



**BFI ANNUAL REPORT AND FINANCIAL STATEMENTS 2018-19**

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**BRITISH FILM INSTITUTE Group and Lottery Annual Report and Financial Statements for the year ended 31 March 2019**

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## CHAIR AND CHIEF EXECUTIVE'S REPORT

Film, TV and moving image is flourishing in the UK, an international success story of creative, cultural and commercial significance. The vibrancy is nurtured through a dynamic combination of public and private investment, an equation which is essential for the sector to continue to flourish.

The UK's extraordinary ecosystem has been built up through decades of sustained support and the BFI sits right at the heart of it. We have helped cultivate an exceptional creative environment by opening doors, seeking out talent and creating cultural opportunities for creators and audiences alike in venues and online. An environment that has proven to be ripe for attracting global investment.

We nurture the development of brilliant new filmmakers, and have backed some of the most distinctive figures in the industry to make works of huge cultural importance. Through a cultural programme that draws heavily from the BFI National Archive, we connect these film-makers with the history of world cinema – providing an understanding of film and the moving image that is essential if they are to drive the form in exciting new directions.

Our BFI National Archive is one of the UK's 17 designated national collections (the V&A, the British Museum and the Science Museum are among others) and it holds possibly the greatest collection of film and television in the world – which we look after on behalf of the people of the UK. It contains some of the rarest and most famous examples of cinema history, from silent Victorian film to the works of Alfred Hitchcock, right up to contemporary works, including a new focus on emerging formats and technology. Our world-leading curatorial team interpret these works and make them accessible to the public, helping to sustain the historical narrative of film for future generations. Acquisitions this year have included the personal prints of filmmakers Nicolas Roeg and Jonathan Glazer, production photographs and scripts from StudioCanal, and the materials associated with the television series *Catastrophe*.

Film and television archives contain materials that by their very nature are fragile and unstable and which, without constant attention, degrade over the years. Six years ago we embarked on a long-term *Unlocking Film Heritage* programme to select material to preserve and digitise for mass enjoyment. Drawing on these titles to provide a free-to access collection of films online, *Britain on Film* has notched up a staggering 64 million views across multiple platforms. In phase two we are focusing on our most critically at-risk television heritage.

We are at a juncture in our television history where many of the programmes we love and which contain our national story are stranded in a videotape format that is 60 years old. The window to save our most high-value content is *now* and this has created a real technical and intellectual challenge. Videotape production ceased in 2015 and there are upwards of 50 videotape formats in the world, with 30+ of these at the BFI National Archive alone. We are going to focus on digitally preserving the most precious and at-risk formats and unique materials held both in our collection and other national and regional archives, while we still have availability of equipment, skilled and experienced staff, and the means to digitise *en masse*.

In 2017, the Mendoza Review commissioned by the Department for Digital, Culture, Media and Sport (DCMS) looked at how the Government can support the museums' sector in England. It recognised that 'the fundamental point of museums – is to protect and take care of the collections they hold, and to make them accessible to the public'. This is an ambition that has been enshrined in our own Royal Charter since 1933, and we are committed not only to sharing our national collections via a range of platforms, formats and media, but also to showing classics from film history in their original format, on the big screen, in the dark, for audiences to fully appreciate the art of film. We do this on our own pioneering VOD platform BFI Player, on our Facebook and YouTube social media channels, at our own venue at BFI Southbank in London, around the UK in cinemas and community centres big and small, and with venues internationally. This year, for example, we booked more than 1,000 titles to over 200 museums, cinemas and festivals worldwide and licensed and supplied materials in around 300 transactions for public service and commercial channels broadcast in the UK and Europe, as well as worldwide increasingly through streaming services such as Netflix.

The high quality of the research and curation involved in creating the cultural programme means it is in demand around the world. Its potential to contribute to the UK's diplomatic and trading agendas cannot be underestimated, particularly at a moment when the UK looks to redefine its position in the world. For example, two ground-breaking, digitised collections of films from our archive – *South Asian Britain on Film* and *India on Film, 1899–1947*, included some of the earliest moving images of India, many unseen for decades. As well as being launched on BFI Player, over 100 of the films were made available online in India resulting in half a million views on YouTube in a single three month period across both platforms. One of the restored films, *Shiraz: A Romance of India* (Franz Osten, 1928), played to 2,000 people at the BFI London Film Festival, a further 2,200 in venues across the UK, 2,000 at the Southbank Centre in April, and over 7,000 people as it toured across India, with a live accompaniment of a score commissioned by the BFI from sitar virtuoso Anoushka Shankar. This epic success reminds us again that there is nothing soft about so-called 'soft' power. Cultural exchange initiates conversations, shows real intent to collaborate as partners, and opens the door for trade discussion in a way that is hard to beat.

Our wider cultural programme consists of classic, contemporary or re-discovered film titles which have exhausted their short commercial value, but which comprise an important canon for audiences and creative practitioners to understand and learn from. Just as it is hard to imagine how we could develop writers if we didn't make books available in schools or libraries, so filmmakers need to see films if they are to innovate, tell new stories or create fresh intellectual property. Other elements of our programme include films by new filmmakers, such as Chanya Button's *Vita and Virginia* – a debut feature which opened the 33<sup>rd</sup> edition of the BFI's Flare: London LGBTQ+ Film Festival. We exploit the BFI's brand, reach and reputation, to act as an accelerator to launch their careers and to support their distribution across UK cinemas. This helps foster financial success.

We regularly involve industry experts, filmmakers and other practitioners in our cultural programmes in a range of events, retrospectives, previews, panel discussions and themed talks (many of which are filmed and available to all online). This enhanced level of engagement with the programme generates excitement and interest for audiences as well as greater

contextualisation and learning to connect and broaden participation in independent UK and international cinema. Our *Woman with a Movie Camera* Summit formed the centerpiece of an all-women's month celebrating 100 years since the Representation of the People Act 1918, amplifying our mission to drive greater gender parity. We also curated a two-month season of the great Agnès Varda which included a sold-out Screen Talk with the legendary new wave filmmaker at BFI Southbank.

Nowhere is our commitment to new voices and international exposure more evident than in the BFI London Film Festival (LFF), where every year film-makers from around 70 countries meet in the UK to celebrate film. As well as fuelling our engagement with industry year round, the festival is a critical moment for attracting sponsors, patrons, members and commercial partners whose support is the mainstay of delivering cultural programmes, the LFF and education activities upon which the growth of the industry depends.

This year the LFF faced very particular capacity challenges as the main Odeon screen in Leicester Square closed for refurbishment with a resultant reduction of around 1,000 seats and ticket sales. To sustain an international festival of scale, we once again built a pop-up cinema from scratch, the Embankment Garden Cinema. Despite these circumstances, we nevertheless attracted the world's greatest filmmakers to the UK, showcasing films such as the opening night gala film *Widows* (Steve McQueen, 2018) and Yorgos Lanthimos's *The Favourite* (2018). One of our biggest questions to address will be how to present an international festival of the scale that we aspire to in a city without the kind of festival venue which can be found in Cannes, Berlin, Toronto and LA. We will work hard to keep the festival as financially independent as possible in the face of these challenges, while also retaining its strong commitment to inclusion and diversity.

This work to provide London and the wider UK with a world class film festival is set against the bigger picture of the booming innovation and commercialism of our screen sectors, where the UK has become the hub around which the creative globe rotates. Screen Business, our recent report on the impact of each of the screen sector tax reliefs to the economy, demonstrated that the UK screen industries are worth £7.9bn in Gross Value Added. The value of this sector rests in employment, export and the retention of IP – all of which return income to the country on a sustained level. This value will only grow as new technologies transform the way we produce, consume and preserve content, while the sector's dependence on creativity and innovation offers futureproof jobs in the face of automation.

It is more important than ever that the future needs of the UK screen industries, audiences and creativity are recognised, planned for and delivered. It is our mission to ensure that the BFI continues to take a lead role to maintain and improve this globally competitive environment for the future.

The BFI works with Government and partners to support individuals with creative talent from any background through a programme of skills and training, building tomorrow's workforce, and investing in screen clusters across the nations and regions to grow production capacity.

Creating opportunities and access for everyone, everywhere remains at the heart of BFI activities. We are truly encouraged that our Diversity Standards have gained real traction across the screen industries and Government and are being 'owned' and recognised in new and diverse ways. Reflecting the commitment of the Prime Minister's office, BFI Governor Idris Elba organised an event at No 10 to talk about our work in this area and to showcase the BFI Film Academy - we hope to work with our new Prime Minister in similar ways too. At BFI Southbank, we set up a one-day event for 270 drama students in which actors such as Ruth Wilson and Gemma Chan and representatives from Equity galvanised 30 actors to volunteer to take part in sessions to demystify the industry, to recognise and tackle bullying and harassment, and to flag the tools and resources available to deal with it.

Along with the vital early education initiatives across the UK of our partner Into Film, and our own BFI Future Film, Film Academy and Southbank education work, we are creating clear progression paths not only for future audiences, but also for talented young people everywhere who will be the future of our film industry.

The BFI is proud to support many of those filmmakers already making their way successfully in the industry and for their nominations and awards at many leading UK and international festivals. BFI National Lottery-funded titles received 47 nominations for 15 feature films at the British Independent Film Awards (BIFAs), culminating in wins for seven of our films; while at the BAFTAs, 23 UK films were nominated, garnering 41 nominations (of which six titles totalling 10 nominations, were recipients of BFI National Lottery funding). It's an impressive tally, and of especial pride was Pawel Pawlikowski's stunning *Cold War* – a co-production with Poland, France and the UK which took the best director's prize at Cannes this year, and was the third year running that a BFI-backed film has won an award at the festival.

In our five year plan BFI2022, we said we would create more funding decision makers and increase their presence outside London. Our newly-appointed funding partner Doc Society is developing a programme for new and emerging documentary filmmakers as part of BFI NETWORK, the UK-wide support scheme for filmmakers, working on all platforms, at the start of their creative careers. We have also appointed six new BFI NETWORK talent executives, based across England, who will work alongside their counterparts in Northern Ireland, Scotland and Wales. An impressive recent accolade saw the short film *Stigma* (Helen Warner, 2018), funded by BFI NETWORK through Northern Ireland, win the Grand Prix Irish Short Award at the Cork Film Festival.

It's been a pretty great year for UK film as, despite being set within the continuing unknowns of the EU Exit, the screen sectors have nevertheless achieved record levels of production and inward investment spend that emphasise our global competitiveness as a key destination for making film and television. Creativity across the board has flourished, and interventions to nurture the pipelines for new and emerging talent have introduced original and bold filmmaking voices across many genres.

These achievements are buoyed by the work of all our partner agencies, including the British Film Commission and Creative England who create conditions conducive to growth and productivity. The rebranding of our key skills delivery partner Creative Skillset to ScreenSkills will

also better reflect its work delivering a skilled workforce for the UK screen industries as set out in our Future Film Skills action plan.

The Government's commitment to, and ongoing support of, the UK's highly competitive film and television tax reliefs have helped sustain unprecedented levels of expenditure on feature film production and high-end television. They have helped to secure huge amounts of inward investment from major international studios, while also allowing the UK independent sector to flourish, incubating UK talent and creating distinctive and innovative films of major cultural relevance.

In *BFI2022*, we committed to setting up an Independent Film Commission (IFC) to examine the current health of independent film and to make recommendations on how partnerships between industry, the BFI and Government can support this fast-moving and evolving sector to achieve the best possible success in future.

The IFC's final report was published in July 2018 and while it acknowledged the difficulties in predicting which of many business models could prevail for the sector, it also reminded us that the UK's creative might, and independent film's power to promote our diverse ways of life, are well-placed to meet the increasing demand from new audiences for stories told through the moving image. There is every reason why this famously creative sector – which makes films that resonate culturally with UK and international audiences – will remain accessible and economically vital in a transforming landscape.

Ongoing political and cultural engagement has yielded productive and effective connections. While the UK's exit from the EU has dominated much of our sector work with government, we have been working closely with Ministers, officials, industry and European partners to help secure the best possible outcome for the screen industries, and enable us to sustain our close working relationship with the EU.

In addition to the BFI's work to provide the best possible environment for UK filmmakers, we are determined to become an organization that supports creatives and audiences engaging with content across the screen sectors. As immersive and interactive technologies continue to evolve and the film and HETV industries increasingly overlap, we will look to embed film, TV, games and emerging media across every strand of our activity. This will allow the UK to build on its position as a global hub for film-making to become a world leader in the rapidly evolving realm of broader screen content too.

Financially it has been a testing year, with prudent management bringing us within a whisper of a balanced budget. As we look to embrace the broader screen agenda, we will work to secure the finances required to properly achieve this aim.

With the screen sector primed for sustained economic growth driven by creative excellence and innovation, we are acutely aware that the work of the BFI is more critical than ever.

**Josh Berger**  
**CHAIR, BFI BOARD OF GOVERNORS**

**Amanda Nevill**  
**CHIEF EXECUTIVE**

## WHAT WE DELIVERED THIS YEAR

### FUTURE AUDIENCES

*Great filmmaking for audiences everywhere*

#### **A rich cultural programme**

We believe that everyone in the UK should have opportunities to enjoy and learn from the richest and most diverse range of British and international filmmaking, past, present and future. This focus on audiences, especially growing the 16–30 year old group, is a key commitment of our BFI2022 plan which we are fulfilling through creative and strategic partnerships as well as our own cultural ambitions and innovations.

In this way we can offer an almost unique breadth and depth of cultural programming to audiences across the UK. We present feature films not only on the medium on which they were made, but we also embrace excellence and innovation in all kinds of born digital moving image making. These ambitions have been matched by record attendances at our festivals and for our cinema programmes, as well as online at BFI Player. Audiences accessing free BFI archival content have reached an incredible 70 million unique views.

#### **Cultural offers for audiences online**

It was a landmark year for BFI Player. For the first time, feature films were streamed one million times via the service, well over double from last year, accompanied by continued growth in subscriber numbers, both via our own platform and through a partnership with Amazon Prime. BFI Player's free archive offer also grew year-on-year, with a 20% increase in views of the Britain on Film collection, which was watched one million times.

Audiences continued to grow on the main BFI website with over four million UK users – 52% from outside London, 42% female and 42% aged between 18-34 – and more than 13.5 million worldwide. The BFI YouTube channel topped over 3.5 million views in the UK and 16 million views worldwide, an increase of 67% and 55% respectively on 2017–18. We gained more than 57,000 subscribers – up by 27% on last year – and over 53 million minutes of watch-time globally. The trailer for our blockbuster Comedy Genius was particularly successful, garnering 350,000 views to date.

#### **Bringing contemporary cinema to UK audiences**

The programmes we champion include historical material that audiences would otherwise not see, and films by new talent and established filmmakers from the UK and globally. In a changing world, film aids understanding of each other and our many stories. Our programmes are toured across the UK, shown in festivals, cinemas and online, and across many formats and platforms.



## Festivals

The 62nd edition of the BFI London Film Festival (LFF) in partnership with American Express® (10-21 October 2018) saw 209,531 attendances with 40,000 of admissions coming via UK-wide satellite screenings and 17,000 admissions via press and industry delegates. The festival had major gains in per screen average with total occupancy across all screenings hitting 82%.

A diverse selection of 229 feature films and 160 short films from both established and emerging talent included 22 world premieres, nine international premieres and 27 European premieres and films from 77 countries around the world. In a year in which many International film festivals made the news for featuring so few female filmmakers, LFF was widely applauded for having 38% of all films directed or co-directed by women (with 50% or higher in three of the four Competitive categories).

The festival offered the UK a first opportunity to see a rich programme of films: the Opening Night Gala of Steve McQueen's *Widows*, starring Viola Davis, Daniel Kaluuya and Michelle Rodriguez; Yorgos Lanthimos' *The Favourite* premiering as the Gala of principle sponsor American Express; the world premiere of the Jon S. Baird's *Stan & Ollie* which went on to impressive UK box office; Alfonso Cuarón's eventual Oscar-winning *Roma*, and Barry Jenkins' eagerly awaited follow up to *Moonlight* *If Beale Street Could Talk*.

With over 900 international and British filmmakers presenting their work, the festival not only offered audiences access to the world's best directing and onscreen talent, but it also truly played host to the global film industry.

Audiences throughout the UK engaged with the festival through satellite screenings; a total of 385 additional cinemas UK-wide delivered 40,245 admissions. Programming included the World Premiere of Peter Jackson's *They Shall Not Grow Old*; Matteo Garrone's *Dogman* and Mike Leigh's *Peterloo*. The LFF Special Presentation of *Peterloo* also made history by being the first LFF premiere outside London, taking place at HOME, Manchester.

In addition to access via the UK-wide satellite events, the LFF provided many digital and social videos which captured key festival moments for broader audiences. We published 92 videos across YouTube and Facebook with a combined reach across all digital channels of 4.7 million views.

Developing richer engagement and growing ethnically diverse and young audiences (under 30s) were two key targets in BFI2022; we addressed these audiences with a rich programme of films and events including Special Presentations of *The Hate U Give*, starring Amandla Stenberg and the world premiere of Tinge Krishnan's *Been So Long* starring Michaela Coel. At both of these red carpet events, audiences of Under 25 were offered £5 tickets from the moment of sale.

### **BFI Flare: London LGBTQ+ Film Festival**

BFI Flare, with Main Support from the Pureland Foundation, is the biggest LGBTQ+ film festival in Europe and our 33rd edition enjoyed increased audiences (up 15% on 2018) and press and industry delegates. Overall, the Festival, which opened with the UK premiere of Chanya Button's *Vita & Virginia* and closed with the European premiere of Justin Kelly's *JT Leroy*, saw attendances of 27,300, which included 25,500 attendances at screenings and talks and 1,800 attendances at BFI Flare's packed club nights.

BFI Flare Facebook Live launched with 160,000 viewers and through the global campaign #FiveFilms4Freedom, in partnership with the British Council, BFI Flare reached worldwide audiences who have viewed the five featured short films over 3.9 million times online (up from 2.5 million views last year). This ground-breaking digital campaign allowed audiences worldwide to show solidarity with LGBTQ+ communities living in countries where human rights are restricted and it was marked with a reception at the Houses of Parliament with BFI Flare filmmakers and industry in attendance.

Overall, the Festival welcomed 157 filmmaker guests from 23 countries worldwide, 279 industry delegates and 148 press delegates. As well as screenings, the Festival offered an exciting industry programme including The Makers – a series of one-to-one interviews with individuals who have made a major contribution to LGBTQ+ film and television, and events such as Young Adult: Queer Teens on Screen, with Forever Young Film Club and In Search of the Truth: Filming Queer Biographies, with Directors UK.

## **Programming at BFI Southbank and across the UK**

### **Women in film**

One of 2018's most talked about moments at BFI Southbank was our Woman with a Movie Camera Summit. This gathering formed the centrepiece of an all-women's month to highlight the Mayor of London's 'Vote 100' campaign celebrating 100 years since the Representation of the People Act 1918, which gave all men and some women the vote for the first time. The building was taken over by hundreds of women (38% under 25, 31% non-members), debating gender and power in sold out panels and events throughout the day. Other celebrations during the month ranged from a focus on Ava Duvernay to a retrospective of Ida Lupino's work as an actor and director, an exploration of television's depiction of the Suffragettes themselves, and an on stage career interview and retrospective with French New Wave icon Agnès Varda. The Summit and related Woman with a Movie Camera programme were made possible by the generosity of The Mohamed S. Farsi Foundation, the Dana and Albert R Broccoli Foundation and Jane Stanton.

Other top seasons focused on Jane Fonda, Joan Crawford and Barbara Stanwyck including a nationwide BFI release of Stanwyck's classic screwball comedy *The Lady Eve* (Preston Sturges, 1941). Jane Fonda came to the BFI in support of her programme which tied in to our re-release of her workplace classic *9 to 5* (Colin Higgins, 1980).

### **Blockbuster: *Comedy Genius***

This year's BFI Blockbuster *Comedy Genius* was a UK-wide celebration of film and TV comedy from boundary-pushing writers and performers, to silent slapstick heroes of the past, and disruptive and anarchic voices of the present. The season delivered a higher than average capacity (57%) in venue and significant audiences at our partner screenings across the UK and online. The cinema season included on-stage appearances from Jennifer Saunders, Tracey Ullman, Jo Brand, Reece Shearsmith, Sharon Horgan, Julia Davis and many more, along with sell-out previews of *Catastrophe* and *People Just Do Nothing* and reunions of the cast of *Nighty Night*, *The League of Gentleman* and *The Real McCoy*. Nationwide live performances of a newly commissioned score introduced audiences to Mabel

Normand for the first time, aided by newly digitised shorts from the BFI National Archive which showcased the talents of this underappreciated and forgotten director, producer and performer who ranked in her day with Keaton and Chaplin.

Supporting *Comedy Genius* and in the lead up to a *Laurel and Hardy* season, we released a 2K restoration of Laurel and Hardy's final feature *Atoll K* (Léo Joannon, Alfred J. Goulding, Tim Whelan, 1953). BFI Player presented a bumper offering of comedy classics with its subscription collection of world cinema comedies achieving over 10,000 views over the season.

### **Classic auteurs and undiscovered gems**

We paid tribute to some of the greats of world cinema from Sergio Leone, to Marco Bellocchio and Michelangelo Antonioni, with *The Passenger* (1975) released as the centrepiece of the Antonioni retrospective, playing in 30 venues UK-wide. The season was generously supported by Philippe & Stephanie Camu.

*Black and Banned* offered a season of films, TV documentaries, and dramas of buried or banned films on the black experience, while *Forgotten Black Drama* highlighted ground-breaking television dramas from 1961-1985, many of them not seen since they were first broadcast.

### **New contemporary cinema**

Contemporary work from the world's most urgent and exciting voices were screened as part of *Close Up*, spotlighting directors to watch out for such as Valeska Grisebach, Lucretia Martel, Sebastian Lelio and Ava Duvernay. We partnered with Dogwoof, the documentary film company who have released 21 Oscar®-nominated documentaries, to distribute their catalogue to film clubs. Many clubs are in areas with limited access to cinemas so they enable audiences to see great films on the big screen. Our biggest new fiction feature films were *A Fantastic Woman* (Sebastián Lelio, 2017) in 86 venues and *Cold War* (Paweł Pawlikowski, 2018) in 73 venues.

### **Collections and cinema audiences around the world**

#### **Muriel Box**

According to the BFI filmography database, filmmaker Muriel Box (born in 1892), is still the UK's most prolific female director. She was the focus of a complete BFI Muriel Box retrospective at the San Sebastián film festival with selected titles going on to the Filmoteca Valencia, Cineteca Madrid, the Lumiere film festival in Lyon and TIFF in Toronto.

#### **China**

Our ongoing cultural exchange programme with China saw a collaboration with the Guangzhou Library on the launch of their new Documentary Centre. We provided a programme of documentary films from Scottish director John Grierson, who was the first filmmaker to coin the term 'documentary', and who will now feature as part of their permanent Documentary Centre exhibition.

## **Korea**

We launched a programme of BFI Archive restorations at the Korean Film Archive in Seoul, attracting nearly 3,000 admissions at sell-out screenings. This was followed by a programme of film restorations – Early Korean Cinema – arranged in partnership with the Korean Cultural Centre at BFI Southbank and attended by the Korean Ambassador. The season offered a unique opportunity to experience films thought to be lost entirely from pre-1945 Korea including melodramas, propaganda films and newsreels from the colonial period which are also available to view on BFI Player.

## ***Sight & Sound* and publishing**

Once a decade, *Sight & Sound* asks critics to select the Greatest Films of All Time. Because of its longevity and critical reach, this poll has become a trusted guide to great films, as well as a barometer of changing critical tastes with 846 critics and 358 directors taking part. After 50 years at the top, Orson Welles' *Citizen Kane* (1941) was convincingly ousted by Alfred Hitchcock's 45th feature *Vertigo* (1958).

BFI Publishing finalised a new book publishing partnership with Bloomsbury – a leading independent publisher with an award-winning programme spanning academic, consumer and digital publishing – to extend the reach and awareness of our books and resources on film and television.

## **BFI Reuben Library**

The BFI Reuben Library maintained healthy visitor numbers with an average of 275 visits a day and a 48% increase on last year in requests for materials from the library collection. Thanks to the generosity of the French family, it also received a donation of 3,000 books from the personal library of renowned film critic and writer Philip French, in memory of his outstanding 50 year career.

## **Emerging media**

Following a consultation with emerging media practitioners in June 2017, we have started a pilot phase for the acquisition, cataloguing and preservation of a 360 degree live action documentary *Notes to My Father* (Jayisha Patel, 2017) and an immersive CGI-generated virtual reality project *In The Eyes of the Animal* (Robin McNicholas, Barnaby Steel, 2015). These are test cases designed to develop archive practice for emerging media and to inform strategic conversations with the audio visual sector and other collecting organisations.

## **GROWING AUDIENCES ACROSS THE UK**

The BFI Audience Fund uses funds from the National Lottery to support ambitious UK-wide projects that boost diversity and inclusivity and that help to build a broad film culture which values the quality of difference and rebalances under-representation on screen, in the workforce and in audiences. Support may include developing cinema programmes with independent British and specialised film, bespoke sector support and advice services, initiatives to develop the independent cinema sector and its work force, and funding organisations with outstanding, proven audience or industry-facing experience to deliver a range of year-round activity in support of our priorities in BFI2022.

Among the films the fund has helped to bring to wider audiences this year are: *Sweet Country* (Warwick Thornton, 2018), which engaged BAME and younger audiences with its themes of racial injustice and de-colonisation; the French language LGBT film *120 BPM* (Robin Campillo, 2017); *Funny Cow* (Adrian Shergold, 2018); the documentary *Matangi/Maya/M.I.A.* (Steve Loveridge, 2018), which played well to young and diverse audiences; Idris Elba's 2018 directorial debut *Yardie*; and an extensive UK-wide tour of nine films by Agnès Varda, including eight digitally restored titles and previews of *Faces, Places* (2017).

Festivals play a vital role in bringing a wide choice of film to audiences and key events we supported included:

- Oska Bright Film Festival which features learning disabled film for both learning disabled and non-disabled audiences
- Short film festivals such as Encounters, the French Film Festival, and the Iris Prize LGBT+ Film Festival in Cardiff
- Specialised events for animation and slapstick.

Partnerships with community and touring cinema specialists bring cinema experiences to traditionally difficult to reach or remote areas and audiences such as *Flicks in the Sticks* and *Moviola*.

#### *Flicks in the Sticks*

Where: Shropshire, Herefordshire, Malvern, mid Wales and parts of Cheshire and Staffordshire  
What: A menu of film titles screened on either the location's equipment or the Flicks touring equipment. The new Flicks Tent is taking short films to even more places such as agricultural shows and festivals  
Reach: Around 100 community venues, 1,000 screenings, 35,000 admissions.

#### *Moviola*

Where: Devon, Somerset, Hampshire and Wiltshire  
What: A menu of film titles, plus the offer of projection equipment, screens, publicity materials, ticketing support, a trained presenter  
Reach: 51 rural communities, over 2,000 screenings, 89,000 admissions

We also fund organisations with proven sector experience to deliver a range of year-round activity in support of our priorities in BFI2022, such as supporting core cinema programmes with a wide range of independent British and specialised film, and focusing on growing young and diverse audiences. Typically they will have a demonstrable track record of outstanding delivery of audience or industry-facing activity, an in-depth understanding of UK film culture and excellence in audience development and/or community engagement. These organisations are considered to be leaders in their fields and exemplars of good practice and will include cinema venues, film festivals and organisations supporting and developing the independent and community-led cinema sectors.

## **Connecting through the BFI Film Audience Network**

The BFI Film Audience Network (FAN) uses National Lottery funding to support a stronger and more connected approach to growing the confidence and inclusivity of UK audiences watching British and international film on the big screen. We have an established network of eight Film Hubs across the UK, each managed by prominent film organisations who work with cinemas, festivals, community cinemas and other exhibition organisations in their hub area. BFI FAN is made up of over 1,170 partners UK-wide.

### **Hub impact**

#### **Film Hub Scotland**

Hub Lead Organisation: Glasgow Film

##### *Highlights*

- Glasgow Film Theatre's youth board and the Young Scot card
- Pilot LGBTQ+ Youth Programmer group at Edinburgh's Cameo cinema
- 15-30 ticket scheme
- Captioning for Lux's Artist Moving Image Festival and films at the Glasgow Short Film Festival
- *Amplify* programme for eight mid-scale venues for training in diversity and inclusion, and archive film
- *Fabric* film exhibition support for three rural networks in Dumfries and Galloway, Argyle and Bute, and Orkney.

#### **Film Hub Northern Ireland**

Hub Lead Organisation: Queen's Film Theatre, Belfast

##### *Highlights*

- The third year of *Cinema Day* saw 55% of audiences going to a venue they hadn't been to before. Partnerships to be extended to Belfast City Council to engage with more youth clubs, venues and organisations
- Screenings in disadvantaged urban and rural Clanmil Housing Association venues to encourage audience inclusion
- A touring programme of Jim Sheridan's 1989 award winning film *My Left Foot*
- *Women Run the Screen* and other initiatives for young women with a passion for film programming and exhibition
- 20,000 visits to the new Hub website aimed at industry and audiences for independent cinema
- A new podcast to develop film culture and raise awareness of member events
- Young Programmers scheme and young people's discount card.

## **Film Hub Wales**

Hub Lead Organisation: Chapter Arts Centre, Cardiff

### *Highlights*

- 43 projects for cinema audiences, four industry courses and 29 skills bursaries
- *Off Y Grid*, a collaborative project between ten remote venues, reaching over 20,000 people and increasing geographical reach, particularly in North West Wales
- A new Vale Venues network with 13 mixed arts centres and community cinemas in the Vale of Glamorgan, a Youth Festival Network with Wicked in Rhyl and other youth-led film projects, such as community programming for 20-30 year olds at Galeri Caernarfon
- Gentle/radical's *Generation Hope*, run in grassroots viewing spaces by and for women of colour, used film to explore the issues of our times
- Eight heritage film programmes looked at reminiscences with intergenerational audiences, Welsh culture and learning
- Made in Wales boosted the release of over 15 regionally significant productions and partnered to deliver Anim18 which took films to 150 sites and over 1.2 million audiences in the cinema and online.

## **Film Hub North**

Hub Lead Organisations: Showroom Workstation, Sheffield, HOME, Manchester, and Tyneside Cinema, Newcastle

### *Highlights*

- Working with Cine North to expand their reach into rural communities including a programme exploring the idea of Northern-ness in film and television
- Strategic support for Live Cinema UK to tour youth-orientated events to more venues across the North
- Salaam Pakistan Film Festival engaged under-represented audiences with specially curated events in their communities
- Funded the inaugural edition of the Tyne Valley Film Festival
- Support for venues included The Dukes, Lancaster and Brewery Arts Centre, Kendal to develop independent, British and international film programmes along with audience development projects.

## **Film Hub Midlands**

Hub Lead Organisation: Broadway, Nottingham in partnership with Flatpack Projects, Birmingham

### *Highlights*

- First year of new Hub leadership team
- Close to 3,000 admissions for the first Telford Film Festival, with local authority partnership, as part of the town's 50th birthday celebrations

- Year-round working with Phoenix in Leicester and Black Country Touring on film screenings in rural and urban areas underserved by cinema
- The first CineQ Queer film festival in Birmingham
- Working with the Media Archive of Central England on touring packages of archive material
- Looking to develop activity in Coventry ahead of the 2021 Year of Culture.

### ***Film Hub South West***

Hub Lead Organisation: Watershed, Bristol

#### *Highlights*

- New rolling fund *Beyond Boundaries* broadened the range of voices and perspectives of people staging film events
- Events to attract a range of audiences at Town Hall Arts in Trowbridge, including for Black History Month and International Women's Day
- South West Silents delivered screen heritage projects in Portsmouth, Malvern, Bristol, and the Ilfracombe Film Festival
- Cinema Taster schemes engaged young audiences through ticket incentives, marketing and social media campaigns.

### ***Film Hub South East***

Hub Lead Organisation: Independent Cinema Office (ICO)

#### *Highlights*

- ICO announced as the Hub lead for a new expanded region taking in Norfolk, Oxford, West Sussex and Kent
- £62,000 secured from the Heritage Lottery Fund (East) to deliver *New Towns: Our Town*, a cross-region project using archive film and TV material in the UK's first four New Towns – Hemel Hempstead, Crawley, Harlow and Stevenage
- A new programming network for established cinemas to build the skills, knowledge and confidence to show more specialised films
- Working with external partners to boost the diversity of audiences engaging with specialised film
- Partnership with Depot in Lewes and others to develop and secure additional funding for a network of young programmer groups.



## **Film Hub London**

Hub Lead Organisation: Film London

### *Highlights*

- Broadening audience inclusion, particularly in the Asian community, and strong BAME audiences now recorded across all activity
- An Exhibitor Activation Programme that builds skills and confidence among exhibitors to reach young and diverse audiences
- Working with the London office of Arts Council England to grow audiences in the poorly served outer boroughs and engaging with non-film led organisations to take up sustained film screening activity
- Partnering with London's Screen Archives to present archive content in innovative ways
- Affordable screenings for young diverse audiences showcasing documentaries and features with live music, panel discussions and Q&As.

## **TO ENSURE THAT EVERYONE, EVERYWHERE CAN ENJOY MORE OF THEIR MOVING IMAGE HERITAGE**

### **Heritage 2022**

The National Lottery funded Heritage 2022 (H22) project is a key component of our BFI2022 strategy. It is a complex and challenging programme of work that is focused on digitising to preserve obsolete video formats, digitising rare and unique paper materials which are fragile and otherwise inaccessible, and making new 35mm prints of 100 classic British and international films for presentation as they were originally made by the filmmaker (15 have been completed to date). Without this level of investment collections would disappear and materials which are otherwise safe could not be seen.

The risk to video has been widely acknowledged as a time-sensitive issue as videotape is no longer in use and the video industry is in continuous decline. Yet much of British television and low budget filmmaking was shot on video formats. The next five to six years are especially critical in terms of conservation, while we still have access to playback devices, as well as skilled and experienced staff, and a commercial supplier network to support digitisation. Our aim with H22 is to identify and digitise 100,000 significant items from national and regional film archives and to keep these digitised videotape collections safe for future generations.

Work is also underway on a research pilot for a new in-venue digital service, building on BFI Player technologies to understand how we might engage and give nationwide public access through UK public libraries.

### **Acquisitions**

This year the BFI National Archive acquired 1,616 significant examples of the art of British film, TV and the moving image as well as making new digital master tapes. In fiction filmmaking new acquisitions included the personal prints of British filmmakers such as Nicolas Roeg, Peter Strickland, Terry Gilliam, Mike Hodges and Jonathan Glazer. The archive digitally preserved the best of contemporary British cinema, including Mike Leigh's *Peterloo* (2018), Idris Elba's *Yardie* (2018) and Clio Barnard's *Dark River* (2018) as well as acquisitions of all analogue and more recent digital works by Lis Rhodes and Lynne Ramsay's *Morvern Callar* (2002). Non-fiction acquisitions ranged from Chris Martin's feature documentary on war correspondent Marie Colvin, *Under the Wire* (2018) to new materials from early British pioneer F. Percy Smith's Kinemacolor *Varieties of Sweet Peas* (1911).

From television we acquired 222 new works broadcast over the past year, while our Special Collections acquisitions included photographs from the career of producer William MacQuitty and production photographs and scripts from StudioCanal.

### **Skills sharing**

We hosted our third Archive Futures, a three-day international training programme of lectures, workshops and one-to-one sessions presented by our world-leading experts from the BFI National Archive. Our expertise in sub-zero film storage continued to attract international attention with the Collections Management team completing the move of the Imperial War Museum's (IWM) nitrate film collection (16,500 cans) to the BFI Master Film Store.

We initiated preliminary discussions with leading cultural institutions, such as the V&A, the British Library and the National Videogames Museum, to map video games-related activity across our sectors and to lay the foundations for sharing best practice on the conservation of newer formats.

BFI data and digital preservation teams ran their third 'No Time to Wait' digital preservation conference with 130 international attendees and a further 50 joining the live online broadcast. Presentations and panels focused on standards and practices for digital audio visual archiving; open standards and consensus forming for digital preservation media formats; and open source developments of tools and workflows for moving image archivists.

### **Restorations**

The BFI National Archive undertakes restorations as part of its ongoing commitment to preserve and open up access to our moving image heritage. This year saw the culmination of a massive National Lottery-funded project to digitise all remaining films from the Victorian period – totalling around 700 largely unseen short films. The complete collection will be made available, free to the public, later in 2019 to mark the 250th anniversary of Queen Victoria. *The Great Victorian Moving Picture Show* showcased the archive's magnificent restorations of large-format films from the Victorian era, premiering at a sold-out Archive Gala at the BFI London Film Festival. The event was subsequently voted Best Silent Film Restoration in Silent London blog's poll of 2018.

The Archive's 4K restoration of Alexander Korda's *The Private Life of Henry the VIII* from 1933 (restored by the BFI and The Film Foundation with funding provided by the George Lucas Family Foundation), also premiered at the LFF, ahead of a well-attended season of the producer/director's work at BFI Southbank, on BFI Player and in cinemas UK-wide, which was generously supported by Philippe & Stephanie Camu. This film was the first British feature to win an Academy Award, demonstrating at the time that British films could rival Hollywood at the box office. As the original picture and sound negatives were lost, an international search was undertaken to confirm that the best existing elements were held at the BFI National Archive where our biggest conservation challenge was then centred on revealing the subtlety of the film's photography and sound mix from the nitrate masters.

### **New archival collections free online**

**NHS70** This year we joined in a Government-wide celebration to mark the 70th anniversary of the NHS. Using films from the BFI National Archive to show how the promotion of public health and well-being issues has evolved over the past seven decades, we curated a collection of 70 or more titles, most of which were not previously publicly available, making them all free to watch on the BFI Player. At an event at BFI Southbank, we presented a number of highlights from the collection to a packed audience, followed by an onstage panel discussion with the Chief Nurse and filmmakers to talk about how contemporary film production is making a real impact in the arena of public health and NHS management today.

**Disabled Britain on Film** is a rich and varied collection of over 170 films exploring the representation of disabled people on film over the last century from across the UK, giving a unique insight into the lives and everyday experiences of people often hidden from screen history.

**Wedding Bells** marked the wedding of Prince Harry and Meghan Markle in May 2018 with a collection drawing heavily on amateur films from the combined archives of the BFI and regional and national archives across the UK, as well as newsreel footage of previous royal weddings.

**Commonwealth on Film** coincided with the UK-hosted Commonwealth Heads of Government meeting, with a collection of nearly 50 films showcasing 20th century life across the member countries.

**Arcadia**, Paul Wright's poetic fever dream of the British landscape, was funded by the BFI Film Fund and BBC films, and created entirely from footage from the BFI National Film Archive, with a score by Will Gregory (Goldfrapp) and Adrian Utley (Portishead). A collection of films featured in the film was also launched on BFI Player.

### **Crowdsourcing Britain on Film: BFI Contribute**

Following successful trial research for the initiative, we launched our first-ever crowdsourcing platform BFI Contribute, based on our online interactive *Britain on Film* map. Since its launch in July 2015, the annual viewing figures of *Britain on Film* material have continued to grow, demonstrating record demand for the historic films held in the BFI and other national and regional archives. Using BFI Contribute, we are encouraging people to share their many stories on who, where and what they have been able to identify in the films – which not only offers deeper public engagement in our film heritage, but also enriches our data knowledge of those films.

### **Archival broadcast productions**

Television and radio partnerships are a way for us to broaden audiences for our archival collections. The BBC Four documentary strand *What Do Artists Do All Day?* followed musician Anoushka Shankar's work in composing for the BFI restoration of *Shiraz: A Romance of India* (Franz Osten, 1928). Filming at the John Paul Getty Conservation Centre, it showed some of the complex and detailed work we undertook on this restoration. *Shiraz* was made free-to-view on BFI Player for a two-week window, with more than 2,000 people watching.

BFI curators collaborated with independent production companies on the BBC Four broadcast *Secrets of British Animation*, a one-hour documentary drawing on our digitised collection of world class animations made by British animators. BBC Radio 4 also broadcast *Powers of Persuasion: How Britain Learned to Sell* in its Archive Hour slot. This survey of a century of British advertising focused on early ads in the national collection, also digitised through National Lottery investment, and featured BFI curators. This collection was added to BFI Player, free to view, ahead of a more comprehensive collection Advertising on Film, due to launch later in 2019.

### **Loans, international touring and cultural exchange**

Sharing the national collections is a core BFI activity, as we lend and exchange materials with archives worldwide for film restoration and for presentation, as well as licensing, loaning, booking and supplying content for international and UK broadcast and to other cultural institutions. Key projects included:

- A major archive restoration by MOMA, New York of *Black Pirate* (Albert Parker, 1926) based on nitrate materials held by the BFI and film materials

- Loans to other film institutes across the world along with access to 45 rights holders
- Licensing and supplying materials in around 300 transactions predominantly for public service and commercial channels broadcast in the UK and Europe, and worldwide as well as increasingly through streaming services such as Netflix
- 2,000 titles, or around 750 hours, of socialist propaganda footage delivered from the Stanley Foreman collection to Adam Matthew Digital whose *Socialism on Film* platform has an excellent take-up in over 50 universities worldwide
- Booked over 1,000 titles to more than 200 museums, cinemas and festivals worldwide, and brought in rare materials from world cinema to present to UK audiences
- Key programmes on tour from the BFI National Archive included our restoration of *Shiraz: A Romance of India*, (Franz Osten, 1928) in India, which was also selected as the first-ever film to screen at the new cinema space in the Louvre, Abu Dhabi
- Make Productions made a documentary based on the BFI's India on Film collection to be broadcast in international territories including through Channel NewsAsia, which transmits to 29 territories in Asia, the Middle East and Australia.

## **FUTURE LEARNING AND SKILLS**

*Giving everyone the educational opportunity to build a lifelong relationship with film*

### **Future learning and skills**

With UK film now worth £6.1 billion to the economy and recognised as the fastest growing sector, employing around 89,000 people, it is more important than ever that the future needs of the industry are recognised, planned for and delivered ahead of time. A consequence of this rapid growth, alongside significant technological change, global competition and shifts in production and commercial models, is the intense pressure being put on the sector to upskill and expand its workforce.

The future of moving image in the UK rests largely in the hands of the younger generation in terms of appreciation, content creation and labour force. *BFI2022* is very specific in its intent to engage and inspire these significant consumers of film and moving image in order to fuel an original and skilled workforce for tomorrow. However, we must also champion and support the crucial role those already working in the industry have to play by developing, training and upskilling them appropriately.

### **The Future Film Skills Action Plan**

The Future Film Skills Action Plan is now 18 months old and ScreenSkills have refocused their work under a new ScreenSkills brand. This has increased a wider industry understanding of their remit and has allowed them to focus clearly on film, TV, animation, gaming and mixed reality.

The launch of the quarterly workforce barometer and annual workforce surveys have qualified previous anecdotal evidence around labour and skills shortages, and have flagged the difficulty of filling various roles such as production accountants, line producers, production and location managers as well as VFX supervisors, FX artists, creature FX and animators, games programmers and project managers. The sector is feeling the impact of these skills shortages in a number of ways, including increased operating costs, lost business opportunities and compromised delivery capability. Leadership and management training was also identified as an area that requires investment to unlock the potential of the future.

As a direct response, around £650,000 has already been invested, via ScreenSkills, in continuing professional development and training, with a further £950,000 earmarked for training and skills-related bursaries to address headline shortages. Some 4,000 new entrants attended boot camps and information and careers days with over 1,000 existing workers receiving industry related training.

Diversity is a key focus across the skills action plan with 54% of current beneficiaries being female, 14% BAME, 17% disabled and 10% LGBTQ+ – this is against UK national averages (2011 Census) of 51% female, 12.8% BAME, 18% disabled, and, according to the LGBT charity Stonewall, between 5% and 7% LGBTQ+.

### **BFI Film Academy**

Now in its seventh year, the BFI Film Academy, backed by the Department for Education (DfE), National Lottery, Screen Scotland and Northern Ireland Screen, gives 16–19 year olds from very diverse

backgrounds across the UK the opportunity to develop the specialist filmmaking skills they will need to be part of the future of the UK film industry. The BFI Film Academy also offers bursaries to remain open to as wide a range of young people as possible and the DfE has confirmed a further £1 million funding for the programme to 2020.

Since 2012, more than 6,000 places have been created for young people on courses across the UK. Of all alumni, 85% have pursued film education or become employed in the sector, with only 5% reporting not continuing any film-related activity since completing the Film Academy. At this year’s graduation ceremony from the prestigious two-week residential Craft Skills programme at the National Film and Television School, 66 young students premiered their work at BFI Southbank to an audience of UK film industry leaders. With the BFI Film Academy becoming a trusted and effective route into the industry, the annual graduation is regarded as an opportunity to spot and meet new up and coming talent.

### Industry traineeships

Following a successful pilot in September 2016, we established a partnership with Lucasfilm to run the Future Skills traineeship programme and provide opportunities for a career in film to under-represented young people. Since then, the programme has been delivered across two productions to 58 trainees, the majority of whom are BFI Film Academy alumni. Working as paid trainees, the participants received an exceptionally high level of training and experience at one of the industry’s most successful production companies in a variety of craft and technical roles. A small number of trainees were additionally selected from other specialised training backgrounds in areas where a particular skills gap (such as hair and make-up) was not served by current Film Academy courses.

The programme has been particularly successful in meeting its targets around recruitment from under-represented groups: BAME, female, disabled, low income backgrounds and from outside London and the South East.

	FEMALE	BAME	FREE SCHOOL MEALS	DISABILITY	OUTSIDE LONDON AND SOUTHEAST
Pilot 1 ( <i>Solo: A Star Wars Story</i> )	75%	43%	36%	4%	43%
Pilot 2 ( <i>Star Wars: Episode IX</i> )	80%	50%	37%	14%	67%

Another key component of the programme has been ensuring progression for the participants and for 80% of them to be recommended for other jobs at the end of the programme, either by their current teams, or on a further placement on an independent production supported by the BFI. This target has been met with 96% of the young people on the programme moving on to further film-related work or training. In 2019 we will widen the scheme to include participation from three major studios.

### Future Film Festival

The BFI Future Film Festival is the UK’s foremost event for emerging young filmmakers aged 16–25 years old and this year’s 11th edition at BFI Southbank offered a packed four days of interactive masterclasses, industry workshops, screenings and Q&As. BFI Future Film is generously supported by

The Reuben Foundation and LaCie is Headline Partner of the Future Film Festival.

The festival received over 2,000 submissions from across the UK and internationally, the best of which were nominated for the BFI Future Film Awards which have a cumulative prize of over £12,000. The awards are made up of five UK categories recognising experimental shorts, new talent, and best short films for filmmakers aged 16-18 and 19-25. Two additional international awards were supported by The London School of English.

### **Into Film**

Into Film is an education charity core funded by the BFI through National Lottery to put film at the heart of children and young people's education, cultural and personal development. Through free to access film clubs, classroom resources, teacher training, events, festivals and awards, Into Film helps to increase educational achievement and enjoyment and to boost cultural access and development for young people aged 5 to 19. Into Film has also started a partnership with the BFI Film Audience Network to promote cultural cinema and boost attendances for FAN venues, particularly for audiences aged 16 to 19.

With over 9,000 extra-curricular film clubs now established across the UK, Into Film further targets their 13-24 year old audiences via a *Get Into Film* YouTube channel. Their online resources were downloaded over 140,000 times in 2018–19 and more than 3,000 UK educators took part in a continuing professional development programme.

Into Film's work with schools is key to helping us make a sustainable shift to film's place and status in education and creative learning and to ensure film is embedded in formal and informal teaching and learning practice, and the cultural offer of schools.

### **BFI schools programme**

Every year, BFI Southbank hosts pupils and students from around 600 schools and colleges from across the southern half of England. We run nearly 100 events, study days, and screenings, covering subjects where the moving image makes a vital contribution to learning, such as Film and Media Studies, modern languages, English, and primary school topics such as the Second World War and the history of technology. During the year we welcomed over 15,000 students to BFI Southbank, including between 65 and 100 young people from our local borough, Lambeth.

For the first time, we have been able to expand the programme to reach schools in other parts of the UK and we have been developing partnerships with cinema venues in Sheffield, Lincoln, Glasgow and across Buckinghamshire, thanks to a generous three year grant from the Rothschild Foundation.

Every year since 2009, the BFI has joined its sister organisation in Paris, the Cinémathèque Française, in an international programme called *le Cinema cent ans de jeunesse*. Children aged between 6 and 19 watch and make films focused on an aspect of cinema (this year it was 'Places and Stories'), culminating in showcases in Paris, London, Edinburgh, Lisbon and Barcelona. In the UK, children from 25 primary schools in Lincolnshire, London, and Scotland participate every year.



### **BFI Families**

BFI Families offers a programme of 150 activities a year, including Saturday filmmaking clubs for 7–11 and 12–15 year olds, film schools in school holidays, and popular Fundays once a month. This year we began a new partnership with a local neighbourhood community centre to bring in 20 families a month to watch and discuss films with their children. Family workshops travel to festivals every summer, bringing archive, heritage and animated films to hundreds of children and their parents and carers.

### **BFI teachers**

Working with the Open University platform FutureLearn, we supported teachers from all over the world with a *Short Film in Languages* Mass Open Online Course (MOOC) which reached 13,000 participants globally. Next year we will run a new course featuring *Victorian Film in Britain*.

### **Research and advocacy**

BFI Education was successful in bidding for two projects from Creative Europe. *Film: a language without borders* saw us work with partners in Denmark and Germany, and cinemas across the UK, to screen feature films and shorts to more than 60,000 schoolchildren in cinemas, and stream films to another 5,000 schools. A second project, *Film Education: from Framework to Impact*, was awarded funding for a consortium of the BFI, Danish Film Institute, Vision Kino in Germany and the Cinémathèque Française, with support from the EFADs, to build a network of 'lead film educators' in 25 European countries, all working to a common set of goals and approaches.

## FUTURE TALENT

*Supporting creative and influential filmmakers whose work is admired throughout the world*

As filmmakers and audiences continue to make fewer distinctions between film, television and other digital media (such as games, online video and virtual reality), we are making sure our funds remain relevant, responsive and adaptive and that they are targeted to make the most impact for the industry and audiences. We are urgently addressing barriers in the film industry around inclusion and opportunity that are limiting the industry's creative potential and cultural relevance.

### **Development and production**

BFI National Lottery funding has supported another strong year of critically acclaimed and popular films. Prestige titles included Pawel Pavlikowski's *Cold War* (2018) which received its world premiere in official competition at the Cannes Film Festival, and Mike Leigh's *Peterloo* (2018) which premiered at the Venice Film Festival. *Ray & Liz* (2018), the striking debut feature from Turner Prize winning photographer Richard Billingham, received wide acclaim following its screenings at Locarno and the BFI London Film Festival, and subsequently won both the Best Debut Director and Breakthrough Producer awards at the 2018 British Independent Film Awards, and was nominated for a 2019 BAFTA for Outstanding Debut.

The Toronto International Film Festival (TIFF) featured a strong line-up of 34 UK titles of which 12 were BFI National Lottery backed titles. World premieres included *High Life* (Claire Denis, 2018), *Where Hands Touch* (Amma Asante, 2018), *Wild Rose* (Tom Harper 2018), *In Fabric* (Peter Strickland, 2018), *Gwen* (William McGregor, 2018), *Out of Blue* (Carol Morley, 2018) which screened in the competitive Platform section, and Sandhya Suri's short film *The Field*, which was produced through the BFI NETWORK programme.

Four BFI Lottery-funded films premiered at the Sundance Film Festival including three in the World Dramatic Competition – *The Last Tree* (Shola Amoo, 2018), *Dirty God* (Sacha Polak, 2018) and *The Souvenir Part I* (Joanna Hogg, 2018) – which won the World Cinema Dramatic Grand Jury Prize. *The Boy Who Harnessed The Wind* (Chiwetel Ejiofor, 2018) also received its world premiere at Sundance, before screening at the Berlinale Film Festival and subsequently being released globally by Netflix.

*Sweet Dreams*, the latest work by Marshmallow Laser Feast, is the first virtual reality project to be supported by BFI National Lottery under our expanded definitions of film and also screened at Sundance in the New Frontiers section. *The Day Shall Come* (Chris Morris, 2019) – the filmmaker's eagerly anticipated follow up to *Four Lions* – premiered to strong reviews at the SXSW festival in March 2019.

Other standout releases this year included debut features *Beast* (Michael Pearce, 2017), *Yardie* (Idris Elba, 2017), *Apostasy* (Daniel Kokotajlo, 2017) and *Been So Long* (Tinge Krishnan, 2018) – which premiered at the BFI London Film Festival before being released worldwide by Netflix. *Beast* was nominated for ten 2018 BIFA awards (winning Most Promising Newcomer award for Jessie Buckley) and won the 2019 BAFTA for Outstanding Debut for writer/director Michael Pearce and producer Lauren Dark.

*The Favourite* (Yorgos Lanthimos, 2018) has been a notable success for BFI National Lottery, which supported the project through a decade-long development process. Alongside its critical and box office success, the film picked up multiple BIFA and BAFTA awards and won the Best Actress Oscar for Olivia Colman, who in March was made a BFI Fellow for her outstanding contribution to film and television.

### **Support for documentaries**

The BFI Doc Society Fund has been in operation for its first full year, making awards to the first slate of eight titles as well as launching the Made of Truth short film fund in collaboration with BFI NETWORK. The BFI Doc Society Fund develops storytellers from all parts of the country and all communities, backing shorts and feature projects with bold cultural and social ambitions, across a range of platforms.

## **SUPPORTING FUTURE FILMMAKING TALENT**

### **BFI NETWORK**

BFI NETWORK supports, develops and champions new filmmakers at the start their career. We collaborate with film organisations and leading cultural venues across the UK to provide short film and early feature development funding, industry-backed professional development and networking support to producers, writers and directors of all ages.

Funding decisions are led by the regions through the BFI Film Audience Network and six new BFI NETWORK talent executives in the English regions. The executives work with regional venues and partner organisations to grow filmmaking culture across the UK. New appointments included a second talent executive in Film Hub London and a new Head of BFI NETWORK based in Manchester.

The BFI NETWORK talent executives work closely with BFI National Lottery-funded talent development activity in Northern Ireland Screen, Ffilm Cymru Wales and the Scottish Film Talent Network in partnership with Screen Scotland. Doc Society operates a programme for new and emerging documentary filmmakers as part of BFI NETWORK.

A huge number of events and programmes were delivered including the BFI NETWORK x BAFTA Crew, a mentoring programme at BFI Flare, and the centerpiece event NETWORK@LFF, now in its fifth year. This event offered 17 participants masterclasses, screenings, networking and one-to-one sessions with filmmakers and executives including Steve McQueen, Ben Wheatley, Amy Jump and Boots Riley.

### **Creative England iFeatures**

Creative England's popular iFeatures scheme opened to participants for a fifth edition. A number of significant changes were made to the programme this year, including selecting participants from all four nations, and allowing year-long development for all 12 shortlisted projects. iFeatures receives National Lottery funding through the BFI and is also supported by BBC Films and ScreenSkills' Film Skills Fund. Previous iFeatures projects were *Lady Macbeth*, *Apostasy* and *God's Own Country*.

### **Film London Microwave**

Now in its tenth year, Film London's Microwave programme offers development and mentoring support to 12 shortlisted projects, as well as production finance and distribution support to the final commissioned films. The 12 shortlisted teams receive intensive training at Film London's Microschool from which six projects are selected to go on to a second phase of development with further funding. Finally, two features are commissioned and receive additional development, as well as production and distribution funding for finished films.

## ON THE INTERNATIONAL STAGE

### Export and co-production

The BFI's Film Export Fund supported the sales and promotion of UK films at key festivals including Sundance, Berlin, SXSW, Tribeca, Cannes, Venice, Toronto and San Sebastian. The International Fund also supported Film Export UK to deliver a UK umbrella stand at international festivals and markets which represent some of the most valuable annual opportunities for promoting and closing UK independent feature film sales in North America, Europe and Asia.

The UK presence in Cannes was supported by the International Fund through funding for the UK Film Centre which acts as a base for meetings, information and visual promotion, as well as curated and strategic talks and panel events for an international and UK audience. For the second year running, up-and-coming UK talent was showcased at a well-attended GREAT8 event in collaboration with the UK Government's GREAT campaign and the British Council.

In ongoing work to strengthen relationships with China we sent a sixth cross-industry delegation to the Beijing International Film Festival for meetings, site visits and networking initiatives. The week-long programme aimed to connect the UK industry with its Chinese counterparts, promoting cultural and business exchange and developing creative working practices. We also supported *Bridging the Dragon*, a European association connecting European and Chinese film industries.

With funding from the Department for International Trade we delivered our second placement programme for six Chinese film executives in UK film companies aiming to increase understanding of business and creative practices, co-production opportunities and to build relationships between the UK and Chinese film industry.

As part of a *BFI2022* priority to maintain relationships with partners across Europe and position the UK as a co-production partner of choice with key partner territories, the International Fund supported a UK focus at the Galway Film Fleadh and Fair, in collaboration with Screen Ireland.

With France another priority territory for UK film both in terms of distribution and as a European co-production partner, we supported the Dinard Film Festival which has a good track record as the launch pad for French distribution of UK titles. The MIA market in Rome is a key European co-production forum and the International Fund, in collaboration with the British Council and the British Embassy, helped to support a UK focus through providing a platform for buyers and sellers as well as a range of panels that highlighted UK strengths, such as co-production and our thought leadership around diversity and inclusion.

During the 2019 Berlinale, we arranged two networking events in partnership with the British Council to promote UK interests in light of the UK's impending exit from the EU. The first actively encouraged continued European film business engagement with the UK and sought to clarify the future of film collaborations, while the second was aimed at facilitating co-productions with priority countries.

## **Inward investment**

The BFI funds and works in partnership with the British Film Commission (BFC) and film agencies across the UK to deliver economic growth through investment in the UK. We do this through a programme of familiarisation trips for film and high-end television US studio and SVOD platform executives who travel to the UK to view studio facilities and alternative stage spaces, locations and set visits, alongside attending seminars on filming in the UK and on UK tax reliefs.

The BFC also worked with us on important policy issues such as EU lighting regulations and the launch of our Screen Business report which demonstrated the significant value of tax reliefs to the UK economy.

## **PUBLIC POLICY, RESEARCH AND STATISTICS, LEADERSHIP AND ADVOCACY**

### **Exiting the EU**

The UK's impending exit from the EU has been a dominant feature of our policy work during the year as we have worked closely with the industry and with Government to ensure that the concerns and likely impacts of this move on the screen sector are fully understood and heard.

The Screen Sector Task Force we set up immediately following the 2016 referendum is made up of representatives from across the broader screen industries, including film, television and video games and has taken a solutions-based approach to offering practical advice. Armed with bespoke legal advice, the task force examined the impact of leaving the EU on the workforce, EU funding streams, future market access arrangements and the regulatory and copyright environment, and where possible provided potential policy solutions. This has led to close partnership working with departments across Government, including DCMS, Department for Exiting the European Union (DEXEU) and HM Treasury on EU exit matters, ensuring the voice of the sector is heard. In particular, we are also tracking the Culture and Education Accord proposed by the European Union and the UK Government as part of EU Exit negotiations.

Our membership of the European Film Agency Directors (EFADs) helps us maintain valuable and important relationships with our counterparts in other EU countries. These close connections have been a priority throughout the EU Exit negotiations as, together with the EFADs, we have been engaging with EU decision makers, EU trade bodies and other European players such as the Council of Europe's European Audiovisual Observatory on critical policy areas affecting the screen industries.

We have played a proactive role in making sure practitioners in the sector are as prepared as possible for all outcomes, including no deal. We have published a Q&A on our website giving up-to-the-minute advice on issues like access to screen tax reliefs, co-production, the movement of people and goods and services, as well as European funding including Creative Europe. We have also held information and insight events in Cannes, London and Brussels to complement one-to-one sessions with UK and EU practitioners to ensure they are armed with practical information on the implications of the EU Exit on their work in every scenario, providing clarity wherever we can.

### **Sector and development projects**

The creative industries Sector Deal has set out a suite of interventions to be made by Government and industry to supercharge the sector's performance. It reflected much of the input provided by the BFI policy team and we are now working very closely with DCMS, the Creative Industries Council and other partners to help deliver many of the proposals it sets out.

We are closely involved in the Arts and Humanities Research Council's (AHRC) Creative Industries Clusters Programme – an ambitious research and development investment in eight R&D partnerships based in creative clusters across the UK. We worked on the successful bid for funding made by XRStories (formerly Creative Media Labs) – an R&D partnership led by the University of York which explores the potential of immersive and interactive technologies for storytelling.

We sit on the board of the project and provide further support through our Research and Statistics Unit (RSU). We also supported Nesta's successful bid to host the Policy and Evidence Centre – an AHRC initiative intended to produce independent research and policy recommendations to boost the performance of the creative industries.

The Audiences of the Future Programme is an R&D project designed to help integrate immersive technologies into screen sector storytelling. The BFI sits on the board of the StoryFutures Academy, which will provide skills and training for new entrants and established screen sector professionals wishing to incorporate immersive technologies into their practice. Additionally, we are working with partners to support the delivery of other parts of the Sector Deal, including the Creative Careers Programme overseen by ScreenSkills, Creative and Cultural Skills and the Creative Industries Federation.

### **Independent film**

In our five year strategy *BFI2022*, we highlighted the need to look more deeply into the health of independent film. We have seen great transformation with the emergence of new platforms, changing audience habits and different models of distribution, which cumulatively create different challenges for the independent sector.

We set up a Commission made up of senior industry experts and chaired by Lionsgate UK and Europe CEO Zygi Kamasas, to take a hard look at every aspect of the independent film sector – the changing environment, the challenges and the opportunities – and to identify realistic measures and interventions that could help improve its long-term future. The Commission published its Independent Film Commission (IFC) report at an industry event attended by Margot James, Minister for Digital and the Creative Industries, and we have begun delivering on the recommendations. This includes encouraging the creation of an EIS-based vehicle to raise funding for independent film which launched in June 2019 in partnership with Calculus/Stargrove.

### **Creative Europe**

The Creative Europe programme provides a much-needed source of funding support across the UK's audiovisual, creative and cultural industries, which in 2018 amounted to €15.9 million.

One of the first EU Exit impacts identified as an area for concern by the taskforce was the future of the programme once the UK had left the EU and it became a priority to make a strong evidence-based case to Government for the UK's continued participation. Creative Europe Desk UK published a positively received report on the 'Impacts of Creative Europe in the UK' which demonstrated the wide range of benefits and financial value provided by the programme. We are continuing to work with Government on showing how Creative Europe MEDIA mitigates existing market failures in the UK independent film industry and finding ways to ensure that the sector is supported once we leave the EU.

The Creative Europe Desk UK has been working closely with the European Documentary Network (EDN) to highlight the challenges facing the European independent documentary sector. During the Sheffield Doc/Fest it co-hosted a networking dinner for 70 European documentary filmmakers and took part in a panel looking at how to influence the UK's exit from the EU as part of the industry programme.



## **Government engagement**

Industry events and the BFI cultural programme provided plenty of opportunities to engage with stakeholders during the year. We hosted the Minister for Digital and Creative Industries Margot James MP during the Cannes Film Festival where she was able to meet key industry professionals as well as international partners to understand the challenges and future opportunities for UK film.

A big hit for many of our political stakeholders was a preview screening of *Solo: A Star Wars Story* (Ron Howard, 2018) which featured a special on-stage panel discussion with trainees from the BFI Film Academy, and stars Thandie Newton and Phoebe Waller-Bridge as they talked about their unique experiences behind the camera on Lucasfilm's latest blockbuster.

We launched a new report to show how much the UK tax reliefs are helping to fuel a boom in the UK's screen industries with unprecedented levels of production that generated an economic contribution of £7.9bn in 2016. *Screen Business: How tax incentives help power economic growth across the UK* is a comprehensive analysis of the economic contribution of the tax reliefs for film, high-end television and, for the first time, analysed the new tax reliefs for video games, TV animation programmes and children's TV programmes. Working in close collaboration with screen partners Pinewood, UK Screen Alliance, BFC, Ukie and PACT, and with valuable input and guidance from DCMS, HM Treasury and HMRC, we agreed a robust methodology for the report writers Olsberg SPI and Nordicity to carry out the detailed study. A foreword from the Chancellor and attendance by Margot James MP at the launch event, along with many representatives from the screen industries, ensured the report was well-received across Government and the sector as clear evidence of the success of the tax reliefs.

## **HRH visit**

The Prince of Wales celebrated his 40 years as Patron of the BFI with a formal visit to BFI Southbank where he also marked the opening of the refurbished Riverfront terrace. During his visit he met alumni from the BFI Film Academy, stars of the big and small screen such as Hayley Atwell, David Oyelowo, Ruth Wilson, BFI Ambassador Tom Hiddleston, BFI Donors, Board of Governors and staff.

## **Cultural diplomacy and soft power**

As part of our ongoing cultural diplomacy engagement, we hosted delegates from the Saudi Film Council and from the Pakistan Minister of Information who was keen to understand more about the BFI's education programme, the National Archive and talent development activities.

## **Inclusion and diversity**

The BFI Diversity Standards are now widely-regarded internationally as the leading framework for tackling diversity in film production and have become a lever for change in front of the camera, at leadership level behind the camera, supporting training routes into the industry and in distribution. They are also supported by BAFTA, BBC Film and Film 4. As a strategic priority in BFI2022, we have set ourselves the goal of ensuring that all active producers, film organisations and project leaders in the UK will have voluntarily adopted the Diversity Standards by 2022. From 2018, films seeking to qualify

for the BAFTA for Outstanding British Film and Outstanding Debut will be required to comply with the Diversity Standards.

We published a set of principles and guidelines – produced in partnership with BAFTA, unions, Time’s Up and over 40 other leading organisations – to tackle and prevent bullying and harassment in the screen industries. These have been welcomed by industry in the UK and internationally. They were designed to help employers meet legal requirements and to offer a shared vision to promote and maintain a safer, more inclusive workplace environment for everyone working within the screen industries. The guidelines have been adopted more widely by organisations such as the Society of London Theatre and the Society of Authors, and the Film and Television Charity, with funding support from the BFI, has set up a 24/7 industry-wide support line.

Through our Diversity Standards, we remain committed to challenging conventions and stereotypes and driving meaningful representations on screen, such as championing better representation of disabled people on screen. Key events in our programme that support this ambition include ‘Busting the Bias’ – a successful partnership with disabled film makers that was one of highlights of the BFI London Film Festival.

### **Research and statistics**

The BFI’s Research and Statistics Unit (RSU) is an essential resource providing the screen sector with intelligence, insight and regular quarterly statistics reporting and analysis that help the industry make business decisions.

We have provided data and advice to support two British Screen Advisory Council (BSAC) research projects on skills and international trade policy. Our links with academia continue to strengthen, with involvement and support for a number of potential future projects including proposals from Kings College (television exports), York University (Screen Yorkshire Creative Cluster), Glasgow University (video games) and Nesta (Policy and Evidence Centre).

Phase one of the BFI’s diversity monitoring research programme is complete, following a nationally representative survey of 10,000 respondents. For the first time, this will give us a nationwide picture of the representativeness of our audience touchpoints as well as a series of important benchmarks, currently unavailable from any other source, including the diversity of cinema audiences among groups such as BAME, disabled and LGBTQ+, as well as age and gender. These diversity metrics will also be repeated in research for a second phase which will focus on the BFI London Film Festival to provide a holistic picture of its audiences, who they are, why they came, and who with.

### **Certification**

The BFI Certification Unit works on behalf of DCMS to certify 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 12 bi-lateral treaties (seven of which allow television co-production) or the Council of Europe Convention. This enables producers and developers to access the UK’s creative sector tax reliefs. It promotes and markets these tax reliefs at events, conferences and festivals around the UK and Europe, including running their own Video Games Day in Edinburgh.

During 2018-19, 255 films received final certification of which 247 were cultural test films and eight were co-productions; 132 video games received final certification; and for television programmes receiving final certification, 82 were for high-end programmes, 46 for animation and 72 were for children's programmes.

The Certification team also administers the BFI Diversity Standards for all BFI Lottery-funded projects, as well as BBC Films and Film 4. Two different film awards – BAFTA and BIFA – have the Diversity Standards as an entry requirement for their British categories and the team administered the Standards for an additional 100+ non-funded additional films during awards season.

## FUNDRAISING AND PHILANTHROPY

The BFI is fortunate in having the support of many generous corporate partners, trusts and foundations, and individual donors who enable us to champion UK and independent film on the world stage. In 2018-19, we secured £5.883 million in donations, sponsorship and gifts in kind.

BACK THE FUTURE – our year-long campaign to raise vital funds for BFI Education and greater awareness of our work with young people – was a highlight of the year and raised £946,000 to ensure talented young people can get involved with film. The campaign received significant support from the Reuben Foundation, as lead supporter of BFI Future Film, and LaCie as Headline Partner of the Future Film Festival. Other grants included a three-year commitment from The Rothschild Foundation to extend learning with film to schools and venues in Buckinghamshire, and support from Sir John Cass’s Foundation to help BFI Festivals engage London schools.

We enjoyed another stellar year across the BFI London Film Festival in partnership with American Express® and BFI Flare: London LGBTQ+ Film Festival with Main Support from the Pureland Foundation. American Airlines came back on board as Main Sponsor of both Festivals and The May Fair Hotel celebrated a truly fantastic ten years as Festival partners. New partners Gucci and Persol helped us deliver memorable events at the BFI London Film Festival, and we also welcomed Omorovicza and the Malta Tourism Authority as 2018 festival sponsors. Two new Official Partners supported the 2019 edition of BFI Flare, law firm Mishcon de Reya LLP and internet video on demand service Amazon Prime Video. We were delighted that Bloomberg joined as the BFI’s latest Corporate Member.

The BFI London Film Festival also saw Richard Billingham – writer and director of *Ray & Liz* (2019) – awarded the 2019 IWC Schaffhausen Filmmaker Bursary Award in association with the BFI. This £50,000 award, now in its third year, is making its mark supporting the most promising British filmmaking talent.

BFI Southbank also received substantial support this year. A significant gift from Philippe and Stephanie Camu provided critical funding to protect its independent cultural offer. We also celebrated the second year of funding from the Mohamed S. Farsi Foundation for the BFI’s expanding Women in Film initiatives, and welcomed Jane Stanton as an additional supporter of this work. We are thankful for their generosity and all our project supporters.

The BFI National Archive’s ground-breaking work has incredible support from people and organisations passionate about the UK’s moving image heritage. The Clothworkers’ Foundation awarded us funding for a new video conservation internship – the first training role of its kind at the BFI. Simon W Hessel continued his many years of significant support for our restoration work with a gift to remaster Gary Oldman’s landmark British film *Nil by Mouth* (1997). The National Lottery Heritage Fund supported our plans to share an unparalleled collection of Victorian films with the public from spring 2019. Our Special Collections also saw continued support, including a grant from The Foyle Foundation towards key cataloguing work.

*Friends of the British Film Institute* – a 501(c)(3) non-profit organisation supporting the work of the BFI in the USA – continued to attract donors in 2018-19. Our US fundraising was boosted massively in January 2019 by a transformational gift for the BFI National Archive from Christopher Nolan, Emma

Thomas and the MORF Foundation. Earmarked specifically for photochemical restoration, this is the fourth donation the Foundation has made to ensure that archival treasures are given fresh life, and can reach and inspire new audiences. The Film Foundation also continued its significant support of the BFI National Archive with a grant to restore key early titles by British female documentary filmmakers.

BFI Patrons and Film Forever Club members are a committed and growing group of philanthropic film lovers who contribute significantly to our work. In September, we offered our closest supporters a special weekend of films and culture with a Patrons' trip to the San Sebastián International Film Festival.

In early 2019 we launched the BFI Legacy Circle to thank people leaving the BFI a gift in their will as well as to develop this aspect of our fundraising. We are grateful to the Legacy Circle for their very generous support, in particular the late Dr Clifford Shaw – whose legacy gift is helping to protect the BFI National Archive.

Our annual Chairman's Dinner is a unique opportunity to thank major donors for their invaluable support. Hosted by BFI Chair Josh Berger, the evening saw Olivia Colman awarded a BFI Fellowship – our highest honour – in recognition of her outstanding contribution to film and television just days after receiving her first Academy Award. The Fellowship was presented to Olivia by director Yorgos Lanthimos, with a standing ovation from guests including David Tennant, Tom Hollander, Anne-Marie Duff and Richard E Grant, as well as BFI Fellows Vanessa Redgrave, Helena Bonham-Carter and Peter Morgan.

**The BFI warmly thanks the following organisations and individuals for their generous support in 2018–19**

**GOVERNMENT**

The Department for Digital, Culture, Media & Sport  
The Department for Education

**MAJOR DONORS**

Arts Council England  
The BFI Trust  
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The David Lean Foundation  
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**Principal Partner BFI London Film Festival**

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***With additional thanks to all of our anonymous donors and Patrons.***

*\* Friends of the British Film Institute is a California-based US 501(c)(3) non-profit organisation that*

*supports the work of the BFI in the UK and the US. EIN 95-4334449.*

*\*\* Donations marked with double asterisk were made to Friends of the British Film Institute.*

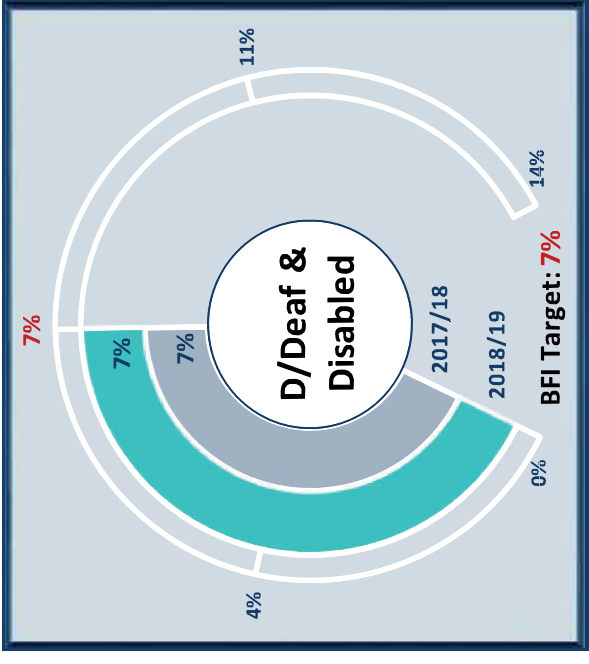
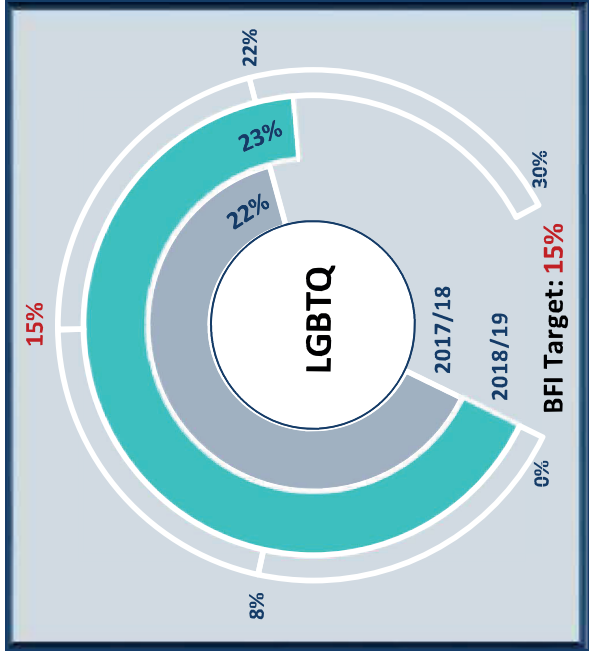
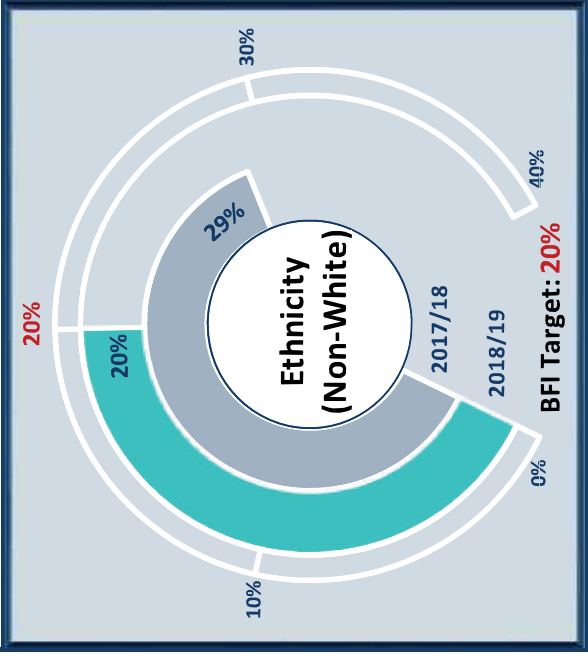
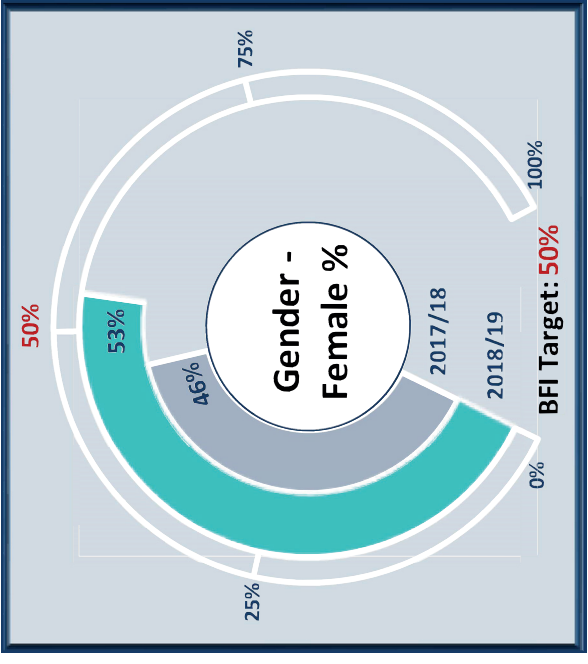
KEY PERFORMANCE MEASURES

# Diversity of Talent Supported

**Increased the diversity of talent supported across all BFI activities**

Activities covered: Film Fund Production Film Fund Development NETWORK BFI Film Academy

\*(Targets are set based on UK population profile/UK film sector profile/previous historical performance)

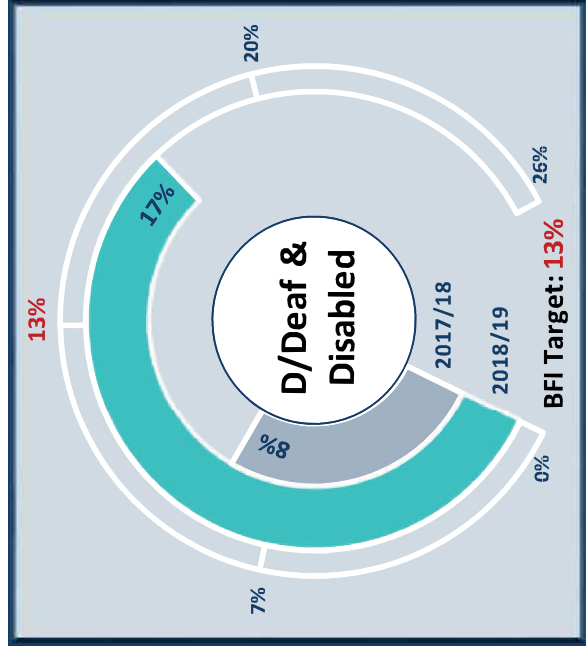
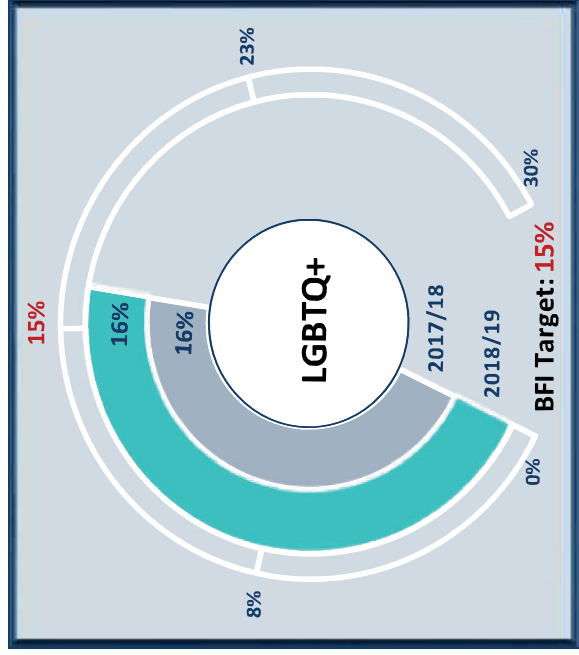
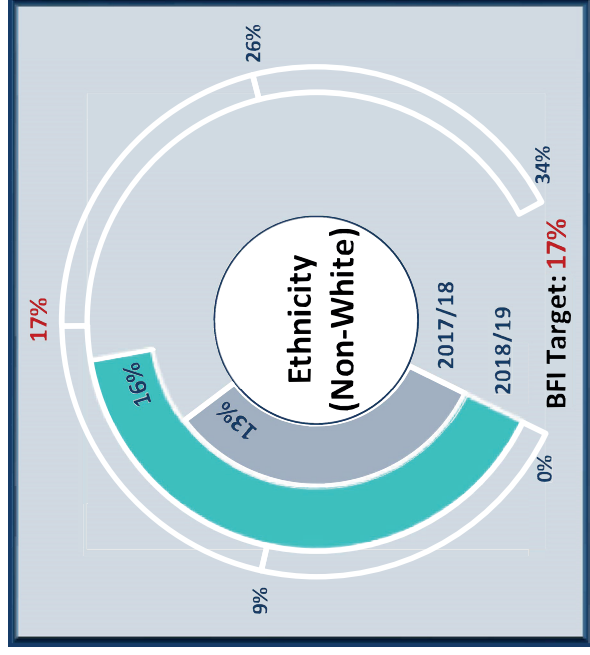
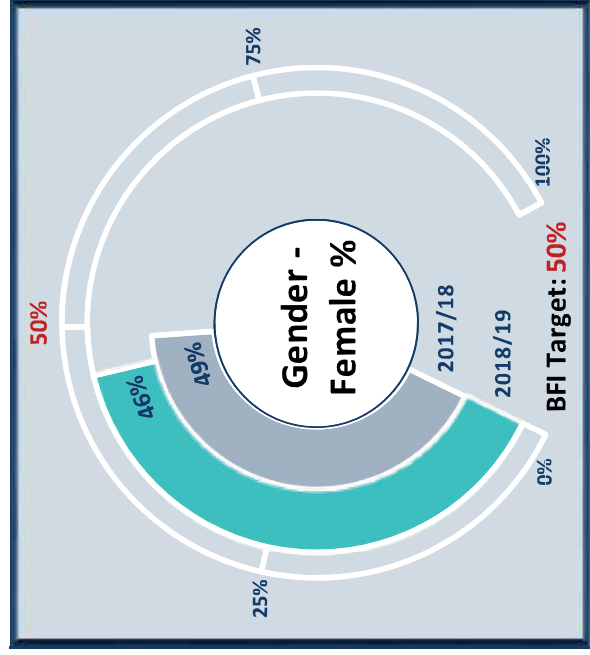


# Increased the diversity of audiences across all BFI activities

Activities surveyed:  
 Cultural Programme  
 Lottery Programmes  
 BFI Player

\*(Targets are set based on UK population profile/UK film sector profile/previous historical performance)

## Diversity of Audiences

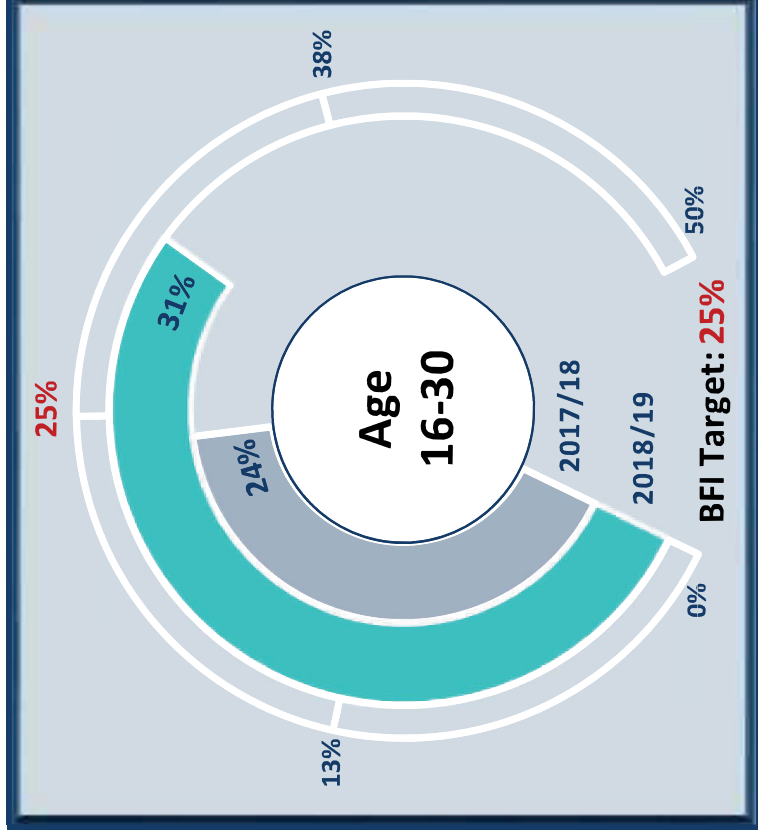


**Increased participation of 16-30 year olds across all BFI activities and funded programmes**

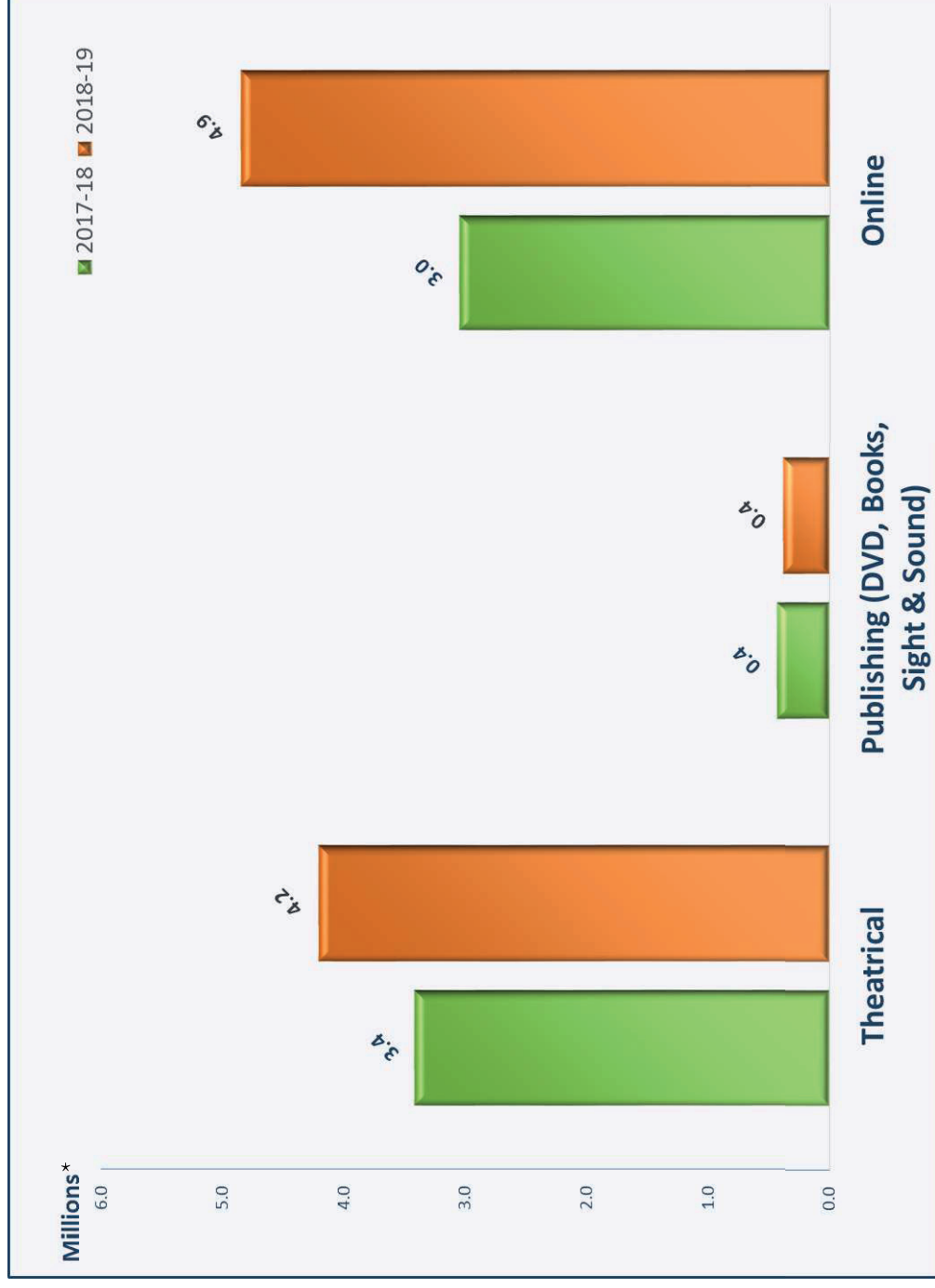
Activities surveyed:  
 Cultural Programme  
 Lottery Programmes  
 BFI Player

\*(Targets are set based on UK population profile/UK film sector profile/previous historical performance)

## Participation - 16-30



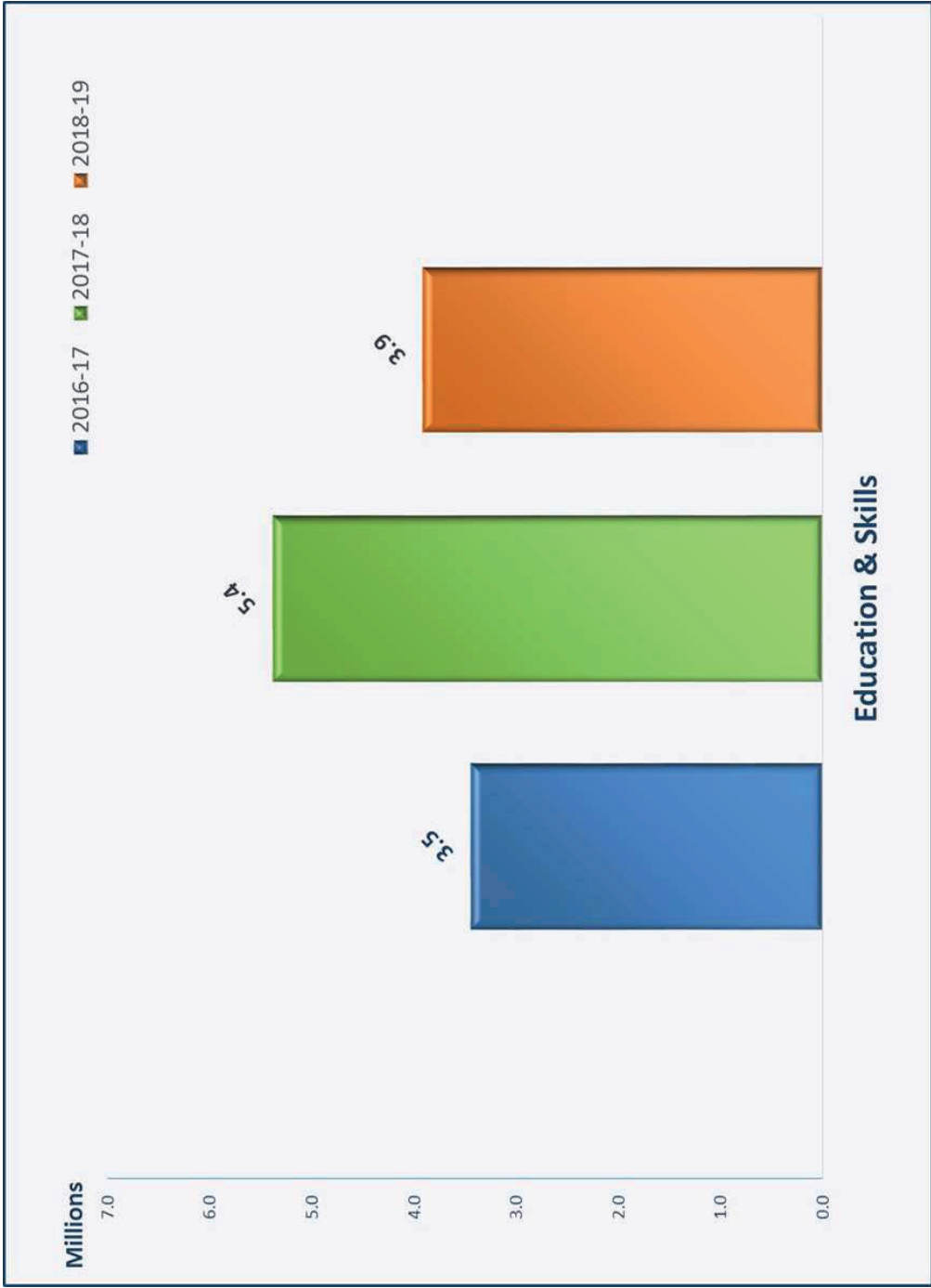
**Increased engagement with BFI activities across the UK and increased the quality and cultural depth of their experience**



To be supplemented with the Interim Evaluation planned in 2019/20

\* Engagement – admissions to BFI funded activities/online views/downloads/DVDs, books, or magazines purchased

**Increased engagement with BFI activities across the UK and increased the quality and cultural depth of their experience**



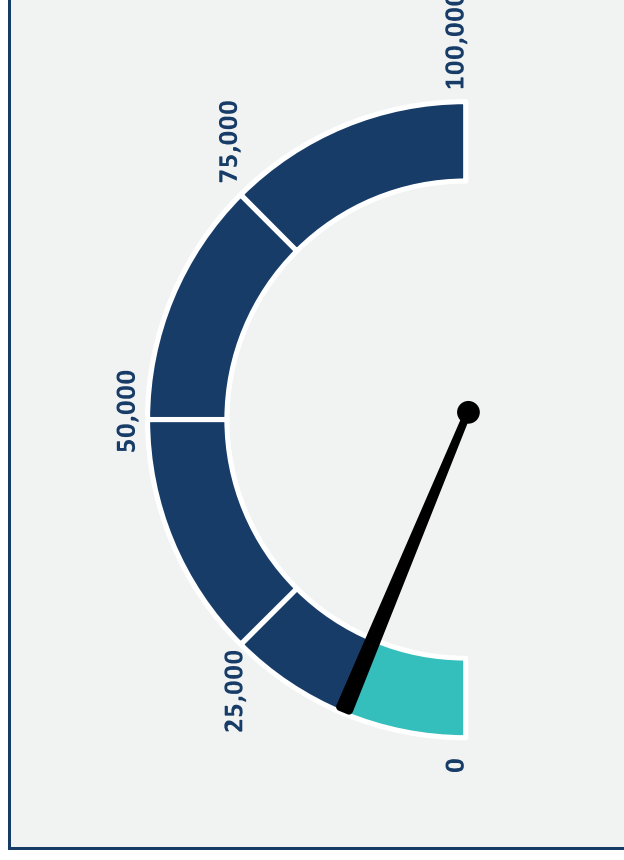
To be supplemented with an Interim Evaluation planned in 2019/20

2017/18 – Increase in teacher resources produced and subsequently downloaded due to a refreshed national curriculum focus and linked films notably *Paddington 2*.



**Further conserved and digitised the most at-risk materials within the BFI National Archive, notably video and television**

## Heritage 2022 Programme

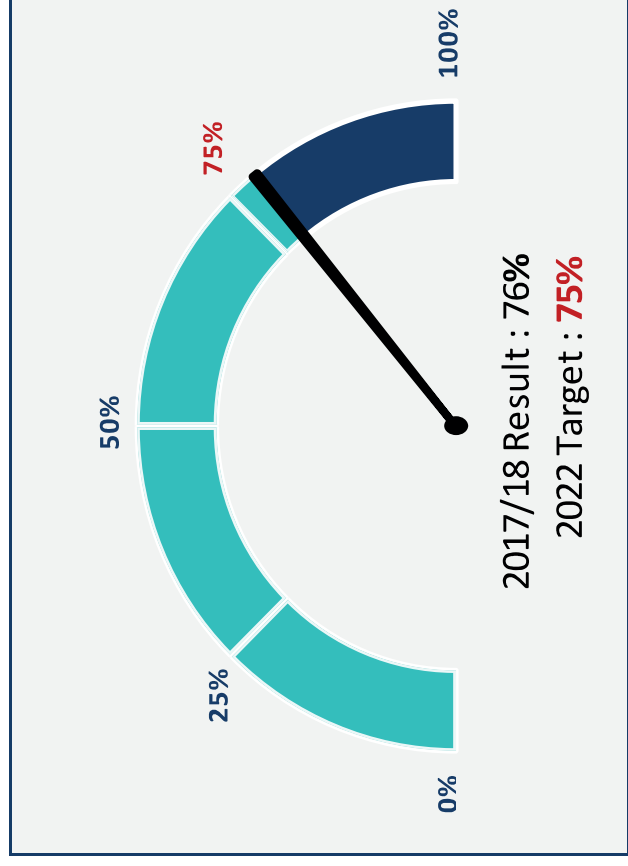


- Delivered by the Heritage 2022 programme
- 2022 Target – to have preserved and digitised 100,000 of our most at-risk, British TV programmes
- 2018/19 Performance – 13,047 items digitised (year target – 12,500)
- Programme evaluation planned 2021/22

**Supported talent to progress in their filmmaking careers**

## **Supported Talent to Progress – BFI Film Academy**

BFI Film Academy



Data refers to participants one-year after they completed the BFI Film Academy Residential Programme and Regional Courses who have either progressed on to film related Higher Education or Further Education or film-related work or training within 12 months.

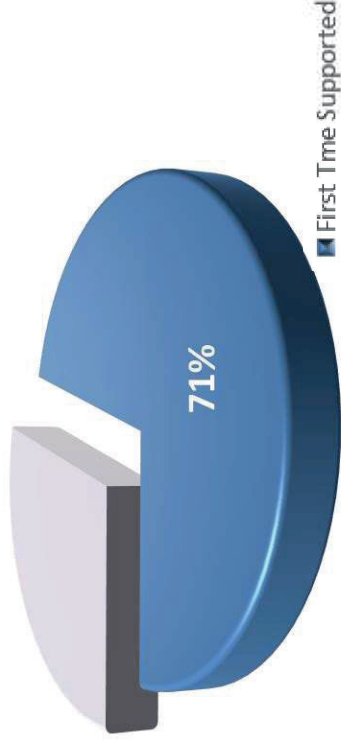
Target set by Department for Education

# Supported Talent to Progress - Film Fund

Supported talent to progress in their filmmaking careers

Activities covered:  
BFI Film Fund Production  
on BFI Film Fund  
Development  
Network

PRODUCERS SUPPORTED (227)



WRITERS SUPPORTED (273)



DIRECTORS SUPPORTED (174)



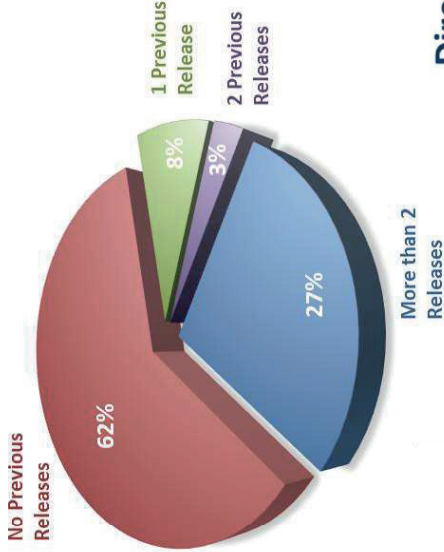
To be supplemented with the Interim Evaluation planned in 2019/20

Supported talent to progress in their filmmaking careers

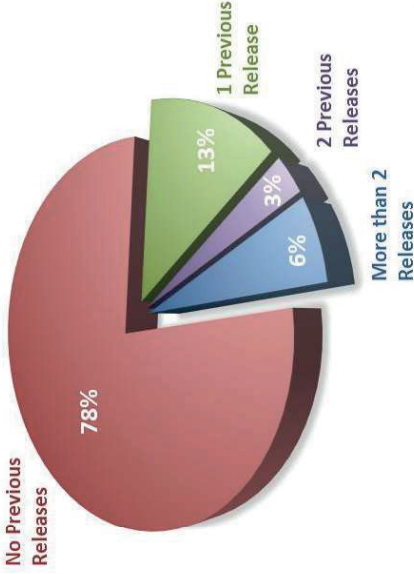
# Supported Talent to Progress - Film Fund

Activities covered:  
 BFI Film Fund Production  
 BFI Film Fund Development NETWORK

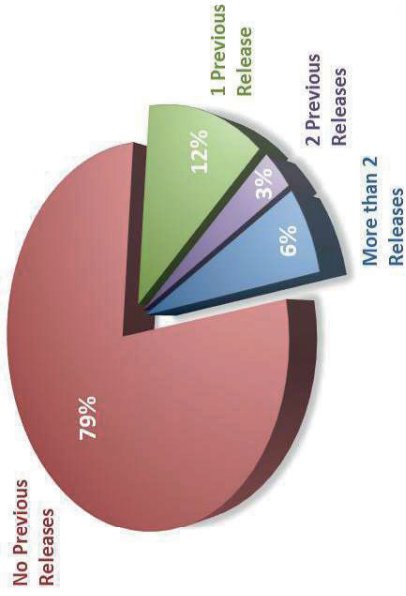
**Producers Supported (227)**



**Writers Supported (174)**



**Directors Supported (273)**



To be supplemented with the Interim Evaluation planned in 2019/20

# Supported British films and British talent which have received recognition domestically and internationally

Films supported by  
Film Fund Production Film  
Fund Development  
NETWORK

BFI backed films were  
recognised domestically and  
internationally at a number  
of other festivals and markets



**Academy Awards (Oscars) nomination**  
*Cold War*

**Cannes (Official Competition)**  
*Cold War*

**BAFTA**  
*Apostasy Beast*  
*Cold War* (nomination)  
*Ray & Liz* (nomination)  
*The Field* (nomination)  
*You Were Never Really Here* (nomination)

**Sundance World Cinema Competition**  
*The Boy Who Harnessed the Wind*  
*The Souvenir*



**SUNDANCE**  
FILM FESTIVAL



**Supported  
British films  
and British  
talent which  
have received  
recognition  
domestically  
and  
internationally**

Films supported by  
Film Fund Production Film  
Fund Development  
NETWORK

BFI backed films were  
recognised domestically and  
internationally at a number  
of other festivals and markets



**Venice International Film Festival**  
*Peterloo*

**Toronto International Film Festival (Nominations)**

*Cold War*  
*Colette*  
*Wen*  
*High Life*  
*In Fabric*  
*Out of Blue*  
*Peterloo*  
*Where Hands Touch*  
*Wild Rose*

**British Independent Film Awards**

*Beast*  
*Early Man*  
*Evelyn*  
*Ray & Liz*

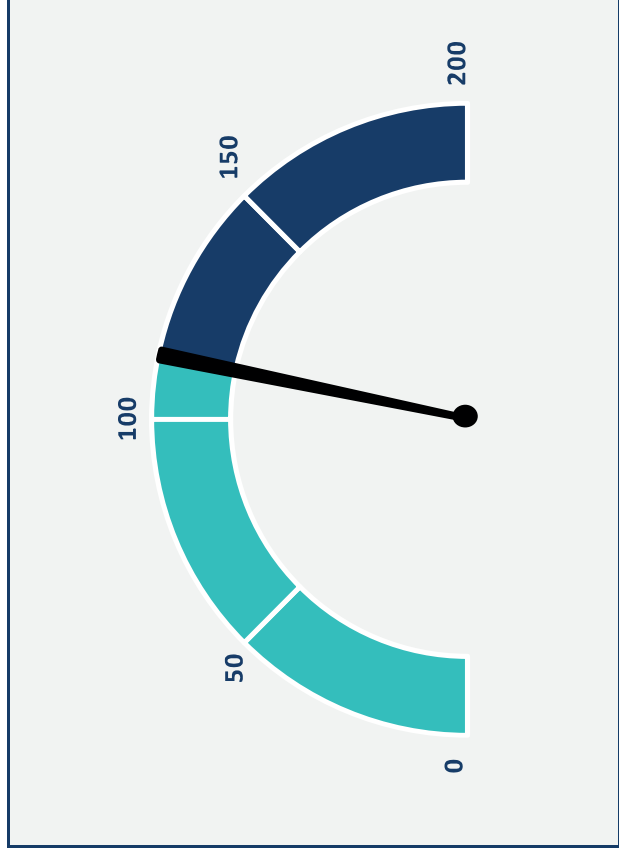
*You Were Never Really Here*



**tiff**

# Number of Film Businesses Supported Outside of London

Invested in start-up film businesses outside of London which have leveraged additional investment and increased levels of employment



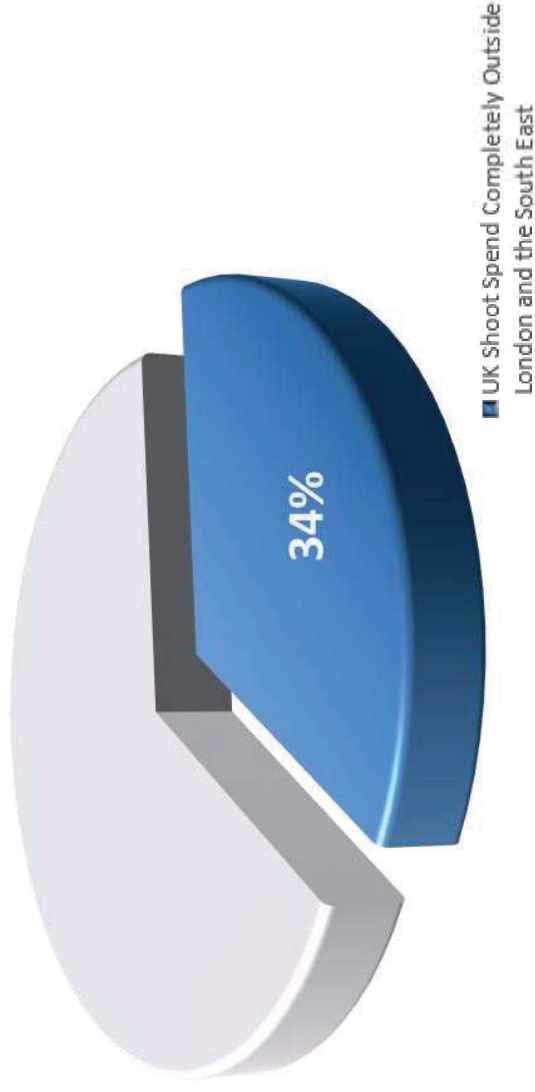
- 2022 Target - to have supported 200 film businesses outside of London to leverage additional investment and increase levels of employment
- 2018/19 - Programme commenced with Creative England in 2018/19; 112 film business outside of London supported
- Programme evaluation planned 2021/22

Delivered through the Enterprise Fund (delivered by Creative England)



# Supported a greater geographic spread of production in the UK

## Geographic Spread of Domestic Film Production in the UK 2018



- 2018/19 Performance – 34% of UK domestic shoot spend completely outside London and the South East (21%\* in 2017/18)

(\* revised from originally reported figure as additional data available)



**FINANCIAL REVIEW**  
**FUNDING, INCOME and INVESTMENT in CHARITABLE ACTIVITIES**

**Review of the year**

Income for the year to March 2019 was £95.2m – a decrease of £1.7m from the £96.9m received in 2017-18, with increases in earned income offset by: lower Lottery income, prior year one-off Capital grant in Aid funding; and the biennial Luminous fund raising event in 2017.

Overall expenditure on charitable activities increased to £104.9m (2018: £98.4m) with the increase arising from the timing of Lottery awards across financial years under the current five year plan to 2022.

The timing of Lottery awards, together with other recognised gains and losses, has reduced Lottery reserves by £5.6m to £35.3m. Other restricted reserves are reduced by £0.1m to £5.0m. Unrestricted reserves are £4.6m down to £21.0m with the main reduction arising from depreciation of £6.1m.

The BFI's financial strategy continues to be to seek to exploit new and current sources of income e.g. to support the delivery of its core objectives and to deliver operational efficiencies to further drive down overhead costs.

Due to the nature of its funding and operations the BFI does not hold large cash balances and continues to manage free reserves of approximately £1m.

**Non-Lottery activities**

***Incoming resources***

Incoming resources from non-Lottery activities decreased in the year by a net £0.9m. In challenging trading conditions for outdoor advertising and DVD distribution, earned income increased by £2.3m, particularly driven by audience focussed activities, offset by a reduction in capital Grant in Aid (the one-off allocation in the prior year).

2018-19 was another successful year in fundraising for BFI, although less than 2017-18, during which we held the biennial Luminous gala (the next Gala will be held in October 2019). £6.1m was raised of which £4.5m (73%) were cash contributions and £1.6m (27%) gifts in kind (2018: £7.5m of which cash contributions £5.8m (77%) and gifts in kind £1.7m (23%)).

Fund raising costs of £1.7m represent the costs of running the BFI Development division in order to raise funds for the BFI (2018: £1.8m), the decrease in fund raising costs from last year being due to there not being a Luminous gala in the year.

***Resources Expended***

Total non-Lottery expenditure reduced to £58.1m (2018: £59.6m).

### ***Gross Transfers between funds***

The non-Lottery activities received awards of £2.6m from BFI Lottery in the year to support the London Film Festival £0.5m (2018: £0.75m) and Heritage 2022 - £2.1m.

### ***Actuarial Gains/losses on defined pension scheme***

On the FRS 102 basis the total net pension scheme deficit reduced by £0.9m from £65.6m to £64.7m (2018: a £5.2m reduction from £70.8m to £65.6m). The decrease in the deficit is mainly the result of improved asset returns 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***

The value of the leasehold land and buildings and associated plant and fixtures reduced by £3.5m – following revaluation using publicly available indices (2018: £7.4m increase). The leasehold land and buildings and short leasehold property improvements have been revalued at 31 March 2019 using appropriate published indices, resulting in a net decrease in value in the year of £3.5m (2018: increase of £7.4m). 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.

### **Lottery activities**

#### ***Incoming resources***

BFI's share of the incoming resources of the National Lottery Distribution Fund was 2.7% (2018: 2.7%). This equated to £43.5m (2018: £44.3m) with the downward variance due to the BFI share of the cross Lottery Distributor promotional activities in the year.

In addition the BFI received £5.1m of recoupment from its film rights investments in the year (2018: £6.9m). Of this £1.0m (2018: £1.3m) was surplus recoupment over the original investment and was taken to income.

#### ***Resources Expended – Lottery awards***

2018-19 was the second year of BFI's 5 year strategy BFI 2022. Non-film right awards in the year totalled £30.8m (2018: £27.5m). The increase is predominantly due to a number of partner awards being made covering the activities for the period through to 31 March 2020.

In addition £20.8m (2018: £18.8m) of awards were taken to Film Rights in the Statement of Financial Position.

Adjustments of £14.8m (2018: £13.0m) were charged to expenditure against Film Rights.

### ***Operating Costs and Administrative Costs targets***

Operating costs were £5.4m in the year to March 2019 (2018: £5.6m).

Net incoming resources, on a three year rolling average 2016-19 and after offsetting costs of generating recoupment were £46.8 m (2018: £49.8m), reflecting impact the lower levels of income into the National Lottery Distribution Fund since 2016.

DCMS have set Lottery distributors a target in 2018-19 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 2018-19 the gross award processing and other administrative costs stood at 8.0% of net incoming resources (£3.7m) (2018: 7.6%, £3.8m). Within this administration costs were 4.8% of incoming resources (£2.3m) (2018: 4.7%, £2.6m).

### ***Actuarial Gains/losses on defined pension scheme***

On the IAS 19 basis the net pension scheme deficit attributed to lottery activities decreased by £0.2m from £2.8m to £2.6m (2018: an £0.5m decrease from £3.3m liability).

### ***Film Rights and Fair Value Reserve***

Film rights carried on the balance sheet increased by £1.6m to £14.0m (2018: £12.4m). With the implementation of the IFRS 9 – Financial Instruments, the movement in valuation of those awards which have fully recovered their investment, but still generate funds is contained within the expenditure for the year and is no longer treated as Other Comprehensive Expenditure. Consequently the Fair Value Reserve has been transferred into the Lottery Reserve.

### ***Reserves Policy***

The Governors are committed to the management of activities within the available funds. A significant element of income is subject to market conditions and the risks are incorporated into the budgets, with ongoing financial planning and management of expenditure used to meet any unforeseen expenditure or fall in income. Overall, the BFI's financial objective is to manage to a breakeven income and expenditure result over time, whilst ensuring adequate cash reserves to manage timing differences and provide financial contingency. The BFI also maintains net free reserves of £1.0m (2018: £1.3m) to manage short and medium term working capital requirements and this level is considered adequate, having ranged over the past ten years between £0.4m and £1.7m.

### ***Going Concern***

The accounts have been prepared on a going concern basis and there are no material uncertainties about the group and 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 2019 the BFI received £20.3m (2018:£20.2m) of revenue grant-in-aid from the Department for Digital, 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 2019-20 on a like-for-like basis. Due consideration has also been given to the potential impact of the United Kingdom leaving the European Union. 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.

As the government's lead body for film since 2011, the BFI actively engages 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.

## **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 utilising 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 energy consumption fell 18% from 2017-18 to 2018-19. Carbon accounts and exact KWh consumption can be seen on page 66.

Energy consumption decreased by 3% across the estate.

Due to the BFI sites being operationally complex it is always difficult to pin down any reduction or increase to certain activities but some changes this year have been:

- Better controls for air handling, chilled water and compressed air to reduce set-points and running times.
- The closure and refurbishment of part of BFI Southbank for the period of 9 months would have also had an effect on the overall energy consumption.

ESOS compliance (Phase 2) audits have taken place at all BFI sites. The report will be considered by the Executive Board in summer 2019. It will include recommendations aligning with capital priorities.

### 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. The following contracts were tendered in 2018-19 and included sustainability as an evaluation criteria:

LFF Branding Print and Installation  
Sight & Sound Subscription Services  
D-Cinema Projector  
BFI Cleaning Services  
Sight & Sound Print Fulfilment  
Secure Fast File Transfer Service for Heritage 2022  
Multi-Functional Devices  
Young Audiences Content Fund Launch and Outreach

### Travel & Transport

The BFI continue the offer of free Santander bike usage for travel between our London sites.

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

Vehicles transporting film into London from the archive sites are compliant with the Ultra-Low

Emission Zone and the purchase of a plug-in hybrid van will be considered in 2019/20 for use in and out of London.

### **Finite Resource Consumption**

Paper consumption across the BFI decreased by 20% and may reflect a move towards agile working at head office.

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 output fell by 30%, compared to 2017-18, this is mainly due to part closure of BFI Southbank for the Riverfront restaurant and bar for 9 months for refurbishment. Recycling rates were similar at 73% with virtually all of the remainder going to an energy recovery facility.

We have also carried out waste surveys across some sites to ensure staff and contractors are segregating waste correctly and identify contamination and areas for improved recycling.

Single use plastic cups will no longer be purchased by BFI in 2019/20 once existing stocks are utilised.

### **Biodiversity**

The bee colonies at Gaydon have done very well and are now well established. The colonies at Berkhamsted are being assisted with new water sources and local planting for sources of pollen. This is being combined with a local staff wellbeing initiative to encourage use of green spaces.

### **Sustainable Film Production**

The BFI Seeks to reduce the negative environmental impact of film production and encourage sustainable behaviour values within the industry. We require that all productions in receipt of BFI funding complete and submit an Albert report and carbon calculator to us at the end of the production.

BFI 2018-19 Carbon & Sustainability Report

TABLE 1 - GREENHOUSE GAS EMISSIONS				2017-18	2018-19	Measurement	
Scope 1 - Direct GHG emissions	Non-Financial Indicators (tCO2e)	Total gross emissions: Scope 1		688	721	tCO2e	
		Emissions from:					
			Gas	661	693	tCO2e	
		Oil	0	0	tCO2e		
		Fuel (including LPG)	27	28	tCO2e		
Scope 2 - Energy indirect emissions	Non-Financial Indicators (tCO2e)	Total gross emissions: Scope 2	2,683	2,037	tCO2e		
		Emissions from:	2,683	2,037	tCO2e		
		Electricity	23	29	tCO2e		
Scope 3 - Official travel emissions	Non-Financial Indicators (tCO2e)	Emissions from:	23	49	tCO2e		
		Domestic business travel					
Scope 1 & Scope 2	Non-Financial Indicators - Related Energy Consumption (kWh)	Total Electricity		7,632,436	7,195,676	kWh	
		Electricity		Not available	Not available	kWh	
		Renewable		Not available	Not available	kWh	
		Non-Renewable		Not available	Not available	kWh	
		Gas		3,588,787	3,769,062	kWh	
		LPG		125,872	133,447	kWh	
		Other		0	0	kWh	
Scope 1, Scope 2 & Scope 3	Financial Indicators (£)	Expenditure on energy		908,889	945,473	£	
		CRC License Expenditure (2010 onwards)		80,442	49,629	£	
		Expenditure on accredited offsets		0	0	£	
		Expenditure on official domestic business travel		93,001	74,386	£	
TABLE 2 - WASTE				2017-18	2018-19	Measurement	
Scope 1, Scope 2 & Scope 3	Non-Financial Indicators (tonnes)	Total waste disposed		681.07	459.80	tonnes	
		Hazardous waste disposed		0.36	0.03	tonnes	
		Non-hazardous waste disposed		0	0.00	tonnes	
			Landfill				
			Reused/recycled		509.46	322.60	tonnes
		Composted		0	14.22	tonnes	
		Incinerated with energy recovery		171.25	122.95	tonnes	
		Incinerated without energy recovery		0	0.00	tonnes	
	Financial Indicators (£)	Total waste disposal cost		52,147	51,958.00	£	



TABLE 1 - GREENHOUSE GAS EMISSIONS		2017-18	2018-19	Measurement
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Scope 3 - Official travel emissions	Non-Financial Indicators (tCO2e)	23	49	tCO2e
	Emissions from:			
	Domestic business travel	7,632,436	7,195,676	kWh
Scope 1 & Scope 2	Non-Financial Indicators - Related Energy Consumption (kWh)			
	Total Electricity	Not available	Not available	kWh
	Electricity	Not available	Not available	kWh
	Renewable	Not available	Not available	kWh
	Non-Renewable	Not available	Not available	kWh
	Gas	3,588,787	3,769,062	kWh
	LPG	125,872	133,447	kWh
	Other	0	0	kWh
Scope 1, Scope 2 & Scope 3	Financial Indicators (£)	908,889	945,473	£
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	Composted	171.25	122.95	tonnes
Financial Indicators (£)	Incinerated with energy recovery	0	0.00	tonnes
	Incinerated without energy recovery	52,147	51,958.00	£

## 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 2019. 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 effective from January 2015 (Charities SORP).

### ***Governors***

Governors who were in post for at least part of the financial year 2018–19 or at the date of signing these accounts:

Josh Berger CBE

Pat Butler

Pete Czernin

Idris Elba OBE (Appointed 24-05-18)

Gerry Fox

J. Timothy Richards

Jonathan Ross OBE

Robin Saunders (Appointed 24-05-18)

Andrew Smith (Appointed 24-05-18)

Phil Stokes (Appointed 24-05-18)

Andrea Wong

### ***Methods of Appointment***

The Chair and Governors of the BFI are appointed by the Secretary of State for Digital, Culture, Media and Sport pursuant a process regulated by the Office of the Commissioner for Public Appointments. Governors are required to comply with the Principles of Public life as described in the Cabinet Office Code of Conduct for Board Members of Public Bodies.

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.

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, duties, period of appointment, time commitment, remuneration, performance and their responsibilities and duties as Charitable Trustees. During induction sessions, each member of the Executive team gives a presentation on their areas of responsibility. Governors have broad experience and expertise in the areas of film, television, the moving image generally, business and strategy and education. All Governors are part-time, unremunerated non executives. The Board of Governors has corporate responsibility for:

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

### ***Board Assessment***

The Board undertakes a formal and rigorous evaluation of its own performance and that of its committees and individual Governors on a bi-annual basis. For the period under review, an evaluation questionnaire has been circulated for population and the responses will be considered at a future meeting of the Board.

### ***Organisational Structure***

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

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

#### ***Audit, Risk & Governance***

This committee reviews the effectiveness of the processes, structures, and controls used to direct, manage and account for the financial and business affairs of the BFI. The Audit, Risk and Governance Committee consider all internal and external audit reports and recommendations.

#### ***Finance***

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

***Nominations & Appointments*** This Committee makes recommendations to the Board of Governors about appointments to the Board and its committees and other bodies.

***Remuneration*** 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.

Composition of the Committee during the year was:

***Audit, Risk & Governance*** Phil Stokes (Chair)  
Andrew Smith  
Charles Cecil MBE (Non-Governor Member)  
Suki Kooner (Non-Governor Member)

***Finance*** Pat Butler (Chair)  
Pete Czernin  
Matthew Justice (Non-Governor Member)

***Nominations & Appointments*** Lisbeth Savill MBE (*Chair*) (Non-Governor Member)  
Josh Berger CBE  
Matthew Justice (Non-Governor Member)

***Remuneration*** Josh Berger (Chair)  
Pat Butler

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

### **Board of Governors Attendance 2018-19**

The number of BFI Board meetings held in the 2018-19 financial year was 5 and the Governors' attendance records were as follows:

Josh Berger CBE	5 of 5
Pat Butler	3 of 5
Pete Czernin	4 of 5
Idris Elba OBE	3 of 5
Gerry Fox	4 of 5
J. Timothy Richards	4 of 5
Jonathan Ross OBE	2 of 5
Robin Saunders	5 of 5
Andrew Smith	5 of 5
Phil Stokes	4 of 5
Andrea Wong	3 of 5

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

### **Audit, Risk and Governance Committee Attendance 2018-19**

The number of Audit Risk and Governance Committee meetings held in the 2018-19 financial year was four and the members' attendance records were as follows:

Phil Stokes (Chair)	4 of 4
Andrew Smith	1 of 1
<i>(Joined ARGC 19, March 2019)</i>	
Sukie Kooner (Non-Governor Member)	2 of 2
<i>(Joined ARGC 21, November 2018)</i>	
Charles Cecil MBE (Non-Governor Member)	3 of 4
Alison Cornwell	1 of 1
<i>(Resigned as Chair of ARGC 25, April 2018)</i>	

## ***Executive***

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

Ben Roberts	Deputy Chief Executive and Director of Film Fund
Will Evans <sup>1</sup>	Director of Business Affairs
Ed Humphrey	Director of Digital and Ventures
Harriet Finney	Director of External Affairs
David Parkhill	Director of Finance and Resources
Richard Shaw <sup>2</sup>	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.

## ***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 20 days (2018: 20).

## **General Data Protection Regulation (GDPR)**

The BFI continued, having started in April 2017, its implementation of the EU's General Data Protection Regulation which came into force on 25 May 2018. The BFI appointed Richard Brousson, BFI General Counsel, as the BFI's Data Protection Officer. New Privacy policies for both BFI Customers and Staff and policies dealing with Data Subject Rights, Retention of Data and Information Security were approved and made available online or internally as appropriate. Contracts involving the transfer of personal data both within the EU and outside the EU were amended and plans were put in place to prepare for a No-deal EU Exit in accordance with Government advice. Ongoing advice relating to data protection is provided as and when required. In October 2018 the BFI's internal auditors, BDO, carried out a follow up to their health check and awarded the BFI a green rating and their key conclusion from the executive summary was:

"Overall, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied. There may be some weaknesses but these are relatively small or relate to attaining higher or best practice standards"

<sup>1</sup> Resigned 30-06-18.

<sup>2</sup> Resigned 31-12-18.

### **Speaking Up Policy and Procedure**

Included within the updated Financial Procedures Manual (2018) is a Speaking Up (Whistleblowing) Policy & Procedure – the BFI is committed to the highest possible standards of openness, probity and accountability. The purpose of this policy is to encourage reporting of suspected wrongdoing and provide clear guidance on: (i) the steps staff should take if they have concerns; (ii) how staff raising concerns will be supported; and (iii) what will happen after such concerns are raised. This policy also seeks to reassure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

This policy was been consulted upon with our recognised trade unions and is in line with the BFI's legal obligations. It covers all BFI staff plus other workers such as consultants, contractors, and agency workers.

### ***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 PEOPLE 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 2019, it discharged this responsibility through the cycle of Board meetings.

In addition the Board is supported by the Remuneration Committee which meets annually (or further if required) to review and set senior salaries, authorised within its terms of reference, to obtain independent professional advice if considered necessary. The meeting for 2018-19 was held on 12 July 2018 to consider senior salaries. The Remuneration Committee comprises of a Chair, who is also Chair of the BFI Governors, and up to 2 other members of the Board or co-opted members.

The members during the year were:

Josh Berger (Chair)  
Pat Butler

### Remuneration Framework

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

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

All staff including the Chief Executive, are entitled to membership of the BFI staff pension scheme (either 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 depending on start date). 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 Digital, 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 fixed term contracts as at 31 March 2019. 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. No payments were made in the year for services (2018: £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**

Senior staff (Key Management Personnel) are considered to be the Executive team.

“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 cost of living award (COLA).

“Total salary” is in bandings, depending where a staff member is in the bandings, the organisational COLA may tip some roles into a higher band.

Senior staff are members of the same pension schemes and on the same terms 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.

In the year to 31 March 2019, all senior staff except for Will Evans, Harriet Finney, and Richard Shaw were members of the LPFA defined benefit scheme.

The increase in pension benefits for senior staff who are members of the LPFA arise from three sources:

- BFI LPFA pension contributions of 11.5% of salary
- Employee pension contributions of between 5.5% 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 31 March 2019
- Re-calculating the equivalent figure from 31 March 2018 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 benefits) for the senior staff for the year:

	<b>Total salary for the year ended 31 March 2019 (2018)</b>	<b>Bonuses attributable for the year ended 31 March 2019 (2018)</b>	<b>Benefits in Kind for the year ended 31 March 2019 (2018)</b>	<b>Pension benefits in the year ended 31 March 2019 (2018)</b>	<b>Total remuneration for the year ended 31 March 2019 (2018)</b>
	<b>£'000</b>	<b>£'000</b>	<b>Nearest £100</b>	<b>£'000</b>	<b>£'000</b>
<b>Amanda Nevill</b> Chief Executive Officer and Accounting Officer	150-155 (145-150)	7 (-)	100 (100)	68 (46)	225-230 (190-195)
<b>Fiona Cookson</b> Director of External Affairs (Resigned 07-08-17)	- (35 – 43 (FTE: 90 – 95))	- (-)	- (100)	N/A N/A	- (35 – 40)
<b>Will Evans</b> Director of Business Affairs (Resigned 30-06-18)	35-40 FTE: 145 - 150 (145-150)	- (-)	100 (100)	N/A (N/A)	35 - 40 (145-150)
<b>Harriet Finney</b> Director of External Affairs (Appointed 15-09-17)	100-105 (50-55 (FTE: 95-100))	- (-)	100 (100)	N/A (N/A)	100-105 (50 - 55)
<b>Ed Humphrey</b> Director of Digital and Ventures	115-120 (115-120)	7 (13)	100 (100)	19 (18)	140-145 (145-150)
<b>David Parkhill</b> Director of Finance and Resources	130-135 (125-130)	- (-)	100 (100)	39 (35)	170-175 (160-165)
<b>Ben Roberts</b> Director of Film Fund (Appointed DCEO from 01-1-18)	145-150 (140-145)	- (-)	100 (100)	48 (39)	195-200 (180-185)

	<b>Total salary for the year ended 31 March 2019 (2018)</b>	<b>Bonuses attributable for the year ended 31 March 2019 (2018)</b>	<b>Benefits in Kind for the year ended 31 March 2019 (2018)</b>	<b>Pension benefits in the year ended 31 March 2019 (2018)</b>	<b>Total remuneration for the year ended 31 March 2019 (2018)</b>
	<b>£'000</b>	<b>£'000</b>	<b>Nearest £100</b>	<b>£'000</b>	<b>£'000</b>
<b>Richard Shaw</b> Director of Communications, Marketing and Audiences (Resigned 31-12-18)	75-80 FTE: 100-105 (100-105)	- (-)	100 (100)	N/A (N/A)	75-80 (100-105)
<b>Heather Stewart</b> Creative Director	120-125 (120-125)	- (-)	100 (100)	43 (40)	165-170 (160-165)
<b>Francesca Vinti</b> Director of Development	95-100 (90-95)	10 (10)	100 (100)	63 (4)	170-175 (125-130)

Pension contributions during the year were made to defined contribution schemes for:

	<b>Contributions paid</b>	
	<b>2018-19</b>	<b>2017-18</b>
<b>Fiona Cookson</b> Director of External Affairs	-	1,798
<b>Will Evans</b> Director of Business Affairs (Resigned 30-06-18)	5,704	22,048
<b>Harriet Finney</b> Director of External Affairs (Appointed 15-09-17)	4,931	1,583
<b>Richard Shaw</b> Director of Communications, Marketing and Audiences (Resigned 31-12-18)	4,111	5,051

Included in the above is remuneration for senior staff in the year which is attributable to lottery activities for the year ending 31 March 2019. This is recharged as part of our lottery funded operations and thus contained within expenditure in the Lottery Financial Statements for the year ending 31 March 2019.

49% of the remuneration for Amanda Nevill and David Parkhill has been attributed to lottery for the year (2018: 49%) with the proportion of total income attributed to lottery being used as the baseline. Will Evans and Ben Roberts are attributed in full (2018: 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 cafe and restaurant and the BFI London IMAX, ranging from 10-70%; and interest free loans for travel season tickets, bicycle and computer purchases 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 2019:

	Real increase in accrued pension benefits 2018-19	Attributable pension accrued at 65 at 31 March 2019 (or date left the BFI if earlier)	Cash Equivalent Transfer Value (CETV) as at 31 March 2018	CETV as at 31 March 2019 (or at date left the BFI if earlier)	Real increase in CETV after adjustment for inflation and employee contributions in 2018-19
	£'000	£'000	£'000	£'000	£'000
<b>Amanda Nevill</b> Chief Executive and Accounting Officer	2.5-5 (lump sum: 0-2.5)	55.0-57.5 (lump sum: 80-82.5)	1,085	1,030	-98
<b>Ed Humphrey</b> Director of Digital and Ventures	0-2.5 (lump sum: 0-2.5)	5-7.5 (lump sum: 0-2.5)	55	70	6
<b>David Parkhill</b> Director of Finance and Resources	2.5-5 (lump sum 0-2.5)	12.5-15 (lump sum: 0-2.5)	181	235	35
<b>Ben Roberts</b> Director of Film Fund/ DCEO	2.5-5 (lump sum: 0-2.5)	15-17.5 (lump sum: 0-2.5)	117	149	15
<b>Heather Stewart</b> Creative Director	2.5-5 (lump sum 0 to 2.5)	55-57.5 (lump sum: 92.5-95)	1,111	1,184	31
<b>Francesca Vinti</b> Director of Development	2.5-5 (lump sum: 0-2.5)	22.5-25 (lump sum: 15-17.5)	280	342	44

These staff cover both Lottery and Grant-in-Aid and other funded activities.

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 2019

Salary Banding	2019 (Number)	2018 (Number)
£150,000 - £159,999	1	-
£140,000 - £149,999	1	3
£130,000 - £139,999	1	1
£120,000 - £129,999	2	2
£110,000 - £119,999	-	-
£100,000 - £109,999	1	2
£90,000 - £99,999	1	1

Other senior staff

Salary Banding	2019 (Number)	2018 (Number)
£90,000 - £99,999	5	-
£80,000 - £89,999	18	12
£70,000 - £79,999	11	16
£60,000 - £69,999	20	21

### Staff number and costs (including on-costs)

	2019		2018	
	Number	£'000	Number	£'000
Average no of permanent staff during the year	494	27,210	485	26,794
Average no of other staff engaged on objectives of the organisation	9	361	17	521

### Off Payroll Consultancy Engagements

During the year ended 31 March 2019 the BFI had 8 off payroll engagements totalling £352,000 (2018: 11, £532,000) for more than £245 per day (2018: £245 per day), that lasted longer than 6 months and amounted to £20,000 or more. These have been subject to 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:

Cost of redundancies (as per BFI's agreed redundancy policies)	Number of compulsory redundancies		Number of voluntary redundancies		Total	
	2019	2018	2019	2018	2019	2018
<£10,000	-	2	-	1	-	2
£10,000-£25,000	-	-	-	1	-	1
£25,000-£50,000	-	-	-	-	-	-
£50,000-£100,000	-	-	-	2	-	2
No of exit packages	-	2	-	4	-	6
Cost £'000	-	12	-	138	-	150

## Hutton Review of Fair Pay

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

The banded remuneration of the Chief Executive Officer (2018: Director of Business Affairs) in the financial year was £155,000-£160,000 (2018: £145,000-£150,000). This was 4.8 times (2018: 4.4) the median remuneration of the workforce, which was £33,009 (2018: £33,657). The median remuneration does not include short-term 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 £22,000-£160,000 (2018: £21,000-£150,000).

## Unaudited Information:

### Our People

#### Diversity and Inclusion

The BFI is committed to supporting and promoting diversity and inclusion through all our people activities and approaches during our employee's life cycle.

**Our profile and our action plan:**

Our range of initiatives are externally published within our gender pay gap action plan on our own website and on the Government's Gender Pay Gap reporting site, as we recognise the intersectionality of our people.

Our reported gender pay gaps (in favour of men) are:

	Mean pay gap	Median pay gap	Female %	Male %
31.03.2017	0.46%	3.85%	49%	51%
31.03.2018	0.4%	1.9%	50.5%	49.5%

**Our Profile as at 31 March 2019:**

	Self-identified	Movement from 31.03.2018	Our Data Gaps	Our Targets
Disability	4%	+ 0.3%	30%	7%
Ethnicity (BAME)	13%	+ 0.6%	4%	20%
Gender (Women)	53%	+ 0.8%	0	50%
Sexual Orientation (LGBTQ+)	10%	+ 0.9%	29%	10%

We are working to close our data gaps to ensure that our reporting better reflects who we are and our initiatives both target support for our current people and help us to improve our representation across the BFI. Our targets in our under represented areas are designed to challenge us to find innovative ways to meet them within a low core turnover (unplanned c8%) and an average length of service of 8.5 years, which along with our 1.2% time lost to sickness absence reflect our high level of people engagement.

**Our 2018-19 People Initiatives included:**

We provided unconscious bias training across the BFI in 2018/19, along with diversity and inclusion workshops for all, which also focused on our zero tolerance to any form of bullying and harassment and our commitment to 'treating each other well'.

Our internal management apprenticeship scheme focussed on assisting our people from under-represented groups to move into management/or develop at junior manager level and provides an accredited management qualification. 11 people started a management apprenticeship in 2018/19 of which 75% were from under-represented groups in management.

We were part of the working group for the sector trailblazer 'curator' apprenticeship scheme which has now been accredited and we will be advertising for apprenticeships in 2019/20. We pay apprentices the London Living Wage.

We continue to pay the London Living Wage plus a differential as a minimum to all employees across the BFI (including c20% of our people based outside of the London area).

We were one of five cultural organisations taking part in the Accelerate Programme, to support disabled and/or BAME employees ready for a move into management to help them to achieve their career goals.

We encourage women returners (and support all working parents) we operate a generous childcare scheme, supported by flexible working practices (for all) and provide shared parental leave on enhanced terms.

We provide an Employee Assistance Programme that is frequently used by employees for advice and support on a wide range of life and work topics.

We operate 'blind' recruitment at our shortlisting stage to advertised roles. Our person specifications for each role are based on the 'minimum requirements' of the competencies needed for the role to avoid creating any unnecessary barriers. We are a Disability Confident employer, accredited by Jobcentre Plus. In addition to guaranteeing an interview to applicants with a disability who meet our minimum requirements for a role we also operate the same approach for BAME candidates.

We are long serving Stonewall Champions.

We are founder cultural sector members of the Employer's Network for Equality and Inclusion (ENEI).

### **Health & Wellbeing**

Our overall sickness absence is low at 1.2% time lost to sickness absence.

55% of BFI people participated in the MIND Employer's Index mental health wellbeing survey, with the results fed into our wellbeing plan for 2018/19 which included; setting up our pan BFI wellbeing steering group, expanding our trained mental health first aider group, workshops to support managers manage mental health at work plus resilience workshops open to all.



## 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](http://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**

BDO  
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 (FRM) and accounts direction in a Strategic Report for the Lottery activities. A separate report has therefore not been prepared.

The Annual Report, including the Remuneration Report, was approved by the Board of Governors for signature on 16 July 2019.

**Josh Berger, Chair**

**Amanda Nevill, Chief Executive**

**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 incoming resources and application of resources, changes in funds, and cash flows for the financial year. In preparing these financial statements, the Governors and Chief Executive are required to:

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

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

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

The Governors and Chief Executive confirm that they have met the 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 89, 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.

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

## GOVERNANCE STATEMENT

### **Scope of Responsibility**

How the BFI is governed is covered on pages 70 to 75. The Board of Governors is aware of the requirements of the HM Treasury 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 Digital, Culture, Media and Sport (DCMS), whilst safeguarding the public funds and the British Film Institute's (BFI) assets for which we are responsible in accordance with the responsibilities assigned to us in Managing Public Money and as Trustees of the Charity. The BFI complies with the HM Treasury 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 2019 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 2018-19 is detailed at page 71.

The Audit, Risk and Governance Committee, chaired during the year by Phil Stokes, 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 2018-19 is detailed at page 71.

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 2018-19 the risk register as noted by the Executive Team included 25 corporate risks. The most significant are (considered to be the 10 key risks):

<b><i>RISK</i></b>	<b><i>CAUSE of RISK</i></b>	<b><i>MITIGATING ACTIONS</i></b>
BFI business compromised including disruption to key partners	Following the referendum result in June 2016, the UK has been preparing to leave the European Union (EU Exit) on 31 October 2019; however there is a risk that the UK leaves the EU without an agreement in place.	Risk analysis undertaken with plans prepared for a No Deal (EU Exit) scenario
The BFI does not secure level of funding and support to deliver its priorities	Insufficient understanding by central government decision makers of the economic value of film and the work of the BFI notably with Comprehensive Spending Round planned for 2019	Engaging across Government on the role and activities of the BFI and how the BFI can deliver against the wider Government priorities

<b>RISK</b>	<b>CAUSE of RISK</b>	<b>MITIGATING ACTIONS</b>
The BFI not achieving its commercial targets	BFI income-generating programmes and activities fail to attract audiences and customers; and difficult environment for sponsorship and fundraising including industry contribution.	Continuous financial and performance monitoring. Contingency element within budget to buffer any minor deviations in revenue generated.
The BFI Board and senior decision-makers are not representative of the UK population	The BFI does not meet its diversity targets in relation to staffing including Board members and senior decision-makers.	Workforce targets have been finalised for each Executive Director to own and action plan their delivery; these are regularly monitored and reviewed.
The BFI is not perceived to be delivering UK-wide	BFI fails to deliver on its commitments as set out in BFI2022 with programmes and activities continuing to predominately deliver to London and South-East audiences.	As detailed in BFI2022, the BFI is developing a UK-wide strategy which will help to identify how film outside London can be better served. On-going and continued monitoring of activity and performance.
BFI business compromised including disruption and/or loss of personal data and/or intellectual property	BFI's IT and data security is compromised through cyber-attack resulting in information disclosure and/or intellectual property loss/or business failure	Cyber Essentials membership gained; Data Security protocol established; implement encrypted USB's for key users; run staff awareness workshop(s) to advise of issues.
The BFI is unable to deliver its priorities as set out in BFI2022	A reduction in sales of lottery tickets results in lower funds available.	Review of programmes based on DCMS forecasts; use of Lottery Reserves.
The reputation of the BFI, in relation to diversity and inclusion, as the lead body for film is tarnished	Failure to deliver its diversity commitments as set out in BFI2022.	Introduction of Diversity Standards across all BFI Lottery activities and across the sector. Detailed delivery plan in place to deliver diversity priorities and to closely monitor.
The reputation of the BFI as the lead body for film, in relation to its international responsibilities, is tarnished	BFI does not fully deliver its agreed International Strategy due to lack of support from key partners.	Close working with all partners and the industry to ensure delivery against BFI priorities and UK film sector priorities.
Major business disruption to the BFI leading to reductions in service and therefore subsequent financial loss	Failure of key suppliers to deliver key services to the BFI.	Business Continuity plan in place which identifies key suppliers and associated plan; registration and monitoring of key suppliers on Creditsafe (warnings are received re financial stability and credit rating).

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 and 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 BDO (formerly Moore Stephens), operated to standards set out in the Public Sector Internal Audit Standards was developed from an analysis of BFI's exposure.

In 2018-19 internal audit reports covered:

- Complaint Procedure
- Key Financial Controls
- Certification
- Fundraising
- Partnerships – Into Film
- Partnerships – Into Film: Follow Up
- Heritage 2022
- Privacy Healthcheck

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 the 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 25 June 2019, 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 2018-19 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.

**Josh Berger, Chair**

**Amanda Nevill, Chief Executive**



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

### **Opinion on financial statements**

I have audited the financial statements of the British Film Institute for the year ended 31 March 2019. The financial statements comprise: the Consolidated and Charity Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Cash Flow Statement, and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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 2019 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011.

### **Opinion on regularity**

In my opinion, in all material respects the income and expenditure 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.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the British Film Institute and group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the British Film Institute's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Governors and Accounting Officer**

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.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the British Film Institute's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

### **Other Information**

The Governors and Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared;
- in the light of the knowledge and understanding of the group and the British Film Institute and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which I provide a positive consistency opinion on 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 parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; 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.

**Gareth Davies**

**19 July 2019**

**Comptroller and Auditor General**

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  
2018-19**

**GROUP FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**

**BRITISH FILM INSTITUTE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 MARCH 2019**

Note	2019				2019	2018	
	Unrestricted	Non-Lottery	Total	Lottery	2019	2018	
	£'000	Restricted	Non-Lottery	Restricted	Total	Total	
<b>Income</b>							
<i>Income and endowments from charitable activities (earned income)</i>							
Audiences	3	21,596	-	21,596	-	21,596	19,580
Learning & Skills	3	489	-	489	-	489	449
Talent	3	291	-	291	-	291	41
Leadership	3	4	-	4	-	4	4
<i>Income from donations and legacies</i>							
Voluntary Income							
Lottery proceeds	3 & 15	-	-	-	43,486	43,486	44,341
Lottery recoupment income	3	-	-	-	950	950	1,361
Revenue Grant in Aid funding	2	14,874	5,437	20,311	-	20,311	20,195
Capital Grant in Aid funding	2	-	1,407	1,407	-	1,407	3,392
Other grants, legacies and donations	3	2,159	2,309	4,468	485	4,953	5,823
Donated services and facilities	4	-	1,638	1,638	-	1,638	1,719
Investment income	5	21	-	21	24	45	9
<b>Total Income</b>		<b>39,434</b>	<b>10,791</b>	<b>50,225</b>	<b>44,945</b>	<b>95,170</b>	<b>96,914</b>
<b>Expenditure on</b>							
<i>Charitable activities</i>							
Audiences	6	(39,974)	(8,516)	(48,490)	(8,307)	(56,797)	(58,883)
Learning & Skills	6	(2,126)	(1,322)	(3,448)	(11,183)	(14,631)	(11,739)
Talent	6	(1,908)	(2,313)	(4,221)	(28,099)	(32,320)	(27,289)
Leadership	6	(289)	(5)	(294)	(828)	(1,122)	(935)
<i>Total charitable activities</i>		<b>(44,297)</b>	<b>(12,156)</b>	<b>(56,453)</b>	<b>(48,417)</b>	<b>(104,870)</b>	<b>(98,846)</b>
<i>Costs of raising funds</i>							
Restructuring Costs	6	(1,660)	-	(1,660)	-	(1,660)	(1,781)
	6	-	-	-	-	-	(97)
		<b>(1,660)</b>	<b>-</b>	<b>(1,660)</b>	<b>-</b>	<b>(1,660)</b>	<b>(1,878)</b>
<b>Total expenditure</b>		<b>(45,957)</b>	<b>(12,156)</b>	<b>(58,113)</b>	<b>(48,417)</b>	<b>(106,530)</b>	<b>(100,724)</b>
Net expenditure		<b>(6,523)</b>	<b>(1,365)</b>	<b>(7,888)</b>	<b>(3,472)</b>	<b>(11,360)</b>	<b>(3,810)</b>
Gross transfers between funds	24	1,407	1,186	2,593	(2,593)	-	-
<b>Net expenditure and net movement in funds before other recognised gains and losses</b>		<b>(5,116)</b>	<b>(179)</b>	<b>(5,295)</b>	<b>(6,065)</b>	<b>(11,360)</b>	<b>(3,810)</b>
<b>Other recognised gains / (losses)</b>							
Actuarial gains / (losses) on defined benefit pension scheme	8	4,011	-	4,011	466	4,477	9,508
(Losses) / gains on the revaluation of fixed assets	10	(3,494)	-	(3,494)	-	(3,494)	7,444
<b>Net movement in funds</b>		<b>(4,599)</b>	<b>(179)</b>	<b>(4,778)</b>	<b>(5,599)</b>	<b>(10,377)</b>	<b>13,142</b>
<b>Reconciliation of funds</b>							
Total funds brought forward	24	25,581	5,131	30,712	40,909	71,621	58,479
Total funds carried forward		<b>20,982</b>	<b>4,952</b>	<b>25,934</b>	<b>35,310</b>	<b>61,244</b>	<b>71,621</b>

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 32 form an integral part of this Statement of Financial Activities.

**BRITISH FILM INSTITUTE**  
**STATEMENT OF FINANCIAL ACTIVITIES - CHARITY ONLY**  
**YEAR ENDED 31 MARCH 2019**

	2019				2019	2018
	Unrestricted £'000	Non-Lottery Restricted £'000	Total Non-Lottery £'000	Lottery Restricted £'000	Total £'000	Total £'000
<b>Income</b>						
<i>Income and endowments from charitable activities (earned income)</i>						
Audiences	17,833	-	17,833	-	17,833	15,941
Learning & Skills	489	-	489	-	489	449
Talent	291	-	291	-	291	41
Leadership	4	-	4	-	4	4
<i>Income from donations and legacies</i>						
Voluntary Income						
Lottery proceeds	-	-	-	43,486	43,486	44,341
Lottery recoupment income	-	-	-	950	950	1,361
Revenue Grant in Aid funding	14,874	5,437	20,311	-	20,311	20,195
Capital Grant in Aid funding	-	1,407	1,407	-	1,407	3,392
Other grants, legacies and donations	5,282	2,309	7,591	485	8,076	8,824
Donated services and facilities	-	1,638	1,638	-	1,638	1,719
Investment income	11	-	11	24	35	7
<b>Total Income</b>	<b>38,784</b>	<b>10,791</b>	<b>49,575</b>	<b>44,945</b>	<b>94,520</b>	<b>96,274</b>
<b>Expenditure on</b>						
<i>Charitable activities</i>						
Audiences	(39,165)	(8,516)	(47,681)	(8,307)	(55,988)	(58,085)
Learning & Skills	(2,126)	(1,322)	(3,448)	(11,183)	(14,631)	(11,739)
Talent	(1,908)	(2,313)	(4,221)	(28,099)	(32,320)	(27,289)
Leadership	(289)	(5)	(294)	(828)	(1,122)	(935)
<i>Total charitable activities</i>	<b>(43,488)</b>	<b>(12,156)</b>	<b>(55,644)</b>	<b>(48,417)</b>	<b>(104,061)</b>	<b>(98,048)</b>
<i>Costs of raising funds</i>	(1,660)	-	(1,660)	-	(1,660)	(1,781)
Restructuring Costs	-	-	-	-	-	(97)
	<b>(1,660)</b>	<b>-</b>	<b>(1,660)</b>	<b>-</b>	<b>(1,660)</b>	<b>(1,878)</b>
<b>Total expenditure</b>	<b>(45,148)</b>	<b>(12,156)</b>	<b>(57,304)</b>	<b>(48,417)</b>	<b>(106,306)</b>	<b>(99,926)</b>
Net expenditure	(6,364)	(1,365)	(7,729)	(3,472)	(11,201)	(3,652)
Gross transfers between funds	1,407	1,186	2,593	(2,593)	-	-
<b>Net expenditure and net movement in funds before other recognised gains and losses</b>	<b>(4,957)</b>	<b>(179)</b>	<b>(5,136)</b>	<b>(6,065)</b>	<b>(11,201)</b>	<b>(3,652)</b>
<b>Other recognised gains / (losses)</b>						
Actuarial gains / (losses) on defined benefit pension scheme	4,011	-	4,011	466	4,477	9,508
(Losses) / gains on the revaluation of fixed assets	(3,494)	-	(3,494)	-	(3,494)	7,444
<b>Net movement in funds</b>	<b>(4,440)</b>	<b>(179)</b>	<b>(4,619)</b>	<b>(5,599)</b>	<b>(10,218)</b>	<b>13,300</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	25,409	5,131	30,540	40,909	71,449	58,149
Total funds carried forward	<b>20,969</b>	<b>4,952</b>	<b>25,921</b>	<b>35,310</b>	<b>61,231</b>	<b>71,449</b>

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 32 form an integral part of this Statement of Financial Activities.

**BRITISH FILM INSTITUTE**  
**CONSOLIDATED AND CHARITY BALANCE SHEET**  
**As at 31 MARCH 2019**

	<b>Note</b>	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>	<b>Charity 2019 £'000</b>	<b>Charity 2018 £'000</b>
<b>Fixed assets:</b>					
Intangible fixed assets	9	354	511	-	-
Tangible fixed assets	10	81,713	86,602	81,713	86,602
Investments	12	-	-	1,443	1,443
<b>Total fixed assets</b>		<b>82,067</b>	<b>87,113</b>	<b>83,156</b>	<b>88,045</b>
<b>Non-current assets:</b>					
Film Rights	14	8,249	7,492	8,249	7,492
<b>Current assets:</b>					
Stocks & work in progress	16	491	461	491	461
Debtors	17	7,941	8,755	8,491	9,724
Film Rights	14	5,759	4,938	5,759	4,938
National Lottery Distribution Fund	15	52,757	53,499	52,757	53,499
Cash at bank and in hand	18	9,871	10,320	8,200	8,189
<b>Total current assets</b>		<b>76,819</b>	<b>77,973</b>	<b>75,698</b>	<b>76,811</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	20	(38,359)	(32,660)	(38,340)	(32,602)
Provisions	22	(2,835)	(2,649)	(2,835)	(2,649)
<b>Net current assets</b>		<b>35,625</b>	<b>42,664</b>	<b>34,523</b>	<b>41,560</b>
<b>Total assets less current liabilities</b>		<b>125,941</b>	<b>137,269</b>	<b>125,928</b>	<b>137,097</b>
Defined benefit pension scheme net liability	8	(64,697)	(65,648)	(64,697)	(65,648)
<b>Total net assets</b>		<b>61,244</b>	<b>71,621</b>	<b>61,231</b>	<b>71,449</b>
<b>The Funds of the Charity:</b>					
<b>Restricted income funds</b>					
Restricted income funds excluding Lottery and pensions liability	24	4,952	5,131	4,952	5,131
Lottery reserve		37,955	43,760	37,955	43,760
Lottery share of pension reserve		(2,645)	(2,851)	(2,645)	(2,851)
	24	35,310	40,909	35,310	40,909
<b>Total restricted funds</b>		<b>40,262</b>	<b>46,040</b>	<b>40,262</b>	<b>46,040</b>
<b>Unrestricted income funds</b>					
Unrestricted income funds excluding pensions asset/liability		36,119	35,263	36,106	35,091
Unrestricted fixed asset revaluation reserve		46,915	53,115	46,915	53,115
		83,034	88,378	83,021	88,206
Pension reserve		(62,052)	(62,797)	(62,052)	(62,797)
<b>Total unrestricted funds</b>	24	<b>20,982</b>	<b>25,581</b>	<b>20,969</b>	<b>25,409</b>
<b>Total charity funds</b>	24	<b>61,244</b>	<b>71,621</b>	<b>61,231</b>	<b>71,449</b>

The accompanying notes 1 to 32 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 16 July 2019

\_\_\_\_\_  
**Josh Berger**  
**Chair**

\_\_\_\_\_  
**Amanda Nevill**  
**Chief Executive**

**BRITISH FILM INSTITUTE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year Ended 31 MARCH 2019**

	Notes	2019			2018		
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Net (expenditure) / income		(6,523)	(4,837)	(11,360)	(8,817)	5,007	(3,810)
Less interest receivable	5	(21)	(24)	(45)	(5)	(4)	(9)
Loss on disposal of tangible fixed assets		-	-	-	12	-	12
Depreciation	10	6,126	-	6,126	4,633	1,347	5,980
Amortisation of goodwill	9	157	-	157	158	-	158
(Increase) / decrease in film rights - due after one year	14	-	(757)	(757)	-	135	135
(Increase) / decrease in film rights - due within one year	14	-	(821)	(821)	-	62	62
(Increase) / decrease in stocks	16	(30)	-	(30)	62	-	62
(Increase) / decrease in debtors	17	(4,869)	5,683	814	3,543	(4,193)	(650)
(Decrease) / increase in creditors due within one year	20	3,979	1,720	5,699	(4,922)	(1,851)	(6,773)
Increase / (decrease) in provisions due within one year	22	-	186	186	-	860	860
Non-cash pension movements	8	3,266	260	3,526	4,003	318	4,321
Cash flows from operating activities		2,085	1,410	3,495	(1,333)	1,681	348
<i>Cash flows from investing activities</i>							
National Lottery Distribution Fund income received	15	-	(43,486)	(43,486)	-	(44,341)	(44,341)
National Lottery Distribution Fund cash drawn down	15	-	44,228	44,228	-	48,395	48,395
Interest receivable	5	21	24	45	5	4	9
Purchase of tangible fixed assets	10	(3,324)	(1,407)	(4,731)	(262)	(3,612)	(3,874)
Cash flows from investing activities		(3,303)	(641)	(3,944)	(257)	446	189
Change in cash and cash equivalents in the year		(1,218)	769	(449)	(1,590)	2,127	537
Cash and Cash equivalents at the beginning of the year		3,396	6,924	10,320	4,986	4,797	9,783
Cash and Cash equivalents at the end of the year	18 & 24	2,178	7,693	9,871	3,396	6,924	10,320

The accompanying notes 1 to 32 form an integral part of this consolidated statement of cash flows.



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport effective from April 2018 and applicable accounting standards.

The financial statements have also been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, to the extent that they clarify or build on the requirements of the Charities SORP (FRS102). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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. In line with FRS102 the BFI has chosen to adopt IFRS 9: Financial Instruments for these financial statements and their impact is disclosed below and in note 13. Impact of the introduction of International Financial Reporting Standard 9: Financial Instruments, note 14. Film Rights and note 15. National Lottery Distribution Fund.

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 SOFA has also been presented for the Charity. 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.

**Estimates and judgements**

Estimates and judgements have been used in the production of these accounts, notably with regard to the valuation of Fixed Assets, Film Rights and Pensions as at the year end, the allocation of support costs to the charitable activities and the recharge of operating costs to the Lottery activities. Details of the valuation of fixed assets are set out in the accounting policy Tangible fixed assets below and in note 10. Tangible Fixed Assets. Details of the valuation of film rights are set out in the Film Rights accounting policy below and in note 14. Film Rights. Details of the pension schemes are set out in the Pensions accounting policy below and in note 8. Pensions. The allocation of support costs is set out in the accounting policy Expenditure below and detailed in note 6. Expenditure. The recharge of operating costs to the Lottery activities are as set out in the accounting policy Apportioned costs below.

**Going concern**

The accounts have been prepared on a going concern basis and there are no material uncertainties about the group and 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 2019 the BFI received £20.3m (2018: £20.2m) of revenue grant-in-aid from the Department for Digital, 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 2019-20 on a like-for-like basis. Due consideration has also been given to the potential impact of the United Kingdom leaving the European Union, in arriving at the above conclusion to adopt the going concern basis.

As the government's lead body for film since 2011, the BFI actively engages 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 asset value of the BFI is in either restricted and/or long term fixed assets and pressure therefore remains on the underlying Charity. Excluding the restricted activities, the BFI recorded net expenditure (before gross transfers between funds and other recognised gains/losses) in the year of £6.5m (2018: net expenditure of £8.8m), albeit after non-cash transactions including depreciation of £6.1m (2018: £6.0m) and FRS102 net costs of £3.5m (2018: £4.3m). The FRS102 pension liability has decreased to £64.7m (2018: £65.6m) contributing to unrestricted reserves of £21.0m (2018: £25.6m). The pension liability 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 £64.7m (2018: £65.6m) under FRS102 and the governors are satisfied that this approach is appropriate.

At the year end total reserves were £61.2m (2018: £71.6m) which included unrestricted cash balances of £2.2m (2018: £3.4m) and free reserves of £1.0m (2018: £1.2m)(note 24: Statement of Funds).

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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 and the BFI's strategy BFI 2022. In the financial statements, the BFI categorises its activities across its four strategic priorities to further its charitable aims for the public benefit:

Audiences - great filmmaking for audiences everywhere.

Learning & Skills - giving everyone the educational opportunity to build a lifelong relationship with film.

Talent - supporting creative and influential filmmakers whose work is admired throughout the world.

Leadership - to lead on public policy and advocacy for the UK film sector and promote a globally competitive UK film industry.

**Accruals convention**

Income and expenditure is generally accounted for when receivable/payable on an accruals basis except where accounting standards or other requirements apply, as set out in the following accounting policies.

**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 and these are accounted for on an accruals basis.

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. Income is accounted for on a receivable basis. The exception to this is recoupment income because of the inherent difficulties in relating the income to a specific period in time. Recoupment income is therefore accounted for upon notification of amounts received by the BFI.

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 Digital, 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.

Gift Aid is receivable from HM Revenue & Customs on certain donations which meet the relevant requirements and these are recognised on an accruals basis.

**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 rights is taken to the SOFA as film recoupment income.

**Receivables**

Provisions for doubtful debts (provision for impairment) are raised on outstanding debts and rely on estimation methodologies and techniques to calculate the amount of the provision. Any movement in the provision in the year is taken to the SOFA within charitable expenditure.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Expenditure (continued)**

*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 27: Contingent Liabilities are not charged to the statement of financial activities, as they are contingent on receipt of Grant-in-Aid income, which is not certain until the year in which it is due.

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, BFI 2022 some awards were made including funding for 2019-20. 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 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 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 2018-19 the Secretary of State did not object to a further award of £2,093,000 (2017-18: £4,143,000) to the BFI in relation to the Heritage 2022 project, as outlined in the BFI 2022 plan.

Under the same power the Secretary of State did not object to an award of £500,000 in 2018-19 and £750,000 in 2017-18 to the BFI in relation to the London Film Festival. The awards were both made and fully paid within their respective financial years.

**Apportioned costs**

The BFI incurred costs which are shared between Lottery and the subsidiaries. The BFI as a charity is required to apportion costs in accordance with the principles of full cost recovery and the government's 'Managing Public Money' guidance. 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. Direct costs are borne by the active subsidiaries of the BFI and in addition an appropriate share of staff costs and overheads based on BFI staff time spent on those activities.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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](http://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 and to the charity. Therefore the BFI has adopted a non-recognition approach.

**Tangible fixed assets, depreciation and impairment**

Expenditure on tangible fixed assets costing £5,000 or more and with a useful economic life of at least 3 years is capitalised and included at cost. Long leasehold land and buildings, together with some associated plant and fixtures, are included at fair value in accordance with the Charities SORP (FRS 102).

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 102: Section 17 - Property Plant and Equipment. The values at 31 March 2019 have been estimated using appropriate indexation from an independent expert body, resulting in a net decrease in value in the year of £3.3m (2018: increase of £7.0m).

The BFI's short leasehold properties in London and Berkhamsted have been subject to leasehold improvements. The values as at 31 March 2018 and 2019 have been estimated using appropriate indexation, resulting in a net decrease in value in the year of £0.2m (2018: increase of £0.4m). The same indexation is applied to acquisitions, starting in the year following the acquisition.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Tangible fixed assets, depreciation and impairment (continued)**

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
Plant & fixtures valued with leasehold property	10-20% 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 and their remaining useful economic life 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 the recoverable 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. They are accounted for in line with the recognition and measurement criteria of IFRS 9: Financial Instruments, as set out in the accounting policies below.

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. Short term debtors are measured at transaction price, less any impairment. Foreign currency policy is stated below.

**Film rights**

Film rights represent investment awards paid and payable to filmmakers which are repayable under certain conditions. 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 assets measured at fair value with gains and losses being recognised in the SOFA. With the election to adopt the recognition and measurement criteria of IFRS 9 (see note 13. Impact of the introduction of International Financial Reporting Standard 9: Financial Instruments) 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, 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 (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 to the extent that the repayment of the award is considered doubtful. The reduction 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.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Film rights (continued)**

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 value shown in the Statement of Financial Activity reflect the net effect of increases and decreases in values against film rights in the year. Any reduction 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 adjusted to £nil 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 SOFA reflect the net effect of increases and decreases in valuations against Film Rights in the year. Awards are fully adjusted to £nil 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 similarly recognised in the film rights valuation 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 fair value of the film, then any necessary adjustment will be released back to the SOFA so the remaining fair value reflects the revised investment value.

**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 and are included as Provisions on the Balance Sheet.

**National Lottery Distribution Fund**

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Digital, 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 Digital, Culture, Media and Sport as being available for distribution by the BFI in respect of current and future commitments. With the election to adopt the recognition and measurement criteria of IFRS 9 (see note 13. Impact of the introduction of International Financial Reporting Standard 9: Financial Instruments) funds held at the National Lottery Distribution Fund are held as financial instruments held at amortised cost. As the investments are held with the Debt Management Account and the National Loans Fund, these are exempt from recognising stage 1 and stage 2 impairment so no expected credit losses have been calculated for these investments.

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: Pensions.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

Deferred taxation follows the treatment of the item to which it is attributable and there are no deferred tax assets or liabilities recognised in these accounts.

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

**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".

**Prior Year Reclassification**

Further consideration has been given to the timing of cash flows arising from Film Rights and as a result the value has been presented as Non-current assets and Current assets on the balance sheet. The total prior year value is unchanged but an amount has been reclassified to Non-current assets.

**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:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Revenue Grant in Aid funding	<u>20,311</u>	<u>20,195</u>
Capital Grant in Aid funding	<u>1,407</u>	<u>3,392</u>

Revenue grant funding includes restricted funds for Northern Ireland of £4m (2018: £4m), education (Film Academies) of £1.0m (2018: £1m) and the Young Audience Content Fund of £0.4m (2018: £Nil).

Capital grant funding in the year was boosted by specific funding of £0.4m (2018: £2.4m) for Estate refurbishment.

The balances carried forward at the end of the year are £nil (2018: £nil) for unrestricted and restricted funds.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**2. OTHER SIGNIFICANT TRANSACTIONS (continued)**

**b) Governors**

The Governors neither received nor waived any emoluments during the year (2018: £nil). Governors expenses amounted to £nil in the year (2018: £nil). No governor claimed expenses during the year (2018: nil). No payments were made in the year for services (2018: £nil).

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

The Charity has purchased insurance to indemnify the Governors against the consequences of any neglect or default on their part. The cost amounted to £8,904 (2018: £11,880), 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:

		<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
<i>Income from generated funds - Other grants, legacies and donations includes:</i>			
Grants receivable from BFI Trust	Restricted	288	808
	Unrestricted	1,421	1,350
<i>Resources expended - Charitable activities includes:</i>			
Rental of leasehold premises		(1,835)	(1,835)

**3. INCOME**

	<b>Unrestricted</b>	<b>Non-Lottery Restricted</b>	<b>Lottery Restricted</b>	<b>Total</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Income and endowments from charitable activities (earned income)</i>				
Audiences	21,596	-	-	21,596
Learning & Skills	489	-	-	489
Talent	291	-	-	291
Leadership	4	-	-	4
	<u>22,380</u>	<u>-</u>	<u>-</u>	<u>22,380</u>
<i>Income from Donations and legacies</i>				
Voluntary Income				
Lottery proceeds	-	-	43,486	43,486
Lottery recoupment income	-	-	950	950
Revenue Grant in Aid funding	14,874	5,437	-	20,311
Capital Grant in Aid funding	-	1,407	-	1,407
Other grants, legacies and donations	2,159	2,309	485	4,953
Donated services and facilities	-	1,638	-	1,638
	<u>17,033</u>	<u>10,791</u>	<u>44,921</u>	<u>72,745</u>
Investment income	21	-	24	45
<b>Total Income</b>	<u><u>39,434</u></u>	<u><u>10,791</u></u>	<u><u>44,945</u></u>	<u><u>95,170</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**3. INCOME (continued)**

	Non-Lottery		Lottery	Total
	Unrestricted	Restricted	Restricted	
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
<i>Income and endowments from charitable activities (earned income)</i>				
Audiences	19,580	-	-	19,580
Learning & Skills	449	-	-	449
Talent	-	-	41	41
Leadership	4	-	-	4
	<u>20,033</u>	<u>-</u>	<u>41</u>	<u>20,074</u>
<i>Income from Donations and legacies</i>				
Voluntary Income				
Lottery proceeds	-	-	44,341	44,341
Lottery recoupment income	-	-	1,361	1,361
Revenue Grant in Aid funding	15,195	5,000	0	20,195
Capital Grant in Aid funding	-	3,392	-	3,392
Other grants, legacies and donations	2,696	3,071	56	5,823
Donated services and facilities	-	1,719	-	1,719
	<u>17,891</u>	<u>13,182</u>	<u>45,758</u>	<u>76,831</u>
Investment income	<u>5</u>	<u>-</u>	<u>4</u>	<u>9</u>
<b>Total Income</b>	<u><u>37,929</u></u>	<u><u>13,182</u></u>	<u><u>45,803</u></u>	<u><u>96,914</u></u>

	2019	2018
	£'000	£'000

*Sponsorship income included in Income from charitable activities (earned income):*

Sponsorship income, associated with the costs of generating voluntary income	Audiences	1,745	1,662
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**Costs of generating funds**

Costs of generating voluntary income	<u><u>(1,660)</u></u>	<u><u>(1,781)</u></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 £1,745,000 (2018: £1,662,000) raised by the teams. This income primarily relates to the corporate sponsorship of the BFI London Film Festival and BFI Flare film festival. In the year, expenditure was higher due to the staging of the "Luminous" fundraising gala.

**4. DONATED SERVICES AND FACILITIES**

	2019	2018
	£'000	£'000
Publicity and advertising	1,066	992
Buildings and facilities	249	268
Services and equipment hire	288	349
Food and drink	25	39
Other goods	10	71
	<u><u>1,638</u></u>	<u><u>1,719</u></u>

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

**5. INVESTMENT INCOME**

	Lottery		2019	Lottery		2018
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bank interest receivable	<u>21</u>	<u>24</u>	<u>45</u>	<u>5</u>	<u>4</u>	<u>9</u>

Bank interest receivable was £45,000 (2018: £9,000) of which £21,000 was earned on unrestricted bank deposits (2018: £5,000) and £24,000 was earned on restricted bank deposit balances (2018: £4,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**6. EXPENDITURE**

	<b>Direct Costs 2019 £'000</b>	<b>Allocated Pension charges 2019 £'000</b>	<b>Allocated Support costs 2019 £'000</b>	<b>Total 2019 £'000</b>
Audiences	(47,699)	(4,626)	(4,472)	(56,797)
Learning & Skills	(13,872)	(418)	(341)	(14,631)
Talent	(31,270)	(895)	(155)	(32,320)
Leadership	(608)	(375)	(139)	(1,122)
Costs of generating voluntary income	(1,660)	-	-	(1,660)
Restructuring Costs	-	-	-	-
<b>Total resources expended</b>	<b>(95,109)</b>	<b>(6,314)</b>	<b>(5,107)</b>	<b>(106,530)</b>

	<b>Direct Costs 2018 £'000</b>	<b>Allocated Pension charges 2018 £'000</b>	<b>Allocated Support costs 2018 £'000</b>	<b>Total 2018 £'000</b>
Audiences	(48,973)	(5,168)	(4,742)	(58,883)
Learning & Skills	(10,924)	(479)	(336)	(11,739)
Talent	(26,183)	(946)	(160)	(27,289)
Leadership	(379)	(427)	(129)	(935)
Costs of generating voluntary income	(1,781)	-	-	(1,781)
Restructuring Costs	(97)	-	-	(97)
<b>Total resources expended</b>	<b>(88,337)</b>	<b>(7,020)</b>	<b>(5,367)</b>	<b>(100,724)</b>

Expenditure on charitable activities was £104,870,000 (2018: £98,846,000) of which £44,297,000 was unrestricted (2018: £44,868,000), £12,156,000 was restricted (2018: £12,809,000) and £48,417,000 was Lottery funded restricted expenditure (2018: £40,745,000).

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:

<b>Nature of cost</b>	<b>Allocation basis</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
IT and finance support	Combination of head count and departmental spend	(2,366)	(2,511)
Human resources	Head count	(413)	(507)
Premises and utilities	Combination of floor area and head count	(819)	(779)
Communication and marketing	Direct spend and percentage of income generated	(625)	(670)
Other overheads	Combination of time and department spend	(514)	(509)
Governance costs	Departmental spend	(370)	(391)
<b>Total support</b>		<b>(5,107)</b>	<b>(5,367)</b>
Pension cost (note 8)	Net revenue account cost	(6,314)	(7,019)
		<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Governance costs:</b>			
Audit fees: Charity (excluding Lottery)		(84)	(84)
Audit fees: Lottery		(46)	(46)
Audit: subsidiaries (British Screen group of companies)		(4)	(4)
Audit: subsidiary (British Film Institute (Big Screen) Limited)		(6)	(6)
Audit of UK Media Desk grant claim		(4)	(4)
Trustees costs		(15)	(17)
Corporate policy and planning		(211)	(230)
<b>Total governance</b>		<b>(370)</b>	<b>(391)</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**6. EXPENDITURE (continued)**

<b>Restructuring Costs:</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Restructuring costs	-	(97)

The restructuring costs were £nil (2018: £0.1m). The 2018 restructuring costs relate to redundancy costs and these 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.

<b>Net resources expended before transfers are stated after charging:</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration (analysed above)	(144)	(144)

Auditors' remuneration for the National Audit Office includes £nil fees for non audit services (2018: £nil). The National Audit Office provided audit services for the Charity and Lottery, with the subsidiary and other audits performed by Brebners LLP.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Foreign exchange losses	(16)	(1)
Depreciation	(6,126)	(5,980)
Amortisation of goodwill	(157)	(158)

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<i>Charges for operating leases:</i>		
Land and buildings	(1,838)	(1,838)
Plant & machinery	(76)	(77)

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Film rights adjustments	(14,756)	(12,550)

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:	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Creative England	(813)	(830)
Film London	(501)	(511)
Film Agency for Wales	(114)	(117)
Northern Ireland Screen: Irish Language Fund	(3,000)	(3,000)
Northern Ireland Screen: Ulster Scots Fund	(1,000)	(1,000)
Film Academy awards	(712)	(705)
Cultural Venues and Archives Fund	-	(46)
Creative Europe partners	-	(143)
	(6,140)	(6,352)

In addition to the above further Grant-in-Aid awards were made to partner organisations on or before 31 March 2019 for funded activity commencing on or after 1 April 2019. These are disclosed in note 27: Contingent Liabilities.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**6. EXPENDITURE (continued)**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Lottery awards</b>		
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	(28,245)	(22,627)
Heritage 2022 - award to the BFI - Gross transfers between funds, note 24: Statement of Funds	(2,093)	(4,143)
Film Festivals - award to BFI LFF - Gross transfers between funds, note 24: Statement of Funds	(500)	(750)
Lottery - non-film rights awards per Lottery Statement of Comprehensive Net Expenditure	<u>(30,838)</u>	<u>(27,520)</u>

**7. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs consists of:		
Wages & salaries	(20,844)	(20,384)
Social security costs	(2,220)	(1,986)
Pension costs (see note 8)	(4,506)	(4,945)
	<u>(27,571)</u>	<u>(27,315)</u>
Agency staff costs included in Wages & salaries above	<u>(361)</u>	<u>(521)</u>
Staff costs capitalised and not included above	<u>(29)</u>	<u>(24)</u>

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

	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>Full Time</b>	<b>Part Time</b>	<b>Total</b>
Costs of generating voluntary income	16	2	18
Audiences	326	43	369
Learning & Skills	24	3	27
Talent	44	6	50
Leadership	26	3	30
	<u>436</u>	<u>58</u>	<u>494</u>
	<b>2018</b>	<b>2018</b>	<b>2018</b>
	<b>Full Time</b>	<b>Part Time</b>	<b>Total</b>
Costs of generating voluntary income	14	2	16
Audiences	320	43	363
Learning & Skills	24	3	27
Talent	44	6	50
Leadership	26	3	29
	<u>428</u>	<u>57</u>	<u>485</u>
	<b>2019</b>	<b>2018</b>	
	<b>Number</b>	<b>Number</b>	
Average number of full time equivalent Agency staff at the BFI during the year	<u>9</u>	<u>17</u>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**7. STAFF COSTS (continued)**

**Higher paid employees**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Chief Executive</b>		
A. Nevill	<u>160</u>	<u>146</u>

Including bonuses totalling £7,000 (2018: £nil). Employer's pension contributions for the year amounted to £18,000 (2018: £17,000)

**Other Executive Team Members**

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
£140,000 - £149,999	1	2
£130,000 - £139,999	1	1
£120,000 - £129,999	2	2
£110,000 - £119,999	-	-
£100,000 - £109,999	1	2
£90,000 - £99,999	1	-
£80,000 - £89,999	1	-
Cost	<u>£819,000</u>	<u>£875,000</u>

**Other senior staff**

£90,000 - £99,999	5	-
£80,000 - £89,999	18	12
£70,000 - £79,999	11	16
£60,000 - £69,999	20	21
Cost	<u>£4,105,000</u>	<u>£3,624,000</u>

Total Cost	<u>£4,924,000</u>	<u>£4,499,000</u>
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Included in the above are 45 (2018: 47) staff who are ordinary members of the LPFA pension scheme. The amount of employer's pension contributions attributable to these staff amounted to £418,000 (2018: £376,000). There were 15 (2018: 8) staff who were members of defined contribution schemes. The amount of employer's pension contributions attributable to these staff amounted to £59,000 (2018: £32,000).

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**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 2019 under the requirements of FRS102. Therefore, as at 31 March 2019, a pension liability of £64,697,000 (2018: £65,648,000) is included in the BFI balance sheet. BFI's agreed schedule of contributions is 11.5% of member employees' salary per year plus a monetary amount, £870,000 for 2018-19 and £891,000 for 2019-20.

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 (2018: 37) former employees and their spouses. The total actuarial valuation for this liability at 31 March 2019 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 2019.

The most significant actuarial assumptions in this recent valuation are:

		2019	2018
		%	%
		Per annum	Per annum
Rate of increase in prices	RPI	3.4	3.3
Rate of increase in prices	CPI	2.4	2.3
Rate of increase in salaries		3.9	3.8
Rate of increase in pensions in payment		2.4	2.3
Discount rate		2.4	2.6

Under the adopted mortality tables, the assumed life expectancy from age 65 are as follows:

	2019	2018
	Years	Years
Life expectancy at age 65 of female aged 45	25.2	26.9
Life expectancy at age 65 of female aged 65	23.6	24.6
Life expectancy at age 65 of male aged 45	22.5	24.1
Life expectancy at age 65 of male aged 65	20.7	21.7

BFI share of net pension liability as at 31 March 2018:

	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	109,847	101,586	95,809	77,628	77,069
Present value of scheme liabilities	(172,316)	(164,891)	(164,164)	(131,076)	(134,363)
Net underfunding in funded plans	(62,469)	(63,305)	(68,355)	(53,448)	(57,294)
Present value of unfunded liabilities	(2,228)	(2,343)	(2,480)	(2,288)	(2,593)
Net pension deficit	<u>(64,697)</u>	<u>(65,648)</u>	<u>(70,835)</u>	<u>(55,736)</u>	<u>(59,887)</u>

**Assets - Split of Investments by Category**

Assets whole fund	2019	Asset	2018	Asset
	£'000	Distribution	£'000	Distribution
		%		%
Equities	59,761	54%	51,353	51%
Target return funds	29,294	27%	33,532	33%
Infrastructure	6,618	6%	4,443	4%
Properties	10,329	9%	7,310	7%
Cash	3,845	4%	4,948	5%
Total	<u>109,847</u>	<u>100%</u>	<u>101,586</u>	<u>100%</u>

**Analysis of the amount chargeable to expenditure under FRS102**

	2019	2018
	£'000	£'000
Service cost	(4,103)	(4,652)
Contributions in respect of defined contribution schemes	(403)	(293)
Sub-total reflected in Staff costs (note 7)	<u>(4,506)</u>	<u>(4,945)</u>
Administration expenses	(132)	(125)
Net Interest on the defined liability	<u>(1,676)</u>	<u>(1,949)</u>
Total expenditure	<u>(6,314)</u>	<u>(7,019)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**8. PENSIONS (Continued)**

<b>Analysis of amount recognised in the SOFA</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of interest	6,096	3,153
Change in demographic assumptions	8,344	-
Changes in assumptions underlying the present value of the scheme liabilities	<u>(9,963)</u>	<u>6,355</u>
Actuarial gain / (loss) recognised in SOFA	<u>4,477</u>	<u>9,508</u>
<b>Reconciliation of defined benefit obligation</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation in scheme at beginning of year	(167,234)	(166,644)
Movement in year:		
Service cost	(4,103)	(4,652)
Interest cost	(4,313)	(4,633)
Contributions by members	(932)	(995)
Unfunded benefits paid	158	158
Impact of settlements and curtailments	-	-
Benefits paid	3,499	3,177
Change in demographic assumptions	8,344	-
Change in financial assumptions	<u>(9,963)</u>	<u>6,355</u>
Deficit in scheme at end of the year	<u>(174,544)</u>	<u>(167,234)</u>
<b>Reconciliation of fair value of employer assets</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of employer assets in scheme at beginning of year	101,586	95,809
Movement in year:		
Interest on assets	2,637	2,684
Return on assets less interest	6,096	3,153
Contributions by members	932	995
Administration expenses	(132)	(125)
Contributions by the employer, including in respect of unfunded benefits	2,385	2,405
Benefits paid, including unfunded benefits	<u>(3,657)</u>	<u>(3,335)</u>
Fair value of employer assets in scheme at end of year	<u>109,847</u>	<u>101,586</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**8. PENSIONS (Continued)**

<b>History of experience gains and losses</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of employer assets	109,847	101,586	95,809	77,628	77,069
Present value of defined benefit obligation	<u>(174,544)</u>	<u>(167,234)</u>	<u>(166,644)</u>	<u>(133,364)</u>	<u>(136,956)</u>
Deficit	(64,697)	(65,648)	(70,835)	(55,736)	(59,887)
Experience gains / (losses) on assets	6,096	3,153	13,137	(3,167)	(1,595)
Experience gains / (losses) on liabilities	<u>-</u>	<u>-</u>	<u>4,059</u>	<u>141</u>	<u>35</u>

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

		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustment to discount rate		+0.1%	0.0%	-0.1%
	Present value of total obligation	171,188	174,544	177,970
	Projected service cost	4,074	4,174	4,277
Adjustment to long term salary increase		+0.1%	0.0%	-0.1%
	Present value of total obligation	174,879	174,544	174,213
	Projected service cost	4,174	4,174	4,174
Adjustment to pension increases and deferred valuation		+0.1%	0.0%	-0.1%
	Present value of total obligation	177,632	174,544	171,517
	Projected service cost	4,277	4,174	4,074
Adjustment to mortality age rating assumption		+ 1 Year	None	- 1 Year
	Present value of total obligation	180,654	174,544	168,642
	Projected service cost	4,317	4,174	4,035

**9. INTANGIBLE FIXED ASSETS (Group)**

<b>Goodwill</b>	<b>Group</b>
	<b>£'000</b>
<b>Goodwill on Acquisition</b>	
At 1 April 2018 and 31 March 2019	1,574
<b>Goodwill Amortisation</b>	
At 1 April 2018	(1,063)
Amortisation in the year	<u>(157)</u>
At 31 March 2019	(1,220)
<b>Net Book Value</b>	
At 31 March 2019	<u>354</u>
At 1 April 2018	<u>511</u>

Goodwill arose 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 Audiences.



NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019

10. TANGIBLE FIXED ASSETS (Group and Charity)

	Long leasehold property improvements £'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
<b>Cost or valuation</b>							
At 1 April 2018	74,771	13,015	5,568	1,412	7,595	3,093	105,454
Additions	-	78	46	149	-	4,458	4,731
Reclassification	4,962	-	179	246	290	(5,677)	-
Revaluation	(3,343)	(459)	-	-	-	-	(3,802)
At 31 March 2019	<u>76,390</u>	<u>12,634</u>	<u>5,793</u>	<u>1,807</u>	<u>7,885</u>	<u>1,874</u>	<u>106,383</u>
<b>Depreciation</b>							
At 1 April 2018	(3,178)	(5,082)	(4,636)	(1,094)	(4,862)	-	(18,852)
Charge for the year	(3,349)	(1,365)	(451)	(84)	(877)	-	(6,126)
Revaluation	46	262	-	-	-	-	308
At 31 March 2019	<u>(6,481)</u>	<u>(6,185)</u>	<u>(5,087)</u>	<u>(1,178)</u>	<u>(5,739)</u>	<u>-</u>	<u>(24,670)</u>
<b>Net Book Value</b>							
At 31 March 2019	<u>69,909</u>	<u>6,449</u>	<u>706</u>	<u>629</u>	<u>2,146</u>	<u>1,874</u>	<u>81,713</u>
At 1 April 2018	<u>71,593</u>	<u>7,933</u>	<u>932</u>	<u>318</u>	<u>2,733</u>	<u>3,093</u>	<u>86,602</u>

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. The values at 31 March 2019 have been estimated using appropriate indexation from an independent expert body, resulting in a net decrease in value in the year of £3.3m (2018: increase of £7.0m). Short leasehold property improvements have been revalued using appropriate indices, resulting in a net decrease in value in the year of £0.2m (2018: increase of £0.4m). 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.

Historic Cost Accounting:

	Long leasehold property improvements £'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
<b>Cost</b>							
At 1 April 2018	34,978	11,092	5,568	1,412	7,595	3,093	63,738
Additions	-	78	46	149	-	4,458	4,731
Reclassification	4,962	-	179	246	290	(5,677)	-
At 31 March 2019	<u>39,940</u>	<u>11,170</u>	<u>5,793</u>	<u>1,807</u>	<u>7,885</u>	<u>1,874</u>	<u>68,469</u>
<b>Depreciation</b>							
At 1 April 2018	(15,320)	(4,339)	(4,636)	(1,094)	(4,862)	-	(30,251)
Charge for the year	(1,071)	(937)	(451)	(84)	(877)	-	(3,420)
At 31 March 2019	<u>(16,391)</u>	<u>(5,276)</u>	<u>(5,087)</u>	<u>(1,178)</u>	<u>(5,739)</u>	<u>-</u>	<u>(33,671)</u>
<b>Net Book Value</b>							
At 31 March 2019	<u>23,549</u>	<u>5,894</u>	<u>706</u>	<u>629</u>	<u>2,146</u>	<u>1,874</u>	<u>34,798</u>
At 1 April 2018	<u>19,658</u>	<u>6,753</u>	<u>932</u>	<u>318</u>	<u>2,733</u>	<u>3,093</u>	<u>33,487</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**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 safe custody 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. In 2011 BFI adopted its current Collection Policy, which can be found on [www.bfi.org.uk](http://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 and television. Key measures taken to safeguard the national collections include major investment in physical infrastructure to preserve master materials, developing our extensive database of materials and information and in digitising materials for the dual purposes of alternative storage and improved public access.

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 at a cost commensurate with the benefit to the users of the accounts and to the charity. In order to give an indication of the physical size and diversity of the collections, the main elements are summarised below.

*Fiction film*

42,000 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*

140,000 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 800,000 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.

*Library*

The library holds some 47,000 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; 229,000 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*

21,000 unpublished scripts, from first drafts to release scripts, relating primarily to British film and TV titles.

28,000 press books, 19,000 film posters and 2,000 items of cinema ephemera such as programmes, tickets, autographed letters, promotional material and personal memorabilia.

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

Approximately 1.4 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: over 5,500 production and costume designs; 200 boxes of animation cels including artwork by leading animators; and extensive audio collections including oral history recordings and interviews with many key industry figures.

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019

12. INVESTMENTS (Charity)

	2019			2019 Total £'000
	BFI Big Screen £'000	British Screen Finance Group £'000	BFI Enterprise £'000	
<b>Trading Account</b>				
Income	3,602	163	-	3,765
Expenditure	(559)	(26)	-	(585)
Expenditure - BFI recharges	(40)	(27)	-	(67)
Net operating profit	3,003	110	-	3,113
Interest receivable and similar income	4	6	-	10
Surplus gift aided to the BFI	(3,007)	(116)	-	(3,123)
Net profit	-	-	-	-
<b>Balance Sheet</b>				
Debtors	1,633	41	-	1,674
Debtors - owed by the BFI	-	-	93	93
Cash at bank and in hand	148	1,521	-	1,669
Current liabilities	(95)	(13)	-	(108)
Current liabilities - owed to the BFI	(1,686)	(537)	-	(2,223)
Total (BFI interest)	-	1,012	93	1,105
	2018			2018 Total £'000
	BFI Big Screen £'000	British Screen Finance Group £'000	BFI Enterprise £'000	
<b>Trading Account</b>				
Income	3,337	302	-	3,639
Expenditure	(538)	(34)	-	(572)
Expenditure - BFI recharges	(41)	(27)	-	(68)
Net operating profit	2,758	241	-	2,999
Interest receivable and similar income	1	1	-	2
Surplus gift aided to the BFI	(2,759)	(242)	-	(3,001)
Net profit	-	-	-	-
<b>Balance Sheet</b>				
Debtors	1,139	85	-	1,224
Debtors - owed by the BFI	-	-	93	93
Cash at bank and in hand	599	1,532	-	2,131
Current liabilities	(135)	(13)	-	(148)
Current liabilities - owed to the BFI	(1,603)	(591)	-	(2,194)
Total (BFI interest)	-	1,013	93	1,106

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**12. INVESTMENTS (Charity) (continued)**

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

	<b>Company Registration Number:</b>
British Screen Finance Limited (BSF)	1910848
BFI (Big Screen) Limited (operates the theatrical and commercial activities of the BFI IMAX)	3088677
BFI Enterprise Limited (previously known as Connoisseur Video Limited - inactive)	2463593
Project Rosebud Limited (e-commerce development - dormant with nil assets and investment value)	3946785

BSF, in addition, holds the following investments:

		<b>Ordinary shares of £1 each</b>	<b>Holding</b>
<b>Subsidiary undertakings</b>			
National Film Finance Consortium Limited (NFFC)	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%
National Film Development Fund (NFDF)	01268342	-	Not applicable
<b>Associated undertakings</b>			
British Film-Makers Limited (BFM)	0368248	50	50%

NFFC is a dormant company. ECF was a company that made loans to films produced by European co-producers. BSR acquired and sold rights in feature films. GLF managed the investment of some National Lottery proceeds into feature films on behalf of the Arts Council of England and is now dormant. NFDF made loans to producers and writers in the 1990s and is a company limited by guarantee. It is included here because of its control via the directors. 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:

	<b>£'000</b>
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	2,450
<b>Impairment</b>	
At 1 April 2018 and 31 March 2019	<u>(1,007)</u>
<b>Net Book Value</b>	
At 1 April 2018 and 31 March 2019	<u><u>1,443</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**13. IMPACT OF THE INTRODUCTION OF INTERNATIONAL FINANCIAL REPORTING STANDARD 9: FINANCIAL INSTRUMENTS (Group and Charity)**

Under FRS102 the BFI has elected to adopt the newly introduced International Financial Reporting Standard 9: Financial Instruments (IFRS 9) in line with the Lottery accounts, which are required to adopt the new standard. This change in accounting policy, to follow the recognition and measurement criteria of IFRS 9 instead of the previously adopted International Accounting Standard 39, has not resulted in material adjustment to the financial statements.

Under IFRS 9 film rights fall within the definition of Financial Instruments. Within that, they meet the definition of assets measured at fair value with gains and losses being recognised in the profit and loss account (FVTPL). The fair value, in line with definitions of IFRS 9, 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.

This has led to a revision of the treatment in prior years where the movement in valuation on those projects which have fully recovered their investment and continue to recoup funds. Previously the value to such projects was taken to the Fair value reserve on the balance sheet, with any movement in the year being taken through Other recognised gains / (losses) on the Statement of Other Financial Activities (SOFA). With the introduction of the new standard all movements in valuation are taken through Income and Expenditure, and subsequently the historic fair value reserve of £2.4m has been combined with the general Lottery Reserve. Had the treatment continued as in prior years, in the year to 31 March 2019, the fair value reserve would have been fallen in the year by £218,000 to £2,233,000, with the movement taken to Other recognised gains / (losses) rather than in the Total expenditure in the year.

**14. FILM RIGHTS (Group and Charity)**

Film rights fall within the definition of Financial Instruments 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 criterion.

	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000
Production Awards	12,181	10,210	10,370	9,325	6,022
Vision Awards	1,323	1,368	1,500	1,095	965
Development Awards	284	333	374	316	223
Distribution Awards	220	489	329	180	211
Other Awards	-	30	54	54	140
	<b>14,008</b>	<b>12,430</b>	<b>12,627</b>	<b>10,970</b>	<b>7,561</b>

	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000
Film rights - non-current	8,249	7,492	7,627	6,653	4,504
Film rights - current	5,759	4,938	5,000	4,317	3,057
	<b>14,008</b>	<b>12,430</b>	<b>12,627</b>	<b>10,970</b>	<b>7,561</b>

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 note below.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**14. FILM RIGHTS (Group and Charity) (continued)**

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 fully adjusted to £nil in the year in which the award is made, unless there is a reasonable anticipation of it progressing to production.

Distribution awards are made to distributors to support the release of a film in the UK and repayable dependent upon the performance of the film release.

Other awards include 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**

	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Film rights valuation at 1 April	12,430	12,627	10,970	7,561	15,358
New commitments: made in year	20,840	18,783	23,150	23,570	16,892
Decommitments: new film rights in year	(3)	(23)	-	(135)	(149)
Decommitments: historical portfolio	(369)	(451)	(315)	(463)	(1,088)
Repayment of investments: new film rights in year	(588)	(508)	(539)	(449)	(389)
Repayment of investments: historical portfolio	(3,546)	(5,024)	(4,647)	(3,608)	(4,307)
Adjustments: new film rights in year	(16,110)	(15,530)	(19,114)	(17,494)	(13,519)
Adjustments: historical portfolio	(2,476)	(2,315)	(1,971)	(2,931)	(7,907)
Adjustments written back	3,830	4,871	5,093	4,919	2,670
<b>Film rights valuation at 31 March</b>	<b><u>14,008</u></b>	<b><u>12,430</u></b>	<b><u>12,627</u></b>	<b><u>10,970</u></b>	<b><u>7,561</u></b>

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 awards payable 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 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% (2018: 3.7%).

**Movements in adjustments in the year are as follows:**

	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustments: new film rights in year	(16,110)	(15,530)	(19,114)	(17,494)	(13,519)
Adjustments: historical portfolio	(2,476)	(2,315)	(1,971)	(2,930)	(7,907)
	<u>(18,586)</u>	<u>(17,845)</u>	<u>(21,085)</u>	<u>(20,424)</u>	<u>(21,426)</u>
Adjustments written back: historical portfolio	3,830	4,871	5,093	4,918	2,670
<b>Net movement in adjustments</b>	<b><u>(14,756)</u></b>	<b><u>(12,974)</u></b>	<b><u>(15,992)</u></b>	<b><u>(15,506)</u></b>	<b><u>(18,756)</u></b>

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

As at 31 March 2019, the Film Rights valuation for production awards is £12.2m (2018: £10.2m) and for all other Film Rights is £1.8m (2018: £2.2m) totalling £14.0m (2018: £12.4m). For production awards, where the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2019 would be £0.6m for 187 awards (2018: £0.5m for 202 awards).

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**14. FILM RIGHTS (Group and Charity) (continued)**

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 years prior to the balance sheet date, subject to a 85% default reduction every three years, except for films in profit which are calculated on the assumption that the future anticipated receipts will be based on the historic cash receipts for the three years prior to the balance sheet date, subject to a 75% default reduction every three years. The total amount of the Film Rights valuation based on this methodology is £2.8m (2018: £3.2m). Were this default reduction percentage to change to +/- 10% the Film Rights valuation would change by :

	£'000	£'000	£'000
	+10%	0%	-10%
2018-19	(180)	2,850	390
2017-18	(500)	3,200	400

In relation to recent production awards (that is production awards that were recognised as awards payable this financial year and the previous three financial years), the Film Rights valuation is based on future anticipated receipts. These cash receipts are principally earned in US dollars and converted to pounds sterling before payment is made to the BFI's bank accounts. The default pound sterling to US dollar exchange rate is calculated using the average daily exchange rate for the two years to the balance sheet date, rounded to the nearest 5 US cents. The default rate as at 31 March 2019 for production awards is US \$1.30 (2018: US \$1.30).

Had the pound sterling to US dollar exchange rate remained at \$1.40 for the purposes of the Film Rights valuation, then the valuation of the total of these production awards would be reduced by £0.6m. Were the valuation calculated using US \$1.20, then these valuations would be increased by £0.8m (and the awards at March 18 would increase by £0.5m).

**15. NATIONAL LOTTERY DISTRIBUTION FUND (NLDF) (Group and Charity)**

The movement in balances held at the NLDF is:

	2019	2018
	£'000	£'000
Balance at 1 April	53,499	57,553
Income received from the Lottery receipts	43,264	44,213
Investment income earned on NLDF balances	222	128
Available for distribution	96,985	101,894
Cash drawn down	(44,228)	(48,395)
Balance at 31 March	52,757	53,499

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 (2018: £nil).

Funds held at the National Lottery Distribution Fund are, on the instruction of DCMS, continue to be recorded as financial instruments held at amortised cost. As the investments are held with the Debt Management Account and the National Loans Fund, these are exempt from recognising stage 1 and stage 2 impairment so no expected credit losses have been calculated for these investments. The introduction of IFRS 9 (Financial Instruments) has not led to any change in the presentation of this figure in these Financial Statements.

**16. STOCKS AND WORK IN PROGRESS (Group and Charity)**

	2019	2018
	£'000	£'000
Work in progress	67	21
Finished goods	424	440
	491	461

**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. DEBTORS**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	2,989	2,607	2,276	2,260
Amount owed by subsidiary undertakings	-	-	2,223	2,194
Other debtors	1,446	1,532	1,449	1,468
Prepayments and accrued income	3,506	4,616	2,543	3,802
	<u>7,941</u>	<u>8,755</u>	<u>8,491</u>	<u>9,724</u>

**18. CASH AT BANK AND IN HAND**

		<b>2019</b>	<b>2018</b>
		<b>Total</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>
Analysis of cash and cash equivalents			
	<b>Unrestricted</b>	<b>Restricted</b>	
	<b>£'000</b>	<b>£'000</b>	
Cash at bank and in hand	Group	<u>2,178</u>	<u>7,693</u>
Cash at bank and in hand	Charity	<u>507</u>	<u>7,693</u>
		<u>9,871</u>	<u>10,320</u>
		<u>8,200</u>	<u>8,189</u>

All cash at bank is held with UK commercial banks.

£2.83m (2018: £2.5m) 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 22: Provisions.

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

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

**Film rights**

Under International Financial Reporting Standards (IFRS 9) film rights fall within the definition of Financial Instruments. Within that, they meet the definition of assets measured at fair value with gains and losses being recognised in the profit and loss account

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 SOFA in the year.

The valuation of film rights is subject to on-going review to ensure a fair value is maintained, with any adjustments being charged as expenditure.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Film rights - non-current	8,249	7,492
Film rights - current	<u>5,759</u>	<u>4,938</u>
	<u>14,008</u>	<u>12,430</u>

**National Lottery Distribution Fund**

With the introduction of IFRS 9 (see note 15) funds held at the National Lottery Distribution Fund are held as financial instruments held at amortised cost.

**Liquidity risks**

Income was derived from:	<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>
	<b>£'000</b>		<b>£'000</b>	
DCMS Grant-in-aid	20,311	21.3%	20,195	20.8%
DCMS Capital provision	1,407	1.5%	3,392	3.5%
Other legacies, grants and donations and investment income	6,791	7.1%	5,832	6.0%
Resources generated from charitable activities	21,537	22.7%	20,033	20.7%
Donated services and facilities	1,638	1.7%	1,719	1.8%
Lottery proceeds and receipts	43,486	45.7%	45,702	47.2%
	<u>95,170</u>	<u>100.0%</u>	<u>96,873</u>	<u>100.0%</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

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

The Governors consider that, as the NLDF balance notified by the Secretary of State for Digital, Culture, Media and Sport and the BFI's own Lottery cash holding amount to £59.3m at the balance sheet date (2018: £59.1m), sufficient liquid resources are available to cover all existing commitments totalling £37.8m (2018: £31.3m) 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 £52.8m (2018: £53.5m) and the average investment return for the year was 0.67% (2018: 0.35%).

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% (2018: 0.1%). The group cash balance at the year end was £9.8m (2018: £10.3m).

**Other price risks**

Under FRS102 film rights fall within the definition of financial instruments 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 adjustments 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 2019 have a valuation of £14m (2018: £12.4m). 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.

**20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	(1,441)	(1,482)	(1,340)	(1,638)
Amount owed to subsidiary undertakings	-	-	(93)	(93)
Other taxes and social security costs	(712)	(721)	(712)	(547)
Other creditors	(1,730)	(1,949)	(1,823)	(1,942)
Lottery awards payable (see note 23)	(30,435)	(24,396)	(30,435)	(24,396)
Accruals	(2,982)	(3,278)	(2,894)	(3,203)
Deferred income (see note 21)	(1,059)	(834)	(1,043)	(783)
	<u>(38,359)</u>	<u>(32,660)</u>	<u>(38,340)</u>	<u>(32,602)</u>

**21. DEFERRED INCOME**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	(834)	(1,405)	(783)	(948)
Amount released to income	834	1,405	783	948
Amount deferred in year	(1,059)	(834)	(1,043)	(783)
At 31 March	<u>(1,059)</u>	<u>(834)</u>	<u>(1,043)</u>	<u>(783)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**22. PROVISIONS (Group and Charity)**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Rewarding success awards</b>		
At 1 April	(2,649)	(1,789)
New provisions in the year	(1,534)	(2,126)
Provisions released in year	1,348	1,266
At 31 March	<u>(2,835)</u>	<u>(2,649)</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.

**23. LOTTERY AWARDS PAYABLE (Group and Charity)**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	(24,396)	(29,285)
New films right commitments in year	(20,840)	(18,783)
Commitments transferred from prior year provision for non-film rights awards	(1,348)	-
New non-film rights commitments in year	(25,451)	(21,364)
Decommitments	1,414	384
Amounts paid	40,186	44,652
At 31 March	<u>(30,435)</u>	<u>(24,396)</u>

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

<b>Reconciliation to Lottery accounts</b>		<b>2019</b>	<b>2018</b>
		<b>£'000</b>	<b>£'000</b>
Creditors: amounts falling due within one year	Lottery awards payable	(30,435)	(24,396)
Provisions	Lottery awards payable	(2,835)	(2,649)
Other payables - Awards Commitments:	Heritage 2022 - eliminated on consolidation	(3,926)	(4,143)
		<u>(37,196)</u>	<u>(31,188)</u>

**Lottery accounts**

Other payables - Awards Commitments	(17,782)	(20,606)
Provision for award commitments	(19,414)	(10,582)
	<u>(37,196)</u>	<u>(31,188)</u>

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019

24. STATEMENT OF FUNDS (Group and Charity)

GROUP	At 1 April 2018 £'000	Income £'000	Expenditure £'000	Other recognised gains/(losses) £'000	Transfers £'000	At 31 March 2019 £'000
<b>Unrestricted funds:</b>						
Income funds excluding pensions asset/liability	35,263	39,434	(40,219)	-	1,641	36,119
Pension reserve	(62,797)	-	(3,266)	4,011	-	(62,052)
Fixed asset revaluation reserve	53,115	-	(2,472)	(3,494)	(234)	46,915
<b>Total unrestricted funds</b>	<b>25,581</b>	<b>39,434</b>	<b>(45,957)</b>	<b>517</b>	<b>1,407</b>	<b>20,982</b>
<b>Restricted funds:</b>						
<i>Fixed Assets</i>	-	-	-	-	-	-
Fixed asset revaluation reserve	-	-	-	-	-	-
Donated Services and Facilities	-	1,638	(1,638)	-	-	-
DCMS - Revenue GiA	-	5,000	(5,000)	-	-	-
DCMS - Capital GiA	-	1,407	-	-	(1,407)	-
DCMS - Young Audience Content Fund	-	437	(437)	-	-	-
BFI Lottery - Heritage 2022	3,782	-	(1,977)	-	2,093	3,898
BFI Lottery - BFI London Film Festival	-	-	(500)	-	500	-
Arts Council England	5	-	(5)	-	-	-
BFI Trust	-	288	(288)	-	-	-
Chaplin Foundation	41	-	-	-	-	41
Clifford Hamer Shaw - Legacy	1,110	-	(600)	-	-	510
Education, Audio-visual and Culture Executive Agency	52	200	(155)	-	-	97
Esme Fairbairn Foundation	13	-	(13)	-	-	-
European Commission	-	585	(581)	-	-	4
Friends of the BFI	-	332	(266)	-	-	66
LUMA Foundation	65	-	(35)	-	-	30
The Mohamed S Farsi Fund	46	50	(44)	-	-	52
Pureland Foundation	-	75	(75)	-	-	-
Philippe	-	65	(65)	-	-	-
Reuben Foundation	-	120	(34)	-	-	86
Simon Hessel	-	50	(50)	-	-	-
Other up to £50,000	17	544	(393)	-	-	168
<b>Total restricted funds excluding lottery</b>	<b>5,131</b>	<b>10,791</b>	<b>(12,156)</b>	<b>-</b>	<b>1,186</b>	<b>4,952</b>
<b>Lottery funds:</b>						
Lottery reserve	43,760	44,847	(48,059)	-	(2,593)	37,955
Donations and other income - Creative Scotland + others	-	98	(98)	-	-	-
Lottery share of pension reserve	(2,851)	-	(260)	466	-	(2,645)
<b>Total Lottery funds</b>	<b>40,909</b>	<b>44,945</b>	<b>(48,417)</b>	<b>466</b>	<b>(2,593)</b>	<b>35,310</b>
<b>Total funds</b>	<b>71,621</b>	<b>95,170</b>	<b>(106,530)</b>	<b>983</b>	<b>-</b>	<b>61,244</b>

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019

24. STATEMENT OF FUNDS (Group and Charity) (Continued)

CHARITY	At 1 April 2018 £'000	Income £'000	Expenditure £'000	Other recognised gains/(losses) £'000	Transfers £'000	At 31 March 2019 £'000
<b>Unrestricted funds:</b>						
Income funds excluding pensions asset/liability	35,091	38,784	(39,410)	-	1,641	36,106
Pension reserve	(62,797)	-	(3,266)	4,011	-	(62,052)
Fixed asset revaluation reserve	53,115	-	(2,472)	(3,494)	(234)	46,915
<b>Total unrestricted funds</b>	<b>25,409</b>	<b>38,784</b>	<b>(45,148)</b>	<b>517</b>	<b>1,407</b>	<b>20,969</b>
Donated Services and Facilities	-	1,638	(1,638)	-	-	-
DCMS - Revenue GiA	-	5,000	(5,000)	-	-	-
DCMS - Capital GiA	-	1,407	-	-	(1,407)	-
DCMS - Young Audience Content Fund	-	437	(437)	-	-	-
BFI Lottery - Heritage 2022	3,782	-	(1,977)	-	2,093	3,898
BFI Lottery - BFI London Film Festival	-	-	(500)	-	500	-
Arts Council England	5	-	(5)	-	-	-
BFI Trust	-	288	(288)	-	-	-
Chaplin Foundation	41	-	-	-	-	41
Clifford Hamer Shaw - Legacy	1,110	-	(600)	-	-	510
Education, Audio-visual and Culture Executive Agency	52	200	(155)	-	-	97
Esmee Fairbairn Foundation	13	-	(13)	-	-	-
European Commission	-	585	(581)	-	-	4
Film London	-	-	-	-	-	-
Friends of the BFI	-	332	(266)	-	-	66
LUMA Foundation	65	-	(35)	-	-	30
The Mohamed S Farsi Fund	46	50	(44)	-	-	52
Pureland Foundation	-	75	(75)	-	-	-
Philippe L. Camu Annual Giving Fund	-	65	(65)	-	-	-
Reuben Foundation	-	120	(34)	-	-	86
Simon Hessel	-	50	(50)	-	-	-
Other up to £50,000	17	544	(393)	-	-	168
<b>Total restricted funds excluding lottery</b>	<b>5,131</b>	<b>10,791</b>	<b>(12,156)</b>	<b>-</b>	<b>1,186</b>	<b>4,952</b>
<b>Lottery funds:</b>						
Lottery reserve	43,760	44,847	(48,059)	-	(2,593)	37,955
Donations and other income - Creative Scotland + others	-	98	(98)	-	-	-
Lottery share of pension reserve	(2,851)	-	(260)	466	-	(2,645)
<b>Total Lottery funds</b>	<b>40,909</b>	<b>44,945</b>	<b>(48,417)</b>	<b>466</b>	<b>(2,593)</b>	<b>35,310</b>
<b>Total funds</b>	<b>71,449</b>	<b>94,520</b>	<b>(105,721)</b>	<b>983</b>	<b>-</b>	<b>61,231</b>

Transfers represent fixed assets funded by restricted grants, which have been transferred to unrestricted assets on completion and adjustments to fixed asset revaluation reserves. They also include the s27 awards from Lottery to Restricted funds in respect of Heritage 2022 and the BFI London Film Festival.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**24. STATEMENT OF FUNDS (Group and Charity) (Continued)**

<b>Restricted funds:</b>	<b>Description:</b>
Donated Services and Facilities	Various services and facilities provided in support of the BFI London Film Festival and BFI Flare film festival, see note 4: Donated Services and Facilities.
DCMS - Revenue GiA	Funds ring fenced for Northern Ireland Screen and Education projects
DCMS - Capital GiA	Funds for capital expenditure
DCMS - Young Audience Content Fund	New funding for television content
BFI Lottery - Heritage 2022	Supporting UK Film Heritage
BFI Lottery - BFI London Film Festival	Awarded by the Lottery under Section 27 dispensation towards improving public access to the 2018 BFI London Film Festival.
Arts Council of England	London Film Festival (Archive Gala and Experimenta) and ACE Film Collection
BFI Trust	Support for estates related projects and planning
Chaplin Foundation	Archive restoration and other work
Clifford Hamer Shaw - Legacy	For the use of the BFI National Film and Television Archive in the preservation and restoration of film including film held in digital form
Education, Audio-visual and Culture Executive Agency	Film education projects
Esmee Fairbairn Foundation	Britain on Film
European Commission	Funding towards the Creative Europe Desk and BFI Flare Live
Friends of the BFI	Various projects including funding the BFI National Archive, including the restoration of I Know Where I'm Going! (Powell and Pressburger, 1945); BFI Southbank cultural programme, including the Woman with a Movie Camera project; and Film Music Foundation support of LFF Education. In addition the Friends of the BFI provided unrestricted funds for our general charitable purposes.
LUMA Foundation	Anthony Balch project
The Mohamed S Farsi Foundation	Women With a Movie Camera
Pureland Foundation	Main Supporter of the BFI Flare London LGBTQ+ Film Festival.
Philippe L. Camu Annual Giving Fund	BFI Southbank Cultural Programme 'Auteurs'
Reuben Foundation	Lead supporter of BFI Future Film
Simon Hessel	Support of the BFI National Archive, including restorations of The Small Back Room and Contraband
Other up to £50,000	Various grant awards towards education, restoration and programming and other sundry income.
<b>Lottery funds:</b>	
Creative Scotland	Film Academies support

**Fund balances at 31 March 2019 are represented by:**

	<b>Group</b>			<b>Charity</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets:</b>						
Intangible fixed assets	354	-	354	-	-	-
Tangible fixed assets	81,713	-	81,713	81,713	-	81,713
Investments	-	-	-	1,443	-	1,443
<b>Non-current assets:</b>						
Film rights	-	8,249	8,249	-	8,249	8,249
Film rights	-	5,759	5,759	-	5,759	5,759
National Lottery Distribution Fund	-	52,757	52,757	-	52,757	52,757
Stocks and work in progress	491	-	491	491	-	491
Debtors	5,938	2,003	7,941	6,488	2,003	8,491
Cash at bank and in hand	2,178	7,693	9,871	507	7,693	8,200
Current assets	8,607	68,212	76,819	7,486	68,212	75,698
Current liabilities	(7,639)	(33,555)	(41,194)	(7,623)	(33,555)	(41,178)
Income funds excluding pensions net liability	83,035	42,906	125,941	83,019	42,906	125,925
Long term pension liabilities	(62,052)	(2,645)	(64,697)	(62,052)	(2,645)	(64,697)
<b>Total net assets</b>	<b>20,983</b>	<b>40,261</b>	<b>61,244</b>	<b>20,967</b>	<b>40,261</b>	<b>61,228</b>
						<b>61,231</b>

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2019

24. STATEMENT OF FUNDS (Group and Charity) (Continued)

Fund balances at 31 March 2018 are represented by:

	Group			Charity		
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
<b>Fixed assets:</b>						
Intangible fixed assets	511	-	511	-	-	-
Tangible fixed assets	86,602	-	86,602	86,602	-	86,602
Investments	-	-	-	1,443	-	1,443
<b>Non-current assets:</b>						
Film rights	-	7,492	7,492	-	7,492	7,492
Film rights	-	4,938	4,938	-	12,430	4,938
National Lottery Distribution Fund	-	53,499	53,499	-	53,499	53,499
Stocks and work in progress	461	-	461	461	-	461
Debtors	1,069	7,686	8,755	2,038	7,686	9,724
Cash at bank and in hand	3,396	6,924	10,320	1,265	6,924	8,189
Current assets	4,926	73,047	77,973	3,764	80,539	76,811
Current liabilities	(3,672)	(31,637)	(35,309)	(3,614)	(31,637)	(35,251)
Income funds excluding pensions net liability	88,367	48,902	137,269	88,195	56,394	137,097
Long term pension liabilities	(62,797)	(2,851)	(65,648)	(62,797)	(2,851)	(65,648)
<b>Total net assets</b>	<b>25,570</b>	<b>46,051</b>	<b>71,621</b>	<b>25,398</b>	<b>53,543</b>	<b>71,449</b>

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	Group		Charity	
	2019	2018	2019	2018
	Unrestricted £'000	Unrestricted £'000	Unrestricted £'000	Unrestricted £'000
Current assets	8,607	4,926	7,486	3,764
Current liabilities	(7,639)	(3,672)	(7,623)	(3,614)
Net free reserves	968	1,254	(137)	150

Reserves are managed to ensure that restricted funds are not used to fund other activities. Much of the net free reserves are held within British Screen Finance Limited and its subsidiaries, which are wholly owned by the BFI and have distributable reserves of £1,012,000 (2018: £1,013,000) which are available for donation to the Charity if required.

25. LEASE COMMITMENTS (Group and Charity)

At 31 March 2019, the Charity had commitments in respect of non-cancellable operating leases as set out below:

	Land and	Land and	Other	Other
	buildings	buildings	2019	2018
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Leases which expire:				
Less than 1 year	(1,838)	(1,835)	(76)	(77)
Within 2 to 5 years	(6,122)	(6,520)	-	(76)
Over 5 years	(12,243)	(13,296)	-	-
	<u>(20,203)</u>	<u>(21,651)</u>	<u>(76)</u>	<u>(153)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**26. CAPITAL COMMITMENTS (Group and Charity)**

As at 31 March 2019, the BFI had capital commitments outstanding of £143,000 (2018: £Nil) relating to the Digitisation infrastructure and £nil (2018: £3.57m) relating to estate refurbishment.

**27. CONTINGENT LIABILITIES (Group and Charity)**

As a result of the Court of Appeal judgement on the McCloud and Sargeant legal cases regarding pension equality there is a potential additional pension liability. The impact estimates set out in the Potential impact of McCloud/Sargeant ruling on pension accounts disclosures paper prepared by the Government Actuary's Department (GAD) have been considered by the scheme actuaries, Barnett Waddingham LLP. Based on GAD, they have estimated the impact on the BFI at a £1.3m increase in the total liabilities.

At 31 March 2019 Grant in Aid awards had been made for activity commencing on or after 1 April 2019. As these are contingent upon the receipt of Grant in Aid funding from DCMS in 2019-20 these are not taken to the Statement of Financial Activities in the year but are disclosed here.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Creative England	(300)	(813)
Film London	(367)	(501)
Film Agency for Wales	-	(114)
Northern Ireland Screen: Irish Language Fund	(3,000)	(3,000)
Northern Ireland Screen: Ulster Scots Fund	(1,000)	(1,000)
	<u>(4,667)</u>	<u>(5,428)</u>

**Other Contingent Liabilities - Rewarding Success projects in Film Rights**

The film rights valuation is based on the value of the initial BFI investment as detailed in the Accounting Policies note above. However on a number of these investments, the BFI Locked Box initiative applies and accordingly there is a contingent liability with regard to the element of the valuation which would be made available to UK film-makers. The BFI Locked Box initiative enables UK film-makers supported through the BFI to benefit from their film's success. In short, a share of income from supported film productions is put aside (into a BFI Locked Box) and can be used by the filmmakers for the development and/or production of their future projects or towards staff training.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Contingent liability - rewarding success projects in film rights	<u>(2,387)</u>	<u>(1,804)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

**28. 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.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<i>Prior year Lottery awards</i>		
Production awards	(105)	(291)
Development awards	(113)	(25)
<i>In year Lottery awards</i>		
Production awards	(5,476)	(7,178)
Distribution awards	(399)	(292)
Development awards	(621)	(596)
Targeted Development Programme	-	-
Vision awards	(50)	-
Network awards	<u>(1,392)</u>	<u>(10)</u>
Financial commitments - notified but not yet recognised in the financial statements	<u><u>(8,156)</u></u>	<u><u>(8,392)</u></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:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	(1,119)	(1,754)
Later than one year and not later than five years	(192)	(380)
Later than five years	-	-
Contracts for delivery of services	<u><u>(1,311)</u></u>	<u><u>(2,134)</u></u>

**29. 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 2019**

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

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

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 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:

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: Other Significant Transactions.

Amanda Nevill (Chief Executive) is a Trustee, and Francesca Vinti (Director of Development) is Treasurer, of the Friends of the BFI, a USA based charity with which there were a number of transactions in the year totalling £325,000 (2018: £152,000)

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 £15,472 (2018: £38,558) and expenditure, primarily film royalties, of £9,801 (2018: £24,044).

J. Timothy Richards (Governor) is a Director of Vue Entertainment Ltd and the UK Cinema Association. The BFI traded with these organisations on an arms' length basis during the year. Transactions with Vue included sales income of £Nil (2018: £1,796) from film bookings and expenditure, primarily cinema hire for the BFI London Film Festival, of £103,000 (2018: £70,630). The BFI incurred expenditure with the UK Cinema Association of £480 (2018: £600) relating to membership plus in the prior year a film conference and music licences.

Andrew Smith (Governor) is a Director of Pinewood Studios with which the BFI has archive and restoration contracts which pre-date his term as Governor. In the year transactions amounted to £101,000 (2018: £6,000).

Tricia Tuttle (Festivals Director) has a partner who is the Director of Film at the British Council, which has partnered with the BFI on projects. Grant funding and other income amounting to £95,000 was received from them in the year (2018: £66,000) with grant awards to them and other expenditure amounting to £114,000 (2018: £91,000).

Governors made unrestricted donations totalling £65,000 (2018: £20,000).

Executive directors made unrestricted donations totalling £1,000 (2018: £nil).

**Lottery Awards**

Recipient of funding	Name	Role with BFI	Relationship to recipient of funding	New Awards made		Balance as at
				Year Ended 31 March 2019	31 March 2019	
				£	£	£
BFI - London Film Festival	Amanda Nevill	CEO	CEO	500,000		-
BFI - Heritage 2022	Amanda Nevill	CEO	CEO	2,093,000		2,093,000
Screen Yorkshire Ltd	Charles Cecil	Governor	Director	600,000		600,000
Studio Canal Ltd	Idris Elba	Governor	Film Director	120,000		120,000
Studio Canal Ltd	Ben Luxford	Head of Audience Fund	Partner is an employee	120,000		120,000
International Documentary Festival Sheffield Ltd	Mary Burke	Senior Production & Development Executive	Director	210,000		45,000

A number of BFI Governors and Staff are members of BAFTA, but with no formal management or governance role there-in. BAFTA received a lottery award in the year.

The BFI is a non-departmental public body sponsored by the Department for Digital, 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: Other Significant Transactions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2019**

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

**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 2018-19 the Secretary of State did not object to an award of £2,093,000 (2017-18: £4,143,000) to the BFI in relation to the Heritage 2022 project, as outlined in the BFI 2022 plan. The award was made in the year and the restricted reserves balance at 31 March 2019 of £3,898,000 (2018: £3,782,000) (note 24: Statement of Funds) is expected to be fully utilised and paid within the 2019-20 financial year.

Under the same power in 2017-19 the Secretary of State did not object to an award of £500,000 (2017-18: £750,000) to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

**31. LOSSES AND SPECIAL PAYMENTS (Group and Charity)**

There were no losses or special payments in the year (2018: none).

**32. POST BALANCE SHEET EVENTS (Group and Charity)**

Subsequent to the end of the reporting period Amanda Nevill, the BFI's Chief Executive and Accounting Officer, announced her intention to stand down from the role in early 2020.

At the time of signing the accounts there were no other 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 auditor's report.

## **BFI Lottery Distribution Activities Audit Certificate**

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

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the British Film Institute's Lottery Distribution Activities for the year ended 31 March 2019 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, including the significant accounting policies. 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.

In my opinion:

- the financial statements give a true and fair view of the state of the British Film Institute's Lottery Distribution Activities as at 31 March 2019 and of the deficit 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 regularity**

In my opinion, in all material respects the income and expenditure 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.

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the British Film Institute's Lottery Distribution Activities in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the British Film Institute's Lottery Distribution Activities to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Governors and Accounting Officer for the financial statements**

As explained more fully in the Statement of Governors' 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.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the British Film Institute's Lottery Distribution Activities' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## **Other Information**

The Governors and the Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act;
- in the light of the knowledge and understanding of the British Film Institute's Lottery Distribution and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report or 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 parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; 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.

**Gareth Davies**                      **19 July 2019**  
**Comptroller and Auditor General**

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  
2018-19**

**LOTTERY FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**

## **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 Digital, 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 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 Digital, 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, 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.

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**Josh Berger**  
Chair

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**Amanda Nevill**  
Chief Executive

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
YEAR ENDED 31 MARCH 2019**

	Notes	2018-19	2017-18
		£'000	£'000
<b>Income</b>			
Proceeds from the National Lottery	4	43,264	44,213
National Lottery Distribution Fund investment income	4	222	128
Recoupment income			
Arts Council England and UK Film Council portfolio	5	136	270
BFI portfolio	5	814	1,091
Other income		485	97
<b>Total income</b>		<b>44,921</b>	<b>45,799</b>
<b>Expenditure</b>			
Lottery - non-film rights awards	6	(30,838)	(27,520)
Fair value adjustments against film rights	7	(18,586)	(17,791)
Reversal of adjustments against film rights	7	3,830	4,817
Operating costs	10	(5,415)	(5,569)
Restructuring costs	11	(369)	(369)
<b>Total expenditure</b>		<b>(51,378)</b>	<b>(46,432)</b>
<b>Operating (deficit)/surplus</b>		<b>(6,457)</b>	<b>(633)</b>
Bank interest receivable		24	4
<b>(Deficit)/Surplus on ordinary activities before taxation</b>		<b>(6,433)</b>	<b>(629)</b>
Tax on surplus on ordinary activities for the year		-	-
<b>(Deficit)/surplus for the year</b>		<b>(6,433)</b>	<b>(629)</b>
<b>Other comprehensive expenditure</b>			
Actuarial gain/(loss)	9	464	777
<b>Total other comprehensive income/(expenditure)</b>		<b>464</b>	<b>777</b>
<b>Total comprehensive income</b>		<b>(5,969)</b>	<b>148</b>

All activities were on a continuing basis. The accompanying notes 1 to 23 form part of these accounts.



**STATEMENT OF FINANCIAL POSITION**  
**31 MARCH 2019**

	Notes	At 31 March 2019	At 31 March 2018
		£'000	£'000
<b>Non-current assets</b>			
Trade and other receivables falling due after one year	12	369	738
Film Rights	7	8,249	7,492
<b>Total non-current assets</b>		<b>8,618</b>	<b>8,230</b>
<b>Current assets</b>			
Film rights	7	5,759	4,938
National Lottery Distribution Fund	4	52,757	53,499
Trade and other receivables falling due within one year	12	2,361	3,902
Cash and cash equivalents	13	6,499	5,584
<b>Total current assets</b>		<b>67,376</b>	<b>67,923</b>
<b>Current liabilities</b>			
Trade and other payables	15	(109)	(101)
Other payables - award commitments	16	(17,782)	(20,606)
Provisions	17	(19,414)	(10,582)
<b>Total current liabilities</b>		<b>(37,305)</b>	<b>(31,289)</b>
<b>Total net current assets for the year ended 31 March</b>		<b>30,071</b>	<b>36,634</b>
<b>Non-current liabilities</b>			
Pension liability	9	(2,644)	(2,850)
<b>Total non-current liabilities</b>		<b>(2,644)</b>	<b>(2,850)</b>
<b>Assets less liabilities</b>		<b>36,045</b>	<b>42,014</b>
<b>Capital and reserves</b>			
Lottery reserve		38,689	44,864
Pension reserve	9	(2,644)	(2,850)
		<b>36,045</b>	<b>42,014</b>

The accompanying notes 1 to 23 form part of these accounts.

The financial statements were approved and authorised for signature by the Governors on 16 July 2019.

\_\_\_\_\_  
**Josh Berger**  
Chair

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**Amanda Nevill**  
Chief Executive

**STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31 MARCH 2019**

	Notes	Lottery Reserve £'000	Fair Valuation Reserve £'000	Pension Reserve £'000	Total Reserve £'000
<b>Balance at 31 March 2017</b>		<b>42,299</b>	<b>2,877</b>	<b>(3,310)</b>	<b>41,866</b>
(Deficit)/surplus for the year		(312)	-	(317)	(629)
Re-measurements in the year	9	-	-	777	777
Transfer fair valuation reserve to Lottery Reserve	3	2,877	(2,877)	-	-
<b>Balance at 31 March 2018</b>		<b>44,864</b>	<b>-</b>	<b>(2,850)</b>	<b>42,014</b>
(Deficit)/surplus for the year		(6,175)	-	(258)	(6,433)
Re-measurements in the year	9	-	-	464	464
<b>Balance at 31 March 2019</b>		<b>38,689</b>	<b>-</b>	<b>(2,644)</b>	<b>36,045</b>

The accompanying notes 1 to 23 form part of these accounts.

**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 MARCH 2019**

	Notes	2018-19	2017-18
		£'000	£'000
Operating (deficit)/surplus		(6,433)	(629)
(Increase)/Decrease in film rights falling due in excess of one year	7	(757)	135
(Increase)/Decrease in film rights falling due within one year	7	(821)	62
Decrease in trade receivables	4, 12	2,652	3,135
Increase in trade payables	15	8	34
(Decrease)/increase in award payables	16	(2,824)	1,494
Increase/(decrease) in provisions	17	8,832	(2,620)
Non cash pension movements	9	258	317
Interest received		(24)	(4)
Reclassification of receipts from National Lottery Distribution Fund as cashflows from investing activities	4	(44,228)	(48,395)
Net cash from operating activities		<u>(43,337)</u>	<u>(46,471)</u>
Interest received		24	4
Cash receipts from National Lottery Distribution Fund	4	44,228	48,395
Cashflows from investing activities		<u>44,252</u>	<u>48,399</u>
Increase in cash in the year		<u><b>915</b></u>	<u><b>1,928</b></u>
Cash and cash equivalents at 1 April	13	5,584	3,656
Cash and cash equivalents at 31 March		<u><u><b>6,499</b></u></u>	<u><u><b>5,584</b></u></u>

The accompanying notes 1 to 23 form part of these accounts.

## YEAR ENDED 31 MARCH 2019

### 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 Digital, 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 £36m (2018: £42m).

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.

The effect of new accounting 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 is noted below.

In accordance with the Direction issued by the Secretary of State for Digital, 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 or is available on line from gov.uk.

#### 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 Digital, 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 Digital, Culture, Media and Sport (DCMS). These forecasts take a conservative view of future income.

#### Estimates and judgements

Estimates and judgements have been used in the production of these accounts, notably with regard to the valuation of film rights and pensions 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. The recharge of operating costs are based on an assessment 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 and information on the assumptions underlying the pension valuation can be found in note 9: Pensions.

#### 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.

**YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

**National Lottery Distribution Fund**

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Digital, 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 Digital, Culture, Media and Sport as being available for distribution by the BFI in respect of current and future commitments. With the introduction of IFRS 9 (see note 3 below) funds held at the National Lottery Distribution Fund are held as financial instruments held at amortised cost.

As the investments are held with the Debt Management Account and the National Loans Fund, these are exempt from recognising stage 1 and stage 2 impairment so no expected credit losses have been calculated for these investments.

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

**Other 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 (IFRS 9) film rights fall within the definition of Financial Instruments. Within that, they meet the definition of assets measured at fair value with gains and losses being recognised in the profit and loss account (FVTPL). The fair value, in line with definitions of IFRS 9, 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 to the extent that the repayment of the award is considered doubtful. The reduction 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.

Movements in valuation shown in the statement of Comprehensive Net Expenditure reflect the net effect of increases and decreases in fair value against film rights in the year. Any reduction 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 adjusted to £nil 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 adjusted to £nil unless there is a reasonable expectation of repayment in the next seven financial years.

**YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES (CONTINUED)**

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 similarly recognised in the film rights valuation 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 fair value of the film, then any necessary adjustment will be released back to the Statement of Comprehensive Net Expenditure so the remaining fair value is 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 net expenditure as film recoupment income.

**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.

The BFI operates a defined contribution scheme for employees joining on or after 1 January 2014. The amount charged to the Statement of Financial Position in respect of pension costs and other post-retirement benefits is the contribution payable in the year.

**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.

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

**YEAR ENDED 31 MARCH 2019**

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **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 2019. 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**

Under the definitions of the Financial Reporting Manual 2018-19 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 16 - Leases

IFRS 16 (Leases) applies for periods beginning on or after 1 January 2019, and is thus not applicable until the year ending 31 March 2020.

However under IAS 8 we are required to disclose the anticipated impact of the introduction of these standards upon the financial statements in advance of the period of implementation.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

As recorded in note 16 these financial statements include costs of the rental of office space at 21 Stephen Street, London which would fall under the definitions of the standard. BFI Lottery will thus be required to reflect the discounted liability of the relevant portion of the lease for its term to 2031 in the Statement of Financial Position, with a matching "right to use" asset. There is thus no change in the total of assets less liabilities but current and non-current assets and liabilities will all increase. Guidance is anticipated from HM Treasury as to the common approach to be adopted in the first year of implementation of this standard, to ensure consistency across Government.

## **2. IMPACT OF THE INTRODUCTION OF IFRS 15 (Revenues from contracts with customers)**

IFRS 15 establishes principles that an entity shall apply to report useful information to readers of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. A customer is a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

As a Lottery Distributor the main source of income for BFI Lottery is our share of Lottery proceeds and associated income. Recoupment income is outside the scope of IFRS 15 as it relates to our treatment of film right valuations under IFRS 9 (Financial instruments). In neither of these is there a customer relationship. With the immateriality of other income there are no material revenue streams in BFI Lottery activities that would fall under this standard which will consequently have no impact on the financial statements.

There is thus no impact on these accounts from the introduction of this standard.

**YEAR ENDED 31 MARCH 2019****3. IMPACT OF THE INTRODUCTION OF IFRS 9 (FINANCIAL INSTRUMENTS)**

With the introduction of International Financial Reporting Standards (IFRS 9) film rights fall within the definition of Financial Instruments. Within that, they meet the definition of assets measured at fair value with gains and losses being recognised in the profit and loss account (FVTPL). The fair value, in line with definitions of IFRS 9, 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.

This has led a revision of the treatment in prior years where the movement in valuation on those projects which have fully recovered their investment and continue to recoup funds. Previously the value to such projects was taken to the Fair value reserve on the balance sheet, with any movement in the year being taken through the Statement of Other Comprehensive Expenditure (OCE). With the introduction of the new standard all movements in valuation are taken through Income and Expenditure, and subsequently the historic fair value reserve of £2.9m (as at 31 March 2017) has been combined with the general Lottery Reserve. Had the treatment continued as in prior years, in the year to 31 March 2019, the fair value reserve would have been fallen in the year by £0.2m to £2.2m, with the movement taken to the OCE rather than in the expenditure in the year.

Funds held at the National Lottery Distribution Fund, on the instruction of DCMS, continue to be recorded as financial instruments held at amortised cost. As the investments are held with the Debt Management Account and the National Loans Fund, these are exempt from recognising stage 1 and stage 2 impairment so no expected credit losses have been calculated for these investments. This has not led to any change in the presentation of this figure in these Financial Statements.

**4. LOTTERY INCOME AND THE NATIONAL LOTTERY DISTRIBUTION FUND**

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

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Opening balance held at the NLDF	53,499	57,553
Income received from the Lottery	43,264	44,213
Investment income earned	222	128
<b>Available for distribution</b>	<u>96,985</u>	<u>101,894</u>
Cash drawn down	(44,228)	(48,395)
<b>Balance as at 31 March</b>	<u><u>52,757</u></u>	<u><u>53,499</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 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 (2018: nil).

**Income received from the Lottery**

Underlying lottery sales in 2018-19 remained largely consistent with those of the previous year. 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. The final instalment of this was received in 2017-18.

- receipts of unclaimed prize money.

Income received from Lottery therefore contains:

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Repayment of diversion regarding promotion of new games, prizes and price modelling	-	330
Unclaimed prize money	3,387	3,316



**YEAR ENDED 31 MARCH 2019**

**5. 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.

	<b>2018-19 £'000</b>	<b>2017-18 £'000</b>
Total film receipts taken as income	950	1,361
Total film receipts taken against film rights on the statement of financial position	4,134	5,532
	<u><b>5,084</b></u>	<u><b>6,893</b></u>

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

	<b>2018-19 £'000</b>
9 films generating < £100,000 Arts Council England and UK Film Council portfolio	<u>136</u>
Kingdom of Us	108
Beast	107
I, Daniel Blake	205
19 films generating < £100,000 BFI portfolio	<u>814</u>
	<u><b>950</b></u>

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

	<b>2018-19 £'000</b>
Beast	275
Been So Long	247
God's own Country	135
I, Daniel Blake	157
Lean on Pete	361
Moonlight	175
The Handmaiden	150
149 films generating < £100,000	<u>2,635</u>
	<u><b>4,135</b></u>

**YEAR ENDED 31 MARCH 2019**  
**6. 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 implementation 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 19 for activities in 2019-20.

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	2018-19 Decommit- ments* £'000	Awards net of fall ins £'000	2017-18 Awards net of fall ins £'000
<b>Funding to cover the period to March 2020</b>				
Film Education awards	(4,888)		(4,888)	(400)
Film Audience Network fund	(3,300)	-	(3,300)	(4,181)
Audience fund awards	(2,550)		(2,550)	-
Production services awards	(550)	-	(550)	-
Talent Network awards	(1,158)	-	(1,158)	-
Production hub awards	(600)	-	(600)	-
Film Heritage fund	(2,093)	-	(2,093)	(4,143)
	<u>(15,139)</u>	<u>-</u>	<u>(15,139)</u>	<u>(8,724)</u>
<b>Project or single year funding to cover the period to March 2019</b>				
Audience Fund	(1,490)		(1,490)	(4,050)
Rewarding Success	(1,418)	-	(1,418)	(2,126)
International awards	(1,809)	188	(1,621)	(1,635)
Talent Network awards	(428)	8	(420)	(1,320)
London Film Festival	(500)		(500)	(750)
Creative Enterprise	(2,550)	-	(2,550)	(695)
Creative England - ifeatures, talent and production	-	26	26	-
Lottery Archive Fund	-	-	-	(602)
Film Academy awards	(552)	20	(532)	(484)
Film Education awards	(4,897)	107	(4,790)	0
Research and Statistics awards	(505)	12	(493)	(317)
Distribution and Exhibition awards	(66)	(2)	(68)	(25)
Film Network fund	-	119	119	-
Film Skills Fund awards	-	(237)	(237)	(6,672)
Diversity awards	-	11	11	-
Film Festivals awards	-	-	-	2
Film Fund and Regional awards (non-film rights)	(1,550)	65	(1,485)	22
Programme Development Fund	-	53	53	95
	<u>(15,765)</u>	<u>370</u>	<u>(15,395)</u>	<u>(18,557)</u>
<b>Activity support</b>				
Research and statistics	(304)	-	(304)	(239)
Total activity support	<u>(304)</u>	<u>-</u>	<u>(304)</u>	<u>(239)</u>
<b>Total Lottery non-film rights</b>	<b><u>(31,208)</u></b>	<b><u>370</u></b>	<b><u>(30,838)</u></b>	<b><u>(27,520)</u></b>

\* 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.

Rewarding success above represents recoupment received in the year under the producer corridor arrangements and thus held on behalf of film-makers. Further information is provided in note 17.

**YEAR ENDED 31 MARCH 2019**

**7. FILM RIGHTS**

Under IFRS 9 the valuation of the films rights assets are determined on the basis of level 3 inputs, with unobservable inputs being used for the asset as there is no market activity for these assets at the balance sheet date. 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:

	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000
Production Awards	12,181	10,210	10,370	9,324	6,022
Vision Awards	1,323	1,368	1,500	1,095	965
Development Awards	284	333	374	316	223
Distribution Awards	220	489	329	180	211
Other Awards	0	30	54	55	140
<b>Film Rights valuation</b>	<b>14,008</b>	<b>12,430</b>	<b>12,627</b>	<b>10,970</b>	<b>7,561</b>

Film rights are recognised as split between current and non-current assets, on the basis of a review of the characteristics of the loans across the portfolio and the anticipated cashflows from these:

	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000
Film rights - non-current	8,249	7,492	7,627	6,653	4,504
Film rights - current	5,759	4,938	5,000	4,317	3,057
	<b>14,008</b>	<b>12,430</b>	<b>12,627</b>	<b>10,970</b>	<b>7,561</b>

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 note below.

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.

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 fully adjusted to Enil in the year in which the award is made, unless there is a reasonable anticipation of it progressing to production.

Distribution awards are made to distributors to support the release of a film in the UK and repayable dependent upon the performance of the film release.

Other awards include 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**

	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000
Film rights valuation at 1 April	12,430	12,627	10,970	7,561	15,358
New commitments: made in year	20,840	18,783	23,150	23,570	16,892
Decommitments: new film rights in year	(3)	(23)	-	(135)	(149)
Decommitments: historical portfolio	(369)	(451)	(315)	(463)	(1,088)
Repayment of investments: new film	(588)	(508)	(539)	(449)	(389)
Repayment of investments: historical portfolio	(3,546)	(5,024)	(4,647)	(3,608)	(4,307)
Adjustments: new film rights in year	(16,110)	(15,530)	(19,114)	(17,494)	(13,519)
Adjustments: historical portfolio	(2,476)	(2,315)	(1,971)	(2,930)	(7,907)
Adjustments written back	3,830	4,871	5,093	4,918	2,670
<b>Film rights valuation at 31 March</b>	<b>14,008</b>	<b>12,430</b>	<b>12,627</b>	<b>10,970</b>	<b>7,561</b>

**YEAR ENDED 31 MARCH 2019**

**7. FILM RIGHTS (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 awards payable this financial year and the last three financial years), the valuation is based on the cash receipts anticipated from the first cycle of revenues including revenues from 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% (2018: 3.7%).

<b>Movements in adjustments in the year are as follows:</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustments: new film rights in year	(16,110)	(15,530)	(19,114)	(17,494)	(13,519)
Adjustments: historical portfolio	(2,476)	(2,315)	(1,971)	(2,930)	(7,907)
	<u>(18,586)</u>	<u>(17,845)</u>	<u>(21,085)</u>	<u>(20,424)</u>	<u>(21,426)</u>
Adjustments written back: historical portfolio	3,830	4,871	5,093	4,918	2,670
Net movement in adjustments	<u><b>(14,756)</b></u>	<u><b>(12,974)</b></u>	<u><b>(15,992)</b></u>	<u><b>(15,506)</b></u>	<u><b>(18,756)</b></u>

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

As at 31 March 2019, the Film Rights valuation for production awards is £12.2 m (2018: £10.2m) and for all other Film Rights is £1.8 m (2018: £2.2m) totalling £14.0 m (2018: £12.4m). For production awards, were the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2019 would be £0.6m for 187 awards (2018: £0.5m for 202 awards).

In relation to older production awards, the Film Rights valuation is calculated on the assumption that the future anticipated receipts will be based on the historic cash receipts for the two years prior to the Statement of Financial Position date, subject to an 85% default reduction every three years, except for films in profit which are calculated on the assumption that the future anticipated receipts will be based on the historic cash receipts for the three years prior to the Statement of Financial Position date, subject to a 75% default reduction every three years. The total amount of the Film Rights valuation based on this methodology is £2.8m (2018: £3.2m). Were this default reduction percentage to change to +/- 10% the Film Right valuation would change by :

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>+10%</b>	<b>0.00%</b>	<b>-10%</b>
2018-19	(180)	2,850	390
2017-18	(500)	3,200	400

In relation to recent production awards (that is production awards that were recognised as awards payable this financial year and the previous three financial years), the Film Rights valuation is based on future anticipated receipts. These cash receipts are principally earned in US dollars and converted to pounds sterling before payment is made to the BFI's bank accounts. The default pound sterling to US dollar exchange rate is calculated using the average daily exchange rate for the two years to the Statement of Financial position date rounded to the nearest 5 US cents. The default rate as at 31 March 2019 for production awards is US \$1.30 (2018: US \$1.30).

Had the pound sterling to US dollar exchange rate been \$1.40, for the purposes of the Film Rights valuation, then the valuation of the total of these production awards would be reduced by £0.6m. Were the valuation calculated using US \$1.20, then these valuations would be increased by £0.8m (and the awards at March 18 would increase by £0.5m).

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 2019****8. STAFF COSTS**

No member of the Board of Governors received remuneration during the year (2018: none).

The costs of staff working wholly on	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Wages and salaries	1,700	1,861
Social Security costs	195	211
Pension service costs and other pension costs	370	441
	<u><b>2,265</b></u>	<u><b>2,513</b></u>

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

	<b>2018-19</b> <b>Number</b>	<b>2017-18</b> <b>Number</b>
Management and administration:		
Permanent staff	36	37
	<u><b>36</b></u>	<u><b>37</b></u>

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:

	<b>2018-19</b> <b>£</b>	%	<b>Attributable</b> <b>to Lottery</b> <b>£</b>
Amanda Nevill			
Salary and benefits	160,164		81,684
Total	<u><b>160,164</b></u>	51.0%	<u><b>81,684</b></u>
Pension contribution	<u><b>17,578</b></u>		<u><b>8,965</b></u>
	<b>2017-18</b> <b>£</b>	%	<b>Attributable</b> <b>to Lottery</b> <b>£</b>
Amanda Nevill			
Salary and benefits	145,454		71,272
Total	<u><b>145,454</b></u>	49.0%	<u><b>71,272</b></u>
Pension contribution	<u><b>16,727</b></u>		<u><b>8,196</b></u>

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

**YEAR ENDED 31 MARCH 2019**

**9. 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. Employer contributions charged for members of the defined benefit scheme amounted to £239,000 (2018: £240,000)

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 11.5% throughout the year (2018: 11.5%).

A valuation under IAS19 as at March 2019 was carried out by a qualified independent actuary. The assumptions used by the actuary for the BFI's scheme were:

	2018-19 %	2017-18 %
Rate of increase in salaries	3.9	3.8
Rate of increase in pension payments	2.4	2.3
Discount rate	2.4	2.6
Inflation assumption (CPI)	1.4	2.3

*Average life expectancy at 65:*

	Males	Females
Current pensioners	20.7	23.6
Future pensioners	22.5	25.2

Under the adopted mortality tables, the assumed life expectancy from age 65 are as follows:

	2018-19 Years	2017-18 Years
Life expectancy at age 65 of female aged 45	25.2	26.9
Life expectancy at age 65 of female aged 65	23.6	24.6
Life expectancy at age 65 of male aged 45	22.5	24.1
Life expectancy at age 65 of male aged 65	20.7	21.7

The estimated asset allocation as at 31

	2018-19 Long term rate of return expected £'000	2017-18 Long term rate of return expected £'000
Equities	5,780	5,000
Target return portfolio	2,890	3,237
Infrastructure	642	392
Property	963	686
Cash	428	490
<b>Total market value of assets</b>	<b><u>10,703</u></b>	<b><u>9,805</u></b>

The net pension liability was:

	At 31 March 2019 £'000	At 31 March 2018 £'000	At 31 March 2017 £'000
Present value of funded obligation	(13,347)	(12,655)	(12,470)
Fair value of scheme asset	10,703	9,805	9,160
<b>Net liability</b>	<b><u>(2,644)</u></b>	<b><u>(2,850)</u></b>	<b><u>(3,310)</u></b>

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

	2018-19 £'000	2017-18 £'000
Current service cost	(413)	(455)
Net interest on the defined liability	(71)	(90)
Administration expenses	(13)	(12)
<b>Total</b>	<b><u>(497)</u></b>	<b><u>(557)</u></b>
Actual return on plan assets	843	558

**YEAR ENDED 31 MARCH 2019**

**9. PENSION BENEFITS (continued)**

Amounts recognised in statement of changes in equity:	<b>2018-19</b>			<b>2017-18</b>	
	<b>£'000</b>			<b>£'000</b>	
Return on plan assets in excess of interest	588			301	
Other actuarial gains/(losses) on assets	-			-	
Change in financial assumption	(124)			476	
Experience gain/(loss) of defined benefit obligation	-			-	
<b>Remeasurements recognised in the statement of changes in equity</b>	<b><u>464</u></b>			<b><u>777</u></b>	
Cumulative remeasurements in statement of changes in equity	(2,991)			(3,455)	
 Changes in the present value of the defined benefit obligation:	 <b>2018-19</b>			 <b>2017-18</b>	
	<b>£'000</b>			<b>£'000</b>	
Opening defined benefit obligation	(12,655)			(12,470)	
Current service cost	(413)			(455)	
Interest cost	(326)			(347)	
Contributions by members	(94)			(97)	
Change in financial assumptions	(124)			476	
Experience gain/(loss) on defined benefit	-			-	
Benefits paid	265			238	
<b>Closing defined benefit obligation</b>	<b><u>(13,347)</u></b>			<b><u>(12,655)</u></b>	
 Changes in the fair value of the scheme assets:	 <b>2018-19</b>			 <b>2017-18</b>	
	<b>£'000</b>			<b>£'000</b>	
Opening fair value of employer assets	9,805			9,160	
Contributions by members	94			97	
Contributions by employer	239			240	
Interest on assets	255			257	
Return on assets less interest	588			301	
Other actuarial gains/(losses)	-			-	
Admin expenses	(13)			(12)	
Benefits paid	(265)			(238)	
<b>Closing fair value of employer assets</b>	<b><u>10,703</u></b>			<b><u>9,805</u></b>	
 The sensitivity analysis on the major assumptions in the above, and based on the whole scheme is:	 <b>£'000</b>	<b>£'000</b>			<b>£'000</b>
Adjustment to discount rate	+0.1%	0.0%			-0.1%
Present value of total obligation	13,090	13,347			13,609
Projected service cost	403	413			423
Adjustment to long term salary increase	+0.1%	0.0%			-0.1%
Present value of total obligation	13,373	13,347			13,322
Projected service cost	413	413			413
Adjustment to pension increases and deferred valuation	+0.1%	0.0%			-0.1%
Present value of total obligation	13,583	13,347			13,116
Projected service cost	423	413			403
Adjustment to mortality age rating assumption	+ 1 year	0.0%			- 1 year
Present value of total obligation	13,814	13,347			12,896
Projected service cost	427	413			399

**YEAR ENDED 31 MARCH 2019****9. PENSION BENEFITS (CONTINUED)**

A history of experience gains and losses is shown below:

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Fair value of employer assets	10,703	9,805
Present value of defined benefit obligation	<u>(13,347)</u>	<u>(12,655)</u>
Deficit	(2,644)	(2,850)
Experience gains on assets	<u>843</u>	<u>558</u>

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.

**10. OPERATING COSTS**

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
<i>Direct Lottery costs</i>		
Direct staff costs	2,403	2,258
Other staff costs (including agency staff, training and recruitment)	73	132
Travel and subsistence	124	156
Events and other hospitality	16	16
Professional fees: Audit - National Audit Office	46	46
Professional fees: other	43	57
Other	60	81
	<u>2,765</u>	<u>2,746</u>
Recharged costs from BFI non-lottery activities re support functions	2,650	2,823
	<u>5,415</u>	<u>5,569</u>

The direct lottery costs are those of the front-line award making departments . These costs are those of the Film Fund (International, Production, Operations, Audience Fund, Directorate), Education Directorate, Education Partners, Business Affairs and Production Finance.

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.

Costs of generating recoupment relate to the costs of generation and management of BFI income from the investments in film rights within Business Affairs, Production Finance and the Film Funds - in 2018-9 these stood at £1.7m (2018: £1.8m).

**11. RESTRUCTURING COSTS**

	<b>2018-19</b> <b>£'000</b>	<b>2017-18</b> <b>£'000</b>
Release of prepayment of capital transfer to BFI	369	369
	<u>369</u>	<u>369</u>

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 2019

12. TRADE AND OTHER RECEIVABLES

	At 31 March 2019 £'000	At 31 March 2018 £'000
<b>Trade and other receivables falling due after one year</b>		
Prepayments and accrued income	369	738
<b>Total trade and other receivables falling due after one year</b>	<u>369</u>	<u>738</u>
	At 31 March 2019 £'000	At 31 March 2018 £'000
<b>Trade and other receivables falling due within one year</b>		
Prepayments and accrued income	470	369
Trade debtors	360	928
Other receivables - BFI Exchequer	1,055	2,188
Other receivables	476	417
<b>Total trade and other receivables falling due within one year</b>	<u>2,361</u>	<u>3,902</u>

13. CASH AND CASH EQUIVALENTS

	At 31 March 2019 £'000	At 31 March 2018 £'000
Cash and cash equivalents at 1 April	5,584	3,656
Net change in cash and cash equivalent balances	915	1,928
<b>Cash and cash equivalents at 31 March</b>	<u>6,499</u>	<u>5,584</u>

£2.8 m (2018: £2.5m) 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 17: Provisions.

All Lottery cash balances are held in commercial bank accounts.

14. 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 (IFRS 9) film rights fall within the definition of Financial Instruments. Within that, they meet the definition of assets measured at fair value with gains and losses being recognised in the profit and loss account (FVTPL).

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 adjustments being charged as expenditure.

**YEAR ENDED 31 MARCH 2019**

**14. FINANCIAL INSTRUMENTS (continued)**

	2018-19 £'000	2017-18 £'000
Film rights falling due in excess of one year	8,249	7,492
Film rights falling due within one year	5,759	4,938
Film rights valuations at 31 March	<u>14,008</u>	<u>12,430</u>

**Liquidity risks**

Lottery cash inflows can be analysed as:	2018-19		2017-18	
	£'000	%	£'000	%
Income received from the National Lottery	43,264	88.1%	44,213	86.1%
Investment returns from the balance held at the NLDF	222	0.5%	128	0.3%
Recoupment income from film rights	5,084	10.4%	6,893	13.4%
Other income including legacies, grants and donations	485	1.0%	97	0.2%
	<u>49,055</u>	<u>100.0%</u>	<u>51,331</u>	<u>100.0%</u>

	2018-19 £'000	2017-18 £'000
NLDF balance at 31 March as notified by the Secretary of State for Digital, Culture, Media and Sport	52,757	53,499
Lottery funds held in cash and cash equivalents by the BFI at 31 March	6,499	5,584
	<u>59,256</u>	<u>59,083</u>

	2018-19 £'000	2017-18 £'000
Lottery awards payable	17,782	20,606
Provision for non-Lottery film rights awards	19,414	10,582
Film rights award allocations noted as contingent liabilities	8,156	8,391
	<u>45,352</u>	<u>39,579</u>
Under commitment against funds	<u>13,904</u>	<u>19,504</u>

**National Lottery Distribution Fund**

With the introduction of IFRS 9 (see note 3 ) funds held at the National Lottery Distribution Fund are held as financial instruments held at amortised cost.

**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.

	2018-19 £'000	2017-18 £'000
Market value of BFI investment at NLDF at 31 March	52,757	53,499
Average investment return at NLDF	0.67%	0.35%

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

	2018-19 £000s	2017-18 £000s
Lottery funds held in cash and cash equivalents by the BFI at 31 March	6,499	5,584
Average interest rate on cash held in variable rate bank accounts	0.40%	0.09%

**YEAR ENDED 31 MARCH 2019**

**14. FINANCIAL INSTRUMENTS (continued)**

**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.

**15. TRADE AND OTHER PAYABLES**

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Other payables	109	101
	<u><b>109</b></u>	<u><b>101</b></u>

It is anticipated that all other payables as at 31 March 2019 fall due within one year.

**16. OTHER PAYABLES - AWARDS COMMITMENTS**

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
At 1 April	20,606	19,112
New film rights commitments in year	20,840	18,783
Commitments transferred from prior year provision for non-film rights awards	7,922	11,313
New non-film rights commitments in year	10,959	17,643
Decommitments	(49)	(353)
Amounts paid	(42,496)	(45,892)
<b>At 31 March</b>	<u><b>17,782</b></u>	<u><b>20,606</b></u>

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Award commitments payable at 31 March relate to:		
Audience Development Fund - Organisation	414	542
Audience Development Fund - Projects	1,671	1,135
BFI Film Academy	75	42
Creative Enterprise	100	88
Development Fund	954	812
Film Audience Network Fund	336	3,509
Film Heritage	1,838	148
International Fund	561	723
Into Film	368	279
National Cluster Growth Fund	500	-
Other	24	273
Production Fund	4,215	2,640
Research and Statistics Fund	159	146
Skills	5,604	8,275
Talent Development	559	1,242
Vision Awards	404	752
	<u><b>17,782</b></u>	<u><b>20,606</b></u>

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

**YEAR ENDED 31 MARCH 2019**

**16. OTHER PAYABLES - AWARDS COMMITMENTS (continued)**

Commitments transferred from the provision for non-film rights awards in 2018-19 are as follows:

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Heritage and Regional Archives awards	4,257	-
Audience Fund	2,334	-
Film Audience Network awards	595	1,595
International awards	540	510
National Cluster Growth Fund	100	-
Film Academy awards	96	38
Education Fund	-	4,800
Film Skills Fund	-	2,068
Creative England - delegated awards	-	1,687
Film Festival awards	-	350
Neighbourhood awards	-	165
Research Fund	-	100
	<b><u>7,922</u></b>	<b><u>11,313</u></b>

New non-film rights commitments in the year:

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
<b>Project funding to 31 March 2019</b>		
Education Fund	4,898	-
Audience Fund	1,700	1,716
Creative Enterprise Fund	1,690	695
International awards	1,144	1,225
Film Festivals awards	500	-
Film Academy awards	442	456
Research Fund awards	370	322
Targetted Development/Talent Network Fund	215	732
Future Skills Programme	-	7,071
Film Audience Network Fund	-	4,164
London Film Festival award	-	750
Regional Archive Fund	-	487
Distribution award	-	25
Programme Development Fund	-	-
BFI Neighbourhood awards	-	-
<b>New commitments in year</b>	<b><u>10,959</u></b>	<b><u>17,643</u></b>

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

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Non-film rights awards taken to SOCNE in the year	30,838	27,520
Less spend on activity support in year	(304)	(239)
Less new awards in year taken to SOCNE but recorded by way of provision at year end	(18,113)	(10,059)
Add back decommitments of awards from prior years taken as negative spend on SOCNE	(1,462)	421
<b>New non-film rights commitments taken as awards payable</b>	<b><u>10,959</u></b>	<b><u>17,643</u></b>

**YEAR ENDED 31 MARCH 2019**

**16. OTHER PAYABLES - AWARDS COMMITMENTS (continued)**

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Ageing of award commitments, estimated date of payment:		
Estimated payment within one year	<u>17,782</u>	<u>20,606</u>

**17. PROVISIONS**

	<b>At 31 March 2019</b>			<b>At 31 March 2018</b>
	<b>Non Film Right Awards £'000</b>	<b>Rewarding success awards £'000</b>	<b>Total £'000</b>	<b>Total £'000</b>
At 1 April	7,933	2,649	10,582	13,202
New provisions in the year	27,545	1,534	29,079	26,875
Provisions written back in year	(17)	-	(17)	(31)
Provisions released in year	-	(1,348)	(1,348)	(1,266)
Transferred to other payables - award commitments	(18,882)	-	(18,882)	(28,198)
<b>At 31 March</b>	<u><b>16,579</b></u>	<u><b>2,835</b></u>	<u><b>19,414</b></u>	<u><b>10,582</b></u>

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 with regard to non film right awards relates to awards made by the BFI across a number of strands:

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Film Education Awards	4,887	-
Film Audience Network	3,310	605
Audience Fund	2,340	2,334
Heritage and Regional Archives	2,093	4,258
Talent Network	1,046	-
Creative Enterprise	860	-
International	665	540
National Cluster Growth Fund	600	100
Production Services Fund	550	-
Research Fund	135	-
Film Academies	93	96
	<u><b>16,579</b></u>	<u><b>7,933</b></u>

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 2019**

**17. PROVISIONS (continued)**

	At 31 March 2019 £'000	At 31 March 2018 £'000
Ageing of provisions, estimated date of payment		
Amounts anticipated as payable within one year	19,414	10,582

At the date of the statement of financial position the BFI Lottery activities had no further provisions (2018: Enil).

**18. COMMITMENTS UNDER OPERATING LEASES**

As at 31 March 2019, 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 2019 £'000	At 31 March 2018 £'000
Amounts payable within one year	1,250	1,250
Amounts payable within two to five years	5,000	5,000
Amounts payable over five years	8,750	10,000
	<u>15,000</u>	<u>16,250</u>

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

	At 31 March 2019 £'000	At 31 March 2018 £'000
Amounts payable within one year	263	263
Amounts payable within two to five years	1,050	1,050
Amounts payable over five years	1,838	2,100
	<u>3,151</u>	<u>3,413</u>

The lease was extended in the year to run until March 2031

**19. CAPITAL COMMITMENTS**

As at 31 March 2019, 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 (2018: Enil).

**20. OTHER FINANCIAL COMMITMENTS and CONTINGENT LIABILITIES**

**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 2019 £'000	At 31 March 2018 £'000
<i>Prior year awards</i>		
Development awards	113	25
Production awards	105	291
<i>In year awards</i>		
Production awards	5,476	7,177
Talent Network awards	1,392	10
Distribution awards	399	292
Development awards	621	596
Vision awards	50	-
	-	-
<b>Financial commitments notified but not yet recognised in the financial statements</b>	<u><b>8,156</b></u>	<u><b>8,391</b></u>

YEAR ENDED 31 MARCH 2019

**20. OTHER FINANCIAL COMMITMENTS and CONTINGENT LIABILITIES (continued)**

**Other Contingent Liabilities - Rewarding Success projects in Film Rights**

The film rights valuation is based on the value of the initial BFI investment as detailed in the Accounting Policies note above. However on a number of these investments, the BFI Locked Box initiative applies and accordingly there is a potential and contingent liability with regard to the element of the valuation which would be made available to UK-filmmakers. The BFI Locked Box initiative enables UK-filmmakers supported through the BFI to benefit from their film's success. In short, a share of income from supported film productions is put aside (into a BFI Locked Box) and can be used by the filmmakers for the development and/or production of their future projects or towards staff training.

	<b>At 31 March 2019 £'000</b>	<b>At 31 March 2018 £'000</b>
Contingent liability - rewarding success projects in film rights	2,387	1,804
<b>Contingent liability - rewarding success projects in film rights</b>	<b><u>2,387</u></b>	<b><u>1,804</u></b>

**Other Contingent Liabilities - Pension Liability**

As a result of the Court of Appeal judgement on the McCloud and Sargeant legal cases regarding pension equality there is a potential additional pension liability. The impact estimates set out in the Potential impact of McCloud/Sargeant ruling on pension accounts disclosures paper prepared by the Government Actuary's Department (GAD) have been considered by the scheme actuaries, Barnett Waddingham LLP. Based on GAD, they have estimated the impact on the BFI at a £1.3m increase in the total liabilities - which would lead to an apportioned increase to the pension liability reported in these Lottery financial statements of £0.1m.

**21. 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.

**YEAR ENDED 31 MARCH 2019****22. RELATED PARTIES**

The BFI maintains a publicly available register of Governors' interests. Given their broad experience across the film sector, it is inevitable that Governors 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	Balance as at
				31.3.2019	31.3.2019
				£	£
BFI - London Film Festival	Amanda Nevill	CEO	CEO	500,000	-
BFI - Heritage 2022	Amanda Nevill	CEO	CEO	2,092,727	2,092,727
Screen Yorkshire Ltd	Charles Cecil	Governor	Director	600,000	600,000
StudioCanal Ltd	Idris Elba	Governor	Film Director	120,000	120,000
StudioCanal Ltd	Ben Luxford	Head of Audience fund	Partner is an employee	120,000	120,000
International Documentary Festival Sheffield Ltd	Mary Burke	Senior Production & Development Executive	Director	210,000	45,000

A number of BFI Governors and Staff are members of BAFTA, but with no formal management or governance role there-in. BAFTA received a lottery award in the year ending 31 March 2019 of £39,000 of which the full balance remained payable at that date.

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

**Awards made under the National Lottery etc Act Section 27 dispensation**

Using the power granted by the Section 27 of the National Lottery etc Act 1993 the Secretary of State did not object to an award of £2,092,727 to the BFI in relation to Heritage 2022, the BFI's archive strategy as outlined in the *BFI 2022 strategic plan*, for both the national and regional moving image archives. The award was made in March 2019, under BFI accounting policies this is recorded as a provision in 2018-19 and at 31 March 2019 the full award remained payable.

Similarly the Secretary of State did not object to an award of £500,000 to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

**23. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, Amanda Nevill, the BFI's Chief Executive and Accounting Officer, announced her intention to stand down from the role in early 2020.

At the time of signing the accounts there were no other 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 auditor's certificate and report.



**Schedule 1: New Lottery commitments (unaudited information) in the year ended 31 March 2019**

All awards and delegations approved by the Lottery Finance Committee in the year to 31 March 2019 are listed below. In the financial statements these are represented as Non film right awards on the Statement of Comprehensive Net Expenditure (£27.5m), £14.6m were taken to the statement of financial position and subsequently adjusted, with the remainder (£7.9m) disclosed within Other Financial Commitments in the notes to the accounts.

Producer	Project	£
011 Productions Limited	Joy Unbound	33,500
Air Street Films Limited	Mecha Friendship Force	27,000
art sex music film Ltd	art sex music	22,500
Baby Cow Films Limited	The King's Indian	5,450
Backup Studio	My Sister lives on the Mantelpiece	27,000
Banging the Drum Ltd	Evelyn	29,750
Barry Crerar Ltd	Cuckoo	11,250
Betes Sauvages Ltd.	Sebastian	19,000
Blonde to Black Pictures Ltd	Cunning	34,500
Blue Horizon Productions (2010) Ltd	With Love	26,000
Brick Productions Ltd	Flamingo	23,000
Bridge + Tunnel Productions	Forough: A Lonely Woamn (working title)	26,300
Bridge Way Limited	90 Minutes	9,000
Camberwell Productions Limited	Bleed FKA Rainy Day Women	18,000
Camberwell Productions Limited	Rainy Day Women	10,000
Camberwell Productions Limited	The Short Sweet Life of Steven Bundy	31,500
Cannon and Morley Productions Limited	Typist Artist Pirate King	16,439
Cineman Films Limited	Sisters	22,500
Clipper Media Capital Ltd	Golden Dream	23,500
Cowboy Cosmonaut Films Ltd	Red Snow	22,000
Cowboy Films Ltd	Sumo Schoolgirl	35,000
Dark Pictures Limited	Free	17,050
DJ FILMS LTD	Delia	22,000
Dominic Buchanan Productions Ltd	Welcome	16,250
Dominic Buchanan Productions Ltd	When Courage Comes	14,500
Dorothy St Pictures Limited	Still, My Beating Heart	14,500
Elation Pictures Limited	Fanatic	9,300
Elation Pictures Limited	Foxfinder	18,100
Elation pictures Ltd	Ciara	24,800
Emu Films Limited	Benediction	20,000
Emu Films Limited	Hard Hat Man	26,500
Emu Films Limited	Medusa Deluxe	21,500
Emu Films Limited	Paolo's Battle Against the Zombies (FKA The Good Old Battle)	22,700
Emu Films Limited	Riptide	29,500
Escape Plan Productions Limited	Saint Maud	12,500
Fable Pictures Limited	Girl Untitled	19,475
Flying Castles Limited	Summerland	12,300
Glass Man Films Limited	Somewhere Near The North Cape	17,000
Greenacre Films Ltd	Relax	12,500
Groovy Pictures Ltd	Jones	24,250
Hwyl Films Ltd.	Untitled Georgia Parris Project	22,500
Indie Movie Company Limited	Winnie and the Wolf King (aka Finn in the Forest)	7,020
Inflammable Films Limited	Mother Dog	20,000
Inflammable Films Limited	Santosh	27,500
Inflammable Films Limited	Vamp	19,000
JAK Films Ltd	Untitled Amanda Boyle Project	13,950
Jigsaw Films Limited	Kensuke's Kingdom	19,650
Joi Productions Limited	Bone	20,880
Joi Productions Limited	Mine	22,500
Lions Den Ltd	Nathan Won't Ride	22,500
Little Brother Productions Limited	Paper Canoe	31,541
Lunar Lander Films Limited	Bloodline	27,000
M.I.H.K Ltd	Stopmotion (3rd supp app)	16,800
Martyrs Lane Limited	Martyrs Lane	19,000
Mint Pictures Ltd	Duffy	27,000
Moonspun Films Ltd	Untitled Clio Barnard Project	22,250
NDF International Limited	Hero Worship	14,500
Newscope Films Limited	The Dick	15,000
Peach Pictures Ltd	Lit	17,000
PEK Productions Limited	Paak United	30,000
Poisson Rouge Pictures Limited	Going Home	14,500
Prodigal Film & Television Limited	The Last Tree	9,000
Quark Films Limited	Squawk	34,500
Raindog Films Ltd	Bare	16,500
Rainy Day Films Limited	I (Who Have Nothing)	39,500
Red Breast Productions Ltd	English Animals	33,000

Producer	Project	£
Reel Soul Movies Ltd	No Destination	25,250
Rollout Pictures Limited	The Spy Who Fell To Earth	44,500
Rosetta Productions LL Limited	Lynn and Lucy	15,000
Salon Pictures Limited	Seaholme	21,500
Scott Free Films Limited	Agnes	1,500
See-Saw Productions Limited	Ammonite	17,000
See-Saw Productions Limited	Tornado	10,000
Silver Salt Films Ltd	Censor	29,580
Slingshot Productions Limited	Londonstani	8,000
Stigma Films Ltd	The Power	15,000
Stray Bear Productions Ltd	The Enemy Within	22,000
Studio Hamburg UK Ltd	The Night I Got Shot by Santa	23,424
Sums Film & Media Ltd	Your Time Has Come	44,000
The Bureau Film Company Limited	After Love	10,000
The Bureau Film Company Limited	Dan K Untitled	34,500
The Fyzz Facility Film 15 Ltd	Cometh the Fiend	25,000
Third Films Limited	Wolf Note	19,600
Tigerlily Productions	Sound System	21,250
Tilt Films Ltd	Dunwich	18,000
Veryfine Ltd	London Odyssey	43,000
Water & Power Productions Limited	Maurice: The Phantom of The Open	3,000
Zip-Line Productions Ltd	Sweet Dreams	79,000
Adventure Pictures Ltd	Molly	40,000
Caravan Cinema Ltd	Limbo	35,000
Emu Films Limited	The Show	40,000
Escape Plan Productions Limited	Saint Maud	40,000
Fable Pictures Limited	Girl Untitled	35,000
Flying Castles Limited	Summerland	35,000
Merman Films Limited	Herself	40,000
Prodigal Film & Television Limited	The Last Tree	35,000
Rosetta Productions LL Limited	Lynn and Lucy	35,000
See-Saw Productions Limited	Ammonite	40,000
Tempesta Film UK / Cowboy Films	Wildfire	35,000
<b>Development and Pre-Production Awards</b>		<b>2,330,609</b>
AP (Molly) Limited	Molly	1,100,000
Apocalypso Pictures Limited	Cold War	40,000
Archface Films Ltd	Tell It To The Bees	12,000
Banana Gun Films Limited	Surge	840,000
Boy Who Limited	The Boy Who Harnessed The Wind	20,000
Cannon and Morley Productions Limited	Out of the Blue	40,000
Doc Society	Documentary Fund	1,976,000
Endor Productions Limited	Gwen (Previously The Dark Outside)	37,000
Eternal Beauty Productions Limited	Eternal Beauty	50,886
February Sixteen Films Ltd	Underdogs	49,937
Flying Castles Limited	Summerland	864,307
Fossil Films Limited	Ammonite fka Mary Anning	1,320,000
GID Films Ltd	Scheme Birds	50,000
Girl Untitled Limited	Girl Untitled	961,948
LB Media Film Limited	Misbehaviour	1,065,080
Limbo Production Ltd	Limbo	500,000
LTCOMM Limited	The Last Tree	750,000
Manoir Productions Limited	Chaplin (working title)	575,000
Merman Films Limited	Herself fka Owned	505,000
Rosetta Productions Beats Ltd	Beats	4,300
Rosetta Productions LL Limited	Lynn and Lucy	560,000
Saint Maud Limited	Saint Maud	745,320
Silver Salt Films Ltd	Censor	720,000
Sixteen SWMY Limited	Sorry We Missed You	200,000
Stigma Films Ltd	The Power	785,000
The Bureau Film Company Limited	After Love	645,000
The Bureau Film Company Limited	Little Joe	500,000
The Reason I Jump Ltd	The Reason I Jump	22,431
Three Chords Production Limited	Wild Rose (formerly Country Music)	6,000
UME12 Limited	The Show	920,000
WF JVC Limited	Wildfire	75,000
Two For Joy Productions Limited	Two For Joy	135,000
<b>Production Awards</b>		<b>16,075,209</b>

Producer	Project	£
<u>Early development</u>		
Alan O'Gorman	The Hanging of Sir Roger Casement	1,500
Aleksandra Bilic	Surviving Earth	1,700
Anna Griffin	Martyn Roy Sink	2,500
Benjamin Bee	Humans, (other mammals), and birds.	1,500
Benjamin Tagoe	Hogmanay	1,350
Carina Rodney	The Change	1,500
Chris Salt	Fell	1,500
David Drake	Modern Washout	1,450
Debbie Howard	Waiting	1,488
Ellie Taylor	Jameson & Son: Family Funeral Planners Since 1888	1,428
Helen Jones	Ring Road	2,330
Jacqueline Pepall	Goblin Market	1,500
Jemima James	Household	1,800
Kieran Grant	Michaelmas	1,600
Laura Mae Steven	Conspiracists	1,500
Laurence Guy	Headwater	1,450
Maadiha Abbasi	Pirate Faye	1,500
Martin Wallace	We Are Stardust	1,440
Michael Mante	Dance for Rain	1,500
Naomi Wright	Seven Women	2,050
Nick Fogg	The Strike	1,850
Olivia Hannah	Braids	1,200
Paul Frankl	Tchaikovsky	1,500
Rachel Tillotson	Somewhere out there	1,202
Ray Grewal	Untitled Malcolm X Project	1,200
Richard Addelesee	Heart of Stone	1,350
Sally Canello	Sandra and Peter - Our Best Year Yet	1,250
Sami Ibrahim	Off Land	1,075
Sharon Clark	Meadow Park	1,500
Stefan Krzysiak	A Wing and a Prayer: Finding Rupeni (working title)	1,500
Stewart Sparke	Worm Farm	1,500
Taratoa Stappard	Marama	1,100
Vicki Cargill	Tribe	1,000
<u>Postroom Picks</u>		
Alyce Burton	Cute tapestry (working title)	10,000
Andrew Oldbury	Something In The Closet	15,000
Animate Projects Ltd	Dacha	15,000
Becky Perryman	New Year	10,000
Bluebird Film Production Limited	Martha	10,000
Somesuch & Co Limited	Pitch Black Panacea	12,000
Wellington Films Limited	Sudden Light	15,000
White Girl	Bullion	1,000
<u>Short Film</u>		
104 Films Limited	Verisimilitude	16,250
Adeyinka Akinrinade	The Lost Land Girl	10,700
Ayndrilla Singharay	Armstrong	9,950
Belafonte Ltd	You From The Future	8,000
DessyMak Productions	Dawn In The Dark (WT)	10,000
Dominique Webb	Lines	15,000
Emmeline Kellie	Keep Breathing	7,000
Film Tarosvan Ltd	Hard, Cracked the Wind	5,000
Fiona Hardingham	Our Sister	9,000
Gadzooks Animation Ltd.	Bernard	11,350
Georgia Ball	Running In The Family	15,000
Hank Starrs	Red Rover	15,000
Harry Macqueen	Saturday Night	9,600
Holly Carrington	Dirt	15,000
Island Pictures	Mother Load/Formerly 1 in 5	9,000
James Bierman	Through the Pine Woods	15,000
Katherine Press	A Noble Truth	14,850
Katie Crook - Blue Iris Films	Affection	15,000
Katie Redford	Ghosted	5,937
Katie Sinclair	Signs	15,000
Lauren Parker	Majority	15,000
Loran Dunn	Shagbands	15,000
Lowkey Films Ltd	Sandpaper	15,000
Matt Hilton	3 Minutes of Silence	15,000
Morgan Faverty	Petrichor	10,000
Morgan Stephenson	Obsession	15,000
Panoptic Films	The Chippie	11,000
Paul Holbrook	Shiney	14,300
Pencil Trick Productions CIC	An Everyday Act	15,000
Perry White	Home By 8.30 (Working Title)	10,000
Poppy Ashton	Dad Joke	7,500
Position Pictures	Remainder	15,000

Producer	Project	£
Pulse Films Ltd	Goldfish	10,000
Romy Waller	Flicker	15,000
Roxy Mckenna	Future Perfect	10,000
Sarah Palmer	Trucker's Atlas	13,500
Sophie Mair	The Thing That Ate The Birds	15,000
WILSON PICTURES UK LTD.	Stop	8,000
<b>Targeted Development</b>		
Film London	Looted	75,000
Film London	Sicker	75,000
<b>Other</b>		
British Academy of Film and Television Arts (BAFTA)	BAFTA Crew 2019/2020	39,000
British Council	Supporting New and Emerging Filmmakers at Festivals and Talent Labs	55,000
British Independent Film Awards	Short Film Talent Industry Support 2018/19	18,500
Creative England Limited	iFeatures 6	500,000
Creative Scotland	Scottish Film Talent Network	200,000
Film Cymru Wales C.B.C	Welsh Film Talent Network	200,000
Film London	London Film Talent Network	203,222
Independent Cinema Office	South East Film Talent Network	105,000
Northern Ireland Screen	Northern Ireland Film Talent Network	150,000
Nottingham Media Centre Limited	Midlands Film Talent Network	105,000
The British Academy of Film and Television Arts	Flare Mentorships 2019/20	9,400
The Grierson Trust	Grierson Documentary Industry Support Programme 2018/19	13,000
The Sheffield Media and Exhibition Centre Limited	Northern Film Talent Network	180,000
The Watershed Arts Trust Limited	South West Film Talent Network	104,875
Various	NETWORK at LFF 2018	35,000
Various	NETWORK Website	52,000
<b>Talent Development</b>		<b>2,718,747</b>
Altitude Film Distribution Limited	Support for Mid90s and Beats	250,000
Altitude Film Distribution Limited	The Rider	100,000
Altitude Film Distribution Limited	Vs.	70,200
Aya Distribution C.I.C.	Rafiki	23,550
Bulldog Film Distribution Limited	Possum	20,000
Curzon Film World Limited	Apostasy	45,120
Curzon Film World Limited	Lean on Pete	124,901
Curzon Film World Limited	Girl	75,000
Dogwoof Ltd	Maiden	30,000
Dogwoof Ltd	Matangi / Maya / M.I.A.	147,562
Dogwoof Ltd	RBG	30,000
Little Ease Films Ltd	A Cambodian Spring	42,000
Modern Films Entertainment Ltd	Skate Kitchen	100,000
Modern Films Entertainment Ltd	The Rape of Recy Taylor	28,000
Peccadillo Pictures Limited	A Deal With The Universe	18,982
Peccadillo Pictures Limited	Sauvage	29,180
Peccadillo Pictures Limited	The Ciambra	28,100
Picturehouse Entertainment Limited	Out of Blue	25,000
Studiocanal Limited	Yardie	120,000
Thunderbird Releasing Limited	Support for Shoplifters and Burning	100,000
Vertigo Releasing Limited	The Kindergarten Teacher	82,000
Vertigo Releasing Limited	The Miseducation Of Cameron Post	140,000
Vertigo Releasing Limited	Thunder Road	55,000
Verve Pictures Ltd	First Features - Distribution Support Scheme	135,000
<b>Audience Fund: Distribution Awards</b>		<b>1,819,595</b>

Producer	Project	£
<b>Organisational</b>		
Arts Alive In Shropshire And Herefordshire	Flicks in the Sticks	45,000
Chapter (Cardiff) Limited	Growing Audiences	60,000
Derby QUAD Limited	Cinema Audience Growth	60,700
Encounters Festivals Limited	Encounters	90,000
Greater Manchester Arts Centre Ltd	Home	185,000
Independent Cinema Office	National Strategic Activities	574,499
International Documentary Festival Sheffield Limited	Sheffield Doc/Fest	210,000
Leeds City Council	Leeds Film	130,000
Leicester Arts Centre Ltd	Phoenix Cinema and Art Centre	220,000
Nottingham Media Centre Limited	Broadway Organisational Award 2019	150,000
Queen's University Belfast	Queen's Film Theatre	60,000
The British Federation of Film Societies	Cinema For All: Building film communities across the UK	157,670
The Glasgow Film Theatre	Glasgow Film	115,000
The Sheffield Media and Exhibition Centre Limited	Showroom Cinema	150,000
The Watershed Arts Trust Limited	Reimagining Film Exhibition	195,000
Tyneside Cinema	Tyneside Cinema	147,000
<b>Film Festival</b>		
Aesthetica Magazine Limited	Aesthetica Short Film Festival	25,000
Berwick Film & Media Arts Festival	Berwick Film & Media Arts Festival 2018	25,000
Borderlines Film Festival C.I.C.	Borderlines Film Festival 2019	38,000
De Montfort University	British Silent Film Festival	20,000
Doc'n Roll Films Ltd.	UK Tour 18-19 - Doc'n Roll Film Festival	25,000
Encounters Festivals Limited	Encounters	85,000
Flatpack Projects (CIO)	Flatpack Festival 2019	50,000
French Film Festival Ltd	French Film Festival	10,000
London East Asia Film Festival Ltd	London East Asia Film Festival	35,000
London Indian Film Festival Ltd	London Indian Film Festival	50,000
London Short Film Festival Ltd	London Short Film Festival 2019	26,950
Slapstick Festival Limited	Slapstick Festival 2019	28,500
The Edinburgh International Film Festival Limited	Edinburgh International Film Festival 2018	150,000
The Festivals Company Limited	Iris Prize 2018	25,000
The Royal African Society	Film Africa 2018	24,000
Tongues On Fire Limited	UK Asian Film Festival 2019	35,000
UK Jewish Film Ltd	UK Jewish Film Festival 2018	16,000
Zebra Access	Deaffest 2019 "Share Your Story"	25,512
<b>Other</b>		
Arts Alive In Shropshire And Herefordshire	Flicks in the Sticks	22,000
Birds Eye View	Reclaim The Frame	208,950
British Independent Film Awards	Independent Film Discovery Platform	95,240
Curzon Film World Limited	Gleaning Truths: Agnès Varda Nationwide Touring Programme	65,635
Elevenfiftyfive Ltd	New British Cinema	231,400
Greater Manchester Arts Centre Ltd	VIVA Spanish & Latin American Festival 2019 tour	32,000
Independent Cinema Office	Margarethe von Trotta mini-retrospective	20,000
JW3 Trust Limited	Jewish Britain on film	27,420
Manchester Animation Festival Ltd.	Manchester Animation Festival	25,000
Queen's University Belfast	QFT50	24,880
<b>Audience Fund - Other Awards</b>		<b>3,996,356</b>
Chapter Arts Centre	Diversity & Inclusion Cross FAN 19-20	45,000
Chapter Arts Centre	Film Hub WALES 19-20	210,000
Film London	Film Hub LONDON 19-20	200,000
Film London	Young Audiences Cross FAN 19-20	45,000
Independent Cinema Office	Evaluation & Data Cross FAN	60,000
Independent Cinema Office	Film Hub SOUTH EAST 19-20	350,000
Nottingham Media Centre Limited	Film Hub MIDLANDS 19-20	365,000
Nottingham Media Centre Limited	Major Programmes Cross FAN 19-20	440,000
Queen's University Belfast	Film Hub NI 19-20	210,000
Queen's University Belfast	Non-theatrical Cross FAN 19-20	10,000
The Glasgow Film Theatre	Film Hub SCOTLAND 19-20	225,000
The Glasgow Film Theatre	Member Support & Development Cross FAN 19-20	145,000
The Sheffield Media and Exhibition Centre Limited	Screen Heritage Cross FAN 19-20	150,000
The Sheffield Media and Exhibition Centre Limited	Film Hub NORTH 19-20	460,000
The Watershed Arts Trust Limited	Cross FAN Marketing, Communications & Audiences (MCA)	105,000
The Watershed Arts Trust Limited	Film Hub SOUTH WEST 19-20	280,000
<b>Audience Fund - Film Audience Network</b>		<b>3,300,000</b>

Producer	Project	£
<b>Film Export</b>		
Alliance Media Partners International Ltd	Pink Wall	7,590
Altitude Film Sales Limited	Whitney	13,300
Autlook Filmsales GmbH	Island of the Hungry Ghosts	10,655
Bankside Films Ltd	In Fabric	12,523
Bankside Films Ltd	Jellyfish	4,355
Cornerstone Films	Animals	7,007
Cornerstone Films	Blinded by the Light	15,000
Dogwoof Ltd	Women Make Film: A New Road Movie Through Cinema	6,659
Dogwoof Ltd	Maiden	7,215
Dogwoof Ltd	The Eyes of Orson Welles	11,310
Embankment Films Ltd	Untouchable	8,303
Film Constellation Ltd	Tell It To The Bees	14,265
Great Point Media Limited	The Last Tree	7,639
Great Point Media Limited	Gwen	9,538
HanWay Films Limited	Farming	15,000
Hippocampus Films Ltd.	Seahorse: The Man Who Gave Birth	5,504
Independent Film Sales Ltd	Out Of Blue	8,944
Independent Film Sales Ltd	Dirty God	9,313
Kew Media International	Marianne & Leonard - Words of Love	4,146
Luxbox SAS	Ray & Liz	13,921
Protagonist Pictures Limited	Where Hands Touch	10,000
Protagonist Pictures Limited	Cold War	15,000
Protagonist Pictures Limited	The Souvenir	15,000
Protagonist Pictures Limited	Vita and Virginia	15,000
The Highland Midgie Ltd	Boyz in the Wood	13,462
Violet Films Limited	Evelyn	797
WestEnd Films LTD	Mr. Jones	15,000
Wide House SARL	Freedom Fields	6,625
<b>Other International</b>		
Anica Servizi S.r.l.	MIA Mercato Internazionale Audiovisivo	15,432
Bridging Visions e.V.	Bridging the Dragon Events	15,000
Dinard Film Festival	Festival du Film Britannique	22,000
Film Export UK Ltd	2019 UK Film Centres	250,000
Film London	The London Screenings	90,000
Film London	British Film Commission (BFC) 19/20	575,000
Film London	Production Finance Market	20,000
Galway Film Fleadh CLG	Galway Film Fleadh & Fair	7,500
Various	UK Film Centre for Cannes 2019	440,000
<b>International and Film Export Fund Awards</b>		<b>1,718,003</b>
Creative England	Creative Enterprise - Business Support Programme	1,700,000
Creative England	Creative Enterprise - Investment Readiness and Investor Orientation	850,000
<b>Creative Enterprise Fund</b>		<b>2,550,000</b>
Alma Economics Ltd	Cultural Value Evidence Review	35,000
Various	Economic contribution study	20,000
Various	Production and Certification tracking services 2019-2021	135,000
Various	RSU data and services purchase 2018-19 Tranche 1	126,000
Various	RSU data and services purchase 2018-19 Tranche 2	126,000
Various	RSU data and services purchase 2018-19 Tranche 3	29,123
Various	RSU data and services purchase 2018-19 Tranche 4	33,725
<b>Research and Stats</b>		<b>504,848</b>

Producer	Project	£
Calling The Shots (Films) Limited	BFI Film Academy - Residential Strand	37,500
Cinemagic Limited	BFI Film Academy - Network Strand	17,000
Clapperboard UK Limited	BFI Film Academy - UK Network	16,930
Creative Nation Limited	BFI Film Academy - UK Network	29,750
CTVC Limited	BFI Film Academy - Residential Strand	60,000
Ffresh Limited	BFI Film Academy - Network Strand	34,000
Glasgow Media Access Centre Limited	BFI Film Academy - Network Strand	17,000
Long Road Sixth Form College	BFI Film Academy - UK Network	16,849
Plymouth College of Art	BFI Film Academy - Network Strand	16,880
Screen Education Edinburgh	BFI Film Academy - Network Strand	17,000
Screen Education Edinburgh	Residential - Craft Skills	48,000
Station House Media Unit (shmu)	BFI Film Academy - Network Strand	17,000
TAPE Community Music and Film Ltd	BFI Film Academy - UK Network	13,600
The Film and Video Workshop	BFI Film Academy - Residential Strand	59,938
The Nerve Centre	BFI Film Academy - Network Strand	51,000
The Sheffield Media and Exhibition Centre Limited	Residential - Programming and Audience Development	45,000
Tyneside Cinema	BFI Film Academy Screenwriting Residential	37,500
<b>Film Academies</b>		<b>534,947</b>
The British Film Institute	62nd BFI London Film Festival	500,000
<b>Targeted Funding</b>		<b>500,000</b>
The British Film Institute	Heritage 2022	2,092,727
<b>Heritage 2022 Fund</b>		<b>2,092,727</b>
Bridge Way Limited	Vision Awards 3 - 3rd year extension	50,000
Delaval Film Ltd	Vision Awards 3 - 3rd year extension	50,000
Escape Films Ltd	Vision Awards 3 - 3rd year extension	50,000
ie ie Productions Limited	Vision awards 3 - 3rd year extension	50,000
Red Breast Productions Ltd	Vision Awards 3 - 3rd year extension	50,000
Zip-Line Productions Ltd	Vision Awards 3 - 3rd year extension	50,000
<b>Vision awards</b>		<b>300,000</b>
Creative England	Production services 2019-20	550,000
<b>Production Services Fund</b>		<b>550,000</b>
Screen Yorkshire Limited	Yorkshire Growth Plan 2019-2022	600,000
<b>National Cluster Growth Fund</b>		<b>600,000</b>
Film Cymru Wales	Wales Film Ed delegation 19/20	120,000
Film Nation UK	Into Film Programme 2018-20	9,665,000
B25 Limited	'Future Skills' Placement Programme	85,750
Monstro Productions	'Future Skills' Placement Programme	92,300
Romanoff Productions UK Limited	'Future Skills' Placement Programme	92,300
<b>Education Fund</b>		<b>10,055,350</b>

Producer	Project	£
Artemisia Films Ltd	Attrition	15,000
Aspect Film & Video Limited	Bruce	500
Bend It Films Limited	Fraud	7,500
Bird Flight Films Limited	Poker Granny	10,500
Bluebird Film Production Limited	Holy Cannelloni	5,000
Bluebird Film Production Limited	Land's End	3,250
Bohemia Junction Limited	Summerhill	11,000
Bonnie & Co. Ltd	Watermelon Seeds	10,200
Briony Redman	Pressing Matters	5,500
Candle and Bell Limited	Elsewhere	1,000
Candle and Bell Limited	Strange Cities Are Familiar (working title)	2,500
CMP Film Ltd.	4Real	4,000
Delaval Film Ltd	Lambing Season	15,000
Delaval Film Ltd	Night Side	11,250
Elation Pictures Limited	Woe is Me	3,000
Emu Films Limited	Arctic Tern	1,316
Emu Films Limited	Master Blaster	1,133
Emu Films Limited	Starting The End	3,500
Essential Cinema Limited	The Mousehole	9,500
Fallen Films Ltd	The Stranger	1,000
Fume Films LTD	The Stomach	3,000
Gingerbread Pictures Ltd	Tuesday	8,000
Griffin Pictures Ltd.	The Tunnel	30,000
Guy Bolton	Boy	11,150
Hook Pictures Limited	Battles	1,000
iBlade Films Limited	The Understudies	2,500
Inflammable Films Limited	Devil's River	8,250
Jack Taylor Cox	Emeline of Eyam	2,000
Jeva Films Limited	I'll See Myself Out	2,200
John Loden Ltd	The Damage Done	4,000
Kennedy Mellor Ltd	Malcolm McLaren's Last Will and Testament	9,500
Little House Productions Limited	Lion and Panther	5,675
Lookout Point Limited	One Clear Call	5,750
Loop Projects Limited	Birdy	7,500
Loose Change Films Ltd	The Harvest Sun	2,500
Lunar Lander Films Limited	You're Almost There	16,000
Mint Pictures Limited	Crime Fiction	9,250
Mint Pictures Limited	Duffy	6,250
My Accomplice Limited	The Diamond Sea	2,500
Naomi Garrett	Surf	500
Newscope Films Limited	Fastest Way Down	3,750
Ochroma Films Limited	Balsa Wood	2,000
Parkville Pictures Limited	Polite Society	5,000
Parkville Pictures Limited	Stalker	2,500
Pistachio Pictures LTD	Something Changed	1,500
Quiddity Films Ltd	The Swan	7,500
Rooks Nest Entertainment Limited	Surge	3,000
Saracen Films Ltd	Pommel	4,000
Sigma Films Limited	All the Birds Singing	8,500
Smuggler Entertainment LLP	Koffee and Diamonds	1,000
Stephen Irwin	Now We Rise	2,000
Stray Bear Productions Ltd	Shepherd	2,500
Stray Bear Productions Ltd	The Dynamite Room	3,000
Sulkybunny Limited	Caring Sharing	7,500
Teng Teng Films Ltd	Pretty Red Dress	17,000
The Bureau Film Company Limited	Dumbarton Road	10,500
The Bureau Film Company Limited	The Pioneers	2,000
Things We Never Said Ltd	Things We Never Said	11,000
Third Films Limited	Roofrapper	8,304
Wellington Films Ltd	Any Means Necessary	5,500
Wellington Films Ltd	Benbecula	4,750
Wellington Films Ltd	There Is Light	5,500
<b>Talent awards transferred from Creative England</b>		<b>377,478</b>
		<b>50,023,869</b>



**Schedule 2: New Lottery commitments made by delegate bodies (unaudited information) in the year ended 31 March 2019**

The Documentary Society were delegated £1.52m of lottery funds for activity in 2018-19, Ffilm Cymru Wales £200,000 and Northern Ireland Screen Commission £150,000. The awards made to third party organisations by these delegate bodies in the year ending 31 March 2019 are listed below.

<b>Award Recipient</b>	<b>Project</b>	<b>£</b>
<b>The Documentary Society</b>		
104 Films Ltd	Hello Stranger	50,000
7A Films Ltd	The North	10,000
Archers Mark Ltd	Story of Bones	70,000
Banyak Films Ltd	Maya	100,000
Brass Mill Media Ltd	Jalalludien	15,250
Brightstar Film and TV Ltd	The United Nations	80,000
Dartmouth Films Ltd	Bank Job	70,000
Doc Hearts Ltd	White Nanny Black Kids	20,000
Dorothy Street Pictures Ltd	If the Streets Were on Fire	15,000
Dumbworld Productions Ltd	The Flats	20,000
Hopscotch Films Ltd	Never Actually Lost	15,250
Hot Property Films Ltd	Is There Anybody Out There?	47,850
Hot Property Films Ltd	The Gold Machine	100,000
Inside Out Films Ltd	Exterminate All the Brutes	106,700
Kolour Productions Ltd	Bathroom Privileges	15,250
Labor of Love Films Ltd	A Bunch of Amateurs	20,000
Lief Films Ltd	Imogen	15,250
Marble Films Ltd	Locked In	80,000
MetFilm Ltd	The Animated Mind of Oliver Sacks	75,000
My Accomplice Ltd	Hide & Seek (Nascondino)	80,000
My Accomplice Ltd	The Masses	15,250
Named Individual	Country Girl (formerly Lillith & Gwen)	17,250
Named Individual	Hattie	15,250
SDI Productions Ltd	Horsemen	50,000
Tara Films Ltd	Sinead O'Connor: Nothing Compares	22,500
Try Hard Films Ltd	00 (formerly Jacaranda)	15,250
UPRA Productions Ltd	The Circle	15,250
Violet Films Ltd	Golgotha	16,250
<b>Total Doc Society delegated awards 2018-19</b>		<b>1,172,550</b>
<b>Ffilm Cymru Wales</b>		
Winding Snake Productions	Leaf Boat short film award	15,000
Up Helly Aa Ltd	Sally Leapt Out of a Window Last Night project development	1,000
Up Helly Aa Ltd	Sally Leapt Out of a Window Last Night short film award	15,000
Sixteen / Mist Ltd	Mist short film award	14,500
Severn Screen Ltd	Baich short film production (additional award)	5,000
Severn Screen Ltd	Beast of Burden project development	5,000
Penbryn Films	career progression award	2,500
Old Grog Films Ltd	Holy Men project development	9,990
Named Individual	career progression award	1,500
Named Individual	career progression award	500
Named Individual	Dolly project development	1,000
Named Individual	Fly project development	1,000
Named Individual	Jelly project development	1,000
Named Individual	Jelly short film award	14,000
Named Individual	Leaf Boat project development	1,000
Named Individual	Men I Trust project development	1,000
Named Individual	Motion Sickness project development	1,000
Named Individual	Motion Sickness short film award	15,000
Named Individual	Still Waters project development	6,500
Named Individual	The Pit project development	1,000
Martha Stone Productions	Vegetarian Tigers of Paradise project development	5,000
Lazerbeam Ltd	The Welsh Revolutionary project development	6,000
Kreu Media Ltd	Takeshi project development	1,000
Kreu Media Ltd	Takeshi short film award	11,000
ieie Productions Ltd	Fantasmagoria project development	1,000
Em-Lou Productions Ltd	Clapham Trashbag project development	4,000
Deivos Ltd	Father of the Bride project development	1,000
Deivos Ltd	Father of the Bride short film award	15,000
<b>Total Ffilm Cymru Wales delegated awards 2018-19</b>		<b>156,490</b>

<b>Award Recipient</b>	<b>Project</b>	<b>£</b>
<b>Northern Ireland Screen Commission</b>		
23Ten Productions Ltd	Black Medicine	10,000
ALT Animation Ltd	Wuzzlegumps	20,000
Causeway Pictures Ltd	F.O.G	3,750
Clean Slate Television Ltd	Beyond the Battlefield	3,750
Erica Starling Productions Ltd	The Farmer	3,750
Farset Films Ltd	Bleed	3,750
Farset Films Ltd	Pills	5,000
Fine Point Films Ltd	The Organist	5,000
Jim McMorrow	Upside	1,125
Louise Nesbitt	Alexi/ Noelle Noelle/Alexi	1,125
Northern Star Pictures Ltd	Ruthless	5,000
Northern Star Pictures Ltd	Wishbone	3,000
Out of Orbit Ltd	The Appointment	3,750
Purple Finch Productions Ltd	The Infinite Bond	5,000
Red Box Media Productions Ltd	Ruby	5,000
Super Lemon Productions Ltd	Flexible	2,000
Taunt Ltd	TOT	20,000
Village Films Belfast	Parting Gift	5,000
	<b>Total Northern Ireland Screen Commission delegated awards 2018-19</b>	<b>106,000</b>
	<b>Total awards by delegate bodies 2018-19</b>	<b>1,435,040</b>

## 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 2018-19.

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 2018-19.

#### 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 which commenced on 1 April 2017 which includes a number of new and continuing Lottery funding schemes, through a wide-scale public consultation undertaken in 2016.

During the year, roadshows were held in Birmingham, Bristol, Edinburgh and Manchester with leading regional sector interests to discuss and consider regional data, Screen Business, and general matters.

- 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 2018-19 the BFI continued to operate Diversity Standards 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 delivery of Lottery programmes for young people. The 16-30 age group is identified as a key priority within the BFI2022 five-year strategy and is now an assessment criterion for relevant funding programmes.

Notably the BFI 5-19 education scheme, which is managed by *Into Film*, was managing just over 10,000 'active' film clubs, with an estimated total engagement of approximately 3.9 million young people.

In addition, the BFI Film Academy, with additional funding from the Department for Education, enabled approximately 1,000 young people, from all round the UK and from any background, aged 16-19-year-olds the first step to being part of the future film industry.

A number of other programmes, notably the Film Audience Network, also focused on 16 – 30 year olds.

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.

The BFI's Diversity Standards ensure all its funding works to celebrate and engage people from all backgrounds across the UK, including those from different socioeconomic groups.

The BFI works to bring film and the moving image to the widest possible range of communities across the UK through the Film Audience Network. Comprising a network of more than 1000 exhibitors and led by a group of 'Film Hub Lead Organisations' in each nation and region of the UK, the network funds projects including community and neighbourhood cinemas as well as local film festivals celebrating all aspects of identity.

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 the BFI Film Academy, and in partnership with ScreenSkills (formerly known as Creative Skillset), the Sector Skills Council for the audio-visual industry, a revised and refreshed funding programme was agreed during the year for training and skills with 2018-19 being the first full year that the programme of activity was delivered.

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 Digital, 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 film heritage activity.

- I) The desirability of the British Film Institute working jointly with other organisations, including other distributors.

The BFI undertakes partnership working with other Lottery distributors, most notably with Arts Council England and NESTA.

The BFI delegates funding to the Doc Society in relation to documentary filmmaking.

In addition, the BFI works with a number of key partners notably, Creative England in support of its strategic objectives that can be delivered at a local and/or regional level; ScreenSkills; the National Screen agencies of Wales – Ffilm Cymru Wales; Northern Ireland – Northern Ireland Screen; and, Scotland – Creative Scotland; and with partners in the English regions, notably the Film Hub Lead organisations (Film Audience network programme).

- 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. In 2018/19, to supplement its established counter-fraud approaches, the BFI introduced additional counter-fraud checks for all awarded/successful Lottery applications.

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:
1. Expanding education and learning opportunities and boosting audience choice across the UK;
  2. Supporting the future success of British film;
  3. 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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