and Charity)

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 FRS 102 Retirement Benefits (see note 10).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

27. FINANCIAL COMMITMENTS

At the date of the balance sheet there were financial commitments representing film rights investments made by the BFI where the investment decisions had been taken by the BFI and notified to the applicants but either the contracts had not been signed and/or the conditions precedent not met. Therefore work had not commenced on the assets in which the BFI is investing, so neither the asset nor the matching liability are represented in the balance sheet at that date.

	2016 £'000	2015 £'000
<i>Prior year awards</i>		
Production awards	1	22
Development awards	-	40
Targeted development awards	-	189
Distribution awards	-	-
<i>In year awards</i>		
Production awards	3,738	5,351
Distribution awards	53	113
Development awards	402	439
Targeted Development Programme	300	195
Vision awards	50	50
Financial commitments - non-film rights awards notified but not yet recognised in the financial statements	<u>4,544</u>	<u>6,399</u>

The decline in financial commitments is primarily caused by a fall in the value of production awards with in to £3.7m (2015: £5.3m). At the 31 March 2016 £2.6m of this balance related to new production awards in the period January - March 2016 (2015: £5.2m)

28. POST BALANCE SHEET EVENTS (Group and Charity)

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. The accounts were authorised for issue on the date the Comptroller and Auditor General signed the audit report.

A proposed contribution to the new film centre has been advised by a prospective donor and disclosed in recent press releases. Since no contract has been signed and the amount of funds are not yet agreed, the BFI will not record any financial impact in these 2015-16 statutory accounts.

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

29. TAX STATUS (Group and Charity)

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.

30. RELATED PARTIES (Group and Charity)

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 that 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 balance sheet 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:

Grant-in-Aid Funding

Amanda Nevill (Chief Executive) is a Director and Trustee of the BFI Trust, with which there were a number of transactions in the year - see Note 4.
Greg Dyke (Chair up to 14 February 2016) made a donation to the BFI equivalent to £263,000 in respect of the Film Centre development.
Governors made unrestricted donations totalling £72,000 (2015: £8,000).

<i>Lottery Awards</i>				New Awards made Year Ended 31 March 2016	Balance as at 31 March 2016
Recipient of funding	Name	Role with BFI	Relationship to recipient of funding		
Blueprint Pictures Ltd	Pete Czernin	Governor	Director	27,500	-
Vue Entertainment Limited	J Timothy Richards	Governor	CEO	10,396	-
Screen Yorkshire Limited	Charles Cecil	Governor	Director	127,000	127,000

Charles Cecil is a director of Screen Yorkshire. Screen Yorkshire independently co-funded a number of projects across the year with the BFI.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

30. RELATED PARTIES (Group and Charity)(Continued)

Awards made under the National Lotteries etc. Act 1993 Section 27 dispensation

Using the power granted by the Section 27 of the National Lotteries etc. Act 1993, the Secretary of State gave permission in 2012-13 for an award of £15,000,000 to the BFI in relation to Unlocking Film Heritage, the BFI's Archive Strategy as outlined in Film Forever future plan, for both the national and regional moving image archives. The award was made in March 2013 and was shown on the Statement of Financial Activities within Gross transfers between funds. At 31 March 2016 a balance of funds of £4,949,000 (2015: £9,595,000) remained (note 23).

Under the same power in 2015-16 the Secretary of State gave permission for an award of £1,500,000 to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

The BFI is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and during the year the BFI, as a Lottery distributor, had material transactions with DCMS.

31. LOSSES AND SPECIAL PAYMENTS (Group and Charity)

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. In the year ended March 2016 £nil (2015: £0.2m) was received from the liquidator in partial settlement of this. However until the conclusion of the liquidation process it is unclear what further funds may be recoverable from the liquidator and recovery of funds has not been anticipated in these financial statements.

Registered charity no: 287780

**BRITISH FILM INSTITUTE
GROUP AND LOTTERY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-16**

**LOTTERY FINANCIAL STATEMENTS
For the year ended 31 March 2016**

STATEMENT OF GOVERNORS AND ACCOUNTING OFFICER'S RESPONSIBILITIES

The Governors and Chief Executive are responsible for preparing the financial statements for the Lottery distribution activities of the BFI for each financial year under section 35(2) and (3) of the National Lottery etc. Act 1993 in the form and on the basis directed by the Secretary of State for Culture, Media and Sport with the consent of Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the state of affairs of the BFI Lottery Fund distribution activities and of its income and expenditure, changes in equity and cash flows for the financial year.

In preparing these financial statements, the Governors and the Chief Executive are required to:

- Observe the accounts directions issued by the Secretary of State, including the relevant accounting and disclosure requirements; apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the BFI Lottery distribution activities will continue in operation.

The Accounting Officer for the DCMS has designated the Chief Executive of the BFI as the Accounting Officer for the BFI. The relevant responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping of proper records and for safeguarding the BFI's assets are set out in Managing Public Money published by HM Treasury and in the Financial Directions issued by the Secretary of State for Culture, Media and Sport under section 26(3) of the National Lottery etc. Act 1993.

The Governors and Chief Executive confirm they have met the responsibilities set out above and complied with the requirements for preparing the annual report and accounts on a fair, balanced and understandable basis, and the Chief Executive takes personal responsibility for this. The financial statements for the Lottery distribution activities on pages 94 to 117, have been compiled from and are in accordance with the financial records maintained by the Governors and Chief Executive, and all relevant information has been made available to the auditors.

Allison Cornwell
Chairman, Audit, Risk and
Governance Committee

8 July 2016

Amanda Nevill
Chief Executive

8 July 2016

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's Lottery Distribution Activities for the year ended 31 March 2016 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, 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, 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, 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 circumstances of the British Film Institute's Lottery Distribution Activities 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 and Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the affairs of the British Film Institute's Lottery Distribution Activities as at 31 March 2016 and of the net surplus 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 made under the National Lottery etc. Act 1993; and
- the information given in What we delivered this year, Key Performance Measures, Financial Review, Environmental Sustainability, and How the BFI is Governed 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.

Sir Amyas C E Morse

Date 12 July 2016

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
YEAR ENDED 31 MARCH 2016

	Notes	2015-16	2014-15
		£'000	£'000
Income			
Proceeds from the National Lottery	2	52,007	52,777
National Lottery Distribution Fund investment income	2	212	213
Recoupment income			
Arts Council England and UK Film Council portfolio	3	461	941
BFI portfolio	3	123	-
Other income		75	45
Total income		52,878	53,976
Expenditure			
Lottery - non-film rights awards	4	(15,464)	(10,160)
Impairments against film rights	5	(19,848)	(19,195)
Reversal of impairments against film rights	5	3,338	2,670
Operating costs	8	(5,462)	(5,108)
Restructuring costs	9	(369)	(709)
Total expenditure		(37,805)	(32,502)
Operating surplus / (deficit)		15,073	21,474
Bank interest receivable		8	7
Surplus / (deficit) on ordinary activities before taxation		15,081	21,481
Tax on surplus on ordinary activities for the year		-	-
Surplus for the year		15,081	21,481
Other comprehensive expenditure			
Actuarial gain/(loss)		479	(1,006)
Movement in fair valuation reserve		1,003	(2,231)
Total other comprehensive expenditure		1,482	(3,237)
Total comprehensive income / (expenditure)		16,563	18,244

All activities were on a continuing basis. The accompanying notes 1 to 24 form an integral part of this statement of comprehensive net expenditure.

STATEMENT OF FINANCIAL POSITION
31 MARCH 2016

	Notes	At 31.3.2016	At 31.3.2015
		£'000	£'000
Non-current assets			
Trade and other receivables falling due after one year	10	1,475	1,797
Total non-current assets		1,475	1,797
Current assets			
Film rights	5	10,970	7,561
National Lottery Distribution Fund	2	61,106	61,160
Trade and other receivables falling due within one year	10	1,704	2,188
Cash and cash equivalents	11	4,631	4,396
Total current assets		78,411	75,305
Current liabilities			
Trade and other payables	13	(803)	(472)
Other payables - award commitments	14	(33,192)	(34,211)
Total current liabilities		(33,995)	(34,683)
For the year ended 31 March		44,416	40,622
Non-current liabilities			
Other payables - award commitments payable after more than one year	14	-	(17,686)
Pension liability	7	(2,538)	(2,851)
Provision for award commitments	15	(5,275)	(367)
Total non-current liabilities		(7,813)	(20,904)
Assets less liabilities		38,078	21,515
Capital and reserves			
Lottery reserve		38,287	23,040
Fair valuation reserve	5	2,329	1,326
Pension reserve	7	(2,538)	(2,851)
		38,078	21,515

The accompanying notes 1 to 24 form an integral part of this statement of financial position.

The financial statements were approved and authorised for signature by the Governors on 8 July 2016.

Alison Cornwell
Chairman, Audit, Risk and Governance Committee

8 July 2016

Amanda Nevill
Chief Executive

8 July 2016

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2016

	Notes	2015-16	2014-15
		£'000	£'000
Net cash from operating activities	19	(52,046)	(45,796)
Cashflows from investing activities	19	52,281	47,654
Increase in cash in the year	19	<u>235</u>	<u>1,858</u>
Cash and cash equivalents at 1 April		4,396	2,538
Cash and cash equivalents at 31 March		<u><u>4,631</u></u>	<u><u>4,396</u></u>

The accompanying notes 1 to 24 form an integral part of this statement of cash flows.

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2016**

	Lottery Reserve £'000	Fair Valuation Reserve £'000	Pension Reserve £'000	Total Reserve £'000
Balance at 1 April 2014	1,377	3,557	(1,663)	3,271
Surplus/(deficit) for the year	21,663	-	(182)	21,481
Re-measurements in the year	-	-	(1,006)	(1,006)
Movement in fair valuation reserve	-	(2,231)	-	(2,231)
Balance at 31 March 2015	23,040	1,326	(2,851)	21,515
Surplus/(deficit) for the year	15,247	-	(166)	15,081
Re-measurements in the year	-	-	479	479
Movement in fair valuation reserve	-	1,003	-	1,003
Balance at 31 March 2016	38,287	2,329	(2,538)	38,078

The accompanying notes 1 to 24 form an integral part of this statement of changes in equity.

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

Basis of Accounts

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.

These financial statements are prepared on a going concern basis under the historical cost convention, and in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport with the consent of Treasury in December 2014. 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 charity.

The accounts have been prepared on a going concern basis given the on-going Statutory appointment of the BFI as a lottery distributor, bringing a certainty of future revenues, combined with the uncommitted year end reserves available to spend of £38.1m (2015: £21.5m).

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM 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 by the BFI 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 Direction issued by the Secretary of State for Culture, 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 to this is recoupment income because of the inherent difficulties in relating the income to the period to which it relates. Recoupment income is therefore accounted for upon notification of amounts received by the BFI. Commitments are reported as per the National Lotteries etc. Act 1993.

As required by the Secretary of State for Culture, Media and Sport in the Accounts Direction, Lottery awards are accounted for on an accruals basis. Where the BFI has made a firm offer of a grant to a film rights or a non-film rights project, 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 recognised as a payable. Where the BFI has agreed in principle to fund a scheme or project and made an offer, but the offer has not been accepted nor the associated conditions precedent met, the award is provided for in full at the year end. However, where the BFI has agreed in principle to fund a project in which it will take rights of recoupment ('film rights'), but the offer has not been accepted nor the associated conditions met, as the associated assets of the project can not yet exist, the award is treated as a financial commitment at the year end. These financial commitments are recognised by way of a note to the financial statements, whereas the liabilities and provision are recognised in the financial statements.

In 2013-14 and subsequently, in line with our five year Business Plan Film Forever 2012-17, multi-year lottery awards were made covering the period to March 2017. These include the awards to Into Film regarding our education strategy, Creative Skillset regarding industry skills and training and Unlocking Film Heritage. In line with the National Lottery Act etc 1993 and BFI Lottery Accounts Direction these awards have been accounted for on an accruals basis with the full committed funds being taken to the statement of comprehensive net expenditure in the year in which the award was approved in principle by the BFI.

Award 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 date of the statement of financial position are shown as commitments payable over more than one year. Commitments for future years have been entered into which take into account income forecasts provided by the Department for Culture, Media and Sport (DCMS). These forecasts take a conservative view of future income.

Apportioned costs

The BFI incurred costs which are shared between Lottery and other activities, relating to operating costs for the year, restructuring costs and costs arising from capital spend attributable to Lottery. 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, External Affairs and the Chief Executive's Office.

National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Culture, Media and Sport. The share of these balances attributable to the BFI is as shown in the financial statements at an estimate of market value and, at the date of the statement of financial position, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the BFI in respect of current and future commitments.

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

Financial instruments

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

Film rights

Film rights represent investment awards paid and payable to filmmakers. All investment awards 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 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. The fair value, in line with definitions of IFRS 13, is based upon cash flows and models of future income that may be generated by the film right asset. The calculations behind these models are based upon external factors such as sales agents' estimates, actual sales made, and the recoupment order agreed in the financing contract between investors as well as internal factors such as the skills and expertise of management involved in this calculation and a review of the historic performance of the portfolio.

When an advance is made for an award (satisfying the definition of an award liability as above) the award is taken to the Statement of Financial Position initially at the full value of the award. An assessment is then made of the likely repayment of the award, if any, over the next seven financial years, with the valuation reduced by impairments to the extent that the repayment of the award is considered doubtful. The impairment is calculated either as standard percentage suggested by historic recoupment performance of that particular type of award, or based on the value suggested by future estimated receipts.

In subsequent years, the Film Rights valuations are reviewed to ensure that all revenues due are received and the valuation remains appropriate. The valuations are based on the best available information at the Statement of Financial Position date and the valuations will change over time. For instance, on production awards, the actual value of sales made to a territory may exceed or fall below the original sales estimate provided by the sales agent or the box office performance may exceed or fall below the initial projections following the release of a film.

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

Movements in impairments shown in the statement of Comprehensive Net Expenditure 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 rights. Advances for development and short film awards are fully impaired in the year of the award, unless there is a reasonable expectation of repayment.

Movements in Film Rights valuations shown in the Statement of Comprehensive Net Expenditure reflect the net effect of increases and decreases in valuations against Film Rights in the year. Awards are fully impaired unless there is a reasonable expectation of repayment in the next seven financial years.

If the valuation of the film rights is in excess of the amount of the award investment based on estimated recoupment over the next seven financial years, 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, seven years is felt to be a reasonable period over which a meaningful forecast can be taken, and is consistent with practice across the film industry.

Should the full amount of an award for film rights not be utilised, any unused element of the funding will be decommitted. If such a decommitment exceeds the impaired value of the film, then any necessary impairment will be released back to the Statement of Comprehensive Net Expenditure so the remaining impairment is not greater than the value of the revised investment value.

Film recoupment income

Income received from film rights is offset against the value of the film rights on the Statement of Financial Position.

Income in excess of the original value of the rights is taken to the statement of comprehensive income as film recoupment income and, where appropriate 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 net expenditure.

Lease costs and commitments

Rentals payable under operating leases are charged in the group statement of financial activity on a straight-line basis over the lease term. The proportion of costs which relate to Lottery activities is charged within these accounts.

Pensions

The BFI operates a defined benefit pension scheme for employees joining on or before 31 December 2013, and a defined contribution scheme for subsequent joiners, with an apportionment of the costs and liability being made to Lottery on an assessment of appropriate relative levels of staffing.

A defined pension scheme is a post employment benefit plan. The BFI's net obligation in respect of this is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value.

The pension liabilities and assets of the scheme are recorded in accordance with IAS 19. IAS 19 was revised in 2011 and is required to be applied for annual periods beginning on or after 1 January 2013. The revised IAS is referred to as IAS19 (2011). It measures the value of pension assets and liabilities at the statement of financial position date, determines the benefits accrued in the year, and the interest on the scheme's assets and liabilities. The valuation is undertaken by a qualified actuary.

Reserves

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 2011, and uncommitted funds held at the National Lottery Distribution Fund, which are offset by all outstanding award liabilities.

If the valuation of the film rights 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.

The fair value movement in the year of £1.0m is made up of a increase in the fair value of film rights of £1.58m and a release from the reserve of £0.58m against recoupment received in the year and taken as recoupment to the statement of comprehensive net expenditure.

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

Estimates and judgements

Estimates and judgements have been used in the production of these accounts, notably with regard to the valuation of film rights as at the year end. Details on the judgements and estimation involved are set out in the Film Rights accounting policy above and note 5: Film Rights and Impairments.

Standards, amendments and interpretations to existing standards not yet effective

The application of any new or amended International Financial Reporting Standards is governed by their adoption into the FReM issued by HM Treasury. Usually such changes are not put into effect by the FReM until the effective date of the related IFRS, although occasionally some changes are adopted early or might be delayed. The following standards have been published but are not effective for the periods presented. The BFI has chosen not to adopt these standards early as they are either not relevant to the circumstances of the BFI Lottery Distribution activities or are not considered to have a significant impact on the financial statements:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenues from Contracts with Customers
- IFRS 16 - Leases

YEAR ENDED 31 MARCH 2016

2. LOTTERY INCOME AND THE NATIONAL LOTTERY DISTRIBUTION FUND

The movement in balances held at the NLDF is as follows:

	2015-16 £'000	2014-15 £'000
Opening balance held at the NLDF	61,160	55,817
Income received from the Lottery	52,007	48,757
Share of income following closure of the Olympic Lottery Distribution Fund (OLDF)	-	4,020
Investment income earned	212	213
Available for distribution	113,379	108,807
Cash drawn down	(52,273)	(47,647)
Balance as at 31 March	61,106	61,160

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. There were no unrealised gains in the year (2015: nil).

Income received from the Lottery

The underlying cause of the increased income from Lottery is increased ticket sales. However, the income includes two other variable factors:

- repayment in the period to 2024 of the £58.2m deducted from Lottery receipts at source in 2013-14 by Camelot, in relation to promotion of the new games, prizes and price modelling that came into effect in October 2013. The BFI's share of this was £1.6m
- receipts of unclaimed prize money.

Income received from Lottery therefore contains:

	2015-16 £'000	2014-15 Re-stated £'000
Repayment of diversion regarding promotion of new games, prizes and price modelling	432	379
Unclaimed prize money	3,480	3,412

The 2014-15 comparator for unclaimed prize money has been re-stated on a different and more appropriate basis, now including other unclaimed and unpaid income streams in addition to purely scratchcard prize money.

Repayment of the remaining £0.3m of the diversion regarding Lottery promotion is anticipated by 2024, however due to the uncertainties around the timings and actuality of the remaining repayments, it has not been felt appropriate to treat this as income receivable as at the date of the statement of financial position.

Repayment from the Olympic Lottery Distribution Fund (OLDF)

With the wind-up of the OLDF in 2014 and the transfer of funds back to the NLDF, a one off value of £4m was repaid to the BFI in 2014-15. This repaid in part those funds transferred to the OLDF as a contribution towards the costs of running the 2012 Olympic and Paralympic Games under Statutory Instrument (SI 2008 No. 255 The Payments into the OLDF etc Order 2008) under which the BFI/UKFC contributed £21.8m to the total transfer from the NLDF of £1,085m.

3. FILM RIGHTS RECEIPTS AND RECOUPMENT INCOME

The BFI receives income generated from rights in the portfolio of film projects invested in since 1 April 2011. Additionally under the transfer agreement with UKFC, the BFI receives all future income generated from rights in the portfolio of films transferred from the UKFC and Arts Council England at that date.

Income received from film rights is offset against the value of the film rights on the statement of financial position. Income in excess of the original value of the rights is taken to the statement of comprehensive net expenditure as film recoupment income through the movement in fair value reserve.

	2015-16 £'000	2014-15 £'000
Total film receipts taken as income	584	941
Total film receipts taken against film rights on the statement of financial position	4,057	4,697
	4,641	5,638

Those film receipts where the revenue is taken as income related to:

	2015-16 £'000	
The Woman in Black	104	
12 films generating < £100,000	357	
Arts Council England and UK Film Council portfolio	461	
Philomena	111	
2 films generating < £100,000	12	
BFI portfolio	123	
	584	

Total film receipts taken against film rights on the statement of financial position

	2015-16 £'000
Suffragette (aka The Fury)	665
Brooklyn	400
Slow West	377
Still Alice	150
Mr Turner	147
How to Change the World - UK Tax Credit Advance	147
Pride	103
Two Days, One Night	100
111 films generating < £100,000	1,968
	4,057

4. NON-FILM RIGHTS AWARDS

Non-film rights awards are made across a number of schemes operated by the BFI. While the majority of awards are for single projects which are anticipated to be completed within one year, some awards have been made over the period to March 2017, the period covered by the BFI Business Plan *Film Forever* to allow projects to run over a longer time scale and thereby benefit from the certainty and development potential of a longer funded period. In comparison to the previous years, no significant multi-year awards were made in 2015-16 and those of the previous year are still live, leading to the reduction in value in new non-film rights awards in the year.

YEAR ENDED 31 MARCH 2016
4. NON-FILM RIGHTS AWARDS (CONTINUED)

The activity support areas itemised below are those areas where it is deemed that activity on behalf of the industry and indeed the public at large, and funded by Lottery monies, are most cost effectively and efficiently carried out by the BFI as the lead body for the film sector.

Analysis of non-film rights awards by strand:

	New awards in the year £'000	2015-16 Decommit- ments* £'000	Awards net of fall ins £'000	2014-15 Awards net of fall ins £'000
Multi-year funding to period ending March 2017				
Creative Skillset awards	-	-	-	(300)
Film Network fund	(636)	-	(636)	(1,128)
Focal points awards	-	-	-	-
Film Festival awards	-	-	-	-
Total multi-year funding	(636)	-	(636)	(1,428)
Project funding				
Creative England	(7,705)	-	(7,705)	(3,850)
Creative Skillset awards	-	-	-	-
International awards	(966)	123	(843)	(1,911)
Film Academy awards	(470)	2	(468)	(63)
Programme Development Fund	(1,730)	77	(1,653)	(1,106)
Film Festivals awards	(2,199)	5	(2,194)	(545)
Rewarding Success	(463)	-	(463)	(334)
BFI Neighbourhood awards	(495)	-	(495)	(214)
Distribution and Exhibition awards	(12)	1	(11)	41
Production hub awards	(127)	-	(127)	-
Diversity awards	(65)	-	(65)	-
Research and Statistics awards	(347)	-	(347)	-
Film Fund and Regional awards (non-film rights)	-	(51)	(51)	55
Total project funding	(14,579)	157	(14,422)	(7,927)
Activity support				
International	-	-	-	(140)
Neighbourhoods	-	-	-	(22)
Research and statistics	(406)	-	(406)	(643)
Total activity support	(406)	-	(406)	(805)
Total Lottery non-film rights	(15,621)	157	(15,464)	(10,160)

* A decommitment (or fall in) is when an award is reduced for any reason with the agreement, and usually at the volition of, the award recipient. The balance is written back against the relevant award strand in the statement of comprehensive net expenditure.

5. FILM RIGHTS AND IMPAIRMENTS

Film rights fall within the definition of 'available for sale' financial assets and are held at fair value. The valuation approach to establish the fair value of the film rights portfolio is set out in Note 1 Accounting Policies.

The BFI's primary objective in investing in film rights is to support the future success of British film by backing new voices, new stories, new ideas and skills, enriching and diversifying British film production. Thus whilst the potential commerciality of a project is important in our assessment of an application it is not the key funding criteria.

The fair value of film rights at 31 March is as follows:

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Production Awards	9,325	6,022	14,166	15,968	20,348
Development and Vision Awards	1,411	1,188	876	270	813
Other Awards	234	351	316	137	-
	10,970	7,561	15,358	16,375	21,161

Production awards are made to producers to co-finance feature film productions and from which we are entitled to recoup our award and take a share of net profits from the film. The value of the productions will be dependent upon many factors which are inherently uncertain; the ability of sales agents to meet sales estimates, how the film will be critically and commercially received (including box office projections) all play a role. Further details are set out in the impairments note below.

Development awards are made to producers to support a film development. In the event that the development project progresses into a feature film production, we would be entitled to be repaid our award and take a share of net profits. Accordingly development awards are impaired in full in the year in which the award is made, unless there is a reasonable anticipation of it progressing to production.

Vision Awards are made to production companies to enable them to develop their business and the awards are repayable from any applicable feature film production made by the production company. As we do not expect all recipients to be required to repay the award in full we routinely impair 50% of the award in the year in which it is committed.

Other awards include distribution awards which are awards made to distributors to support the release of a film in the UK and targeted development awards which are awarded to support new talent. These awards are written off in full in the year unless there is a reasonable expectation of recoupment.

Movements in the valuation of film rights

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Film rights valuation at 1 April	7,561	15,358	16,375	21,161	18,013
New commitments: made in year	23,570	16,892	27,208	25,933	20,882
Decommitments: new film rights in year	(135)	(149)	(34)	(197)	-
Decommitments: historical portfolio	(463)	(1,088)	(17)	(325)	(84)
Repayment of investments: new film rights in year	(449)	(389)	(791)	(593)	(550)
Repayment of investments: historical portfolio	(3,608)	(4,307)	(2,934)	(5,640)	(3,368)
Impairments: new film rights in year	(17,494)	(13,519)	(19,293)	(18,850)	(13,053)
Impairments: historical portfolio	(2,354)	(5,676)	(5,069)	(7,249)	(5,285)
Impairments written back	3,338	2,670	1,781	3,822	1,193
Fair value movement in year: decrease for income already received	(576)	(911)	(2,205)	(2,242)	(3,477)
Fair value movement in year: increase/(decrease) in additional income expectation	1,581	(1,320)	337	555	6,890
Film rights valuation at 31 March	10,970	7,561	15,358	16,375	21,161

YEAR ENDED 31 MARCH 2016

5. FILM RIGHTS AND IMPAIRMENTS (CONTINUED)

The value of new commitments made in the year will vary due to timing differences arising from the closure of awards.

The valuation of the Film Rights is based on the anticipated cash receipts over the next seven financial years after the Statement of Financial Position date. In relation to recent production awards (that is production awards that were recognised as hard commitments this financial year and the last seven financial years), the valuation is based on the cash receipts anticipated from the first cycle of revenues including revenues from the cinema DVD, Video On Demand and television. In relation to older production awards, the valuation is based on the anticipated cash receipts for the next seven years following the Statement of Financial Position date calculated from the individual film's historic cash receipts. As all recent production awards are valued individually no default base valuation is used (2015: 20% of the award). All such anticipated cash receipts are discounted using the applicable Treasury Rate.

Movements in impairments in the year are as follows:

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Impairments: new film rights in year	(17,494)	(13,519)	(19,293)	(18,850)	(13,053)
Impairments: historical portfolio	(2,354)	(5,676)	(5,069)	(7,249)	(5,285)
	<u>(19,848)</u>	<u>(19,195)</u>	<u>(24,362)</u>	<u>(26,099)</u>	<u>(18,338)</u>
Impairments written back: historical portfolio	3,338	2,670	1,781	3,822	1,193
Net movement in impairments	<u>(16,510)</u>	<u>(16,525)</u>	<u>(22,581)</u>	<u>(22,277)</u>	<u>(17,145)</u>

The value of impairments on new film rights in the year is always governed by the value of awards made and therefore can vary considerably year to year.

Film Rights valuation by award type

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Production Awards	9,324	6,022	14,166	15,968	20,348
Vision Awards	1,095	965	616	-	175
Development Awards	316	223	260	270	638
Distribution Awards	180	211	301	137	-
Other Awards	55	140	15	-	-
Film Rights valuation	<u>10,970</u>	<u>7,561</u>	<u>15,358</u>	<u>16,375</u>	<u>21,161</u>

As at 31 March 2016, the Film Rights valuation for production awards is £9.3m (2015: £6.0m) and for all other Film Rights is £1.6m (2015: £1.6m) totalling £10.9m (2015: £7.6m). For production awards, were the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2016 would be £0.5m for 176 awards (2015: £0.3m for 197 awards).

In relation to older production awards, the Film Rights valuation is calculated on the assumption that the future anticipated receipts will be based on the historic cash receipts for the two to three years prior to the Statement of Financial Position date, subject to a 75% default reduction every three years thereafter. The total amount of the Film Rights valuation based on this methodology is £1.8m (2015: £0.5m). Were this default reduction percentage to change to 80% the Film Rights valuation would increase by £0.1m were this default reduction percentage to change to 70% the Film Right valuation would decrease by £0.1m.

The Film Rights valuation is based on the anticipated cash receipts for the next seven financial years following the Statement of Financial Position date. All anticipated cash receipts for the Production Awards are discounted using the Treasury Rate of 3.7%.

The valuation methodology for Film Rights was amended at the date of Statement of Financial Position. The change was made following an internal review of the valuation of lottery film library. The changes in the methodology included valuing the rights more in line with industry standards by extending the anticipated cash receipts to seven years (2015: three years) and discounting such cash receipts to a net present value using the Treasury Rate of 3.7% (2015: 0%) as well as eliminating the default valuation for all new production awards (2015: 20% on all new production awards). Were the Film Rights valued using the old methodology the valuation would be £10.1m which is £0.9m less than the £11.0m valuation using the current methodology.

Fair value adjustments in the year can be summarised as follows:

	2015-16 £'000	2014-15 £'000
Fair value reserve at 1 April	1,326	3,557
Decrease for income received	(577)	(911)
(Decrease)/increase for expected future income	1,580	(1,320)
Fair value at 31 March	<u>2,329</u>	<u>1,326</u>

Further information on the movement on film rights can be found on the bfi website: <http://www.bfi.org.uk/about-bfi/annual-review-management-agreement>

YEAR ENDED 31 MARCH 2016

6. STAFF COSTS

No member of the Board of Governors received remuneration during the year (2015: none).

	2015-16 £'000	2014-15 Re-stated £'000
The costs of staff working wholly on Lottery activities comprised:		
Wages and salaries	1,900	1,732
Social Security costs	195	195
Pension service costs and other pension costs	297	339
	2,392	2,266

	2015-16 Number	2014-15 Re-stated Number
The average number of staff (full-time equivalents) employed during the year was made up as follows:		
Management and administration:		
Permanent staff	37	35
	37	35

Staff costs for the year are contained within the costs apportioned from grant-in-aid on the statement of comprehensive net expenditure. 2014-15 comparatives above have been re-stated to include the Audience Fund, now treated in governance and operational terms as a front line lottery department. This has led to inclusion of £0.3m of staff costs for an average of 7 staff in the 2014-15 comparatives.

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

	2015-16 £	%	Attributable to Lottery £
Amanda Nevill			
Salary and benefits	143,418		74,577
Bonus	-		-
Total	143,418	52.0%	74,577
Pension contribution	16,350		8,502
	2014-15 £	%	Attributable to Lottery £
Amanda Nevill			
Salary and benefits	141,297		77,713
Bonus	-		-
Total	141,297	55.0%	77,713
Pension contribution	17,238		9,481

The percentage of the remuneration of the Chief Executive Officer apportioned to Lottery is reviewed on an annual basis.

7. PENSION BENEFITS

The BFI is an admitted body of the LPFA. Although membership of the scheme is open to all employees, only those costs relating to staff employed on Lottery activities are disclosed in these accounts. An apportionment of the pension assets and liabilities is calculated on the basis of the numbers of staff employed on Lottery activities and their pensions contributions in year as a percentage of those of the whole organisation.

The pension scheme is (for joiners on or prior to 31 December 2013) a defined benefit scheme and is funded by employees and employers at actuarially determined rates. From 1 January 2014 the BFI also operates a defined contribution pension scheme which is available for all employees not already in the defined benefit scheme. Employer contributions charged for members of the scheme amounted to £153,000 (2015 restated: £248,000)

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 12.2% throughout the year (2015: 12.2%).

A valuation under IAS19 as at March 2016 was carried out by a qualified independent actuary. The assumptions used by the actuary for the BFI's scheme were:

	2015-16 %	2014-15 %
Rate of increase in salaries	3.8	3.7
Rate of increase in pension payments	2.4	2.4
Discount rate	3.7	3.3
Inflation assumption (CPI)	2.4	2.4
<i>Average life expectancy at 65:</i>		
Current pensioners	Males 22.3	Females 25.3
Future pensioners	24.6	27.6

YEAR ENDED 31 MARCH 2016

7. PENSION BENEFITS (CONTINUED)

The estimated asset allocation as at 31 March was:

	2015-16 Long term rate of return expected £'000	2014-15 Long term rate of return expected £'000
Equities	3,192	3,186
LDI/cashflow matching	551	550
Target return portfolio	2,132	2,128
Infrastructure	360	360
Commodities	66	66
Property	206	205
Cash	845	844
Total market value of assets	7,352	7,339

The net pension liability was:

	At 31.3.2016 £'000	At 31.3.2015 £'000	At 1.4.2013 £'000
Present value of funded obligation	(9,890)	(10,190)	(8,440)
Fair value of scheme asset	7,352	7,339	6,777
Net liability	(2,538)	(2,851)	(1,663)

The amounts recognised in the statement of comprehensive net expenditure are as follows:

	2015-16 £'000	2014-15 £'000
Current service cost	(223)	(348)
Net interest on the defined liability	(90)	(72)
Administration expenses	(6)	(10)
Total	(319)	(430)
Actual return on plan assets	(57)	455

Amounts recognised in statement of changes in equity:

	2015-16 £'000	2014-15 £'000
Return on plan assets in excess of interest	(301)	151
Other actuarial gains/(losses) on assets	-	-
Change in financial assumption	770	(1,154)
Change in demographic assumptions	-	-
Experience gain/(loss) of defined benefit obligation	10	(3)
Remeasurements recognised in the statement of changes in equity	479	(1,006)
Cumulative remeasurements in statement of changes in equity	(3,621)	(4,100)

Changes in the present value of the defined benefit obligation:

	2015-16 £'000	2014-15 £'000
Opening defined benefit obligation	(10,190)	(8,440)
Current service cost	(223)	(202)
Interest cost	(334)	(377)
Contributions by members	(60)	(97)
Change in financial assumptions	770	(1,154)
Change in demographic assumptions	-	-
Experience gain/(loss) on defined benefit	10	(3)
Impact of settlements and curtailments	-	(146)
Benefits paid	137	229
Closing defined benefit obligation	(9,890)	(10,190)

Changes in the fair value of the scheme assets:

	2015-16 £'000	2014-15 £'000
Opening fair value of employer assets	7,339	6,777
Contributions by members	60	97
Contributions by employer	153	248
Interest on assets	244	305
Return on assets less interest	(301)	151
Other actuarial gains/(losses)	-	-
Admin expenses	(6)	(10)
Benefits paid	(137)	(229)
Closing fair value of employer assets	7,352	7,339

YEAR ENDED 31 MARCH 2016

7. PENSION BENEFITS (CONTINUED)

The sensitivity analysis on the major assumptions in the above, and based on the whole scheme is:

		£'000	£'000	£'000
Adjustment to discount rate		+0.1%	0.0%	-0.1%
	Present value of total obligation	9,707	9,890	10,077
	Projected service cost	261	314	273
Adjustment to long term salary increase		+0.1%	0.0%	-0.1%
	Present value of total obligation	9,911	9,890	9,869
	Projected service cost	267	314	267
Adjustment to pension increases and deferred valuation		+0.1%	0.0%	-0.1%
	Present value of total obligation	10,059	9,890	9,725
	Projected service cost	273	314	261
Adjustment to mortality age rating assumption		+0.1%	0.0%	-0.1%
	Present value of total obligation	10,180	9,890	9,609
	Projected service cost	273	314	260

A history of experience gains and losses is shown below:

	2015-16 £'000	2014-15 £'000
Fair value of employer assets	7,352	7,339
Present value of defined benefit obligation	(9,890)	(10,190)
Deficit	(2,538)	(2,851)
Experience (losses)/gains on assets	(57)	455
Experience gains/(losses) on liabilities	10	(3)

8. OPERATING COSTS

	2015-16 £'000	2014-15 £'000
Costs of generating recoupment		
	Direct staff costs	327
	Other staff costs (including agency staff, training and recruitment)	2
	Travel and subsistence	11
	Professional fees - Other	3
	Other costs	1
		344
Direct Lottery costs		
	Direct staff costs	1,965
	Other staff costs (including agency staff, training and recruitment)	38
	Travel and subsistence	108
	Events and other hospitality	60
	Professional fees: Audit - National Audit Office	49
	Professional fees: other	123
	Other	55
		2,398
Recharged costs from BFI non-lottery activities re support functions	2,720	2,310
	5,462	5,108

Costs of generating recoupment are the assessment of the costs within Business Affairs and Production Finance that relate to the generation and oversight of BFI recoupment from the investments in film rights. In 2015-16 total recoupment was £4.6m, so the costs of recovering these costs stood at 8% of the funds recouped.

The direct lottery costs are those of the front-line award making departments excluding the costs of generating recoupment. These costs are those of the Film Fund (International, Production, Operations, Audience Fund, Directorate), Education Partners and the costs of Business Affairs and Production Finance not apportioned to the costs of generating recoupment.

These costs cover the administration and processing of grants, project development and other costs, the costs of generating recoupment and talent support and development activities

The remaining costs are those central costs of the BFI attributed to Lottery relating to CEO, External Affairs, and support functionality such as Finance, HR, IT, Digital

The National Office audit fee in 2015-16 of £49,000 includes £45,500m in relation to the 2015-16 and £3,500 additional charges in relation to 2014-15

9. RESTRUCTURING COSTS

	2015-16 £'000	2014-15 £'000
Release of prepayment of capital transfer to BFI	369	369
Other costs of change	-	340
	369	709

YEAR ENDED 31 MARCH 2016

10. TRADE AND OTHER RECEIVABLES

	At 31.3.2016 £'000	At 31.3.2015 Restated £'000
Trade and other receivables falling due within one year		
Prepayments and accrued income	369	417
Trade debtors	991	763
VAT receivable	65	92
Other receivables - BFI non-Lottery	279	876
Other receivables	-	40
Total trade and other receivables	1,704	2,188

Trade debtors in the 2015 comparatives has been restated to include £0.26m previously included in Other receivables

	At 31.3.2016 £'000	At 31.3.2015 £'000
Trade and other receivables falling due after one year		
Prepayments and accrued income	1,475	1,797
Total trade and other receivables	1,475	1,797

11. CASH AND CASH EQUIVALENTS

All Lottery cash balances are held in commercial bank accounts.

4,631	4,396
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12. 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.

Film rights

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, where it is in the life cycle of the project, and 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 net expenditure in the year.

The valuation of film rights is subject to on-going 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.

	2015-16 £'000	2014-15 £'000
Film rights valuations at 31 March	10,970	7,561

Liquidity risks

Lottery cash inflows can be analysed as:

	2015-16 £'000	%	2014-15 £'000	%
Income received from the National Lottery	52,007	91.3%	52,777	90.0%
Investment returns from the balance held at the NLDF	212	0.4%	213	0.3%
Recoupment income from film rights	4,641	8.2%	5,638	9.6%
Other income including legacies, grants and donations	75	0.1%	45	0.1%
	56,935	100.0%	58,673	100.0%

	2015-16 £'000	2014-15 £'000
NLDF balance at 31 March as notified by the Secretary of State for Culture, Media and Sport	61,106	61,160
Lottery funds held in cash and cash equivalents by the BFI at 31 March	4,631	4,396
	65,737	65,556

	2015-16 £'000	2014-15 £'000
Lottery awards payable	33,192	51,897
Provision for non-Lottery film rights awards	5,275	367
Film rights award allocations noted as commitments	4,544	6,399
	43,011	58,663
Under commitment against funds available at 31 March	22,726	6,893

YEAR ENDED 31 MARCH 2016

12. FINANCIAL RISKS (CONTINUED)

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.

	2015-16 £'000	2014-15 £'000
Market value of BFI investment at NLDF at 31 March	61,106	61,160
Average investment return at NLDF	0.50%	0.50%

Cash drawn from the NLDF, or received from other sources, to pay grant commitments and operating costs are held in variable rate bank accounts:

	2014-15 £000s	2013-14 £000s
Lottery funds held in cash and cash equivalents by the BFI at 31 March	4,631	4,396
Average interest rate on cash held in variable rate bank accounts	0.18%	0.20%

Foreign currency risks

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

13. TRADE AND OTHER PAYABLES

	At 31.3.2016 £'000	At 31.3.2015 £'000
Other payables - BFI non-Lottery	-	-
Other payables	803	472
	803	472

It is anticipated that all other payables as at 31 March 2016 fall due within one year.

14. OTHER PAYABLES - AWARDS COMMITMENTS

	At 31.3.2016 £'000	At 31.3.2015 £'000
At 1 April	51,897	68,604
New film rights commitments in year	23,570	16,892
Commitments transferred from prior year provision for non-film rights awards	367	3,758
New non-film rights commitments in year	9,473	8,881
Decommitments	(825)	(1,237)
Amounts paid	(51,290)	(45,001)
At 31 March	33,192	51,897

In consequence of the multi year awards made in previous years, and as anticipated, the value of commitments outstanding at 31 March 2016 has reduced, as one year's worth of payments against these awards has been released during the year, with no substantial further multi-year awards being made.

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

Commitments transferred from the provision for non-film rights awards are as follows:

	Prior Year Provision £'000	At 31.3.2016 New Provisions £'000	Total £'000	At 31.3.2015 £'000
Creative England	-	3,850	3,850	3,850
Unlocking Film Heritage	-	-	-	1,896
International awards	87	968	1,055	1,876
Film festival awards	157	584	741	1,451
Programme Development Fund awards	66	1,195	1,261	1,240
Film Audience Network awards	-	268	268	1,128
Talent development awards	-	-	-	400
Creative Skillset	-	-	-	300
Neighbourhood awards	-	462	462	291
Film Academy awards	57	428	485	100
Film Culture awards	-	-	-	61
Research Fund	-	194	194	-
Diversity Fund	-	24	24	-
Other awards	-	-	-	46
LFF award	-	1,500	1,500	-
	367	9,473	9,840	12,639

YEAR ENDED 31 MARCH 2016

14. OTHER PAYABLES - AWARDS COMMITMENTS (CONTINUED)

New non-film rights commitments in the year:

	2015-16 £'000	2014-15 £'000
Multi-year awards for the period to March 2017:		
Creative Skillset awards	-	300
Film Network Fund	268	1,128
Film Festivals Fund	-	-
Total multi-year awards	268	1,428
Project funding:		
Creative England	3,850	3,850
International awards	969	1,848
Film Festivals awards	584	388
Film Academy awards	428	100
Programme Development Fund	1,195	1,053
Diversity awards	24	-
Research Fund awards	194	-
London Film Festival award	1,500	-
BFI Neighbourhood awards	461	214
Total project awards	9,205	7,453
New commitments in year	9,473	8,881

Reconciliation of new awards in year per the statement of comprehensive net expenditure to new commitments, awards payable on the statement of financial position:

	2015-16 £'000	2014-15 £'000
Non-film rights awards taken to SOCNE in the year	15,464	10,160
Less spend on activity support in year	(406)	(805)
Less new awards in year taken to SOCNE but recorded by way of provision at year end	(5,275)	(367)
Add back decommitments of awards from prior years taken as negative spend on SOCNE	(310)	(107)
New non-film rights commitments taken as awards payable	9,473	8,881

Ageing of award commitments, estimated date of payment

	At 31.3.2016 £'000	At 31.3.2015 £'000
Year ended 31 March 2016	33,192	34,211
Year ended 31 March 2017	-	17,686
	33,192	51,897

Commitments payable beyond 31 March 2016, relate to the multi-year awards made to Into Film, Creative Skillset, the Film Hub Lead Organisations, Unlocking Film Heritage and under the Film Festivals Fund covering the period to March 2017. No material commitments are anticipated to run beyond the BFI Business Plan *Film Forever 2012-17*.

15. PROVISIONS

The provision for non-film rights awards recognises those awards which have been made by the BFI, but where at the date of the statement of financial position either contracts have not been signed and/or the conditions precedent not met. Therefore these transactions are recognised as an award commitment but are not included in awards payable at the date of the statement of financial position.

	2015-16 £'000	2014-15 £'000
At 1 April	367	3,758
New provisions in the year	14,770	9,408
Provisions written back in year	(22)	(160)
Transferred to other payables - award commitments	(9,840)	(12,639)
At 31 March	5,275	367

A provision written back arises when the conditions of the terms of the award are not met prior to signature of contract.

The year end provision relates to awards made by the BFI across a number of strands:

	2015-16 £'000	2014-15 £'000
Film Academies	41	57
Film Audience Network	368	-
Diversity Fund	41	-
Film Festivals	80	156
International	47	87
Neighbourhood	33	-
Research Fund	153	-
Programme Development Fund	535	67
Clusters Fund	127	-
Creative England	3,850	-
	5,275	367

At the date of the statement of financial position the BFI Lottery activities had no further provisions (2015: £nil).

YEAR ENDED 31 MARCH 2016

16. LEASES

As at 31 March 2016, the BFI had total minimum payments under a non-cancellable operating leases relating to the BFI offices in London, as set out below.

	At 31.3.2016 £'000	At 31.3.2015 £'000
Amounts payable within one year	1,160	1,160
Amounts payable within two to five years	4,640	4,640
Amounts payable beyond five years	-	1,160

The proportion of these costs relating to these leases that form part of the costs apportioned to Lottery are:

	At 31.3.2016 £'000	At 31.3.2015 £'000
Amounts payable within one year	261	261
Amounts payable within two to five years	1,044	1,044
Amounts payable beyond five years	-	261

17. FINANCIAL COMMITMENTS AND CONTINGENT ASSETS

At 31 March 2016 the BFI Lottery activities had no contingent assets (2015: nil).

At the date of the statement of financial position there were financial commitments representing film rights investments made by the BFI where the investment decisions had been taken by the BFI and notified to the applicants but either the contracts had not been signed and/or the conditions precedent not met. Therefore work had not commenced on the assets in which the BFI is investing, so neither the asset nor the matching liability are represented in the statement of financial position at that date.

	At 31.3.2016 £'000	At 31.3.2015 £'000
<i>Prior year awards</i>		
Production awards	1	22
Development awards	-	40
Targetted development awards	-	189
<i>In year awards</i>		
Production awards	3,738	5,351
Distribution awards	53	113
Development awards	402	439
Targetted Development Programme	300	195
Vision awards	50	50
Financial commitments - non-film rights awards notified but not yet recognised in the financial statements	4,544	6,399

The decline in financial commitments is primarily caused by a fall in the value of production awards with in to £3.7m (2015: £5.3m). At the 31 March 2016 £2.6m of this balance related to new production awards in the period January - March 2016 (2015: £5.2m)

18. CAPITAL COMMITMENTS

As at 31 March 2016, the BFI had no capital commitments outstanding related to Lottery distribution activities, therefore no costs are attributable to Lottery at the date of the statement of financial position (2015: £nil).

19. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2015-16 £'000	2014-15 £'000
Operating surplus/(deficit)	15,081	21,481
Decrease/(increase) in film rights	(2,406)	5,566
Decrease/(increase) in trade receivables	860	(5,290)
Increase/(decrease) in trade payables	331	17
(Decrease)/increase in award payables	(18,705)	(16,707)
(Decrease)/increase in provisions	4,908	(3,391)
Non cash pension movements	166	182
Interest received	(8)	(7)
Cash receipts from National Lottery Distribution Fund	(52,273)	(47,647)
Net cash from operating activities	(52,046)	(45,796)

Cash flow from investing activities

	2015-16 £'000	2014-15 £'000
Interest received	8	7
Cash receipts from National Lottery Distribution Fund	52,273	47,647
Net cashflow from operating activities	52,281	47,654

	2015-16 £'000	2014-15 £'000
Opening cash balances at 1 April	4,396	2,538
Movement in year	235	1,858
Closing cash balances at 31 March	4,631	4,396

YEAR ENDED 31 MARCH 2016

20. EVENTS AFTER THE REPORTING PERIOD

There were no adjusting events after the reporting period which are not disclosed elsewhere in the notes to the financial statements. The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect cannot be made.

These accounts were authorised for issue on the date they were certified by the Comptroller and Auditor General

21. LOSSES AND SPECIAL PAYMENTS

Screen East, the regional screen agency under the RIFE programme, went into liquidation in September 2010. The agency had received grants 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. In the year ended 31 March 2016 £0.0 m (2015: £0.2m) was received from the liquidator in partial settlement of this. However, until the conclusion of the liquidation process, it is unclear what further funds may be recoverable from the liquidator, and recovery of funds has not been anticipated in these financial statements.

22. 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 2016. These are reported to the Board of Governors and the Chief Executive Officer as a stand-alone entity. Therefore in the context of IFRS8 no additional disclosure of segmental reporting is deemed appropriate.

23. ANALYSIS OF TOTAL EXPENDITURE BETWEEN ADMINISTRATIVE AND PROGRAMME SPEND

Under the definitions of the Financial Reporting Manual 2015-16 all activities in these accounts are programme spend.

24. 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 have connections with or interests in projects and organisations that may from time to time have come to the BFI for funding. All Governors are therefore required to declare any direct interest in and commercial relationships with award applications made to the BFI and that they had no role in the award-making process. Similarly, BFI employees were excluded from the 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 31.3.2016 £	Balance as at 31.3.2016 £
Blueprint Pictures Ltd	Pete Czernin	Governor	Director	27,500	-
BFI - London Film Festival	Amanda Nevill	CEO	CEO	1,500,000	-
BFI - Unlocking Film Heritage	Amanda Nevill	CEO	CEO	-	5,033,000
Vue Entertainment Ltd	Tim Richards	Governor	CEO	10,396	-
Screen Yorkshire Ltd	Charles Cecil	Governor	Director	127,000	127,000

Charles Cecil is a director of Screen Yorkshire. Screen Yorkshire independently co-funded a number of projects across the year with the BFI.

Amanda Nevill (Chief Executive) is a Director and Trustee of the BFI Trust, with whom there were a number of transactions in the year

The BFI is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and during the year the BFI, as a Lottery distributor, had material transactions with DCMS.

Awards made under the National Lotteries etc. Act 1993 Section 27 dispensation

Using the power granted by the Section 27 of the National Lotteries etc. Act 1993, the Secretary of State gave permission in 2012-13 for an award of £15,000,000 to the BFI in relation to Unlocking Film Heritage, the BFI's archive strategy as outlined in the *Film Forever* future plan, for both the national and regional moving image archives. The award was made in March 2013, it was recorded as a commitment during 2012-13 and at the 31 March 2016 the sum of £5.0m remained payable (2015: £9.8m).

Under the same power in 2015-16 the Secretary of State gave permission for an award of £1,500,000 to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

LOTTERY FINANCIAL STATEMENTS

Schedule 1: New Soft Commitments

Year Ended 31 March 2016

Producer	Project	£
Agile Films Ltd	Beast	24,000
Apocalypso Pictures Ltd	Cold War	47,000
Baby Cow Films Ltd	Cottontail	21,000
Baby Cow Films Ltd	Crimson China	25,000
Baby Cow Films Ltd	The King's Indian	25,000
Bard Entertainments Ltd	Born To Run	20,750
Bard Entertainments Ltd	Momma Gonna Knock You Out	16,000
Bard Entertainments Ltd	Untitled Scott Graham	11,000
Blueprint Pictures Ltd	Three Miles North of Molkom	27,500
Bob & Co Ltd.	Handsome Brute	46,500
Breaking Productions Ltd	Who's Gonna Love Me Now?	59,560
Calamity Films Ltd	End of the Rainbow	20,000
Calamity Films Ltd	Last Christmas	81,500
Calamity Films Ltd	Mangrove Nine	31,712
Camberwell Productions Ltd	Rainy Day Women	5,000
Camberwell Productions Ltd	Staying On	8,000
Cannon and Morley Productions Ltd	Night Train	17,359
Daybreak Pictures Ltd	Muslim Patrol	2,500
Daybreak Pictures Ltd	The Unicorn [FKA The Village Bike]	25,269
Desperate Optimists Productions Ltd	Rose plays Julie	12,664
Dominic Buchanan Productions Ltd	Solomon Light	20,750
Ecosse Films Ltd	The Boy Who Would Be Shakespeare	23,500
Eleven Film Ltd	Untitled Amanda Boyle Project	21,500
Elysian Films Ltd	Mrs Harris Goes to Paris	20,000
Emu Films Limited	Jade	17,000
Endor Productions Ltd	The Dark Outside (aka The Rising)	23,400
Endor Productions Ltd	The Strays	14,000
Escape Films Ltd	Bummer	6,000
Feet Films Ltd & Free Range Films Ltd	Up A Tree in the Park at Night with a Hedgehog	1,250
Flickerpix Ltd	I Was A Rat!	59,250
Fly Film Company Ltd	The Lighthouse	1,500
Forward Slash Films Ltd	Irene's Ghost	12,000
Golden Arrow Pictures Ltd	She Who Brings Gifts	50,000
Greenacre Films Ltd	Been So Long	3,450
Greenacre Films Ltd	Midsummer	3,000
Greenacre Films Ltd	Relax	5,600
Indefinite Films Ltd	Girl Next Door	32,632
Inflammable Films Ltd	Journeyman	21,600
Into Darkness Ltd	Notes On Blindness	35,000
Jacqui Davies Ltd	Ray & Liz	9,500
JLB Productions Ltd	The Noisiest Hour	16,000
Julian Corkle Ltd	Julian Corkle is a Filthy Liar	16,950
Junction Films Ltd	Keep The Faith	7,000
JWH Films Ltd	The Souvenir	46,250
Kennedy Mellor Ltd	The Lonely Londoners	10,200
Kindle Entertainment	Four Children and It	16,500
Left Bank Pictures (Film) Ltd	Dark River	89,920
Leopardrama Ltd	Danny La Rue	15,500
Melwood Pictures	Gecko	40,500
Meryon Development Ltd	Star of the Morning	5,000
Mindhorn Productions Ltd	Mindhorn	35,000
Mint Pictures Limited	Zimbabwe Rocks	19,810
Momac Films Ltd	Old Boys	35,000
Mrs. Harris Productions Ltd	Mrs Harris Goes to Paris	18,000
Newscope Films Ltd	Darkness Visible	25,000
Newscope Films Ltd	The Dick	26,000
Nine Acre Films Ltd	Amazing Ray	39,906
Oakheart Films Ltd	Out of Russia	14,750
Old Boys	Momac Films Ltd	15,750
Old Street Films Ltd	Exterminate All The Brutes	25,350
Origin Pictures Ltd	The Acid King	70,000
Parallel (Storm) Ltd	A Storm in the Stars	35,000
Pari Passu Films Ltd	Hunting Lila	3,450
Parti Productions Ltd	Stray	17,000
Pull Back Camera Ltd	Fanny Lye Deliver'd	47,000
Rainmark Films Ltd	Mrs. Robinson's Disgrace	15,000
Rainmark Films Ltd	White Mughals	5,000
Ritch Films Ltd	The Bisley Boy	24,000
Rook Films Ltd	Free Fire	35,000
Rooks Nest Entertainment Ltd	The Spark	44,000
Rosetta Productions Ltd	Beats	9,000
Rosetta Productions Ltd	Cowboys of Dreamland [FKA Untitled London Night]	22,000
Rosetta Productions Ltd	Waterfall	23,050
Samuelson Productions Ltd	The Kraken Wakes	62,750
Sarah Brocklehurst Productions Ltd	Weird	23,500
Shine Pictures (UK) Ltd	Of Monsters and Men	36,000
Shudder Films Limited	God's Own Country	17,500
Sigma Films Limited	Lion Rampant	44,000
Sigma Films Limited	Untitled Jane Linfoot	22,000
Sixteen Documentaries Ltd	Ken Loach Untitled	35,000
Sixteen Films Ltd	You Were Never Really Here	60,000
Sligoville Ltd	Grace Jones: The Musical of My Life	35,000
Steel Mill Pictures Limited	Yeti	25,000
Stray Bear Productions Ltd	The Story of Me and Your	8,000
Studio of the North Ltd	Bit By Bit	12,000
Synchronicity Films Ltd	Glasgow Kiss	14,400

LOTTERY FINANCIAL STATEMENTS

Producer	Project	£
The Apocalypse Films Company Ltd	High Life	42,500
The Bureau Film Company Ltd	Daphne	35,000
The Bureau Film Company Ltd	Postcards from London	9,000
The Bureau Film Company Ltd	This House Believes	16,000
The Devil Outside Ltd	The Devil Outside	23,500
The Ink Factory Ltd	Hanns and Rudolf	67,000
Touchpaper Television Ltd	The Summer Book	5,590
TS Films Ltd	The Humans	6,250
Unanimous Entertainment Ltd	The Girl with a Clock for a Heart	10,000
Unanimous Entertainment Ltd	Turning Leaves	3,000
Unorthodox Productions Ltd	The Ghost Runner	7,500
Warp Films Limited	The Waste Tide	35,000
Warp Films Ltd	Ghost Stories (pilot)	25,000
Warp Films Ltd	The RedMen	39,500
Wellpark Scotland Ltd	King Tut's Wah Wah Hut	15,000
White Rabbit Films	Shooting Kids	35,460
Zeitgeist Films Ltd	Tell It To The Bees	24,350
Development and Pre-Production Awards		2,570,932
104 Films Limited	Notes on Blindness	215,000
Aconite Productions Ltd	AQUARELA	125,000
Agile Films Limited	Beast	590,000
American Honey Limited	American Honey	77,416
Amoeba Film Limited	Grace Jones - The Musical of My Life	220,000
AUK Production Services Limited	A UNITED KINGDOM	1,000,000
Bend It Films Limited	Viceroy's House	1,000,000
Boudica Iona Limited	Iona	12,967
Chiaroscuro Pictures Limited	The Owl Man Mystery	17,420
Dales Productions Limited	God's Own Country - sustainability	3,120
Daphne Productions Limited	Daphne	330,000
Fable Pictures Limited	Country Music	35,000
Fiery Flying Films Ltd.	Fanny Lye	152,500
FORWARD SLASH FILMS LTD	Irene's Ghost	180,000
FORWARD SLASH FILMS LTD	Irene's Ghost - tax credit advance	54,400
Ga Films Limited	The Hard Stop	95,000
Gift Girl Limited	She Who Brings Gifts	1,800,000
Harbour Pictures Productions Limited	Swallows & Amazons	1,451,975
Hellflower Film Ltd	The Lovers and the Despot	12,250
Hellflower Film Ltd	The Lovers and the Despot	19,038
iFeatures Limited	SPACESHIP	12,000
Inflammable Films Limited	Journeyman - sustainability	3,120
Journeyman Films Limited	Journeyman	775,000
Left Bank Pictures (Film) Limited	Dark River	871,000
Mindhorn Productions Limited	Mindhorn	300,000
Old Boys Production Ltd	Old Boys - sustainability	3,120
Old Boys Production Ltd	Old Boys (resubmission)	650,000
PARALLEL (STORM) LIMITED	A STORM IN THE STARS	750,000
Postcode Films Ltd	Even When I Fall	43,930
Pull Back Camera Ltd.	Fanny Lye Deliver'd	785,715
Pulse Films Limited	Fly Away	116,879
Pulse Films SPV 1 Limited	XY Chelsea	29,527
Red Union Film Three Limited	The Violators	45,000
Rogan Productions Ltd	Living The War On Terror	50,183
Rook Films Freefire Ltd	Free Fire	1,000,000
Rook Films Freefire Ltd	FREE FIRE	5,984
Salon Pictures Limited	Lek and the Dogs (formerly Ivan and the Dogs)	75,000
Secret Harbour Films Limited	Swallows and Amazons	200,000
Shudder Films Limited	God's Own Country	495,000
SIXTEEN CITY LIMITED	CITY OF TINY LIGHTS	40,000
Sixteen City Ltd	CITY OF TINY LIGHTS	6,625
SIXTEEN FILMS LIMITED	Ken Loach Untitled	300,000
Sixteen Tyne Limited	I, DANIEL BLAKE	350,000
SUNSET SONG LIMITED	Sunset Song	16,767
Testament Films Limited	Testament of Youth	5,154
The Bureau Film Company Limited	Lean On Pete	1,379,310
The Fyzz Facility Film Three Limited	A Patch of Fog	22,664
The Girl with All the Gifts (fka She Who Brings Gifts)	Gift Girl Limited	62,480
The Greasy Strangler	Rook Films Limited	50,000
Trespass Against Us Limited	Trespass Against Us	48,096
We Are Capture Ltd	The Man From UNKLE	75,000
Production Awards		15,958,640
Flickerpix Limited	Vision Awards Year Two (14-15) Flickerpix	50,000
Independent Film Productions Limited	Vision Awards Year Two (2014-15) - Independent Film Productions Ltd	100,000
Modern Films Limited	Vision Awards Year Two (2014-15) - Modern Films Limited	50,000
Nexus Productions Limited	Vision Awards Year Two (2015-16) - Nexus Productions	100,000
Warp Films Limited	Vision Awards Year Two (14-15) Warp Films	100,000
Vision Awards		400,000
Daniel Brierley and Tom Jobbins	Untitled Daniel Brierley and Tom Jobbins Animation Project	55,500
Dean Burke	Untitled Dean Burke Animation Project	40,500
Ffilm Cymru Wales C.B.C	Cinematic Round Two	300,000

LOTTERY FINANCIAL STATEMENTS

Producer	Project	£
Film London Limited	Film London Shorts Schemes - London Calling and London Calling Plus YEAR THREE 2015-16	169,000
Film London Limited	Microwave 2015-16	218,456
Michelle Eastwood and Andrew Yerlett	Untitled Andrew Yerlett Animation Project	57,500
Various	Net.work Online Platform Development	97,150
Targetted Development Fund		938,106
10ft Films Ltd	A Syrian Love Story	12,084
Altitude Film Distribution Limited	Palio	60,000
Bolshoi Babylon	Altitude Film Distribution Limited	32,000
Bulldog Film Distribution Limited	The Survivalist	60,000
Dogwoof Ltd	CARTEL LAND	65,500
Dogwoof Ltd	THE LOOK OF SILENCE	100,000
Kaleidoscope Home Entertainment Limited	The Wolfpack	99,839
Metrodome Distribution Limited	Eden	101,394
Metrodome Distribution Limited	Sunset Song	170,642
Miracle Communications Ltd	Hector	52,000
Picturehouse Entertainment Ltd	The Lobster	150,000
Rams	Soda Pictures Limited	74,995
Soda Pictures Limited	The Goob	20,000
STUDIOCANAL LIMITED	HIGH RISE	300,000
The New Black Film Collective	Dear White People	19,500
Vertigo Releasing Limited	BILL	300,000
Vertigo Releasing Limited	The Diary Of A Teenage Girl	125,000
Verve Pictures Ltd	Couple in a Hole	52,981
Distribution Awards		1,795,935
Abandon Normal Devices Ltd	Call of the Wild	25,400
Autograph ABP	The Black Atlantic Cinema Club	16,700
BRITAIN ON FILM - RURAL	Nottingham Media Centre Limited	17,458
British Independent Film Awards	BIFA nominee and winner screening programme	85,000
Carousel Project	Oska Bright Film Festival Tour [2016-17]	32,230
Centre for the Moving Image	Adapting Miss Highsmith	50,491
Cinema Nation C.I.C	Scalarama 2016	29,800
Curzon Film World Ltd	Sculpting Time: Andrei Tarkovsky Nationwide Touring Programme	61,500
Dartmouth Films Limited	The Divide	26,300
Film London	Shakespeare on Screen	122,835
Film London Limited	Shakespeare 2016	8,349
Greater Manchester Arts Centre Limited	CRIME: Hong Kong Style	37,337
Independent Cinema Office	Britain on Film on tour (working title)	145,480
Nottingham Media Centre Limited	BRITAIN ON FILM (PART 1)	104,000
Park Circus Limited	Richard III - Live	34,400
Peccadillo Pictures Limited	Pout Festival Tour	135,902
Queen's University of Belfast	I Am...	41,000
Soda Pictures Limited	DISORDER	10,000
The Glasgow Film Theatre	Wings of Desire	26,500
The Sheffield Media and Exhibiton Centre Limited	Suffragette - Women Forcing Change	16,000
The Sheffield Media and Exhibiton Centre Limited	The Time Is Now	135,315
The Watershed Arts Trust Limited	Black Stars Blockbuster - BFI FAN Project R&D	25,000
The Watershed Arts Trust Limited	Love is All Around	438,793
The Watershed Arts Trust Limited	Thrill Blockbuster - BFI FAN Project R&D	25,000
UP Projects Limited	The Floating Cinema: 'Takeover' 2016-17 - Hari Kunzru	66,500
Vue Entertainment Limited	Vue & BFI Love Blockbuster Season	10,396
Yorkshire Film Archive	Britain on Film Moving North: Cities Pilot	18,600
Programme Development Fund Awards		1,746,286
10th Flatpack Film Festival, 2016	Flatpack Projects	35,000
17th Leeds Young Film Festival, Easter 2016	Leeds City Council	30,000
Aberystwyth University	Abertoir International Horror Festival	5,000
Aesthetica Magazine Limited	Aesthetica Short Film Festival (ASFF) 2015	12,000
Afghan Association Paiwand Limited	London Afghan International Film Festival 2015	5,000
Afrika Eye Community Interest Company	Afrika Eye 10th Edition	7,000
AV Festival	AV Festival 2016	30,000
Bath Film Festival Limited	Bath Film Festival	12,000
Belfast Film Festival Ltd	16TH BELFAST FILM FESTIVAL	25,000
Berwick Film and Media Arts Festival	11th Berwick Film & Media Arts Festival	15,000
Borderlines Film Festival C.I.C.	Borderlines Film Festival	35,000
Cambridge Film Trust	35th Cambridge Film Festival	30,500
Carousel Project	Oska Bright Film Festival	8,000
Chichester Cinema at New Park Limited	The 24th Chichester international Film Festival	8,000
Derby QUAD Limited	Derby Film Festival	7,500
Doc'n Roll Films Ltd.	Doc'n Roll Film Festival	5,000
Encounters Festivals Ltd	21st Encounters Short Film and Animation Festival	70,000
From Page to Screen	Bridport Arts Centre	7,300
Glasgow Film Theatre	Glasgow Film Festival 2016 & 2017	92,500
Greater Manchester Arts Centre Limited	Viva! Spanish & Latin American Film Festival 2016	11,000
Grimm Up North Ltd	Grimmfest 2015	7,434
Ilkley Film Festival	Ilkley Film Festival	5,000
Leeds City Council	29th Leeds International Film Festival	38,000
LOCO London Comedy Film Festival 2016	LOCO, The London Comedy Film Festival Ltd	7,500
London Short Film Festival Ltd	London Short Film Festival 2016	12,000
Manchester Animation Festival Ltd	Manchester Animation Festival 2015	8,000
Nottingham Media Centre Limited	Mayhem Film Festival	5,000

LOTTERY FINANCIAL STATEMENTS

Producer	Project	£
Purbeck Film Charitable Trust	Purbeck Film Festival 2015	6,000
Raindance Film Partnership LLP	Raindance Film Festival 2015	10,000
Silent Film Festival Ltd	British Silent Film Festival	8,180
Slapstick Festival Limited	Slapstick Festival 2016	14,500
The Festivals Company Limited	Iris Prize Film Festival 2015	20,000
The Royal African Society	Film Africa 2015	5,000
The Sensoria Festival	Sensoria Festival 2015	5,500
Tongues On Fire Limited	London Asian Film Festival 2016	8,000
UK Jewish Film Ltd	UK Jewish Film Festival 2015	14,000
University of Brighton	CINECITY Brighton Film Festival 2015	15,000
WOW Wales One World Film Festival Ltd	WOW Wales One World Film Festival 2016	9,000
Zebra Access	Deaffest 2016	14,800

Film Festival Awards

663,714

Altitude Film Sales Limited	Kill Your Friends	7,685
Autlook Filmsales GmbH	Who's Gonna Love Me Now?	5,225
BANKSIDE FILMS LTD.	Detour	6,302
BANKSIDE FILMS LTD.	Tiger Raid	6,257
BANKSIDE FILMS LTD.	WAR ON EVERYONE	15,000
BANKSIDE FILMS LTD.	War On Everyone	10,202
Bridging Visions e.V.	Bridging the Dragon	15,000
Bridging Visions e.V.	Bridging the Dragon 2016	15,000
British Council	Short Filmmaker Travel Grant Scheme 2015-2016	20,000
Cinephil - Philippa Kowarsky Productions Ltd.	Notes On Blindness	2,935
Cinephil - Philippa Kowarsky Productions Ltd.	Notes On Blindness	6,295
Double Dutch International (DDI)	A Quiet Passion	10,750
Film London Limited	British Film Commission (BFC) 2015/16; 2016/17	500,000
Film London Limited	China Delegation to the UK - familiarisation trip	32,440
Film London Limited	Production Finance Market (PFM) 2015-16	15,400
Fortissimo Amsterdam B.V.	Sunset Song	7,703
Fortissimo Amsterdam B.V.	Sunset Song	1,688
HanWay Films Limited	High-Rise	8,300
Hellflower Film Ltd	The Lovers and the Despot	6,985
Holmfirth Film Festival CIC	Holmfirth Film Festival 2016	5,000
Independent Film Sales	The Falling	2,025
Independent Film Sales Limited	Adult Life Skills (previously known as How to Live Yours)	4,286
Independent Film Sales Limited	I Am Not A Serial Killer	9,685
Independent Film Sales Limited	The Confessions of Thomas Quick	888
Jolene Films Limited	Black Mountain Poets	7,200
K5 Media Group GmbH	The Survivalist	4,309
Metro International Entertainment Limited	Kilo Two Bravo (aka Kajaki)	2,650
Metro International Entertainment Limited	The Banksy Job	5,950
Metro International Entertainment Limited	Urban Hymn	8,846
Power To The Pixel Ltd	Power to the Pixel 2015	40,000
Protagonist Pictures Limited	London Road	3,550
Protagonist Pictures Limited	London Road	1,450
Protagonist Pictures Limited	The Childhood of a Leader	4,900
Protagonist Pictures Limited	THE LOBSTER	15,000
Protagonist Pictures Limited	The Ones Below	4,025
SDI Productions Ltd	Seven Songs for a Long Life	3,465
Seville Pictures Inc. dba Seville International	The Idol	3,435
Sunray Films Limited	AMY	10,921
The Festivals Company Limited	Iris Prize Film Festival 2016	20,000
The Film Sales Company	Keep Quiet	7,892
The Film Sales Company	Orion: The Man Who Would Be King	4,635
The Match Factory GmbH	INNOCENCE OF MEMORIES	6,443
The Match Factory GmbH	LIGHT YEARS	6,568
The Match Factory GmbH	Remainder	5,115
The White Bus Limited	Southend-on-Sea Film Festival 2016	10,000
Various	UK Delegation to Beijing Film Festival 2016	85,000
Various	UK-Germany film producers workshop	4,125
Ville de Dinard - Festival du Film Britannique	Dinard British Film Festival 2015	20,000
Wild Bunch SA	Jimmy;s Hall	15,000

International and Film Export Fund Awards

1,015,530

Flatpack Projects	BFI WM Partnership - development phase	1,000
Flatpack Projects	West Midlands Hub Activity Development (stage 2)	205,000
Greater Manchester Arts Centre Limited	FAN Cultural Excellence 2015-16	10,000
Greater Manchester Arts Centre Limited	FAN Cultural Excellence 2016-17	100,000
Nottingham Media Centre Limited	FAN Cultural Excellence 2015-16	9,200
Nottingham Media Centre Limited	FAN Cultural Excellence 2016-17	92,000
The Sheffield Media & Exhibition Centre Ltd	FAN Cultural Excellence 2015-16	9,000
The Sheffield Media and Exhibition Centre Limited	FAN Cultural Excellence 2016-17	90,000
The Watershed Arts Trust Limited	FAN Cultural Excellence 2016-17	86,000
The Watershed Arts Trust Limited (The)	FAN Cultural Excellence 2015-16	8,600
Your Local Cinema.com Ltd	YourLocalCinema.com Strategic Partners (2015 - March 2017)	25,000

Audience Network Award

635,800

Abingdon College & District Film Society	Abingdon College & District Film Society	731
An Lantair Limited	An Lantair	4,303
Arts Connection - Cyswllt Celf	Llanfyllin Film Society	4,182
Awen Cultural Trust	Strictly Cinema	2,937
Bath Artists Studios' Limited	Pop Up Docs: Touring Documentary Film Programme	16,094
Bawdeswell Parish Room	Bawdeswell Village Cinema	2,937

LOTTERY FINANCIAL STATEMENTS

Producer	Project	£
Bawdeswell Parish Room [Operating as Bawdeswell Village Hall]	Bawdeswell Village Cinema	5,100
Belfast Film Festival Ltd	Touring Film Programme NI	27,000
Biddulph East Community Association	Biddulph Film Club	4,793
Bishopstone Village Hall	Bishopstone Village Hall	3,146
Blue Town Remembered	The Criterion Cinema	3,014
Callander Community Development Trust Ltd	Callander Film Society	2,094
Chiddingfold Village Hall and Recreation Ground Charity	Chiddingfold Cinema	5,160
Constantine Enterprises Company	the tolmen centre	1,031
Cornwall Arts Centre Trust (Truro) Ltd	Grampound Road and Coombe Film Club (C-film)	4,793
Coton Village Hall	Coton Cinema	4,952
Creative Innovation Centre CIC	Creative Innovation Centre CIC	2,937
Cricklade Town Hall	Cricklade Cinema!	2,937
Cromarty and Resolis Film Society	Cromarty and Resolis Film Society	4,793
Crowborough Community Association	Pine Grove Pictures	800
Croyde Village Hall	Croyde Deckchair Cinema	4,793
Cymryd Rhan	CELF O Gwmpas	2,937
darts (Doncaster Community Arts)	Cosy Cinema	3,096
Deptford Free Cinema Community Interest Company	Deptford Cinema	4,793
Deptford Free Cinema Community Interest Company	Deptford Cinema	2,937
Dornoch and District Community Association	Dornoch Cinema	2,937
Driftwood Cinema Limited	Driftwood Cinema	11,000
Dulverton Town Hall	Dulverton Films	2,937
Durham Community Association	Durham Clayport Film Club	1,128
East Linton Community Association	Pix in the Stix Community Cinema	3,394
EGERTON PARISH COUNCIL	EGERTON FILM SOCIETY	2,937
EGO Performance Company Ltd.	KinoEGO	4,793
Emporium Theatre Ltd	Emporium	4,793
Enfield Council - Dugdale Centre	Talkies Touring Cinema	15,017
Ethical Film Club Ltd	Ethical Film Club	4,793
Fabrica	Fabrica	2,166
Festival Drayton Centre	Festival Drayton Centre	4,793
Fleet Town Council	Fleet Film Society	2,937
Foxlowe Arts Centre	Foxlowe Films	5,160
Ginger Bread House Presents...	Gingerbreadhouse Presents	2,207
Grassmarket Community Project	Grassmarket Picture House	4,793
Hall for Gwinear	Hall for Gwinear Film Club	3,096
Headingley Development Trust Limited	Films at Heart	4,800
High & Low Bishopside Village Hall	Bishopside & Bewerley Memorial Hall	2,319
Hindolveston Village Hall	Hindolveston Village Screen	5,160
Hornsea Floral Hall	Floral Hall Cinema Club	2,937
Hoylake Village Life	Hoylake Community Cinema	5,160
Hythe Community Cinema Ltd	Hythe Community Cinema	4,793
Ipplepen Village Hall	Ipplepen Village Cinema	5,160
ISLE FUTURES	Machars Movies	3,051
ISLE FUTURES	Machars Movies	816
Leicester Arts Centre Limited	Phoenix Centre Screen: Increasing British Film in Community Cinema	19,500
Liskerrett Community Centre	Liskerrett Community Cinema	5,160
Liskerrett Community Centre	Liskerrett Community Cinema	3,276
Little Witley Village Hall	Little Witley Film Society	4,793
Llangollen Town Council	New Dot Cinema Llangollen	2,937
Loddon Parish Council	Loddon Community Cinema	2,937
Lostwithiel Community Association	Lost In Film	808
Maldon Town Council	Maldon Film Club	2,937
Maldon Town Council	Maldon Film Club	270
Manchester Film Co-operative Limited	Manchester Film Co-operative	4,793
Midsomer Norton Community Trust	Midsomer Norton Community Cinema	5,160
Moviola Limited	MOVIOLA CINEMATHEQUE	28,500
Muckhart Community Council	Muckhart Picture House	4,793
Murchfield Community Association	Dinas Powys Community Cinema	5,353
Nailsea Tithe Barn Trust	Nailsea Tithe Barn Cinema	4,793
Nairn Community and Arts Centre	Cinema Nairn	2,937
National Media Museum: SCMG Enterprises Ltd	Cine North Goes REMOTE	15,000
New Cut Arts	The Cut	4,089
North East Arts Touring Limited	NEAT Kit	11,000
North Lincolnshire Council	FilmLincs	6,344
Passmore Edwards Institute	Hayle Film Club	2,880
Passmore Edwards Institute	Hayle Film Club	1,119
PH Social Entertainments Limited	Magic Lantern Film Club	4,089
Pocklington Arts Centre	Pocklington Arts Centre	2,880
Redoubt Fortress & Military Museum	Redoubt Fortress	4,793
Sarn Recreation Association	Sarn Village Hall	4,793
Scottish Traditional Boat Festival	Portsoy Salmon Bothy	4,793
Shadforth Village Hall	Films At Shadforth Film Club	4,793
Signal Film & Media Limited	Signal Cinema	5,404
Strathearn Artspace SCIO	Strathearn Artspace	3,105
Sudley Area Residents' Association	SARA Hall	2,094
Sue Hill Dance Limited	Cinema @ Victoria Hall	5,460
Sue Hill Dance Ltd	Cinema @ Victoria Hall	4,089
The Anchor Bar Limited	Newcastle Community Cinema	5,207
The Courthouse Project (Otley) Limited	Otley Film Society	5,460
The Joseph Rowntree Foundation	NELLvision	2,937
The New Black Film Collective	TNB Film Club	12,250
The Parochial Church Council of the Ecclesiastical Parish of St Barnabas Ealing	Pitshanger Pictures	5,100
The Roses Theatre Trust	The George Watson Hall	3,176
The Spring Arts and Heritage Centre	The Spring Arts and Heritage Centre	4,089
They Eat Culture	Cinema around the Corner	4,158
Trust in Leigh	Leigh Film Society	4,793

LOTTERY FINANCIAL STATEMENTS

Producer	Project	£
Unity House (Wakefield) Limited	Wakefield Film Society	2,739
Valleys Kids	Valleys Cinema	4,793
Village Hall	The Hambledon Arts Society	1,899
VILLAGE HALL - NETHER STOWEY	Nether Stowey Village Cinema	2,937
Village Hall Brantham	Brantham Box Office	4,793
Wadhurst Institute Hall and Field	Wadhurst Community Cinema	731
Wem Town Hall Community Trust	Wem Town Hall Cinema (& Adventures in Alternative Cinema)	5,336
WOW Wales One World Film Festival Ltd	WOW Women's Film Club	9,000
Neighbourhood / Community Venues		500,438
Creative England 2015-16		3,850,000
Creative England 2016-17		3,850,000
Partners		7,700,000
Angela Topping	RSU data purchase 2015-2017	111,232
Attentional	RSU data purchase 2015-17	28,210
BAFTA	Succeeding in the Film, TV and Video Games industries: career progression and the keys to sustained employment	15,000
Broadcasters' Audience Research Board (BARB)	RSU data purchase 2015-17	28,003
Cinema Advertising Association	RSU data purchase 2015-2017	40,260
Dodona Research	RSU Data purchase 2015-17	4,151
Dodona Research	RSU data purchase 2015-2017	9,974
eTELMAR	RSU data purchase 2015-2017	7,550
European Audiovisual Observatory	RSU data purchase 2015-2017	1,008
Higher Education Statistics Agency Ltd	RSU data purchase 2015-2017	202
Incorporate Design Ltd	RSU Data Purchase 2015-2017	28,000
John Murray	RSU Data Purchase 2015-2017	20,000
Kantarworldpanel/TNS	RSU data purchase 2015-2017	4,651
Maddox Ford Ltd	RSU data purchase 2015-2017	4,707
Nielsen Media Research	RSU data purchase 2015-17	13,583
Nordicity Limited	RSU data purchase 2015-2017	19,438
Office of National Statistics	RSU data purchase 2015-2017	705
PriceWaterhouseCoopers	RSU data purchase 2015-2017	403
Rentrak	RSU data purchase 2015-17	153,336
Screen Digest Ltd	RSU data purchase 2015-2017	43,726
The Official UK Charts Company Ltd	RSU data purchase 2015-2017	11,300
The Official UK Charts Company Ltd	RSU data purchase 2015-2017	30,220
Research and Stats		575,659
Brighton Film School Ltd	NCFE Award - Preparing to Work in the Film Industry	16,000
Calling The Shots Films Limited	Bristol Animation Camp	37,500
Cinemagic Limited	BFI Film Academy Network Programme delivered by Cinemagic	16,000
Cornwall Film Festival	Cornwall Film Academy	15,850
CTVC Limited	BFI Film Academy Network - HULL	16,000
CTVC Limited	BFI Film Academy Specialist Residential: Documentary	60,000
Dundee Contemporary Arts Limited	Discovery Film School Dundee	13,290
Dundee Contemporary Arts Limited	Scotland Regional Activity Fund	2,320
GMAC Film	Glasgow BFI Film Academy 2015/16 - Exploring Sound	16,000
Next Gen Skills Academy Limited	NextGen Talent Dock Wales	16,000
Next Gen Skills Academy Limited	Wales Regional Activity Fund	1,000
Reel Solutions (film) LLP	BFI Film Academy Bradford	16,000
Screen Education Edinburgh	BFI Film Academy Highlands and Islands	12,800
Screen Education Edinburgh	BFI Film Academy Scotland Residential	37,997
Screen Education Edinburgh	BFI Film Academy South East Scotland	16,000
Station House Media Unit	Aberdeen Film Academy	16,000
The Film and Video Workshop	Animation and VFX	59,938
The Nerve Centre	Film Academy NI: Moving Image Arts	31,800
The Nerve Centre	Film Academy NI: Moving Image Arts AMMA	15,900
Tyneside Cinema	BFI Film Academy Residential Programme in Screenwriting	37,500
Zoom Cymru Limited	Zoom Academy	15,896
Film Academies		469,791
Yorkshire Screen Industries Hub bid	Screen Yorkshire Limited	127,000
Clusters Fund		127,000
British Film Institute	BFI London Film Festival - £1.5m	1,500,000
London Film Festival award		1,500,000
104 Films Limited	The Art of Post Production	20,000
Lux	LUX Cornwall: Professional Development Programme	3,600
Sara Putt Associates	Sara Putt Associates Startup Crew	10,000
Sense	Accessible Filmmaking Project	31,021
Diversity Fund		64,621
		36,662,452

LOTTERY FINANCIAL STATEMENTS

Schedule 2: Lottery commitments (soft) made by delegate bodies (not audited) Year ended 31 March 2016

Award Recipient	Project	£
Creative England		
104 Films (Film Nations) Ltd	Dawn of The Dark Fox	14,000
Acme Films	Cla'am - Uplift	25,120
Avatar Productions Limited	Film Enterprise Strand B - Business Investment	150,000
Chinese Whispers Production Ltd	Chinese Whispers	27,000
CMP Film Ltd	4REAL	26,000
Cotton Reel Entertainment	Strangles Point	21,000
Cowboy Films	Ciphers	30,000
Dana Bruce	Broadcast Signal Intrusion	15,000
Dark Pictures Limited	Free	15,000
Duck Soup Films Ltd	Film Enterprise Strand B - Business Investment	140,000
Elstree Film Design Ltd	A Sense of... Film and Animation Competition	25,000
EMU Films	Artic Tern	17,500
EMU Films	Master Blaster	23,500
Endor Productions	Truck	21,750
Escape Films Ltd.	Couldn't Care Less	23,000
Escape Films Ltd.	Real Gods Require Blood	25,500
Escape Films Ltd.	The Big Day	25,500
Fiery Flying Films	Fanny Lye Deliver'd	200,000
Fifth Column Films	Truck	15,000
Film and Music Entertainment	How to sell a War	10,200
Forward Slash Films	Irene's Ghost	101,000
Glimmer Films	ORION: The Man Who Would be King	15,000
Haus Pictures Ltd	Candy Floss	15,000
Hook Pictures	The Trial	49,605
Hurricane Films Ltd	Recovery	18,000
Ifeatures Limited	Ifeatures 2 Production Award - Uplift	12,000
IFeatures Limited	Ifeatures 4 Development Award	50,000
Jack Davies	Mr Fingers	15,000
Jack Taylor Cox	Dear Albion	15,000
Jacob Swan Hyam	The White Room	15,000
Jamie Clark	The Diamond Sea	19,500
Johnathan Miles	The Thought	14,750
Kennedy Mellor Ltd	Malcolm McLaren's Last Will and Testament	29,000
Life-size Film	The Full Story	32,000
Loose Change Films	The Knackerman	15,000
Loran Dunn	Sliding	15,000
Mighty Atom Entertainment Limited	Litterbugs	50,000
MoonSpun Films	Don't You Want Me	24,500
National Film & Television School	NFTS Scholarship	20,000
NESTA	Creative Clusters Research Project	22,500
Northern Film & Media	Create Innovate 2015/16	15,000
Ochroma Films	Ramona & The Chair	15,000
Open Cinema International Ltd	Open Cinema Digital Community Cinema Platform	25,000
Prodigal Film & Television	The Last Tree	32,200
Pulse Films	Fly Away	80,000
Quiddity Films	The Swan	28,000
Rogan Productions	Living The War on Terror	50,000
Rook Films Ltd	Frozen Assets	15,000
Rooks Nest Entertainment	Surge	28,000
Rubika Shah	White Riot (working title)	19,000
Ruth Grimberg	The March Back	15,000
Sarah Brockelhurst Productions Limited	Animals	35,000
Shudder Films	God's Own Country	166,000
Sigma Films	All the Birds Singing	28,000
Smuggler Entertainment LLP	Koffee and Diamonds	30,000
Sophie Neave	No Touching	29,000
Stigma Films Ltd	Days of the Bagnold Summer	25,000
Temperance Films Ltd	Flake!	15,000
The Bureau	After Love	22,000
The Bureau	The Pioneers	30,000
The Space Project & Dock 10	Research into cost of Film and TV production in Manchester.	30,000
The Tea Shop & Film Company	Possum	20,000
Various Awardees	iShorts Alumni 2 - Various awardees	90,000
Vitamin Films Ltd	Sticky	15,000
VWI Films Ltd	Vivienne Westwood: Get a Life	22,000
We Are The Tonic Limited	The FilmCrowd	43,000
Wellington Films Ltd	Film Enterprise Strand B - Business Investment	100,000
Wellington Films Ltd	Calibre	150,000
Wigwam Films Ltd	Offbeat - Uplift	24,000
Wingbeat Pictures	Everyone is Special	15,000
45 awards < £10,000		202,622
Total Creative England Awards 2015-16		2,811,747

LOTTERY FINANCIAL STATEMENTS

Award Recipient	Project	£
Creative Skillset		
Training Fund		
104 Films Ltd	New & Emerging Disabled Film Talent Workshop Programme	12,814
104 Films Ltd	Market Animal	29,100
	NVQ Diploma level 2 for Clapper Loaders/NVQ Diploma level 3 for Focus Pullers	55,000
Amersham and Wycombe College	BAFTA Crew 2016	18,596
British Academy of Film & Television Arts	The BAFTA Creative Skillset Career Success Factors Report	25,000
British Academy of Film & Television Arts	China to UK Familiarisation Trip 2015	15,000
British Film Commission c/o Film London	Journey into the British Independent Film Industry (working title!)	17,000
British Independent Film Awards	"The Digital Video Opportunity"	28,000
British Video Association	Spotlight	13,811
Carousel	SFTN New Talent Shorts Development Programme	20,000
Centre for the Moving Image	Skills Development & Training Opportunities	11,000
Chapter (Cardiff) Ltd	Independent Film Exhibition Fellowship	30,000
Clore Leadership Programme	iShorts3	23,275
Creative England	Net.Work@LFF 2016	27,000
Creative England	NetWork@LFF 2015	28,576
Creative England	Market Trader	30,000
Creative England	iFeatures4 (Professional Development Strand)	68,000
Creative Media Skills Ltd	Intro to film skills & Pro skills development for Wales and the Midlands	69,000
Creative Sparkworks	Film2Learn2£arn	17,400
Crossover Labs Ltd	XO LGBT	22,000
Cyfle	Script Supervisor Training Scheme	31,920
Edinburgh International Film Festival (Centre for the Moving Image)	EIFF 2015 Industry Events, Distribution Rewired and Youth Hub	23,000
Edinburgh International Film Festival (Centre for the Moving Image)	EIFF Network	30,000
Event Cinema Association Ltd	ECA Conference 2015	20,000
Film Distributors' Association	Digital Marketing Course - Google Squared	14,000
Film Distributors' Association	Intermediate Distribution 2016	20,790
Film Distributors' Association	Management Skills for Distribution 2016	28,410
Film Distributors' Association	FEDs: Distribution and Sales Internships	113,572
Film London	Cultivate: Inspiring Future Audiences 4	18,000
Film London	Micro Market 2016	32,000
Film London	London Calling 2015/16	35,000
Four Corners Limited	Digital Cinema Camera Skills	20,000
Four Corners Limited	Digital Film MicroLab	25,000
GBCT Ltd	Camera training 2015/6	77,000
Genesis Cinema	Personnel Development	12,000
Independent Cinema Office	Personnel Development ICO	12,000
Independent Cinema Office	Technical Skills for Exhibition	30,000
Independent Cinema Office	Elevate	30,000
Independent Cinema Office	Reach: Strategic Audience Development	30,000
Independent Cinema Office	FEDs: Film Exhibition, Distribution and Sales (FEDS) Trainee Scheme	62,000
Kulturveranstaltungen des Bundes in Berlin GmbH,		
International Filmfestival Berlin	Berlinale Talents 2016	20,000
Lighthouse Arts & Training		52,000
London Creative Festivals	The Talent Campus	25,000
Filmonomics Ltd	Filmonomics - 3rd Iteration and Future Leaders	44,341
National Theatre	360° filming and post production training programme	11,900
Northern Film & Media	CREATEINNOVATE	18,000
Power to the Pixel Ltd	The Pixel Lab: The Cross-Media Workshop 2016	20,000
Power to the Pixel Ltd	Power to the Pixel: The Cross-Media Forum 2015	20,000
Ravensbourne	VR:UK Festival (working title)	20,000
Rio Cinema	Personnel Development	12,000
Screen South	Ignition Post Production, Introduction Multi Platform delivery.	28,410
Screen Yorkshire	Production Bootcamp 16	18,850
Sheffield International Documentary Festival Ltd.	Working with Archive: Bringing Screen Heritage to Life	23,335
Talking Point Film and Television Ltd	Film Careers Day	17,000
Talking Point Film and Television Ltd	Props Training Programme 2015/6	43,200
The Production Guild Limited	Understanding US Unions and Payroll	15,000
The Production Guild Limited	Assistant Production Co-ordinators - Birmingham	24,588
The Production Guild Limited	Fast Forward - APATS XI	159,160
The Screen Arts Institute	Talent Programme 2015/16	32,000
Titanic Creative Management Ltd	Advanced Training for Film	36,000
159 awards less than £10,000 each		381,804
Total Training Fund awards		2,247,852
Internship Fund		
24awards less than £10,000 each		60,498
Total Internship Fund awards		60,498
Capital Fund		

LOTTERY FINANCIAL STATEMENTS

Award Recipient	Project	£
Edinburgh Napier University - Screen Academy Scotland	Screen Academy Scotland - Capital Stage Two	232,000
National Film & Television School	NFTS Digital Village - Capital Stage Two	2,181,818
	Total Capital Fund awards	2,413,818
	Total Creative Skillset awards 2015-16	4,722,168
	Total awards by delegate bodies 2015-16	7,533,915

STATUTORY BACKGROUND

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 provisions 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 2015-16.

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 2015-16.

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 where reasonably practicable, in making policies and setting priorities.

The BFI consulted widely on its five year strategy including its proposed new and existing Lottery funding schemes, through a wide-scale public consultation undertaken in 2012.

In 2015-16 the BFI initiated a number of meetings events across the UK which provided the opportunity to provide an update on the BFI's progress in relation to its strategic plan targets, fora to discuss issues facing the UK film sector and to set the framework for the wider public consultations planned in early 2016-17 as part of the process for drafting its next five year strategic plan.

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.

Previously, the BFI Board agreed a Diversity Strategy and the BFI Film Fund launched its *3 ticks* initiative. In 2015-16 this was further developed with the launch of Diversity Standards, which will be introduced across all the BFI's activities, to further embed diversity of applicant organisations to the BFI Film Fund.

In addition, the roll-out of the BFI Diversity Fund was completed, which will help promote equal access, participation as well as strengthening cultural diversity across the sector.

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

The BFI is fully committed to education and learning and strongly believes that film has the power to transform the way people see and understand the world and as such has committed a significant investment into the BFI 5-19 education scheme, which is managed by *Into Film*.

By the end of 2015-16, the 5-19 education fund had established 9,042 'active' film clubs, with an estimated 4,626,837 million young people actively engaged through BFI education activity.

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, notably in partnership with Creative Skillset, the Sector Skills Council for the audiovisual industry, a comprehensive funding programme was delivered during the year for training and skills; and in establishing a new UK Talent Network – Net.work – across the UK with talent centres established in Brighton, Sheffield, Cardiff, Belfast and Glasgow.

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 include the creative and technical quality of the project

and its contribution towards the BFI's strategic objectives.

G) The need to further the objectives of sustainable development.

The BFI provides leadership and practical support for the wider film industry, including leading the UK-wide sustainability Group. Following the launch of the British Standard (BS 8909), specifically for film, sustainability is an intrinsic element to the new five year plan.

The Greening the Screen event was held during the year, in partnership with BAFTA, which examined the latest thinking on sustainable and low impact production and business practices within film, television and the games industry.

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, education, distribution, exhibition and unlocking film heritage activity.

I) The desirability of the British Film Institute 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 Heritage Lottery Fund and NESTA.

The BFI delegates funding to Creative England in support of its strategic objectives that can be delivered at a local and/or regional level. Creative Skillset and the national screen agencies of Wales – Film Agency for Wales – Northern Ireland – Northern Ireland Screen – and Scotland – Creative Scotland were 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.

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 is examined using 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 ensure that film is central to the lives of UK citizens, and to improve the quality of British film and raise its profile in the marketplace, by:

- i. Expanding education and learning opportunities and boosting audience choice across the UK;
- ii. Supporting the future success of British film;
- iii. Unlocking film heritage for everyone in the UK to enjoy.

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.

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

- A clearly identified target audience for their projects
- 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 regional archives
- The need for feature film development and production projects to be 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.

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