



**BRITISH FILM INSTITUTE
GROUP AND LOTTERY
ANNUAL REPORT AND FINANCIAL STATEMENTS
2016-17**

BRITISH FILM INSTITUTE Group and Lottery Annual Report and Financial Statements for the year ended 31 March 2017

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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 our 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 our duties, we undertake 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.

CHIEF EXECUTIVE'S REPORT

The BFI's role is to look to the future and that's exactly what we have been doing over the last year, listening carefully to the industry, receiving valuable feedback and learning from thousands of people across the UK, at roadshows, roundtables and through our online survey to shape our next five year strategy *BFI 2022*. As some great futurists have put it: smart people don't try to predict the future, they shape it.

This new five-year plan builds on *Film Forever*, our previous strategy, and shapes the BFI's next chapter for film, television, animation and the moving image so the sector can seize all the opportunities, expected and unexpected, artistic and economic, that this dynamic arena offers.

The BFI is an enabler, investing where we can most make a difference and where we can be a supportive catalyst for change. Our major focus this year has been to successfully draw *Film Forever* to a close and in parallel start to deliver our next five year strategy. We will always choose to do this in partnership, and we would like to thank our key collaborators who have worked so hard with us this year.

Today, filmmakers and audiences are drawn to experimenting across a whole new array of screens and technologies and across the non-linear, interactive world. The opportunity for the BFI to support risk-taking and to influence this evolution has never been so exciting. The broadening of cultural focus is becoming ever more visible in everything we do, as we set out over the next five years to encourage excellence, ignite creativity, inspire talent wherever it exists in the UK and to expand and deepen enjoyment of the moving image for all of us.

The BFI's cultural programme is the foundation of all our work, enriched through partnering with the other great film centres across the UK and abroad. The programme this year, with highlights including our *Black Star* blockbuster, *Shakespeare on Film* and re-release of the newly restored epic *Napoleon* from 1927, have enriched the nation's cultural offer and contributed culturally to the places where we live; helped to bring visibility and opportunity to the next generation of creative people; and flown the flag for the UK as part of international cultural diplomacy.

Film, animation, television, video games and the moving image are thriving after nearly a decade of growth and critical success. The UK is the destination of choice because we can boast a proven outstanding skilled workforce with a solid international reputation for getting the job done. The sustained Government commitment to the sector, not least through the screen industries tax reliefs, ensures the UK's competitiveness as a business destination. Together film, animation, television and video games make a significant contribution to the economy. Our film exports alone were £2 billion last year, resulting in a trade surplus of £1.2 billion. But we cannot afford to be complacent. There is growing international competition and in the post-referendum world we know we have to up our game to sustain and further grow the UK's position, with a particular emphasis on independent voices which we champion so they don't get drowned out. We need look no further than the 2016 Cannes Film Festival to see UK independent film capturing global attention, with two BFI backed films – Ken Loach's *I, Daniel Blake* and Andrea Arnold's *American Honey* – winning the Palme D'Or and Jury Prize respectively. An astonishing feat given the size and strength of the international competition.

One of the most critical issues we heard when consulting on *BFI2022* is the risks to the industry of a growing skills shortage, which could seriously inhibit growth. We set up a BFI taskforce, chaired by producer Barbara Broccoli, to identify the challenges that the industry needs to address. The Taskforce highlighted significant obstacles facing those who wish to pursue a career in the film and adjacent industries with diversity and inclusion in the workforce being particularly poor. We are missing out on the talent and creative potential of a great number of young people from all parts of the UK that we really need to build the film workforce of the future. An action plan to address this will be launched in early summer of 2017.

Creating opportunity is a key focus across every single layer of the BFI's activities as we want it to be easy for everyone to participate, regardless of their background, gender, race, age, disability, sexual orientation or geographic location. The BFI Diversity Standards launched in 2015 are now embedded across all BFI activities and we are delighted that Film 4 and BAFTA have agreed to adopt them, with others set to follow suit.

For the screen industries to really flourish, we need to recognise and promote the wealth of talent and creativity from across the whole of the UK, not just London. As we come to the close of *Film Forever*, with its focus on supporting economic and cultural growth outside of the capital, we congratulate the Film Audience Network for its creative flair and commitment to audiences, which notably included its programme highlighting the theme of migration and a centenary celebration of Roald Dahl with screenings of film adaptations of his world-renowned stories. Having launched a fund to support regional centres that have the commitment, leadership and ambition to develop into creative screen clusters of international influence we are delighted to have received a bold ambitious growth plan from a Yorkshire consortium.

Across the globe the screen industries are evolving at speed, with exciting new markets emerging. The international sales and distribution sector is in the midst of huge disruption and change. We know that ensuring the best possible outcome for UK film following the European referendum will be a major priority for the BFI, one which will entail new resource and expertise, as well as renewed energy to ensure we continue to flourish in markets outside the EU. We have increased our activity in Europe, particularly by taking a more proactive role with our colleagues in the European Film Agency Directors (EFADs), the influential leadership group of each member state film policy agency. This is a powerful European forum, which works closely to ensure that film, TV and the moving image are supported and enhanced right at the heart of policy making in Europe.

Amanda Nevill CBE
Chief Executive

WHAT WE DELIVERED THIS YEAR

STRATEGIC PRIORITY 1: Expanding education and learning opportunities and boosting audience choice across the UK.

THE BFI 5-19 EDUCATION OFFER

Education is at the heart of our ambitions for film in the UK and is one of the most important investments we can make to secure the future success of film. By including film in all forms of education, learning, training, cultural appreciation and understanding, we can create opportunities for everyone wherever they live to learn about, enjoy and fully appreciate the widest possible range of film and to develop a lifelong relationship with film.

INTO FILM

Our partnership with Into Film helps us to reach young people aged 5 to 19 years old and ignite an understanding and love of film from an early age. Into Film puts film at the heart of the educational and personal development of children and young people across the UK and, through Lottery funding from the BFI, it supports teachers and film club leaders to deliver an ambitious and accessible programme to encourage the watching, making and understanding of film. The programmes include a network of extra-curricular film clubs, resources for use in clubs and in the classroom, training opportunities, a cinema-based film festival and an annual awards ceremony – altogether now reaching around 3.9 million young people. There are 10,000 active film clubs with an unparalleled geographic reach across the UK each giving young people the opportunity to build their social and cultural capital and with a strong reach into schools with higher than average free school meals. This year the Into Film Festival continued to grow with over 478,000 attendees across nearly 3,000 screenings and events in 563 cinemas right across the UK.

AT BFI SOUTHBANK

The Education team at BFI Southbank offers an extensive range of engagement programmes for learners of all ages and has seen a steady annual growth in the number of schools, teachers and pupils it interacts with. In 2016–17 we achieved a record 10,000 bookings from 600 schools, including outside London, who took part in 70 events such as study days on international cinema, media and primary curriculum topics as well as how to use the BFI Reuben Library and Mediatheque.

A highlight this year was the 10th annual Future Film Festival which this year had 2,300 short film submissions from young people aged under 25 from all over the UK and internationally (up from 1,400 last year, representing a 64% increase), while generous sponsorship from Blackmagic Design enabled us to offer bursaries and prizes to the next generation of film-makers.

Supporting the BFI blockbuster Black Star, we offered interpretation and events through study days on Beyoncé's *Lemonade*, 'Blackness in Film' with cinematographer Arthur Jafa, and more than 20 other talks and introduced screenings. Our African Odysseys strand went 'Beyond Nollywood' for a weekend, ran a ten-week Black Star evening course, and – with the Black Cultural Archives –screened Marc Allégret's 1934 classic *Zouzou* starring Josephine Baker.

African Odysseys showcases African diaspora cinema all year round, with previews this year of *Race* (2016), about Olympic athlete Jessie Owens, and a live Skype interview with Tommie Smith, who made the famous Black Power salute at the 1968 Olympics; a series of screenings and talks exploring Shakespeare in black cinema, and films for Refugee Week, including Berlinale winner *Fire at Sea* (2016). We continue to host quarterly SOUL screenings, showcasing the best of emerging BAME film-making talent, to packed out audiences.

Our major funded project was with PUNK.LONDON which supported a schools' residency for 80 young people in July, our set build of a punk record store at BFI Southbank, and a community screening of *Babylon* in Deptford. PUNK.LONDON was a pan-London initiative with a number of cultural organisations and was supported by the Heritage Lottery Fund.

EDUCATION ONLINE

Through close collaboration with Into Film, we developed a Black Star strand in the Into Film Festival which featured a broad range of 25 films which were screened for free to young people across the UK. Teach First students in residence at BFI Southbank created an insightful collection of resources for teachers around the Black Star theme.

A unique pilot partnership with Kingston University provided BA student filmmakers with 12 selected archive films from our Britain on Film project to use creatively as part of their documentary shorts. Students integrated the archive clips into their own footage to explore representations of London over time and to reflect on what this says about life in the capital today.

NURTURING YOUNG TALENT AND SKILLS

BFI FILM ACADEMY – WORKING TO CHANGE THE FACE OF THE FILM INDUSTRY

The BFI Film Academy is now in its fifth 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 in the film industry. Our aim is to find film talent wherever it is in the UK and to make sure that the opportunity is available to all we offer bursaries to those needing additional support. Funded by the Department for Education, National Lottery, Creative Scotland and Northern Ireland Screen, Film Academy courses are led by industry experts and cover every area of the industry so young people can take their first steps in to the workforce with commercial and cultural knowledge and skills.

This year around 800 young people took part in 48 regional courses, and 185 students participated in six week-long specialist residential courses across the UK. These courses included 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 programme at the National Film and Television School saw a further 66 talented and committed students receiving expert tuition to learn various craft specialisms such as cinematography and sound. Of this year's overall intake of Academy students, 32% were BAME, 49% women, 10% disabled, and 15% received free school meals.

This breakdown shows the BFI Film Academy is offering paths in to the industry for many young people who have been traditionally under-represented.

There are now almost 4,500 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

Creative Skillset continues to play an important role in the ongoing success of the British film industry by ensuring that the UK's workforce remains highly competitive on the skills front. The BFI provides Lottery funding to Creative Skillset to help it deliver its current Film Skills Strategy which includes training funding for more than 10,000 beneficiaries through industry programmes such as Guiding Lights, Inside Pictures and the Filmonomics programme for women with more than seven years' film distribution experience. New entrant programmes that are also funded include the Media Archive Training Programme, Film Exhibition, Distribution and Sales (FEDS), Trainee Finder as well as many others that aim to guide diverse new entrants into the industry. Creative Skillset has supported trainees, apprentices and individuals from a wide range of backgrounds and 48% of beneficiaries are female, 19% are BAME and 8% have a disability.

During 2016–17 the BFI along with Creative Skillset led on a comprehensive audit of the film and wider creative screen industries to identify both the need for skills and where the gaps in provision were. The audit has fed in to a new UK-wide Skills Framework that will be launched later in 2017 to support new entrants and employees in the creative screen industries and help growth throughout the wider industry.

GROWING AUDIENCES AND CHOICE UK-WIDE

BFI FILM AUDIENCE NETWORK

The BFI Film Audience Network (FAN) is a cornerstone of our ambition for everyone in the UK to have the widest possible choice and access to film and is based on the strong partnerships that have developed between us and the wide range of film organisations and experts who make up FAN. The network also helps to develop skills, expertise and knowledge across the independent exhibition sector through skills sharing, training and practical support.

The BFI FAN organisations include nine hubs each with its own Film Hub Lead Organisation (FHLO)¹ and Flatpack Projects (which is looking after targeted audience development and exhibition sector support in Birmingham and the West Midlands area), 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 which seek to boost audience choice and engagement and there are now more than 1,400 members UK-wide.

¹ The Film Hub Lead 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.

FAN reaches existing and new audiences across the UK through an ambitious programme of films which this year included strands based around common themes such as: *Roald Dahl on Film* which celebrated the author's birth centenary with 900 film adaptation screenings in 149 locations throughout the summer of 2016, attracting UK audiences of more than 48,000; the BFI-led blockbuster season Black Star which saw almost 400 themed screenings in more than 90 locations, from 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.

PROGRAMMING UK-WIDE

Supporting our ambitions to broaden choice and engagement opportunities for UK audiences, this year we awarded £1.4 million of Lottery funding to support bold, culturally ambitious initiatives that present films in a fresh and original way. In 2016–17 we made awards to 13 projects with over 80% of the funding going to organisations outside London.

Among the projects is Transit, a UK-wide season of films and events around the theme of migration. Transit was curated and managed by the Institute of Contemporary Arts and included an accompanying programme of events, Q&As and workshops involving talent from a range of cultural disciplines to encourage broader audience engagement.

FILM FESTIVAL FUND

Film festivals are a key part of our cultural infrastructure and provide a great range of opportunities for audience engagement across the UK, from community and local level right through to festivals of national or international significance such as the Edinburgh International Film Festival, Encounters Film Festival and Sheffield Doc/Fest. The festivals deliver a vibrant selection of specialised and independent British film as well as showcasing a range of genres from horror, silent film, comedy, slapstick and animation, to music documentaries, shorts, the cross over between art and film, new cinema from Africa and its diaspora, films celebrating Jewish, Latin American culture, and festivals aimed at LGBT, Deaf and young audiences. We also supported a comprehensive UK-wide tour of French films which went to 36 venues in cities ranging from Cardiff, Aberdeen and Belfast to Saffron Waldon, Hebden Bridge, Norwich and Hereford.

We have provided £1.0m in Lottery funding to support 38 festivals across the UK this year, with a number supported in partnership with Northern Ireland Screen, Ffilm Cymru Wales and Creative Scotland.

BFI NEIGHBOURHOOD CINEMA

The BFI Neighbourhood Cinema Fund is now completing its final year of activity. The fund was introduced in 2014 to help bring film, particularly British independent and specialised film, to communities which often have limited access to cinemas. Through the Equipment Fund we have provided existing community cinemas with new or upgraded equipment to improve their facilities and breadth of programming. We have also supported new and existing touring cinemas that provide a cinema experience to the most remote or underserved communities.

During the year we made 124 awards across the Touring and Equipment Fund to 118 venues, of which 29 are new venues. An evaluation of the second year of the fund shows that BFI Neighbourhood Cinemas generated 74,500 admissions across the UK.

BFI DIGITAL

BFI PLAYER GOES INTERNATIONAL

The third year of BFI Player, our video-on-demand platform, showed continued growth with film rentals growing by 32% and our subscription service by 35%. The rental service allows users to watch contemporary releases as well as classics at home, while BFI Player subscribers can access hundreds of films for one monthly fee. BFI Player also won several awards and commendations during the year, including two 'Lovie' awards from the International Academy of Digital Arts and Sciences.

BFI DIGITAL PLATFORMS

In 2016-17, audiences for our main BFI website grew to 12.3 million users, up 10% on the previous year. Traffic to our YouTube channel also continued to grow with 4.6 million views in the year – an increase of 18%. Highlights on our website included a series of articles on bringing to life films from the BFI National Archive and regional archives using a mix of text and still images exploring place and culture. These have been viewed over 100,000 times during the year. We also launched new editorial podcasts exploring themes from our cultural programmes using a mix of new material and archive interviews recorded at BFI Southbank over the last 50 years.

We launched new content to celebrate the 400th anniversary of Shakespeare's death and, together with the BBC, we supported an innovative interactive documentary *How to Make a Ken Loach Film* to coincide with the release of the director's BFI-backed feature *I, Daniel Blake* (2016).

We undertook a major partnership with the Google Cultural Institute to launch an overview of Black Britain on Film focusing on the representation of black Britons on film from 1901 to the present day to help celebrate Black History Month.

BFI CULTURAL PROGRAMME

BRITAIN ON FILM

Audiences continued to flock to our freely-available Britain on Film collections of newly-digitised films that tell the stories of the people and places of Britain over the last 120 years. A further 2,800 titles were added to an award-winning interactive map on BFI Player, with further targeted distribution made through other social and video platforms. In particular, distribution via Facebook saw explosive growth with 18 million views of the material during the year, more than three times the engagement of the previous year. YouTube audiences also grew steeply, up 43% year-on-year to 548,000 views. (See also page 23 for more information on Britain on Film.)

BLACK STAR BLOCKBUSTER

This year our new blockbuster programme was *Black Star*, a UK-wide celebration of the range, versatility and power of black actors on film and television. This far-ranging and comprehensive three-month retrospective examined the landmarks of black cinema and television in partnership with the BFI Film Audience Network, Into Film and the Independent Cinema Office, in cinemas across the UK, online, on DVD/Blu-ray and on television. It was the UK's biggest ever season of film and television dedicated to black acting talent and also included surveys of blaxploitation and hip-hop cinema, as well as seminars, concerts and on-stage interviews at BFI Southbank and other partner venues.

Black Star launched at the BFI London Film Festival with an agenda-setting symposium packed with industry delegates and special guests and a keynote speech from David Oyelowo, the star of the festival's Opening Night film *A United Kingdom* (2016).

The season was accompanied by a Black Star Compendium, a lavishly illustrated collection of essays and criticism, two Black Star exhibitions devoted to the First 100 Years of Black Poster Art and to Paul Robeson, and a theatrical rerelease of *Boyz n the Hood*, marking the film's 25th anniversary.

The Black Star UK-wide programme was collaboratively curated and delivered with the BFI FAN and highlights included a UK-wide Picturehouse presentation of *The Fabulous Nicholas Brothers*, a new DCP of *Stormy Weather* (1943), and a Film Hub Wales tour of a new Unlocking Film Heritage (UFH) -funded Digital Cinema package (DCP) of *Proud Valley* to venues in mining communities, accompanied by Welsh choirs.

Complementing Black Star was the UFH programme *Black Britain on Film*, an online collection of films exploring 100 years of black British stories, histories and representation on film and TV.

SHAKESPEARE ON FILM

As the world celebrated the 400th anniversary of Shakespeare's death, the BFI, the British Council and Sir Ian McKellen launched a major cross-platform programme – BFI Presents Shakespeare on Film.

With no other writer impacting so greatly on cinema, the programme explored on an epic scale how filmmakers have adapted, been inspired by and interpreted Shakespeare's work for the big screen.

Shakespeare on Film incorporated screenings and events at BFI Southbank and UK-wide, newly digitised content on BFI Player, new DVD/Blu-ray releases and film education activity. As part of Shakespeare Lives, the British Council and the GREAT Britain campaign's major global programme celebrating Shakespeare's influence, we curated an international touring programme of 18 key British Shakespeare films that reached 900 venues in more than 110 countries – from Cuba to Iraq, Russia to the USA. With total audience figures of more than 200,000, this was the most extensive touring film programme we have undertaken.

The season also included a world premiere of *Play On! Shakespeare in Silent Film*, a feature-length compilation of great moments in early silent Shakespeare adaptations from the BFI National Archive (digitised via UFH and available on BFI Player and DVD) with a bespoke score by the composers and musicians of Shakespeare's Globe.

CINEMAS AND EVENTS

NAPOLEON

Years of complex and multi-partner work were unveiled and celebrated as our new digitally restored version of Abel Gance's 1927 ground-breaking epic *Napoleon* received its world premiere with live music from Carl Davis and the Philharmonic Orchestra at London's Festival Hall. The film was then re-released into cinemas UK-wide while its Blu-ray and DVD releases have become one of our most successful and fastest selling ever.

ALAN CLARKE

The Complete Alan Clarke, another highly successful cross-platform project, saw the work of this radical film and TV director explored through an extensive season at BFI Southbank and on BFI Player, in anticipation of the release of all his films in two BFI DVD box sets. The world premieres of *Penda's Fen* and *The Firm: Director's Cut* were followed by the release of DVD and Blu-ray box sets of *Dissent & Disruption: Alan Clarke at the BBC*.

YEAR OF STRONG WOMEN LEGACY

Last year's BFI London Film Festival theme of the *Year of Strong Women* continued in our programme this year with seasons focusing on the work of Antonia Bird, a Kelly Reichardt retrospective, a celebration of the work of Agnieszka Holland (in a continuing partnership with the Polish Film Festival Kinoteka), a centenary tribute to Olivia de Havilland, and our new monthly BFI Southbank strand *Woman With a Movie Camera*.

The year in review closed with *Girls Like Us: British Women and WWII Cinema*, a two-month season looking at women in front of and behind the camera during the Second World War. It also included unique wartime propaganda shorts and an extended run of Lone Scherfig's *Their Finest* (2016), a romantic comedy set in the world of WWII propaganda filmmaking.

MARTIN SCORSESE

The BFI kicked off 2017 celebrating one of cinema's greatest living directors – Martin Scorsese. The season was launched at a special BFI screening of *Taxi Driver in Concert*, in association with Sony Pictures and Park Circus, with the original Bernard Herrmann performed live by the BBC Concert Orchestra. Other season highlights included distribution of a new 4K restoration of *GoodFellas* to screens across the UK in partnership with Warner Bros. Pictures International, a comprehensive retrospective of the director at BFI Southbank, a Scorsese-curated season of films restored through The Film Foundation, DVD releases of *Who's That Knocking at My Door* (1967) and *Alice Doesn't Live Here Anymore* (1974), and a special Scorsese collection on BFI Player, focusing on his documentaries and the works of cinema that inspired him.

The season closed with an on-stage interview with Martin Scorsese by *Sight & Sound* editor Nick James, filmed by the BBC and later broadcast on BBC 2 as *Martin Scorsese: True Confessions*.

PEDRO ALMODÓVAR AND PUNK.LONDON

Other key seasons this year included a full retrospective of the celebrated Spanish auteur Pedro Almodóvar and a selection of Spanish films that had influenced him handpicked by Almodóvar himself. We also joined in with *PUNK.LONDON* to celebrate 40 Years of Subversive Culture with a season curated by director, DJ and musician Don Letts, a UFH online collection *Other Grooves*, and a *Sight & Sound* exploration of 'Cinema of Punk'.

BFI LONDON FILM FESTIVAL IN PARTNERSHIP WITH AMERICAN EXPRESS®

The 60th BFI London Film Festival is a significant international cultural event which helps to strengthen London and the UK's position as a global film hub. Highlights included the agenda-setting Black Star Symposium, the Opening Night Gala *A United Kingdom* (2016), the Closing Night Gala *Free Fire* (2016), and Headline Galas *Lion* (2016), *La La Land* (2016), *Manchester by the Sea* (2016), *Nocturnal Animals* (2016), *Queen of Katwe* (2016), *Snowden* (2016) and *Their Finest* (2016), the return of the *LFF Connects* Programme and *NET.WORK@LFF*, which focused this year on supporting BAME filmmakers.

We also unveiled the Embankment Garden Cinema, a temporary pop-up venue based in Victoria Embankment Gardens. With 787 cinema-style seats, Dolby 7.1 surround sound and 4K digital projection, the temporary cinema brought the festival to even more people, as well as connecting festival screenings in the West End with the BFI's home cinema at BFI Southbank. The Festival's extensive events and screenings programme, together with special satellite screenings to UK-wide cinemas for the Opening Night film and Werner Herzog's *Lo & Behold - Reveries of the Connected World*, attracted a record-breaking total audience of 195,595, a 16% increase on the 168,935 achieved in 2015 (includes press, industry, education and public). Paid admissions grew by 18%, with the new temporary Embankment Garden Cinema contributing significantly to that growth. In addition to record-breaking audiences, the festival presented 397 features and short films, welcomed 847 international and British filmmakers (up from 796 in 2015), ranging from major global superstars and many of the world's most established directors, to new talents making their first short film.

The programme included works from 74 countries in a diverse range of engaging, moving, entertaining and challenging cinema.

The prestigious BFI Fellowship, presented at the Festival, recognised the extraordinary talents of British director Steve McQueen, whose Oscar-winning *12 Years a Slave* (2014), *Shame* (2012) and *Hunger* (2008), all premiered in previous BFI London Film Festivals.

BFI FLARE: LONDON LGBT FILM FESTIVAL

The 31st edition of BFI Flare opened with the world premiere of Fergus O'Brien's BBC production *Against the Law* (2017) and closed with the international premiere of Jennifer Reeder's *Signature Move* (2017).

Along with the opening night film, the festival marked the 50th anniversary of the 1967 Sexual Offences Act which decriminalised private homosexual acts in England and Wales with a range of events, illustrated talks, screenings and storytelling with historians, archivists and individuals who lived through the period. We also launched an online collection of films to support the anniversary plus later in the year a new season of events and films – *Gross Indecency: LGBT 50* – will explore the pioneering – and sometimes problematic – depictions of LGBT life in British film and TV in the 50s, 60s and 70s.

BFI Flare this year presented over 50 features, more than 100 shorts and a wide range of special events, guest appearances, discussions, workshops, and club nights in between. New LGBT filmmaking talent continued to be developed with a third year of the festival's Mentorship programme BFI NETWORK@FLARE working alongside BFI NETWORK and BAFTA.

DISTRIBUTION & DVD

In addition to *Napoleon* (1927), *Goodfellas* (1990) and *Black Star* titles *Boyz n the Hood* (1991) and *In the Heat of the Night* (1967), BFI Distribution's key release of 2016-17 was *Barry Lyndon* which played in over 120 cinemas and grossed more than £220,000 at the box office. We also celebrated the work of the Quay brothers with a programme of their shorts *35mm: The Quays Meet Christopher Nolan*, a new short *Quay* (2015) by Christopher Nolan, and a BFI Blu-ray release *The Quay Collection*.

BFI Southbank hosted the launch of José Larraz's *Symptoms* (1974) on BFI DVD/Blu-ray – a film which had long been on the BFI's 'Most Wanted' list, and we expanded our celebrated Ken Russell collection with the world premiere Blu-ray release of *Women in Love* (1969), creating a legacy for the BFI National Archive's 4K restoration. The much-loved British horror film *Psychomania* (1973) was newly remastered through the Unlocking Film Heritage programme and became the BFI's second fastest selling film of the year behind *Napoleon*, buoyed by a strong social media campaign and a series of *Scalarama* screenings UK-wide.

HERITAGE OPEN DAY

As part of this year's nationwide Heritage Open Days weekend, the BFI National Archive's Conservation Centre held a free open day which attracted almost 300 visitors. People were able to explore the open rooms, see machine demonstrations, and hear curator presentations.

BFI PUBLISHING

Our international screen industries and cultural studies were explored in '*Spanish Film Culture*' by Nuria Triana-Toribio and 'Nollywood Central' by Jade L. Miller, along with advertising in 'Films that Sell: Moving Pictures and Advertising' by Patrick Vondreau, Bo Floring and Nico de Klerk.

The Film Stars series was expanded with '*Natalie Wood*' by Rebecca Sullivan and '*Julie Christie*' by Melanie Bell, while brand new film classics of 'The General' by Peter Kramer, 'La Jetee' by Chris Darke, 'Aguirre, the Wrath of God' by Eric Ames, 'Don't Look Back' by Keith Beattie, and a new TV classic 'The Thick of It' by James Walters were also published.

Sight & Sound broke new ground with in-depth interviews with actors Isabelle Huppert, Adam Driver, Viola Davis, Tom Hiddleston and Michelle Williams and it continued its championing of women directors including Agnieszka Holland, Deniz Gamze Erguvius (*Mustang*); Kelly Reichardt; Lucille Hadzihalilovic, Mia Hansen-Løve and Andrea Arnold. The best performing issue was January 2017 in which Maren Ade's *Toni Erdmann* (2016) was voted Best Film of the Year by critics in our end-of-year poll. Not only did the Best Films Poll drive newsstand sales, but the full results that were published online generated our best numbers for online visits and sessions.

STRATEGIC PRIORITY 2: Supporting the future success of British film by investing in film development, production, talent and skills.

DEVELOPMENT AND PRODUCTION

In 2016, new British films backed by the BFI with National Lottery funding saw exciting festival and box office success. *Who's Gonna Love Me Now?* (2016), Barak and Tomer Heymann's documentary portrait of a young Israeli man finding a new family with the London Gay Men's Chorus, was an audience favourite at the Berlinale in February. In May, films by two of our most renowned filmmakers capped a remarkable showing by British films at the Cannes Film Festival – Andrea Arnold's *American Honey* (2016), which took the Jury Prize (and went on to win the BIFA for Best Film), and Ken Loach's *I, Daniel Blake* (2016), which won the Palme D'Or and cemented its position as one of the most talked about British films of the year, achieving the best UK box office of the director's career and winning the BAFTA for Outstanding British Film.

Lady Macbeth (2016), produced through the iFeatures scheme in partnership with Creative England and BBC Films, was one of the breakout hits of the Toronto Film Festival, and announced its writer Alice Birch and director William Oldroyd as major new British film talents.

The BFI London Film Festival was bookended by Film Fund titles from two of the most exciting rising British filmmakers – Amma Asante's *A United Kingdom* opened the festival and launched its Black Star strand, while Ben Wheatley's all-star *Free Fire* ensured that the festival went out with plenty of bangs.

The animated adaptation of Raymond Briggs's *Ethel & Ernest* (2016) opened in cinemas to fine reviews and closed out the year as one of the highlights of the Christmas TV schedules.

DIVERSITY

The BFI's Diversity Standards continue to drive change and positive engagement in the film industry. We have now adopted the Standards across all of our Lottery-funded activities and in a series of major commitments Film4 and BAFTA have announced their intention to adopt them as well. Our new five year plan BFI 2022 has also made a call for the wider industry to voluntarily adopt the Standards.

The Black Star diversity symposium at the BFI London Film Festival and the blockbuster programme were key planks in our diversity activities this year and we will continue to diversify our on screen cultural programme and to connect with broader audiences. Our newly appointed Head of Diversity has begun working closely in partnership with the industry as well as with specialist diversity partners to lead and coordinate our existing work and ambitions and to provide support and knowledge to the wider industry.

SUPPORTING FUTURE FILMMAKING

BFI NET.WORK

Our UK-wide talent development programme BFI NET.WORK seeks out exciting emerging filmmakers across the UK with recent successes including a Crystal bear win at the Berlinale for the London Calling Plus short film *Balcony* (2015) and a BIFA award for another short, *Jacked* (2015). *White Riot* (2017), from London Calling Plus Documentary filmmaker Rubikah Shah, was selected to play at both the Sundance and Berlinale festivals.

BFI NET.WORK supports feature development, on-going professional development, and short film production through its continuing partnerships with Creative England, Ffilm Cymru Wales, Northern Ireland Screen, Film London and the Scottish Film Talent Network. The professional development schemes are specifically aimed at addressing underrepresentation and inclusion, most notably Scottish Film Talent Network's 'New Voices on Screen' aimed at BAME filmmakers and 5@5 focussed on women filmmakers. We also held our second NET.WORK Weekender at Curzon in Sheffield with 40 producers taking part in masterclasses, talks and events.

For the third year in a row NET.WORK@LFF ran a series of masterclasses, screenings and one to one meetings with industry professionals for 15 selected writers and directors at the BFI London Film Festival. Postroom, the NET.WORK site where new filmmakers can upload and share their work directly with industry executives and stay up to speed with the latest funding and career development opportunities, continues to grow and now has 1,500 registered filmmakers since its launch in mid-2014.

BFI AARDMAN DEVELOPMENT LAB

With two years' guaranteed Lottery funding, the BFI Aardman Animation lab is in its second year of supporting three filmmaking teams to develop animation projects. The teams are now at the visual development stage for their animated features under the expert eye of the world's leading stop-frame and CGI animation studios.

VISION AWARDS

This year's round of Vision Awards went to 22 of the UK's most promising emerging producers, providing them with support and funding over the next two years to build their careers, and to develop relationships and projects with emerging writers and directors. Almost 500 producers applied for the awards, which are backed by a total commitment of £2.2 million of Lottery funding.

The Vision Awards support the BFI's diversity ambitions and champion different voices, backgrounds and experiences. The selected producers represent a range of approaches to filmmaking, including, for the first time a producer at the vanguard of immersive storytelling, a producer with a strong background in animation and artist film, and a producer telling international stories through documentaries. Fifteen of the awards are to women producers or partnerships, and eight of the companies are based wholly outside of London, in Belfast, Cardiff, Glasgow, Hull, Leeds, Manchester, Sheffield and York.

DOCUMENTARIES

In this year's round of documentary applications where we invite a shortlist of applicants to present their projects to a panel of experts from the BFI Film Fund and the wider documentary funding community, we selected nine projects to support. This process offers detailed feedback and advice for all applicants, and the public nature of the pitches allows for greater transparency. The selected projects are: *Slumdogs* directed by Lucy Walker; *One Man and His Shoes* – Yemi Bamiro; *Escape From Homs* – Chris Martin; *Christmas Island* – Gabrielle Brady; *The Terrifying World of Otto Baxter* – Peter Beard and Bruce Fletcher; *XY Chelsea* – Tim Travers Hawkins; *Even When I Fall* – Sky Neal and Kate McLarnon; *The Confession* – Ashish Ghadiali; and *Generation Revolution* – Usayd Younis and Cassie Quarless.

ON THE INTERNATIONAL STAGE

CHINA

The BFI's work with China continues strongly, and a number of projects this year contributed to broader and deeper ties with the Chinese film industry. The BFI introduced a delegation of UK film producers, sales and talent agents to the Chinese film industry at the Beijing International Film Festival, and this was followed by an FCO and DIT China supported creative and production workshop, again in Beijing, for the Chinese film industry to learn about UK best working practices. In partnership with the Prosperity Fund and the British Film Commission, this was later reciprocated with the visit of five senior Chinese film executives to the UK for a range of meetings across production, studios, tax specialists, producers, talent agents, distributors and sales agents, both in London and Scotland.

The BFI also took part in a creative business event in Shanghai with around 150 delegates including Secretary of State Karen Bradley and other representatives from the screen industries such as Pinewood and the Creative Industries Federation. The event included a high level CEO forum, technology showcases with a VR/AR theme and panel sessions on their impact on creative sectors such as screen and video games, as well as business networking and meetings.

For a second year the International Fund supported a Sino-European script development initiative *Bridging the Dragon* to build greater cultural and creative synergies with China.

The BFI was also a key contributor to the negotiation of the UK-China Television Co-Production Treaty signed in December 2016 at the UK-China High Level People to People Dialogue.

As a result of this activity, the BFI was in an ever stronger position to support the cultural and business relationship between the UK and China across the year.

EUROPEAN FILM INDUSTRY RELATIONS

The BFI's international team have worked to connect the UK industry with key partner territories through a series of platforms and initiatives throughout the year. It hosted producer networking events at the UK Film Centre at Cannes Film Festival, working with national film agencies in a number of European territories.

The BFI International Fund also supported UK filmmaker attendance at the Dinard British Film Festival.

In October, the team welcomed a group of senior German producers and a talent/casting agent to London for a UK-Germany film workshop run in partnership with the Medienboard Berlin Brandenburg (Berlin Film Fund) and the FFA. A number of new co-production partnerships were forged.

The international team also contributed to a number of events and consultations throughout the year following the June 2016 referendum on exiting the EU and continues a dialogue with industry on the impact on the film industry of leaving the EU.

INWARD INVESTMENT

2016 – 2017 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.

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

BFI FILM CERTIFICATION UNIT

The BFI'S 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 11 bi-lateral treaties (five of which allow television co-production) or the European Convention.

The Unit promotes and markets the Creative Sector tax reliefs at events and conferences around the UK and in Europe such as Develop, London Games Festival, EGX an EGX Rezzed Children's Media Conference, Sheffield Doc Fest, Cannes International Film Festival, EIFF and many others. The Unit also held a Children's Television Seminar at BFI Southbank and its third BFI Video Games Day in Leeds in association with GameMakers.

The Certification Unit assesses the Diversity Standards Applications for the Film Fund and provides the secretariat function for the BFI Diversity Steering Group.

STRATEGIC PRIORITY 3: Unlocking film heritage for everyone in the UK to enjoy by investing in preservation, digitisation, interpretation and access.

This was the final year of our *Unlocking Film Heritage* (UFH) programme – one of the largest and most complex archive preservation programmes ever undertaken in Europe. The Lottery funded programme closed within budget and fulfilled its aims to modernise and create an advanced digital preservation infrastructure to support the BFI’s cultural programme and beyond. UFH has opened up unprecedented access to our film heritage through digitising 10,000 titles from BFI collections, regional archives and rightsholders and showing this material on multiple platforms such as BFI Player and You Tube. It also produced a pioneering and innovative data management system – the UK Filmography – which has catalogued every British feature film with a cinematic release (totalling almost 700 titles), plus it has registered all the UFH and UK Filmography titles in EIDR (the ISBN for film) and will later include the entire digitised BFI stills collection.

THE NATIONAL CATALOGUE

This year we focused on augmenting data collected on ‘people’ in the UK Filmography through exhaustively researching every cast and crew member listed in our database of all British films. With over 200,000 names in the database we could undertake powerful data analysis about gender representation in front of and behind the camera which will be available to view later this year on our website.

We also analysed Filmography data on black actors in British films over the last ten years with results revealing that, among other things, 59% of those films had no black actors in any lead or supporting role. These findings provided the evidence base for the BFI’s Black Star symposium at the BFI London Film Festival and was widely reported. When we combined the UK Filmography genre data with this research it proved that a black actor is twice as likely to be cast in a crime film than in a drama and three times more likely than in a period drama.

DIGITAL PRESERVATION INFRASTRUCTURE

We have now completed a state of the art data centre and digital preservation infrastructure to provide seamless processes around all aspects of our digital asset management. BFI film archivists have been developing new skills and processes using the latest digital film and sound scanning and restoration systems to meet a demand for both analogue and digital preservation and access. We also continued to share our learnings and experiences with the film archive sector and others, including at this year’s BFI Archive Futures training where we worked with other collections and archive professionals on managing change and transition in their organisations.

DIGITISATION AND ACCESS

Taking full advantage of our new in-house capabilities, we digitised over 3,500 UFH titles in the final year of the programme, exceeding our target of 10,000 by 506 titles. Almost 7,700 titles were available to view by the end of March 2017, with the remainder to be released as part of our 2017–18 cultural programme.

The digitisation of our stills collection, which contains almost 1.4 million international film and television items, has also been completed and the stills will be made available in our new BFI Southbank Mediatheque later in 2017.

Our original access target has been massively exceeded as initially we estimated ten million views over the five year lifespan of UFH. By the end of March 2017, however, we had achieved well over 28 million online views (and still growing) across platforms such as Facebook, YouTube and BFI Player.

BRITAIN ON FILM

Britain on Film is a cornerstone of UFH and has become its most successful public engagement tool through making thousands of archive films available to view to people across the UK. This year we launched *Britain on Film: Rural Life* on BFI Player – our biggest collection so far with more than 800 titles. Increased press support for the collection resulted in extensive national and regional press coverage and a record 81% of BFI Player views coming from outside London. Two key titles *Akenfield* (1974) and *On the Black Hill* (1987) were also released on DVD and Blu-ray.

A range of UFH content featured on public screens this year including a partnership with the England and Wales Cricket Board (ECB) leading to clips from the *Cricket on Film* collection being screened at test matches at Lords and at Edgbaston. A 30 minute compilation of Olympics and sports-themed BFI archive film was also created and shown on large public screens across Rio de Janeiro as well as at the Olympic Fanzone public outdoor screens across the UK during the Olympics.

The Pleasure Principle became one of our most popular collections with some of the highest online viewing figures since the launch of Britain on Film including 1.1 million views for what is believed to be Britain's oldest erotic film *Victorian Lady in Her Boudoir* (1896). The collection showcased newly digitised films dating from 1896 to the early years of the 21st century including taboo-breaking dramas and documentaries ranging from Victorian voyeurism to Soho striptease contextualised by BFI curators.

AWARDS

Unlocking Film Heritage received recognition at home and abroad, picking up the top award for Best Archive Preservation Project at the FIAT/IFTA world conference in Warsaw, and the European TVB award for Achievement in Archive Digitisation. *Britain on Film* received a Webby Honoree and was also nominated for a FOCAL award and an American Alliance of Museum's MUSE award.

BFI REUBEN LIBRARY AND A NEW MEDIATHEQUE

BFI Reuben Library visitor numbers exceeded their 75,000 target and reached 80,234 this year – an increase of over 10% from the previous year.

The BFI Southbank Mediatheque closed in late 2016 for a major refurbishment including a new interface that will be rolled out to all existing partner Mediatheques in the coming year. It includes a new software platform that will also make it much easier to bring in future partners.

KEY BFI RESTORATIONS & REMASTERED FILMS

***Napoleon* (Abel Gance, 1927)**

This epic masterpiece finally entered the digital era following a monumental, generation-spanning restoration project that won the 2017 Focal Award for Best Archive Restoration and Preservation Title. The original restoration of the 35mm film elements in 2000 was funded by the generous support of the Eric Anker-Petersen Charity.

***The Informer* (Arthur Robison, 1929)**

An early, silent adaptation of Liam O'Flaherty's 1925 novel about betrayal amid the political and revolutionary environment of the newly independent Ireland. The BFI's restoration was supported by Matt Spick and premiered at the 2016 London Film Festival with a new score by Garth Knox.

***Ruins of Palmyra and Baalbeck* (John Hanau, 1938)**

As ISIS destroyed the UNESCO World Heritage Site of Palmyra, the BFI restored this rare glimpse of the ancient Syrian city filmed in Technicolor by the great cinematographer Jack Cardiff. Digitisation was supported by the Eric Anker-Petersen Charity.

***This is Colour* (Jack Ellitt, 1942)**

This 3-strip Technicolor, ICI-sponsored documentary is a glorious exploration of colour and colour theory and the restoration of Jack Cardiff's camerawork looks spectacular.

***Hell Drivers* (Cy Endfield, 1957)**

The restoration of this testosterone and adrenaline-fuelled study of male aggression and rivalry was introduced at its BFI London Film Festival debut by star Peggy Cummins. Remastering supported by Simon W. Hessel.

PUBLIC POLICY, RESEARCH AND STATISTICS, LEADERSHIP AND ADVOCACY

In a very busy year for the BFI's public policy activity, we led the screen sectors' immediate and continuing response to the EU referendum result; we published a new five-year strategy for UK film to take us to 2022; and we continued to play an active role in developing policy thinking regarding the European Commission's digital single market proposals. We have also participated in a number of Creative Industries Council working groups that will contribute policy ideas into the Government's industrial strategy.

FILM FOREVER – THE BFI'S FIVE YEAR STRATEGY 2012 -2017

In anticipation of the BFI's current strategy, *Film Forever*, coming to an end in March 2017, we have spent many months preparing a successor five year plan to take us to 2022. Following a series of early roundtable meetings during which we took soundings from different sectors within film and the wider screen industries, and education, we embarked on a UK-wide tour with nine roadshow events in Belfast, Edinburgh, Manchester, Leeds, Newcastle, London, Birmingham, Bristol and Cardiff. We wanted to hear what experts and audiences alike thought of our proposed direction and priorities and to understand what they needed to continue to build on the success of UK film. The roadshows were complemented by an online consultation and major social media campaigns designed to reach both current and new audiences and practitioners.

Over the course of the year we engaged with over 2,200 industry professionals and organisations in the development of our new five year plan *BFI2022*. The plan reflects our three strategic objectives – future audiences, future learning and skills, and future talent – and has a focus on diversity, achieving a greater UK impact, and supporting more innovative cross platform storytelling. We also put the spotlight on leading a refreshed international strategy to work with partners as we navigate the policy making demands, challenges and global opportunities to keep UK film competitive internationally after we have left the EU.

EXITING THE EU

The decision that the UK will leave the EU will have far-reaching implications for our screen sectors. Immediately following the EU Referendum the BFI established a Screen Sector Task Force to lead the industry in a coordinated effort to understand the impacts and implications across all areas, to identify key issues arising as a result of the decision to leave and to help shape a new sector deal for the creative industries. We gathered intelligence to examine and understand the potential economic and cultural impacts of changes, model a variety of scenarios and provide evidence to help inform decisions and recommendations to Government.

Through direct engagement, submissions to consultations and calls for evidence from Parliamentary Select Committees, and in close collaboration with partners such as the Creative Industries Federation and the Creative Industries Council, we have made sure that the position of the screen sector with regards to exiting the EU is being communicated clearly to Government.

The key areas of focus have been in stressing the importance of free movement of goods, labour and services to the UK screen industries, the value of European funding especially in relation to Creative Europe, and the regulatory impacts – for example on the country of origin principle which is embedded in the Audiovisual Media Services Directive (AVMS).

UK POLICY

The Film Policy team led the BFI response to the BBC Charter Review consultation, stressing the importance of the BBC to the success of the UK's creative industries and cultural life. We have also engaged with other policy areas such as education, Lottery funding, and the digital single market where we presented a film sector perspective to the IP Select Committee. We secured Ministerial attendance to speak at the BFI/ British Film Commission's UK to China Familiarisation reception.

This year we have further developed our proposals for data and information collection around the BFI Film Fund's green funding awards. Following a pilot exercise, the BFI Film Fund is planning to award all supported productions dedicated funding to run their own programmes to reduce the environmental impact of production activity and to introduce cost savings into the production process.

Over recent years the UK film sector has thrived and grown, but we have heard increasing concerns that challenges and shortages that exist in the skills and labour market will impede future growth. We commissioned the Work Foundation to undertake a full skills audit across the screen industries and to report back with a Skills Investment Plan to help our sector address the challenges. The audit looked at existing skills provision, identifying best practice and areas for improvement, plus future skills needs. The biggest challenge is widely viewed to be the need to address a lack of workforce diversity, particularly around barriers to entry for ethnic minorities, a lack of flexibility especially for women with caring responsibilities, and those with disabilities or from disadvantaged backgrounds.

EUROPEAN POLICY

Together with the European Film Agencies Directors (EFADs) association we continued to work on developing the digital single market (DSM) for the benefit of film. We took a joint lead role in making representations on behalf of the EFADs to European Commission consultations on the Audiovisual Media Services Directive (AVMSD), portability and a proposed regulation on online transmissions, and we submitted written and oral evidence to the Antitrust Inquiry regarding cross-border access to pay-tv content. Through the EFADs we have also been active in the Cross-Border Pay-TV Inquiry to prevent damaging implications for the European independent film sector that would undermine territorial exclusivity.

Our relationship with our European partners remains very strong and we are committed to making sure the UK's voice is heard on policy matters that affect film in Europe as a whole and not only within the EU.

We are in discussions with the European Commission, DCMS and other member states regarding the 2020 edition of Creative Europe, mindful that the UK may or may not remain a participating country.

RESEARCH AND STATISTICS

The Research and Statistics Unit (RSU) hosted the 14th annual European Film Agency Research Network (EFARN) meeting at BFI Southbank. Representatives of 24 European film agencies, the European Audiovisual Observatory and European Commission gathered for a two-day meeting to discuss a variety of topics including VoD data, audience research, workforce diversity and European film finance and co-production.

RSU published the 2016 Statistical Yearbook and 14 official statistics releases covering UK screen sector production and certification, the UK box office, the international performance of UK films and awards for UK films and British talent. The Research and Statistics Fund commissioned studies on workforce diversity, the economic contribution of the UK's screen sector and job creation linked to production investment.

FUNDRAISING AND PHILANTHROPY

Every supporter of the BFI, whether a charitable foundation, a corporate partner, or an individual, plays a huge role in sustaining us and furthering our work. We are the only charity in the world whose remit covers every aspect of film, and this year our supporters reaffirmed their commitment to our mission: from our industry-leading archival work, to our renowned education initiatives, and everything in between.

In 2016, the BFI became the beneficiary of its largest ever legacy gift – a hugely significant donation of over £1 million from longstanding BFI Member and Archive supporter Dr. Clifford Shaw. Dr. Shaw was a passionate cinephile and advocate of archive film, and this transformative legacy will help to fund the preservation and restoration of many films for years to come.

Film is Fragile, the campaign we launched in 2015 to restore and protect national treasures of film and television in the BFI National Archive, has been very successful. We surpassed our initial target of £1 million, and we are fast approaching an ambitious new goal of £1.5 million, demonstrating the value that our supporters place on the ground-breaking work of the BFI National Archive.

Individual support remains a strong and growing feature of our fundraising activities and the members of our individual giving schemes are an integral part of the BFI community as well as our most enthusiastic ambassadors.

We have managed a diverse array of events, screenings, Q&As, dinners and trips for our donors which show them how important their support is to us. BFI Patrons were invited to the Turin Film Festival, while at the BFI London Film Festival, the annual Patrons' Gala played host to an early screening of *La La Land*. We could not achieve so many of our goals without the support of BFI Patrons, Film Forever Club members and Major Donors.

As we continue to forge new sponsorship partnerships and evolve our long-term relationships, we were delighted to announce the continuation of our six year partnership between the BFI London Film Festival and American Express®. We also welcomed vital new investment from the Royal Bank of Canada as a Main Sponsor for the Festival as well as other key events during the year.

Our partnership with IWC Schaffhausen saw the inauguration of a hugely generous £50,000 IWC Schaffhausen Bursary Award in association with the BFI. On the eve of the 2016 BFI London Film Festival this award was presented by Cate Blanchett to Hope Dickson-Leach, director of *The Levelling* (2016). The award is in recognition of outstanding British talent and is a brand new initiative designed to support the work of a writer and/or director at the beginning of their career.

The BFI Future Film Festival found an exciting new Headline Partner in one of the world's leading innovators and manufacturers of creative video technology, Blackmagic Design.

As well as sponsorship of our year round Future Film Labs programme and the Festival, Blackmagic Design have donated camera technology and software, expertise and mentoring, and a cash award of £5,000 for a young (18–25 years old) emerging filmmaker.

Generous grants from trusts, foundations and the public sector make up a significant part of the BFI's fundraising efforts and we continue to foster relationships with a wide range of organisations. Our partnership with the Wellcome Trust has enabled exciting and innovative events that connect film and biomedical science, and engage people with both. The Esmée Fairbairn Foundation continued its significant support of Britain on Film, allowing us to digitise and make available an incredible range of heritage material from the BFI National Archive and our regional partners.

The David Lean Foundation is a consistent champion of the BFI National Archive and has now donated more than £1 million over the years, making them one of the most significant and long-standing supporters of film preservation and restoration at the BFI.

On the international stage, we maintain a healthy philanthropic presence in the United States through The Friends of The British Film Institute, an independent, non-profit organisation which supports our work.

YOUR SUPPORT HELPS US SECURE THE FUTURE OF BRITISH FILM

The BFI warmly thanks the following individuals and organisations for their generous support in 2016-2017

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And with thanks to our anonymous annual donors.

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And with thanks to our anonymous Film Forever Club members.

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

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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.

For all the Measures of Success, as set out in *Film Forever*, the BFI has delivered on its overall aims, with performance to 31 March 2017 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)
- 11,423 active film clubs* (increase of 2,381 in the year)
- Estimated take-up of 5-19 Education activities was 7,073,610 in the year (2,446,773 increase on previous year)
- 20% of young people actively engaged in Film Clubs and the Into Film Festival (increase of 53% in the year with approximately 1.7m 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 in-venue and publishing (online reported separately below) is estimated to be 12.2m million (compared to 2012-13 of 7.3m - an increase of 67%)
- Increased the Geographic spread of audiences viewing BFI material in-venue and publishing: estimated 64 % of audiences to BFI supported activity from outside London (in 2012-13 it was estimated that 52% 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 below (pages 36 and 37).

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 2016: £1.33b (in 2015 £1.15b/£671m in 2012) with 95% from US – no change from previous years)
- Exports: UK film industry exported £1.97b of services in 2015 compared to £1.18b in 2014/£1.3bn in 2012; there was a decline in exports to Europe (44%) and Asia (10%) with an increase to North America (41%)

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

- The number of visits to BFI content digitally was 20.1 million in the year. This is a 122% increase from the 2011-12 base (and 3% up on 2015-16). In addition there were 4.7m streams of BFI content on YouTube (an increase of 20% on previous year and from 2.4m in 2011-12).

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

- Number of items digitised: 10,506 (3,423 in 2016/17)
- Number of titles available: 7,627 (on BFI Player) (an increase of 3,308 in the year)

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

- Total amount of charitable income to the BFI: £6.8m - £5.3m cash, including a generous one-off legacy gift of £1.1m. (2015/16: £5.2m, £3.7m 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.

To have funded a range of British films and talent which will have won major domestic and international awards (Award won in red).

	AWARD	FILM
FILM2016 Cannes Film Festival	Palme d'Or	I, Daniel Blake
	Jury Prize	American Honey
Toronto International Film Festival	The Grolsch People's Choice Midnight Madness	Free Fire
BAFTA 2017	Outstanding British Film in 2017	I, Daniel Blake
British Independent Film Awards 2016 (BIFA)	Best British Independent Film	American Honey
	Best Director	Andrea Arnold / American Honey
	Best Actor	Dave Johns / I, Daniel Blake
	Best Actress	Sasha Lane / American Honey
	Most Promising Newcomer	Hayley Squires / I, Daniel Blake
	Outstanding Achievement in Craft	Robbie Ryan / American Honey
	Best Documentary	Notes on Blindness
	Breakthrough Producer	Camille Gatin / The Girl With All the Gifts

	NOMINATION	FILM
Golden Globes	Best Performance by an Actor in a Motion Picture	The Lobster
Academy Awards (Oscars®)	Best Original Screenplay	The Lobster
BAFTA 2017	Best Film	I, Daniel Blake
	Director (Ken Loach)	I, Daniel Blake
	Original Screenplay (Paul Laverty)	I, Daniel Blake
	Supporting Actress (Hayley Squires)	I, Daniel Blake
	Documentary	Notes on Blindness
	Outstanding British Film	American Honey
		Notes on Blindness

	NOMINATION	FILM
BAFTA 2017 Cont.	Outstanding Debut by a British Writer, Director or Producer	Notes on Blindness
		The Girl With All the Gifts
		The Hard Stop
BIFA 2016	Best British Independent Film	I, Daniel Blake
		Notes on Blindness
	Best Director	I, Daniel Blake / Ken Loach
		Notes on Blindness / James Spinney & Pete Middleton
	Best Screenplay	American Honey
		I, Daniel Blake
	Best Actor	American Honey / Shia LaBeouf
	Best Actress	I, Daniel Blake / Hayley Squires
	Best Supporting Actress	A United Kingdom / Terry Pheto
		The Girl With All the Gifts / Gemma Arterton
	Most Promising Newcomer	The Girl With All the Gifts / Sennia Nanua
		I, Daniel Blake / Dave Johns
	The Douglas Hickox Award (Debut Director)	Notes on Blindness / James Spinney & Pete Middleton
	Outstanding Achievement in Craft	Notes on Blindness / Joakim Sundström
		The Girl With All the Gifts / Seb Barker
	Breakthrough Producer	Notes on Blindness / Mike Brett & Jo Jo Ellison
	Debut Screenwriter	The Levelling / Hope Dickson Leach

FINANCIAL REVIEW

FUNDING, INCOME and INVESTMENT in CHARITABLE ACTIVITIES

Review of the Year

Income for the BFI in the year to March 2017 was £95.7m – a decrease of £4.4m from the £100.1m received in 2015-16, with a net increase of funds in the year of £18m (2016: £14.8m increase).

This positive movement in funds was largely due to the revaluation of properties owned by the BFI, part offset by an increase in the pension liability in the year.

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

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

Non-Lottery Activities

Incoming Resources

Incoming resources from non-Lottery activities increased in the year by £3.3m due to the increase in incoming resources from grants, legacies and donations and a £2.1m increase in the Capital Grant in Aid allocation for the year to support of our estate restructuring. Revenue Grant in Aid funding in the year of £20.5m was a reduction on the £20.9m in 2015-16 as the consequence of the Government Spending Reviews.

In the ongoing challenging conditions, 2016-17 was another successful year in fundraising for BFI Southbank, festivals and other BFI activity. £6.8m was raised of which £5.3m (78%) were cash contributions and £1.5m (22%) gifts in kind. (2016: £5.2m of which cash contributions £3.7m (71%) and gifts in kind £1.5m (29%)). The increase is primarily due to a legacy gift of £1.1m received in the year. Fund raising costs of £1.6m represent the costs of running the BFI Development division in order to raise funds for the BFI (2016: £1.7m) with the reduction being due to the costs of staging our biennial Luminous gala charged in 2016.

Resources Expended

Total non-Lottery expenditure decreased to £58.4m (2016: £59.2m) with a one off increase in restructuring costs due to redundancies being offset by efficiencies across all our charitable activities.

Gross Transfers Between Funds

The non-Lottery activities received an award of £1.0m from the Lottery in the year to support the London Film Festival 2016. Capital expenditure of £4.1m was also transferred from restricted to unrestricted reserves as there is no specific ongoing restriction on the funded assets.

Actuarial Gains/losses on Defined Pension Scheme

On the FRS 102 basis the net pension scheme deficit attributed to non-lottery activities rose by £14.3m from £53.2m to £67.5m (2016: a £3.8m decrease from £57.0m to £53.2m). The increase in the deficit included an actuarial loss of £11.7m (2016: £6.8m gain) arising from the changes in discount rates and the assumptions underlying the present value of the scheme liabilities.

The triennial valuation by the London Pension Fund Authority Trustees as at March 2016, upon which current and future contributions are based, showed a reduced deficit of £9.6m for the whole pension scheme including lottery (2013: £12.7m). The deficit is being funded over 14 years under a deficit recovery plan agreed with the pension trustees.

Movement in Asset Revaluation Reserve

Following an independent revaluation of BFI properties by Deloitte LLP the value of the leasehold land and buildings and associated plant and fixtures increased by £32.4m (2016: £1.5m).

Lottery activities

Incoming Resources

During the year the BFI's share of the incoming resources of the National Lottery Distribution Fund was 2.7% (2016: 2.7%). This equated to £44.2m (2016: £52.2m). The decline in lottery revenues in 2016-17 of £8m was due to a fall in lottery ticket sales which impacts on good cause returns.

In addition the BFI received £6.0m of recoupment from its investments in the year (2016: £4.6m). Of this £0.8m (2016: £0.6m) was surplus recoupment over the original investment and was taken to income.

Resources Expended – Lottery Awards

Lottery - non-film right awards in the year totalled £18.9m (2016: £15.5m). The apparent increase is due to the accounting in the year for commitments for activities commencing under the new 5 year plan, BFI 2022.

In addition £23.2m (2016: £23.6m) of awards were taken to Film Rights in the Statement of Financial Position. Impairments of £16.5m (2016: £16.5m) were charged to expenditure against Film Rights.

The Lottery activities awarded £1.0m in the year to the non-Lottery activities under S27 of the National Lotteries etc Act 1993, being an award to support the London Film Festival 2016.

Operating Costs and Administrative Costs targets

Operating costs were £5.6m in the year to March 2017 (2016: £5.5m).

These costs can be attributed as:

	2016-17	2015-16
Costs of generating recoupment	£0.3m	£0.3m
Costs of award processing and other Lottery administrative costs	£5.0m	£4.9m
Other finance costs	£0.3m	£0.3m

Net incoming resources, after offsetting costs of generating recoupment were £50.1 m (2016: £56.6m).

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 2016-17 the gross award processing and other administrative costs stood at 10% of net incoming resources (2016: 8.7%). The increase reflects the fall in Lottery Ticket income. If lottery income had achieved the same level as in 2015-16 the ratio would have stood at 8.8%

Administration costs of £2.5m (5.0% of incoming resources) are deemed attributable to grant processing and meet the targeted 5% (2016; £2.4m, 4.2%) with the proportional increase again reflecting the fall in lottery ticket sales.

Actuarial Gains/Losses on Defined Pension Scheme

On the IAS 19 basis the net pension scheme deficit attributed to lottery activities increased by £0.8m from £2.5m to £3.3m (2016: an £0.3m decrease from £2.8m liability). The increase in the deficit included £2.0m increase from the change in discount rate and assumptions underlying the present value of the scheme liabilities, partly offset by a £1.3m return on the scheme assets in the year, after interest.

Film Rights and Fair Value Reserve

Film rights carried on the balance sheet increased by £1.6m to £12.6m (2016: £11m): Production Awards £1.0m; Vision Awards £0.4m and other Awards £0.2m. The increase in the valuation of the Production Awards (which are recouped principally in US dollars) can be partly attributed to the 15% appreciation of the US dollar during the financial year. The increase in the valuation of Vision Awards is the result of the next tranche of Vision Awards being approved during the financial year.

The £0.6m increase in the fair value reserve to £2.9m (2016: £2.3m), represents 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 Policy

The Governors are committed to maintaining an adequate level of free reserves to meet any unforeseen expenditure or fall in income. This is incorporated into the financial planning and budgets going forwards and in the on-going management of activities within the available income, a significant element of which is subject to market conditions. The BFI's free net reserves (note 23) were largely maintained at £1.5m (2016: £1.7m).

At 31 March 2017 the BFI had consolidated reserves of £58.5m (2016: £40.5m). The increase is substantially due to the increase in the fixed asset revaluation reserves offset by the increase in the pension liability.

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 Films and Television Archive to the nation's heritage. Given the government Spending Review in November 2015, the BFI has received indicative annual funding for the four years to March 2020, and with 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 delivers public benefit and covers its operating costs utilizing a mix of income drawn from the National Lottery, Grant in Aid from the Government and income from ticket and other sales, fees and charges. 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

Greenhouse Gas Emissions from BFI activities fell 6% from 2015/16 to 2016/17, however, we saw an increase in energy consumption of 3% for electricity and 6% for gas.

There are several factors responsible for contributing to the increase and these are as follows:

- In 2015/16 our Master Film Store at Gaydon was trialling operational efficiencies within the controlled environment. In 2016/17 we had to suspend the initiative due to unforeseen impact on the reliability of plant and equipment. We have conducted a review of maintenance of chiller units and expect to resume after the summer providing the plant remains reliable.
- We have increased revenue on our event and corporate hire spaces in 2016/17 which has increased the hours of use of our screening rooms and hire spaces by 15% over 2015/16 levels and consequently our energy consumption has increased.
- Head Office Electricity/gas demand also increased as our bar and restaurant concession activity increased by 13%.

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 recently re-tendered our Grounds maintenance contract and included within this some conversion of lawn space to wild flower meadow. We expect to realise an improvement in biodiversity as a result of this.

Travel & Transport

The BFI continues to promote sustainable travel and is increasing the size of the bike cages on offer at Head Office. We also continue the offer of free Santander bike usage for travel between our London sites.

Our film transport contract now utilises an electric vehicle which will reduce the BFI's impact on London Air Quality.

Finite Resource Consumption

Paper consumption across the BFI fell by 28% as a result of improved IT and meeting etiquette. All paper continues to be FSC certified and we utilise recycled paper at our Conservation Centre where most of the paper consumption is for internal use

Waste

Overall waste reduced by 4% compared to 15/16. Recycling rates also increased by 1% to 73% recycled with virtually all of the remainder going to an energy recovery facility.

Biodiversity

As well as the creation of a wild flower meadow at our Master Film Store we have recently located bee hives at both our National Archive and Master Film Store.

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 2017. 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 (FRS102).

Governors

Governors who were in post for at least part of the financial year 2016–17 or at the date of signing these accounts:

Josh Berger CBE (*Chair*)

Pat Butler¹

Charles Cecil MBE²

Alison Cornwell³

Pete Czernin⁴

Gerry Fox (Member Governor)⁵

Tom Hooper

Matthew Justice

Oona King⁶

J. Timothy Richards⁷

Jonathan Ross OBE⁸

Lisbeth Savill (*Deputy Chair*)

Andrea Wong⁹

Methods of Appointment

The Chair and Governors of the BFI are appointed by the Secretary of State for Culture, Media and Sport pursuant 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. This appointment is subject to approval by the Board of Governors.

¹ Term expired 18 February 2016. Reappointed for a period of four years.

² Term expired 29 February 2016. Term extended until 31 October 2016.

³ Term expired 14 May 2016. Term extended until 31 October 2016.

⁴ Term expired 25 February 2017. Reappointed for a period of four years

⁵ Member Governor, appointed 31 January 2017.

⁶ Term expired 6 March 2016. Reappointed for a period of four years.

⁷ Term expired 14 May 2016. Reappointed for a period of four years.

⁸ Term expired 25 February 2017. Reappointed for a period of four years

⁹ Term expired 25 February 2017. Reappointed for a period of four years.

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 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

Informal board evaluation is undertaken on a regular basis to provide immediate and ongoing feedback. In this regard, Governors hold a private session after the formal board meeting to assess the quality of the information provided, the quality of presentations given, the quality of debate and the way in which decisions were reached. On a bi-annual basis, the Board undertakes a formal and rigorous evaluation of its own performance and that of its committees and individual Governors. A bi-annual review sponsored by our new Chair is scheduled for mid-2017.

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:

<i>Audit, Risk & Governance</i>	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. There are currently four non-Governor members of the committee. Governors will be appointed to the Committee as part of the next phase of Board recruitment.
<i>Finance</i>	This Committee is responsible for overseeing the budgetary, assurance and value for money processes within the BFI.
<i>Nominations & Appointments</i>	This Committee makes recommendations to the Board of Governors about appointments to the Board and its committees and other bodies.
<i>Remuneration</i>	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:

<i>Audit, Risk & Governance¹⁰</i>	Alison Cornwell (<i>Chair</i>) Charles Cecil MBE Alison Dolan (Non-Governor Member) Phil Stokes (Non-Governor Member)
<i>Finance</i>	Pat Butler (<i>Chair</i>) Matthew Justice Alison Dolan (Non-Governor Member)
<i>Nominations & Appointments</i>	Lisbeth Savill (<i>Chair</i>) Josh Berger Matthew Justice
<i>Remuneration</i>	Josh Berger (<i>Chair</i>) Pat Butler

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

¹⁰ Notwithstanding the fact that the extended terms of Alison Cornwell and Charles Cecil ended on 31 October, 2016, they both continued in their roles of Chair and member of the Audit, Risk and Governance Committee respectively.

Board of Governors Attendance 2016-17

The number of BFI Board meetings held in the 2016-17 financial year was nine and the Governors' attendance records were as follows:

Josh Berger CBE	9 of 9
Pat Butler	7 of 9
Charles Cecil MBE	5 of 5
Alison Cornwell	3 of 5
Pete Czernin	9 of 9
Gerry Fox	2 of 2
Tom Hooper	5 of 9
Matthew Justice	4 of 9
Oona King	5 of 9
J. Timothy Richards	5 of 9
Jonathan Ross OBE	2 of 9
Libby Savill (Deputy Chair)	7 of 9
Andrea Wong	6 of 9

Alison Cornwell attended a further five meetings as non-Governor attendee. Charles Cecil attended a further four meetings in this capacity.

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 29 of the Charity and Group financial statements.

Audit, Risk and Governance Committee Attendance 2016-17

The number of Audit Risk and Governance Committee meetings held in the 2016-17 financial year was four and the members' attendance records were as follows:

Alison Cornwell (Chair) (Governor/Non-Governor Member)*	4 of 4
Charles Cecil MBE (Governor/Non-Governor Member)*	4 of 4
Alison Dolan (Non-Governor Member)	1 of 4
Phil Stokes (Non-Governor Member)	4 of 4

* Alison Cornwell and Charles Cecil ceased to be Governors on 31 October 2016. After this date they became Non-Governor members of the Committee

Executive

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

Will Evans	Director of Business Affairs
Ed Humphrey	Director of Digital
Ceri Morgan ¹¹	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.

Employment and training policies and staff participation

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

Equality information as at 31 March 2017:

	31 March 2017		31 March 2016	
	Women	Men	Women	Men
Board of Governors	3	8	4	8
Executive	5*	5	5*	5
Senior Managers	20	18	20	17
Employees	246	247	248	256
Total	273	278	277	286

*Includes one maternity cover (Jan – Dec 2017).

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

¹¹ Ceri Morgan was appointed as maternity cover Director of External Affairs from 4 January 2016 to 3 January 2017, with Fiona Cookson taking maternity leave from 14 January 2016.

Executive and Board meetings. Meetings of all staff are held regularly and recognition agreements are in place with Unite and BECTU fostering the best possible relationship with staff. The BFI seeks to ensure that the requirements of health and safety legislation are met in the workplace. The BFI has policies and procedures in place to monitor sickness absence, (both long and short term) and this information is regularly reviewed by the Senior Management Team. During 2016-17, sickness absence (excluding long term absence) averaged 2.8 days (2016: 3.3 days). 12 individuals had long term sickness absence (2016: 9). Long term sickness absence is deemed to be any absence over 4 weeks.

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 22 days (2016: 23).

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.

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 2017, it discharged this responsibility through the cycle of Board meetings.

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 2 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:

Josh Berger (Chair)
Pat Butler

The Remuneration Committee met on 28 March 2017.

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 8 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.

Appointments of Board of Governors

The Chair and Governors of the BFI are appointed by the Secretary of State for Culture, Media and Sport in accordance with Cabinet Office's Governance Code on Public Appointments. Governors are appointed for a term of not more than 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 2017 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 (2016: £Nil). Costs amounting to £Nil (2016: £594 - primarily reimbursed travelling expenses) were incurred. No payments were made in the year for services (2016: £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

"Total remuneration" reported below comprises salary, bonuses and accrued pension benefits and thus should not be equated to take home pay. Because of the combination of all these factors the annual movement in "total remuneration" is not a simple reflection of any COLA increase.

"Total salary" is in bandings, depending where a staff member is in the bandings, the organisational cost of living award (COLA) may tip some roles into a higher band.

Senior staff are members of the same pension schemes as staff, and all staff who are members of the defined benefit Local Government Pension Scheme (LPFA) accrue pension benefits on the same basis.

"Pension benefits accrued during the year" as noted above indicates how an individual's total accrued pension benefit has moved in a year by taking the increase in benefits relative to that year and assessing the total value assuming they are paid over a typical twenty years of retirement. The increase in pension benefits arise from three sources:

- BFI LPFA pension contributions of 12.2% of salary
- Employee pension contributions of between 5 and 12.5%. Higher paid staff contribute at a higher rate although not receiving any additional benefits
- LPFA projected investment returns (dividends, capital appreciation etc)

The pension benefits accrued during the year are calculated by:

- Calculating the annual pension due on retirement plus lump sum benefit (if any) at the 31 March 2017
- Taking the equivalent figure from 31 March 2016 and applying the Consumer Price Index (CPI) in order to show the "real" movement after inflation; and then

- Multiplying the change in value in pension by 20 (i.e. assuming a 20 year retirement period)

Year on year the main distorting factor is CPI – as the impact of changes in CPI is greater the longer the period of service and thus the benefit accrued.

Depending on the underlying LPFA assumptions and the age of the individual on a year by year comparison the pension benefits accrued during the year can be an increase or a reduction compared to that of the prior year.

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

	Total salary for the year ended 31 March 2017 (2016)	Bonuses attributable for the year ended 31 March 2017 (2016)	Benefits in Kind for the year ended 31 March 2017 (2016)	Pension benefits in the year ended 31 March 2017 (2016)	Total remuneration for the year ended 31 March 2017 (2016)
	£'000	£'000	Nearest £100	£'000s	£'000
Amanda Nevill Chief Executive Officer and Accounting Officer	140-145 (140-145)	- (-)	100 (100)	33 (57)	175-180 (195-200)
Fiona Cookson¹² Director of External Affairs (Maternity leave)	20-25 (FTE: 90-95) 90-95	- (-)	100 (100)	N/A (N/A)	20-25 (90-95)
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)	14 (10)	100 (100)	15 (18)	140-145 (140-145)
Ceri Morgan¹³ Director of External Affairs (Maternity Cover to 3.1.2017)	70-75 (FTE: 85-90) 20-25 (FTE: 85-90)	- (-)	- -	N/A N/A	70-75 20-25
David Parkhill Director of Finance and Resources	125-130 (120-125)	- (-)	100 (100)	36 (37)	160-165 (155-160)
Ben Roberts Director of Film Fund	140-145 (140-145)	- (-)	100 (100)	40 (42)	180-185 (180-185)
Richard Shaw Director of Communications, Marketing and Audiences	100-105 (100-105)	- (-)	100 (100)	N/A (N/A)	100-105 (100-105)
Heather Stewart Creative Director	120-125 (120-125)	- (-)	100 (100)	(19) 86	100-105 (205-210)

¹² Maternity leave from 14 January 2016

¹³ Appointed as maternity cover for Fiona Cookson from 4 January 2016 until 3 January 2017

	Total salary for the year ended 31 March 2017 (2016)	Bonuses attributable for the year ended 31 March 2017 (2016)	Benefits in Kind for the year ended 31 March 2017 (2016)	Pension benefits in the year ended 31 March 2017 (2016)	Total remuneration for the year ended 31 March 2017 (2016)
	£'000	£'000	Nearest £100	£'000s	£'000
Francesca Vinti Director of Development	90-95 (90-95)	10 (10)	100 (100)	24 (36)	125-130 (135-140)

In the year to 31 March 2017, 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 defined contribution schemes for:

	Contributions paid	
	2016-17	2015-16
Fiona Cookson¹⁴ Director of External Affairs	3,299	4,613
Will Evans Director of Business Affairs	21,512	22,926
Ceri Morgan Director of External Affairs (Maternity Cover)	3,504	-
Richard Shaw Director of Communications, Marketing and Audiences	5,048	5,047

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 2017. 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 2017.

Remuneration for the senior staff attributable to lottery for the year ending 31 March 2017:

	Total salary apportioned to lottery for the year ended 31 March 2017 (2016)	Bonuses attributable apportioned to lottery for the year ended 31 March 2017 (2016)	Benefits in Kind apportioned to lottery for the year ended 31 March 2017 (2016)	Pension benefits in the year ended 31 March 2017 (2016)	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 (70-75)	- (-)	100 (100)	16 (30)	85-90 (100-105)
Will Evans Director of Business Affairs	140-145 (140-145)	- (-)	100 (100)	N/A (N/A)	140-145 (140-145)

¹⁴ Maternity leave from 14 January 2016

	Total salary apportioned to lottery for the year ended 31 March 2017 (2016)	Bonuses attributable apportioned to lottery for the year ended 31 March 2017 (2016)	Benefits in Kind apportioned to lottery for the year ended 31 March 2017 (2016)	Pension benefits in the year ended 31 March 2017 (2016)	Total remuneration apportioned to lottery for the year ended 31 March 2016 (2015)
	£'000	£'000	Nearest £100	£'000s	£'000
David Parkhill Director of Finance and Resources	60-65 (60-65)	- (-)	100 (100)	18 (19)	80-85 (80-85)
Ben Roberts Director of Film Fund	140-145 (140-145)	- (-)	100 (100)	40 (42)	180-185 (180-185)

50% of the remuneration for Amanda Nevill and David Parkhill has been attributed to lottery for the year (2016: 52%) with the proportion of total income attributed to lottery being used as the baseline. Will Evans and Ben Roberts are attributed in full (2016: 100%) as they work solely on lottery related activities of the BFI.

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 travel season ticket loans, bicycle and computer purchase and dental treatment. 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 2017:

	Real increase in accrued pension benefits 2016-17	Attributable pension accrued at 65 at 31 March 2017 (or date left the BFI if earlier)	Cash Equivalent Transfer Value (CETV) as at 31 March 2016	CETV as at 31 March 2017 (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	0-2.5 (lump sum: -2.5-0)	55-57.5 (lump sum: 82.5-85)	909	995	61
Ed Humphrey Director of Digital	0-2.5 (lump sum: 0-2.5)	5-7.5 (lump sum: 0-2.5)	24	37	6

	Real increase in accrued pension benefits 2016-17	Attributable pension accrued at 65 at 31 March 2017 (or date left the BFI if earlier)	Cash Equivalent Transfer Value (CETV) as at 31 March 2016	CETV as at 31 March 2017 (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
David Parkhill Director of Finance and Resources	0-2.5 (lump sum 0-2.5)	7.5-10 (lump sum: 0-2.5)	84	131	32
Ben Roberts Director of Film Fund	2.5-5 (lump sum: 0-2.5)	7.5-10 (lump sum: 0-2.5)	53	84	15
Heather Stewart Creative Director	-2.5-0 (lump sum -5 to -2.5)	57.5-60 (lump sum: 100-102.5)	1,051	1,080	5
Francesca Vinti Director of Development	0-2.5 (lump sum: -2.5-0)	17.5-20 (lump sum: 15-17.5)	208	243	22

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 staff numbers and costs

The number of senior staff by number and band (core salary plus any bonus) is:

Chief Executive and other executive Staff at 31 March 2017

Salary Banding	2017 (Number)	2016 (Number)
£140,000-£149,000	3	3
£130,000 - £139,999	1	-
£120,000 - £129,999	2	3
£110,000 - £119,999	-	-
£100,000 - £109,999	2	2
£90,000 - £99,999	2 ¹⁵	2

¹⁵ Ceri Morgan was appointed as maternity cover Director of External Affairs from 4 January 2016 until 3 January 2017, 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.

Other senior staff

Salary Banding	2017 (Number)	2016 (Number)
£80,000 - £89,999	12	10
£70,000 - £79,999	21	21
£60,000 - £69,999	15	14

Staff number and costs (including on-costs)

	2017		2016	
	Number	£'000	Number	£'000
Average no of permanent staff during the year	487	25,814	492	25,396
Average no of other staff engaged on objectives of the organisation	12	361	20	590

Off Payroll Consultancy Engagements

During the year ended 31 March 2017 the BFI had 9 off payroll engagements totalling £397,000 (2016: 3, £196,000) 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 their correct tax and, where necessary, that assurance has been sought.

Termination payments

The termination payments payable to employees were:

Exit Package Cost	Number of compulsory redundancies		Number of voluntary redundancies		Total	
	2017	2016	2017	2016	2017	2016
<£10,000	1	2	1	-	2	2
£10,000-£25,000	1	-	4	-	5	-
£25,000-£50,000	-	1	11	-	11	1
£50,000-£100,000	-	-	3	-	3	-
No of exit packages	2	3	19	-	21	3
Cost £'000	27	45	656	-	683	45

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 4.4 times (2016: 4.4) the median remuneration of the workforce, which was £32,358 (2016: £32,037). The median remuneration does not include agency staff.

Total remuneration includes salary, 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 £20,000-£145,000 (2016: £15,000-£145,000).

Unaudited Information:

Employment and training policies

The BFI is committed to a policy of equality opportunity in its employment practices and continues to develop a culturally diverse workforce. Its training and development programmes are designed to encourage and support all employees in improving performance. In particular, the organisation aims to ensure that no potential or actual employees 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.

Equality information:

	31 March 2017		31 March 2016	
	Women	Men	Women	Men
Board of Governors	3	8	4	8
Executive ¹⁶	5*	5	5*	5
Senior Managers	20	18	20	17
Employees	246	247	248	256
Total	273	278	277	286
	50%	50%	49%	51%

Senior managers are defined on the basis of matching pay to the Senior Civil Service pay grades.

*includes one maternity cover (Jan 2016 – Jan 2017).

¹⁶ Ceri Morgan was appointed as maternity cover Director of External Affairs from 4 January 2016 to 3 January 2017, with Fiona Cookson taking maternity leave from 14 January 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 2016-17, sickness absence (excluding long term absence) averaged 2.8 days (2016: 3.3 days). 12 individuals had long term sickness absence (2016: 9). Long term sickness absence is deemed to be any absence over 4 weeks.

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 and Staff Report, was approved by the Board of Governors for signature on 3 July 2017.

Pat Butler, BFI Governor

12 July 2017

Amanda Nevill, Chief Executive

12 July 2017

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 accounts for each financial year which 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 on a reasonable basis;
- 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 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 assume that the Charity will continue in operation.

The Governors and Chief Executive confirm that the annual report and accounts as a whole is fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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 responsibilities set out above and complied with the requirements for preparing the accounts. The charity and group financial statements set out on pages 69 to 95, 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.

GOVERNANCE STATEMENT

Scope of Responsibility

How the BFI is governed is covered on pages 45 to 50. 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 safe-guarding the public funds and the British Film Institute's (BFI) assets for which we are responsible in accordance with the responsibilities assigned to us in Managing Public Money and as Trustees of the Charity. 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 2017 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 2016-17 is detailed at page 48.

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 2016-17 is detailed at page 48.

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 2016-17 the risk register as noted by the Executive Team included 17 corporate risks. The most significant are:

RISK	MITIGATING ACTIONS
Unable to fully deliver the BFI2022 strategy owing to a reduction in Lottery income.	Lottery reserves policy to hold sufficient reserves to manage income fluctuations and limit exposure to multi-year commitments.
Not achieving the Commercial Growth Targets.	Continuous financial and performance monitoring; contingency element within budget to buffer any minor deviations in revenue generated.
The business-as-usual operation of the BFI is compromised by resource pressures emanating from key projects.	Project plans established and continued monitoring of all performance.
Pension deficit increases.	Negotiation with Pension Trustees (contributions set for next three years).

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 2016-17 internal audit reports covered (all completed except where stated):

- Core Financial Controls
- 2017-18 audit Strategy and Plan
- Data & Information Asset Register
- London Film Festival Assurance Map
- Partners
- Fraud risk assessment & training

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 comment made by the external auditors in their management letters and other reports. We have been advised on the implications of the results of our review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to address any weaknesses and ensure continuous improvement is in place.

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

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

The Board receives reports from the 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.

At the Audit, Risk and Governance Committee meeting on 3 July 2017, 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.

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.

Pat Butler, BFI Governor

12 July 2017

Amanda Nevill, Chief Executive

12 July 2017

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 2017 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 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 2017 and of its net expenditure 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 the 'What we delivered this year', 'Key Performance Measures', 'Financial Review', 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 returns adequate for my audit have not been received from branches not visited by my staff; 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

17 July 2017

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

Registered charity no: 287780

**BRITISH FILM INSTITUTE GROUP AND LOTTERY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2016-17**

**GROUP FINANCIAL STATEMENTS
For the year ended 31 March 2017**

BRITISH FILM INSTITUTE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2017

	Note	2017				2017	2016
		Non-Lottery		Total	Lottery	2017	2016
		Unrestricted	Restricted	Non-Lottery	Restricted	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income							
<i>Income and endowments from charitable activities (earned income)</i>							
Education, Learning & Audiences	3	18,042	-	18,042	-	18,042	17,680
Film Heritage	3	1,705	-	1,705	-	1,705	2,136
<i>Income from donations and legacies</i>							
Voluntary Income							
Lottery proceeds	3 & 14	-	-	-	44,217	44,217	52,219
Lottery recoupment income	3	-	-	-	822	822	584
Revenue Grant in Aid funding	2	15,542	5,000	20,542	-	20,542	20,918
Capital Grant in Aid funding	2	-	3,423	3,423	-	3,423	1,307
Other grants, legacies and donations	3	1,773	3,526	5,299	165	5,464	3,796
Donated services and facilities	4	-	1,501	1,501	-	1,501	1,485
Investment income	5	5	-	5	3	8	19
Total income		37,067	13,450	50,517	45,207	95,724	100,144
Expenditure on							
<i>Charitable activities</i>							
Education, Learning & Audiences	6	(27,798)	(5,699)	(33,497)	(11,232)	(44,729)	(38,174)
Supporting British Film	6	(1,746)	(4,472)	(6,218)	(28,602)	(34,820)	(37,505)
Film Heritage	6	(11,920)	(4,322)	(16,242)	(152)	(16,394)	(17,617)
<i>Total charitable activities</i>		(41,464)	(14,493)	(55,957)	(39,986)	(95,943)	(93,296)
<i>Costs of raising funds</i>	6	(1,617)	-	(1,617)	-	(1,617)	(1,739)
Restructuring Costs	6	(826)	-	(826)	-	(826)	(131)
		(2,443)	-	(2,443)	-	(2,443)	(1,870)
Total expenditure		(43,907)	(14,493)	(58,400)	(39,986)	(98,386)	(95,166)
Net (expenditure) / income		(6,840)	(1,043)	(7,883)	5,221	(2,662)	4,978
Gross transfers between funds	23	4,144	(3,144)	1,000	(1,000)	-	-
Net (expenditure) / Income and net movement in funds before other recognised gains and losses		(2,696)	(4,187)	(6,883)	4,221	(2,662)	4,978
Other recognised gains / (losses)							
Actuarial (losses) / gains on defined benefit pension scheme	8	(11,694)	-	(11,694)	(611)	(12,305)	7,322
Gains on film rights	13	-	-	-	548	548	1,003
Gains on the revaluation of fixed assets	10	14,693	17,724	32,417	-	32,417	1,452
Net movement in funds		303	13,537	13,840	4,158	17,998	14,755
Reconciliation of funds							
Total funds brought forward	23	(22,822)	27,070	4,248	36,233	40,481	25,726
Total funds carried forward		(22,519)	40,607	18,088	40,391	58,479	40,481

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 AND CHARITY BALANCE SHEET
As at 31 MARCH 2017

	Note	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fixed assets:					
Intangible fixed assets	9	669	827	-	-
Tangible fixed assets	10	81,276	49,879	81,276	49,879
Investments	12	-	-	1,443	1,443
Total fixed assets		81,945	50,706	82,719	51,322
Current assets:					
Stocks & work in progress	15	523	435	523	435
Debtors	16	8,105	7,218	9,219	8,073
Film Rights	13	12,627	10,970	12,627	10,970
National Lottery Distribution Fund	14	57,553	61,106	57,553	61,106
Cash at bank and in hand	17	9,783	8,346	7,097	5,905
Total current assets		88,591	88,075	87,019	86,489
Liabilities:					
Creditors: amounts falling due within one year	19	(39,433)	(41,828)	(38,965)	(41,314)
Provisions	21	(1,789)	(736)	(1,789)	(736)
Net current assets		47,369	45,511	46,265	44,439
Total assets less current liabilities		129,314	96,217	128,984	95,761
Defined benefit pension scheme net liability	8	(70,835)	(55,736)	(70,835)	(55,736)
Total net assets		58,479	40,481	58,149	40,025
The Funds of the Charity:					
Restricted income funds					
Restricted income funds excluding Lottery and pensions liability		13,221	16,792	13,221	16,792
Restricted fixed asset revaluation reserve		27,386	10,278	27,386	10,278
	23	40,607	27,070	40,607	27,070
Lottery reserve		40,824	36,442	40,824	36,442
Lottery fair value reserve		2,877	2,329	2,877	2,329
Lottery share of pension reserve		(3,310)	(2,538)	(3,310)	(2,538)
	23	40,391	36,233	40,391	36,233
Total restricted funds		80,998	63,303	80,998	63,303
Unrestricted income funds					
Unrestricted income funds excluding pensions asset/liability		24,671	23,668	24,341	23,212
Unrestricted fixed asset revaluation reserve		20,335	6,708	20,335	6,708
		45,006	30,376	44,676	29,920
Pension reserve		(67,525)	(53,198)	(67,525)	(53,198)
Total unrestricted funds	23	(22,519)	(22,822)	(22,849)	(23,278)
Total charity funds	23	58,479	40,481	58,149	40,025

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 3 July 2017.

Pat Butler
BFI Governor

12 July 2017

Amanda Nevill
Chief Executive

12 July 2017

BRITISH FILM INSTITUTE
CONSOLIDATED CASH FLOW STATEMENT
As at 31 MARCH 2017

	Notes	2017			2016		
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Net (expenditure) / income		(6,840)	4,178	(2,662)	(5,952)	10,930	4,978
Less interest receivable	5	(5)	(3)	(8)	(11)	(8)	(19)
Loss on disposal of tangible fixed assets		21	-	21	-	-	-
Depreciation	10	3,891	1,240	5,131	4,316	1,094	5,410
Amortisation of goodwill	9	158	-	158	157	-	157
(Increase) / decrease in film rights	13	-	(1,109)	(1,109)	-	(2,406)	(2,406)
(Increase) / decrease in stocks	15	(88)	-	(88)	(18)	-	(18)
(Increase) / decrease in debtors	16	1,222	(2,109)	(887)	(858)	(515)	(1,373)
(Decrease) / increase in creditors due within one year	19	280	(2,675)	(2,395)	(1,346)	5,287	3,941
Increase / (decrease) in provisions due within one year	21	-	1,053	1,053	-	331	331
Decrease in creditors due after one year		-	-	-	-	(13,816)	(13,816)
Non-cash pension movements	8	2,633	161	2,794	3,004	166	3,170
Cash flows from operating activities		1,272	736	2,008	(708)	1,063	355
<i>Cash flows from investing activities</i>							
Decrease / (increase) in National Lottery Distribution Fund	14	-	3,553	3,553	-	54	54
Interest receivable	5	5	3	8	11	8	19
Purchase of tangible fixed assets	10	-	(4,132)	(4,132)	(1,450)	(1,173)	(2,623)
Cash flows from investing activities		5	(576)	(571)	(1,439)	(1,111)	(2,550)
Change in cash and cash equivalents in the year		1,277	160	1,437	(2,147)	(48)	(2,195)
Cash and Cash equivalents at the beginning of the year		3,709	4,637	8,346	5,856	4,685	10,541
Cash and Cash equivalents at the end of the year	17 & 23	4,986	4,797	9,783	3,709	4,637	8,346

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

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, "Accounting and Reporting by Charities: Statement of Recommended Practice (SORP)", FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 12 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 2017 the BFI received £20.5m (2016: £20.9m) 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 2017-20 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 £2.7m (2016: surplus £5.0m), albeit after non-cash transactions including depreciation of £5.1m (2016: £5.4m) and FRS102 net costs of £2.8m (2016: £3.2m). The FRS102 pension liability has increased to £70.8m (2016: £55.7m) contributing to negative unrestricted reserves of £22.5m (2016: £22.8m). 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 2016, the latest actuarial valuation date, the deficit to be funded was £9.6m (2013: £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 £70.8m (2016: £55.7m) under FRS102 and the governors are satisfied that this approach is appropriate.

At the year end total reserves were £58.5m (2016: £40.5m) which included unrestricted cash balances of £5.0m (2016: £3.7m) and free reserves of £1.5m (2016: £1.7m) (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 income is 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 4).

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

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 6). 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 that the grants are awarded and, if relevant, in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in note 26 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. In this respect, we have not been able to comply with paragraph 7.19 of the SORP issued by the Charity Commission in 2014. The Governors do not believe this would provide a true and fair view of BFI's resources.

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 Act etc 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.

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 Act Section 27 dispensation

Using the power granted by the Section 27 of the National Lotteries Act etc 1993, in 2012-13 the Secretary of State did not object to 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 the Secretary of State did not object to an award of £1,000,000 in 2016-17 and £1,500,000 in 2015-16 to the BFI in relation to the London Film Festival. The awards were both made and fully paid within their respective financial years.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

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. Long 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 long leasehold properties BFI Southbank and BFI London IMAX were revalued as at 31 March 2017 by appropriately qualified valuers, Deloitte LLP, in accordance with FRS 15: Fixed Assets, resulting in a net increase in value in the year of £32.2m (2016: increase of £1.2m).

The BFI's short leasehold properties in London and Berkhamsted have been subject to leasehold improvements. The values as at 31 March 2017 and 2016 have been estimated using appropriate indexation, resulting in a net increase in value in the year of £0.2m (2016: increase of £0.3m). 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	1-10% per annum
Short leasehold property improvements	5-20% per annum
Computer and other IT equipment	20-25% per annum
Furniture, fixtures and fittings	10-20% per annum
Plant and machinery	10-25% 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.

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 FRS102 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 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 balance sheet 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.

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 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 in the next seven financial years.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

Film rights (continued)

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, 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 Financial Activity 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 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, where 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 and in note 8.

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.

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 13: Film Rights.

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.

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".

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

2. 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:

	2017	2016
	£'000	£'000
Revenue Grant in Aid funding	<u>20,542</u>	<u>20,918</u>
Capital Grant in Aid funding	<u>3,423</u>	<u>1,307</u>

Revenue grant funding includes restricted funds for Northern Ireland of £4m (2016: £4m) and education (Film Academies) of £1m (2016: £1m).

Capital grant funding in the year was boosted by one-off funding of £2.4m (2016: £0.3m) for Estate refurbishment.

The balances carried forward at the end of the year are £nil (2016: £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.

b) Governors

The Governors neither received nor waived any emoluments during the year (2016: £nil). Governors expenses amounted to £nil in the year (2016: £594). No governor claimed expenses during the year (2016: four). No payments were made in the year for services (2016: £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 29.

The Charity has purchased insurance to indemnify the Governors against the consequences of any neglect or default on their part. The cost amounted to £14,361 (2016: £16,043), 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 an independent registered charity with objectives consistent with those of the BFI. Amanda Nevill (Chief Executive) is a Director and Trustee of the BFI Trust. During the year, the BFI had the following material transactions with BFI Trust:

	2017	2016
	£'000	£'000
<i>Income from generated funds - Other grants, legacies and donations includes:</i>		
Grants receivable from BFI Trust		
Restricted	952	154
Unrestricted	398	150
<i>Resources expended - Charitable activities includes:</i>		
Rental of leasehold premises	(1,721)	(1,515)
Grants payable to BFI Trust		
Restricted	-	(263)
Unrestricted	-	(450)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

3. INCOME

	2017				2016			
	Unrestricted	Non-Lottery Restricted	Lottery Restricted	Total	Unrestricted	Non-Lottery Restricted	Lottery Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Income and endowments from charitable activities (earned income)</i>								
Education, Learning & Audiences	18,042	-	-	18,042	17,680	-	-	17,680
Film Heritage	1,705	-	-	1,705	2,136	-	-	2,136
	<u>19,747</u>	<u>-</u>	<u>-</u>	<u>19,747</u>	<u>19,816</u>	<u>-</u>	<u>-</u>	<u>19,816</u>
<i>Income from Donations and legacies</i>								
Voluntary Income								
Lottery proceeds	-	-	44,217	44,217	-	-	52,219	52,219
Lottery recoupment income	-	-	822	822	-	-	584	584
Revenue Grant in Aid funding	15,542	5,000	-	20,542	15,918	5,000	-	20,918
Capital Grant in Aid funding	-	3,423	-	3,423	-	1,307	-	1,307
Other grants, legacies and donations	1,773	3,526	165	5,464	1,749	1,972	75	3,796
Donated services and facilities	-	1,501	-	1,501	-	1,485	-	1,485
	<u>17,315</u>	<u>13,450</u>	<u>45,204</u>	<u>75,969</u>	<u>17,667</u>	<u>9,764</u>	<u>52,878</u>	<u>80,309</u>
Investment income	5	-	3	8	11	-	8	19
Total Income	<u>37,067</u>	<u>13,450</u>	<u>45,207</u>	<u>95,724</u>	<u>37,494</u>	<u>9,764</u>	<u>52,886</u>	<u>100,144</u>

Prior year Capital Grant in Aid funding and some of the Revenue Grant in Aid funding have been re-allocated from Unrestricted to Restricted income to better reflect the way that elements of the funding are ring fenced for specific activities.

	2017 £'000	2016 £'000
<i>Sponsorship income included in Income from charitable activities (earned income):</i>		
Sponsorship income, associated with the costs of generating voluntary income	1,375	1,816

Costs of generating funds

Costs of generating voluntary income	<u>(1,617)</u>	<u>(1,739)</u>
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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 £1,375,000 (2016: £1,816,000) 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 prior year, expenditure was higher due to the staging of the "Luminous" fundraising gala.

4. DONATED SERVICES AND FACILITIES

	2017 £'000	2016 £'000
Publicity and advertising	809	892
Buildings and facilities	344	300
Services and equipment hire	263	240
Food and drink	15	40
Other goods	70	13
	<u>1,501</u>	<u>1,485</u>

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

5. INVESTMENT INCOME

	Unrestricted £'000	Lottery Restricted £'000	2017 Total £'000	Unrestricted £'000	Lottery Restricted £'000	2016 Total £'000
Bank interest receivable	<u>5</u>	<u>3</u>	<u>8</u>	<u>11</u>	<u>8</u>	<u>19</u>

Bank interest receivable was £8,000 (2016: £19,000) of which £5,000 was earned on unrestricted bank deposits (2016: £11,000) and £3,000 was earned on restricted bank deposit balances (2016: £8,000).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

6. EXPENDITURE

	Direct Costs £'000	Allocated Pension charges £'000	Allocated Support costs £'000	2017 Total £'000	2016 Total £'000
Education, Learning & Audiences	(38,793)	(2,942)	(2,994)	(44,729)	(38,174)
Supporting British Film	(33,521)	(1,061)	(238)	(34,820)	(37,505)
Film Heritage	(12,771)	(2,065)	(1,558)	(16,394)	(17,617)
Costs of generating voluntary income	(1,617)	-	-	(1,617)	(1,739)
Restructuring Costs	(826)	-	-	(826)	(131)
Total resources expended	<u>(87,528)</u>	<u>(6,068)</u>	<u>(4,790)</u>	<u>(98,386)</u>	<u>(95,166)</u>

Expenditure on charitable activities was £95,943,000 (2016: £93,296,000) of which £41,464,000 was unrestricted (2016: £47,883,000), £14,493,000 was restricted (2016: £9,475,000) and £39,986,000 was Lottery funded restricted expenditure (2016: £35,938,000).

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	2017 £'000	2016 £'000
IT and finance support	Combination of head count and departmental spend	(2,112)	(2,081)
Human resources	Head count	(446)	(422)
Premises and utilities	Combination of floor area and head count	(735)	(693)
Communication and marketing	Direct spend and percentage of income generated	(621)	(700)
Other overheads	Combination of time and department spend	(528)	(329)
Governance costs	Departmental spend	<u>(348)</u>	<u>(393)</u>
Total support		<u>(4,790)</u>	<u>(4,618)</u>
Pension cost (Note 8)	Net revenue account cost	<u>(6,068)</u>	<u>(6,283)</u>

	2017 £'000	2016 £'000
Governance costs:		
Audit fees: Charity (excluding Lottery)	(84)	(91)
Audit fees: Lottery	(46)	(49)
Audit: subsidiaries (British Screen group of companies)	(4)	(5)
Audit: subsidiary (British Film Institute (Big Screen) Limited)	(5)	(5)
Audit of UK Media Desk grant claim	(4)	(4)
Trustees costs	(5)	(54)
Corporate policy and planning	<u>(200)</u>	<u>(185)</u>
Total governance	<u>(348)</u>	<u>(393)</u>

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:	2017 £'000	2016 £'000
Restructuring costs	<u>(826)</u>	<u>(131)</u>

The restructuring costs of £0.8m relate to redundancy costs incurred in the year (2016: £0.1m) 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

6. EXPENDITURE (Continued)

Net resources expended before transfers are stated after charging:

	2017	2016
	£'000	£'000

Auditors' remuneration (analysed above)	(143)	(154)
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Auditors' remuneration includes additional fees of £nil for the National Audit Office relating to the prior year audit (2016: £10,000) and there were £nil fees for non audit services (2016: £nil).

	2017	2016
	£'000	£'000
Foreign exchange gains / (losses)	26	(7)
Depreciation	(5,131)	(5,410)
Amortisation of goodwill	(158)	(157)

Included in expenditure on Education, Learning & Audiences

	2017	2016
	£'000	£'000

Charges for operating leases:

Land and buildings	(1,724)	(1,515)
Plant & machinery	(50)	(74)

	2017	2016
	£'000	£'000

Film rights impairments	(16,540)	(16,510)
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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:

	2017	2016
	£'000	£'000

Creative England	(847)	(864)
Film London	(521)	(532)
Film Agency for Wales	(119)	(122)
Northern Ireland Screen: Irish Language Fund	(3,000)	(3,000)
Northern Ireland Screen: Ulster Scots Fund	(1,000)	(1,000)
Film Academy awards	(789)	(718)
Cultural Venues and Archives Fund	(91)	(663)
Creative Europe partners	(177)	(177)
	(6,544)	(7,076)

In addition to the above further Grant-in-Aid awards were made to partner organisations on or before 31 March 2017 for funded activity commencing on or after 1 April 2017. These are disclosed in note 26. Contingent Liabilities.

Lottery awards

	2017	2016
	£'000	£'000

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

Lottery - non-film rights awards included in the SOFA - Expenditure on Charitable activities	(17,853)	(13,964)
Film Festivals awards - award to BFI LFF - Gross transfers between funds, note 23	(1,000)	(1,500)
Lottery - non-film rights awards per Lottery Statement of Comprehensive Net Expenditure	(18,853)	(15,464)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

7. STAFF COSTS

	2017	2016
	£'000	£'000
Staff costs consists of:		
Wages & salaries	(20,245)	(20,110)
Social security costs	(1,988)	(1,638)
Pension costs (see Note 8)	(3,942)	(4,238)
	<u>(26,175)</u>	<u>(25,986)</u>
Agency staff costs included in Wages & salaries above	<u>(361)</u>	<u>(590)</u>
Staff costs capitalised and not included above	<u>(26)</u>	<u>(25)</u>

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

	2017	2017	2017	2016	2016	2016
	Full Time	Part Time	Total	Full Time	Part Time	Total
Costs of generating voluntary income	16	2	18	17	2	19
Education, Learning & Audiences	184	23	207	190	24	214
Supporting British Film	70	9	79	65	8	73
Film Heritage	163	20	183	165	21	186
	<u>433</u>	<u>54</u>	<u>487</u>	<u>437</u>	<u>55</u>	<u>492</u>

	2017	2016
	Number	Number
Average number of full time equivalent Agency staff at the BFI during the year	<u>12</u>	<u>20</u>

Higher paid employees

	2017	2016
	£'000	£'000
Chief Executive		
A. Nevill	<u>145</u>	<u>143</u>

Other Executive Team Members

	2017	2016
	Number	Number
£140,000 - £149,999	2	2
£130,000 - £139,999	1	-
£120,000 - £129,999	2	3
£110,000 - £119,999	-	-
£100,000 - £109,999	2	2
£90,000 - £99,999	-	1
£80,000 - £89,999	-	-
£70,000 - £79,999	1	-
£60,000 - £69,999	-	-

Cost	<u>£935,000</u>	<u>£951,000</u>
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Other senior staff

£80,000 - £89,999	12	10
£70,000 - £79,999	21	21
£60,000 - £69,999	15	14

Cost	<u>£3,581,000</u>	<u>£3,341,000</u>
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Total Cost	<u>£4,516,000</u>	<u>£4,292,000</u>
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Included in the above are 46 (2016: 46) staff who are ordinary members of the LPFA pension scheme. The amount of employer's pension contributions attributable to these staff amounted to £445,000 (2016: £443,000). There were 9 (2016: 7) staff who were members of defined contribution schemes. The amount of employer's pension contributions attributable to these staff amounted to £59,000 (2016: £46,000).

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 29.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

8. 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 2017 under the requirements of FRS102. Therefore, as at 31 March 2017, a pension liability of £70,835,000 (2016: £55,736,000) 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 (2016: 42) former employees and their spouses. The total actuarial valuation for this liability at 31 March 2017 is included in the pension provision.

For FRS 102 disclosure, the full valuation at 31 March 2016 has been updated by the actuaries, Barnett Waddingham, to assess the liabilities of the scheme as at 31 March 2017.

The most significant actuarial assumptions in this recent valuation are:

		2017 %	2016 %
		Per annum	Per annum
Rate of increase in prices	RPI	3.6	3.3
Rate of increase in prices	CPI	2.7	2.4
Rate of increase in salaries		4.1	3.8
Rate of increase in pensions in payment		2.7	2.4
Discount rate		2.8	3.7

The BFI share of the net pension liability as at 31 March 2017 is:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Fair value of employer assets	95,809	77,628	77,069	71,081	67,259
Present value of scheme liabilities	(164,164)	(131,076)	(134,363)	(108,676)	(102,200)
Net underfunding in funded plans	(68,355)	(53,448)	(57,294)	(37,595)	(34,941)
Present value of unfunded liabilities	(2,480)	(2,288)	(2,593)	(2,428)	(2,473)
Net pension deficit	(70,835)	(55,736)	(59,887)	(40,023)	(37,414)

Assets - Split of Investments by Category
Assets whole fund

	2017 £'000	Asset Distribution	2016 £'000	Asset Distribution
		%		%
Equities	56,769	60%	36,061	46%
LDI/Cash flow matching	-	0%	7,869	11%
Target return funds	20,245	21%	16,513	21%
Infrastructure	5,045	5%	4,253	5%
Commodities	-	0%	347	0%
Properties	4,885	5%	2,770	4%
Cash	8,865	9%	9,815	13%
Total	95,809	100%	77,628	100%

Analysis of the amount chargeable to expenditure under FRS102

	2017 £'000	2016 £'000
Service cost	(3,716)	(4,046)
Contributions in respect of defined contribution schemes	(226)	(192)
Administration expenses	(116)	(116)
Net Interest on the defined liability	(2,010)	(1,929)
Total expenditure	(6,068)	(6,283)

Analysis of amount recognised in the SOFA

	2017 £'000	2016 £'000
Actual return less expected return on pension scheme assets	13,137	(3,167)
Other actuarial gains/(losses) on assets	1,546	-
Change in demographic assumptions	1,731	-
Experience gains / (losses) arising on the scheme liabilities	4,059	141
Changes in assumptions underlying the present value of the scheme liabilities	(32,778)	10,348
Actuarial (loss) /gain recognised in SOFA	(12,305)	7,322

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

8. PENSIONS (Continued)

Reconciliation of defined benefit obligation	2017 £'000	2016 £'000
Defined benefit obligation in scheme at beginning of year	(133,364)	(136,956)
Movement in year:		
Service cost	(3,490)	(4,046)
Interest cost	(4,896)	(4,493)
Contributions by members	(1,113)	(1,143)
Unfunded benefits paid	158	158
Impact of settlements and curtailments	(226)	-
Benefits paid	3,275	2,627
Change in demographic assumptions	1,731	-
Experience gains / (losses) on defined benefit obligation	4,059	141
Actuarial (loss) / gain	(32,778)	10,348
Deficit in scheme at end of the year	<u>(166,644)</u>	<u>(133,364)</u>

Reconciliation of fair value of employer assets	2017 £'000	2016 £'000
Fair value of employer assets in scheme at beginning of year	77,628	77,069
Movement in year:		
Interest on assets	2,886	2,564
Other actuarial gains/(losses)	1,546	-
Expected return on assets	13,137	(3,167)
Contributions by members	1,113	1,143
Administration expenses	(116)	(116)
Contributions by the employer, including in respect of unfunded benefits	3,048	2,920
Benefits paid, including unfunded benefits	(3,433)	(2,785)
Fair value of employer assets in scheme at end of year	<u>95,809</u>	<u>77,628</u>

History of experience gains and losses	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Fair value of employer assets	95,809	77,628	77,069	71,081	67,259
Present value of defined benefit obligation	(166,644)	(133,364)	(136,956)	(111,104)	(104,673)
Deficit	<u>(70,835)</u>	<u>(55,736)</u>	<u>(59,887)</u>	<u>(40,023)</u>	<u>(37,414)</u>
Experience gains / (losses) on assets	13,137	(3,167)	(1,595)	(912)	4,866
Experience gains / (losses) on liabilities	<u>4,059</u>	<u>141</u>	<u>35</u>	<u>3,518</u>	<u>(239)</u>

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

		£'000	£'000	£'000
Adjustment to discount rate		+0.1%	0.0%	-0.1%
	Present value of total obligation	163,452	166,644	169,901
	Projected service cost	4,906	5,026	5,149
Adjustment to long term salary increase		+0.1%	0.0%	-0.1%
	Present value of total obligation	167,067	166,644	166,224
	Projected service cost	5,026	5,026	5,026
Adjustment to pension increases and deferred valuation		+0.1%	0.0%	-0.1%
	Present value of total obligation	169,478	166,644	163,866
	Projected service cost	5,149	5,026	4,906
Adjustment to mortality age rating assumption		+ 1 Year	None	- 1 Year
	Present value of total obligation	172,755	166,644	160,756
	Projected service cost	5,186	5,026	4,871

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

9. INTANGIBLE FIXED ASSETS (Group)

Goodwill	Group £'000
Goodwill on Acquisition	
At 1 April 2016 and 31 March 2017	1,574
Goodwill Amortisation	
At 1 April 2016	(747)
Amortisation in the year	(158)
At 31 March 2017	(905)
Net Book Value	
At 31 March 2017	669
At 1 April 2016	827

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.

10. TANGIBLE FIXED ASSETS (Group and Charity)

	Long leasehold property £'000	Short leasehold property improvements £'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 2016	47,328	6,605	5,381	1,771	7,858	1,165	70,108
Additions	5	17	125	63	180	3,742	4,132
Disposals	(2)	-	(180)	(410)	(492)	-	(1,084)
Reclassification	-	743	45	5	27	(820)	-
Revaluation	20,429	352	-	-	-	-	20,781
At 31 March 2017	67,760	7,717	5,371	1,429	7,573	4,087	93,937
Depreciation							
At 1 April 2016	(9,132)	(2,522)	(3,642)	(1,274)	(3,659)	-	(20,229)
Charge for the year	(2,632)	(778)	(738)	(142)	(841)	-	(5,131)
Disposals	1	-	180	414	468	-	1,063
Revaluation	11,763	(127)	-	-	-	-	11,636
At 31 March 2017	-	(3,427)	(4,200)	(1,002)	(4,032)	-	(12,661)
Net Book Value							
At 31 March 2017	67,760	4,290	1,171	427	3,541	4,087	81,276
At 1 April 2016	38,196	4,083	1,739	497	4,199	1,165	49,879

The BFI's long leasehold properties BFI Southbank and BFI London IMAX, including associated plant and fixtures, were revalued as at 31 March 2017 by appropriately qualified valuers, Deloitte LLP, in accordance with FRS 102: Section 17 - Property Plant and Equipment, resulting in a net increase in value in the year of £32.2m (2016: increase of £1.2m). Short leasehold property improvements have been revalued using appropriate indices, resulting in a net increase in value in the year of £0.2m (2016: £0.3m). In previous years the associated plant and fixtures associated with the leasehold properties were separately identified but short and long leasehold properties were combined. 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 £40.8m (2016: £20.0m) 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.

NOTES TO THE FINANCIAL STATEMENTS
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11. 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 film 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.

12. INVESTMENTS (Charity)

	2017			2017 Total £'000	2016			2016 Total £'000
	British Screen Finance Group £'000	BFI Big Screen £'000	Connoisseur Video £'000		British Screen Finance Group £'000	BFI Big Screen £'000	Connoisseur Video £'000	
Trading Account								
Income	414	3,833	-	4,247	405	3,661	-	4,066
Expenditure	(178)	(605)	-	(783)	(56)	(573)	-	(629)
Net operating profit	236	3,228	-	3,464	349	3,088	-	3,437
Interest receivable and similar income	1	1	-	2	3	2	-	5
Surplus gift aided to the BFI	(237)	(3,229)	-	(3,466)	(529)	(3,090)	-	(3,619)
Net profit	-	-	-	-	(177)	-	-	(177)
Balance Sheet								
Debtors	92	1,431	93	1,616	38	1,534	93	1,665
Cash at bank and in hand	1,368	1,318	-	2,686	1,402	1,039	-	2,441
Current liabilities	(447)	(2,749)	-	(3,196)	(457)	(2,573)	-	(3,030)
Total (BFI interest)	1,013	-	93	1,106	983	-	93	1,076

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12. INVESTMENTS (Charity) (continued)

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 (NFFFC)	1056412	100	100%
European Co-Production Fund Limited (ECF)	2631250	2	100%
British Screen Rights Limited (BSR)	2908542	2	100%
The Greenlight Fund Limited (GLF)	3191007	2	100%
Associated undertakings			
British Film-Makers Limited (BFM)	0368248	50	50%

NFFFC 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:

	£'000
Cost	
At 1 April 2016 and 31 March 2017	2,450
Impairment	
At 1 April 2016 and 31 March 2017	(1,007)
Net Book Value	
At 1 April 2016 and 31 March 2017	<u>1,443</u>

13. 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 commercial success of a project is important in our assessment of an application it is not the only funding criteria.

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

	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Production Awards	10,370	9,325	6,022	14,166	15,968
Development and Vision Awards	1,874	1,411	1,188	876	270
Other Awards	383	234	351	316	137
	<u>12,627</u>	<u>10,970</u>	<u>7,561</u>	<u>15,358</u>	<u>16,375</u>

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 and exchange rates) 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.

NOTES TO THE FINANCIAL STATEMENTS
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13. FILM RIGHTS (Group and Charity) (continued)

Movements in the valuation of film rights

	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Film rights valuation at 1 April	10,970	7,561	15,358	16,375	21,161
New commitments: made in year	23,150	23,570	16,892	27,208	25,933
Decommitments: new film rights in year	-	(135)	(149)	(34)	(197)
Decommitments: historical portfolio	(315)	(463)	(1,088)	(17)	(325)
Repayment of investments: new film rights in year	(539)	(449)	(389)	(791)	(593)
Repayment of investments: historical portfolio	(4,647)	(3,608)	(4,307)	(2,934)	(5,640)
Impairments: new film rights in year	(19,114)	(17,494)	(13,519)	(19,293)	(18,850)
Impairments: historical portfolio	(1,512)	(2,355)	(5,676)	(5,069)	(7,249)
Impairments written back	4,086	3,338	2,670	1,781	3,822
Fair value movement in year: decrease for income already received	(459)	(576)	(911)	(2,205)	(2,242)
Fair value movement in year: (decrease) / increase in additional income expectation	1,007	1,581	(1,320)	337	555
Film rights valuation at 31 March	12,627	10,970	7,561	15,358	16,375

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, 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 balance sheet date calculated from the individual film's historic cash receipts. All such anticipated cash receipts are discounted using the applicable Treasury Rate of 3.7% (2016: 3.7%).

As at 31 March 2017, the Film Rights valuation for production awards is £10.4m (2016: £9.3m) and for all other Film Rights is £2.2m (2016: £1.7m) totalling £12.6m (2016: £11.0m). For production awards, where the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2017 would be £0.5m for 183 awards (2016: £0.5m for 176 awards).

Movements in impairments in the year are as follows:

	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Impairments: new film rights in year	(19,114)	(17,494)	(13,519)	(19,293)	(18,850)
Impairments: historical portfolio	(1,512)	(2,354)	(5,676)	(5,069)	(7,249)
	(20,626)	(19,848)	(19,195)	(24,362)	(26,099)
Impairments written back: historical portfolio	4,086	3,338	2,670	1,781	3,822
Net movement in impairments	(16,540)	(16,510)	(16,525)	(22,581)	(22,277)

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.

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 £3.4m (2016 - £1.8m). Were this default reduction percentage to change to 80% the Film Rights valuation would increase by £0.2m (2016 - £0.1m) were this default reduction percentage to change to 70% the Film Right valuation would decrease by £0.2m (2016 - £0.1m).

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

	2016-17 £'000	2015-16 £'000
Fair value reserve at 1 April 2016	2,329	1,326
Decrease for income received	(459)	(577)
Increase for expected future income	1,007	1,580
Fair value reserve at 31 March 2017	2,877	2,329

NOTES TO THE FINANCIAL STATEMENTS
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14. NATIONAL LOTTERY DISTRIBUTION FUND (Group and Charity)

The movement in balances held at the NLDF is:

	2017	2016
	£'000	£'000
Balance at 1 April 2016	61,106	61,160
Income received from the Lottery receipts	44,073	52,007
Investment income earned on NLDF balances	<u>144</u>	<u>212</u>
Available for distribution	105,323	113,379
Cash drawn down	<u>(47,770)</u>	<u>(52,273)</u>
Balance at 31 March 2017	<u><u>57,553</u></u>	<u><u>61,106</u></u>

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 (2016: £nil).

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

	2017	2016
	£'000	£'000
Work in progress	50	51
Finished goods	<u>473</u>	<u>384</u>
	<u><u>523</u></u>	<u><u>435</u></u>

16. DEBTORS

	Group	Group	Charity	Charity
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	2,411	2,594	2,097	2,212
Amount owed by subsidiary undertakings	-	-	2,628	1,988
Other debtors	1,989	1,470	1,929	1,810
Prepayments and accrued income	<u>3,705</u>	<u>3,154</u>	<u>2,565</u>	<u>2,063</u>
	<u><u>8,105</u></u>	<u><u>7,218</u></u>	<u><u>9,219</u></u>	<u><u>8,073</u></u>

17. CASH AT BANK AND IN HAND

		2017	2016
		Total	Total
		£'000	£'000
Analysis of cash and cash equivalents			
Cash at bank and in hand	Group	<u>4,986</u>	<u>8,346</u>
Cash at bank and in hand	Charity	<u>2,300</u>	<u>5,905</u>

All cash at bank is held with UK commercial banks.

£1.8m (2016: £0.7m) of cash held in BFI lottery bank accounts is funds recouped by BFI and held on behalf of producers under the "Rewarding Success" recoupment corridor - see note 21.

18. 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

Income was derived from:	2017	%	2016	%
	£'000		£'000	
DCMS Grant-in-aid	20,542	21.5%	20,918	20.9%
DCMS Capital provision	3,423	3.6%	1,307	1.3%
Other legacies, grants and donations and investment income	5,472	5.7%	3,815	3.8%
Resources generated from charitable activities	19,747	20.6%	19,816	19.8%
Donated services and facilities	1,501	1.6%	1,485	1.5%
Lottery proceeds and receipts	<u>45,039</u>	<u>47.0%</u>	<u>52,803</u>	<u>52.7%</u>
	<u><u>95,724</u></u>	<u><u>100.0%</u></u>	<u><u>100,144</u></u>	<u><u>100.0%</u></u>

NOTES TO THE FINANCIAL STATEMENTS
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18. 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 £61.2m at the balance sheet date (2016: £65.7m), sufficient liquid resources are available to cover all existing commitments totalling £35.6m (2016: £38.7m) 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 of the BFI's investment in the NLDF at the year end was £57.6m (2016: £61.1m) and the average investment return for the year was 0.34% (2016: 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 0.1% (2016: 0.3%). The group cash balance at the year end was £9.8m (2016: £8.3m).

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

Film rights at 31 March 2017 have a valuation of £12.6m (2016: £11.0m). 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, however foreign currency exchange risks are significant in the valuation of the Film Rights as explained in the Lottery financial statements note 12: Financial Instruments and note 5: Film Rights and Impairments.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Trade creditors	(2,357)	(1,232)	(2,319)	(1,222)
Amount owed to subsidiary undertakings	-	-	(93)	(93)
Other taxes and social security costs	(556)	(650)	(556)	(650)
Other creditors	(1,562)	(389)	(1,553)	(388)
Lottery awards payable (see Note 22)	(29,285)	(33,434)	(29,285)	(33,434)
Accruals	(4,268)	(4,847)	(4,211)	(4,805)
Deferred income (see Note 20)	(1,405)	(1,276)	(948)	(722)
	<u>(39,433)</u>	<u>(41,828)</u>	<u>(38,965)</u>	<u>(41,314)</u>

The Other creditors comparative has been amended to reflect the reclassification of the "Rewarding success" liability as a provision rather than as a payable. See note 21 Provisions.

20. DEFERRED INCOME

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
At 1 April 2016	(1,276)	(1,389)	(722)	(939)
Amount released to income	1,276	1,389	722	939
Amount deferred in year	(1,405)	(1,276)	(948)	(722)
At 31 March 2017	<u>(1,405)</u>	<u>(1,276)</u>	<u>(948)</u>	<u>(722)</u>

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

NOTES TO THE FINANCIAL STATEMENTS
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21. PROVISIONS (Group and Charity)

	2017	2016
	£'000	£'000
At 1 April	(736)	(405)
New provisions in the year	(1,355)	(376)
Provisions released in year	302	45
At 31 March	<u>(1,789)</u>	<u>(736)</u>

Rewarding Success provision

The rewarding success initiative allows for a share of film recoupment income arising from lottery awards to be made available to UK Producers, Writers and Directors for their future film making activity. The funds held on behalf of film-makers ("the locked box") represents the monies held for this initiative at the balance sheet date and not yet drawn down.

22. LOTTERY AWARDS PAYABLE (Group and Charity)

	2017	2016
	£'000	£'000
At 1 April 2016	(33,434)	(42,426)
New films right commitments in year	(23,150)	(23,570)
New non-film rights commitments in year	(17,745)	(13,249)
Decommitments	327	825
Amounts paid	44,717	44,986
At 31 March 2017	<u>(29,285)</u>	<u>(33,434)</u>

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

	2017	2016
	£'000	£'000
Ageing of award commitments, estimated date of payment		
Due within one year	(29,285)	(33,434)
Due after one year	-	-
	<u>(29,285)</u>	<u>(33,434)</u>

Reconciliation to Lottery accounts

	2017	2016
	£'000	£'000
Creditors: amounts falling due within one year	(29,285)	(33,434)
Provisions	(1,789)	(736)
Other payables - Awards Commitments: Unlocking Film Heritage - eliminated on consolidation	(1,240)	(5,033)
	<u>(32,314)</u>	<u>(39,203)</u>

Lottery accounts

Other payables - Awards Commitments	(19,112)	(33,192)
Provision for award commitments	(13,202)	(6,011)
	<u>(32,314)</u>	<u>(39,203)</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

23. STATEMENT OF FUNDS (Group)

	At 1 April 2016 £'000	Income £'000	Expenditure £'000	Other recognised gains/(losses) £'000	Transfers £'000	At 31 March 2017 £'000
Unrestricted funds:						
Income funds excluding pensions asset/liability	23,668	37,067	(40,208)	-	4,144	24,671
Pension reserve	(53,198)	-	(2,633)	(11,694)	-	(67,525)
Fixed asset revaluation reserve	6,708	-	(1,066)	14,693	-	20,335
Total unrestricted funds	(22,822)	37,067	(43,907)	2,999	4,144	(22,519)
Restricted funds:						
<i>Fixed Assets</i>	11,704	-	(624)	-	-	11,080
Fixed asset revaluation reserve	10,278	-	(616)	17,724	-	27,386
	21,982	-	(1,240)	17,724	-	38,466
<i>Charitable Activities:</i>						
Donated Services and Facilities	-	1,501	(1,501)	-	-	-
DCMS - Revenue GiA	-	5,000	(5,000)	-	-	-
Unlocking Film Heritage	4,949	-	(3,236)	-	(721)	992
DCMS - Capital GiA	-	3,423	-	-	(3,423)	-
Clifford Hamer Shaw - Legacy	-	1,110	-	-	-	1,110
BFI Lottery	-	-	(1,000)	-	1,000	-
BFI Trust	-	952	(952)	-	-	-
Education, Audio-visual and Culture Executive Agency	-	284	(284)	-	-	-
Friends of the BFI	-	283	(283)	-	-	-
Esmee Fairbairn Foundation	50	261	(311)	-	-	-
Eric Anker-Petersen	-	88	(88)	-	-	-
The David Lean Foundation	-	64	(64)	-	-	-
FILM LONDON	-	60	(60)	-	-	-
Simon Hessel	-	50	(50)	-	-	-
UKPC-TCP	-	42	(42)	-	-	-
Wellcome Trust	-	40	(40)	-	-	-
Department of Culture Ireland	-	28	(28)	-	-	-
Arts Council of England	-	29	(29)	-	-	-
The Mohamed S Farsi	-	15	(15)	-	-	-
Neil Kreitman Foundation	-	15	(15)	-	-	-
Europa Cinemas	-	14	(14)	-	-	-
David Lean	-	12	(12)	-	-	-
Greater London Authority	-	11	(11)	-	-	-
Chaplin Foundation	41	-	-	-	-	41
Garfield Weston Foundation	49	-	(49)	-	-	-
Other up to £10,000	-	168	(168)	-	-	-
Total restricted funds excluding lottery	27,070	13,450	(14,493)	17,724	(3,144)	40,607
Lottery funds:						
Lottery reserve	36,442	45,042	(39,660)	-	(1,000)	40,824
Donations and other income - Creative Scotland	-	165	(165)	-	-	-
Lottery fair value reserve	2,329	-	-	548	-	2,877
Lottery share of pension reserve	(2,538)	-	(161)	(611)	-	(3,310)
Total Lottery funds	36,233	45,207	(39,986)	(63)	(1,000)	40,391
Total funds	40,481	95,724	(98,386)	20,660	-	58,479

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

NOTES TO THE FINANCIAL STATEMENTS
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23. STATEMENT OF FUNDS (Group) (Continued)

Restricted funds:

Fixed assets

Donated Services and Facilities

DCMS - Revenue GiA

Unlocking Film Heritage

DCMS - Capital GiA

Clifford Hamer Shaw - Legacy

BFI Lottery

BFI Trust

Education, Audio-visual and Culture Executive Agency

Friends of the BFI

Esmee Fairbairn Foundation

Eric Anker-Petersen

The David Lean Foundation

FILM LONDON

Simon Hessel

UKPC-TCP

Wellcome Trust

Department of Culture Ireland

Arts Council of England

The Mohamed S Farsi

Neil Kreitman Foundation

Europa Cinemas

David Lean

Greater London Authority

Chaplin Foundation

Garfield Weston Foundation

Other up to £10,000

Northern Ireland Department of Culture

Donations and other income

Description:

Assets subject to ongoing restrictions and their associated depreciation. This is primarily the BFI London IMAX, as described in note 10.

Funds ring fenced for Northern Ireland Screen and Education projects

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.

Funds for capital expenditure

Funding for the BFI National Film & Television archive

Awarded by the Lottery under Section 27 dispensation towards improving public access to the 2016 BFI London Film Festival.

Funding towards the 2016 BFI London Film Festival temporary venue and developing plans for the BFI Film Centre

Media Desk funding

Various film restoration projects including funding towards the restoration the Private Lives of Henry VIII; work on Mitchell and Kenyon project (Phase II); classic film prints; a workshop and seminar on film music; and the digitisation of four early Vivaphone sound films.

Britain on Film

Love, Life and Laughter

Funding towards post of Head of Trusts and Individuals

London Film Festival

Film restoration

International Prosperity Fund

Orlando Project

Film Academy

The Informer 2016 Archive Gala and Experimenta at the 2016 BFI London Film Festival

Love Blockbuster Digitalisation

Jewish Britain

BFI Southbank

Lawrence of Arabia event

BFI Punk London - education project

Archive restoration and other work

Archive - Special Collections Store at the BFI National Archive

Various grant awards towards education, restoration and programming

Funding for the Film Academy programme in Northern Ireland

Sundry other income

Fund balances at 31 March 2017 are represented by:

	Unrestricted £'000	Restricted £'000	Total £'000
Intangible fixed assets	669	-	669
Tangible fixed assets	42,810	38,466	81,276
Film rights	-	12,627	12,627
National Lottery Distribution Fund	-	57,553	57,553
Stocks and work in progress	523	-	523
Debtors	4,612	3,493	8,105
Cash at bank and in hand	4,986	4,797	9,783
Current assets	10,121	78,470	88,591
Current liabilities	(8,594)	(32,628)	(41,222)
Income funds excluding pensions asset/liability	45,006	84,308	129,314
Creditors due after more than one year	-	-	-
Long term pension liabilities	(67,525)	(3,310)	(70,835)
Total net assets	(22,519)	80,998	58,479

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.

Net free reserves

	2017 Unrestricted £'000	2016 Unrestricted £'000
Current assets	10,121	9,978
Current liabilities	(8,594)	(8,326)
Net free reserves	1,527	1,652

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

23. STATEMENT OF FUNDS (Group) (Continued)

Operating statement - Charity only	2017 Total £'000	2016 Total £'000
Income	91,475	96,076
Expenditure	(97,477)	(95,330)
Operating (loss) / surplus	(6,002)	746
BFI (Big Screen) Limited and British Screen Group surpluses gift aided to the BFI	3,466	3,619
Actuarial gains / (losses) on defined benefit pension schemes	(12,305)	7,322
Movement in fair value reserves	548	1,003
Movement in fixed asset revaluation reserves	32,417	1,452
Charity only funds at 1 April 2016	40,025	25,883
Charity only funds at 31 March 2017	58,149	40,025

24. LEASE COMMITMENTS (Group and Charity)

At 31 March 2017, the Charity had annual commitments in respect of non-cancellable operating leases as set out below:

	Land and buildings 2017 £'000	Restated Land and buildings 2016 £'000	Other 2017 £'000	Other 2016 £'000
Leases which expire:				
Less than 1 year	(1,835)	(1,515)	(50)	(55)
Within 2 to 5 years	(5,680)	(6,060)	(4)	(46)
Over 5 years	(3,471)	(797)	-	-
	(10,986)	(8,372)	(54)	(101)

Leases expiring over 5 years were miscalculated as £516,000 instead of £797,000 in the prior year accounts.

25. CAPITAL COMMITMENTS (Group and Charity)

As at 31 March 2017, the BFI had capital commitments outstanding of £0.12m (2016: £0.35m) relating to the UFH Digitisation infrastructure and £2.15m (2016: £Nil) relating to estate refurbishment.

26. CONTINGENT 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 10).

At 31 March 2017 Grant in Aid awards had been made for activity commencing on or after 1 April 2017. As these are contingent upon the receipt of Grant in Aid funding from DCMS in 2017-18 these are not taken to the Statement of Financial Activities in the year but are disclosed here.

	2017 £'000	2016 £'000
Creative England	(830)	(864)
Film London	(511)	(532)
Film Agency for Wales	(117)	(122)
Northern Ireland Screen: Irish Language Fund	(3,000)	(3,000)
Northern Ireland Screen: Ulster Scots Fund	(1,000)	(1,000)
	(5,458)	(5,518)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

27. FINANCIAL AND OTHER COMMITMENTS

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 balance sheet at that date.

	2017	2016
	£'000	£'000
<i>Prior year Lottery awards</i>		
Production awards	-	(1)
Development awards	(35)	-
Targeted development awards	(300)	-
Vision Fund Awards	(50)	-
<i>In year Lottery awards</i>		
Production awards	(2,575)	(3,738)
Distribution awards	(531)	(53)
Development awards	(298)	(402)
Targeted Development Programme	(650)	(300)
Vision awards	(50)	(50)
Financial commitments - notified but not yet recognised in the financial statements	<u>(4,489)</u>	<u>(4,544)</u>

Other contractual commitments

The BFI has entered into non-cancellable contracts (which are not leases), for a variety of services, including building maintenance, security and software support costs. The total payments to which the BFI is committed are as follows:

	2017	2016
	£'000	£'000
Not later than one year	(980)	(919)
Later than one year and not later than five years	-	-
Later than five years	-	-
Contracts for delivery of services	<u>(980)</u>	<u>(919)</u>

28. CONTINGENT ASSETS (Group and Charity)

The National Lottery Distributors are entitled to receive a share of the receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority dated 29 March 2012 which sets out the distribution of funds between the GLA and the lottery distributors (via DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2016-17 to 2036-37 and DCMS estimates the first payments to the Lottery Distributors to come through around 2020-21.

BFI will be entitled to receive a portion of the receipts from the sale in line with the 2.705% of the funds available to the good causes that the BFI receives as a lottery distributor.

Due to the inherent uncertainties over such a time period of the going rate of such land sales it is not possible to yet quantify the value of this. However assuming that the selling price is at least the amount of the distributors' investment, the BFI could expect to receive in excess of £18m.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

29. 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 2. Amanda Nevill (Chief Executive) is a Trustee of the Friends of the BFI, a USA based charity with which there were a number of transactions in the year totalling £303,000. (2016: £136,000)

Josh Berger is President and Managing Director of Warner Bros. Entertainment UK, Ireland and Spain. The BFI traded with the Warner Bros. group of companies on an arms length basis during the year, including sales income of £2,645 (2016: £47,498) and expenditure, primarily film royalties, of £25,477 (2016: £286,367). Oona King, Governor is a Director of YouTube with which the BFI incurred indirect marketing spend in the year of £4,064. Governors made unrestricted donations totalling £33,000 (2016: £72,000).

Executive directors made unrestricted donations totalling £0 (2016: £620).

Lottery Awards

Recipient of funding	Name	Role with BFI	Relationship to recipient of funding	New Awards made	Balance as at 31 March 2017
				Year Ended 31 March 2017	
Big Talk Pictures Ltd	Matthew Justice	Governor	Director	56,812	10,000

Charles Cecil (retired 31.10.2016) is a director of Screen Yorkshire. Screen Yorkshire independently co-funded a number of projects across the year with the BFI. £44,157 remained outstanding at 31 March 2017 in relation to awards made in previous years.

A number of BFI Governors and Staff are members of BAFTA, but with no formal management or governance role there-in. BAFTA received two lottery awards in the year ending 31 March 2017 totalling £93,885 of which a balance of £27,065 remained payable at that date. The BFI transacted with the BAFTA on an arms length basis during 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 recipient of Grant in Aid funding and as a Lottery distributor, had material transactions with DCMS - see note 2.

Awards made under the Lotteries Act Section 27 dispensation

Using the power granted by the Section 27 of the National Lotteries Act etc 1993, in 2012-13 the Secretary of State did not object to 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 2017 a balance of funds of £992,000 (2016: £4,949,000) remained (note 23).

Under the same power in 2016-17 the Secretary of State did not object to an award of £1,000,000 (2015-16: £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.

30. 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 2017 £nil (2016: £nil) 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.

31. POST BALANCE SHEET EVENTS (Group and Charity)

At the time of signing the accounts there were no events after the reporting period, either adjusting or non-adjusting which require recognition or disclosure 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 from a prospective donor to the new film centre was disclosed in the 2015-16 statutory accounts. Due to circumstances beyond the control of the BFI the offer has been withdrawn. Since no agreement had been signed the BFI has not recognised any impact in these 2016-17 statutory accounts.

Registered charity no: 287780

**BRITISH FILM INSTITUTE
GROUP AND LOTTERY
ANNUAL REPORT AND FINANCIAL STATEMENTS 2016-17**

LOTTERY FINANCIAL STATEMENTS
For the year ended 31 March 2017

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 Governors and Chief Executive confirm that the annual report and accounts as a whole is fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Governors and Chief Executive confirm that the annual report and accounts as a whole is fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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 100 to 116, 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.

Pat Butler

BFI Governor

12 July 2017

Amanda Nevill

Chief Executive

12 July 2017

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 2017 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 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, 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 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 2017 and of the 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 and Staff 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 the 'What we delivered this year', 'Key Performance Measures', 'Financial Review', 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 returns adequate for my audit have not been received from branches not visited by my staff; 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.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

17 July 2017

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

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
YEAR ENDED 31 MARCH 2017

	Notes	2016-17	2015-16
		£'000	£'000
Income			
Proceeds from the National Lottery	2	44,073	52,007
National Lottery Distribution Fund investment income	2	144	212
Recoupment income			
Arts Council England and UK Film Council portfolio	3	330	461
BFI portfolio	3	466	123
Other income		191	75
Total income		45,204	52,878
Expenditure			
Lottery - non-film rights awards	4	(18,853)	(15,464)
Impairments against film rights	5	(20,626)	(19,848)
Reversal of impairments against film rights	5	4,086	3,338
Operating costs	8	(5,594)	(5,462)
Restructuring costs	9	(369)	(369)
Total expenditure		(41,356)	(37,805)
Operating surplus		3,848	15,073
Bank interest receivable		3	8
Surplus on ordinary activities before taxation		3,851	15,081
Tax on surplus on ordinary activities for the year		-	-
Surplus for the year		3,851	15,081
Other comprehensive expenditure			
Actuarial (loss)/gain	7	(611)	479
Movement in fair valuation reserve	5	548	1,003
Total other comprehensive expenditure		(63)	1,482
Total comprehensive income / (expenditure)		3,788	16,563

All activities were on a continuing basis. The accompanying notes 1 to 22 form part of these accounts.

STATEMENT OF FINANCIAL POSITION
31 MARCH 2017

	Notes	At 31 March 2017	At 31 March 2016
		£'000	£'000
Non-current assets			
Trade and other receivables falling due after one year	10	1,106	1,475
Total non-current assets		1,106	1,475
Current assets			
Film rights	5	12,627	10,970
National Lottery Distribution Fund	2	57,553	61,106
Trade and other receivables falling due within one year	10	2,615	1,704
Cash and cash equivalents	11	3,656	4,631
Total current assets		76,451	78,411
Current liabilities			
Trade and other payables	13	(67)	(67)
Other payables - award commitments	14	(19,112)	(33,192)
Provisions	15	(13,202)	(6,011)
Total current liabilities		(32,381)	(39,270)
Total net current assets for the year ended 31 March		44,070	39,141
Non-current liabilities			
Pension liability	7	(3,310)	(2,538)
Total non-current liabilities		(3,310)	(2,538)
Assets less liabilities		41,866	38,078
Capital and reserves			
Lottery reserve		42,299	38,287
Fair valuation reserve	5	2,877	2,329
Pension reserve	7	(3,310)	(2,538)
		41,866	38,078

The accompanying notes 1 to 22 form part of these accounts.

The financial statements were approved and authorised for signature by the Governors on 3 July 2017.

Pat Butler
BFI Governor

12 July 2017

Amanda Nevill
Chief Executive

12 July 2017

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2017

	Notes	2016-17	2015-16
		£'000	£'000
Operating surplus		3,851	15,081
Increase in film rights	5	(1,109)	(2,406)
Decrease in trade receivables and NDLF	10 and 2	3,011	860
Increase in trade payables	13	-	331
Decrease in award payables	14	(14,080)	(18,705)
Increase in provisions	15	7,191	4,908
Non cash pension movements	7	161	166
Interest received		(3)	(8)
Cash receipts from National Lottery Distribution Fund	2	(47,770)	(52,273)
Net cash from operating activities		(48,748)	(52,046)
Interest received		3	8
Cash receipts from National Lottery Distribution Fund	2	47,770	52,273
Cashflows from investing activities		47,773	52,281
Increase in cash in the year		(975)	235
Cash and cash equivalents at 1 April	11	4,631	4,396
Cash and cash equivalents at 31 March		<u>3,656</u>	<u>4,631</u>

The accompanying notes 1 to 22 form part of these accounts.

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017**

	Notes	Lottery Reserve £'000	Fair Valuation Reserve £'000	Pension Reserve £'000	Total Reserve £'000
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	7	-	-	479	479
Movement in fair valuation reserve	5	-	1,003	-	1,003
Balance at 31 March 2016		38,287	2,329	(2,538)	38,078
Surplus/(deficit) for the year		4,012	-	(161)	3,851
Re-measurements in the year	7	-	-	(611)	(611)
Movement in fair valuation reserve	5	-	548	-	548
Balance at 31 March 2017		42,299	2,877	(3,310)	41,866

The accompanying notes 1 to 22 form part of these accounts.

YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

Basis of Accounts

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 year end reserves of £41.9m (2016: £38.1m).

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.

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 Lottery 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 disclosed by way of a note to the financial statements, whereas the liabilities and provision are recognised in the financial statements.

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 which 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 these calculations 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 2017

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 in the next seven financial years.

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 benefit 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. This 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.

Provisions for award commitments

Provisions for award commitments arise where the BFI has agreed in principle to fund a scheme or project and made an offer, 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 but as a provision. Provisions are released in the following accounting periods as the offers of funding are contractually agreed and the associated conditions met.

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 seven 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 £0.5m is made up of an increase in the fair value of film rights of £1.0m and a release from the reserve of £0.5m 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 and in the recharge of operating costs. Details on the judgements and estimation involved in the valuation of the film rights are set out in the Film Rights accounting policy above and note 5: Film Rights and Impairments. The recharge of operating costs are based on an assessment of relevant direct costs of the lottery departments and an appropriate proportion of the central support functions such as Facilities, Finance and IT. Further information can be found in note 8: Operating Costs

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 2017. 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.

Analysis of total expenditure between administrative and programme spend

Under the definitions of the Financial Reporting Manual 2016-17 all activities in these accounts are programme spend.

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 2017

2. LOTTERY INCOME AND THE NATIONAL LOTTERY DISTRIBUTION FUND

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

	2016-17 £'000	2015-16 £'000
Opening balance held at the NLDF	61,106	61,160
Income received from the Lottery	44,073	52,007
Investment income earned	144	212
Available for distribution	105,323	113,379
Cash drawn down	(47,770)	(52,273)
Balance as at 31 March	57,553	61,106

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 (2016: nil).

Income received from the Lottery

The underlying cause of the decreased income from Lottery is falling 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:

	2016-17 £'000	2015-16 £'000
Repayment of diversion regarding promotion of new games, prizes and price modelling	431	432
Unclaimed prize money	3,577	3,480

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.

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 UK Film Council, the BFI receives all future income generated from rights in the portfolio of films transferred from the UK Film Council 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.

	2016-17 £'000	2015-16 £'000
Total film receipts taken as income	796	584
Total film receipts taken against film rights on the statement of financial position	5,185	4,057
	5,981	4,641

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

	2016-17 £'000
Billy Elliott	123
9 films generating < £100,000	207
Arts Council England and UK Film Council portfolio	330
45 Years	204
7 films generating < £100,000	262
BFI portfolio	466
	796

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

	2016-17 £'000
The Girl with All the Gifts (aka She Who Brings Gifts)	587
A United Kingdom	507
45 Years	382
The Lobster	327
Suffragette	262
American Honey	176
The Favourite (aka Balance of Power)	174
Darkness Visible	141
Slow West	134
The Lovers and the Despot	116
Sunset Song	101
119 films generating < £100,000	2,278
	5,185

YEAR ENDED 31 MARCH 2017
4. NON-FILM RIGHTS AWARDS

Non-film rights awards are made across a number of schemes operated by the BFI. The majority of awards are for single projects which are anticipated to be completed within one year. With the development of our new 5 year plan, BFI2022, and in comparison to previous years, no significant multi-year awards were made. However awards were made in the year to March 17 for activities in 2017-18.

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	2016-17 Decommit- ments* £'000	Awards net of fall ins £'000	2015-16 Awards net of fall ins £'000
Multi-year funding to period ending March 2017				
Film Network fund	-	-	-	(636)
Total multi-year funding	-	-	-	(636)
Project or single year funding to cover the period to March 2018				
Film Education awards	(4,800)	-	(4,800)	-
Film Network fund	(2,327)	-	(2,327)	-
Film Skills Fund awards	(2,429)	207	(2,222)	-
Film Festivals awards	(2,050)	7	(2,043)	(2,194)
Creative England	(1,686)	-	(1,686)	(7,705)
Rewarding Success	(1,355)	-	(1,355)	(463)
Programme Development Fund	(1,211)	32	(1,179)	(1,653)
International awards	(1,294)	194	(1,100)	(843)
BFI Neighbourhood awards	(618)	-	(618)	(495)
Film Academy awards	(486)	3	(483)	(468)
Research and Statistics awards	(294)	64	(230)	(347)
Lottery Archive Fund	(239)	-	(239)	-
Diversity awards	(200)	-	(200)	(65)
Production hub awards	(100)	-	(100)	(127)
Targeted development fund	(100)	-	(100)	-
Distribution and Exhibition awards	-	-	-	(11)
Film Fund and Regional awards (non-film rights)	-	52	52	(51)
Total project funding	(19,189)	559	(18,630)	(14,422)
Activity support				
Research and statistics	(223)	-	(223)	(406)
Total activity support	(223)	-	(223)	(406)
Total Lottery non-film rights	(19,412)	559	(18,853)	(15,464)

* 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 commercial success of a project is important in our assessment of an application it is not the only funding criteria.

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

	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Production Awards	10,370	9,325	6,022	14,166	15,968
Development and Vision Awards	1,874	1,411	1,188	876	270
Other Awards	383	234	351	316	137
	12,627	10,970	7,561	15,358	16,375

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 and exchange rates) 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

	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Film rights valuation at 1 April	10,970	7,561	15,358	16,375	21,161
New commitments: made in year	23,150	23,570	16,892	27,208	25,933
Decommitments: new film rights in year	-	(135)	(149)	(34)	(197)
Decommitments: historical portfolio	(315)	(463)	(1,088)	(17)	(325)
Repayment of investments: new film rights in year	(539)	(449)	(389)	(791)	(593)
Repayment of investments: historical portfolio	(4,647)	(3,608)	(4,307)	(2,934)	(5,640)
Impairments: new film rights in year	(19,114)	(17,494)	(13,519)	(19,293)	(18,850)
Impairments: historical portfolio	(1,512)	(2,354)	(5,676)	(5,069)	(7,249)
Impairments written back	4,086	3,338	2,670	1,781	3,822
Fair value movement in year: decrease for income already received	(459)	(576)	(911)	(2,205)	(2,242)
Fair value movement in year: increase/(decrease) in additional income expectation	1,007	1,581	(1,320)	337	555
Film rights valuation at 31 March	12,627	10,970	7,561	15,358	16,375

YEAR ENDED 31 MARCH 2017

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. All such anticipated cash receipts are discounted using the applicable Treasury Rate of 3.7% (2016: 3.7%).

Movements in impairments in the year are as follows:

	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Impairments: new film rights in year	(19,114)	(17,494)	(13,519)	(19,293)	(18,850)
Impairments: historical portfolio	(1,512)	(2,354)	(5,676)	(5,069)	(7,249)
	<u>(20,626)</u>	<u>(19,848)</u>	<u>(19,195)</u>	<u>(24,362)</u>	<u>(26,099)</u>
Impairments written back: historical portfolio	4,086	3,338	2,670	1,781	3,822
Net movement in impairments	<u>(16,540)</u>	<u>(16,510)</u>	<u>(16,525)</u>	<u>(22,581)</u>	<u>(22,277)</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	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000
Production Awards	10,370	9,324	6,022	14,166	15,968
Vision Awards	1,500	1,095	965	616	-
Development Awards	374	316	223	260	270
Distribution Awards	329	180	211	301	137
Other Awards	54	55	140	15	-
Film Rights valuation	<u>12,627</u>	<u>10,970</u>	<u>7,561</u>	<u>15,358</u>	<u>16,375</u>

As at 31 March 2017, the Film Rights valuation for production awards is £10.4m (2016: £9.3m) and for all other Film Rights is £2.2m (2016: £1.7m) totalling £12.6m (2016: £11.0m). For production awards, where the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2017 would be £0.5m for 183 awards (2016: £0.5m for 176 awards).

In relation to older production awards (historical portfolio), 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 £3.4m (2016 - £1.8m). Were this default reduction to change +/- 5% the Film Rights valuation would change by:

	£'000 +5%	£'000 0.00%	£'000 -5%
Adjustment to default reduction percentage			
2016-17	200	3,400	(200)
2015-16	100	1,800	(100)

In relation to all production awards, the Film Rights valuation is based on future anticipated receipts. These cash receipts are principally earned in US dollars and converted to pound sterling before payment is made to the British Film Institute. Accordingly, each year a *default* pound sterling to US dollar exchange rate is used to translate the anticipated receipts to a pound sterling valuation. The *default* pound sterling to US dollar exchange rate used for the four years to 31 March 2016 remained at US \$1.60. However during this financial year, the valuation of the pound depreciated significantly against the US dollar and therefore the default rate of US \$1.60 was no longer deemed applicable. Following an internal review, the default rate as at 31 March 2017 for all production awards has been reduced to US \$1.40 (being the average pound sterling to US dollar exchange rate for the two years to 31 March 2017 and rounded to the nearest 5 US cents).

Had the pound sterling to US dollar exchange rate remained at the historic US \$1.60 for the purposes of the Film Rights valuation, then the valuation of the total of all the production awards would be reduced by £1.2m (2016 - £0.0m) and were the valuation calculated using US \$1.25 (which is the pound sterling to US dollar exchange rate as at 31 March 2017), then the total of all the production awards valuation would be increased by £1.2m (2016 - £2.6m).

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

	2016-17 £'000	2015-16 £'000
Fair value reserve at 1 April	2,329	1,326
Decrease for income received	(459)	(577)
(Decrease)/increase for expected future income	<u>1,007</u>	<u>1,580</u>
	548	1,003
Fair value at 31 March	<u>2,877</u>	<u>2,329</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 2017

6. STAFF COSTS

No member of the Board of Governors received remuneration during the year (2016: none).

The costs of staff working wholly on Lottery activities comprised:

	2016-17 £'000	2015-16 £'000
Wages and salaries	1,955	1,900
Social Security costs	220	195
Pension service costs and other pension costs	311	297
	2,486	2,392

The average number of staff (full-time equivalents) employed during the year was made up as follows:

	2016-17 Number	2015-16 Number
Management and administration:		
Permanent staff	38	37
	38	37

Staff costs for the year are contained within the costs apportioned from grant-in-aid on the statement of comprehensive net expenditure.

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

	2016-17 £	%	Attributable to Lottery £
Amanda Nevill			
Salary and benefits	144,016		72,008
Total	144,016	50.0%	72,008
Pension contribution	16,417		8,209
	2015-16 £	%	Attributable to Lottery £
Amanda Nevill			
Salary and benefits	143,418		74,577
Total	143,418	52.0%	74,577
Pension contribution	16,350		8,502

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 defined benefit scheme amounted to £164,000 (2016: £153,000)

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 (2016: 12.2%).

A valuation under IAS19 as at March 2017 was carried out by a qualified independent actuary. The assumptions used by the actuary for the BFI's scheme were:

	2016-17 %	2015-16 %
Rate of increase in salaries	4.1	3.8
Rate of increase in pension payments	2.7	2.4
Discount rate	2.8	3.7
Inflation assumption (CPI)	2.7	2.4
<i>Average life expectancy at 65:</i>	Males	Females
Current pensioners	21.6	24.5
Future pensioners	23.9	26.8

YEAR ENDED 31 MARCH 2017

7. PENSION BENEFITS (CONTINUED)

The estimated asset allocation as at 31 March was:

	2016-17 Long term rate of return expected £'000	2015-16 Long term rate of return expected £'000
Equities	5,496	3,192
LDI/cashflow matching	-	551
Target return portfolio	1,924	2,132
Infrastructure	458	360
Commodities	-	66
Property	458	206
Cash	824	845
Total market value of assets	9,160	7,352

The net pension liability was:

	At 31 March 2017 £'000	At 31 March 2016 £'000	At 31.3.2015 £'000
Present value of funded obligation	(12,470)	(9,890)	(10,190)
Fair value of scheme asset	9,160	7,352	7,339
Net liability	(3,310)	(2,538)	(2,851)

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

	2016-17 £'000	2015-16 £'000
Current service cost	(348)	(223)
Net interest on the defined liability	(90)	(90)
Administration expenses	(12)	(6)
Total	(450)	(319)
Actual return on plan assets	1,517	(57)

Amounts recognised in statement of changes in equity:

	2016-17 £'000	2015-16 £'000
Return on plan assets in excess of interest	1,244	(301)
Other actuarial gains/(losses) on assets	146	-
Change in financial assumption	(2,302)	770
Experience gain/(loss) of defined benefit obligation	301	10
Remeasurements recognised in the statement of changes in equity	(611)	479
Cumulative remeasurements in statement of changes in equity	(4,232)	(3,621)

Changes in the present value of the defined benefit obligation:

	2016-17 £'000	2015-16 £'000
Opening defined benefit obligation	(9,890)	(10,190)
Current service cost	(348)	(223)
Interest cost	(363)	(334)
Contributions by members	(111)	(60)
Change in financial assumptions	(2,302)	770
Experience gain/(loss) on defined benefit	301	10
Benefits paid	243	137
Closing defined benefit obligation	(12,470)	(9,890)

Changes in the fair value of the scheme assets:

	2016-17 £'000	2015-16 £'000
Opening fair value of employer assets	7,352	7,339
Contributions by members	111	60
Contributions by employer	289	153
Interest on assets	273	244
Return on assets less interest	1,244	(301)
Other actuarial gains/(losses)	146	-
Admin expenses	(12)	(6)
Benefits paid	(243)	(137)
Closing fair value of employer assets	9,160	7,352

YEAR ENDED 31 MARCH 2017

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	12,231	12,470	12,714
	Projected service cost	357	365	374
Adjustment to long term salary increase		+0.1%	0.0%	-0.1%
	Present value of total obligation	12,502	12,470	12,439
	Projected service cost	365	365	365
Adjustment to pension increases and deferred valuation		+0.1%	0.0%	-0.1%
	Present value of total obligation	12,682	12,470	12,262
	Projected service cost	374	365	357
Adjustment to mortality age rating assumption		+ 1 year	None	- 1 year
	Present value of total obligation	12,927	12,470	12,029
	Projected service cost	377	365	354

A history of experience gains and losses is shown below:

	2016-17 £'000	2015-16 £'000
Fair value of employer assets	9,160	7,352
Present value of defined benefit obligation	(12,470)	(9,890)
Deficit	(3,310)	(2,538)
Experience (losses)/gains on assets	1,517	(57)
Experience gains/(losses) on liabilities	301	10

8. OPERATING COSTS

	2016-17 £'000	2015-16 £'000
Costs of generating recoupment		
	Direct staff costs	318
	Other staff costs (including agency staff, training and recruitment)	1
	Travel and subsistence	7
	Professional fees - Other	8
	Other costs	4
		338
Direct Lottery costs		
	Direct staff costs	2,055
	Other staff costs (including agency staff, training and recruitment)	54
	Travel and subsistence	137
	Events and other hospitality	29
	Professional fees: Audit - National Audit Office	46
	Professional fees: other	64
	Other	88
		2,473
Recharged costs from BFI non-lottery activities re support functions	2,783	2,720
	5,594	5,462

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 2016-17 total recoupment was £6.0m (2016: £4.6m), so the costs of recovering these costs stood at 6% of the funds recouped (2016: 8%).

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 and Digital.

9. RESTRUCTURING COSTS

	2016-17 £'000	2015-16 £'000
Release of prepayment of capital transfer to BFI	369	369
	369	369

The above prepayment relates to the contribution made to the capital works undertaken by BFI on the Stephen Street offices in relation to the transfer of staff and activities with the closure of UK Film Council and the appointment of BFI as Lottery Distributor from April 2011. The assets are held in the BFI Charity/Group. The lottery contribution was advanced to match the spend, being treated as a prepayment being released over the period of the Stephen Street lease and thus matching the amortisation of this spend in the Charity/Group accounts.

YEAR ENDED 31 MARCH 2017

10. TRADE AND OTHER RECEIVABLES

	At 31 March 2017 £'000	At 31 March 2016 £'000
Trade and other receivables falling due after one year		
Prepayments and accrued income	1,106	1,475
Total trade and other receivables falling due after one year	1,106	1,475
	At 31 March 2017 £'000	At 31 March 2016 £'000
Trade and other receivables falling due within one year		
Prepayments and accrued income	369	369
Trade debtors	747	991
VAT receivable	-	65
Other receivables - BFI Exchequer	1,161	279
Other receivables	338	-
Total trade and other receivables falling due within one year	2,615	1,704

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 1 April	4,631	4,396
Net change in cash and cash equivalent balances	(975)	235
Cash and cash equivalents at 31 March	3,656	4,631

£1.8m (2016: £0.7m) of cash held in BFI lottery bank accounts is funds recouped by BFI and held on behalf of producers under the "Rewarding Success" recoupment corridor.
See note 15: provisions.

All Lottery cash balances are held in commercial bank accounts.

12. FINANCIAL INSTRUMENTS

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.

	2016-17 £'000	2015-16 £'000
Film rights valuations at 31 March	12,627	10,970

Liquidity risks

Lottery cash inflows can be analysed as:

	2016-17 £'000	%	2015-16 £'000	%
Income received from the National Lottery	44,073	87.4%	52,007	91.3%
Investment returns from the balance held at the NLDF	144	0.3%	212	0.4%
Recoupment income from film rights	5,981	11.9%	4,641	8.2%
Other income including legacies, grants and donations	191	0.4%	75	0.1%
	50,389	100.0%	56,935	100.0%

	2016-17 £'000	2015-16 £'000
NLDF balance at 31 March as notified by the Secretary of State for Culture, Media and Sport	57,553	61,106
Lottery funds held in cash and cash equivalents by the BFI at 31 March	3,656	4,631
	61,209	65,737

	2016-17 £'000	2015-16 £'000
Lottery awards payable	19,112	33,192
Provision for Lottery awards	13,202	6,011
Film rights award allocations noted as commitments	4,489	4,544
	36,803	43,747
Under commitment against funds available at 31 March	24,406	21,990

YEAR ENDED 31 MARCH 2017

12.FINANCIAL INSTRUMENTS (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.

	2016-17 £'000	2015-16 £'000
Market value of BFI investment at NLDF at 31 March	57,553	61,106
Average investment return at NLDF	0.34%	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:

	2016-17 £000s	2015-16 £000s
Lottery funds held in cash and cash equivalents by the BFI at 31 March	3,656	4,631
Average interest rate on cash held in variable rate bank accounts	0.07%	0.18%

Foreign currency risks

The BFI's financial assets are not exposed to material foreign exchange risks as long-term balances are held in sterling, however foreign currency exchange risks are significant in the valuation of the Film Rights as explained in note 5: Film Rights and Impairments.

13. TRADE AND OTHER PAYABLES

	At 31 March 2017 £'000	At 31 March 2016 £'000
Other payables	67	67
	<u>67</u>	<u>67</u>

The comparative has been amended to reflect the reclassification of the Rewarding Success liability as a provision rather than a payable. See note 15: Provisions

It is anticipated that all other payables as at 31 March 2017 fall due within one year.

14. OTHER PAYABLES - AWARDS COMMITMENTS

	At 31 March 2017 £'000	At 31 March 2016 £'000
At 1 April	33,192	51,897
New film rights commitments in year	23,150	23,570
Commitments transferred from prior year provision for non-film rights awards	5,273	367
New non-film rights commitments in year	6,321	9,473
Decommitments	(315)	(825)
Amounts paid	(48,509)	(51,290)
At 31 March	<u>19,112</u>	<u>33,192</u>

Award commitments payable at 31 March relate to:

	2016-17 £'000	2015-16 £'000
Production Fund	5,314	3,722
Film Skills Fund	3,800	8,254
Vision Awards	1,738	205
Development Fund	1,405	1,614
Unlocking Film Heritage	1,239	5,033
Creative England	970	758
Targeted Development Fund	834	891
Film Audience Network awards	683	2,525
Distribution Fund	654	569
International awards	590	1,363
Film Academy awards	529	123
Programme Development Fund awards	520	588
Film festival awards	398	469
Neighbourhood awards	128	54
Film Education Fund	107	6,617
Research Fund	84	407
Diversity Fund	51	-
Cluster Fund	44	-
Regional Archive Fund	24	-
	<u>19,112</u>	<u>33,192</u>

In consequence of the multi year awards made in previous years, and as anticipated, the value of commitments outstanding at 31 March 2017 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 in 2016-17 are as follows:

	Prior Year Provision £'000	New Provisions £'000
Creative England	3,850	-
Programme Development Fund awards	535	1,210
Film Audience Network awards	368	732
Research Fund	152	195
Cluster Fund	127	-
Film festival awards	80	1,700
International awards	47	784
Diversity Fund	41	200
Film Academy awards	40	448
Neighbourhood awards	33	453
Regional Archive Fund	-	239
Film Skills Fund	-	360
	<u>5,273</u>	<u>6,321</u>

YEAR ENDED 31 MARCH 2017

14. OTHER PAYABLES - AWARDS COMMITMENTS (CONTINUED)

New non-film rights commitments in the year:

	2016-17 £'000	2015-16 £'000
Multi-year awards for the period to March 2017:		
Creative Skillset awards	-	-
Film Network Fund	-	268
Film Festivals Fund	-	-
Total multi-year awards	-	268
Project funding:		
Film Festivals awards	1,700	584
Programme Development Fund	1,210	1,195
International awards	784	969
Film Audience Network Fund	732	-
BFI Neighbourhood awards	453	461
Film Academy awards	448	428
Future Skills Programme	360	-
Regional Archive Fund	239	-
Diversity awards	200	24
Research Fund awards	195	194
London Film Festival award	-	1,500
Creative England	-	3,850
New commitments in year	6,321	9,473

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

	2016-17 £'000	2015-16 £'000
Non-film rights awards taken to SOCNE in the year	18,853	15,464
Less spend on activity support in year	(223)	(406)
Less new awards in year taken to SOCNE but recorded by way of provision at year end	(11,588)	(5,275)
Add back decommitments of awards from prior years taken as negative spend on SOCNE	(721)	(310)
New non-film rights commitments taken as awards payable	6,321	9,473

Ageing of award commitments, estimated date of payment

	2016-17 £'000	2015-16 £'000
Year ended 31 March 2017	-	33,192
Year ended 31 March 2018	19,112	-
	19,112	33,192

15. PROVISIONS

	Non Film Right Awards £'000	2016-17 Rewarding success £'000	Total £'000	2015-16 Total £'000
At 1 April	5,275	736	6,011	772
New provisions in the year	17,746	1,355	19,101	15,146
Provisions written back in year	(12)	-	(12)	(22)
Provisions released in year	-	(302)	(302)	(45)
Transferred to other payables - award commitments	(11,596)	-	(11,596)	(9,840)
At 31 March	11,413	1,789	13,202	6,011

Provision for non-film right awards

Provisions for award commitments arise where the BFI has agreed in principle to fund a scheme or project and made an offer, 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 liabilities in the statement of financial position as provisions rather than payables. Provisions are released in the following accounting periods as the offers of funding are contractually agreed and the associated conditions met.

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

	2016-17 £'000	2015-16 £'000
Film Education Awards	4,800	-
Film Skills Fund	2,068	-
Film Audience Network	1,595	368
Creative England	1,687	3,850
International	510	47
Film Festivals	350	80
Neighbourhood	165	33
Research Fund	100	153
Clusters Fund	100	127
Film Academies	38	41
Diversity Fund	-	41
Programme Development Fund	-	535
	11,413	5,275

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

Rewarding Success provision

The rewarding success initiative allows for a share of film recoupment income arising from lottery awards to be made available to UK Producers, Writers and Directors for their future film making activity. The funds held on behalf of film-makers ("the locked box") represents the monies held for this initiative at the balance sheet date and not yet drawn down.

YEAR ENDED 31 MARCH 2017
15. PROVISIONS (CONTINUED)

Ageing of provisions, estimated date of payment

	£'000	£'000
Year ended 31 March 2017	-	6,011
Year ended 31 March 2018	13,202	-
	<u>13,202</u>	<u>6,011</u>

At the date of the statement of financial position the BFI Lottery activities had no further provisions (2016: £nil).

16. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2017, 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 March 2017 £'000	At 31 March 2016 £'000
Amounts payable within one year	1,250	1,160
Amounts payable within two to five years	3,750	4,640

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

	At 31 March 2017 £'000	At 31 March 2016 £'000
Amounts payable within one year	288	261
Amounts payable within two to five years	863	1,044

17. CAPITAL COMMITMENTS

As at 31 March 2017, 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 (2016: £nil).

18. OTHER FINANCIAL COMMITMENTS

Financial Commitments

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 March 2017 £'000	At 31 March 2016 £'000
<i>Prior year awards</i>		
Targetted development awards	300	-
Vision Fund Awards	50	-
Development awards	35	-
Production awards	-	1
<i>In year awards</i>		
Production awards	2,575	3,738
Targetted Development Programme	650	300
Distribution awards	531	53
Development awards	298	402
Vision awards	50	50
Financial commitments notified but not yet recognised in the financial statements	<u>4,489</u>	<u>4,544</u>

19. CONTINGENT ASSETS

The National Lottery Distributors are entitled to receive a share of the receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority dated 29 March 2012 which sets out the distribution of funds between the GLA and the lottery distributors (via DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2016-17 to 2036-37 and DCMS estimates the first payments to the Lottery Distributors to come through around 2020-21.

BFI will be entitled to receive a portion of the receipts from the sale in line with the 2.705% of the funds available to the good causes that the BFI receives as a lottery distributor.

Due to the inherent uncertainties over such a time period it is not possible to yet quantify the value of such land sales. However assuming that the selling price is at least the amount of the distributors investment, the BFI could expect to receive in excess of £18m.

20. LOSSES AND SPECIAL PAYMENTS

Screen East, the regional screen agency under the RIFE programme, went into liquidation in September 2010. The agency had received 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 '17 no funds were received from the liquidator towards settlement of this (2016: £nil). 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.

21. 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.

Governors receive no payment for their services and all payments to key management personnel have been disclosed in the Remuneration Report.

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 31.3.2017 £	Balance as at 31.3.2017 £
BFI - London Film Festival	Amanda Nevill	CEO	CEO	1,000,000	-
BFI - Unlocking Film Heritage	Amanda Nevill	CEO	CEO	-	1,240,000
Big Talk Pictures Ltd	Matthew Justice	Governor	Director	56,812	10,000

Charles Cecil (retired 31.10.2016) is a director of Screen Yorkshire. Screen Yorkshire independently co-funded a number of projects across the year with the BFI. £44,157 remained outstanding at 31 March in relation to awards made in previous years.

A number of BFI Governors and Staff are members of BAFTA, but with no formal management or governance role there-in. BAFTA received two lottery awards in the year ending 31 March 2017 totalling £93,885 of which a balance of £27,065 remained payable at that date.

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.

YEAR ENDED 31 MARCH 2017

21. RELATED PARTIES (CONTINUED)

Awards made under the National Lottery etc Act Section 27 dispensation

Using the power granted by the Section 27 of the National Lottery etc Act 1993, in 2012-13 the Secretary of State did not object to 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* 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 2017 the sum of £1.2m remained payable (2016: £5.0m).

Under the same power in 2016-17 the Secretary of State did not object to an award of £1,000,000 to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

22. EVENTS AFTER THE REPORTING PERIOD

At the time of signing the accounts there were no events after the reporting period, either adjusting or non-adjusting which require disclosure in the financial statements. The accounts were authorised for issue on the date the Comptroller and Auditor General signed the audit report.

Schedule 1: New Lottery commitments (unaudited information) in the year ended 31 March 2017

All awards and delegations approved by the Lottery Finance Committee in the year to 31 March 2017 are listed below. In the financial statements these are represented as Non film right awards on the Statement of Comprehensive Net Expenditure (£17.8m), £19.1m were taken to the statement of financial position as Film Rights and subsequently impaired by £17m, with the remainder (£4.1m) disclosed within commitments in the notes to the accounts.

Producer	Project	£
011 Productions Limited	The Devil	21,000
B19 Media (London) Limited	London Tomorrow	18,476
Baby Cow Films Limited	Cottontail	6,000
Baby Cow Films Limited	The King's Indian	20,000
Big Talk Pictures Ltd	The Followers	47,000
Bridge + Tunnel Productions	The Good Iranian	27,500
Calamity Films Limited	Mangrove Nine	3,500
Calamity Films Limited	The Mangrove 9	13,000
Canderlinks Film & Music Limited	Normal People	22,500
Cannon and Morley Productions Limited	Out of the Blue (fka Night Train)	13,000
Cowboy Films Ltd	Pretty	51,000
Crab Apple Films Limited	Gareth Jones	29,500
Daybreak Pictures Limited	The Village Bike [FKA This is Normal; The Unicorn]	5,500
Desperate Optimists Productions Limited	Rose Plays Julie	8,000
Ecosse Films Limited	The Notorious Mrs Norton	39,500
EMU FILMS LIMITED	Jade	1,000
EMU FILMS LIMITED	Sapphire	31,500
EMU FILMS LTD	Benediction	71,500
Feet Films Limited & Free Range Films Limited	Up A Tree in a Park at Night with a Hedgehog	1,000
Flickerpix Limited	I Was a Rat!	24,750
Fly Film Company Limited	Like A Virgin	11,000
Fly Film Company Limited	Starlings [PKA If destroyed still true. I.D.S.T]	4,500
Fly Film Company Limited	The Lighthouse	15,500
Fyzz Facility Pictures Limited	Possum	35,000
Glass Man Films	Somewhere Near The North Cape	27,000
Golden Arrow Pictures Limited	Fellside	26,500
GreenAcre Films Limited	Been so Long	42,500
GreenAcre Films Ltd/Illa State Productions	Relax	1,500
Hot Property Limited	Fight	44,900
Indie Movie Company Limited	Finn In The Forest	18,500
Inflammable Films Limited	Vamp	21,500
Jacqui Davies Limited	Ray & Liz	35,000
Jigsaw Films Ltd	Kensuke's Kingdom	33,725
Journey's End Films Ltd	Journey's End	35,000
JWH Films Limited	The Souvenir	41,927
Kali Films Limited	My Name is Andrea (FKA Intercourse: the Life and Work of Andrea Dworkin)	14,155
Kennedy Mellor Limited	The Lonely Londoners	21,114
Life To Live Films Ltd	The Girl from the Estuary	31,920
Luff Linn Holdings Ltd	An Evening With Beverly Luff Linn	35,000
Martyr's Lane Ltd	Martyr's Lane	19,750
Met Film Production Ltd	Grinny	1,500
Newscope Films and Parti Productions	Darkness Visible	35,000
Newscope Films Limited	Darkness Visible	11,000
Origin Pictures Ltd	Three Big Men	18,500
Parkville Pictures Limited	Untitled Alex Taylor Project	11,000
Poisson Rouge Pictures Limited	Handover	23,500
Poisson Rouge Pictures Limited	The Man Died [FKA A Man Died]	76,250
Prodigal Film & Television Limited	The Last Tree	20,000
Pulse Films Limited	Letters From MIR	30,500
Quark Films Limited	Pin Cushion	35,000
Quinn Trip Productions Ltd	Low Rider	20,500
Raw TV Limited	A Man Names Roald	36,000
Reel Soul Movies Ltd	No Destination	32,200
Rook Films Burgundy Limited	After London	26,500
Rooks Nest Entertainment Limited	Maggot Moon	42,500
Rooks Nest Entertainment Limited	The Spark	33,000
Rosetta Productions Limited	Beats	36,000
Sarah Brocklehurst Productions Limited	Weird	17,500
Script Cube Limited	Gunnar's Daughter	45,500
See-Saw Productions Limited	Hyper	41,195
See-Saw Productions Limited	Tornado	47,900
Shona Films Limited	Tusk	19,000
SIGMA FILMS LTD	Untitled Jane Linfoot	4,800
Slingshot Productions Limited	Londonstani	23,000
Soda Pictures Ltd	I am Not a Witch	35,000
Stigma Films Ltd	The Power	18,000
Stray Bear Productions Ltd	Bad Drawings	25,470
Stray Bear Productions Ltd	Untitled William Oldroyd Project	6,500
SUMS* Film and Media Ltd.	Phone Book	98,700
Tantrum Films Limited	Where Hands Touch	35,000
Tempesta Film UK / Cowboy Films	Wildfire	21,800
The Artangel Trust	Cycle	24,500
The Bureau Film Company Limited	Postcards from London	35,000
The Bureau Film Company Ltd	Lean On Pete	35,000
The Devil Outside Limited	The Devil Outside	35,000
Third Films Limited	Petrichor	24,000
Third Films Limited	Wolf Note	53,290
Unorthodox Productions Limited	Ghost Runner	5,000
Vox Pictures Limited	Caravan	20,000
Warp Films Limited	The Wast Tide	6,000
Warp Films Limited	Yardie	49,950
Water & Power Productions Limited	Maurice: The Phantom of the Open	50,000
Wilder Films Limited	Death in the Jungle	27,000
Wilson Films Ltd	Michael Wilson	2,000
Zeitgeist Films Limited	Tell It To The Bees	6,950
Development and Pre-Production Awards		2,273,222

Producer	Project	£
Agile Films Limited	Beast	30,000
Agile Stray Beast Ltd.	Animal Shadows (aka Beast)	4,285
Apocalypso Pictures Limited	Cold War	435,000
Archer's Mark International Ltd	Notes on Blindness	43,901
Arrow International Media Limited	Escape from Homs	282,759
Been So Long Limited	Been So Long	1,037,098
Brakes Film Productions Ltd	Brakes	64,000
Break Em Ltd	One Man And His Shoes	30,000
Century Aspect Films Limited	The Terrifying World of Otto Baxter	34,930
Dark River Film Limited	Dark River - sustainability	1,815
Diablo Films Ltd	Postcards from London	2,790
Fiery Flying Films Limited	Fanny Lye Deliver'd	153,061
Fiery Flying Films Ltd.	Fanny Lye Deliver'd	70,000
Fluidity Films Limited	Journey's End	700,000
Fyzz Facility Pictures Limited	Possum	462,261
Gale Force Films Limited	Slumdogs	19,212
Generation Revolution Ltd.	Generation Revolution	69,550
Jacqui Davies Limited	Ray & Liz	417,318
Journey's End Films Ltd	Journey's End	150,000
Luff Linn Holdings Ltd	An Evening With Beverly Luff Linn	67,890
Newscope Films Limited	Darkness Visible	750,000
Not a Witch Ltd	I Am Not A Witch	33,500
Number 9 Films Limited	Colette	750,000
Old Boys Production Ltd	Old Boys	40,000
Parallel (Storm) Limited	Mary Shelley (fka A Storm in the Stars)	22,560
Peterloo Limited	Peterloo	1,461,000
Pin Cushion Film Company Limited	Pin Cushion	4,962
Postcode Films Ltd	Even When I Fall	128,140
Pulse Films Limited	XY Chelsea	100,476
Pulse Films SPV 1 Limited	XY Chelsea	69,997
Quark Films Limited	Pin Cushion	392,625
Ray & Liz Production Ltd	Ray & Liz - sustainability	5,000
Responaut Productions Ltd	Breathe	600,000
Rogan Productions Ltd	The Confession	125,329
Rogan Productions Ltd	The Confession - tax credit	36,000
Rogan Productions Ltd	The Confession UK tax credit advance	38,000
Sixteen Films Ltd	You Were Never Really Here	1,250,000
Soda Pictures Limited	I Am Not a Witch	405,837
Tantrum Films Limited	Where Hands Touch	1,400,000
The Bureau Film Company Limited	Postcards from London	555,000
The Devil Outside Limited	The Devil Outside	889,460
Third Films Limited	Christmas Island	83,355
Wigwam Films Ltd	An Evening With Beverly Luff Linn	340,000
Yardie Ltd	Yardie	1,000,000
Production Awards		14,557,111
Air Street Films Limited	BFI Vision Award	100,000
Barry Crerar Ltd	BFI Vision Award	100,000
Blue-Zoo Productions Ltd	BFI Vision Award	50,000
Bridge Way Limited	BFI Vision Award	100,000
Constant Productions Ltd.	BFI Vision Award	100,000
Dark Pictures Limited	BFI Vision Award	100,000
Delaval Film Ltd	BFI Vision Award	100,000
Duck Soup Films Ltd	BFI Vision Award	100,000
Elation Pictures Limited	BFI Vision Award	100,000
Escape Films Ltd	BFI Vision Award	100,000
ie ie Productions Limited	BFI Vision Award	100,000
Jacqui Davies Limited	BFI Vision Award	100,000
Lunar Lander Films Limited	BFI Vision Award	100,000
Noor Pictures Limited	BFI Vision Award	100,000
Out of Orbit Ltd	BFI Vision Award	100,000
Parkville Pictures Limited	BFI Vision Award	100,000
Postcode Films Ltd	BFI Vision Award	100,000
Red Breast Productions Ltd	BFI Vision Award	100,000
Rosetta Productions Limited	BFI Vision Award	100,000
Silvertown Films Limited	BFI Vision Award	100,000
So & So Productions Limited	BFI Vision Award	100,000
Soda Pictures Limited	BFI Vision Award	100,000
Zip-Line Productions Ltd	BFI Vision Award	100,000
Vision Awards		2,250,000
Creative Scotland	Scottish Film Talent NETWORK 2016-17	100,000
Creative Scotland	Scottish Film Talent NETWORK 2017-18	200,000
Daniel Brierley and Tom Jobbins	Untitled Brierley -Jobbins Animation Project - Aardman Lab	98,696
Dean Burke	Untitled Dean Burke Animation Project - Aardman Lab	86,243
Ffilm Cymru Wales C.B.C	Ffilm Cymru Wales - NETWORK Wales 2017-18	200,000
Film London	London Calling and London Calling Plus	169,000
Film London	Microwave 2016-18	352,099
Film London	The Visitor	50,000
Film London	Zero (aka Kill Her Witch)	50,000
Michelle Eastwood and Andrew Yerlett	Untitled Andrew Yerlett Animation Project - Aardman Lab	99,493
Northern Ireland Screen	Northern Ireland Screen - NETWORK 2017-18	150,000
The British Academy of Film and Television Arts	BFI NETWORK Professional Development Programme	41,125
Various	NETWORK at LFF & NETWORK Weekender events	70,000
Targetted Development Fund		1,666,656

Producer	Project	£
Altitude Film Distribution Limited	Lady Macbeth	150,000
Altitude Film Distribution Limited	Moonlight	175,000
Altitude Film Distribution Limited	My Scientology Movie	34,180
Altitude Film Distribution Limited	The Eagle Huntress	55,407
Arrow Film Distributors Limited	Clash (Eshtebak)	52,800
Curzon Film World Limited	The Handmaiden	150,000
Curzon Film World Ltd	Notes On Blindness	40,000
Curzon Film World Ltd	Things To Come	25,000
Dogwoof Ltd	Dancer	55,000
Dogwoof Ltd	Life, Animated	50,000
Dogwoof Ltd	Lo and Behold, Reveries of the Connected World	55,494
Dogwoof Ltd	Versus: The Life and Films of Ken Loach	53,907
Dogwoof Ltd	Where to Invade Next	78,800
Entertainment One UK Limited	I, Daniel Blake	300,000
Genesis Sales and Distribution Limited	Starfish	19,200
Icon Film Distribution Limited	City of Tiny Lights	100,000
Icon Film Distribution Limited	Personal Shopper	125,000
Kaleidoscope Home Entertainment Limited	Prevenge	100,000
Lorton Distribution Limited	Adult Life Skills	29,000
Metrodome Distribution Limited	The Hard Stop	22,886
Peccadillo Pictures Limited	Embrace of the Serpent	67,389
Peccadillo Pictures Limited	Who's Gonna Love Me Now?	36,195
Picturehouse Entertainment Ltd	Elle	150,000
RUNNING FILMS LIMITED	The Weekend	73,900
Soda Pictures Limited	Paterson	128,500
Soda Pictures Limited	Remainder	60,000
Soda Pictures Limited	Toni Erdmann	100,000
Vertigo Releasing Limited	Hunt For The Wilderpeople	125,000
Vertigo Releasing Limited	Jawbone	42,000
Vertigo Releasing Limited	Under The Shadow	45,000
Distribution Awards		2,499,658
Aya Distribution C.I.C.	Rebel With a Camera: The Cinema of Ousmane Sembene	34,000
British Independent Film Awards	BIFA Independents	99,841
Chapter (Cardiff) Limited	Roald Dahl Centenary	114,092
Flatpack Projects	Birmingham on Film	31,550
Independent Cinema Office	Black Star Regional Tour	15,884
Institute of Contemporary Arts Limited	Transit	52,630
Nottingham Media Centre Limited	Britain on Film - Rural	144,700
Nottingham Media Centre Limited	Britain on Film - Coastal	264,123
SKE 2018 Community Interest Company	Stanley Kubrick Exhibition 2018 (SKE 2018)	30,000
The British Academy of Film and Television Arts	BAFTA at 70: Debut Film Tour	52,760
The Sheffield Media and Exhibition Centre Limited	Britain on Film - Moving North: Rural	40,000
The Watershed Arts Trust Limited	FAN contribution to Black Star	330,924
Programme Development Fund Awards		1,210,504
Aberystwyth University	Abertoir International Horror Festival - November 2016	5,000
Aesthetica Magazine Limited	Aesthetica Short Film Festival 2016	18,000
Afrika Eye Community Interest Company	Afrika Eye Film Festival 2016	7,999
Bath Film Festival Limited	Bath Film Festival 2016	8,000
Belfast Film Festival Ltd	Belfast Film Festival 2017	25,000
Berwick Film and Media Arts Festival	12th Berwick Film & Media Arts Festival	20,000
Border Crossings Company Limited	Origins Festival of First Nations 2017	6,500
Borderlines Film Festival C.I.C.	Borderlines Film Festival 2017	27,000
Cambridge Film Trust	Cambridge Film Festival 2016	22,500
Chichester Cinema at New Park Limited	The 25th Chichester international Film Festival	8,000
East End Film Festival CIC	East End Film Festival 2016	15,000
Encounters Festivals Ltd	Encounters Short Film & Animation Festival 2016	70,000
Falkirk Community Trust Limited	Hippodrome Festival of Silent Cinema 2017	7,685
Flatpack Projects	Flatpack Film Festival 2017	30,000
French Film Festival Limited	French Film Festival UK 2016	10,000
Greater Manchester Arts Centre Limited	VIVA Spanish & Latin American Film Festival 2017	11,000
Holmfirth Film Festival CIC	Holmfirth Film Festival 2017	5,000
Ilkley Film Festival	Ilkley Film Festival 2017	5,000
International Documentary Festival Sheffield Limited	Sheffield Doc/Fest 2017	200,000
Leeds City Council	18th Leeds Young Film Festival	30,000
Leeds City Council	Leeds International Film Festival 2016	38,000
London Indian Film Festival Limited	London Indian Film Festival 2016	30,000
London Short Film Festival Ltd	London Short Film Festival 2017	12,200
Manchester Animation Festival Ltd	Manchester Animation Festival 2016	15,000
Purbeck Film Charitable Trust	Purbeck Film Festival 2016	7,000
SCMG Enterprises Limited	Widescreen 2016	10,000
Slapstick Festival Limited	Slapstick Festival 2017	14,800
The Edinburgh International Film Festival Limited	Edinburgh International Film Festival 2016	150,000
The Edinburgh International Film Festival Limited	Edinburgh International Film Festival 2017	150,000
The Royal African Society	Film Africa 2016	5,000
The Sensoria Festival	Sensoria Festival 2016	6,000
The Watershed Arts Trust Limited	Cinema Rediscovered	10,000
The White Bus Limited	Southend-on-Sea Film Festival	7,000
Tongues On Fire Limited	London Asian Film Festival 2017	13,000
UK Jewish Film Ltd	UK Jewish Film Festival 2016	14,000
University of Brighton	CINECITY The Brighton Film Festival 2016	15,000
WOW Wales One World Film Festival Ltd	WOW Film Festival 2017	9,000
Zebra Access	Deaffest 2017	12,000
Film Festival Awards		1,049,684

Producer	Project	£
Altitude Film Sales Limited	The Girl with All the Gifts	2,350
Autlook Filmsales GmbH	The Workers Cup	7,458
British Council	Short Film Travel Grant Fund 2016-17	5,000
British Council	Short Filmmaker Travel Grant Scheme 2017-2018	30,000
Egoli Tossell KKK Ltd	The Exception	12,108
Film Export UK	UK Industry Presence at Film Markets and Festivals 2016	40,000
Film London	British Film Commission 2017-18	510,000
Film London	China industry delegation to the UK 2016	57,270
Film London	Production Finance Market (PFM) 2016	15,000
Film London	UK China workshop July 2016	40,294
Great Point Media Limited	The Party	13,007
Independent Film Sales Limited	On The Road	6,098
Le Petit Bureau S.A.	Daphne	9,359
M-appeal World Sales UG	Butterfly Kisses	4,796
Mission Control Productions Limited	Mission Control: The Unsung Heroes of Apollo	6,578
Mongrel International	The Levelling	3,147
Protagonist Pictures Limited	American Honey	15,000
Protagonist Pictures Limited	City of Tiny Lights	7,173
Protagonist Pictures Limited	Free Fire	5,095
Protagonist Pictures Limited	God's Own Country	12,862
Protagonist Pictures Limited	Lady Macbeth	10,419
Protagonist Pictures Limited	Trespass Against Us	3,390
Taskovski Films Limited	Paa Joe & The Lion	7,111
Two Pigeons Productions Ltd	Two Pigeons	6,200
Various	UK Presence at Cannes Film Festival for 2017	390,000
Various	UK/Germany Co-production Workshop, London 2016	12,000
Ville de Dinard - Festival du Film Britannique	Festival du Film Britannique de Dinard	20,000
WestEnd Films Limited	Walk With Me	15,000
WestEnd Films Limited	Una	18,295
Wild Bunch International Sales	I, Daniel Blake	9,275
International and Film Export Fund Awards		1,294,285
British Federation of Film Societies	BFI Film Audience Network Strategic Partners	52,870
Chapter (Cardiff) Ltd	Film Audience Network 2017	140,000
Film London	Film Audience Network 2017	140,000
Flatpack Projects	Film Audience Network 2017	103,000
Greater Manchester Arts Centre Limited	FAN Cultural Excellence 2017-18	50,000
Greater Manchester Arts Centre Limited	Film Audience Network 2017	193,000
Independent Cinema Office	BFI Film Audience Network Strategic Partners	145,000
Independent Cinema Office	Exhibitor Programming Support (Screening Days)	6,000
Nottingham Media Centre Limited	FAN Cultural Excellence 2017-18	46,000
Nottingham Media Centre Limited	Film Audience Network 2017	206,000
Queen's University of Belfast	Film Audience Network 2017	140,000
Scottish Film Limited	Film Audience Network 2017	140,000
The Sheffield Media and Exhibition Centre Limited	FAN Cultural Excellence 2017-18	45,000
The Sheffield Media and Exhibition Centre Limited	Film Audience Network 2017	210,000
The Sheffield Media and Exhibition Centre Limited	Transformative Film Culture for Hull 2017	300,000
The Watershed Arts Trust Limited	FAN Cultural Excellence 2017-18	43,000
The Watershed Arts Trust Limited	Film Audience Network 2017	209,000
University of Brighton	Film Audience Network 2017	158,000
Audience Network Award		2,326,870
ACE - Friends of St Ives Corn Exchange	Screen St Ives	4,427
Allerford Community Hall	The Vale Cinema	4,427
Amber Film and Photography Collective CIC	Side Cinema	2,937
Andalus	Andalus Film Theatre	2,300
Arts Alive In Shropshire And Herefordshire	Flicks from around the World	24,100
Arts for Brighthouse	Brighthouse Cinema	3,108
Aylsham Town Council	Aylsham Picture House	5,800
Bakewell Town & Community Trust	Film Friday @ Bakewell Town Hall	5,474
Bampton Memorial Hall	Bampton REMOTE cinema	5,293
BARCOMBE VILLAGE HALL	Barcombe Cinema Club	2,870
Bawdeswell Parish Room	Bawdeswell Village Cinema	5,957
Black Country Touring	Black Country Community Cinema	29,637
Blueprint:Film Foundation	Flix In The Stix	9,520
BOC NEWCASTLE C.I.C.	Blackfriars Ouseburn Cinema (The BOC)	5,833
Burnley Leisure	St Mark's Community Cinema	4,907
Buxton Film	Buxton Film	2,937
Cairns Medical Services Limited	Longton Film Society	5,293
Calder Vale Village Hall	Calder Vale Village Hall	5,316
Calne Town Council	Big Screen Beversbrook	2,451
Chew Stoke PCC (on behalf of Chew Stoke Film Club)	The Majestic Chew Stoke	2,937
Chorley Council	Chorley Empire Community Cinema	3,256
Cinema Nation C.I.C	Liverpool Small Cinema	4,948
Cinemaattic Productions CIC	cinemaattic	4,907
CJ Bartonwood Ltd	Dolly Shot Community Cinema Club	5,293
Corn Exchange Wallingford	Corn Exchange Wallingford (converted to a cinema)	4,907
Creative Arts East	Village Screen - Film Programme	19,978
Creative Kernow Limited	Carn to Cove Film	17,350
Crosby Ravensworth Village Hall	Crosby Ravensworth Remote Cinema	2,937
Cymryd Rhan	Northop Hall Community Cinema	4,907
DIY Space for London Limited	DIY Space for London	4,427
Dornoch and District Community Association	Dornoch Cinema	5,760
Driftwood Cinema Limited	Driftwood Cinema	14,790
Driftwood Cinema Limited	Port Logan Village Hall (Driftwood Cinema)	5,380
Dufftown & District Royal British Legion Club Ltd	Dufftown Cinema	7,148
Dunlop & District Community Company	Dunlop Community Cinema	6,966
Enfield Council - Dugdale Centre	Talkies Community Cinema	4,793
Eye Playing Field	Cinema at Eye	2,937
Forum Cinema Hexham Limited	Wide Skies Film Project	13,908
Foxlowe Arts Centre	Foxlowe Arts Centre	4,445
Friends of Plympton St Maurice Guildhall	Pop Up Picture House Plympton St Maurice	4,907
Gate Trust Ltd	The Gate Arts Centre	2,937
Glenelg Village Hall	Way Out West Picturehouse	3,090
Glusburn Community & Arts Centre	Glusburn Community & Arts Centre	3,090
Goodrich Village Hall Trust	Flicks in the Sticks	12,776
Goodwin Development Trust	Tea Break	4,959

Producer	Project	£
Halstock Community Hall	Halstock Village Cinema	4,907
Harrietsham Village Hall Film Club	Harrietsham Village Hall Film Club	3,300
Headingley Development Trust Limited	Films at Heart	1,487
Hitchin Initiative Limited	Hitchin Films	3,300
HMM Arts Ltd	Shrewsbury Film Society	2,937
Husthwaite Village Hall	Husthwaite Film Club	2,927
Institute (Chaddesley)	Movies At Chaddesley	1,323
Johnshaven Village Hall Committee	Johnshaven Village Hall	7,016
Jordans Village Limited	Jordans Picture House	5,182
Keswick Film Club	Keswick Film Club	2,937
Kinokriminalitat C.I.C	kinokulture community cinema	5,760
Kirkgate Arts	The Kirkgate Centre	1,659
Leicester Arts Centre Limited	Phoenix Community Cinema: Developing Diverse Audiences	18,600
Leigh Film Society CIC	Leigh Film Society	6,659
Letham village hall	Letham Lights Community Cinema	5,293
Leyburn Arts Centre Ltd	Leyburn Arts & Community Centre	2,937
Lingfield and Dormansland Community Centre	Flix in the Stix - Lingfield Film Club	2,937
Liskerrett Community Centre	Liskerrett Community Cinema	941
Llangadog Community Centre	Cadog Film Club	2,937
Lucem House Limited	Lucem House Community Cinema Plus+	5,280
Ludham Parochial Church Council (PCC)	Screen Ludham.	2,222
Masham Town Hall Community Charity	Movies in Masham @ Masham Town Hall	4,907
Muncaster Parish Hall	The Big Screen at Ravenglass	3,331
Murchfield Community Association	Dinas Powys Community Cinema	166
New Buckenham Village Hall	NewBArts Village Screen	2,937
New Victory Hall	Village Screen in Neatishead	2,937
Niton Community Projects	Old School Cinema, Niton	676
North East Arts Touring Limited	NEAT Flicks Development	14,700
North East Arts Touring Ltd	New Deer Public Hall	474
Oundle Music Trust	Oundle Cinema	5,293
Out of the Blue Ltd	Freeze Frame Film Club	6,032
Parish Hall	East Bergholt Cinema	6,891
Penicuik Community Development Trust Ltd	Penicuik Cinema	2,937
Radyr and Morganstown (Cardiff) Community Association	RMA Film Club	4,907
Reading Room	Cinema Corsley	5,293
Regather Charity	The Regather Works	2,937
RO Business Solutions Ltd	Oakwood Cinema	2,359
Rural Nations (Scotland) CIC	Heb Cinema: Bernera Film Club	5,293
Sandford and Upper Avondale Community Council	Sandford Community Cinema (SCEG)	5,760
SARIC - Syston Arts and Recreation in the Community	SARIC	4,907
Seaboard Memorial Hall	Tain Cinema	6,032
Selsey Town Council	Selsey Cinema Club	7,016
Shadforth Village Hall	Films At Shadforth Film Club	12,276
Shelley Theatre Trust	Shelley Theatre	2,937
Signal Film & Media Limited	Signal Cinema	6,835
St Agnes Miners and Mechanics Institute (2013)	St Agnes MMI community cinema	4,907
Stroud and District Film Society	Stroud and District Film Society	1,874
The Armstrong Hall,Thornbury	Thornbury Picture House	2,937
The Bigger Picture Film Club CIC	Nantwich Family Films @ 4	5,007
The Black Box Trust	The Black Box	5,012
The Clifton Community Arts Centre Ltd	The New Clifton	99
The Community Association for West Hampstead	West Hampstead Cinema Club	1,897
The Crowcombe Hall	Crowcombe Cinema	2,937
The Diss Corn Hall Trust	Diss Corn Hall	4,427
The Dunoon Burgh Hall Trust	Cowal Cinema Club at the Burgh Hall	4,907
The Fraser Centre Community Trust	The Fraser Centre	2,937
The Norwich Diocesan Board of Finance Ltd	The Friends of St Mary's Snettisham Village Cinema	4,907
The Parochial Church Council of the Ecclesiastical Parish of St. Mary's Ash Vale		5,791
The Pennoyer Centre	Chapel Film-Share	
The Spring Arts and Heritage Centre	The Pennoyer Centre	2,937
The Stanley People's Initiative	The Spring Arts & Heritage Centre	2,937
The Whitaker Organisation Community Interest Company	Stanley's Film Club	2,997
Thornham Village Hall & Playing Field Limited	The Whitaker Cinematheque	1,624
Tiree Community Development Trust	Thornham Village Cinema	2,937
Tullynessle and Forbes Hall and Community Association	The Ringside Theatre	4,907
Warcop Parish Hall	Craigievar Film Club @ Tullynessle Hall	2,937
Waverton Community Cinema	Warcop Cinema	4,907
We Are Team Limited	Waverton Community Cinema	4,907
WhereWestBegins Ltd	Kirkby Stephen Community Arts	3,310
Whitby Area Development Trust	WhereWestBegins	16,157
Wrentham Village Hall	Whitby Film Society	1,952
	Wrentham Village Hall Cinema	2,937
Neighbourhood / Community Venues		617,779
Film Nation UK	Into Film Programme 2017-18	4,800,000
Education Awards		4,800,000
University of Leicester	Diversity meta-analysis	35,000
Various	Economic contribution study of UK screen sectors 2017	100,000
Various	RSU additional data and services purchase 2016-17	18,000
Various	RSU industry data purchase 2017	67,300
Various	The economic and cultural impact and implications for the screen sectors of the result of the EU referendum	75,000
Research and Stats		295,300

Producer	Project	£
Brighton Film School Ltd	BFI Film Academy	16,000
Calling The Shots Films Limited	BFI Film Academy	37,500
Cinemagic Limited	BFI Film Academy	16,000
CTVC Limited	BFI Film Academy	92,000
Dundee Contemporary Arts Limited	BFI Film Academy	10,560
Ffresh Limited	BFI Film Academy	35,000
Glasgow Media Access Centre Limited	BFI Film Academy	16,000
MediaActive Projects CIC	BFI Film Academy	15,900
Reel Solutions (film) LLP	BFI Film Academy	16,000
Screen Education Edinburgh	BFI Film Academy	67,685
Station House Media Unit	BFI Film Academy	16,000
The Film and Video Workshop	BFI Film Academy	59,938
The Nerve Centre	BFI Film Academy	49,550
Tyneside Cinema	BFI Film Academy	37,500
Film Academies		485,633
Birmingham City Council	BFI Creative Clusters Challenge Fund	100,000
Clusters Fund		100,000
British Film Institute	BFI London Film Festival in partnership with American Express 2016	1,000,000
London Film Festival award		1,000,000
South West Film & Television Archive (SWFTA)	Strategic Investment in English Regional Film Archives	40,000
University of Brighton	Strategic Investment in English Regional Film Archives	15,000
North West Film Archive (NWFA)	Strategic Investment in English Regional Film Archives	15,000
Media Archive for Central England (MACE)	Strategic Investment in English Regional Film Archives	62,000
Hampshire County Council (Wessex Film Archives)	Strategic Investment in English Regional Film Archives	9,000
East Anglian Film Archive	Strategic Investment in English Regional Film Archives	15,000
Yorkshire Film Archive	Strategic Investment in English Regional Film Archives	39,000
Yorkshire Film Archive	Strategic Investment in English Regional Film Archives	44,000
Archive Fund		239,000
A Moving Image Production Limited	Distorted Images	12,750
Beacon Hill Arts Community Interest Company	Inclusion in the Digital Revolution	21,960
Carousel Project	Disability Visible	29,950
Corine Dhondee	The Art of Her	9,918
Encounters Festivals Ltd	Widening The Lens Pitching Competition	13,850
Raising Films	Building Community & Consensus	23,870
Reel Angels	Reel Angels Network	25,404
Resource Productions Ltd	The Resources - Outreach Project	30,000
Violet Pictures Limited	The Old Ice House	15,000
We Made It Productions CIC	Picture This	17,390
Diversity Fund		200,092
Lucas Film Ltd	Future Skills Programme	360,000
Creative Skillset	Film Skills 2017-18	2,068,247
Skills Fund awards		2,428,247
Creative England	Creative England 2017-18	1,686,735
Partners awards		1,686,735
		<hr/>
		40,980,776
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Schedule 2: New Lottery commitments made by delegate bodies (unaudited information) in the year ended 31 March 2017

Creative Skillset were delegated £21.0m in 2012-13 for the period to 31 March 2017. Creative England were delegated £3.85m in 2015-16 for the year to 31 March 2017. The awards made to third party organisations from these funds in the year ending 31 March 2017 are listed below.

Award Recipient	Project	£
Creative England		
IFeatures Limited	Ifeatures 4 Development Programme	381,150
Headline Pictures Limited	Film Enterprise - Strand B Business Investment	250,000
Blue Bear Film & TV Limited	Film Enterprise - Strand B Business Investment	212,250
Various Awardees	Hertfordshire ProConnect	150,000
iFeatures Limited	Ifeatures 4 Production Costs	136,350
Roundhouse	Film Roundhouse	125,000
North of Watford Films Ltd	Snodgrass	112,000
Mad As Birds Limited	Film Enterprise - Strand B Business Investment	100,000
104 Films (Film Nation) Ltd	Dawn of The Dark Fox	71,000
Smoking Bear Productions	White Riot	71,000
Creative England	Shortflix Production Award	70,000
Paa Productions Ltd	Paa Joe & The Lion	61,000
Creative England	Creative Producer Initiative	60,000
Hook Pictures Ltd	Wolfblood	50,000
Parkville Pictures	Stalker	50,000
Forty Foot Pictures Ltd	Earthy Encounters	41,000
Haus Pictures	Edmund The Magnificent	37,000
Scoop Films LLP	Some Sweet Oblivious Antidote	35,800
Bluebird Productions	Land's End	35,000
Little Ginger Ltd	Soul Song	35,000
Sophe Reynolds	Beasts	35,000
Pari Passu Films	The Escape	34,000
Artemisia Films Ltd	Attrition	30,000
Lighthouse	Reframed	30,000
Pistachio Pictures	Something Changed	30,000
Sweetdoh Ltd	Void and Method	30,000
The Quarter Film Ltd	The Quarter	30,000
Tully Productions Limited	If You Can Hear Me	30,000
Inflammable Films	The Brink	29,000
FACT	FACT Film Maker Talent Programme 16-17	25,000
George & George Co. Ltd	Morris Dancers	25,000
Guilty Party Pictures	The 31st Floor	25,000
King Bert Productions	Sky Comedy Short 2017 - Jocelyn Jee Esien's Summer	25,000
King Bert Productions	Sky Comedy Short 2017 - Ahir Shah's Summer	25,000
Merman	Morgana's Summer Comedy Short (Working Title)	25,000
Objective Media Group T/A Objective Fiction	Giddy Up Gunty	25,000
Objective Media Group T/A Objective Fiction	Emma Sidi short (working title)	25,000
Open Mike Productions Ltd	Pacino and Bert	25,000
Parkville Pictures	Polite Society	25,000
Wavelength Films Limited	East of England Talent Module	25,000
Wellington Films Ltd	Any Means Necessary	24,000
Jeva Films Limited	I'll See Myself Out	23,800
Loop Projects Limited	Birdy	21,000
Saturday Films	Angell Town	21,000
Stray Bear Productions	The Dynamite Room	21,000
Pari Passu Films	A Pail of Air	20,800
Blonde to Black Pictures	Two for Joy	20,500
Bonnie Film Ltd	Watermelon Seeds	20,000
Inflammable Films	Devil's River	19,500
Shoebox Films	Sweet Maddie Stone	18,500
Raising Films CIC	Closer to Home	17,850
Bird Flight Films	Poker Granny	17,500
Bridge Way Ltd	The Fall	17,500
Rosetta Productions Ltd	Lynn & Lucy	17,500
Third Films	I Go Wild	17,500
Finite Productions Ltd	Lost & Found	16,000
Candle & Bell Limited	STINE	15,500
Rooks Nest Entertainment	Surge	15,500
Delaval Film	Night Side	15,000
Emma Duffy	Pommel	14,000
Wellington Films Ltd	Benbecula	14,000
Creative England	Cannes 2016 Market Attendance	13,500
Stephen Irwin	Now We Rise	13,000
Elephant Gun Films	Joe & Katie are in a Relationship	10,750
Mass productions Ltd	Cassandra At The Wedding	10,500
National Film & Television School	NFTS Scholarship Programme 201-17	10,000
18 awards < £10,000		80,497
Total Creative England Awards 2016-17		3,162,747

Award Recipient	Project	£
Creative Skillset		
104 films (Film nation) Ltd	Neurodiverse Film Talent Development Programme	30,000
104 films (Film nation) Ltd	Creative Development Programme For Disabled Film Talent	29,100
104films	The Magic Hour 2	52,500
2Far Media Ltd	Social Movies Training	30,000
Amersham and Wycombe College	NVQ Diploma level 2 for Clapper Loaders & level 3 for Focus Pullers	26,097
B3 Media	Talentlab 2016	35,000
BASE	The Digital Video Opportunity - Driving growth in a multi-channel sector	28,000
Bridge Way Ltd	Introduction to Production & Production Skills	34,000
British Universities Film & Video Council	Understanding Moving Image Metadata Standards	27,000
Bushfire Digital & Script Cube (Partnership Bid)	Modern Tales	66,990
Centre for the Moving Image	SFTNB: New Voices On Screen	23,130
Cinemagic	Cinemagic Film Feature Film Training Programme for New Entrants	105,000
Clownfish Films and Intermission	An Introduction to Filmmaking	29,000
Communication Matters Ltd	Game Changer - The Masterclass	49,000
Creative Alliance + Producers Forum	Foot Up: Mentoring to Get On	37,807
Creative Alliance + Producers Forum	T Skills: Foot in the Door	32,830
Creative England	Say It Short (working title)	32,000
Creative England	Market Trader	30,000
Edinburgh Digital Entertainment Festival (EDEF)	Virtual Reality 360 Hack workshop at EDEF	10,000
Edinburgh Napier University	Screen Academy Scotland 2016-17	149,577
Encounters Festivals Ltd	Widening the Lens - Developing New Talent	18,000
Escape Studios	VFX Tutor Bootcamp	20,000
Event Cinema Association Ltd	ECA Conference 2017	17,500
Film Cymru Wales	Cinematic Training 2016-2017	25,000
Film Distributors' Association	Distribution and international sales trainee scheme	85,279
Film London	Enhancing Media Archive Traineeships	70,365
Film London	Microwave 2017	60,315
Film London	London Calling 2016-2017	42,000
Film London	Build Your Audience 2016	35,000
Film London	New Approaches	22,350
Film London (London's Screen Archives)	Shared Pasts, Digital Futures	23,691
Film Nation trading as Into Film	Skills Fusion 2 and 3	81,220
filmtiki Limited	The VR and 360 video Academy	49,658
FOCAL International Ltd	Archive heritage new entrants programme	11,850
Four Corners Limited	Digital Film Skills	29,200
Glasgow Film Theatre (GFT)	Glasgow Film Festival Future Producer Programme	20,000
Greenshoot	Environmental sustainability film production training	20,000
Huntley Film Archives Ltd.	Film Archive - a Beginners Guide	21,560
Independent Cinema Office	FEDS - Exhibition (FEDSY3)	83,050
Independent Cinema Office	Women's Leadership (exhibition) Y2	50,000
Independent Cinema Office	Creative Digital Marketing and Data	31,740
Independent Cinema Office	Cultural Cinema Exhibition 2017	25,000
Knowle West Media Centre	Your Point of View (POV)	31,000
Lighthouse Arts & Training	Guiding Lights 9	55,000
London Creative Festivals	The Talent Campus	29,985
London Film School	CEO & Bursaries 2016-17	230,020
Missing In Action Training Ltd	Filmnomics 4	54,354
National Film & Television School	Film Academies Course Enhancement and Outreach 2016-17	770,403
National Film & Television School	Inside Pictures 2016-17	90,000
New Cross + Deptford Free Film Festival	Young Programmers NXDFFF	10,000
Nextgen Skills Academy Ltd.	VFX fundamentals for tutors	19,525
Nottingham Media Centre Limited t/a Broadway	Adapt to Film	46,345
opportunity smiths ltd	Connect Me 2 - Film Project	16,000
Physical Folk	Employment Through Arts (ETA) Project	77,000
Screen Yorkshire	Bootcamps 2, 3 and 4	50,000
SDI Outreach t/a Scottish Documentary Institute	Bridging the Gap: Rebellion	58,520
Sheffield Doc/Fest	Future Producer School	26,850
Short Courses@NFTS	BAME Leadership Programme	54,525
Signature Pictures Limited	Signature Shorts 2016	60,080
Supply Chain Development Ltd	Sustainability and the Film Business	30,000
The Film Space Ltd	Bridging the Gap - Disability	10,000
103 awards < £10,000		238,589
	Total Training Fund awards	3,658,005
Internship Fund		
18 awards < £10,000		33,350
	Total Internship Fund awards	33,350
Capital Fund		
London Film School	Capital stage one award	360,060
	Total Capital Fund awards	360,060
	Total Creative Skillset awards 2016-17	4,051,415
	Total awards by delegate bodies 2016-17	7,214,162

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 2016-17.

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 2016-17.

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 2016-17 the BFI initiated a number of events across the UK as part of its consultation of its next Strategic Plan. Across roadshow events, roundtables and meetings there were more than 34 events held; which included 9 roadshows across the Great Britain and Northern Ireland and roundtables and smaller group meetings with directors and writer/directors; producers; studios and VFX facilities; animation companies; agents; distributors and; BFI Film Audience Network members; sales companies; strategic partners in England, Northern Ireland, Scotland and Wales; national and regional archives; organisations in sound and vision; educationalists; video games sector representatives; BFI Governors and Members. Over 2,200 individuals participated in the consultation.

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.

In 2016-17 the BFI launched Diversity Standards, and was introduced to its production and development funding programmes and will be introduced across all the BFI's activities as part of the BFI2022 Strategy delivery.

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 2016-17, the 5-19 education fund had established over 11,000 'active' film clubs, with an estimated total engagement of 7 million young people 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 audio-visual industry, a comprehensive funding programme was delivered during the year for training and skills; and in delivering the UK Talent Network – Net.work – across the UK.

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.

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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