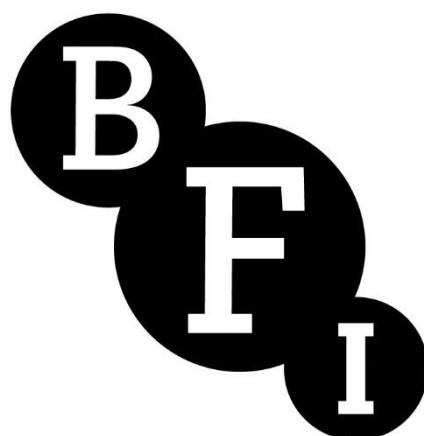


BFI ANNUAL REPORT AND FINANCIAL STATEMENTS 2019-20



BRITISH FILM INSTITUTE Group and National Lottery
Annual Report and Financial Statements for the year ended
31 March 2020

Presented to Parliament pursuant to Section 34(3) and 35(5) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006).

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Any enquiries regarding this publication should be sent to us at:
customerfeedback@bfi.org.uk.

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MISSION AND VALUES

The BFI is the UK's lead organisation for film, television and the moving image and we are the distributor of National Lottery funds for film. Founded in 1933, the BFI is a registered charity governed by Royal Charter and our role is to:

- Curate and present the greatest international public programme of world cinema for audiences; in cinemas, at festivals and online
- Care for the BFI National Archive – the most significant film and television archive in the world
- Actively seek out and support the next generation of filmmakers
- Work with Government and industry to make the UK the most creatively exciting and prosperous place to make film internationally.

BFI2022 is our current five-year plan. Its focus is on the future and shaping the BFI's next chapter for film, television, animation and the moving image more widely as we embrace the fast-evolving technological creative arena and post-EU exit world. The strategy is arranged in four sections:

- Future audiences
- Future learning and skills
- Future talent
- Leadership

It is underpinned by a wider interpretation of film to embrace new forms, a sustained commitment to inclusion and diversity, and creating more opportunity for everyone across the whole of the UK.

In carrying out our duties, we undertake to:

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

CHAIR AND CHIEF EXECUTIVE'S STATEMENT

As we started the current financial year, we could not have guessed that in its final quarter we would experience one of the biggest upheavals in recent times to our communities and to the world, alongside the triggering of unprecedented economic uncertainty and risk. Although COVID-19 was only in its early stages at the final time of reporting, the activity and context of this annual review can now only be viewed through the new world order the pandemic has imposed and the rapid and immediate curtailment of almost every aspect of our BFI activity.

We will report in more detail and with greater insight in the time to come when we are able to take a longer view on what has happened. We can then assess the impact of the pandemic on us, the wider screen industry, our partners, business relationships and colleagues along with the effectiveness of the measures we undertook at pace to mediate the impact of the UK lockdown and to ensure our sector can thrive as we recover.

In the meantime, this annual review offers an initial picture of a year of exciting growth and UK activity, and is ending with a lockdown, and by concerted efforts across all aspects of industry working together and with Government on a tactical recovery plan to restart. The top to tail repurposing of our activity to meet these challenges has been achieved through the sheer dedication and determination of many as we moved quickly and decisively to deal with the pandemic. There are many people to thank.

We are part of a community of innovative and talented creatives working across the entire value chain. We have been committed to supporting the individuals, organisations and businesses who have been most impacted by COVID-19, and we developed a programme of support, which sat alongside the Government's extensive fiscal package.

We listened to the industry to understand where the immediate need was most, and repurposed over £4.6m in National Lottery funding to target specific areas of the sector, including exhibitors, freelancers and productions that had to halt in the wake of COVID-19. We adjusted criteria on key existing schemes – including our annual £2.5m Development Fund and the BFI Locked Box – in response to issues such as cash flow and company overhead.

Meanwhile all our existing funds for shorts, features and talent development funds – which will total £21.9m in 2020-21 – remained open. Recognising the need to help our industry deliver for audiences during this period, we encouraged applicants to our Audience Fund Project Awards, with £1.6m available in 2020-21, to work on inventive online audience-facing activity to help bring films direct to audiences while our cinemas are closed.

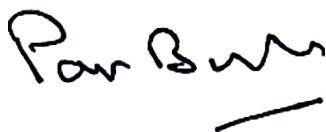
Producers continued to be supported through the BFI International Fund to capitalise on upcoming virtual markets, and we have assessed how to adapt our Film Export Fund to effectively support sales agents once physical international festivals and markets resume.

Alongside this, we remained in close collaboration with Government and a wide range of partners through the BFI's Screen Sector Task Force, through which we have already helped to shape measures introduced to support our industry from new guidelines for film and television production and cinemas to a quarantine exemption for cast and crew, a restart scheme for productions struggling with getting COVID-insurance and a Culture Recovery Fund for independent cinemas in England. The Government has been really supportive throughout this process, and while this vital work continues, we are also focused on developing a strategy for our recovery.

As a new Chief Executive, only three weeks in to the job when lockdown hit, it has been an immersion of the deepest kind. I am honoured to be at the helm at this time, working with and guided by an engaged and inspiring Board of Governors under Chair Josh Berger, and of course, with our brilliant people at the BFI.

I also give heartfelt thanks to my predecessor Amanda Nevill, who led this organisation for 17 extraordinary years, accomplishing a total transformation of the BFI and taking it from strength to strength. Among her many outstanding achievements she has ensured the BFI National Archive is safe and accessible for future generations, successfully taken on the role of the UK's National Lottery distributor for film, transformed BFI Southbank into a leading cultural venue, launched the BFI Film Academy, VOD service BFI Player and the BFI Film Audience Network across the UK, and introduced to the industry the pioneering BFI Diversity Standards and guidance to tackle racism, bullying and harassment. It was a fitting finale as she was awarded a BFI Fellowship to honour her remarkable contribution to British film, television and the moving image at a special celebratory farewell with industry guests and colleagues.

This is also the moment to acknowledge the vital importance of all BFI staff and to thank them for their tireless work throughout the year. They will prove absolutely vital to the continued growth of the BFI as we emerge from the pandemic.



Pat Butler
Interim Chair, Board of Governors



Ben Roberts
Chief Executive

WHAT WE DELIVERED THIS YEAR

FUTURE AUDIENCES

We believe that everyone, everywhere in the UK should have opportunities to enjoy and learn from the richest and broadest range of great British and international filmmaking, past and present. This is central to our goal of encouraging ambition in filmmakers, and creating an appetite in audiences for a diverse range of film and moving image making, especially for audiences aged 16-30. As well as showcasing contemporary and world cinema, we create ambitious programming and access opportunities to bring our national collection of film, television and the moving image to current and future audiences.

Cultural programme

Until hit with the COVID-19 lockdown at the end of the year in review, 2019-20 was proving one of our most successful years ever in terms of audience size and reach across all of our platforms. This included our own cinemas and partner cinemas across the UK, on BFI Player – our video on demand platform, BFI DVD releases and online. We have a rich ongoing programme of work which speaks to many audiences. Our £3 ticket offer to encourage younger audiences aged 25 and under saw a 40% increase in attendances in this age group and new engagement with a very broad range of films; we programme regular screenings and events for LGBTIQ+ audiences as well as the biggest LGBTIQ+ film festival in Europe; we continue to explore the representation of women in film and films made by women; we acquire works from black and Asian filmmakers for the national collection, and offer programming which speaks to a diversity of UK audience interests. We still have much to do to reach our goals of having a range of experience and voices in our curatorial, editorial and programming teams which reflects the population of the UK, and in developing partnerships that amplify our collections and public programme.

Focus on filmmakers

To celebrate his work and legacy we launched the year with *Stanley Kubrick*, partnering with the Design Museum on a sell-out exhibition and a joint programme of events over two months. As well as presenting Kubrick's work we had a selection of films by leading filmmakers influenced by Kubrick. Appearing in support of *A Clockwork Orange*, Malcolm McDowell was the headline event on the NFT1 stage with a career interview; and screening introductions from McDowell propelled the BFI re-release to 249 locations UK-wide and to increased audiences online.

A complete retrospective of the films of Kore-eda Hirokazu, fresh from winning the Palme d'Or at the Cannes Film Festival with *Shoplifters* (2018), was a huge success with UK audiences. A re-release of his rarely seen debut film *Maborosi* (1995), a UK-wide touring package to 48 cities, a DVD box set and a collection on BFI Player brought new audiences to this great Japanese director and he also gave a charming and insightful career interview to a capacity audience at BFI Southbank.

We partnered with Cinecitta to mark *Fellini 100* – the centenary of Italian director Federico Fellini. Even despite interruption to bookings and venues as a result of COVID-19, this was an immensely successful season with a revival of *La Dolce Vita* (1960) and an accompanying touring package to 59 locations around the UK. A particular highlight was the *Fellini 25 and Under* introduction, hosted by journalist Christina Newland as a pilot event to introduce young audiences to classic cinema. In a post-screening survey, 92% of attendees indicated that they would see new and different films in the season as a result of the offer, and 100% said they would recommend the BFI's 25 & under scheme to a friend.

Our re-release of classic films helps us to re-appraise and celebrate films that would be otherwise forgotten, to create new materials on films not in circulation, and to reach new audiences for them. Our focus this year included a new restoration of Alfred Hitchcock's *Notorious* (1946); a 50th anniversary release of John Schlesinger's *Midnight Cowboy* (1969); and continuing our work with Derek Jarman titles, a re-release of *The Garden* (1990), remastered by the BFI National Archive.

Blockbuster: Musicals!

Our annual blockbuster project was *Musicals!*, with a host of UK-wide events, screenings and releases happening across BFI Southbank and BFI IMAX, in partnership with the Film Audience Network and the ICO in cinemas across the UK, on DVD and BFI Player (with 55 titles across Free, Subscription and Rentals). *Musicals!* not only celebrated the cinematic invention of the art of the Golden Age of the Hollywood film musical, but also shone a light on musicals which looked at racism and the Depression, as well as the forgotten or unfamiliar such as fantasy rock opera *Tommy* (1975) and Soviet Russian offerings or India's Bollywood. Venue highlights included a live piano bar and musical performances, quizzes, interactive screenings and sing-a-longs, on-stage appearances from Patricia Ward Kelly – widow and biographer of Gene Kelly – to *The Wire*'s Clarke Peters and Petula Clark, and a host of other West End and musical stars. Nationwide re-releases of *Singin' in the Rain* (1952) and *The Umbrellas of Cherbourg* (1964) both exceeded their targets, reaching audiences in 126 and 69 locations respectively, while Blu-ray releases of *Hair* (1979), Barbra Streisand's *Yentl* (1983) and a revival of *Les demoiselles de Rochefort* (1967) rounded out the slate. The season provided a rare opportunity to showcase works from the BFI National Archive including some lesser known musicals projected from celluloid on almost pristine Technicolor dye transfer prints from the collection including Gene Kelly in *Du Barry Was a Lady* (1943), Lena Horne in *Broadway Rhythm* (1944) and Doris Day in *It's Magic* (1948).

Other headline projects throughout the year included:

- *Nineties: Young Cinema Rebels*, capturing the non-conformist spirit of the decade and targeted towards and watched by under 25s audience, the main focus was on BFI Player
- *No Direct Flight*, an exploration of the African moving image and the lineage of aesthetics that's handed between generations and across borders due to digital tech and the internet
- *Monty Python at 50*, a comprehensive television and film season featuring an exhibition, DVD and BFI Player releases and guests including Terry Gilliam, Neil Innes, Tim Brooke Taylor, Aimi Macdonald and Barry Cryer
- A look at actor as author with a hugely popular Cary Grant retrospective; and celebrations of the work of Angela Bassett and Carole Lombard
- *Beyond Your Wildest Dreams* – a major interrogation of the ground breaking and formally innovative filmmaking of Weimar Cinema (1919 to 1933), marking the 100th anniversary of the Republic with its dystopian cities, strange horror films and decadent nightclubs with 12 titles never before available now on BFI Player.

We showcased the story of women in film with a range of work including: the release of French director Claire Denis's *High Life* (2018) which formed the centrepiece of a career retrospective and in venue interview; a provocative thematic season *Playing the Bitch* which explored representations of unlikeable but alluring and larger than life female characters on screen; and the second annual *Woman With A Movie Camera* summit which offered panels, talks and interactive events for a young audience interested in women's role in the industry and wider film culture. During this period all our new subscriber releases on BFI Player were from female filmmakers.

Tilda Swinton received a prestigious BFI fellowship which we celebrated and supported with her own retrospective at BFI Southbank and on BFI Player, in collaboration with *Sight & Sound's* Isabel Stevens. Tilda brought an impressive supporting cast as her BFI guests including Bong Joon-ho, Lynne Ramsay, Sally Potter, Joanna Hogg, Sandy Powell, Wes Anderson, Simon Fisher Turner and Seamus McGarvey.

Bringing contemporary cinema to UK audiences

The programmes we champion include both historical material that audiences would otherwise never see, and films by new talent and established filmmakers from the UK and internationally. These programmes and special selections are toured across the UK, and showcased through festivals, cinema previews, releases, and online, as well as across many formats and platforms.

BFI London Film Festival 2019

The 63rd edition of the BFI London Film Festival in partnership with American Express (2-13 October 2019) attracted nearly 180,000 admissions including education and industry, with 82% capacity screenings and events.

Opening with the European premiere of Armando Iannucci's *The Personal History of David Copperfield* (2019) with an all-star cast in attendance including lead Dev Patel, the 2019 Festival developed its reach to audiences across the UK with satellite screenings at over 100 cinemas of the international premiere of Closing Night Gala, Martin Scorsese's *The Irishman* (2019), as well as Sarah Gavron's *Rocks* (2019), Tom Harper's *The Aeronauts* (2019), and Dreamworks' *Abominable* (2019) directed by Jill Culton.

Feature films and shorts were selected from 78 countries around the world; 40% of the films were also directed or co-directed by women while across all competitive categories, 60% were directed or co-directed by women.

We welcomed 868 UK and international filmmakers – including Martin Scorsese, Marielle Heller, Bruce Springsteen and Céline Sciamma – to present their work at venues across the capital. With 233 feature films from both established and emerging talent, we hosted a range of world, international and European premieres with red carpet line ups of cast and crew.

In a new audience development initiative for 2019, we hosted LFF For Free, with BFI Southbank as a Festival Hub for the public, offering 30 free events over two weekends, designed for all ages and families, and for all tastes. For the first time a selection of short films from LFF were made available on BFI Player for the duration of the festival, as part of the #GenerationNow initiative celebrating young filmmakers.

A refreshed industry programme emphasised the UK's place within a global industry, with major international professionals, from Stephen Gilula and Nancy Uitley Co-Chairmen of Searchlight Pictures to Glen Basner from Film Nation, taking part in events which tackled some of the most pressing questions facing the industry at this time of radical change. We introduced two new partnerships with Creative XR and Facebook, along with our existing partners Film London for the Production Finance Market, and the British Council. The refreshed programme is part of our longer-term strategy to increase the international profile of the festival and it has already generated significantly more international trade media coverage than in previous years.

BFI Flare LGBTIQ+

BFI Flare is the biggest LGBTIQ+ festival in Europe, but the COVID-19 lockdown hit us just days before we were due to open on 18 March. We faced significant challenges but with all of our teams pulling together, we repurposed the event as an online festival, bringing 20% of the Flare ticket-buying audience with us. With the rich selection of LGBTIQ+ work already on BFI Player as a base, we licensed nine new feature films from the 2020 festival selection for BFI Flare at Home. The film programme was complemented with online Q&As, daily curated recommendations from programmers, as well as free access to films from previous Flare festival editions and the free BFI National Archive curated LGBT Britain on Film collection.

The online edition of BFI Flare at Home generated impressive audience engagement results across the extended festival period (19 March– 15 April 2020) with the nine Flare films being viewed 6,500 times, and 30,000 video plays across all Flare content on BFI Player.

For the sixth year we continued our Five Films For Freedom programme in partnership with the British Council, enabling audiences worldwide to show solidarity with LGBTIQ+ communities living in countries where human rights are restricted. The programme included free international access to five brand new LGBTIQ+ short films, plus we launched our first ever short film commission, More Films For Freedom, a three-film series of collaborations from UK-based filmmakers and storytellers from countries in Africa and the Middle East. There have been just over six million views of films over the six years of the programme.

BFI releases and previews

In our year round programme, cinema and DVD/ VoD releases of *Varda by Agnès* (2019) and *Little Joe* (2020) offered opportunities to explore two leading contemporary women filmmakers. *Little Joe* was accompanied by a Jessica Hausner retrospective at BFI Southbank, while *Varda by Agnès* reached significant audiences on every platform and turned out to be the great director's final film.

The We Are Parable week-long takeover of the BFI offered films and online events designed to celebrate and spark debate around black British film, past, present and future. Events included a preview of Rapman's *Blue Story* (2019) and a full Peckham marketplace. A bumper International Women's Day brought two previews to BFI Southbank in *The Perfect Candidate* (2019) with director Haifaa al-Mansour and *Misbehaviour* (2020) with director Phillipa Lowthorpe and producer Suzanne Mackie. Sold out previews of new releases supported by major talent throughout the year included *Parasite* (Bong Joon-Ho, 2019), *Bacurau* (Kleber Mendonça Filho and Juliano Dornelles, 2019), *Pain and Glory* (Pedro Almodóvar, 2019), *Marriage Story* (Noah Baumbach, 2019), *The Personal History of David Copperfield* (Armando Iannucci, 2019), *Toy Story 4* (Josh Cooley, 2019), and *Diego Maradona* (Asif Kapadia, 2019).

The biggest release of the year was Mark Jenkin's critically acclaimed *Bait* (2019). This low budget, compelling film was an unprecedented success and was seen by more than 120,000 people in 251 locations UK-wide. The film sparked a conversation about celluloid and gentrification, won a BIFA and a BAFTA, and received its own live score commission performed in BFI Southbank.

Our DVD/Blu-ray releases are simultaneously made available on BFI Player. A significant extension of this release strategy was adopted with *Bait*, which was made available in Subscription two weeks before the DVD/Blu-ray release in order to capitalise on elevated numbers of Subscription free trials in January. It was an incredible success, becoming the most viewed title ever in Subscription with 27,000 views to date, ensuring strong subscriber retention over the following months, and with DVD/Blu-ray sales continuing to hold up well.

Overall we have seen increases in year-on-year sales from physical formats. Going against the market trend of rapidly decreasing year on year sales, we saw stronger returns in 2019-20, with *Bait* as the strongest standalone DVD release. This valuable experiment gave us the confidence to try various other windowing models when COVID-19 closed down our cinemas in March.

In television, previews of *Baghdad Central*, *This Country*, and *This Way Up*, among many more, offered sold-out audiences opportunities to see premium drama on the big screen. A celebration of *Game of Thrones* saw HBO take over BFI Southbank and bring the stars of the series to NFT1 to the delight of fans; and the Blu-ray release of *Scandal*(1989), which was made for television, was marked by a successful launch bringing director Michael Caton-Jones, producer Stephen Wooley and writer Michael Thomas together on stage. April also saw the return of the wildly successful BFI & Radio Times Television Festival, with talent including Helen Mirren, Joanna Lumley, Charlie Brooker, Nadia Hussain, Josh O'Connor, Big Narstie and Zawe Ashton.

Library and Mediatheque

More than 70,000 people visited the BFI Reuben Library at BFI Southbank while our Mediatheque had more than 38,000 visitors, viewing almost 70,000 individual video plays from a collection of 85,000 digitised film and TV programmes.

More than 11,000 individual researchers were registered in the library's reading room, fulfilling over 3,000 access requests for library material. Research topics ranged from: the representation of women of colour in selected Disney animated films; Gaston Melies' films made during his 'South Sea' trip, 1912-13, particularly those made in New Zealand; and an AHRC-funded project titled 'Reframing Vivian Leigh: Gender, Stardom and the Archive' (Oxford UP, 2020).

Collections Focus displays included library material to accompany the Weimar cinema programme, as well as collections of the film critic Pauline Kael, Monty Python and Federico Fellini. We had sell-out events from the New Writings strand of talks and lectures with topics ranging from the films of martial arts superstar Bruce Lee, lesbian cinema post-queer theory, the history of representations of gay men on British television, and the global phenomenon of the sitcom *Friends*.

Archive footage sales

We give access to the collections by licensing and supplying archival materials for a wide range of productions. This creates significant income which we are dependent on for the running costs of the national collection. As we moved into lockdown at the end of the financial year, the request for archive material grew hugely as companies could no longer shoot new works. Footage sales are largely for broadcast on public service and commercial channels in the UK and Europe (ZDF, Arte, STV, Discovery), but also worldwide (BBC Persia, BBC Worldwide, Australia, Japan, North US, Canada and Southeast Asia), and increasingly through streaming services such as Netflix.

The conservation and collection management teams began an ambitious multi-year inspection and digitisation programme in collaboration with academic digital publisher Adam Matthew Digital and a commercial digitisation supplier with film inspection, film cleaning and scanning. The entire silent era newsreel, *Topical Budget* (1911-1931) containing 10,000 newsreel stories, is to be published as primary source material for a digital product for use in higher education.

Archival footage sales included stock footage licensing; material for the documentary *Titanic: How It Really Sank*; a National Geographic documentary on Everest, for world-wide transmission; a major clip sale from *South* (1919) to be used in the History channel's *Endurance: The Hunt for Shackleton's Ice Ship*; and a clip from the BFI Production Board film *Love is the Devil* (1998) for a Daniel Craig documentary commissioned by EON Productions.

International programme

Loans, international touring and cultural exchange

Sharing our collections is a core part of BFI activity, lending and exchanging materials with archives and rights holders worldwide for film restoration and for presentation.

As well as booking more than 1,000 titles a year to more than 200 museums, cinemas and festivals in more than 50 countries worldwide, and bringing in rare materials from world cinema to present to UK audiences, we work in partnership to tour key programmes from the BFI National Archive. The BFI's *India on Film* legacy, for example, continued strongly with screenings of the BFI National Archive's restoration of *Shiraz: A Romance of India* (Franz Osten, 1928) in San Francisco, Toronto, Detroit, Denver and Helsinki. The restoration has played at over 40 major international festivals and cinematheques.

Marking the 25th anniversary of the death of filmmaker Derek Jarman, the BFI's remastered *The Garden* (1990) premiered at the Berlinale, and went on to play with other newly remastered films at Jarman events internationally, including a retrospective in Bogota, Colombia. Our Conservation teams also oversaw production of new 35mm film preservation masters of *Kaguya-Hime* (Nobuo Aoyagi, Yoshitsugu Tanaka, 1936) on behalf of the National Film Archive of Japan, who do not hold materials on this title.

***Sight & Sound* and Publishing**

After 23 years at *Sight & Sound*, and 21 of those in the top job, Editor Nick James left the iconic magazine in June. In August, Mike Williams joined as *Sight & Sound's* first Editor in Chief with a remit to transform the magazine and wider brand into a culturally relevant, cross-platform publication. Following early changes, each monthly issue between October 2019 and March 2020 outperformed the average sale of the year. In the same time period, website traffic has almost doubled, with an 80%+ uplift in both page views and unique users.

In February 2020, *Sight & Sound* welcomed its first ever guest editor, director Bong Joon Ho. The issue landed four days before Bong swept the boards at the Oscars with *Parasite*, and positioned *Sight & Sound* as a key element in the story of his success.

With the country in lockdown and the retail and ad markets severely affected, *Sight & Sound* launched a new weekly newsletter, *The Weekly Film Bulletin*, serving a dual purpose of keeping its audience connected with film culture during these times and helping to offset a drop in advertising revenue in print.

BFI Publishing has for decades produced an unparalleled range of books and resources on film and television for film fans, students, teachers and researchers. Our new Publishing partner, Bloomsbury, have re-launched a large selection of our BFI Film Classics with newly commissioned covers, reaching new readers by breathing new life into the series.

BFI Online

BFI Player continued to grow strongly and generated £1.4m of revenue, a 56% year-on-year increase. The subscription service is now available via Apple TV, alongside Amazon Prime, to further boost our audience reach into the living room.

Since lockdown, the first few months of the new financial year have shown a further sharp increase in sales and trials across all lines of activity. SVOD revenue via our own platform grew by 46% from March 2020 to April 2020, while TVOD grew by 56% in the same period.

Our BFI YouTube channel also continued to grow significantly, reaching 38 million views and 240,000 subscribers in 2019-20. The scale of traffic is now over ten times the level of five years ago.

During the year, work began on the development of a new primary website for the BFI. This work has continued into the new financial year and the first iteration of the new site will go live in summer 2020.

GROWING AUDIENCES ACROSS THE UK

We are committed to giving everyone, regardless of where they live in the UK, the opportunity to enjoy and learn from the richest and broadest range of great British and international filmmaking, from the past, the present and in to the future. The BFI Audience Fund is key to this goal and awards funds from the National Lottery to support ambitious projects aiming to boost diversity and inclusivity, and to build a broad film culture across the UK which values the quality of difference and seeks to rebalance under-representation on screen, in the workforce and in audiences. The Audience Fund has two awards strands – for projects and for organisations.

Among the films we have helped bring to a wider audience this year are *Rafiki* (2018), the first Kenyan film by director Wanuri Kahiu to be included in Un Certain Regard at Cannes, which extended the reach of African cinema beyond festival networks; coming of age film *And Then We Danced* (Levan Akin, 2019) which brought the life of LGBTIQ+ youth in Georgia to UK audiences; and *Hero* (Frances-Anne Solomon, 2018), a film about the extraordinary life and times of Trinidadian war veteran Ulric Cross. Following six sold out screenings in London, to celebrate the first Windrush Day, the Audience Fund supported *Caribbean Tales UK* to tour the film across the UK.

Curzon Film World was awarded £80,000 to support the release of *Parasite* (Bong Joon-Ho, 2019). With obvious appeal to core arthouse audiences, Curzon believed the film had great potential to breakout beyond this and reach younger audiences less engaged with foreign language film. The award was made to support specific activity targeting 18-30 year old audiences, as well as ensuring the UK-wide reach via satellite broadcast of the Q&A with director Bong Joon-Ho. Curzon was also keen to see the Q&A broadcast made accessible to D/deaf audiences and, with our support and advice, added live captioning and BSL interpretation.

MASSIVE cinema is a brand supported by the Audience Fund that was created following significant research with young people. The brand aims to raise the profile of UK film to 16-25 year olds and, longer-term, to grow interest, loyalty and cinema admissions for UK film by this audience. MASSIVE lives primarily on Instagram, but hosts regular exclusive UK-wide preview screenings of high-profile UK films. Tickets are sold via the MASSIVE website, rather than via cinemas, which has allowed for a direct to consumer relationship and a growing database of young film fans to be accumulated for the industry's benefit. Films supported include Idris Elba's *Yardie* (2018), *Wild Rose* (Tom Harper, 2018), *Queen & Slim* (Melina Matsoukas, 2020) and *Blue Story* (Rapman (Andrew Onwubolu), 2019).

Festivals play a vital role in bringing a wide choice of film to audiences and during the year we have supported key events such as the Oska Bright Film Festival, which screens the very best in learning disabled film for learning disabled and non-disabled audiences; showcases for short films through Encounters; the Iris Prize, which celebrates the best in international LGBTIQ+ filmmaking; and the Manchester Animation Festival. We have also been able to support the development of touring festivals hosted by venues across the UK, such as the UK Asian Film Festival and London Indian Film Festival ensuring local audiences have increased access to diverse content; and *Cinema Rediscovered*, an annual celebration of screen heritage originating from Watershed in Bristol.

In support of our efforts to bring a cinema experience to remote areas of the UK and to audiences traditionally difficult to reach, we work with community and touring cinema specialists. Flicks in the Sticks operates in Shropshire, Herefordshire, Malvern, mid Wales and parts of Cheshire and Staffordshire, providing around 100 community venues with a menu of films from which they can select titles to screen on their own equipment, or from the Flicks touring equipment. Recognising their events appeal to mainly older audiences, over the past year Flicks has hired six new 'cultural coordinators', young people based in rural market towns working part time to grow younger audiences' (16-30 year olds) engagement with film in their towns and the surrounding rural areas.

We have provided support for Your Local Cinema so film is made accessible to D/deaf audiences through an online listings service of all subtitled and captioned shows.

We also fund organisations with proven sector experience to deliver a range of year-round activity in support of our priorities in BFI2022. They all 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 include cinema venues, film festivals and organisations supporting and developing the independent and community-led cinema sectors, including the Independent Cinema Office which provides year round advice and support for the sector and the invaluable screening days, and Cinema For All which provides specific guidance for community cinemas.

Our support for cinema programmes has resulted in an increased engagement with a wide range of independent British and specialised film, particularly focused on growing young and diverse audiences; bespoke sector support and advice services; and programmes supporting the development of the independent cinema sector and its workforce.

BFI FAN

Connected approach through the BFI Film Audience Network

The BFI Film Audience Network (FAN) was set up in 2012, using funds from the National Lottery 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 which work with 1,265 member cinemas, festivals, community cinemas and other exhibition organisations in their hub area.

A commitment to equality, inclusivity and accessibility is at the heart of all eight hubs and they actively seek and promote diversity outcomes in relation to all projects and organisations they support.

Building upon work in previous years, the Film Hub Lead Organisations (FHLOs) show strong leadership, innovation and creativity in their support of FAN members. These members delivered 462,250 admissions taking the total admissions generated by FAN activity to over one million since BFI 2022 was launched in January 2018. As well its clear focus on supporting BFI priorities around the UK, FAN has been instrumental in promoting and recognising the vital role of the National Lottery in bringing films to audiences.

As well as its audience-facing activity, FAN is very much about supporting its membership – building sector confidence and capacity to deliver a wider range of films for a broader audience. This included focused sessions on marketing, fundraising, carbon literacy and governance. There were 5,825 attendances at development events including workshops, networking opportunities, advice, and training sessions, plus bursaries were awarded to individuals for professional development.

Additionally, eight specific areas of UK-wide activity that could benefit from a ‘cross FAN’ approach were identified to complement the work being carried out at Hub level. This was intended to create streamlined communication channels and to build a more strategic and joined up network with regards to specific areas such as the promotion of major film programmes, or reaching young and diverse audiences. This approach was a significant development for FAN which required new staff, new plans and the adoption of new ways of working. The FHLOs have continued to embrace this change and have shown energy and commitment to delivering effective, impactful UK-wide projects.

FAN as a whole engaged enthusiastically with the Government’s new Towns Fund, providing essential local insight and knowledge made readily available through the now well-established eight Hub structure with strong communication channels with the BFI. Information provided by the FHLOs demonstrates the extent of the BFI’s reach into these often hard to reach and underserved locations. The revised FAN boundaries (since 2018) have helped since they now align with the other Arms Length Bodies and Government regions.

We have also noted an increase in peer to peer sharing of information, support and ideas between the FHLOs themselves, who meet regularly to discuss projects that can be extended or replicated in each other's Hubs and to learn from each other. This has been a positive development which demonstrates an increasing sense of empowerment and a more collaborative and joined up approach to the work of FAN. While under immensely sad circumstances, the strength of the network was demonstrated most evidently towards the end of the year in response to effects of COVID-19.

FAN projects

The sheer number and variety of projects the network supports each year is exceptional, and some of the highlights are:

- Film Hub North has been working effectively in the wider northern context with their involvement in Bradford People and Places initiative, securing additional Arts Council funding for Cine North and working with Northern Film & Media on a strategic approach to activity in Hartlepool and the Tees Valley
- In the South East there has been greater crossover with the Arts Council and a flourishing of relationships with local authorities and other local organisations including the integration of the young programmer groups in Hastings into East Sussex College
- In the Midlands Hub members reacted positively to the new coherent region and the FHLO worked hard to ensure both east and west sides of the Hub benefitted from its leadership and resources
- Creative Scotland again provided additional funding to Film Hub Scotland to support their audience development work
- In London, another interesting area of growth and development followed the burgeoning of film collectives and organisations led by under-represented groups such as We Are Parable and Bounce Cinema which – alongside the work of more established organisations such as Rainbow Film Festival and Fringe! Queer Film & Arts Festival – have brought exciting changes to the exhibition sector and audience engagement
- As well as projects which took place in a single hub, the BFI blockbuster *Musicals!* generated significant enthusiasm from FAN members and audiences across the UK. Led by Film Hub Midlands as an extension and amplification of the annual BFI Blockbuster season, the nationwide project saw over 27,500 admissions to 580 screenings in 170 locations.

While FHLOs are working to improve and develop projects for D/deaf and disabled audiences, other Inclusivity targets were exceeded this year, including reaching black, Asian and minority ethnic audiences at a level representative of the UK's working population. Although the impact of COVID-19 means the focus of the network will shift to economic recovery in 2020-21, the heart of FAN will remain unchanged, and its strength as a network will be drawn upon to ensure the greatest choice of film remains available for everyone UK-wide.

EVERYONE, EVERYWHERE IN THE UK CAN ENJOY MORE OF THEIR MOVING IMAGE HERITAGE

Heritage 2022

This was year three of our National Lottery funded programme Heritage 2022 (H22). H22 is a challenging and complex mix of work that is focused on digitising to preserve obsolete videotape 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 originally intended by the filmmaker. Without this level of investment collections would disappear and materials which are otherwise safe could not be seen.

In 2019-20 we focussed on the challenge to digitise and preserve the selected 100,000 most significant items from the national collection and regional and national film archives. By the end of the year, we had established new ways of working that balance intricate manual specialisms and innovative automated workflows to meet the scale of mass digital preservation required. We have unique benefits, rare outside the confines of the BFI National Archive, of an established team of skilled specialists, operators and subject experts who are able to deal with the complexities of aging formats and equipment and the needs of rare formats to give every videotape a fighting chance to share its story.

With potential closure of commercial capabilities, and a rapidly reducing availability of playback devices for an industry gone forever, the challenge is great.

While this work continued, we ensured ongoing engagement with our audiences through film digitisation and regular releases of new works on BFI Player, *Britain on Film* and BFI social media channels. By the end of the year, we had achieved over 5.5 million video views bringing the cumulative total for *Britain on Film* since launch close to just under 80 million views.

We were also focussed on the development of a new digital service for public libraries in 2022 that would give wide public access to works which, for rights reasons, cannot easily be made available online.

The interest from filmmakers across the world to support of the creation of new 35mm projection prints of classic and international feature films continues and we have been tracking down and negotiating access to the best elements available to make these prints. This year we have created a further 20 new feature film projection prints towards our 100 target.

As we have been prioritising videotape digitisation and working to manage the impact from the coronavirus pandemic, work on paper collections is now scheduled for year four of the programme, in 2021-22.

COVID-19 has had a severe impact on H22 and on many of the regional and national film archives (RNAs) working in partnership with the BFI to deliver the programme. With all workflows required to cease 'on-site' operations and close completely, our suppliers also either closed operations or moved to skeleton operations. The need for social distancing measures to be implemented prior to a return to work means that we estimate that new digital preservation activity (whether at the BFI Conservation Centre or by our suppliers' network) may not be possible for almost half the year. Critical to restarting H22 is ensuring that RNAs are open and active once digitisation work can commence.

In balance during lockdown, we diverted considerable focus to maintaining public access to our cultural heritage across BFI digital channels. We increased the level of archive programming to create collections that speak to the times: *#BritainOnLockdown*, *These Are the Hands*; *Britain on Film: Films for Fives and Under*, *VE Day 75th Anniversary*, *Spotlight on Key Workers*, *Exercise* and many more new collections on BFI Player.

Britain on Film

On the back of our hugely successful Britain on Film project, we launched our first-ever crowdsourcing platform, BFI Contribute, to gather data about the collection's 10,000 films spanning 120 years of British life. The BFI Britain on Film Mapping Mission at [Contribute.bfi.org.uk](https://contribute.bfi.org.uk) is an online community that everyone can visit, to take an active part in our research, by sharing local expertise and make real discoveries to enrich our knowledge of, and understanding about, our shared screen heritage. The new crowdsourcing initiative allows people to add valuable new data through submitting and tagging information or stories to locations and landmarks.

Since its launch in 2015, Britain on Film has amassed almost 80 million video views with 78% reach outside London/South East England, making it a truly national success. This latest development grows engagement even further through enabling the public to collate and catalogue their local expertise directly back into the project themselves.

Discover! Creative Careers

As part of the BFI's contribution to Creative Careers Week, BFI film conservation experts took 35mm polyester film elements to BFI Southbank for students to hold, examine and pass around. The students were given an introduction to technical career paths at the Conservation Centre, the workings of the Master Film Store, and how digitisation works.

Before It's Too Late: Saving Video Games

We co-hosted the event 'Before It's Too Late: Saving Video Games' with the National Videogame Museum, attended by representatives from the national collections and museums sector, and the games industry. The event explored how best to preserve UK video games heritage and make sure it is accessible in the future, with several case studies from the BFI and other organisations including researchers from the University of Cambridge. An international keynote was given by Masayuki Uemura, Professor at Ritsumeikan University, Kyoto, Japan and creator of the Nintendo Entertainment System NES.

Preservation to Presentation

We have been taking part in a Preservation to Presentation (P2P) project led by Cisco and the Corsham Institute with other national and regional museums. The project is looking to digitise and preserve significant cultural assets in one dataset and to deliver these as immersive experiences in digital drop-in spaces on the high street. Collections & Information senior managers attended creative and technical workshops to advance the project from set-up phase to proof-of-concept, to developing the backend facility for the project. The project will continue into the next financial year with further research and a pilot demonstration of the interactive technology.

Towards a national collection

The BFI National Archive has partnered with the V&A in a project focused on 'Preserving and sharing born-digital and hybrid digital-physical objects from and across the National Collection', as part of the AHRC-backed 'Towards a National Collection'. The project brings together people with curatorial, archival, conservation or technical experience to determine how best to work on these formats and different digital objects across a variety of collections management systems. The project will also report on the current state of preservation and access of born digital and hybrid objects, along with recommendations for skills and resources to help develop digital collections, and guidelines on changes to governance and acquisition policies that would be needed to support how digital objects are looked after across the national collection.

Future heritage

With a strong focus on planning for the future, we have been reviewing our Collections Policy ready for consultation later in 2020, as well as working with a wide range of partners on the issue of preserving and giving access to interactive media. We are also working through our options for future conservation and partnership working – specifically for our Conservation Centre, once state-of-the-art but built in an analogue age.

Acquisitions

Core to our Royal Charter objectives is developing the national collection, acquiring significant examples of the art of UK film, television and the moving image for audiences now and in the future, to enjoy and learn from. As a donated collection, it is labour intensive to persuade producers and filmmakers to give copies of their work and to ensure that all of the key UK feature films we would like to acquire are brought in to the collection. Films supported by the BFI's Audience and Film Funds are under contract to donate materials to the national collection.

Feature films

The 153 feature films acquired this year ranged from *Cold War* (Paweł Pawlikowski, 2018), *The Last Tree* (Shola Amoo, 2019) *Rocks* (Sarah Gavron, 2018) to *Sorry We Missed You* (Ken Loach, 2018). We were also pleased to be able to fill some gaps in the collection with the acquisition of significant titles, including:

- Original negative masters of several Handmade Film titles including *Mona Lisa* (Neil Jordan, 1986), Terry Gilliam's *Time Bandits* (1981) and *Withnail & I* (Bruce Robinson, 1986)
- Acquisition of two features previously thought lost: a unique print of British comedy *This is the Life* (Albert de Courville, 1933) and a 35mm print of *All I Want Is You... And You And You And You...* (Bob Kellett, 1974), one of the titles identified in our BFI Most Wanted campaign
- A rare 35mm print of British ska music documentary *Dance Craze* (Joe Massot, 1981); new 35mm material on 1980s chiller *Paperhouse* (Bernard Rose, 1988), and original negative masters of Newton Aduaka's *Rage* (2000)
- A restoration print, via Bundesarchiv, of director Hans Steinhoff's *The Alley Cat* a 1929 German/British detective drama.

In non-fiction acquisitions we were pleased to bring in *Occupy* (2012), an amateur reportage feature documentary about the 2012 Occupy protests in London and drama-doc *Here for Life* (2019), by activist filmmaker Andrea Luka Zimmerman.

Television

Over 1,000 programmes were acquired into the national television archive, including high quality digital masters of 172 works identified for preservation. Highlights included:

- Over 500 episodes, unique to the BFI National Archive, of 1970s current affairs programme *Nationwide* (1969-84)
- The complete first series of Channel 4 comedies *Derry Girls* (2017-18), *Back* (2017) and *Gameface* (2017); and the first series of Channel 4 and Netflix streaming hit *The End of the F**king World* (2017-19)
- Political documentaries *Trump & Russia: Sex, Lies & Scandal* (2018) and *Boris Johnson: Blond Ambition* (2017), and investigative docs *Grenfell Tower: Minute by Minute* (2018) and *Lockerbie: the Unheard Voices* (2018)

- The complete series of 1970s children’s drama, *Sam and the River* (1974), and new children’s television, *Run* (2020) and *Balach aig a’ Mhullach* (2019), backed by the BFI Young Audience Content Fund.

Online, shorts and interactive/immersive work

Highlights of the more than 2,400 digital works and short form titles we acquired included:

- The three-part viral drama *Shiro’s Story* (2019) directed by Andrew Onwubolu (aka Rapman)
- ‘Deepfake’ videos by Bill Posters, using Artificial Intelligence
- Digital short *Hard, Cracked the Wind* (2019) by Mark Jenkin (*Bait*)
- Digital files from artist filmmakers Stuart Pound, Andrea Luka Zimmerman and Malcolm Le Grice, and new shorts from high-profile contemporary artist filmmaker Stephen Sutcliffe, a short-listed nominee for the Jarman Award
- Complete episodes from All4’s *Comedy Blaps* online series
- Over 800 titles in the BFI Live collection capturing events, interviews and Q&As filmed between the early 2000s and mid-2010s
- Digital and film preservation materials created for *Solar Eclipse* (Nevil Maskelyne, 1900).

Special collections

Highlights of acquisitions to our special collections (that cover posters, designs, photographs, shooting scripts, and company papers) included the donation of renowned producer Jeremy Thomas and his Recorded Picture Company’s archive; the diaries of Christopher Hobbs, production designer to Derek Jarman; four very rare early cinema posters from 1912 advertising pioneering British production companies from the silent period; a rare Argentinian poster for Powell and Pressburger’s *Las Zapatillas Rojas*, aka *The Red Shoes* (1948), and an American poster for *Peeping Tom* (1960); a set of stills for *Bait* (2019); and two signed designs for *Invitation to the Dance* (1956) by Alfred Junge.

We also acquired 36 archive boxes of typescript diaries for the ITN newsdesk, indicating news/subjects/interviews in each day’s news broadcast c.1950s–1970s and 66 archive boxes of scripts from Pinewood Studios, which included treatment drafts, shooting scripts and release scripts for a wide variety of British films c.1930s–1970s, helping to fill gaps in the BFI’s current script sequence.

Highlights of conservation, restoration and collections care

Victorian film

We have finished a major project to digitise Victorian film made between 1895 to 1901, held in our collections. Five years of research, digitisation and restoration has led to the most significant exploration of the subject ever, transforming knowledge and access to the films. The collection launched online in May to tie in with the 200th anniversary of the birth of Queen Victoria and includes actuality films of the Boer War; the first moving image of an astronomical phenomenon; the world's first film adaptation of Shakespeare; films using innovative special effects; and an early experiment with sound. Highlights of this world-leading project include:

- All 750 surviving Victorian films are free to watch on BFI Player
- The restoration of spectacular large format films (the IMAX films of their day)
- A sold out weekend of events and screenings at BFI Southbank
- A VR experience taking viewers down Venice's Grand Canal in 1897
- Co-productions with the BBC including a Victorian film edition of *Horrible Histories*.

ABC in Sound (1933)

Missing for over 80 years, this experimental film by Bauhaus teacher and artist László Moholy-Nagy was rediscovered by BFI curators. High resolution scanning of the 35mm print and picture and sound remastering was completed by our conservation team. It was premiered during the BFI's Weimar film season and made available on our YouTube channel.

Screen advertising

Following five years of research, restoration and digitisation, 300 adverts from the BFI's collection were made available for free on BFI Player. The project aimed to change understanding of and access to British screen adverts from 1900 onwards. Among the restored adverts was Ridley Scott's classic *Boy on the Bike* (1973), which returned to television screens at the beginning of June with Hovis choosing to rerun the 46 year old campaign. The advert has only been available in very poor quality versions for decades and the BFI's unique combination of conservation work using full analogue comparison, wetgate scanning and colour correction enabled not just a return to screens, but a massive UK-wide wave of nostalgia on social media and extensive press, TV and radio coverage.

Love, Life and Laughter

During the BFI London Film Festival in October, the 'Treasures' strand showcased the restorations of many archives across the world, made possible by the BFI National Archive's relationships internationally.

The 'Treasures' strand Gala event was the premiere of the newly-restored *Love, Life and Laughter* (George Pearson, 1923), restored by BFI National Archive at L'Immagine Ritrovata, Bologna with the collaboration of EYE Filmmuseum, and supported by the Eric Anker-Petersen Charity. The 4k restoration of this previously-lost British silent feature by our Conservation Centre experts was completed from a rediscovered Dutch nitrate release print which was brilliantly coloured but brittle.

Mike Leigh

Two of Mike Leigh's key features of the 90s, *Naked* (1993) and *Nil by Mouth* (1997) received 4k remastering, both in collaboration with the director. Colour grading of *Naked* was also carried out with the film's cinematographer Dick Pope.

Peter Wollen/ BFI Production Board

With the death of influential film theorist and filmmaker Peter Wollen, we prioritised completion of the 4k remastering of *Friendship's Death* (1987), starring Tilda Swinton and Bill Paterson, which has been prepared for a festival premiere and Blu-ray release later in 2020.

Early films of Japan

We completed restoration and re-mastering conservation of more than 20 titles from 1910 to the 1920s, which will form the basis of a BFI Player programme and live show with new music by Midori as part of the BFI's Japan blockbuster scheduled for 2020.

Archive technology

The annual Lindgren lecture was given by independent researcher and film historian Camille Blot-Wellens, who explored the contribution of Harold Brown, the BFI's first head of film preservation, to the preservation of early cinema. Prior to being taken to BFI Southbank for public presentation, Brown's Mark IV printer, the world's first purpose-built conservation film printer, which was designed and built by Brown and used to make preservation masters of many early films, underwent conservation treatment in our Archive Technology team.

Digital preservation

We uploaded and catalogued a massive six petabytes of born digital and digitised moving image as part of our digital preservation work, pointing the way for the archiving of the future. This covered the ingesting of 117,852 moving image files and 1.4 million photographs, totalling 4.7 petabytes of data, alongside 1.3 petabytes of 766,508 off-air TV recordings.

FUTURE LEARNING AND SKILLS

Education is at the heart of the BFI, giving everyone the educational opportunity to build a lifelong relationship with film in terms of appreciation, content creation and labour force. Our ambition is to engage and inspire the younger generation – already significant consumers of film and moving image – to fuel an original and skilled workforce for tomorrow. And we continue to champion and support the crucial role those already working in the industry have to play by developing, training and upskilling them appropriately.

Into Film

The core remit of our BFI National Lottery funded education partner Into Film is to deliver a film education programme – watching, making and understanding film – for 5–19 year olds that can be accessed free of charge by every state school and eligible youth group in UK. This work enables educators, children and young people to participate and build their own learning journeys in film via screenings, resources, events, and online offers. Additional emphasis is also placed on boosting the number of 16-19 year olds engaging with film in support of the BFI FAN focus on developing young audiences aged 16–30.

Into Film recorded over 10,000 extra-curricular film clubs UK-wide in 2019-20; also reaching their audience virtually via the *Get Into Film* YouTube channel, targeted at 13-24 year olds. Figures were above the national average indicator for free school meals. Their online resources were downloaded over 143,000 times in 2019-20 and more than 4,000 UK educators participated in a CPD 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

BFI Southbank hosted around 15,000 pupils and students from around 600 schools and colleges from across the southern half of England. We ran 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 Second World War evacuations and the history of technology.

This year, 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 a number of other smaller venues in Buckinghamshire, thanks to a generous three year grant from the Rothschild Foundation.

Every year since 2009, BFI has joined our 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 'Places and Stories'), culminating in showcases in Paris, London, Edinburgh, Lisbon and Barcelona.

BFI Families

Since its creation in 2008, BFI Families has grown to a programme of 150 activities a year, including Saturday Film-making Clubs for 7-11 and 12-15 year olds, film schools in school holidays, and popular Fundays once a month.

BFI Film Academy

Now in its eighth 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 diverse backgrounds across the UK the opportunity to develop 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 help those in need with costs to remain open to as wide a range of young people as possible.

Nearly 7,000 places have been created for young people on courses across the UK since 2012. The DfE has confirmed a further £1 million funding support in the Film Academy to 2021.

In 2019-20 the BFI worked with 41 partners to deliver 46 short courses and four specialist courses across the UK.

Industry traineeships

Building on the successful programme we delivered with LucasFilm in 2018-19, we have expanded the Future Skills traineeship programme, which provides an opportunity for people from under-represented groups to build a career in film. In 2019-20 we partnered with Marvel, Disney and EON to create a further 30 paid traineeships in a variety of craft and technical roles.

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

	FEMALE	BAME/POC	FREE SCHOOL MEALS	DISABILITY	OUTSIDE OF LONDON AND SE
Black Widow	45%	14%	20%	20%	73%
Cruella	82%	27%	18%	27%	55%
No Time to Die	71%	43%	14%	43%	43%

Future Film Festival

The UK's premiere film industry festival in support of emerging young filmmakers – BFI Future Film Festival – returned to BFI Southbank for its 13th edition. The festival has doubled in size since its inception, with over 3,300 tickets sold this year. Open to 16–25 year olds, the festival delivered interactive masterclasses, industry workshops, screenings and Q&As programmed around three distinct themes; Career Ladder, Business of Film and Storytelling.

All keynote sessions were delivered by female leads and we introduced a new one day marketplace, brokering meaningful conversations between aspiring filmmakers and industry. The programme was enhanced by the inclusion of BSL and relaxed screening events which contributed to our largest number of attendees to date.

This year's festival received over 2,000 submissions from across the UK and internationally, with the best 51 screened across the festival weekend. Of those selected, 50% were by female filmmakers and 41% were by BAME/POC filmmakers. Chosen finalists were presented to the final jury (chaired by Sarah Gavron and including Annabel Jones, Jess Loveland and Joyce Reuben). The awards ceremony was a shortened event from previous years, which encouraged greater attendance and delivered higher impact within the industry.

The Future Film Skills Action Plan

Led by ScreenSkills, the Future Film Skills Action Plan is now in its third year and is working to ensure the future success of the UK's screen industries by investing in the development and maintenance of world-class skills and creating an inclusive workforce that reflects the society in which we live.

The regular workforce barometer and annual workforce surveys have crucially qualified previous anecdotal evidence around labour and skills shortages and have flagged the difficulty of filling various roles including, but not limited to, production accountants and coordinators, production and location managers as well as grips, electricians, VFX supervisors, creature FX and animators and games programmers and project managers.

The sector feels 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 is still an area that requires investment to unlock the potential of the future.

With the effects of COVID-19 majorly impacting the screen sector workforce, at least two main priorities were immediately identified for our freelance communities. The first was to respond to immediate and vital needs such as financial and employment guidance, which are instrumental in keeping freelancers going. The second was to plan and be ready for the post-COVID19 recovery phase, through upskilling and workforce development. Despite the tough short-term obstacles, freelancers in the screen industries are striving to keep themselves informed and connected and – where possible – to develop their skills.

In direct response to these needs, some £1.4 million has already been invested, via ScreenSkills, in continuing professional development and training with a further £1.2 million in training and skills-related bursaries to quickly address headline shortages. Some 9,600 new entrants have attended boot camps and information and careers days with over 3,400 existing workers receiving industry related training.

Diversity is a key focus across the plan with 54% of current beneficiaries being female, 20% BAME/POC, 17% disabled and 15% LBGTQ, collectively far outstripping current industry averages.

ON THE INTERNATIONAL STAGE

International Fund

As the UK prepared for its exit from the EU, the BFI International Fund focused on delivering activity which would continue to support the UK industry in strengthening the international ties that remain vital for it to thrive. In another year where UK films again found success at international festivals across the world, the International Fund directly supported the sales and promotion of these films via the Film Export Fund, as well as funding UK Film Centres to run at TIFF, American Film Market (AFM) and the European Film market (EFM). The Hong Kong International Film & TV Market (FILAMART), which is usually so helpful to sales agents, did not take place due to COVID-19.

An emphasis was also put on funding initiatives that would help UK producers explore co-production opportunities. Co-production can offer wider sources of finance and more successful distribution to producers. In support of this, our International Fund took a delegation to the Latin American Ventana Sur market and organised structured co-production networking activities at EFM, at Cannes, and at TIFF, in collaboration with Telefilm. For the first time, we also participated in the AFRICA HUB / International Networks lab at EFM, helping producers explore opportunities with an important emerging market that had previously not been given a lot of space. To ensure our producers stayed in touch with the international market during the COVID-19 lockdown, we took part in a virtual co-production forum with UK/ Swiss producers at Vison du Reel. The fund has also supported the training of emerging producers through BFI NETWORK in the skills required to take an international perspective and navigate international co-production while they build their career.

We partner on much of our work with the British Council, DIT, the British Film Commission (BFC) and Great Campaign (who once again sponsored our Cannes buyers showcase for upcoming new British Titles). DIT had also generously supported a small delegation to go to Beijing in March 2020, however due to the COVID-19 pandemic this had to be cancelled. We have continued to support *Bridging the Dragon*, a European association connecting European and Chinese film industries to ensure that relationships are continued.

The International Fund generally supports the creation and circulation of feature films, however for the first time in 2019 we were pleased to support filmmakers working in VR, by collaborating with Creative XR. National Lottery funding helped more UK projects to meet international decision makers at a special lab at the BFI London Film Festival (LFF). Short filmmakers receive international travel support to attend festivals, labs and markets via a joint BFI and British Council funding initiative, managed by the British Council film team.

Within the UK we continued to support the Production Finance Market (PFM) that ran concurrently with the LFF, bringing financiers and potential international producers together to forge long-term business connections. From encouraging new business relationships to attaching international sales companies and securing various forms of investments in companies and film projects, PFM is invaluable for producers and financiers alike.

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 TV US studio executives who are invited 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 relief. They also arrange information gathering visits for major US SVOD platforms looking at stage space and locations for productions here in the UK.

The BFC also works with us on important policy issues such as the EU Lighting regulations, and a new independent report produced by Olsberg SPI in partnership with Nordicity and commissioned by the BFI, showing how government tax reliefs across the UK's screen industries are helping to power unprecedented levels of production.

LEADERSHIP AND ADVOCACY

Exiting the EU

With negotiations ongoing to prepare the UK for the EU exit, we continued informing and leading the screen sector, providing companies with guidance on its implications while representing industry needs to Government and European partners. The BFI's policy team maintains an industry Q&A on EU Exit on our website, offering up-to-date advice and guidance on key issues for the sector. We also ran EU Exit update sessions for UK and international film-makers at both the Berlinale and Cannes Film Festival, with the policy team also offering 1-to-1 sessions for filmmakers in Berlin.

Our External Affairs and Finance teams have worked closely with DCMS to develop contingency planning for a no-deal scenario, ensuring the impact on the sector would be as limited as possible. The new Director of Media and Creative Industries at DCMS joined the BFI at Cannes to hear directly from the film community – UK and international – about their EU Exit concerns.

On 31 January 2020, the UK left the European Union and entered the 'transition period' while it negotiated its future relationship with the European Union. This transition period is set to conclude at the end of December 2020. While many aspects of the UK's relationship with the EU continue as before during this transition period, the way in which many aspects of policy will work in the long-term depend on the outcome of these negotiations.

The BFI continues to work very closely with the DCMS and across Government as well as with industry and European partners. Our aim is to help secure the best possible outcome for the screen industries, enabling us to sustain the closest possible working relationship with Europe in the future.

Creative Europe

A European Co-Production Weekender took place in Leeds in September, introducing 18 UK producers (with credits on films such as *Bait*, *Ray & Liz* and *God's Own Country*) to the world of co-production over an intensive two day lab. The event was organised by the BFI's Creative Europe Desk UK in partnership with Screen Yorkshire and international co-production experts EAVE.

Following the publication of the Government's EU negotiation mandate in February, it was confirmed that the UK would not be seeking to participate in the next Creative Europe MEDIA programme, due to start in January 2021. However, there remains continued recognition within the BFI and across the screen sector of the need to support UK independent film internationally across the ecosystem.

The BFI has therefore continued to seek to build on the MEDIA programme to make sure the industry can build strong international business relationships so audiences worldwide can enjoy the full cultural diversity of UK film, and everyone in the UK can access the widest range of world cinema. To support these objectives, the BFI continues to work closely with Government to determine the best way to ensure we remain one of the world's leading screen industries.

Creative Content Fund

We have launched a new Enterprise Investment Scheme (EIS) with Calculus and Stargrove to raise an evergreen fund of £20 million to support UK film companies. The fund is managed independently, but in association with the BFI, and arose as a result of last year's BFI Commission for UK Independent Film, chaired by Lionsgate UK CEO Zygi Kamasa.

After a rigorous selection process, the BFI chose partners Calculus Capital and Stargrove Pictures to manage the fund. Calculus is a multi-award-winning growth company investor, which created the UK's first approved EIS fund 20 years ago. Stargrove's principals have overseen over £1 billion of investment, backing productions such as *The Best Exotic Marigold Hotel*, *Suffragette*, *Call the Midwife*, *The Fall* and *Doc Martin*.

We have held two teach-ins on EIS for HMT to develop understanding of how film and television is funded. Seminars for producers were held in London, Leeds and Manchester to help them make better use of this enterprise tax support.

COVID-19

Initial response

Following the outbreak of the COVID-19 pandemic, the BFI immediately contacted the key industry bodies such as PACT, UKCA and Production Guild, as well as membership organisations including BECTU and Equity to share communications. A statement for industry stakeholders was placed on the BFI website, and a dedicated helpline email address was established.

A BFI COVID-19 screen sector Q&A was developed, setting out the information and guidance available on COVID-19 and its impact on the sector at large. It also signposted the Government's significant programme of fiscal support for individuals and businesses.

Film and TV Emergency Relief Fund

In response to the continuing impact of the COVID-19 crisis, the BFI and the Film and TV Charity partnered to create a new industry-backed COVID-19 Film and TV Emergency Relief Fund to help support the creative community, which like many industries, has been devastated by the pandemic.

Established with a £1m donation from Netflix, the COVID-19 Film and TV Emergency Relief Fund is administered by the Film and TV Charity with support from the BFI. It provides emergency short-term relief to the many thousands of active workers and freelancers who were directly affected by the closure of productions across the UK.

The Film and TV Charity and BFI also recognised the significant mental health pressures arising as a result of COVID-19 and, in line with the charity’s existing Whole Picture Programme for better mental health, developed new advice specifically tailored for the industry on how to stay mentally well at home and creating a new supportive community forum for freelancers.

Screen Sector Task Force

The BFI continues to lead an industry-wide Screen Sector Task Force to look at the wide-ranging impacts of COVID-19 on the whole industry and its workforce, as well as working closely with Government to ensure that all of the ramifications and impacts are considered. The Screen Sector Task Force was originally set up by the BFI during the EU Exit process, as a way of sharing information across the sector and utilising a direct link to Government through DCMS senior representation. With the sudden and unexpected onset of COVID-19, it was quickly repurposed to help raise issues and develop policy recommendations which could be submitted to Government to support the sector in its recovery from the pandemic.

Since its inception, the Taskforce has grown rapidly in size – with 122 members at the beginning of May 2020. All the four nations, plus regional screen agencies and the Unions are represented. From within the membership, five key working groups were set up around specific areas of expertise:

Inward investment	Chaired by the BFC and split into three further sub groups: physical production; post and VFX; business and legal affairs
Independent film	Chaired by the BFI
Production and broadcasting	Chaired by PACT (including an Insurance sub group)
Exhibition and distribution	Chaired jointly by UKCA and FDA
Video games	Chaired by UKIE

Each of the five groups are developing practical support needed for the sector – either industry led or Government led – to ensure that it is in the best possible position to return to growth.

Working with Government

The Government recently announced its own set of recovery taskforces, with the Secretary of State at DCMS leading the 'recreation and leisure' recovery group. Beneath this are eight sub-groups chaired by Ministers, and the BFI is currently represented on the TV, Film and Broadcasting group and the Events and Entertainment group.

West Midlands Screen Industry Body

We welcomed the establishment of the West Midlands Screen Industry Body following £1.3 million of government investment that included funds from our BFI Creative Clusters Challenge Fund. This new industry-led body is charged with revolutionising the current screen industry in the West Midlands, and helping to drive investment, growth and thousands of new jobs.

Inclusion and diversity

The BFI Diversity Standards are the leading framework for tackling diversity in the film industry and as well as being a requirement for films seeking funding from the BFI, they have been adopted by Film4, BBC Films and Paramount Studios. Meeting the Standards is an eligibility requirement for all British film categories at the BAFTA Film Awards and the British Independent Film Awards (BIFA). BAFTA also increased their commitment to the Standards, adopting them for the UK submissions for their television awards. We are also working with the Academy of Motion Picture Arts and Sciences (AMPAS) to help them develop diversity eligibility criteria for the Oscars.

In January, we published our first report of data about the Standards which enabled us to see the areas where they are pushing change in the industry. It demonstrates that productions using the Standards are largely portraying diverse stories and characters on screen, and they are encouraging more women in a range of roles behind the camera. However, the report also highlights areas where more work needs to be done, particularly in providing opportunities for roles behind the camera, especially in leadership positions, for those from underrepresented backgrounds. It also identified a number of areas of underrepresentation – such as disability – which still need urgent improvement and support, especially behind the camera.

In response to the findings, we will take a number of steps to improve industry engagement with the Diversity Standards, including exploring how to support the industry to better engage with Standard B (creative leadership and off-screen roles), supporting BAFTA and BIFA to make Standard C (industry access and opportunities) compulsory across all awards applications; developing a new, more user-friendly application system which will provide more detailed analysis; and addressing low levels of data collection by continuing to consult with industry on capturing consistent workforce diversity data for all cast and crew. The results will also feed into a review of the Standards in 2020 to ensure they are as impactful as possible.

We are continuing to advocate for and improve our principles and guidance on tackling bullying and harassment on set to create an inclusive workplace culture. Working with ScreenSkills, free online training is now available on how to challenge inappropriate behaviour and managing conflict that may arise from bullying and harassment. On BFI Film Fund productions, we are scoping the introduction of a welfare officer role who will provide a safe point of contact for workers to report inappropriate behaviours.

BFI Inclusion Advisory Boards

Challenging the misrepresentation of underrepresented groups on screen remains a key commitment for the BFI, pushing for meaningful and rich characters and storylines through our Diversity Standards. We have also set up advisory boards around various aspects of the representation of Muslim faith, disability and people of British East Asian heritage, which inform our internal policy and action in this area. As well as helping us build a great network of diverse talent, our advisory boards support our work in highlighting these issues to the wider industry via events and talks, such as the now established Busting the Bias forum which is working to break down barriers for disabled talent in the production industries. Our strategic partners on the advisory boards are the Riz Test, BEATS and DANC.

Research and Statistics

The BFI Research and Statistics Unit (RSU) is an essential resource providing the screen sector with intelligence, insight and regular quarterly statistical reporting and analysis including the publication of key data and trends in the BFI Statistical Yearbook. The impact of the Coronavirus pandemic from March 2020 has shown the vital importance of these statistics in providing the evidence base that has helped demonstrate where legislation and financial support is required for mitigation of the extraordinary effects of COVID-19, and the economic and infrastructural impacts on the industry.

The RSU also carries out a range of other projects and studies the agenda for which is informed by an external Advisory Group made up of industry and academic stakeholders who help determine the research priorities. Notable projects included the environmental sustainability of the UK screen sectors, an evidence review of the cultural value of film, television and video games, a mapping of the animation sector, cross platform measurement of film viewing, and an exciting horizon scanning project which looked at the opportunities and challenges for the screen sectors in the future.

We further strengthened our links with academia with the appointment of a new Head of Academic partnerships to extend the relationships we have with UKRI through our support for a number of projects including XR Stories (York University), the Centre for Cultural Value (Leeds University), Storyfutures (Royal Holloway) and the Policy and Evidence Centre run by Nesta.

RSU research and evaluation also supports and informs the work of the BFI and its 2022 strategic objectives. Phase one of the BFI's diversity monitoring research programme is complete, giving us a nationwide picture of the BFI's reach as well as understanding of the diversity of audiences reached by a range of our activities. Evaluation projects were undertaken for the BFI's international activities, our partnership with ScreenSkills and a major evaluation and mapping of the BFI National Archive which is due for completion in 2020-21.

Audience insight

During the year we gained more and more insight into our audiences and festivals/events attendees at BFI Southbank with the RSU carrying out over 4,000 online interviews and over 800 interviews in-venue to understand audience demographics. In-venue interviews provided a truer picture of attendance at BFI Southbank compared to data from the BFI customer database. The interviews showed BFI Southbank to be more diverse in terms of its attendees, specifically for BAME/POC (14% of in-venue audiences vs 10% customer database) and 16-30 year old audiences (37% of in-venue audiences vs 20% customer database).

Insight Exchange

We hosted an inaugural Insight Exchange research event on the theme of 'Capturing the Audience'. Presenters from the RSU and across the screen sector – including television and video games shared the latest research, intelligence and thought leadership on audience engagement to a full-house from across industry and government.

Nations and regions survey

The BFI nations and regions survey was undertaken during the year, evaluating full screen engagement (including video games and virtual reality usage as well as film and television) across the UK nations and regions.

Certification

The BFI Certification Unit is responsible for certifying films, high-end television programmes, animation television programmes, children's television programmes and video games as British, either under the relevant Cultural Test or (for film and television) as official co-productions under one of the UK's 12 bi-lateral treaties (seven of which allow television co-production) or the European Convention. This enables producers and developers to access the UK's creative sector tax reliefs. The unit promotes and markets these tax reliefs at events, conferences and festivals around the UK and Europe.

During 2019, 2000+ applications were assessed for certification: 375 films received final certification of which 363 were cultural test films and 12 were co-productions; 247 video games received final certification; and for television programmes receiving final certification, 132 were for high-end programmes, 59 for animation and 81 were for children's programmes.

The Certification team also administers the BFI Diversity Standards for all BFI National Lottery-funded projects. 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 films during awards season. The Standards have also been adopted by Film4 and BBC Films, so are a requirement for the majority of public funding for film in the UK.

New ventures

Our New Ventures business plan focusses on developing long-term commercial models that enable the BFI to engage as many people as possible with the practical and cultural aspects of the moving image and to raise income. In 2019-20 we:

- Delivered a ten-fold increase in revenue associated with new ventures year on year to £600,000 despite a last quarter that was impacted by COVID-19
- Developed an institutional licence for universities to enable staff and student access to BFI Player
- Developed our skills and training commercial portfolio to include industry-related film skills and film training for international students, organisations and governments
- Developed continuous professional development film training providing filmmaking skills for employees and corporates, particularly in the marketing and communications sector
- Developed filmmaking courses and experiences for children in partnerships with organisations that included Stagecoach
- Developed and won consultancy contracts with international organisations including Singapore’s Media Development Authority, worth £350,000 between 2019-2021.

The contracts, clients, partners and reputation accrued from a year of strong delivery on these projects means that we are in a robust position to build on the progress made this year.

FUNDRAISING AND PHILANTHROPY

The BFI's work is significantly underpinned by the financial support we receive from many generous and committed partners and friends, including charitable trusts and foundations, individuals and corporate partners. Thanks to their good will, vision and generosity we raised £6,227,000 worth of donations, grants, sponsorship support and gifts in kind towards our work.

One of the highlights of the year was our biennial fundraising gala, LUMINOUS. Hosted by BFI Governor Jonathan Ross and presented in partnership with the BFI's Official Time Partner IWC Schaffhausen, and with special guests Danny Boyle and Gemma Arterton, over 430 guests gathered at London's Roundhouse in support of future filmmakers. The building was transformed for the night into a giant zoetrope and highlights included Rose Glass winning the IWC Schaffhausen Filmmaker Bursary Award in association with the BFI for her feature directorial debut *Saint Maud* (at £50,000 the prize is the largest of its kind in the UK), young BFI alumni filmmaker Charlotte Regan in conversation with Gemma Arterton about the impact the BFI has had on her career so far, and guests raising their hands in a show of support for BFI Education. Live performances included an opening film sequence with music produced by David Arnold and a finale from Taron Egerton.

Education activities were a focus for fundraising throughout the year, with the Reuben Foundation renewing their generous commitment as lead supporter of BFI Education, alongside Gilberto Pozzi who made his inaugural gift to this area of our work. We welcomed back LaCie as a partner of the BFI Future Film Festival, together with new sponsor TikTok. Our skills and education work continued to be supported by The Rothschild Foundation, through the second year of funding for a pilot initiative to extend in-venue film education to schools across Buckinghamshire; and the BFI Reuben Library's programme of events and educational work was supported by the Unwin Charitable Trust, with additional support from long-standing BFI donor the John S Cohen Foundation.

The BFI London Film Festival, which immediately followed LUMINOUS, is supported by many of our partners, including American Express, who remain our Principal Partner and with whom we celebrated an outstanding ten years of partnership in 2019. Their commitment to and understanding of the festival is unique and provides valuable opportunities to further our work with them to reach new audiences and awareness for the festival. We are grateful for continuing support from American Airlines, The May Fair Hotel, IWC Schaffhausen, Malta Tourism Authority, LaCie, Pink Pepper Gin, Christie Digital and Dalston's and we welcomed new partners Facebook, Heart of London Business Alliance, Nyetimber, CPC London and Vina Pomel to the family.

BFI Flare welcomed back the Pureland Foundation as its Main Supporter along with long-standing partners American Airlines, The May Fair Hotel, Interbank Forum, Mishcon de Reya LLP, Pink Pepper Gin, Barefoot Wines, Dalston's and Konditor. We also welcomed new partners PGIM and Little Creatures Brewing to BFI Flare for 2020.

The BFI's cultural programme received considerable and much-valued support from Philippe and Stephanie Camu towards our programmes at BFI Southbank, Jane Stanton continued her support of our Woman with a Movie Camera strand championing female filmmakers, and Col and Karen Needham generously supported the Cary Grant Season at BFI Southbank.

Simon and Harley Hessel continued their significant support of the BFI National Archive with the restoration of two Powell and Pressburger titles, *Contraband* (1940) and *The Small Back Room* (1949), and Matt Spick helped to support the restoration of another Powell and Pressburger title *I Know Where I'm Going!* (1945). Christopher Nolan, Emma Thomas and the MORF Foundation continued their valued support of the BFI National Archive via Friends of the British Film Institute, a US-based 501(c)(3) non-profit organisation that supports the work of the BFI. We also received a new major gift from the Adam S Rubinson Charitable Fund via Friends of the British Film Institute in support of our archival work. New corporate partner Iron Mountain has joined our family of supporters who have a focus on heritage and are working with the BFI team to help support the restorations of the Stoll Sherlock Holmes Collection. This work includes complete restoration of three series and two features produced by the Stoll Company between 1921 and 1923. This year also saw the launch of KEEP FILM ON FILM, a new campaign to support our five year project to create 100 new 35mm film prints of classics of British and international cinema. Thank you to all of the generous donors who have contributed to the success of this campaign so far, and for playing your part in safeguarding the future of 35mm film.

The Esmée Fairbairn Foundation continued its legacy of support towards widening public access to the BFI National Archive's digitised collections through a significant grant to enable newly digitised videotape heritage to be viewed for free in libraries across the UK as part of our Heritage 2022 programme. This generous grant builds on the Foundation's support for Britain on Film, which has enabled thousands of films of British life from the last 120 years to be discovered, watched and shared. A new first-time partnership with The Polonsky Foundation has helped to reimagine the BFI National Archive's unparalleled collections of early film of Japan with funding for a new score to be commissioned from Japanese composer Midori Takada to help bring these unique films to life. The David Lean Foundation furthered their support with valuable funding for a vital new barcoding system across all BFI sites. This will greatly enhance how items in the Archive are tracked, kept secure and made accessible.

Thanks to the support of The Film Foundation, work has begun on restoring key documentary films made by British women who helped pioneer the form, but have been largely written out of film history. We also began a major project to catalogue the personal archive of pioneering British director Michael Powell, with support from The Gladys Kriebel Delmas Foundation and The Thriplow Charitable Trust.

This was also the first year of our Clothworkers' Foundation Video Conservation Internship, with the Foundation helping us develop a diverse new generation of talent to work in moving image heritage.

BFI Patrons enjoyed a wide range of events, experiences and special access to the BFI including a weekend of VIP access to the Venice International Film Festival in September, as well as the Art Biennale. During the BFI London Film Festival, our Patron's Gala was Marielle Heller's *A Beautiful Day in the Neighbourhood* (2019). Patron numbers increased along with new members for our core Film Forever Club.

In February, we welcomed the BFI Legacy Circle to BFI Southbank, to thank members for their commitment to the BFI through pledging a gift in their Will. The impact of legacy gifts continues to be of huge importance to the BFI.

The annual Chair's Dinner is a unique opportunity to thank our major donors and partners for their support. Hosted by BFI Chair Josh Berger, this year's event saw Tilda Swinton awarded with a BFI Fellowship by the inimitable Wes Anderson, in recognition of her outstanding contribution to film and television.

The BFI warmly thanks the following organisations and individuals for their generous support in 2019-20

GOVERNMENT

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

MAJOR DONORS

Philippe & Stephanie Camu
The Clothworkers' Foundation
Creative Europe - MEDIA Programme of the European Union
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The National Lottery Heritage Fund
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FILM FOREVER CLUB

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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

BFI2022 detail sets out the measures for how the BFI will assess its contribution to further the economic and cultural success of film. 13 key performance measures will be tracked through to 2022.

By 2022 BFI commits to have:

- Increased the diversity of audiences and talent supported across all BFI activities (MS1)
- Increased engagement with BFI activities across the UK and increased the quality and cultural depth of their experience (MS2)
- Increased participation of 16-30 year olds across all BFI activities and funded programmes (MS3)
- Increased access to the BFI's National Film Archive and those of the regions and Nations (MS4)
- Further conserved and digitised the most at-risk materials within the BFI National Film Archive, notably video and television (MS5)
- Ensured the opportunity to learn about the art of film in school (MS6)
- Improved employers' ability to recruit a skilled workforce across the UK (MS7)
- Supported talent to progress in their filmmaking careers (MS8)
- Funded a range of innovative and pioneering moving image work intended for a variety of platforms (MS9)
- Supported British films and British talent which have received recognition domestically and internationally (MS10)
- Invested in start-up film businesses outside of London which have leveraged additional investment and increased levels of employment (MS11)
- Supported a greater geographic spread of film production in the UK (MS12)
- Supported an economic and cultural environment that keeps the UK film industry internationally competitive (MS13)

In 2019-20 performance was as follows:

MEASURE OF SUCCESS	2022 TARGET (WHERE APPLICABLE)	2019-20 PERFORMANCE
Increased the diversity of talent supported across all BFI activities	Female – 50% BAME/POC – 20% With a Disability – 7% LGBTQ+ 15%	Female – 53% BAME/POC – 27% With a Disability – 8% LGBTQ+ - 20%
Increased the diversity of audiences across all BFI activities	Female – 50% BAME/POC – 17% With a Disability – 13% LGBTQ+ - 15%	Female – 48% BAME/POC – 20% With a Disability – 21% LGBTQ+ - 19%
Increased engagement with BFI activities across the UK and increased the quality and cultural depth of their experience	n/a	Theatrical – 6.2 million engagement (4.2 million in 2018/19) Publishing – 0.4 million (0.4 million) Online – 5.0 million (4.9 million) Education & Skills – 4.2 million (4.7 million)
Increased participation of 16-30 year olds across all BFI activities and funded programmes	25%	33%
Further conserved and digitised the most at-risk materials within the BFI National Film Archive, notably video and television	To preserve and digitize 100,000 of the most –at-risk, British TV programmes	11,978 items digitised (year target – 12,500) with further 30,982 in digitisation Total to date – 25,025 items digitised

MEASURE OF SUCCESS	2022 TARGET (WHERE APPLICABLE)	2019-20 PERFORMANCE
Supported talent to progress in their filmmaking careers		A range of indicators are used to monitor: 84% (target 75%) of Film Academy 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.
Supported British films and British talent which have received recognition domestically and internationally		See below
Invested in start-up film businesses outside of London which have leveraged additional investment and increased levels of employment	To have supported 200 film businesses outside London	226
Supported a greater geographic spread of film production in the UK	n/a	36% of UK domestic shoot spend completely outside London and the South East (24% in 2018)

FINANCIAL REVIEW

FUNDING, INCOME and INVESTMENT in CHARITABLE ACTIVITIES

Review of the year

Income for the year to 31 March 2020 was £113.5m – a increase of £18.4m from the £95.2m received in 2018-19, with increases in earned income and an increase in lottery proceeds in the year, combining with the additional Grant in Aid (GiA) funding for year one of the pilot Young Audience Content Fund (YACF).

Overall expenditure on charitable activities increased to £122.4m (2019: £104.9m) predominantly due to first year awards for the Young Audience Content Fund.

Lottery net expenditure, together with other recognised gains and losses, has reduced Lottery reserves by £1.3m to £34.0m. Other restricted reserves are reduced by £0.2m to £4.8m while unrestricted reserves reduced by £0.1m to £20.9m.

The BFI's financial strategy continues to be to seek operational efficiencies to further drive down overhead costs and to increase income from existing charitable activities, as well as seeking to exploit new sources of income, to support the delivery of its core objectives.

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

Non-Lottery activities

Incoming resources

Incoming resources from non-Lottery activities increased in the year by a net £13.4m. The £14.2.6m in revenue GiA for YACF, an increase in earned income of £1.2m, primarily from audience focussed activity, and a successful funding raising Luminous Gala was offset by the lower capital grant in aid allocation (following one off funding in the previous year for estate refurbishment).

In a successful year of fundraising £5.4m was raised of which £3.7m (69%) were cash contributions and £1.7m (31%) gifts in kind (2019: £6.1m of which cash contributions £4.5m (73%) and gifts in kind £1.6m (27%)).

Fund raising costs of £2.32m represent the costs of running the BFI Development division in order to raise funds for the BFI (2019: £1.7m), and the costs of the biennial Luminous gala held in the year.

Resources Expended

Total non-Lottery expenditure increased to £76.2m (2019: £58.1m) predominantly due to £13.9m of new expenditure in respect of the Young Audience Content Fund.

Gross Transfers between funds

The non-Lottery activities received awards of £3.2m from BFI Lottery in the year to support the London Film Festival £0.9m (2019: £0.5m) and the Heritage 2022 archive preservation project £2.3m (2019: £2.1m).

Actuarial Gains/losses on defined pension scheme

On the FRS 102 basis the total net pension scheme deficit reduced by £2.7m from £64.7m to £62.0m (2019: a £0.9m reduction from £65.6m to £64.7m). The decrease in the deficit is mainly the assumptions underlying the present value of the scheme liabilities netting a decrease in the asset value.

The result of the triennial valuation by the London Pension Fund Authority Trustees as at March 2019, upon which current and future contributions are based, is a deficit of just £2.3m for the whole pension scheme including lottery (2016: £9.6m). The deficit is being funded over up to 11 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 increased by £0.3m – following revaluation using publicly available indices (2019: £3.5m reduction).

Lottery activities

Incoming resources

BFI's share of the incoming resources of the National Lottery Distribution Fund was 2.7% (2019: 2.7%). This equated to £48.3m (2019: £43.5m) marking an upturn in lottery ticket sales.

In addition the BFI received £6.0m of recoupment from its investments in the year (2019: £5.1m). Of this £1.6m (2019: £1.0m) was surplus recoupment over the original investment and was taken to income.

Resources Expended – Lottery awards

2019-20 was the third year of BFI's 5 year strategy BFI2022. Non-film right awards in the year totalled £33.1m (2019: £30.9m). The increase is predominantly due to a number of advance partner awards being committed covering the activities for the period to through to 31 March 2021.

In addition £17.0m (2019: £20.8m) of awards were taken to Film Rights in the Statement of Financial Position.

Adjustments of £12.7m (2019: £14.8m) against Film Rights were charged to expenditure for the year.

Operating Costs and Administrative Costs targets

Operating costs were £5.8m in the year to March 2020 (2019: £5.4m).

Net incoming resources, on a three year rolling average 2017-20 and after offsetting costs of generating recoupment were £47.9m (2019: £46.8m), reflecting the stabilisation of the levels of income into the National Lottery Distribution Fund since 2017.

DCMS have set Lottery distributors a target in 2019-20 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 2019-20 the gross award processing and other administrative costs stood at 7.9% of net incoming resources (£3.7m) (2019: 8.0%, £3.7m). Within this administration costs were 4.5% of incoming resources (£2.3m) (2019: 4.8%, £2.3m).

Actuarial Gains/losses on defined pension scheme

On the IAS 19 basis the net pension scheme deficit attributed to lottery activities increased by £0.1m from £2.6m to £2.7m (2019: a £0.3m decrease from £2.9m liability).

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 cash reserves of £1.1m (2019; £1.0m) 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.

The impact of the COVID-19 pandemic

In the first quarter of 2020 the global COVID-19 pandemic hit the UK leading to restrictions on many normal activities of society. As a result, from 17 March 2020 all BFI estates were closed including BFI Southbank and the Archives at Berkhamsted with a consequent cessation of many of the usual income generating activities including the BFI Southbank cinema programmes, the education programme and archive restoration projects, and with the cancellation of major programme events such as BFI Flare festival. Facilitated by existing IT systems, staff were asked where possible to work remotely. However, as the restrictions occurred so late in the financial year the impact on the financial results for the year to 31 March 2020 was limited.

As a Lottery Distributor, after a short sharp dip, incoming resources to the National Lottery Distribution Fund recovered to within 10% of average weekly sales of the 2019-20. Funding strands have been remodelled to help meet the immediate needs of the sector through schemes such as production continuity funding, the audience resilience fund with our FAN network partners, a flexing of the criteria for the release of “locked box funds” and assistance to the Film and TV Charity. Coupled with ongoing levels of applications, the 5 year lottery programme as outlined in BFI 2022 is being maintained, although with a potential diminution in scale of outcomes and outputs following the impact of COVID-19.

Certain areas of the charity’s activities continue to flourish in the lockdown period including our BFI Player and other digital activity. However, the immediate cessation of so much of the income generating activities of the charity and the uncertainties surrounding the re-opening of both the public and archive activities led the Executive Board, with the guidance of the Finance Committee and the Board of Governors, and the continuing support of DCMS, to review the financial impact on the charity and the mitigations and actions necessary. This included immediate limitations on spend and a review of all planned activities, cancelling, postponing or adapting to a digital offering for many of those in the first half of 2020-21. The BFI has also furloughed staff where appropriate, maximised cash flows and sought the support of DCMS.

Going Concern

The accounts 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 Fund (NLDF), and is considered by government to be a “Non-Departmental Public Body”, both of which give support to our future financial stability.

The BFI receives Grant-in-Aid each year from the DCMS. This is in recognition of the cultural impact of film, and the importance of the National Films and Television Archive to the nation’s heritage.

The key consideration for the future viability of BFI is the impact of the COVID-19 pandemic including the associated lockdown and its subsequent easing, ongoing social distancing measures and the impact on customers and the economy. As noted above the pandemic has had a significant and immediate effect on BFI trading income and fundraising although lottery income has been much less impacted.

BFI has taken a number of measures to limit the financial impact including:

- reducing costs;
- furloughing staff and, with DCMS permission, accessing the government's COVID-19 Job Retention Scheme (CJRS); and
- reducing the working hours and pay of staff continuing to work through lockdown.

The cumulative impact of loss of income and compensating cost saving measures (including accessing CJRS) has resulted in a forecast deficit in each of the next 2 years. However, with permission from DCMS to draw grant in aid as required BFI's forecast cash flow remains positive across both years.

There remain a number of risks which could worsen the forecast deficit and cash flow including:

- the nature of social distancing and its impact on BFI Southbank and IMAX operations;
- the attitude and willingness of customers to return to cinemas; and
- the potential for further lockdowns in the coming winter if COVID-19 infections reach a critical level.

However taking these into consideration the Board considers that the positive forecast cash position over the next two years, the capacity to raise additional funds from supporters and philanthropists along with the opportunity to make a case for support to DCMS provides the Board of Governors with sufficient confidence that the BFI has sufficient resources to continue for at least the next 12 months following signature of the accounts. Accordingly the financial statements for the charity, group and lottery activities have been prepared on a going concern basis.

PUBLIC BENEFIT

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

The BFI's Charter includes a requirement to "promote access to and appreciation of the widest possible range of British and world cinema". The BFI, as a National Lottery Distributor for film, invests National 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 National 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, philanthropic activity 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 National 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.

Complaints

The BFI has in place a procedure for handling complaints and welcomes feedback from members of the public and representatives of other organisations.

During the year, the BFI received 96 complaints via its customer enquiry service (75 in 2018-19).

No complaints were accepted for investigation by the Parliamentary Ombudsman (0 in 2018-19 also).

In terms of summary:

	2019-20	2018-19
The number of complaints accepted for investigation by the Parliamentary Ombudsman in the year;	0	0
The number of investigations reported on by the Parliamentary Ombudsman in the year and the percentage of those reports where the complaint was upheld in full, in part; or not upheld	In full: 0	In full: 0
	In part: 0	In part: 0
	Not upheld: 0	Not upheld: 0
The number of Ombudsman recommendations complied with and not complied with.	n/a	n/a

Complaints and feedback helps the BFI to identify opportunities to make better use of their resources, or to deliver services in a more effective way.

If any customer is dissatisfied with a service that the BFI has provided or feel they have been treated unfairly, they may wish to make a complaint.

The Complaints Procedure sets out the BFI’s complaints procedure, explains how to provide feedback or to make a complaint and tells customers what they can expect from us if you do.

Depending on the area of activity, feedback and complaints will be handled slightly differently; however the BFI works to a set of standard guiding principles:

1. Feedback and Complaints are an important way for the BFI to be accountable to the public, as well as providing valuable prompts to review organisational performance and the conduct of people that work within and for it.
2. If the BFI has got something wrong, it will apologise and take prompt action to put the matter right. If it can resolve your complaint by clarifying its position, or explaining its decision making process it will do so.

3. Will be open and honest and ensure that customers are not disadvantaged in their future dealings as a result of the complaint.
4. Will respect privacy and ensure that complaints are treated confidentially.

The Complaints Procedure was reviewed in 2019-20, taking on board previous customer feedback, case analysis and considering best practice.

ENVIRONMENTAL SUSTAINABILITY

Greenhouse Gas Emissions

Carbon emissions from BFI emission is down 3.4% to 2691 tCO₂e. This includes electricity carbon (1864 tCO₂e) calculated at the standard grid emission factor but it should be noted that the BFI has purchased all of its electricity as renewable through the REGO scheme so this has been reported as zero in Table 1 below.

In 2020-21 all of electricity consumed at across the BFI will be purchased on a 100% clean renewable EDF tariff.

Electricity consumption rose slightly by 1% across the estate. This was mainly down to a large scale archive video digitisation project requiring the use of older technologies before transferring to our digital infrastructure.

Gas consumption rose 7% compared to 2018-19 period. This is likely due to a lower figure recorded last year when one of our larger restaurants at the BFI Southbank venue was closed for 5 months for refurbishment.

We are continuing to improve the data that goes into the travel carbon calculation and have applied an average figure for all train journeys in 2019-20. We continue to look for improvements on this data and are currently investigating a travel broker system that would significantly aid the data accuracy for travel carbon. As of January the BFI has ceased all mainland domestic flights to assist with reduction in travel carbon emissions and continues to work towards a net zero BFI by 2025.

Travel & Transport

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

All London Film Festival cars were zero emission in 2019 and we have adopted a policy of no domestic mainland flights for BFI employees.

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

Finite Resource Consumption

Water consumption reduced by 10% across the BFI estate when compared to 2018-19. This was a great reduction considering a mains water pipe joint failed at Gaydon (doubling this site's water consumption).

Single use plastic cups in staff locations have been removed from all sites in favour of reusable cups and compostable alternatives. This should see a slight reduction in waste next year and reduces the likelihood of any plastic pollution.

BFI photocopier and printer paper is now all FSC certified and recycled, with the majority unbleached. A4 paper consumption rose around 14% due to a busier, more successful programme and the associated printed handouts. A3 paper consumption was down 10%.

Waste

We saw an increase in waste production across the BFI estate in 2019-20, compared to the previous year. The video digitisation project has resulted in the junking of 40 tonnes of video tape formats which need to be confidentially destroyed. This also gave rise to a slight reduction in our percentage recycled figure of 65% from 73%.

The BFI operates a zero to landfill policy with residual waste going to an energy recovery facility.

Further Initiatives

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.

From January 2020 we introduced a new catering policy that uses exclusively vegetarian or vegan catering for all internal and industry events, to reduce the carbon emissions and ecological impact of this activity. We are also reducing merchandise produced for promotional campaigns to reduce resource use. Our internal sustainability working group has been re-invigorated and we have increased the level of staff communications on environmental subjects. Working group staff received carbon literacy training from BAFTA Albert and we are planning to roll this out further in the coming year.

Film Industry Leadership

We are supporting Culture Declares Emergency with a pledge to work with and support the film industry in tackling this emergency. We'll collaborate with filmmakers, exhibitors, audience members and our partners across the sector. We will work with government to take action to address the emergency and call on others to do the same.

The BFI seeks to reduce the negative environmental impact of film production and encourages sustainable behaviour values within the industry. We require that all productions in receipt of BFI funding complete and submit a BAFTA albert carbon calculator report to us on completion.

In March we published Green Matters, a research report co-authored with BAFTA that maps the state of sustainable production in the UK and shares information on practical ways in which productions can increase their sustainability.

During 2019-20 we introduced environmental sustainability questions into our core Film Fund application processes, including for Production, Development and Audience Funds. We created new online resources to share best practice around sustainability in the exhibition sector. We disseminated BFI policy around working sustainability throughout the UK-wide staff and organisations delivering our Film Audience Network and Talent Development Network.

Through the BFI Doc Society Fund, we commissioned three documentary short films around environmental sustainability themes, including one ('Eve') for which a case study will be produced on achieving carbon neutral production through minimising emissions. We also supported Doc Society's Climate Story Lab which focused on films about the environment and more sustainable futures.

The BFI is also working with BAFTA and Arup (planning, architecture and technical specialists on the built environment) on a piece of research to provide recommendations and proposed interventions across the film production ecosystem (studios, facilities, production companies and associated services) that will enable increasingly sustainable film production in the future.

GREENHOUSE GAS EMISSIONS				2019-20	MEASUREMENT
Scope 1 - Direct GHG emissions	Non-Financial Indicators (tCO2e)	Total gross emissions: Scope 1		772	tCO2e
		Emissions from:	Gas	740	tCO2e
			Oil	0	tCO2e
			Fuel (including LPG)	32	tCO2e
Scope 2 - Energy indirect emissions	Non-Financial Indicators (tCO2e)	Total gross emissions: Scope 2		0	tCO2e
		Emissions from:	Electricity	0	tCO2e
Scope 3 - Official travel emissions	Non-Financial Indicators (tCO2e)	Total gross emissions: Scope 3		55	tCO2e
		Emissions from:	Domestic business travel	55	tCO2e
Scope 1 & Scope 2	Non-Financial Indicators - Related Energy Consumption (kWh)	Total Electricity		7,291,157	kWh
		Electricity	Renewable	7,291,157	kWh
			Non-Renewable	0	kWh
		Gas		4,026,410	kWh
		LPG		147,384	kWh
		Other		0	kWh
Scope 1, Scope 2 & Scope 3	Financial Indicators (£)	Expenditure on energy		1,049,295	£
		CRC License Expenditure (2010 onwards)		0	£
		Expenditure on accredited offsets		0	£
		Expenditure on official domestic business travel		177,209	£
WASTE				2019-20	MEASUREMENT
	Non-Financial Indicators (tonnes)	Total waste disposed		512.68	tonnes
		Hazardous waste disposed		0.00	tonnes
		Non-hazardous waste disposed	Landfill	0.00	tonnes
			Reused/recycled	325.64	tonnes
			Composted	6.98	tonnes
			Incinerated with energy recovery	180.06	tonnes
			Incinerated without energy recovery	0.00	tonnes
	Financial Indicators (£)	Total waste disposal cost		97,271.00	£
		Hazardous waste disposal cost			£
		Non-hazardous waste disposal cost	Landfill		£
			Reused/recycled		£
			Composted		£
			Incinerated with energy recovery		£
Incinerated without energy recovery		£			

FINITE RESOURCE CONSUMPTION				2019-20	MEASUREMENT
	Non-Financial Indicators (m ³) (‘000 m ³)	Water consumption (Office estate)	Supplied	2,887	m ³
			Abstracted	0	m ³
		Water consumption (Non-office Estate)	Supplied	17,029	m ³
			Abstracted	0	m ³
	Non-Financial Indicators (Number of reams of paper)	Paper consumption - A4	Supplied	3,405	Reams of paper
		Paper consumption - A3	Supplied	55	Reams of paper
	Financial Indicators (£'000)	Water Supply costs (Office estate)		8,392	£
		Water Supply costs (Non-office estate)		49,787	£
		Paper costs (A4 & A3)		7,980	£

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 2020. In preparing the annual report and financial statements of the Charity, the Governors have adopted the Statement of Recommended Practice, Accounting and Reporting by Charities issued in February 2005 (SORP 2005).

Governors

Governors who were in post for at least part of the financial year 2019–20 or at the date of signing these accounts:

Josh Berger CBE¹

Michael Birshan²

Pat Butler

Pete Czernin

Idris Elba OBE

Gerry Fox

Jay Hunt³

J. Timothy Richards⁴

Jonathan Ross OBE

Robin Saunders

Andrew Smith

Phil Stokes

Eleanor Whitley⁵

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.

¹ Term ended 15 November 2020.

² Appointed 17 February 2020.

³ Ibid.

⁴ Term ended May 14, 2020.

⁵ Appointed 17 February 2020.

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. 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.

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.

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)
Sukie Kooner (Non-Governor Member)

Finance Pat Butler (Chair)
Michael Birshan
Pete Czernin
Robin Saunders

Remuneration Josh Berger (Chair)
Pat Butler

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

Board of Governors Attendance 2019-20

The number of BFI Board meetings held in the 2019-20 financial year was 6 and the Governors’ attendance records were as follows:

Josh Berger CBE	6 of 6
Michael Birshan	2 of 2
Pat Butler	4 of 6
Pete Czernin	5 of 6
Idris Elba OBE	0 of 6
Gerry Fox	5 of 6
Jay Hunt	2 of 2
J. Timothy Richards	4 of 6
Jonathan Ross OBE	3 of 6
Robin Saunders	6 of 6
Andrew Smith	6 of 6
Phil Stokes	6 of 6
Eleanor Whitley	2 of 2
Andrea Wong	5 of 6

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 2019-20

The number of Audit Risk and Governance Committee meetings held in the 2019-20 financial year was four and the members’ attendance records were as follows:

Phil Stokes (Chair)	4 of 4
Andrew Smith	4 of 4
Sukie Kooner (Non-Governor Member)	3 of 4
Charles Cecil MBE (Non-Governor Member)	2 of 4

Executive

The Board of Governors employs a Chief Executive.

During the year under review, the Board undertook an extensive recruitment process to replace Amanda Nevill who left the BFI on 13 February 2020. The process culminated in the appointment of Ben Roberts, who had previously held the position of Deputy Chief Executive. Ben leads an executive team that during the year consisted of:

Amanda Nevill	Chief Executive ⁶
Ben Roberts	Chief Executive ⁷
Ed Humphrey	Director of Digital and Ventures
Harriet Finney	Director of External Affairs
David Parkhill	Director of Finance and Resources
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 2020 days (2019: 2020).

General Data Protection Regulation (GDPR)

During the year, the BFI continued its implementation of the EU’s General Data Protection Regulation which came into force in May 2018.

The previously approved new Privacy policies for both BFI Customers and Staff and policies dealing with Data Subject Rights, Retention of Data and Information Security were further developed in line with best practice and made available online or internally as appropriate.

Contracts involving the transfer of personal data both within the EU and outside the EU continued to be amended and further planning was 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.

⁶ Resigned, 14 February 2020.

⁷ Appointed, 15 February 2020.

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 2020, 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 2019-20 was held on 20 January 2020. 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, who are each appointed for a period of up to three years.

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 Finance Committee, the Board of Governors 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 2020. 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 (2019: £nil). As part of their oversight duties as Trustees, copies of all books and DVD/Blu-Ray releases published by the BFI during the year are made available to all Governors.

Senior Staff Remuneration

"Total remuneration" reported below comprises salary, bonuses and accrued pension benefits and thus should not be equated to take home pay. Because of the combination of all these factors the annual movement in "total remuneration" is not a simple reflection of any 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 2020, all senior staff except for Harriet Finney 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 the 31 March 2020
- Re-calculating the equivalent figure from 31 March 2019 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:

	Total salary for the year ended 31 March 2020 (2019)	Bonuses attributable for the year ended 31 March 2020 (2019)	Benefits in Kind for the year ended 31 March 2020 (2019)	Pension benefits in the year ended 31 March 2020 (2019)	Total remuneration for the year ended 31 March 2020 (2019)
	£'000	£'000	Nearest £100	£'000	£'000
Amanda Nevill Chief Executive Officer and Accounting Officer ⁸	150-155 (150-155)	5-10 (5-10)	100 (100)	135-140 (65-70)	300-305 (225-230)
Will Evans Director of Business Affairs ⁹	- (34-40: FTE: 145-150)	- (-)	- (100)	- (N/A)	- (35-40)
Harriet Finney Director of External Affairs ¹⁰	105-110 (100-105)	- (-)	100 (100)	N/A (N/A)	105-110 (100-105)

⁸ Resigned 14 February 2020.

⁹ Resigned 30 June 2018.

	Total salary for the year ended 31 March 2020 (2019)	Bonuses attributable for the year ended 31 March 2020 (2019)	Benefits in Kind for the year ended 31 March 2020 (2019)	Pension benefits in the year ended 31 March 2020 (2019)	Total remuneration for the year ended 31 March 2020 (2019)
	£'000	£'000	Nearest £100	£'000	£'000
Ed Humphrey Director of Digital and Ventures	115-120 (115-120)	10-15 (10-15)	100 (100)	20-25 (5-10)	150-155 (140-145)
David Parkhill Director of Finance and Resources	130-135 (130-135)	- (-)	100 (100)	40-45 (35-40)	170-175 (170-175)
Ben Roberts DCEO ¹¹ /CEO and Accounting Officer ¹²	150-155 (145-150)	5-10 (-)	100 (100)	15-20 (45-50)	175-180 (195-200)
Richard Shaw ¹³ Director of Communications, Marketing and Audiences	- (75-80: FTE 100-105)	- (-)	- (100)	- (N/A)	- (75-80)
Heather Stewart Creative Director	125-130 (120-125)	- (-)	100 (100)	30-35 (40-45)	155-160 (165-170)
Francesca Vinti Director of Development	100-105 (95-100)	5-10 (5-10)	100 (100)	45-50 (60-65)	160-165 (170-175)

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

	Contributions paid	
	2019-20	2018-19
Will Evans ¹⁴ Director of Business Affairs	-	5,704
Harriet Finney Director of External Affairs	6,713	4,931
Richard Shaw ¹⁵ Director of Communications, Marketing and Audiences	-	4,111

¹⁰ From 15 September 2017.

¹¹ To 14 February 2020.

¹² From 15 February 2020.

¹³ Resigned 31 December 2018.

¹⁴ Resigned 30 June 2018.

¹⁵ Resigned 31 December 2018.

Included in the above is remuneration for senior staff in the year which is attributable to lottery for the year ending 31 March 2020. 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 2020.

51% of the remuneration for Amanda Nevill (to 14/02/2020), Ben Roberts (from 14/02/2020) and David Parkhill has been attributed to lottery for the year (2019: 49%) with the proportion of total income attributed to lottery being used as the baseline.

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 2020:

	Real increase in accrued pension benefits 2019-20	Attributable pension accrued at 65 at 31 March 2020 (or date left the BFI if earlier)	Cash Equivalent Transfer Value (CETV) as at 31 March 2019	CETV as at 31 March 2020 (or at date left the BFI if earlier)	Real increase in CETV after adjustment for inflation etc. in 2019-20
	£'000	£'000	£'000	£'000	£'000
Amanda Nevill ¹⁶ Chief Executive and Accounting Officer	7.5.-10 (lump sum: 7.5-10)	65-70 (lump sum: 85-90)	1,030	1,247	195-200
Ed Humphrey Director of Digital and Ventures	0-2.5 (lump sum: 0-2.5)	5-10 (lump sum: 0-5)	70	95	20-25
David Parkhill Director of Finance and Resources	2.5-5 (lump sum 0-2.5)	15-20 (lump sum: 0-5)	235	290	50-55

¹⁶ Chief Executive and Accounting Officer until 14 February 2020.

Ben Roberts¹⁷ DCEO/Chief Executive and Accounting Officer	0-2.5 (lump sum: 0-2.5)	15-20 (lump sum: 0-5)	149	177	25-30
Heather Stewart Creative Director	0-2.5 (lump sum 0-(2.5))	55-60 (lump sum: 95-100)	1,184	1,197	(5-10)
Francesca Vinti Director of Development	2.5-5 (lump sum: 0-2.5)	25-30 (lump sum: 15-20)	342	418	70-75

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 2020

Salary Banding	2020 (Number)	2019 (Number)
£160,000 - £169,999	1	1
£150,000 - £159,999	1	-
£140,000 - £149,999	-	1
£130,000 - £139,999	2	1
£120,000 - £129,999	1	2
£110,000 - £119,999	1	-
£100,000 - £109,999	1	1
£90,000 - £99,999	-	1
£80,000 - £89,999	-	1

Other senior staff

Salary Banding	2020 (Number)	2019 (Number)
£100,000-109,999	1	-
£90,000 - £99,999	4	5

¹⁷ Chief Executive and Accounting Officer from 15 February 2020.

£80,000 - £89,999	19	18
£70,000 - £79,999	21	11
£60,000 - £69,999	20	20

Staff number and costs (including on-costs)

	2020		2019	
	Number	£'000	Number	£'000
Average no of permanent staff during the year	504	29,754	494	27,210
Average no of other staff engaged on objectives of the organisation	9	361	9	361

Off Payroll Consultancy Engagements

During the year ended 31 March 2020 the BFI had 10 off payroll engagements totalling £403,000 (2019: 8, £352,000) for more than £245 per day (2019: £245 per day), that lasted longer than 6 months and amounted to £20,000 or more. These have been subject to a risk based assessment as to whether assurance is required that individuals are paying their correct tax and, where necessary, that assurance has been sought.

Termination payments

The termination payments payable to employees were:

Cost of redundancies (as per BFI's agreed redundancy policies)	Number of compulsory redundancies		Number of voluntary redundancies		Total	
	2020	2019	2020	2019	2020	2019
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	-	-	-	-
£25,000-£50,000	-	-	2	-	2	-
£50,000-£100,000	-	-	1	-	1	-
No of exit packages	-	-	-	-	-	-
Cost £'000	-	-	127	-	127	-

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 their organisation and the median

remuneration of the organisation’s workforce.

The banded remuneration of the Chief Executive Officer in the financial year was £150,000-£155,000 (2019: £150,000-£155,000). This was 4.4 times (2019: 4.8) the median remuneration of the workforce, which was £35,025 (2019: £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 £23,000-£170,000 (2019: £22,000-£160,000).

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 %
31-03-20	1.9%	0%	52.6%	47.4%
31-03-19	-0.02%	3.9%	53%	47%

Our Profile as at 31 March 2020:

	SELF- IDENTIFIED (31-03-20)	SELF- IDENTIFIED (31-03-19)	OUR DATA GAPS	OUR TARGETS
Disability	9.0%	8.6%	13.6%	7%
Ethnicity (BAME)	16.2%	15.5%	0%	20%
Gender (Women)	52.6%	53%	0%	50%
Sexual Orientation (LGBTQ+)	13.6%	11.7%	21.7%	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 10%) and an average length of service of 9 years, which along with our 1.2 % time lost to sickness absence reflect our high level of people engagement.

Our 2019-20 People Initiatives included:

- We provided across the BFI in 2019/20 for all employees diversity and inclusion workshops for all, which focused on our zero tolerance to any form of bullying and harassment and our commitment to ‘treating each other well’. Output from these will inform our next steps.
- We undertook in tandem an engagement campaign to close our people diversity data gaps to provide more accurate information. We have been shortlisted for an award for this project.
- 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 of which 75% were from under-represented groups in management.
- 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. All 4 of our applicants were accepted onto the programme this year in open competition.

- 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.
- D&I evidence based workforce targets are in place for each Executive Director to own and action plan their delivery. BFI wide targets are proposed based upon the combined Directorate proportionate targets.
- We support Inclusion London and their supported pathways for students with primarily learning disabilities. From November 2019 a student started in the Library for 9 months with a further student joined Technical Services from January 2020 for 9 months.
- We supported Creative Careers Week in November with sessions for students learning about a range of careers at the BFI on 19 November (with several colleagues providing insights into their roles and pathways to employment).
- We hosted the bi-annual ENEI Arts and Heritage Sector meeting on 22 October. We are at the vanguard as the 1st members from our sector and sit on the Executive Steering Committee. All main cultural sector partners and NMDC members have now joined amongst the 320 global membership organisation.

Health & Wellbeing

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

Our 2018/19 health and wellbeing action plan following our engagement in the MIND employer index survey was fully implemented. Our Time to Change Pledge was launched at the September 2019 all staff meeting.

- We increased the number of mental health first aiders across the BFI from 10 to 20.
- Mental Health training for line Managers has been delivered to 85 managers across all our sites, with further workshops planned. The training helps equip line managers with the necessary tools to create and maintain a healthy team and support team members should they require it.

- We have formed a pan BFI Wellbeing Working Group, meeting each quarter. To monitor our initiatives, build on them and provide support to our Mental Health First Aiders.
- We have created wellbeing/prayer spaces at our 3 main sites.
- Team resilience sessions continue to be rolled out across the BFI.

CORPORATE INFORMATION

British Film Institute

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

Registered Office: 21 Stephen Street, London W1T 1LN

www.bfi.org.uk

Auditor

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

Bankers

Lloyds Bank plc
113-117 Oxford Street, London W1D 2HW

Internal auditors

BDO
150 Aldersgate Street, London, EC1A 4AB

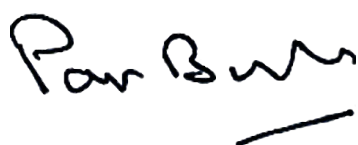
Solicitors

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 (FRoM) and accounts direction in a Strategic Report for the National 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 29 October 2020.



Pat Butler
Interim Chair, Board of Governors



Ben Roberts
Chief Executive

GOVERNANCE STATEMENT

Scope of Responsibility

How the BFI is governed is covered on pages 65 to 72. 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 safe-guarding the public funds and the British Film Institute's (BFI) assets for which we are responsible in accordance with the responsibilities assigned to us in Managing Public Money and as Trustees of the Charity. The BFI complies with the HM Treasury Corporate Governance Code to the extent relevant to a Charity and National 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 National Lottery grants. The system of internal control has been in place for the year ended 31 March 2020 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 2019-20 is detailed at page 68.

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 2019-20 is detailed at page 68.

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 2019-20 the risk register as noted by the Executive Team included 31 corporate risks. The most significant are:

NATURE OF RISK	IMPACT	MITIGATION
Due to COVID-19, closure of BFI offices, venues and activities resulting in programme and services not being delivered and subsequent loss of self-generated income	£1m (in 2019-20 financial year)	Business Continuity/DR Plan in operation; Financial planning undertaken - review of all expenditure and income; maximising the Government's JRS and minimising all expenditure; working with Government to minimise financial risk
Failure to deliver the BFI's diversity agenda as effectively as planned	Reputation	Strong Executive Leadership and continued rollout of Diversity Standards across all BFI National Lottery activities; Workforce targets have been finalised for each Executive Director to own and action plan their delivery; regularly monitored and reviewed
BFI business compromised including disruption to key partners due to the UK leaving the EU without an agreement in place.	8% of commercial income	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	0 -10% of GIA	Engaging across Government on the role and activities of the BFI and how the BFI can deliver against the wider Government priorities
Not achieving the new Commercial Growth Targets	£0.5m	Continuous financial and performance monitoring; contingency element within budget to buffer any minor deviations in revenue generated
The BFI is perceived not to be delivering UK-wide	Reputational	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

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 National Lottery Finance Committee (LFC), who ultimately sign off on National Lottery commitments, consisted of representatives of the relevant fund, finance and business affairs and was independently chaired by the Accounting Officer or the Director of Finance and Resources. 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 UK exposure.

In 2019-20 internal audit reports covered:

- IMAX
- Health and Safety
- Partnerships – ScreenSkills
- Young Audiences Content Fund
- National Lottery Award Distribution Process
- Partnerships – Creative England
- Key Financial Controls
- BFI Catering Contract
- Young Audiences Content Fund – Follow Up

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 15 October 2020, 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.

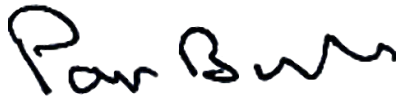
Additionality

National 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 National 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 National Lottery and other funds;
- the BFI has drawn up and maintains risk assessment and control procedures and risk registers;
- the BFI has complied with Cabinet Office guidance on information risk and has suffered no protected personal data incidents during 2015-16 or during previous years, and has made no reports to the Information Commissioners Office; and
- adequate systems of internal control were operational during the year and no significant weaknesses have been uncovered.

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



Pat Butler
Interim Chair, Board of Governors



Ben Roberts
Chief Executive

Registered charity no: 287780

**BRITISH FILM INSTITUTE GROUP AND NATIONAL
LOTTERY ANNUAL REPORT AND FINANCIAL
STATEMENTS 2019-20**

GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2020

BFI GROUP AND CHARITY FINANCIAL STATEMENTS STATEMENT OF GOVERNORS AND ACCOUNTING OFFICER'S RESPONSIBILITIES

Under both the Royal Charter and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the BFI is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Digital, Culture, Media and Sport, with the consent of HM Treasury.

The accounts are to be prepared on an accruals basis and to show a true and fair view of the BFI's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are prepared in line with the Government Financial Reporting Manual.

Both sets of accounts are also expected to:

- observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a consistent basis, and make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and
- explain any material departures in the financial statements
- be prepared on a going concern basis, unless it is inappropriate to presume that the BFI will continue in operation

The Principal Accounting Officer of DCMS has designated the Chief Executive as the BFI's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's length bodies are set out in chapter three of Managing Public Money. Formally, the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

The Accounting Officer signing off these accounts has gained assurance in the following ways:

- a meeting with the Director of Finance to go through the financial controls
- receiving feedback from Business Planning and Performance Committee on review of internal audit reports and other internal control matters
- discussing the annual review and accounts at an Executive Board meeting attended by Executive Board colleagues, including the Director of Finance
- attending Audit, Risk and Governance Committee meetings where matters are scrutinised

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that, as far as he is aware, the annual report and accounts as a whole is fair, balanced and understandable and he takes responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

In approving these accounts, Governors have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, BFI, 21 Stephen Street, London, W1T 1LN.

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.

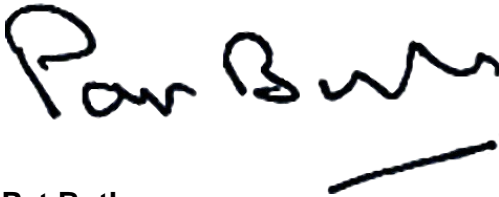
The Governors and Chief Executive are responsible for keeping proper accounting records which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them as trustees to ensure that the accounts comply with applicable law. The Governors and Chief Executive are also responsible for safeguarding the Charity's assets and ensuring their proper application in accordance with the Charities Act 2011; National 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.



Pat Butler
Interim Chair, Board of Governors



Ben Roberts
Chief Executive

THE AUDIT 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 British Film Institute for the year ended 31 March 2020. The financial statements comprise: the Consolidated and Charity Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated 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 and People 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 2020 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the British Film Institute's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the British Film Institute have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the British Film Institute's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

RESPONSIBILITIES OF THE TRUSTEES AND ACCOUNTING OFFICER

As explained more fully in the Statement of Governors' and Chief Executive's Responsibilities, the Governors and the Chief Executive, as 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 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.
- Conclude on the appropriateness of the British Film Institute'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 or the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the British Film Institute or the group to cease to continue as a going concern.

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 People 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 People Report to be audited have been properly prepared in accordance with Secretary of State directions;
- in the light of the knowledge and understanding of the group and of 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 People 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
Comptroller and Auditor General

DATE: 16 December 2020

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

BRITISH FILM INSTITUTE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2020

	Note	2020				2020	2019
		Unrestricted £'000	Non-Lottery Restricted £'000	Total Non-Lottery £'000	Lottery Restricted £'000	Total £'000	Total £'000
Income							
<i>Income and endowments from charitable activities (earned income)</i>							
Audiences	3	22,996	-	22,996	-	22,996	21,596
Learning & Skills	3	230	-	230	-	230	489
Talent	3	7	-	7	-	7	291
Leadership	3	-	-	-	-	-	4
<i>Income from donations and legacies</i>							
Voluntary Income							
Lottery proceeds	3 & 15	-	-	-	48,258	48,258	43,486
Lottery recoupment income	3	-	-	-	1,576	1,576	950
Revenue Grant in Aid funding	2	14,736	19,182	33,918	-	33,918	20,311
Capital Grant in Aid funding	2	-	1,007	1,007	-	1,007	1,407
Other grants, legacies and donations	3	1,783	1,912	3,695	72	3,767	4,953
Donated services and facilities	4	-	1,698	1,698	-	1,698	1,638
Investment income	5	33	-	33	32	65	45
Total Income		39,785	23,799	63,584	49,938	113,522	95,170
Expenditure on							
<i>Charitable activities</i>							
Audiences	6	(44,518)	(22,271)	(66,789)	(9,209)	(75,998)	(56,797)
Learning & Skills	6	(1,819)	(1,179)	(2,998)	(14,862)	(17,860)	(14,631)
Talent	6	(1,420)	(2,303)	(3,723)	(23,550)	(27,273)	(32,320)
Leadership	6	(445)	(1)	(446)	(872)	(1,318)	(1,122)
<i>Total charitable activities</i>		(48,202)	(25,754)	(73,956)	(48,493)	(122,449)	(104,870)
Costs of raising funds	6	(2,260)	-	(2,260)	-	(2,260)	(1,660)
		(2,260)	-	(2,260)	-	(2,260)	(1,660)
Total expenditure		(50,462)	(25,754)	(76,216)	(48,493)	(124,709)	(106,530)
Net expenditure		(10,677)	(1,955)	(12,632)	1,445	(11,187)	(11,360)
Gross transfers between funds	24	1,375	1,800	3,175	(3,175)	-	-
Net expenditure and net movement in funds before other recognised gains and losses		(9,302)	(155)	(9,457)	(1,730)	(11,187)	(11,360)
Other recognised gains / (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	8	6,751	-	6,751	397	7,148	4,477
Gains / (losses) on the revaluation of fixed assets	10	2,433	-	2,433	-	2,433	(3,494)
Net movement in funds		(118)	(155)	(273)	(1,333)	(1,606)	(10,377)
Reconciliation of funds							
Total funds brought forward	24	20,982	4,952	25,934	35,310	61,244	71,621
Total funds carried forward	24	20,864	4,797	25,661	33,977	59,638	61,244

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 2020

	Note	2020				2020	2019
		Unrestricted £'000	Non-Lottery Restricted £'000	Total Non-Lottery £'000	Lottery Restricted £'000	Total £'000	Total £'000
Income							
<i>Income and endowments from charitable activities (earned income)</i>							
Audiences	3	14,281	-	14,281	-	14,281	17,833
Learning & Skills	3	230	-	230	-	230	489
Talent	3	7	-	7	-	7	291
Leadership	3	-	-	-	-	-	4
<i>Income from donations and legacies</i>							
Voluntary Income							
Lottery proceeds	3 & 15	-	-	-	48,258	48,258	43,486
Lottery recoupment income	3	-	-	-	1,576	1,576	950
Revenue Grant in Aid funding	2	14,736	19,182	33,918	-	33,918	20,311
Capital Grant in Aid funding	2	-	1,007	1,007	-	1,007	1,407
Other grants, legacies and donations	3	7,430	1,912	9,342	72	9,414	8,076
Donated services and facilities	4	-	1,698	1,698	-	1,698	1,638
Investment income	5	20	-	20	32	52	35
Total Income		36,704	23,799	60,503	49,938	110,441	94,520
Expenditure on							
<i>Charitable activities</i>							
Audiences	6	(41,280)	(22,271)	(63,551)	(9,209)	(72,760)	(55,988)
Learning & Skills	6	(1,819)	(1,179)	(2,998)	(14,862)	(17,860)	(14,631)
Talent	6	(1,420)	(2,303)	(3,723)	(23,550)	(27,273)	(32,320)
Leadership	6	(445)	(1)	(446)	(872)	(1,318)	(1,122)
<i>Total charitable activities</i>		(44,964)	(25,754)	(70,718)	(48,493)	(119,211)	(104,061)
<i>Costs of raising funds</i>							
Restructuring Costs	6	(2,260)	-	(2,260)	-	(2,260)	(1,660)
	6	-	-	-	-	-	-
		(2,260)	-	(2,260)	-	(2,260)	(1,660)
Total expenditure		(47,224)	(25,754)	(72,978)	(48,493)	(121,471)	(105,721)
Net expenditure		(10,520)	(1,955)	(12,475)	1,445	(11,030)	(11,201)
Gross transfers between funds	24	1,375	1,800	3,175	(3,175)	-	-
Net expenditure and net movement in funds before other recognised gains and losses		(9,145)	(155)	(9,300)	(1,730)	(11,030)	(11,201)
Other recognised gains / (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	8	6,751	-	6,751	397	7,148	4,477
Gains / (losses) on the revaluation of fixed assets	10	2,433	-	2,433	-	2,433	(3,494)
Net movement in funds		39	(155)	(116)	(1,333)	(1,449)	(10,218)
Reconciliation of funds							
Total funds brought forward	24	20,969	4,952	25,921	35,310	61,231	71,449
Total funds carried forward		21,008	4,797	25,805	33,977	59,782	61,231

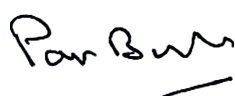
All gains and losses recognised in the year are included in this Statement of Financial Activities and all activities are classified as continuing. The accompanying notes 1 to 32 form an integral part of this Statement of Financial Activities.

BRITISH FILM INSTITUTE
CONSOLIDATED AND CHARITY BALANCE SHEET
As at 31 MARCH 2020

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Fixed assets:					
Intangible fixed assets	9	197	354	-	-
Tangible fixed assets	10	78,960	81,713	78,960	81,713
Investments	12	-	-	1,443	1,443
Total fixed assets		79,157	82,067	80,403	83,156
Non-current assets:					
Film Rights	14	10,532	8,249	10,532	8,249
Current assets:					
Stocks & work in progress	16	569	491	379	491
Debtors	17	8,677	7,941	10,133	8,491
Film Rights	14	2,805	5,759	2,805	5,759
National Lottery Distribution Fund	15	53,804	52,757	53,804	52,757
Cash at bank and in hand	18	23,411	9,871	20,345	8,200
Total current assets		89,266	76,819	87,466	75,698
Liabilities:					
Creditors: amounts falling due within one year	20	(53,387)	(38,359)	(52,689)	(38,340)
Provisions	22	(3,887)	(2,835)	(3,887)	(2,835)
Net current assets		31,992	35,625	30,890	34,523
Total assets less current liabilities		121,681	125,941	121,825	125,928
Defined benefit pension scheme net liability	8	(62,043)	(64,697)	(62,043)	(64,697)
Total net assets		59,638	61,244	59,782	61,231
The Funds of the Charity:					
Restricted income funds					
Restricted income funds excluding Lottery and pensions liability	24	4,797	4,952	4,797	4,952
Lottery reserve		36,650	37,955	36,650	37,955
Lottery share of pension reserve		(2,673)	(2,645)	(2,673)	(2,645)
	24	33,977	35,310	33,977	35,310
Total restricted funds		38,774	40,262	38,774	40,262
Unrestricted income funds					
Unrestricted income funds excluding pensions asset/liability		33,659	36,119	33,803	36,106
Unrestricted fixed asset revaluation reserve		46,575	46,915	46,575	46,915
		80,234	83,034	80,378	83,021
Pension reserve		(59,370)	(62,052)	(59,370)	(62,052)
Total unrestricted funds	24	20,864	20,982	21,008	20,969
Total charity funds	24	59,638	61,244	59,782	61,231

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 10 December 2020



Pat Butler
Interim Chair, Board of Governors



Ben Roberts
Chief Executive

BRITISH FILM INSTITUTE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2020

	Notes	2020			2019		
		Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Net (expenditure) / income		(10,677)	(510)	(11,187)	(6,523)	(4,837)	(11,360)
Less interest receivable	5	(33)	(32)	(65)	(21)	(24)	(45)
Depreciation	10	6,607	-	6,607	6,126	-	6,126
Amortisation of goodwill	9	157	-	157	157	-	157
(Increase) / decrease in film rights - due after one year	14	-	(2,283)	(2,283)	-	(757)	(757)
(Increase) / decrease in film rights - due within one year	14	-	2,954	2,954	-	(821)	(821)
(Increase) / decrease in stocks	16	(78)	-	(78)	(30)	-	(30)
(Increase) / decrease in debtors	17	(2,029)	1,293	(736)	(4,869)	5,683	814
Increase / (decrease) in creditors due within one year	20	1,875	13,153	15,028	3,979	1,720	5,699
Increase / (decrease) in provisions due within one year	22	-	1,052	1,052	-	186	186
Non-cash pension movements	8	4,069	425	4,494	3,266	260	3,526
Cash flows from operating activities		(109)	16,052	15,943	2,085	1,410	3,495
<i>Cash flows from investing activities</i>							
National Lottery Distribution Fund income received	15	-	(48,257)	(48,257)	-	(43,486)	(43,486)
National Lottery Distribution Fund cash drawn down	15	-	47,210	47,210	-	44,228	44,228
Interest receivable	5	33	32	65	21	24	45
Purchase of tangible fixed assets	10	(43)	(1,379)	(1,422)	(3,324)	(1,407)	(4,731)
Cash flows from investing activities		(10)	(2,394)	(2,404)	(3,303)	(641)	(3,944)
Change in cash and cash equivalents in the year		(119)	13,658	13,539	(1,218)	769	(449)
Cash and Cash equivalents at the beginning of the year		2,178	7,693	9,871	3,396	6,924	10,320
Cash and Cash equivalents at the end of the year	18 & 24	2,059	21,351	23,410	2,178	7,693	9,871

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 2020

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements of the BFI are prepared under the historical cost convention, as modified for revaluation of certain categories of fixed assets and in accordance with the Charities Act, Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 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 (FRM) 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 FRM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRM 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 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.

Most of the London Pension Fund's assets have quoted prices in active markets, but there are unquoted property, infrastructure and private equity assets, with BFI's share of these amounting to an estimated £29.2m. The property and infrastructure assets are subject to valuation by external valuers and due to the unprecedented impact of Covid-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. In addition, the pension fund auditors have also included a material uncertainty clause in their opinion related to the valuation of the private equity assets, again due to the impact of Covid-19 on these assets. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in BFI's accounts, than would normally be the case.

The method used for determining the expected rate of inflation in future years within the calculation of the pension valuation has been amended by our actuaries compared to the method used in the 2018-19 accounts. This is one of the assumptions used in determining the future value of the pension obligations. The change in method for estimating the inflation rate has been required due to the change in the method of calculating the Retail Price Index from 2030 onwards that was announced by the Government in 2019. This is estimated to have led to the estimated inflation rate being approximately 0.2% higher than under the previous methodology. This has an impact of increasing the liability by approximately £6.8m compared to if the previous methodology had been used. This is one of a number of assumptions used in estimating the future pension obligations and there cannot be certainty as to their actual outcome due to the time period over which the obligation to make future payments is discharged. Further details of the sensitivity of the pension liability to changes in the key assumptions is set out on page 120.

Going concern

Covid-19 has had a significant impact on the operations of the British Film Institute, with our cinemas and shops required to close from the commencement of lockdown in March 2020 through to July 2020, and then the further lockdown in November 2020. The ongoing impact of Covid-19 remains uncertain due to the potential for further lockdowns to be required, as well as the impact on demand and the need to maintain social distancing when reopening services. An initial forecast was developed for 2020-21, which anticipated a £3.2m deficit being generated as a result of reduced revenues from cinemas and trading activities. On 14 July 2020 it was agreed that further grant in aid funding would be made available to help meet additional costs incurred as a result of Covid-19, up to a maximum value of £3.8m. Based on this additional support it is expected that it will be possible to continue trading within the funding available to the BFI. At 31 March 2020 there were cash balances of £23.4m available, of which £2.1m was unrestricted. It is anticipated that closing cash balances at 31 March 2021 will be c£20m, including c£2m unrestricted, and that there would continue to be sufficient cash to meet the BFI's liabilities for at least 12 months from the date of signing the accounts. A worst case scenario has also been modelled, based on a further spike in Covid-19 cases during 2021. In this scenario it continues to be envisaged that sufficient cash would be available to meet the BFI's liabilities and we would if appropriate be seeking further support from DCMS and other funders.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

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 £10.7m (2019: net expenditure of £6.5m), albeit after non-cash transactions including depreciation of £6.6m (2019: £6.1m) and FRS102 net costs of £4.5m (2019: £3.5m). The FRS102 pension liability has decreased to £62.0m (2019: £64.7m) contributing to unrestricted reserves of £20.9m (2019: £21.0m). 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 2019, the latest actuarial valuation date, the deficit to be funded was £2.3m (2016: £9.6m) and this is being addressed over 5 years, subject to future triennial valuations. This is considerably less than the deficit in the accounts of £62.0m (2019: £64.7m) under FRS102 and the governors are satisfied that this approach is appropriate.

At the year end total reserves were £59.6m (2019: £61.2m) which included unrestricted cash balances of £2.1m (2019: £2.2m) and free reserves of £1.1m (2019: £1.0m) (note 24: Statement of Funds).

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (CONTINUED)

Income and endowments (continued)

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. 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 2020

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 2019-20 the Secretary of State did not object to a further award of £2,275,000 (2018-19: £2,093,000) 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 £900,000 in 2019-20 and £500,000 in 2018-19 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.

Charitable expenditure on collections

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (CONTINUED)

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 2020 have been estimated using appropriate indexation from an independent expert body, resulting in a net increase in value in the year of £2.3m (2019: decrease of £3.3m).

The BFI's short leasehold properties in London and Berkhamsted have been subject to leasehold improvements. The values as at 31 March 2019 and 2020 have been estimated using appropriate indexation, resulting in a net increase in value in the year of £0.1m (2019: decrease of £0.2m). The same indexation is applied to acquisitions, starting in the year following the acquisition.

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 IFRS9: Financial instruments, as set out 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (CONTINUED)

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. The fair value, in line with definitions of International Financial Reporting Standard 9: Financial Instruments (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 (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.

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.

Stocks & work in progress

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

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 IFRS9, funds 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 on these instruments.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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:

		2020	2019
		£'000	£'000
Revenue Grant in Aid funding	Unrestricted	14,736	14,874
Revenue Grant in Aid funding	Restricted	<u>19,182</u>	<u>5,437</u>
		<u><u>33,918</u></u>	<u><u>20,311</u></u>
Capital Grant in Aid funding		<u><u>1,007</u></u>	<u><u>1,407</u></u>

Revenue grant in aid funding includes restricted funds for Northern Ireland of £4m (2019: £4m), education (Film Academies) of £1m (2019: £1m) and the Young Audience Content Fund of £14.2m (2019: £0.4m).

Capital grant in aid funding in the prior year was boosted by specific funding of £0.4m for Estate refurbishment.

The balances carried forward at the end of the year are £0.3m (2019: £nil) for restricted funds and £nil (2019: £nil) for unrestricted funds.

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

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

b) Governors

The Governors neither received nor waived any emoluments during the year (2019: £nil). Governors expenses amounted to £nil in the year (2019: £nil). No governor claimed expenses during the year (2019: nil). No payments were made in the year for services (2019: £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 (2019: £8,904), 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 until 14 February 2020) was also a Director and Trustee of the BFI Trust. During the year, the BFI had the following material transactions with BFI Trust:

		2020	2019
		£'000	£'000
<i>Income from generated funds - Other grants, legacies and donations includes:</i>			
Grants receivable from BFI Trust	Restricted	634	288
	Unrestricted	-	1,421
<i>Resources expended - Charitable activities includes:</i>			
Rental of leasehold premises		(1,835)	(1,835)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. INCOME

	Unrestricted	Non-Lottery Restricted	Lottery Restricted	Total
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
<i>Income and endowments from charitable activities (earned income)</i>				
Audiences	22,996	-	-	22,996
Learning & Skills	230	-	-	230
Talent	7	-	-	7
Leadership	-	-	-	-
	<u>23,233</u>	<u>-</u>	<u>-</u>	<u>23,233</u>
<i>Income from Donations and legacies</i>				
Voluntary Income				
Lottery proceeds	-	-	48,258	48,258
Lottery recoupment income	-	-	1,576	1,576
Revenue Grant in Aid funding	14,736	19,182	-	33,918
Capital Grant in Aid funding	-	1,007	-	1,007
Other grants, legacies and donations	1,783	1,912	72	3,767
Donated services and facilities	-	1,698	-	1,698
	<u>16,519</u>	<u>23,799</u>	<u>49,906</u>	<u>90,224</u>
Investment income	33	-	32	65
Total Income	<u><u>39,785</u></u>	<u><u>23,799</u></u>	<u><u>49,938</u></u>	<u><u>113,522</u></u>

	Unrestricted	Non-Lottery Restricted	Lottery Restricted	Total
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
<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
Total Income	<u><u>39,434</u></u>	<u><u>10,791</u></u>	<u><u>44,945</u></u>	<u><u>95,170</u></u>

	2020	2019
	£'000	£'000
<i>Sponsorship and other income included in Income from charitable activities (earned income):</i>		
Sponsorship income, associated with the costs of generating voluntary income	1,685	1,745
Other income, associated with the costs of generating voluntary income	405	-
	<u><u>2,090</u></u>	<u><u>1,745</u></u>
Costs of generating funds		
Costs of generating voluntary income	<u><u>(2,260)</u></u>	<u><u>(1,660)</u></u>

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 £1,685,000 (2019: £1,745,000) 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 mainly to the staging of the "Luminous" fundraising gala with associated Other income above of £405,000 (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

4. DONATED SERVICES AND FACILITIES

	2020	2019
	£'000	£'000
Publicity and advertising	1,022	1,066
Buildings and facilities	337	249
Services and equipment hire	276	288
Food and drink	20	25
Other goods	42	10
	<u>1,697</u>	<u>1,638</u>

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

5. INVESTMENT INCOME - GROUP

	Lottery		2020	Lottery		2019
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bank interest receivable	<u>33</u>	<u>32</u>	<u>65</u>	<u>21</u>	<u>24</u>	<u>45</u>

Bank interest receivable was £65,000 (2019: £45,000) of which £33,000 was unrestricted bank interest income (2019: £21,000) and £32,000 was restricted bank interest income (2019: £24,000).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

6. EXPENDITURE - GROUP

	Direct Costs 2020 £'000	Allocated Pension charges 2020 £'000	Allocated Support costs 2020 £'000	Total 2020 £'000
Audiences	(65,761)	(5,655)	(4,582)	(75,998)
Learning & Skills	(17,242)	(388)	(230)	(17,860)
Talent	(26,254)	(886)	(133)	(27,273)
Leadership	(830)	(386)	(102)	(1,318)
Costs of generating voluntary income	(2,260)	-	-	(2,260)
Total resources expended	(112,347)	(7,315)	(5,047)	(124,709)

	Direct Costs 2019 £'000	Allocated Pension charges 2019 £'000	Allocated Support costs 2019 £'000	Total 2019 £'000
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)
Total resources expended	(95,109)	(6,314)	(5,107)	(106,530)

Expenditure on charitable activities was £122,449,000 (2019: £104,870,000) of which £48,202,000 was unrestricted (2019: £44,297,000), £25,754,000 was restricted (2019: £12,156,000) and £48,493,000 was Lottery funded restricted expenditure (2019: £48,417,000).

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

Nature of cost	Allocation basis	2020 £'000	2019 £'000
IT and finance support	Combination of head count and departmental spend	(2,483)	(2,366)
Human resources	Head count	(425)	(413)
Premises and utilities	Combination of floor area and head count	(819)	(819)
Communication and marketing	Direct spend and percentage of income generated	(491)	(625)
Other overheads	Combination of time and department spend	(468)	(514)
Governance costs	Departmental spend	(361)	(370)
Total support		(5,047)	(5,107)
Pension cost (note 8)	Net revenue account cost	(7,315)	(6,314)

	2020 £'000	2019 £'000
Governance costs:		
Audit fees: Charity (excluding Lottery)	(98)	(84)
Audit fees: Lottery	(52)	(46)
Audit: subsidiaries (British Screen group of companies)	(5)	(4)
Audit: subsidiary (British Film Institute (Big Screen) Limited)	(5)	(6)
Audit: subsidiary (BFI Enterprise Limited)	(5)	-
Audit of UK Media Desk grant claim	(7)	(4)
Trustees costs	(8)	(15)
Corporate policy and planning	(181)	(211)
Total governance	(361)	(370)

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 2020

6. EXPENDITURE (continued)

Net resources expended before transfers are stated after charging:	2020	2019
	£'000	£'000
Auditors' remuneration (analysed above)	<u>(172)</u>	<u>(144)</u>

Auditors' remuneration for the National Audit Office includes £nil fees for non audit services (2019: £nil). The National Audit Office provided audit services for the Charity and Lottery, with the subsidiary and other audits performed by Brebners LLP.

	2020	2019
	£'000	£'000
Foreign exchange losses	(13)	(16)
Depreciation	(6,607)	(6,126)
Amortisation of goodwill	<u>(157)</u>	<u>(157)</u>

	2020	2019
	£'000	£'000
<i>Charges for operating leases:</i>		
Land and buildings	(1,873)	(1,838)
Plant & machinery	<u>(41)</u>	<u>(76)</u>

	2020	2019
	£'000	£'000
Film rights adjustments	<u>(12,736)</u>	<u>(14,756)</u>

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

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:	2020	2019
	£'000	£'000
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)
Film Academy awards	(726)	(712)
Young Audience Content Fund	(13,240)	-
	<u>(18,633)</u>	<u>(6,140)</u>

In addition to the above further Grant-in-Aid awards were made to partner organisations on or before 31 March 2020 for funded activity commencing on or after 1 April 2020. These are disclosed in note 27: Contingent Liabilities.

	2020	2019
	£'000	£'000

Lottery awards

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	(29,980)	(28,245)
Heritage 2022 - award to the BFI - Gross transfers between funds, note 24: Statement of Funds	(2,275)	(2,093)
Film Festivals - award to BFI LFF - Gross transfers between funds, note 24: Statement of Funds	<u>(900)</u>	<u>(500)</u>
Lottery - non-film rights awards per Lottery Statement of Comprehensive Net Expenditure	<u>(33,155)</u>	<u>(30,838)</u>

NOTES TO THE FINANCIAL STATEMENTS
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7. STAFF COSTS

	2020	2019
	£'000	£'000
Staff costs consists of:		
Wages & salaries	(22,230)	(20,844)
Social security costs	(2,319)	(2,220)
Pension costs (see note 8)	(5,647)	(4,506)
	<u>(30,196)</u>	<u>(27,570)</u>
Agency staff costs included in Wages & salaries above	<u>(442)</u>	<u>(361)</u>
Staff costs capitalised and not included above	<u>(36)</u>	<u>(29)</u>

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

	2020	2020	2020
	Full Time	Part Time	Total
Costs of generating voluntary income	15	2	17
Audiences	327	43	370
Learning & Skills	33	4	37
Talent	44	6	50
Leadership	27	3	30
	<u>446</u>	<u>58</u>	<u>504</u>

	2019	2019	2019
	Full Time	Part Time	Total
Costs of generating voluntary income	16	2	18
Audiences	325	44	369
Learning & Skills	24	3	27
Talent	44	6	50
Leadership	27	3	30
	<u>436</u>	<u>58</u>	<u>494</u>

	2020	2019
	Number	Number
Average number of full time equivalent Agency staff at the BFI during the year	<u>8</u>	<u>9</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

7. STAFF COSTS (continued)

Higher paid employees

		2020	2019
		£'000	£'000
Chief Executive - pay for the full year			
A. Nevill	Until 14 February 2020	<u>162</u>	<u>160</u>

Including bonuses totalling £7,000 (2019: £7,000). Employer's pension contributions for the year amounted to £19,000 (2019: £18,000).

B. Roberts	From 14 February 2020	<u>160</u>	<u>148</u>
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Including bonuses totalling £5,500 (2019: £Nil). Employer's pension contributions for the year amounted to £18,000 (2019: £17,000).

Executive Team Members (including the Chief Executive)

	2020	2019
	Number	Number
£160,000 - £169,999	1	1
£150,000 - £159,999	1	-
£140,000 - £149,999	-	1
£130,000 - £139,999	2	1
£120,000 - £129,999	1	2
£110,000 - £119,999	1	-
£100,000 - £109,999	1	1
£90,000 - £99,999	-	1
£80,000 - £89,999	-	1
Cost	<u>£936,000</u>	<u>£979,000</u>

Other senior staff

£100,000 - £109,000	1	-
£90,000 - £99,999	4	5
£80,000 - £89,999	19	18
£70,000 - £79,999	21	11
£60,000 - £69,999	20	20
Cost	<u>£4,934,000</u>	<u>£4,105,000</u>

Total Cost	<u>£5,870,000</u>	<u>£5,084,000</u>
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Included in the above are 51 (2019: 45) staff who are ordinary members of the LPFA pension scheme. The amount of employer's pension contributions attributable to these staff amounted to £469,000 (2019: £418,000). There were 18 (2019: 15) staff who were members of defined contribution schemes. The amount of employer's pension contributions attributable to these staff amounted to £74,000 (2019: £59,000).

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 2020

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 2020 under the requirements of FRS102. Therefore, as at 31 March 2020, a pension liability of £62,043,000 (2019: £64,697,000) is included in the BFI balance sheet. BFI's agreed schedule of contributions was 11.5% of member employees' salary per year plus a monetary amount of £891,000 (2019: £870,000).

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 36 (2019: 42) former employees and their spouses or dependents. The total actuarial valuation for this liability at 31 March 2020 is included in the pension provision.

For FRS 102 disclosure, the full valuation at 31 March 2019 has been updated by the actuaries, Barnett Waddingham, to assess the liabilities of the scheme as at 31 March 2020.

The most significant actuarial assumptions in this recent valuation are:

		2020	2019
		%	%
		Per annum	Per annum
Rate of increase in prices	RPI	2.7	3.4
Rate of increase in prices	CPI	1.9	2.4
Rate of increase in salaries		2.9	3.9
Rate of increase in pensions in payment		1.9	2.4
Discount rate		2.4	2.4

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

	2020	2019
	Years	Years
Life expectancy at age 65 of female aged 45	26.1	25.2
Life expectancy at age 65 of female aged 65	24.4	23.6
Life expectancy at age 65 of male aged 45	23.7	22.5
Life expectancy at age 65 of male aged 65	22.2	20.7

BFI share of net pension liability as at 31 March:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	104,704	109,847	101,586	95,809	77,628
Present value of scheme liabilities	(164,675)	(172,316)	(164,891)	(164,164)	(131,076)
Net underfunding in funded plans	(59,971)	(62,469)	(63,305)	(68,355)	(53,448)
Present value of unfunded liabilities	(2,072)	(2,228)	(2,343)	(2,480)	(2,288)
Net pension deficit	<u>(62,043)</u>	<u>(64,697)</u>	<u>(65,648)</u>	<u>(70,835)</u>	<u>(55,736)</u>

Assets - Split of Investments by Category

Assets whole fund	2020	Asset	2019	Asset
	£'000	Distribution	£'000	Distribution
		%		%
Equities	56,511	54%	59,761	54%
Target return funds	26,976	26%	29,294	27%
Infrastructure	7,629	7%	6,618	6%
Properties	10,393	10%	10,329	9%
Cash	3,195	3%	3,845	4%
Total	<u>104,704</u>	<u>100%</u>	<u>109,847</u>	<u>100%</u>

Analysis of the amount chargeable to expenditure under FRS102

	2020	2019
	£'000	£'000
Current service cost	(4,010)	(4,103)
Past service cost	(1,180)	-
Contributions in respect of defined contribution schemes	(457)	(403)
Sub-total reflected in Staff costs (note 7)	<u>(5,647)</u>	<u>(4,506)</u>
Administration expenses	(143)	(132)
Net Interest on the defined liability	<u>(1,525)</u>	<u>(1,676)</u>
Total expenditure	<u>(7,315)</u>	<u>(6,314)</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

8. PENSIONS (Continued)

Analysis of amount recognised in the SOFA	2020	2019
	£'000	£'000
Return on plan assets in excess of interest	(3,039)	6,096
Other actuarial gains/(losses) on assets	(4,118)	-
Change in demographic assumptions	(2,138)	8,344
Experience gains / (losses) arising on the scheme liabilities	(1,094)	-
Changes in assumptions underlying the present value of the scheme liabilities	17,537	(9,963)
Actuarial gain / (loss) recognised in SOFA	<u>7,148</u>	<u>4,477</u>

Reconciliation of defined benefit obligation	2020	2019
	£'000	£'000
Defined benefit obligation in scheme at beginning of year	(174,544)	(167,234)
Movement in year:		
Current service cost	(4,010)	(4,103)
Interest cost	(4,156)	(4,313)
Contributions by members	(910)	(932)
Unfunded benefits paid	151	158
Past service cost	(1,180)	
Benefits paid	3,597	3,499
Change in demographic assumptions	(2,138)	8,344
Experience gains / (losses) on defined benefit obligation	(1,094)	-
Change in financial assumptions	17,537	(9,963)
Deficit in scheme at end of the year	<u>(166,747)</u>	<u>(174,544)</u>

Reconciliation of fair value of employer assets	2020	2019
	£'000	£'000
Fair value of employer assets in scheme at beginning of year	109,847	101,586
Movement in year:		
Interest on assets	2,631	2,637
Other actuarial gains/(losses)	(4,118)	-
Return on assets less interest	(3,039)	6,096
Contributions by members	910	932
Administration expenses	(143)	(132)
Contributions by the employer, including in respect of unfunded benefits	2,364	2,385
Benefits paid, including unfunded benefits	(3,748)	(3,657)
Fair value of employer assets in scheme at end of year	<u>104,704</u>	<u>109,847</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

8. PENSIONS (Continued)

History of experience gains and losses	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	104,704	109,847	101,586	95,809	77,628
Present value of defined benefit obligation	<u>(166,747)</u>	<u>(174,544)</u>	<u>(167,234)</u>	<u>(166,644)</u>	<u>(133,364)</u>
Deficit	(62,043)	(64,697)	(65,648)	(70,835)	(55,736)
Experience (losses) / gains on assets	(3,039)	6,096	3,153	13,137	(3,167)
Experience (losses) / gains on liabilities	<u>(1,094)</u>	<u>-</u>	<u>-</u>	<u>4,059</u>	<u>141</u>

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

		£'000	£'000	£'000
Adjustment to discount rate		+0.1%	0.0%	-0.1%
	Present value of total obligation	(163,369)	(166,747)	(170,199)
	Projected service cost	(3,881)	(3,979)	(4,080)
Adjustment to long term salary increase		+0.1%	0.0%	-0.1%
	Present value of total obligation	(167,054)	(166,747)	(166,442)
	Projected service cost	(3,981)	(3,979)	(3,977)
Adjustment to pension increases and deferred valuation		+0.1%	0.0%	-0.1%
	Present value of total obligation	(169,903)	(166,747)	(163,656)
	Projected service cost	(4,078)	(3,979)	(3,882)
Adjustment to mortality age rating assumption		+ 1 Year	None	- 1 Year
	Present value of total obligation	(172,333)	(166,747)	(161,342)
	Projected service cost	(4,113)	(3,979)	(3,850)

9. INTANGIBLE FIXED ASSETS (Group)

Goodwill	Group
	£'000
Goodwill on Acquisition	
At 1 April 2019 and 31 March 2020	1,574
Goodwill Amortisation	
At 1 April 2019	(1,220)
Amortisation in the year	<u>(157)</u>
At 31 March 2020	(1,377)
Net Book Value	
At 31 March 2020	<u>197</u>
At 1 April 2019	<u>354</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 2020

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
Cost or valuation							
At 1 April 2019	76,390	12,634	5,793	1,807	7,885	1,874	106,383
Additions	311	104	265	203	61	477	1,421
Reclassification	105	-	1,621	(79)	87	(1,734)	-
Revaluation	2,471	326	-	-	-	-	2,797
At 31 March 2020	79,277	13,064	7,679	1,931	8,033	617	110,601
Depreciation							
At 1 April 2019	(6,481)	(6,185)	(5,087)	(1,178)	(5,739)	-	(24,670)
Charge for the year	(3,515)	(1,532)	(490)	(119)	(951)	-	(6,607)
Revaluation	(153)	(211)	-	-	-	-	(364)
At 31 March 2020	(10,149)	(7,928)	(5,577)	(1,297)	(6,690)	-	(31,641)
Net Book Value							
At 31 March 2020	69,128	5,136	2,102	634	1,343	617	78,960
At 1 April 2019	69,909	6,449	706	629	2,146	1,874	81,713

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 2020 have been estimated using appropriate indexation from an independent expert body, resulting in a net increase in value in the year of £2.3m (2019: decrease of £3.3m). Short leasehold property improvements have been revalued using appropriate indices, resulting in a net increase in value in the year of £0.1m (2019: decrease of £0.2m). 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
Cost							
At 1 April 2019	39,940	11,170	5,793	1,807	7,885	1,874	68,469
Additions	311	104	265	203	61	477	1,421
Reclassification	105	-	1,621	(79)	87	(1,734)	-
At 31 March 2020	40,356	11,274	7,679	1,931	8,033	617	69,890
Depreciation							
At 1 April 2019	(16,391)	(5,276)	(5,087)	(1,178)	(5,739)	-	(33,671)
Charge for the year	(1,252)	(1,022)	(490)	(119)	(951)	-	(3,834)
At 31 March 2020	(17,643)	(6,298)	(5,577)	(1,297)	(6,690)	-	(37,505)
Net Book Value							
At 31 March 2020	22,713	4,976	2,102	634	1,343	617	32,385
At 1 April 2019	23,549	5,894	706	629	2,146	1,874	34,798

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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. 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 2020

12. INVESTMENTS (Charity) (continued)

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

	Company Registration Number:
British Screen Finance Limited (BSF)	1910848
BFI (Big Screen) Limited (operates the theatrical and commercial activities of the BFI IMAX)	3088677
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:

Subsidiary undertakings		Ordinary shares of £1 each	Holding
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
Associated undertakings			
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:

	£'000
Cost	
At 1 April 2019 and 31 March 2020	2,450
Impairment	
At 1 April 2019 and 31 March 2020	<u>(1,007)</u>
Net Book Value	
At 1 April 2019 and 31 March 2020	<u><u>1,443</u></u>

13. IMPACT OF THE INTRODUCTION OF IFRS 16 (LEASES) - BFI LOTTERY FINANCIAL STATEMENTS

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.

IFRS 16 (Leases) does not apply under FRS102 but for the BFI Lottery accounts appended it applies for periods beginning on or after 1 January 2019, and is thus being applied for the first time in those accounts for the year ending 31 March 2020.

Those 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 are thus 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 of use" asset. The asset is depreciated over the life of the lease period, whilst the liability is released in line with the lease payments.

Guidance has been received from HM Treasury as to the approach to be adopted in the first year of implementation of this standard, to ensure consistency across Government. This states that these changes be introduced as in year changes with no re-statements of the prior year figures - the approach adopted here.

Previously to this rentals payable under operating leases were charged to the SOCNE on a straight line basis over the lease term.

See Notes 2, 11 and 14 to the BFI Lottery Financial Statements for further information.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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.

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

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Production Awards	11,330	12,181	10,210	10,370	9,325
Vision Awards	1,238	1,323	1,368	1,500	1,095
Development Awards	534	284	333	374	316
Distribution Awards	235	220	489	329	180
Other Awards	-	-	30	54	54
Film Rights valuation	<u>13,337</u>	<u>14,008</u>	<u>12,430</u>	<u>12,627</u>	<u>10,970</u>

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 cash flows from these:

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Film rights - non-current	10,532	8,249	7,492	7,627	6,653
Film rights - current	2,805	5,759	4,938	5,000	4,317
	<u>13,337</u>	<u>14,008</u>	<u>12,430</u>	<u>12,627</u>	<u>10,970</u>

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

Movements in the valuation of film rights

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Film rights valuation at 1 April	14,008	12,430	12,627	10,970	7,561
New commitments: made in year	17,002	20,840	18,783	23,150	23,570
Decommitments: new film rights in year	-	(3)	(23)	-	(135)
Decommitments: historical portfolio	(461)	(369)	(451)	(315)	(463)
Repayment of investments: new film rights in year	(285)	(588)	(508)	(539)	(449)
Repayment of investments: historical portfolio	(4,191)	(3,546)	(5,024)	(4,647)	(3,608)
Adjustments: new film rights in year	(13,932)	(16,110)	(15,530)	(19,114)	(17,494)
Adjustments: historical portfolio	(3,873)	(2,476)	(2,315)	(1,971)	(2,930)
Adjustments written back	5,069	3,830	4,871	5,093	4,918
Film rights valuation at 31 March	<u>13,337</u>	<u>14,008</u>	<u>12,430</u>	<u>12,627</u>	<u>10,970</u>

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% (2019: 3.7%).

Movements in adjustments in the year are as follows:

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Adjustments: new film rights in year	(13,932)	(16,110)	(15,530)	(19,114)	(17,494)
Adjustments: historical portfolio	(3,873)	(2,476)	(2,315)	(1,971)	(2,930)
	<u>(17,805)</u>	<u>(18,586)</u>	<u>(17,845)</u>	<u>(21,085)</u>	<u>(20,424)</u>
Adjustments written back: historical portfolio	5,069	3,830	4,871	5,093	4,918
Net movement in adjustments	<u>(12,736)</u>	<u>(14,756)</u>	<u>(12,974)</u>	<u>(15,992)</u>	<u>(15,506)</u>

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 2020, the Film Rights valuation for production awards is £11.3m (2019: £12.2m) and for all other Film Rights is £2.0m (2019: £1.8m) totalling £13.3m (2019: £14.0m). For production awards, where the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2020 would be £0.6m for 186 awards (2019: £0.6m for 187 awards).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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 £5.3m (2019: £2.8m). Were this default reduction percentage to change to +/- 10% the Film Rights valuation would change by :

	£'000 +10%	£'000 0%	£'000 -10%
2019-20	(400)	5,330	560
2018-19	(370)	2,850	390

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 2020 for production awards is US \$1.30 (2019: 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 £0.4m. Were the valuation calculated using US \$1.20, then these valuations would be increased by £0.7m (and the awards at March 2019 would increase by £0.6m).

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>.

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

The movement in balances held at the NLDF is:

	2020 £'000	2019 £'000
Balance at 1 April	52,757	53,499
Income received from the Lottery receipts	48,025	43,264
Investment income earned on NLDF balances	232	222
Available for distribution	101,014	96,985
Cash drawn down	(47,210)	(44,228)
Balance at 31 March	<u>53,804</u>	<u>52,757</u>

The funds are invested on behalf of the NLDF by the National Debt Commissioners. The BFI's distribution is in accordance with Sections 22 and 23 of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998). The BFI is required by statute to show on the balance sheet the lower of the market value or the cost of the investment as at the year end. There were no unrealised gains in the year (2019: £nil).

16. STOCKS AND WORK IN PROGRESS

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Work in progress	43	67	43	67
Finished goods	526	424	336	424
	<u>569</u>	<u>491</u>	<u>379</u>	<u>491</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

17. DEBTORS

	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	2,652	2,989	1,544	2,276
Amount owed by subsidiary undertakings	-	-	3,654	2,223
Other debtors	1,946	1,446	1,900	1,449
Prepayments and accrued income	4,079	3,506	3,035	2,543
	<u>8,677</u>	<u>7,941</u>	<u>10,133</u>	<u>8,491</u>

18. CASH AT BANK AND IN HAND

		Unrestricted	Restricted	2020	2019
		£'000	£'000	Total	Total
		£'000	£'000	£'000	£'000
Analysis of cash and cash equivalents					
Cash at bank and in hand	Group	<u>2,060</u>	<u>21,351</u>	<u>23,411</u>	<u>9,871</u>
Cash at bank and in hand	Charity	<u>(1,006)</u>	<u>21,351</u>	<u>20,345</u>	<u>8,200</u>

All cash at bank is held with UK commercial banks.

£3.9m (2019: £2.8m) 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.

	2020	2019
	£'000	£'000
Film rights - non-current	10,532	8,249
Film rights - current	<u>2,805</u>	<u>5,759</u>
	<u>13,337</u>	<u>14,008</u>

National Lottery Distribution Fund

Under IFRS 9 funds held at the National Lottery Distribution Fund are held as financial instruments held at amortised cost.

Liquidity risks

Income was derived from:	2020	%	2019	%
	£'000		£'000	
DCMS Grant-in-aid	33,918	29.9%	20,311	21.3%
DCMS Capital provision	1,007	0.9%	1,407	1.5%
Other legacies, grants and donations and investment income	3,832	3.4%	4,998	5.3%
Resources generated from charitable activities	23,233	20.5%	22,380	23.5%
Donated services and facilities	1,698	1.5%	1,638	1.7%
Lottery proceeds and receipts	49,834	43.8%	44,436	46.7%
	<u>113,522</u>	<u>100.0%</u>	<u>95,170</u>	<u>100.0%</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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 £62.4m at the balance sheet date (2019: £59.3m), sufficient liquid resources are available to cover all existing commitments totalling £38.9m (2019: £37.2m) 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 £53.8m (2019: £52.8m) and the average investment return for the year was 0.72% (2019: 0.67%).

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% (2019: 0.1%). The group cash balance at the year end was £23.4m (2019: £9.8m).

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 2020 have a valuation of £13.3m (2019: £14.0m). The Governors consider that the BFI is not exposed to significant other price risks.

Foreign currency risks

The BFI's financial assets are not exposed to material foreign exchange risks as long-term balances are held in sterling, however foreign currency exchange risks are significant in the valuation of the Film Rights as explained in the Lottery financial statements note 14: Financial Instruments and note 6: Film Rights.

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	(2,662)	(1,441)	(2,590)	(1,340)
Amount owed to subsidiary undertakings	-	-	-	(93)
Other taxes and social security costs	(866)	(712)	(866)	(712)
Other creditors	(12,916)	(1,730)	(12,915)	(1,823)
Lottery awards payable (see note 23)	(30,920)	(30,435)	(30,920)	(30,435)
Accruals	(4,377)	(2,982)	(4,310)	(2,894)
Deferred income (see note 21)	(1,646)	(1,059)	(1,088)	(1,043)
	<u>(53,387)</u>	<u>(38,359)</u>	<u>(52,689)</u>	<u>(38,340)</u>

21. DEFERRED INCOME

	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April	(1,059)	(834)	(1,043)	(783)
Amount released to income	1,059	834	1,043	783
Amount deferred in year	(1,646)	(1,059)	(1,088)	(1,043)
At 31 March	<u>(1,646)</u>	<u>(1,059)</u>	<u>(1,088)</u>	<u>(1,043)</u>

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

22. PROVISIONS (Group and Charity)

	2020	2019
	£'000	£'000
Rewarding success awards		
At 1 April	(2,835)	(2,649)
New provisions in the year	(1,911)	(1,534)
Provisions released in year	859	1,348
At 31 March	<u>(3,887)</u>	<u>(2,835)</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)

	2020	2019
	£'000	£'000
At 1 April	(30,435)	(24,396)
New films right commitments in year	(17,002)	(20,840)
Commitments transferred from prior year provision for non-film rights awards	(859)	(1,348)
New non-film rights commitments in year	(27,571)	(25,451)
Decommitments	1,335	1,414
Amounts paid	<u>43,612</u>	<u>40,186</u>
At 31 March	<u>(30,920)</u>	<u>(30,435)</u>

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

Reconciliation to Lottery accounts		2020	2019
		£'000	£'000
Creditors: amounts falling due within one year	Lottery awards payable	(30,920)	(30,435)
Provisions	Lottery awards payable	(3,887)	(2,835)
Other payables - Awards Commitments:	Heritage 2022 - eliminated on consolidation	<u>(4,085)</u>	<u>(3,926)</u>
Total Awards Commitments as per Lottery accounts		<u>(38,892)</u>	<u>(37,196)</u>

Lottery accounts - Awards Commitments represented by:

Other payables - Awards Commitments	(22,083)	(17,782)
Provision for award commitments	<u>(16,809)</u>	<u>(19,414)</u>
	<u>(38,892)</u>	<u>(37,196)</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

24. STATEMENT OF FUNDS (Group and Charity)

GROUP	At 1 April 2019 £'000	Income £'000	Expenditure £'000	Other recognised gains/(losses) £'000	Transfers £'000	At 31 March 2020 £'000
Unrestricted funds:						
Income funds excluding pensions asset/liability	36,119	39,785	(43,620)	-	1,375	33,659
Pension reserve	(62,052)	-	(4,069)	6,751	-	(59,370)
Fixed asset revaluation reserve	46,915	-	(2,773)	2,433	-	46,575
Total unrestricted funds	20,982	39,785	(50,462)	9,184	1,375	20,864
Donated Services and Facilities	-	1,698	(1,698)	-	-	-
DCMS - Revenue GiA	-	5,000	(5,000)	-	-	-
DCMS - Capital GiA	-	1,007	-	-	(1,007)	-
DCMS - Young Audience Content Fund	-	14,182	(13,885)	-	-	297
BFI Lottery - Heritage 2022	3,898	-	(2,065)	-	2,217	4,050
BFI Lottery - BFI London Film Festival	-	-	(900)	-	900	-
BFI Trust	-	634	(259)	-	(310)	65
Chaplin Foundation	41	-	-	-	-	41
Clifford Hamer Shaw - Legacy	510	-	(510)	-	-	-
Education, Audio-visual and Culture Executive Agency	97	-	(31)	-	-	66
European Commission	4	290	(294)	-	-	-
Friends of the BFI	66	470	(511)	-	-	25
LUMA Foundation	30	-	-	-	-	30
The Mohamed S Farsi Fund	52	-	-	-	-	52
Pureland Foundation	-	75	(75)	-	-	-
Philippe L. Camu Annual Giving Fund	-	65	(65)	-	-	-
Reuben Foundation	86	-	(65)	-	-	21
Simon Hessel	-	50	(50)	-	-	-
Other up to £50,000	168	328	(346)	-	-	150
Total restricted funds excluding lottery	4,952	23,799	(25,754)	-	1,800	4,797
Lottery funds:						
Lottery reserve	37,955	49,866	(47,996)	-	(3,175)	36,650
Donations and other income - Creative Scotland	-	72	(72)	-	-	-
+ others	-	-	-	-	-	-
Lottery share of pension reserve	(2,645)	-	(425)	397	-	(2,673)
Total Lottery funds	35,310	49,938	(48,493)	397	(3,175)	33,977
Total funds	61,244	113,522	(124,709)	9,581	-	59,638

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

CHARITY	At 1 April 2019 £'000	Income £'000	Expenditure £'000	Other recognised gains/(losses) £'000	Transfers £'000	At 31 March 2020 £'000
Unrestricted funds:						
Income funds excluding pensions asset/liability	36,106	36,704	(40,382)	-	1,375	33,803
Pension reserve	(62,052)	-	(4,069)	6,751	-	(59,370)
Fixed asset revaluation reserve	46,915	-	(2,773)	2,433	-	46,575
Total unrestricted funds	20,969	36,704	(47,224)	9,184	1,375	21,008
Donated Services and Facilities	-	1,698	(1,698)	-	-	-
DCMS - Revenue GiA	-	5,000	(5,000)	-	-	-
DCMS - Capital GiA	-	1,007	-	-	(1,007)	-
DCMS - Young Audience Content Fund	-	14,182	(13,885)	-	-	297
BFI Lottery - Heritage 2022	3,898	-	(2,065)	-	2,217	4,050
BFI Lottery - BFI London Film Festival	-	-	(900)	-	900	-
BFI Trust	-	634	(259)	-	(310)	65
Chaplin Foundation	41	-	-	-	-	41
Clifford Hamer Shaw - Legacy	510	-	(510)	-	-	-
Education, Audio-visual and Culture Executive Agency	97	-	(31)	-	-	66
European Commission	4	290	(294)	-	-	-
Friends of the BFI	66	470	(511)	-	-	25
LUMA Foundation	30	-	-	-	-	30
The Mohamed S Farsi Fund	52	-	-	-	-	52
Pureland Foundation	-	75	(75)	-	-	-
Philippe L. Camu Annual Giving Fund	-	65	(65)	-	-	-
Reuben Foundation	86	-	(65)	-	-	21
Simon Hessel	-	50	(50)	-	-	-
Other up to £50,000	168	328	(346)	-	-	150
Total restricted funds excluding lottery	4,952	23,799	(25,754)	-	1,800	4,797
Lottery funds:						
Lottery reserve	37,955	49,866	(47,996)	-	(3,175)	36,650
Donations and other income - Creative Scotland + others	-	72	(72)	-	-	-
Lottery share of pension reserve	(2,645)	-	(425)	397	-	(2,673)
Total Lottery funds	35,310	49,938	(48,493)	397	(3,175)	33,977
Total funds	61,231	110,441	(121,471)	9,581	-	59,782

Transfers represent fixed assets funded by restricted grants, which have been transferred to unrestricted assets on completion. 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 2020

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

Restricted funds:	Description:
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 2019 BFI London Film Festival.
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
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.

Lottery funds:

Creative Scotland	Film Academies support
Northern Ireland Screen	Young people's Filmmaking Programme

Fund balances at 31 March 2020 are represented by:

	Group			Charity		
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Fixed assets:						
Intangible fixed assets	197	-	197	-	-	-
Tangible fixed assets	78,960	-	78,960	78,960	-	78,960
Investments	-	-	-	1,443	-	1,443
Non-current assets:						
Film rights	-	10,532	10,532	-	10,532	10,532
Film rights	-	2,805	2,805	-	2,805	2,805
National Lottery Distribution Fund	-	53,804	53,804	-	53,804	53,804
Stocks and work in progress	569	-	569	379	-	379
Debtors	7,967	710	8,677	9,423	710	10,133
Cash at bank and in hand	2,060	21,351	23,411	(1,006)	21,351	20,345
Current assets	10,596	78,670	89,266	8,796	78,670	87,466
Current liabilities	(9,514)	(47,760)	(57,274)	(8,816)	(47,760)	(56,576)
Income funds excluding pensions net liability						
	80,239	41,442	121,681	80,383	41,442	121,825
Long term pension liabilities	(59,370)	(2,673)	(62,043)	(59,370)	(2,673)	(62,043)
Total net assets	20,869	38,769	59,638	21,013	38,769	59,782

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

Fund balances at 31 March 2019 are represented by:

	Group			Charity		
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000
Fixed assets:						
Intangible fixed assets	354	-	354	-	-	-
Tangible fixed assets	81,713	-	81,713	81,713	-	81,713
Investments	-	-	-	1,443	-	1,443
Non-current assets:						
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)	(7,620)	(33,555)	(41,175)
Income funds excluding pensions net liability						
	83,035	42,906	125,941	83,022	42,906	125,928
Creditors due after more than one year	-	-	-	-	-	-
Long term pension liabilities	(62,052)	(2,645)	(64,697)	(62,052)	(2,645)	(64,697)
Total net assets	20,983	40,261	61,244	20,970	40,261	61,231

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	
	2020	2019	2020	2019
	Unrestricted £'000	Unrestricted £'000	Unrestricted £'000	Unrestricted £'000
Current assets	10,596	8,607	8,796	7,486
Current liabilities	(9,514)	(7,639)	(8,816)	(7,620)
Net free reserves	1,082	968	(20)	(134)

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 other subsidiaries, which are wholly owned by the BFI and have distributable reserves of £1,105,000 (2019: £1,105,000) which are available for donation to the Charity if required (note 12).

25. LEASE COMMITMENTS (Group and Charity)

At 31 March 2020, the Charity had commitments in respect of non-cancellable operating leases as set out below:

Leases which expire:	Land and	Land and	Other	Other
	buildings	buildings		
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Less than 1 year	(1,873)	(1,838)	(41)	(76)
Within 2 to 5 years	(5,712)	(6,122)	(48)	-
Over 5 years	(10,818)	(12,243)	-	-
	(18,403)	(20,203)	(89)	(76)

26. CAPITAL COMMITMENTS (Group and Charity)

As at 31 March 2020, the BFI had capital commitments outstanding of £64,000 (2019: £143,000) relating to the Digitisation infrastructure and website upgrade.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

27. CONTINGENT LIABILITIES (Group and Charity)

At 31 March 2020 Grant in Aid awards had been made for activity commencing on or after 1 April 2020. As these are contingent upon the receipt of Grant in Aid funding from DCMS in 2020-21 these are not taken to the Statement of Financial Activities in the year but are disclosed here.

	2020	2019
	£'000	£'000
Creative England	-	(300)
Film London	(374)	(367)
Northern Ireland Screen: Irish Language Fund	(3,055)	(3,000)
Northern Ireland Screen: Ulster Scots Fund	(1,018)	(1,000)
	<u>(4,447)</u>	<u>(4,667)</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.

	2020	2019
	£'000	£'000
Contingent liability - rewarding success projects in film rights	<u>(3,002)</u>	<u>(2,387)</u>

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.

	2020	2019
	£'000	£'000
<i>Prior year Lottery awards</i>		
Production awards	(105)	(105)
Development awards	-	(113)
<i>In year Lottery awards</i>		
Production awards	(3,742)	(5,476)
Distribution awards	(150)	(399)
Development awards	(818)	(621)
Vision awards	-	(50)
Network awards	(302)	(1,392)
Financial commitments - notified but not yet recognised in the financial statements	<u>(5,117)</u>	<u>(8,156)</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:

	2020	2019
	£'000	£'000
Not later than one year	(2,811)	(1,119)
Later than one year and not later than five years	(710)	(192)
Later than five years	-	-
Contracts for delivery of services	<u>(3,521)</u>	<u>(1,311)</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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.

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 until 14.02.2020) was also 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.

In February 2020 Amanda Nevill (Chief Executive until 14.02.2020) was succeeded by Francesca Vinti (Director of Development) as a Trustee of the Friends of the BFI, a USA based charity with which there were a number of transactions in the year totalling £562,000 (2019: £325,000).

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 £15,272 (2019: £15,472) and expenditure, primarily film royalties, of £61,829 (2019: £9,801). He is also a member of the British Screen Forum (formerly the British Screen Advisory Council) with which the BFI's Chief Executive has a membership costing £6,942 (2019: £6,675).

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 £6,829 (2019: £nil) from film bookings and expenditure, primarily cinema hire for the BFI London Film Festival, of £216,600 (2019: £103,000). The BFI incurred expenditure with the UK Cinema Association of £nil (2019: £480) relating to membership.

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 £101,760 (2019: £101,000).

Tricia Tuttle (Festivals Director) is partner to the Director of Film at the British Council, which has partnered with the BFI on projects. Grant funding and other income amounting to £115,434 was received from them in the year (2019: £95,000) with grant awards to them and other expenditure amounting to £126,910 (2019: £114,000).

Governors made unrestricted donations totalling £94,267 (2019: £65,000).

Executive directors made unrestricted donations totalling £1,500 (2019: £1,000).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

Lottery Awards

Recipient of funding	Name	Role with BFI	Relationship to recipient of funding	New Awards made		Balance as at
				Year Ended 31 March 2020	31 March 2020	
				£	£	£
BFI - London Film Festival	Amanda Nevill	CEO until 14 February 2020	CEO until 14 February 2020	900,000		-
BFI - Heritage 2022	Ben Roberts	CEO from 14 February 2020	CEO from 14 February 2020	2,275,000		2,275,000
International Documentary Festival Sheffield Ltd	Mary Burke	Senior Production & Development Executive	Director	260,000		130,000
Studio Canal Ltd	Idris Elba	Governor	Film Director	100,000		100,000
Studio Canal Ltd	Ben Luxford	Head of Audience Fund	Partner is employee of Studio Canal Ltd	100,000		100,000

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 2020 totalling £59,710 (2019: £39,000) of which a balance of £59,710 (2019: £39,000) remained payable at that date. The BFI transacted with the BAFTA on an arms length basis during the year with sales of £1,418 (2019: £2,000) and purchases of £43,059 (2019: £27,000).

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.

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 2019-20 the Secretary of State did not object to an award of £2,275,000 (2018-19: £2,093,000) 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 2020 of £4,050,000 (2019: £3,898,000) (note 24: Statement of Funds) is expected to be fully utilised and paid within the 2020-21 financial year.

Under the same power in 2019-20 the Secretary of State did not object to an award of £900,000 (2018-19: £500,000) 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 (2019: none).

32. POST BALANCE SHEET EVENTS (Group and Charity)

Covid-19 has had a significant impact on the operations of the British Film Institute, with our cinemas and shops required to close from the commencement of lockdown in March 2020 through to July 2020 and a further closure in November 2020. The ongoing impact of Covid-19 remains uncertain due to the potential for further lockdowns to be required, as well as the impact on demand and the need to maintain social distancing when reopening services. For further information refer to note 1. Accounting Policies, Going concern and the Annual Report.

The United Kingdom left the European Union on 31 January 2020. At the time of signing the accounts negotiations we ongoing regarding arrangements following the end of the transition period to 31 December 2020 and therefore there have been no events after the reporting period, either adjusting or non-adjusting which require recognition or disclosure in the financial statements.

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.

Registered charity no: 287780

**BRITISH FILM INSTITUTE GROUP AND NATIONAL
LOTTERY ANNUAL REPORT AND FINANCIAL
STATEMENTS 2019-20**

NATIONAL LOTTERY FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

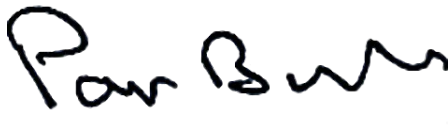
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and

- 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.


A handwritten signature in black ink, appearing to read 'Pat Butler', with a horizontal line underneath.

Pat Butler
Interim Chair, Board of Governors


A handwritten signature in black ink, appearing to read 'Ben Roberts', with a long horizontal line extending to the right.

Ben Roberts
Chief Executive

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the British Film Institute's Lottery Distribution for the year ended 31 March 2020 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Income, 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 People 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 affairs as at 31 March 2020 and of total comprehensive income 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the British Film Institute's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the British Film Institute have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the British Film Institute's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue..

RESPONSIBILITIES OF THE BOARD AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of the Governors' and Chief Executive's Responsibilities, the Chief Executive, as Accounting Officer, is 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 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.

- Conclude on the appropriateness of the British Film Institute'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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the British Film Institute to cease to continue as a going concern.

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 Board 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 People 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 People Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993;
- in the light of the knowledge and understanding of 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 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 People 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
Comptroller and Auditor General

DATE: 16 December 2020

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

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
YEAR ENDED 31 MARCH 2020**

	Notes	2019-20	2018-19
		£'000	£'000
Income			
Proceeds from the National Lottery	3	48,025	43,264
National Lottery Distribution Fund investment income	3	232	222
Recoupment income			
Arts Council England and UK Film Council portfolio	4	323	136
BFI portfolio	4	1,230	814
Other income		95	485
Total income		49,905	44,921
Expenditure			
Lottery - non-film rights awards	5	(33,155)	(30,838)
Adjustments against film rights	6	(17,805)	(18,586)
Reversal of adjustments against film rights	6	5,069	3,830
Operating costs	9	(5,794)	(5,415)
Leasehold improvements	10	(369)	(369)
Total expenditure		(52,054)	(51,378)
Operating (deficit)/surplus		(2,149)	(6,457)
Bank interest receivable		32	24
(Deficit)/Surplus on ordinary activities before taxation		(2,117)	(6,433)
Tax on surplus on ordinary activities for the year		-	-
(Deficit)/surplus for the year		(2,117)	(6,433)
Other comprehensive income/(expenditure)			
Actuarial gain/(loss)	8	396	464
Total other comprehensive income		396	464
Total comprehensive income		(1,721)	(5,969)

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

STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

	Notes	At 31 March 2020	At 31 March 2019
		£'000	£'000
Non-current assets			
Right of use asset	11	1,705	-
Trade and other receivables falling due after one year	12	-	369
Film Rights	6	10,532	8,249
Total non-current assets		12,237	8,618
Current assets			
Film rights	6	2,805	5,759
National Lottery Distribution Fund	3	53,804	52,757
Trade and other receivables falling due within one year	12	974	2,361
Cash and cash equivalents	13	8,559	6,499
Total current assets		66,142	67,376
Current liabilities			
Trade and other payables	15	(910)	(109)
Other payables - award commitments	16	(22,083)	(17,782)
Provisions	17	(16,809)	(19,414)
Total current liabilities		(39,802)	(37,305)
Total net current assets for the year ended 31 March		26,340	30,071
Non-current liabilities			
Lease payables due > 1 year	15	(1,581)	-
Pension liability	8	(2,672)	(2,644)
Total non-current liabilities		(4,253)	(2,644)
Assets less liabilities		34,324	36,045
Capital and reserves			
Lottery reserve		36,996	38,689
Pension reserve	8	(2,672)	(2,644)
		34,324	36,045

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

The financial statements were approved and authorised for signature by the Governors on 10 December 2020.



Pat Butler
Interim Chair, Board of Governors



Ben Roberts
Chief Executive

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2020**

	Notes	Lottery Reserve £'000	Pension Reserve £'000	Total Reserve £'000
Balance at 31 March 2018		44,864	(2,850)	42,014
(Deficit)/surplus for the year		(6,175)	(258)	(6,433)
Re-measurements in the year	8	-	464	464
Balance at 31 March 2019		38,689	(2,644)	36,045
(Deficit)/surplus for the year		(1,693)	(424)	(2,117)
Re-measurements in the year	8	-	396	396
Balance at 31 March 2020		36,996	(2,672)	34,324

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2020

	Notes	2019-20	2018-19
		£'000	£'000
Operating (deficit)/surplus		(2,117)	(6,433)
(Increase)/decrease in film rights falling due in excess of one year	6	(2,283)	(757)
Decrease/(increase) in film rights falling due within one year	6	2,954	(821)
Decrease/(increase) in trade receivables	3, 12	(996)	2,652
Increase in Trade payables	15	2,382	8
Increase/(decrease) in award payables	16	4,301	(2,824)
(Decrease)/increase in other payables - award commitments	17	(2,605)	8,832
Non cash pension movements	8	424	258
Interest received		(32)	(24)
Reclassification of receipts from National Lottery Distribution Fund as cashflows from investing activities	3	(47,210)	(44,228)
	11	139	-
Reclassification of rental payments to cashflows from financing activities			
Reclassification of interest payable for lease liabilities to cashflows from financing activities	11	37	-
Net cash from operating activities		<u>(45,006)</u>	<u>(43,337)</u>
Interest received		32	24
Cash receipts from National Lottery Distribution Fund	3	47,210	44,228
Cashflows from investing activities		<u>47,242</u>	<u>44,252</u>
Interest payable for lease liabilities	11	(37)	-
Rental payments for lease liabilities	11	(139)	-
Cashflows from financing activities		<u>(176)</u>	<u>-</u>
Increase in cash in the year		<u>2,060</u>	<u>915</u>
Cash and cash equivalents at 1 April 2019	13	6,499	5,584
Cash and cash equivalents at 31 March 2020		<u><u>8,559</u></u>	<u><u>6,499</u></u>

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

YEAR ENDED 31 MARCH 2020

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 £34.3m (2019: £36.0m).

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FRM) issued by HM Treasury. The accounting policies contained in the FRM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRM 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 www.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 6: Film Rights. The recharge of operating costs are based on an assessment of the 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 9: Operating Costs and information on the assumptions underlying the pension valuation can be found in note 8: Pensions.

Most of the London Pension Fund's assets have quoted prices in active markets, but there are unquoted property, infrastructure and private equity assets, with BFI's share of these amounting to an estimated £2.9m. The property and infrastructure assets are subject to valuation by external valuers and due to the unprecedented impact of Covid-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. In addition, the pension fund auditors have also included a material uncertainty clause in their opinion related to the valuation of the private equity assets, again due to the impact of Covid-19 on these assets. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in BFI's accounts, than would normally be the case.

The method used for determining the expected rate of inflation in future years within the calculation of the pension valuation has been amended by our actuaries compared to the method used in the 2018-19 accounts. This is one of the assumptions used in determining the future value of the pension obligations. The change in method for estimating the inflation rate has been required due to the change in the method of calculating the Retail Price Index from 2030 onwards that was announced by the Government in 2019. This is estimated to have led to the estimated inflation rate being approximately 0.2% higher than under the previous methodology. This has an impact of increasing the liability by approximately £0.5m compared to if the previous methodology had been used. This is one of a number of assumptions used in estimating the future pension obligations and there cannot be certainty as to their actual outcome due to the time period over which the obligation to make future payments is discharged. Further details of the sensitivity of the pension liability to changes in the key assumptions is set out on page 154-5.

YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (CONTINUED)

Apportioned costs

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

National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for 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 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. Further detail of this can be found in note 14 below.

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 adjusted to the extent that the repayment of the award is considered doubtful. The impairment is calculated either as standard percentage suggested by historic recoupment performance of that particular type of award, or based on the value suggested by future estimated receipts.

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

At 31 March 2020 a further global provision was added in to the detailed review in recognition of the uncertainties arising from the COVID-19 pandemic and the unknown impact on future film sales and audience appetite for cinema attendance as a result of the lockdowns and their easing into the subsequent tier system.

Movements in adjustments shown in the statement of Comprehensive Net Expenditure reflect the net effect of increases and decreases in adjustments against film rights in the year. Any adjustment may be reversed in part or in full if the valuation understates the fair value of the film rights. Advances for development and short film awards are fully impaired in the year of the award, unless there is a reasonable expectation of repayment in the next seven financial years.

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

YEAR ENDED 31 MARCH 2020

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 impaired value of the film, then any necessary impairment will be released back to the Statement of Comprehensive Net Expenditure so the remaining impairment is not greater than the value of the revised investment value.

Film recoupment income

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

Income in excess of the original value of the rights is taken to the statement of comprehensive 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

BFI Lottery pays rental to the BFI for the proportion of desk space occupied in the Stephen Street offices, in line with the terms of the lease on these premises to March 2031.

In accordance with FReM this lease obligation is recognised on Statement of Financial Position matched to a Right of Use asset. The former of these is reduced by the annual rental payment, whilst the latter is depreciated annually.

This differs from the treatment in the BFI Charity and Group accounts where, under the Charities SORP, rentals payable under operating leases are charged in the group statement of financial activity on a straight-line basis over the lease term.

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. At year end these criteria for drawdown of these funds had been amended in support of the sector, as part of the BFI Lottery response to the COVID-19 pandemic and resultant lockdown, and the impact of this on the industry.

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 2020

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 2020. These are reported to the Board of Governors and the Chief Executive Officer as a stand-alone entity. Therefore in the context of IFRS8 no additional disclosure of segmental reporting is deemed appropriate.

Analysis of total expenditure between administrative and programme spend

Under the definitions of the Financial Reporting Manual 2019-20 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 17: Insurance contracts (Effective from periods starting on or after 1 January 2022)	The new standard replaces IFRS 4, detailing the required policy for the recognition and measurement of insurance and re-insurance contracts, adding detail on the required approach to valuing insurance contracts.	BFI Lottery does not provide and insurance contracts in its normal course of business.
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2. IMPACT OF THE INTRODUCTION OF IFRS 16 (Leases)

IFRS 16 (Leases) applies for periods beginning on or after 1 January 2019, and is thus being applied for the first time in these accounts for the year ending 31 March 2020.

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.

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 are thus 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 of use" asset. The asset is depreciated over the life of the lease period, whilst the liability is released in line with the lease payments.

Guidance has been received from HM Treasury as to the approach to be adopted in the first year of implementation of this standard, to ensure consistency across Government. This states that these changes be introduced as in year changes with no re-statements of the prior year figures - the approach adopted here.

Previously to this rentals payable under operating leases were charged to the SOCNE on a straight line basis over the lease term.

With the introduction of the new standard a Right of Use asset with a valuation of £1.86m has been recorded in non current assets in the balance sheet as at 1 April 2019 with no prior year adjustment. This will be depreciated over the remaining 12 years of the lease to March 2031 at £0.16m per annum.

A matching liability was recorded to this, being reduced by the payments of £0.17m per annum, including rental and an interest (finance) charge calculated using the Treasury Discount Rate of 1.99%. In 2019-20 the finance charge was £0.04m and the rental element £0.13m. Rental is taken within operating costs within the Statement of Comprehensive Expenditure where it is netted by the depreciation. The interest cost is recognised as a cost of financing.

3. LOTTERY INCOME AND THE NATIONAL LOTTERY DISTRIBUTION FUND

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

	2019-20 £'000	2018-19 £'000
Opening balance held at the NLDF	52,757	53,499
Income received from the Lottery	48,025	43,264
Investment income earned	232	222
Available for distribution	101,014	96,985
Cash drawn down	(47,210)	(44,228)
Balance as at 31 March	53,804	52,757

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 (2019: nil).

YEAR ENDED 31 MARCH 2020

3. LOTTERY INCOME AND THE NATIONAL LOTTERY DISTRIBUTION FUND (continued)

Income received from the Lottery

Underlying lottery sales in 2019-20 improved on those of the previous year, despite the drop of in the final weeks of the year resultant from the COVID-19 pandemic and consequent national lockdown. However, the income includes the variable factor of receipts of unclaimed prize money:

Income received from Lottery therefore contains:	2019-20 £'000	2018-19 £'000
Unclaimed prize money	3,331	3,387

4. 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.

	2019-20 £'000	2018-19 £'000
Total film receipts taken as income	1,553	950
Total film receipts taken against film rights on the statement of financial position	4,476	4,134
	<u><u>6,029</u></u>	<u><u>5,084</u></u>

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

	2019-20 £'000
7 films generating < £100,000	323
Arts Council England and UK Film Council portfolio	<u>323</u>
Been So Long	134
I, Daniel Blake	125
Souvenir	207
Wild Rose (aka Country Music)	455
21 films generating < £100,000	<u>309</u>
BFI portfolio	1,230
	<u><u>1,553</u></u>

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

	2019-20 £'000
Beautiful Creatures	184
Been So Long	406
Cold War (aka Zimna Wojna)	246
The Souvenir	401
Wild Rose (aka Country Music)	791
45 Years	186
Kingdom of Us (aka Fly Away)	133
128 films generating < £100,000	<u>2,129</u>
	<u><u>4,476</u></u>

YEAR ENDED 31 MARCH 2020

5. 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 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 2020 for activities to March 2022.

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	2019-20 Decommit- ments* £'000	Awards net of fall ins £'000	2018-19 Awards net of fall ins £'000
Funding to cover the period to March 2022				
National Cluster Growth Fund (production hub awards)	(1,000)	-	(1,000)	(600)
	(1,000)	-	(1,000)	(600)
Funding to cover the period to March 2021				
Film Education awards	(4,887)	-	(4,887)	(4,888)
Film Audience Network fund	(3,300)	-	(3,300)	(3,300)
Film Skills Fund	(5,389)	-	(5,389)	-
Audience fund awards	(3,848)	-	(3,848)	(2,550)
Production services awards	-	-	-	(550)
Talent Network awards	(977)	-	(977)	(1,158)
Film Heritage fund	(2,275)	-	(2,275)	(2,093)
	(20,676)	-	(20,676)	(14,539)
Project or single year funding to cover the period to March 2020				
Audience Fund	(1,407)	24	(1,383)	(1,490)
Rewarding Success	(1,911)	-	(1,911)	(1,418)
International awards	(1,638)	132	(1,506)	(1,621)
Talent Network awards	(1,458)	2	(1,456)	(420)
London Film Festival	(900)	-	(900)	(500)
Creative Enterprise	-	-	-	(2,550)
Creative England - ifeatures, talent and production	-	-	-	26
Film Academy awards	(576)	127	(449)	(532)
Film Education awards	(18)	90	72	(4,790)
Research and Statistics awards	(480)	4	(476)	(493)
Distribution and Exhibition awards	(21)	-	(21)	(68)
Film Network fund	-	-	-	119
Film Skills Fund awards	(3,149)	-	(3,149)	(237)
Diversity awards	-	33	33	11
Development Fund	(151)	158	7	-
Programme Development Fund	-	-	-	53
Film Fund and Regional awards (non-film rights)	-	-	-	(1,485)
	(11,709)	570	(11,139)	(15,395)
Activity support				
Research and statistics	(340)	-	(340)	(304)
	(340)	-	(340)	(304)
Total Lottery non-film rights	(33,725)	570	(33,155)	(30,838)

* 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 19.

YEAR ENDED 31 MARCH 2020

6. 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:

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Production Awards	11,330	12,181	10,210	10,370	9,324
Vision Awards	1,238	1,323	1,368	1,500	1,095
Development Awards	534	284	333	374	316
Distribution Awards	235	220	489	329	180
Other Awards	-	0	30	54	55
Film Rights valuation	13,337	14,008	12,430	12,627	10,970

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 cash flows from these:

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Film rights - non-current	10,532	8,249	7,492	7,627	6,653
Film rights - current	2,805	5,759	4,938	5,000	4,317
	13,337	14,008	12,430	12,627	10,970

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 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 impaired in full 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

	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Film rights valuation at 1 April	14,008	12,430	12,627	10,970	7,561
New commitments: made in year	17,002	20,840	18,783	23,150	23,570
Decommitments: new film rights in year	-	(3)	(23)	-	(135)
Decommitments: historical portfolio	(461)	(369)	(451)	(315)	(463)
Repayment of investments: new film rights in year	(285)	(588)	(508)	(539)	(449)
Repayment of investments: historical portfolio	(4,191)	(3,546)	(5,024)	(4,647)	(3,608)
Adjustments: new film rights in year	(13,932)	(16,110)	(15,530)	(19,114)	(17,494)
Adjustments: historical portfolio	(3,873)	(2,476)	(2,315)	(1,971)	(2,930)
Adjustments written back	5,069	3,830	4,871	5,093	4,918
Film rights valuation at 31 March	13,337	14,008	12,430	12,627	10,970

YEAR ENDED 31 MARCH 2020

6. 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% (2019: 3.7%).

Movements in adjustments in the year are as follows:	2019-20	2018-19	2017-18	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000
Adjustments: new film rights in year	(13,932)	(16,110)	(15,530)	(19,114)	(17,494)
Adjustments: historical portfolio	(3,873)	(2,476)	(2,315)	(1,971)	(2,930)
	(17,805)	(18,586)	(17,845)	(21,085)	(20,424)
Adjustments written back: historical portfolio	5,069	3,830	4,871	5,093	4,918
Net movement in adjustments	(12,736)	(14,756)	(12,974)	(15,992)	(15,506)

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 2020, the Film Rights valuation for production awards is £11.3m (2019: £12.2m) and for all other Film Rights is £2.0m (2019: £1.8m) totalling £13.3m (2019: £14.0m). For production awards, were the recoupment levels and valuation to vary by +/- 5%, the impact of the valuation of Film Rights at 31 March 2020 would be £0.6m for 186 awards (2019: £0.6m for 187 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 £5.3m (2019: £2.8m). Were this default reduction percentage to change to +/- 10% the Film Right valuation would change by :

	£'000	£'000	£'000
	+10%	0.00%	-10%
2019-20	(400)	5,330	560
2018-19	(370)	2,850	390

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 2020 for production awards is US \$1.30 (2019: 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 £0.4m (and the awards at March 2019 would reduce by £0.6m). Were the valuation calculated using US \$1.20, then these valuations would be increased by £0.7m (and the awards at March 2019 would increase by £0.8m).

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>.

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7. STAFF COSTS

No member of the Board of Governors received remuneration during the year (2019: none).

The costs of staff working wholly on Lottery activities comprised:

	2019-20 £'000	2018-19 £'000
Wages and salaries	1,888	1,700
Social Security costs	213	195
Pension service costs and other pension costs	283	370
	<u>2,384</u>	<u>2,265</u>

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

	2019-20 Number	2018-19 Number
Management and administration:		
Permanent staff	38	36
	<u>38</u>	<u>36</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:

	2019-20 £	%	Attributable to Lottery £
Amanda Nevill (to 14.2.20)			
Salary and benefits	169,058		86,220
Total	<u>169,058</u>	51.0%	<u>86,220</u>
Pension contribution	<u>19,442</u>		<u>9,915</u>
	£	%	£
Ben Roberts (from 14.2.20)			
Salary and benefits	20,605		10,509
Total	<u>20,605</u>	51.0%	<u>10,509</u>
Pension contribution	<u>2,370</u>		<u>1,209</u>
	£	%	£
Amanda Nevill			
Salary and benefits	160,164		81,684
Total	<u>160,164</u>	51.0%	<u>81,684</u>
Pension contribution	<u>17,578</u>		<u>8,965</u>

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

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8. 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 £299,000 (2019: £239,000)

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 (2019: 11.5%).

A valuation under IAS19 as at March 2020 was carried out by a qualified independent actuary. The assumptions used by the actuary for the BFI's scheme were:

	2019-20	2018-19
	%	%
Rate of increase in salaries	2.9	3.9
Rate of increase in pension payments	1.9	2.4
Discount rate	2.35	2.4
Inflation assumption (CPI)	1.9	1.4

Average life expectancy at 65:

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

	2019-20	2019-20	2018-19
	Weighted by Liability	Unweighted	Unweighted
	Years	Years	Years
Life expectancy at age 65 of female aged 45	26.1	25.8	25.2
Life expectancy at age 65 of female aged 65	24.4	24.3	23.6
Life expectancy at age 65 of male aged 45	23.7	23.2	22.5
Life expectancy at age 65 of male aged 65	22.2	21.8	20.7

The estimated asset allocation as at 31 March was:

	2019-20	2018-19
	Long term	Long term
	rate of return	rate of return
	expected	expected
	£'000	£'000
Equities	5,609	5,780
Target return portfolio	2,701	2,890
Infrastructure	727	642
Property	1,039	963
Cash	311	428
Total market value of assets	<u>10,387</u>	<u>10,703</u>

The net pension liability was:

	At 31 March 2020	At 31 March 2019	At 31 March 2018
	£'000	£'000	£'000
Present value of funded obligation	(13,059)	(13,347)	(12,655)
Fair value of scheme asset	10,387	10,703	9,805
Net liability	<u>(2,672)</u>	<u>(2,644)</u>	<u>(2,850)</u>

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

	2019-20	2018-19
	£'000	£'000
Current service cost	(528)	(413)
Net interest on the defined liability	(61)	(71)
Administration expenses	(19)	(13)
Total	<u>(608)</u>	<u>(497)</u>
Actual return on plan assets	(40)	843

YEAR ENDED 31 MARCH 2020
8. PENSION BENEFITS (continued)

Amounts recognised in statement of changes in equity:	2019-20			2018-19	
	£'000			£'000	
Return on plan assets in excess of interest	(296)			588	
Other actuarial gains/(losses) on assets	(401)			-	
Change in financial assumption	1,178			(124)	
Experience (loss)/gain of defined benefit obligation	(84)			-	
Remeasurements recognised in the statement of changes in equity	396			464	
Cumulative remeasurements in statement of changes in equity	(2,595)			(2,991)	
Changes in the present value of the defined benefit obligation:	2019-20			2018-19	
	£'000			£'000	
Opening defined benefit obligation	(13,347)			(12,655)	
Current service cost	(528)			(413)	
Past service cost	(115)			-	
Interest cost	(318)			(326)	
Contributions by members	(120)			(94)	
Change in financial assumptions	1,178			(124)	
Experience gain/(loss) on defined benefit	(84)			-	
Benefits paid	275			265	
Closing defined benefit obligation	(13,059)			(13,347)	
Changes in the fair value of the scheme assets:	2019-20			2018-19	
	£'000			£'000	
Opening fair value of employer assets	10,703			9,805	
Contributions by members	120			94	
Contributions by employer	299			239	
Interest on assets	256			255	
Return on assets less interest	(296)			588	
Other actuarial gains/(losses)	(401)			-	
Admin expenses	(19)			(13)	
Benefits paid	(275)			(265)	
Closing fair value of employer assets	10,387			10,703	
The sensitivity analysis on the major assumptions in the above, and based on the whole scheme is:	£'000	£'000			£'000
Adjustment to discount rate	+0.1%	0.0%			-0.1%
Present value of total obligation	12,795	13,059			13,329
Projected service cost	403	413			423
Adjustment to long term salary increase	+0.1%	0.0%			-0.1%
Present value of total obligation	13,083	13,059			13,035
Projected service cost	413	413			413
Adjustment to pension increases and deferred valuation	+0.1%	0.0%			-0.1%
Present value of total obligation	13,306	13,059			12,817
Projected service cost	423	413			403
Adjustment to mortality age rating assumption	+ 1 year	0.0%			- 1 year
Present value of total obligation	13,497	13,059			12,636
Projected service cost	427	413			400

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8. PENSION BENEFITS (CONTINUED)

A history of experience gains and losses is shown below:

	2019-20	2018-19
	£'000	£'000
Fair value of employer assets	10,387	10,703
Present value of defined benefit obligation	<u>(13,059)</u>	<u>(13,347)</u>
Deficit	(2,672)	(2,644)
Experience gains on assets	<u>(40)</u>	<u>843</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.

9. OPERATING COSTS and OTHER FINANCE COSTS

	2019-20	2018-19
	£'000	£'000
<i>Direct Lottery costs</i>		
Direct staff costs	2,355	2,403
Other staff costs (including agency staff, training and recruitment)	71	73
Travel and subsistence	142	124
Events and other hospitality	25	16
Professional fees: Audit - National Audit Office	52	46
Professional fees: other	32	43
Rental for right of use asset	175	-
Depreciation re right of use asset	(155)	-
Other	<u>55</u>	<u>60</u>
	2,752	2,765
Recharged costs from BFI non-lottery activities re support functions	<u>2,810</u>	<u>2,565</u>
Total operating costs	5,562	5,330
Finance costs		
Interest re lease on right of use asset	37	-
Net return on pension assets	<u>195</u>	<u>85</u>
Total financing costs	232	85
Total operating costs	<u>5,794</u>	<u>5,415</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, Deputy CEO Office), 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 2019-20 these stood at £1.8m (2019: £1.7m).

Other Finance Costs

	2019-20	2018-19
	£'000	£'000
Net return of assets re pension	195	85
Interest on rental of right of use assets	37	-
	<u>232</u>	<u>85</u>

10. LEASEHOLD IMPROVEMENTS

	2019-20	2018-19
	£'000	£'000
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.

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11. RIGHT OF USE ASSETS and LEASE LIABILITIES

As at 31 March 2020, the BFI had a right of use asset reflecting a non-cancellable operating leases relating to the BFI offices in London running until March 2031. With the introduction of IFRS 16: Lease Accounting, this is now shown in the accounts as a trade receivable split between the amounts falling due within and over one year - these are matched to the lease liability.

	At 31 March 2020 £'000	At 31 March 2019 £'000
Right of use asset at 1 April	-	-
Right of use asset recognised in the year	1,860	-
Depreciation in year	(155)	-
Right of use asset at 31 March	<u>1,705</u>	<u>-</u>

Consequently a lease liability was recognised in year with the finance cost calculated using the HMT discount rate of 1.99%

Lease liability at 1 April	-	-
Lease liability recognised in year	1,860	-
Rental payment in year	(176)	-
Finance cost in year	37	-
Lease liability at 31 March	<u>1,721</u>	<u>-</u>

12. TRADE AND OTHER RECEIVABLES

	At 31 March 2020 £'000	At 31 March 2019 £'000
Trade and other receivables falling due after one year		
Prepayments and accrued income	-	369
Total trade and other receivables falling due after one year	<u>-</u>	<u>369</u>

	At 31 March 2020 £'000	At 31 March 2019 £'000
Trade and other receivables falling due within one year		
Prepayments and accrued income	362	470
Trade debtors	337	360
Other receivables - BFI Exchequer	16	1,055
Other receivables	259	476
Total trade and other receivables falling due within one year	<u>974</u>	<u>2,361</u>

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13. CASH AND CASH EQUIVALENTS

	At 31 March 2020 £'000	At 31 March 2019 £'000
Cash and cash equivalents at 1 April	6,499	5,584
Net change in cash and cash equivalent balances	2,060	915
Cash and cash equivalents at 31 March	<u>8,559</u>	<u>6,499</u>

£3.9m (2019: £2.8m) 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.

	2019-20 £'000	2018-19 £'000
Film rights falling due in excess of one year	10,532	8,249
Film rights falling due within one year	2,805	5,759
Film rights valuations at 31 March	<u>13,337</u>	<u>14,008</u>

Liquidity risks

Lottery cash inflows can be analysed as:	2019-20		2018-19	
	£'000	%	£'000	%
Income received from the National Lottery	48,025	88.3%	43,264	88.1%
Investment returns from the balance held at the NLDf	232	0.4%	222	0.5%
Recoupment income from film rights	6,029	11.1%	5,084	10.4%
Other income including legacies, grants and donations	95	0.2%	485	1.0%
	<u>54,381</u>	<u>100.0%</u>	<u>49,055</u>	<u>100.0%</u>

	2019-20 £'000	2018-19 £'000
NLDf balance at 31 March as notified by the Secretary of State for Digital, Culture, Media and Sport	53,804	52,757
Lottery funds held in cash and cash equivalents by the BFI at 31 March	8,559	6,499
	<u>62,363</u>	<u>59,256</u>

	2019-20 £'000	2018-19 £'000
Lottery awards payable	22,083	17,782
Provision for non-Lottery film rights awards	16,809	19,414
Film rights award allocations noted as contingent liabilities	5,117	8,156
	<u>44,009</u>	<u>45,352</u>

Under commitment against funds available at 31 March	<u>18,354</u>	<u>13,904</u>
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YEAR ENDED 31 MARCH 2020

14. FINANCIAL INSTRUMENTS (continued)

National Lottery Distribution Fund

Under IFRS 9 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.

	2019-20 £'000	2018-19 £'000
Market value of BFI investment at NLDF at 31 March	53,804	52,757
Average investment return at NLDF	0.72%	0.67%

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

	2019-20 £000s	2018-19 £000s
Lottery funds held in cash and cash equivalents by the BFI at 31 March	8,559	6,499
Average interest rate on cash held in variable rate bank accounts	0.43%	0.40%

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 6: Film Rights

15. TRADE AND OTHER PAYABLES

	At 31 March 2020 £'000	At 31 March 2019 £'000
Other payables (including lease liability)	910	109
Other payables due in < 1 year	<u>910</u>	<u>109</u>

	At 31 March 2020 £'000	At 31 March 2019 £'000
Other payables: lease liability	1,581	-
Lease payables due in >1 year	<u>1,581</u>	<u>-</u>

As at 31 March 2020, the BFI had total minimum payments under a non-cancellable operating lease relating to the BFI offices in London running until March 2031. With the introduction of IFRS 16: Lease Accounting, this is now shown in the accounts as a lease liability matched to a right of use asset.

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

	At 31 March 2020 £'000
Amounts payable within one year	141
Amounts payable within two to five years	595
Amounts payable over five years	986
	<u>1,722</u>

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16. OTHER PAYABLES - AWARDS COMMITMENTS

	At 31 March 2020 £'000	At 31 March 2019 £'000
At 1 April	17,782	20,606
New film rights commitments in year	17,002	20,840
Commitments transferred from prior year provision for non-film rights awards	16,579	7,922
New non-film rights commitments in year	16,914	10,959
Decommitments	(466)	(49)
Amounts paid	(45,728)	(42,496)
At 31 March	<u>22,083</u>	<u>17,782</u>

16. OTHER PAYABLES - AWARDS COMMITMENTS (continued)

	At 31 March 2020 £'000	At 31 March 2019 £'000
Award commitments payable at 31 March relate to:		
Audience Development Fund - Organisation	960	414
Audience Development Fund - Projects	1,072	1,671
BFI Film Academy	285	75
Creative Enterprise	143	100
Development Fund	1,068	954
Film Audience Network Fund	1,019	336
Film Heritage	1,810	1,838
International Fund	984	561
Into Film	-	368
National Cluster Growth Fund	-	500
Other	114	24
Production Fund	3,834	4,215
Research and Statistics Fund	303	159
Skills	9,323	5,604
Talent Development	1,125	559
Vision Awards	43	404
	<u>22,083</u>	<u>17,782</u>

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

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

	At 31 March 2020 £'000	At 31 March 2019 £'000
Heritage and Regional Archives	2,092	4,257
Audience Fund	2,340	2,334
Film Audience Network	3,310	595
International	665	540
National Cluster Growth Fund	600	100
Film Academies	93	96
Film Education Awards	4,888	-
Talent Network	1,046	-
Production Services Fund	550	-
Creative Enterprise	860	-
Research Fund	135	-
	<u>16,579</u>	<u>7,922</u>

YEAR ENDED 31 MARCH 2020

16. OTHER PAYABLES - AWARDS COMMITMENTS (continued)

New non-film rights commitments in the year:

	At 31 March 2020 £'000	At 31 March 2019 £'000
Project funding to 31 March 2020		
Film Education Awards	8,553	4,898
Audience Fund	2,776	1,700
Creative Enterprise International	-	1,690
Film Academies	1,591	1,144
Research Fund	494	442
Talent Network	450	370
Film Audience Network	440	215
London Film Festival award	1,710	-
	900	500
New commitments in year	<u><u>16,914</u></u>	<u><u>10,959</u></u>

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

	At 31 March 2020 £'000	At 31 March 2019 £'000
Non-film rights awards taken to SOCNE in the year	33,155	30,838
Less spend on activity support in year	(340)	(304)
Less new awards in year taken to SOCNE but recorded by way of provision at year end	(14,833)	(18,113)
Add back decommitments of awards from prior years taken as negative spend on SOCNE	(1,068)	(1,462)
New non-film rights commitments taken as awards payable	<u><u>16,914</u></u>	<u><u>10,959</u></u>

Ageing of award commitments, estimated date of payment:

	At 31 March 2020 £'000	At 31 March 2019 £'000
Estimated payment within one year	<u><u>22,083</u></u>	<u><u>17,782</u></u>

17. PROVISIONS

	At 31 March 2020			At 31 March 2019
	Non Film Right Awards £'000	Rewarding Success awards £'000	Total £'000	Total £'000
At 1 April	16,579	2,835	19,414	10,582
New provisions in the year	29,846	1,911	31,757	29,079
Provisions written back in year	(10)	-	(10)	(17)
Provisions released in year	-	(859)	(859)	(1,348)
Transferred to other payables - award commitments	(33,493)	-	(33,493)	(18,882)
At 31 March	<u><u>12,922</u></u>	<u><u>3,887</u></u>	<u><u>16,809</u></u>	<u><u>19,414</u></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.

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17. PROVISIONS (continued)

The year end provision with regard to non film right awards relates to awards made by the BFI across a number of strands:

	At 31 March 2020 £'000	At 31 March 2019 £'000
Film Education Awards	4,892	4,887
Audience Fund	2,480	2,340
Heritage and Regional Archives	2,275	2,093
Film Audience Network	1,590	3,310
National Cluster Growth Fund	1,000	600
International	36	665
Talent Network	536	1,046
Film Academies	83	93
Research Fund	30	135
Creative Enterprise	-	860
Production Services Fund	-	550
	<u>12,922</u>	<u>16,579</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.

17. PROVISIONS (continued)

Ageing of provisions, estimated date of payment	At 31 March 2020 £'000	At 31 March 2019 £'000
Amounts anticipated as payable within one year	<u>16,809</u>	<u>19,414</u>

At the date of the statement of financial position the BFI Lottery activities had no further provisions (2019: £nil).

18. CAPITAL COMMITMENTS

As at 31 March 2020, 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 (2019: £nil).

19. 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 2020 £'000	At 31 March 2019 £'000
<i>Prior year awards</i>		
Production awards	105	105
Development awards	-	113
<i>In year awards</i>		
Production awards	3,742	5,476
Talent Network awards	302	1,392
Distribution awards	150	399
Development awards	818	621
Vision awards	-	50
Financial commitments notified but not yet recognised in the financial statements	<u>5,117</u>	<u>8,156</u>

YEAR ENDED 31 MARCH 2020

19. 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. At year end these criteria were expanded to include support of organisational costs as part of the BFI's response to assist the industry as a result of the COVID-19 pandemic and resultant lockdown.

	At 31 March 2020 £'000	At 31 March 2019 £'000
Contingent liability - rewarding success projects in film rights	<u>3,002</u>	<u>2,387</u>

20. 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.

21. RELATED PARTIES

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

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

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

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

The following related party transactions occurred during the period:

Recipient of funding	Name	Role with BFI	Relationship to recipient of funding	New awards made year ended 31 March 2020 £	Balance as at 31 March 2020 £
BFI - London Film Festival	Amanda Nevill	CEO (to 14.2.20)	CEO	900,000	-
BFI - Heritage 2022	Ben Roberts	CEO (from 14.2.20)	CEO	2,275,000	2,275,000
International Documentary Festival Sheffield Ltd	Mary Burke	Senior Production & Development Executive	Director	260,000	130,000
StudioCanal Ltd	Idris Elba	Governor	Film Director	100,000	100,000
StudioCanal Ltd	Ben Luxford	Head of Audience Fund	Partner is employee of StudioCanal	100,000	100,000
Zip-Line Production	Eleanor Whitley	Governor	Director	57,000	44,650

A number of BFI Governors and Staff are members of BAFTA, but with no formal management or governance role therein. BAFTA received a lottery award in the year ending 31 March 2020 of £59,710 of which the full balance remained payable at that date.

YEAR ENDED 31 MARCH 2020

21. RELATED PARTIES (continued)

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 £2,275,000 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 2020, under BFI accounting policies this is recorded as a provision in 2019-20 and at 31 March 2020 the full award remained payable.

Similarly the Secretary of State did not object to an award of £900,000 to the BFI in relation to the London Film Festival. The award was both made and fully paid within the financial year.

22. COVID-19 AND EVENTS AFTER THE REPORTING PERIOD

With the global COVID-19 pandemic and the resultant UK wide lockdown in commencing in March 2020, there was an immediate drop in lottery sales, however after 3 or so weeks sales recovered to over 90% of the average of the year to 31 March 2020. With a combination of reserves and new income this does not pose any immediate risk to the plans proposed in our five year plan BFI 2022. In order to assist the film sector in all its parts recover from the lockdown a number of strands of funds have been adapted to assist. These include the production fund making awards to assist with production continuity after the lockdown period, as well as an award to the Film and TV Charity to assist those in immediate hardship as a result of the lockdown; similarly the Audience Fund helped establish the Audience Resilience Fund to support independent cinema venues across the UK.

The United Kingdom left the European Union on 31 January 2020. At the time of signing the accounts negotiations were ongoing regarding arrangements following the end of the transition period to 31 December 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 2020

All awards and delegations approved by the Lottery Finance Committee in the year to 31 March 2020 are listed below. In the financial statements these are represented as Non film right awards on the Statement of Comprehensive Net Expenditure (£29.8m), £10.6 m were taken to the statement of financial position and subsequently impaired, with the remainder (£5.0m) disclosed within Other Financial Commitments in the notes to the accounts.

Producer	Project	£
65 Wilding Films Ltd	Claude	17,000
ACDT Productions LTD	Across The Water	18,750
AGW Films Ltd	A GAZA WEEKEND	100,000
Alcove Entertainment Limited	A Gaza Weekend	15,300
Alcove Entertainment Limited	A GAZA WEEKEND	40,000
Anti-Worlds Earwig Ltd	Earwig	100,000
Apparent Films Ltd	Glowed Up	25,000
Archface Films Limited	Otto Baxter: The Making of a Beautiful Monster	24,000
Archface Films Limited	Untitled Kenneth Allsop Project	3,650
Art Sex Music Film Limited	Art Sex Music Film	16,500
B Media Finance SAS	My Sister Lives on the Mantelpiece	13,000
Barry Crerar Ltd	Cuckoo	8,750
Big Rich Films Limited	The Unravelling (w.t.)	27,750
Bird Flight Films Limited	TWO ROADS	27,400
Blue Iris Films Ltd	A Greenham Woman	9,520
Bluebird Film Productions Ltd	Pizza Face	30,000
Bonnie & Co. Ltd	Watermelon Seeds	17,000
Camberwell Productions Limited	Staying On	8,000
Cannon and Morley Productions Limited	TYPIST ARTIST PIRATE KING	500
Cannon and Morley Productions Limited	TYPIST ARTIST PIRATE KING	17,000
Catalyst Global Media Limited	Doncaster Fever	29,500
Cineman Films Limited	CODA	19,000
Conspire Pictures Limited	White Lies	23,000
Constant Productions Ltd.	Avi	14,000
Cotton Reel Entertainment Limited	ISLA	24,500
Cotton Reel Entertainment Limited	Isla	1,875
Dark Pictures Limited	The Halfway	9,000
Delaval Film LTD	The Pig Child (AKA Night Side)	22,000
DMC Film Ltd	Yet To Be	11,500
Dominic Buchanan Productions Ltd	Morgen	34,500
Dorothy St Pictures Ltd	DISPOSSESSED	36,000
Dorothy St Pictures Ltd	PEOPLE ARE STRANGE	6,250
Dream & Co Fictions	@LOVE	26,000
Ecosse Films Limited	The Notorious Mrs Norton	28,000
Elastic Film Entertainment Ltd	BOAT GIRL	29,500
Elastic Film Entertainment Ltd	BOAT GIRL	23,500
Elation Pictures Ltd	FANATIC	11,000
Elation Pictures Ltd	Foxfinder	500
EMU Films Limited	Paolo's Battle Against the Zombies	1,800
EMU Films Limited	Hard Hat Man	2,000
EMU Films Limited	Starting the End	22,500
EMU Films Limited	Medusa Deluxe	17,750
Emu Films Limited	Benediction	40,000
EMU Films Limited	Medusa Deluxe	19,500
EMU Films Limited	Benediction	100,000
ESSENTIAL CINEMA LIMITED	AFTER MARTHA aka THE MOUSEHOLE aka HALF OF ME	23,000
Fable Pictures Limited	Modern Love	50,000
Fury Films Ltd	The Lambeth Waltz	26,500
Gholam Ltd	THE FAR MOUNTAINS	19,000
GIRL ALMIGHTY LTD	Girl Almighty	18,500
Hillbilly Films Ltd	Pirates	40,000
Independent Film Productions Limited	UNTITLED CHARLES II PROJECT	48,250
Indie Movie Company Ltd	Forest Tree Home (FNA - Finn in the Forest)	9,250
Inflammable Films	Vamp	12,500
Inflammable Films	Mother Dog	23,000
Inflammable Films	Monuments	22,500
JAK Films Ltd	Untitled Amanda Boyle Project	5,650
Jeva Films Limited	Mrs Smith's Second Coming	27,350
Joi Productions Ltd	BONE	6,500
Joi Productions Ltd	The Colony Rooms	23,500
Joi Productions Ltd	Bone	34,000
JWH Films Ltd	the Souvenir Part II	40,000
KNOCK2BAG LTD.	Brian & Charles	40,000
KNOCK2BAG LTD.	Brian & Charles	83,000
Life To Live Films Ltd	The Girl from the Estuary	11,560
Little House Productions	Lion and Panther	29,500
Loop Projects Limited	Untitled Charlie Lyne Project	19,000

Producer	Project	£
Magnolia Mae Films Limited	Crimson China	20,000
Martyr's Lane Limited	Martyrs Lane	15,500
Martyr's Lane Limited	Martyrs Lane	14,000
Martyr's Lane Limited	Martyrs Lane	40,000
Moonspun Films Limited	Ali and Ava	40,000
Neon Films Limited	BRIDES	30,680
New Year Film Ltd	Pirates	100,000
Newscope Films Ltd	THE DICK	12,500
Out of Orbit Mercury Ltd	Breathing	21,000
Patchwork Productions Limited	THE TENTMASTER'S DAUGHTER	17,110
Peach Pictures Ltd	LIT	17,500
Piccadilly Pictures (Services) Ltd	Night and Day	19,000
Pinnacle Pictures Limited	Flesh and the Mirror	19,000
Quark Films Limited	Beak	25,500
RAINDOG FILMS LTD	BARE	23,500
RAINDOG FILMS LTD	BARE	15,850
Rainy Day Films Limited	I (Who Have Nothing)	500
Raw TV Ltd	The Dahls [fka A Man Named Roald]	7,500
Red Breast Productions Ltd	English Animals	1,500
Red Breast Productions Ltd	English Animals	26,750
Reel Soul Movies Ltd	No Destination	1,975
Reel Soul Movies Ltd	No Destination	975
Rocliffe Limited	God Mother	20,000
Rollout Pictures Limited	The Spy Who Fell To Earth	1,500
Rollout Pictures Limited	King Coo	32,500
Sarah Brocklehurst Productions Ltd	Glamrou	1,500
Severn Screen Ltd	Do Not Feed the Animals [fka The Sons of Men, Beast of Burden]	31,945
Sharp House Ltd	Untitled Rosemary Kay (fka Sundance)	16,000
Silver Salt Films Ltd	BLIND AMBITION	24,700
Slingshot Productions Limited	LONDONSTANI	7,500
SONA Films	The Tulip Touch	24,500
Stigma Films Ltd	The Power	40,000
Teng Teng Films Ltd	Pretty Red Dress	29,500
Teng Teng Films Ltd	PRETTY RED DRESS	40,000
Teng Teng Films Ltd	Pretty Red Dress	61,000
The Bureau Film Company Limited	Dumbarton Road	16,000
The Bureau Film Company Limited	True Things About Me	40,000
Third Films Limited	Wolf Note	8,500
Third Films Ltd	Petrichor	23,500
tigerlily films ltd	Sound System	18,175
True Things Films Limited	True Things About me	100,000
Vox Pictures Limited	CARAVAN	10,750
Wellington Films Limited	Any Means Necessary	23,250
Wellington Films Ltd.	Any Means Necessary	1,000
Wilder Films Limited	Death in the Jungle	5,000
Zip-Line Productions Ltd	The Young and the Dopeness	42,500
Zip-Line Productions Ltd	Sweet Dreams	14,500
Development and Pre-Production Awards		2,789,015
Alcove Entertainment Limited	A Gaza Weekend	855,000
Alcove Entertainment Limited	A GAZA WEEKEND	20,000
Brian and Charles Film Ltd	Brian & Charles	25,000
Brian and Charles Film Ltd	Brian & Charles	540,000
Censor Productions Ltd	CENSOR	35,000
Doc Society	Documentary Fund Delegation 2020-21	1,517,074
Doc Society	BFI Doc Society Fund (Support Programme) 2020-21	376,875
FEBRUARY SIXTEEN FILMS LTD	Underdogs	25,000
Herself Film Productions Ltd	HERSELF	25,862
Martyrs Lane Limited	Martyrs Lane	750,000
Martyr's Lane Limited	Martyrs Lane	20,000
Moonspun Films Limited	Ali & Ava	950,000
Moonspun Films Limited	Ali and Ava	20,000
Mr Kite Ltd.	Glimpse	50,000
New Year Film Ltd	Pirates	20,000
New Year Film Ltd	Pirates	904,000
Quiddity Films Ltd.	SUPERNOVA	750,000
Quiddity Films Ltd.	Supernova	20,000
Rosetta Productions LL Ltd	LYNN & LUCY	47,500
Souvenir 2 Productions Limited	The Souvenir - Part 2	895,000
Souvenir 2 Productions Limited	The Souvenir: Part II	20,000
Teng Teng Films Ltd	Pretty Red Dress	725,000
Teng Teng Films Ltd	Pretty Red Dress	25,000
True Things Films Limited	True Things About Me	20,000

Producer	Project	£
True Things Films Limited	True Things About Me	990,000
UME 14 Limited	Benediction	1,100,000
UME 14 Limited	Benediction	25,000
VANTHANH PRODUCTIONS LTD	Consensus Gentium	122,560
WF JVC Ltd	Wildfire	82,871
Production Awards		10,956,742
Adeyinka Akinrinade	The Lost Land Girl	1,700
Alex Polunin	The Knock	15,000
Anna Maguire	Miniatures	1,200
Anna Skrein	KINDERTRANSPORT	1,000
Astrid Goldsmith	Core Beast	2,473
Ayndrilla Singharay	Armstrong	3,400
BFI NETWORK	BFI NETWORK Weekender	33,000
BFI NETWORK	NETWORK @LFF 2019	35,000
Blak Wave Productions Ltd	Pickney	10,000
Brett Webb	White Girl	339
Brian Martin	Bert Rides Out	1,500
Bridge Way Limited	KNOT	14,434
British Academy of Film and Television Arts	BAFTA Professional Development 2020-2021	59,710
British Independent Film Awards	BIFA Best British Short Film Award, supported by BFI NETWORK	18,500
Candle & Bell Limited	She Lives Alone FKA Maud	10,000
Carmen Capuano	RUBY	1,570
Cats Are Not Peas Ltd	Bad News	15,480
Celine Cotran	Layla in Dreamland	1,500
Christopher Granier-Deferre	Black Dust	2,000
Clare Pearce	Pennywort	17,100
Daniel Rusteau Nield	Ignatious: The Extraordinary	1,000
Delaval Film LTD	Doggerland	15,000
Dom Riley	Ned & Me	15,000
Emmeline Kellie	Keep Breathing	4,500
FIKUSFILMS LTD	The Circumcision	8,000
Film London	VIOLETS ARE BLUE	50,000
Film London	VIOLETS ARE BLUE	25,000
FNA Digital Ltd	Domestic Bliss - A Trilogy	3,000
Freya Films	Love Spell	13,700
Freya Films Ltd.	TREACLE TOWN	15,480
Garry Paton	JUDGED	1,500
Greg Lonsdale	Gardener's World	15,000
Grey Moth Ltd.	Original Villain	15,000
Griffin Pictures Ltd.	Jelly and Ice Cream	15,480
Hannah Salt	She Can Be Heroes	1,000
Hot Knife Limited	Forgiveness	15,480
Inertia Film Limited	Inertia	15,000
Jack Tarling	Lost Ones	1,500
Jane Steventon	Yummy Mummy	9,000
Jayisha Patel	Amazon	2,000
Jo Hislop	Me & My Friends	15,000
John Ogunmuyiwa	Precious Hair & Beauty	5,000
Jude Goldrei	THE TERMINAL VELOCITY OF SNOWFLAKES	2,050
Karen Bird	The Burn Zone	1,300
Kay Donnelly	The Hermit	14,000
Kelly Holmes	Year Of The Heart	2,400
Kenny McCracken	The Simulation	12,650
Kyle Whittington	The Children's Hunt for the Dog-Headed Men	1,000
Lauren Parker	Salvage	1,650
Let There Be Light Productions	Tasbeeh	7,500
Liam Saint-Pierre	THE LAST STORM	2,000
Liam Thomas	TIDE	7,000
Lily Ashton	Roses	7,600
Lindsay Fraser	Liverpool Ferry	15,000
Linn Waite	Candlelight	1,700
LOXLEY PICTURES LTD	Gardener's World	2,020
Ludovico Zanette	LEFT OVER	14,800
Margot Douglas	Scrum	15,000
MERMAIDS FILM LTD	MERMAIDS	15,000
Mia Xerri	X to X	15,000
Microwave International (India) Ltd	Lumbu	15,480
Nicola Gregory	Born Again	8,000
Nina Somers	I am good at karate	15,000
Nina Somers	I am good at karate	980
Notable Act Limited	Blank Shores	15,000
Oskar Pimlott	Zubeida (working title)	2,500

Producer	Project	£
Oskar Pimlott	Nuclear Blue	2,600
Paul Holbrook	Shiney	700
Persona Pictures Limited	TORTOISE	4,250
PICTURE IMPERFECT LIMITED	Sweet Little Despair	13,000
Rashida Seriki	P WARD	1,000
Red Breast Productions Ltd	The Birth Of Valerie Venus	10,000
Red Breast Productions Ltd	The Birth Of Valerie Venus	3,500
Redbag Pictures Ltd.	The Ancestors	15,000
Rex Obano	Madam Tinubu	1,000
Richard Parry	Pole	15,000
Rico Johnson-Sinclair	Sweet Mother	15,000
Ryan Graham Davis	3ft From The Other Side	1,425
Salvation Manchester LTD	Salvation Has No Name	15,000
Sarah Elizabeth Dunn	White Pudding Supper	14,250
Sheila Nortley	Birdsong	1,000
Sleeper Films Ltd. / Lee Magiday	It's Me	10,000
Sophie Kathryn Mair	GINGER	3,110
Sophie-anne Reynolds	F.R.O.G.	1,500
Stella Vision Productions Ltd	Gyal Dem	15,000
Steven Atkinson	"Paradise Fields"	1,870
Straightjacket Films Limited	Expiation	10,000
Stray Bear Productions Ltd	RUN	8,000
Strive Films Ltd	Pop	15,000
SUMS FILM & MEDIA LTD	WAITING FOR GOD	11,000
SWEETDOH LTD	LEAVE TO REMAIN	9,078
Tannahill Productions Ltd	THE LAST DAYS	15,000
The Grierson Trust	Industry Support for New and Emerging Documentary Filmmakers 2019-20	17,280
Thomas McDonald	Catch A Butcher	15,000
Toby Fell-Holden	Siren	1,000
Tom Stubbs	Steve Parker	6,500
Tom Stubbs	Alchemy	6,500
Try Hard Films Limited	The Butcher's Daughter	15,000
Tuli Litvak	BINGO QUEENS	15,000
Tyke Films Ltd	We Are Dancers	1,840
Unstoppable Entertainment	Birthday Girl	15,000
UP STREAM FILMS LIMITED	Dog Years	7,000
Uyiekpen Nosa Igbiniedion	Wild Kids	1,200
Vault Films UK Ltd	The Cost of Living	15,000
Victoria Hollup	TORTOISE	9,000
Wellington Films Limited	Sudden Light	500
Wellington Films Limited	Sudden Light	400
British Council	Support for New and Emerging Filmmakers at Festivals and Talent Labs	
Film Cymru Wales C.B.C	2020-2021	56,500
Film London	BFI NETWORK Wales - Ffilm Cymru Wales - 20/21	200,000
Independent Cinema Office	BFI NETWORK England - London - 20/21	150,000
Northern Ireland Screen	BFI NETWORK England - South East - 20/21	90,000
Nottingham Media Centre Limited	BFI NETWORK Northern Ireland - Northern Ireland Screen - 20/21	150,000
The Sheffield Media and Exhibition Centre Limited	BFI NETWORK England - Midlands - 20/21	90,000
The Watershed Arts Trust Limited	BFI NETWORK ENGLAND - North - 20/21	150,000
	BFI NETWORK England - South West - 20/21	90,000
Talent Development		2,016,179
Aya Distribution C.I.C.	Sprinter	55,000
Curzon Film World Ltd	The Souvenir	100,000
Curzon Film World Ltd	Parasite UK Theatrical Release	80,000
Entertainment One UK Limited	Sorry We Missed You	150,408
Modern Films Entertainment Ltd.	Dirty God	28,000
Modern Films Entertainment Ltd.	The Perfect Candidate	50,000
Parkland Entertainment Limited	The Biggest Little Farm	38,500
Peccadillo Pictures	AND THEN WE DANCED	49,272
Picturehouse Entertainment Limited	THE LAST TREE	60,000
Republic Film Distribution	For Sama	25,000
SDI Productions Ltd	Freedom Fields	20,900
Studiocanal Limited	SAINT MAUD	100,000
Thunderbird Releasing Limited	High Life	35,000
Audience Fund: Distribution Awards		792,080
Aesthetica Magazine Limited	Aesthetica Short Film Festival	35,000
Altitude Film Distribution Limited	Altitude Film Distribution	495,000
Arts Alive In Shropshire And Herefordshire	Flicks in the Sticks	45,000

Producer	Project	£
Berwick Film & Media Arts Festival	15th Berwick Film & Media Arts Festival (BFMAF 2019)	31,000
Birds Eye View	Birds Eye View / Reclaim The Frame	165,000
Borderlines Film Festival CIC	Borderlines Film Festival 2020	40,000
Bristol Cultural Development Partnership (BCDP)	Cities, future cities and film	22,000
British Independent Film Awards	Independent British Film Marketing Pilot	22,000
CaribbeanTales UK Ltd.	HERO - Inspired By The Extraordinary Life & Times Of Mr. Ulric Cross	27,000
Carousel Project	Oska Bright Film Festival	77,800
Chapter (Cardiff) Ltd	Chapter Audiences	60,000
Derby QUAD Ltd	Derby QUAD Cinema Audience Growth	60,000
Doc'n Roll Films Ltd.	Doc'n Roll Film Festival UK tour 2019-2020	30,000
Dogwoof	Regional And Diverse Audience Development for Documentary Film	125,000
East City Films Ltd	Common Ground Tour Research & Development	29,621
Elevenfiftyfive Ltd	MASSIVE	287,070
Encounters Festivals Ltd	Encounters	90,000
Flatpack Projects	Flatpack Projects	90,000
French Film Festival Ltd	French Film UK-wide Festival	17,500
Glasgow Film Theatre	Glasgow Film 2020-21	115,000
Glass Man Films Limited	Somewhere Near The North Cape	3,000
Greater Manchester Arts Centre Ltd	HOME	185,000
Hampshire County Council	Wessex Film and Sound Archive 2019-20	10,000
Hampshire County Council	Wessex Film and Sound Archive (WFSA)	10,000
Independent Cinema Office	FEDS 2019/20	95,381
Independent Cinema Office	National strategic activities to deliver support and capacity building to the UK's independent cinema exhibition sector	577,364
International Film Festival Sheffield	Sheffield Doc/Fest 2020	210,000
Leeds City Council	Leeds Film	130,000
Leicester Arts Centre Ltd	Phoenix Cinema and Art Centre	150,000
London East Asia Film Festival Ltd.	London East Asia Film Festival 2019	35,000
London Indian Film Festival Ltd	London Indian Film Festival 2019	50,000
London Short Film Festival Ltd	London Short Film Festival 2020	38,900
Manchester Animation Festival Ltd.	Manchester Animation Festival 2019	30,000
Manchester Metropolitan University	North West Film Archive 2019-20	15,000
Manchester Metropolitan University	North West Film Archive - preservation and access	15,000
Media Archive of Central England Limited	Media Archive for Central England 2019-20	62,000
Media Archive of Central England Limited	Discover Watch Enjoy: MACE and Screen Heritage for the Midlands	82,550
Nottingham Media Centre Limited	Film Coventry - Pilot Programme	45,000
Nottingham Media Centre Limited	Broadway Organisational Award 2020	150,000
Peccadillo Pictures	Peccadillo 2020	113,500
Pilot Light TV Festival LTD	Pilot Light TV Festival: Season 4	15,000
Plymouth Arts Centre	Towards a new film culture in Plymouth	35,000
Plymouth City Council	The Box, Plymouth 2019-20	40,000
Plymouth City Council	Revealing the Reel - The Box	55,000
Queen's University Belfast	Queen's Film Theatre 2020-2022	60,000
Slapstick Festival Limited	Slapstick Festival 2020	30,000
The British Federation of Film Societies	Cinema For All – Building film communities across the UK	159,442
The Edinburgh International Film Festival Limited	Edinburgh International Film Festival 2019/2020	100,000
The Festivals Company Limited	Iris Prize & Iris on the Move	40,000
The Sheffield Media and Exhibition Centre Limited	Showroom Cinema	150,000
The Watershed Arts Trust Limited	Reimagining Film Exhibition	195,000
Tongues On Fire Limited	UK Asian Film Festival 2020	35,000
Tyneside Cinema	End/Future	10,000
Tyneside Cinema	Tyneside Cinema	147,000
UK Jewish Film Ltd	UK Jewish Film Festival 2019	50,000
University of Brighton	Screen Archive South East 2019-20	15,000
University of Brighton	Supporting the work of Screen Archive South East, 2020-22	25,000
University of East Anglia	East Anglian Film Archive 2019-20	15,000
University of East Anglia	East Anglian Film Archive Organisational Award	15,000
Yorkshire Film Archive	North East Film Archive 2019-20	39,000
Yorkshire Film Archive	Yorkshire Film Archive 2019-20	44,000
Yorkshire Film Archive	Yorkshire Film Archive / North East Film Archive Year Round Activity	95,000
YourLocalCinema Ltd	YourLocalCinema Audience Development Service	15,000
Audience Fund - Other Awards		5,256,128
Chapter (Cardiff) Limited	Diversity & Inclusion Cross FAN 20-21	45,000
Chapter Arts Centre	Film Hub WALES 20-21	210,000
Film London	Film Hub LONDON 20-21	200,000
Film London	Young Audiences Cross FAN 20-21	45,000
Independent Cinema Office	Film Hub SOUTH EAST 20-21	350,000
Independent Cinema Office	Evaluation & Data Cross FAN 20-21	60,000
Nottingham Media Centre Limited	Major Programmes Cross FAN 20-21	440,000
Nottingham Media Centre Limited	Film Hub MIDLANDS 20-21	365,000
Queen's University Belfast	Film Hub NI 20-21	210,000
Queen's University Belfast	Non-Theatrical Exhibition Cross FAN 20-21	10,000

Producer	Project	£
The Glasgow Film Theatre	Film Hub SCOTLAND 20-21	225,000
The Glasgow Film Theatre	Member Support & Development Cross FAN 20-21	145,000
The Sheffield Media and Exhibition Centre Limited	Film Hub NORTH 20-21	460,000
The Sheffield Media and Exhibition Centre Limited	Screen Heritage Cross FAN 20-21	150,000
The Watershed Arts Trust Limited	Film Hub SOUTH WEST	280,000
The Watershed Arts Trust Limited	Marketing, Communications & Audiences Cross FAN 20-21	105,000
Audience Fund - Film Audience Network		3,300,000
Alliance Media Partners International Ltd	Good Posture	7,375
ALLIANCE MEDIA PARTNERS INTERNATIONAL LTD	AMULET	12,311
Altitude Film Sales	Rocks	15,000
Altitude Film Sales Limited	Diego Maradona	15,000
Altitude Film Sales Limited	Days of the Bagnold Summer	4,785
Altitude Film Sales Limited	Billie	4,850
Altitude Film Sales Limited	Calm With Horses	10,000
Arclight Films	Possessor	6,000
Autlook Filmsales GmbH	FOR SAMA	12,199
Bridging Visions e.V.	Bridging the Dragon 2019/20 activities	15,000
Canoe Film Ltd.	One Man and His Shoes	2,936
Charades	Lynn + Lucy	3,590
Charades	MOGUL MOWGLI	10,000
Cornerstone Films Ltd	Dirt Music	12,780
Cornerstone Films Ltd	Herself	9,408
Digital Catapult	CreativeXR's showcase and market	15,000
Dinard Film Festival	Dinard British Film Festival	22,000
Dogwoof Ltd	Women Make Film: A New Road Movie Through Cinema	10,000
Embankment Films	MILITARY WIVES	15,000
Embankment Films	THE FATHER	6,798
Film Constellation Ltd.	RUN	6,788
Film Export UK Ltd	2020 EFM UK Film Centre	113,670
Film London	The Production Finance Market	20,000
Film London	British Film Commission (BFC) 20/21	575,000
Green Tunnel Limited	The Human Factor	11,750
HanWay Films	THE ROADS NOT TAKEN	10,000
International Documentary Festival Sheffield Limited	Sheffield Doc/Fest Marketplace & Talent Programme	50,000
LE PETIT BUREAU	RIALTO	9,888
Met Film Sales	The Reason I Jump	14,242
Protagonist Pictures Limited	TWO/ONE	9,625
Protagonist Pictures Limited	HOW TO BUILD A GIRL	14,325
Protagonist Pictures Limited	SAINT MAUD	10,680
Protagonist Pictures Limited	SURGE	14,450
Protagonist Pictures Limited	THE SHOW	9,550
Pulse Films Limited	XY Chelsea	3,340
Société de Gestion d'Opérations commerciales pour le Festival International du Film (SOGOFIF)	Producers Network Breakfast Meetings	8,115
Société Parisienne de Production (Coproductio Office)	Little Joe	14,807
Uk Screen Association Ltd	Annecy Animation Film Festival & MIFA	16,200
Various	UK Delegation to Ventana Sur 2019	24,000
Various	UK Film Centres for Cannes 2020	450,000
Various	Berlinale Africa Hub Delegation	31,600
International and Film Export Fund Awards		1,628,062
Broadcasters' Audience Research Board (BARB)	RSU data and services purchase 2019-2020 Tranche 5	16,110
GfK UK Ltd	The Wider World of Film	130,000
Hatch Regeneris	Mapping the UK's animation sector (stage 1 research)	25,000
Informa Tech Research Limited	RSU data and services purchase 2019-2020 Tranche 4	28,910
IPSOS MORI UK Limited	Horizon scanning	83,000
The British Academy of Film and Television Arts	The future of a sustainable film industry	30,000
Various	Data & services purchase 2019-2020 Tranche 1	126,000
Various	Data and services purchase 2019-2020 Tranche 2	16,500
Various	RSU data and services purchase 2019-2020 tranche 3	24,880
Research and Stats		480,400
104 projects CIC	BFI Film Academy - Network Strand	16,740
Cinemagic Limited	BFI Film Academy Network	17,000
Clapperboard UK Limited	BFI Film Academy Network	16,430
Creative Nation Limited	BFI Film Academy Network	29,750
Ffresh Limited	BFI Film Academy Network	32,000
Glasgow Media Access Centre Ltd	BFI Film Academy Network	17,000
National Film & Television School	BFI Film Academy - Network Strand	231,000

Producer	Project	£
Plymouth College of Art	BFI Film Academy Network	16,932
Screen Argyll	BFI Film Academy - Network Strand	16,990
Screen Education Edinburgh	BFI Film Academy Network	17,000
Screen Education Edinburgh	BFI Film Academy	37,500
Station House Media Unit	BFI Film Academy Network	17,000
TAPE Community Music and Film	BFI Film Academy Network	14,845
The Nerve Centre	BFI Film Academy Network	51,000
The Sheffield Media and Exhibition Centre Limited	BFI Film Academy	45,000
Film Academies		576,187
British Film Institute	63rd BFI LONDON FILM FESTIVAL	900,000
Targeted Funding		900,000
The British Film Institute	Heritage 2022	2,275,000
Heritage 2022 Fund		2,275,000
West Midlands Combined Authority	Create Central - Programme of Activities	1,000,000
National Cluster Growth Fund		1,000,000
Chapter (Cardiff) Ltd	Venue Education Programme	3,000
Ffilm Cymru Wales CBC	Ffilm Cymru Wales: 2020-22 Film Education Delivery Plan	120,000
Film Nation UK	Into Film Delivery Plan 2020/21	4,767,500
Glasgow Film Theatre Ltd	Future Film: Scotland	3,000
Independent Cinema Office	Venue Education Fund - Stage One	2,975
Nottingham Media Centre Limited (t/a Broadway)	BFI Venue Education Fund: Stage 1 Application - Midlands	3,000
ScreenSkills Limited	Future Film Skills Programme 2019-20	3,149,081
ScreenSkills Limited	Future Film Skills Programme (Year 2020-21)	5,389,379
The Watershed Arts Trust Limited	Venue Education Fund - Film Hub South West Stage 1	3,000
Tyneside Cinema	Film Hub North Venue Education Fund Stage 1	3,000
Education Fund		13,443,935
		45,413,728

Schedule 2: New Lottery commitments made by delegate bodies (unaudited information) in the year ended 31 March 2020

The Documentary Society were delegated £1.52m of new lottery funds for activity in 2019-20, Creative Scotland and Ffilm Cymru Wales £200,000 each, and Northern Ireland Screen Commission £150,000. The awards made to third party organisations by these delegate bodies in the year

Award Recipient	Project	£
The Documentary Society		
Black Dog Films	Shy Radicals	15,000
DMC Films	No Ball Games	10,000
Dorothy Street Pictures	If the Streets were on Fire	51,050
Double Band Productions	Speaking in Silence	15,000
Duck Productions	Fashion Reimagined	80,000
Gallivant Films	Eve	20,500
Girls in Film Productions Limited	Somalinimo	20,200
Hot Property Films	Is There Anybody Out There?	53,000
Joe Binks	The Elvermen	21,000
Labor of Love Films	A Bunch of Amateurs	80,000
Land and Sky Media	Blackthorn	15,000
Mark Archers	A Story of Bones	30,000
Men who Sing Cyf	Men who Sing	45,500
Met Film Production	The Animated mind of Oliver Sacks	25,000
Missing in Action Films	Unspacely	75,000
My Accomplice	Kite flyers	15,000
Puck Films	Naz	80,000
Satellite Films	Stoke Film	16,750
Tyke Films	Yorkshire Ballers	22,000
Tyke Films	Half Nelson	20,000
	Total Doc Society delegated awards 2019-20	710,000
Ffilm Cymru Wales		
Aunty Margaret Ltd	Go Home Polish	2,500
Cardiff Animation Festival	Engaging Underrepresented Talent	4,000
Carys Lewis	Blue Mother	2,000
Chapter Arts Centre	Chapter moviemaker 2019 award	1,600
Darragh Mortell	Clapham Trashbag additional award	2,000
Edge 21 Rebecca Hardy	The Great Lesbian Escape	4,000
Eilir Pierce	Eilir Pierce CPD	1,000
Gavin Porter	Omini	4,000
Hanna Jarman	Hanna Jarman CPD	1,000
Mad as Birds	Jelly additional award	5,000
Maggie Parke	Connecting the Dots	5,000
Mared Swain	Mared Swain CPD	1,000
Mathew David	Mathew David CPD	1,000
Nico Dafydd	Nico Dafydd CPD	1,000
Nora Ostler Spiteri	Nora Ostler Spiteri CPD	4,600
Robert Corcoran	5 to 9	3,400
Samantha O'Rourke	Jelly additional award	1,000
Sion Thomas	Pig Eyes	5,000
Thomas Thomas Films Ltd	Bitter 16	4,000
Tina Pasotra	Tina pastora CPD 2nd award	1,495
Tom Chetwode Barton	Men I trust	10,000
Yvonne Connikie	Cinema Golau	5,000
	Total Ffilm Cymru Wales delegated awards 2019-20	69,595
Northern Ireland Screen Commission		
Armchair and Rocket	Back in 5	1,500
Boom Clap Play	Sea Beast	20,000
Crude Studios	The Lost Pig	1,500
Doyen Pictures	Just Johnny	1,500
Emma Williamson	Noah	450
Farset Films	True Crime	3,750
Farset Films	Duck	1,500
Farset Films	Miss and Missus	6,667
Gallagher Films Ltd	Rough	3,750
Gallagher Films Ltd	Templemore	1,500
Green Dragon Media Ltd	The Big See	1,500
Haus Eight Films Ltd	Can't Cry	3,750
JAM Media	Candelight	20,000
Katie Bridget Murphy	Fourth	450

Award Recipient	Project	£
Laura Camley	When Birds Fly	1,125
Marion McDowell	The Summoning	1,125
Michael Lafferty	Bleeding Out	450
Michael MacBroom	The Dutch Wall Clock	859
Michael Patrick	Cabbage	860
Nicky Larkin	Three Strokes, Two Kids and a Stand Up	1,125
Out of Orbit Ltd	Heaven come in	4,306
Purple Finch Productions Ltd	The Familiar Sting	3,750
Triplevision Productions Ltd	Give me a Sign	3,750
Village Films	Caroline	6,667
Village Films	Going under	6,667
Wee Buns Films Ltd	VHS	3,750
Write Path NI Ltd	Bring Back Laura	3,750
	Total Northern Ireland Screen Commission delegated awards 2019-20	106,001
Creative Scotland		
Barry Crerar	Expensive Shit	25,000
Blue Iris	Moonset	3,900
Blue Iris	Bound	25,000
Catalyst	Doncaster Fever	9,300
Catriona McNicaoll	The Edinburgh Summer	3,250
Chris Bogle	n/a	966
Compact Pictures	A Glimpse	25,000
Devil May Care Entertainment Ltd	Roots	10,200
Devil May Care Entertainment Ltd	Public	7,800
Devil May Care Entertainment Ltd	Nogaku	10,320
Graham Eatough	How to Act	2,500
Gudni Benediktsson	n/a	1,300
Ita Janson	Selkie	1,470
James Price	Spiral	3,000
Junction Films Ltd	Helladay	4,800
Ping Online Communications Ltd	Tirrick	4,062
Reece Smith	Selkie	459
Risky Whisky	The Mexi Clan	3,000
Shaun Hughes	The Prospect	3,250
Shudder Films Ltd	Cooking with Mother	5,700
Sure Films Ltd	Colin & Margaret	3,840
The Copy Desk	White Eyes	10,800
Tom Gentle	n/a	1,033
Tyke Films	Carla	11,250
	Creative Scotland delegated awards 2019-20	177,200
	Total awards by delegate bodies 2019-20	1,062,796

STATUTORY BACKGROUND

Statement of compliance with the Government's National 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 2019-20.

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 2019-20.

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 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 by way of a wide-scale public consultation undertaken in 2016.

During 2019-20, the BFI, and its partners, undertook a programme of research, monitoring and evaluation activities which enabled feedback on the BFI's programmes.

The results of this work are considered, and where appropriate, adjustments to programmes are introduced when it is considered it will benefit the delivery of the BFI's priorities.

In addition, along with stakeholders the BFI considers relevant national and regional data, and trends in the sector to ensure that programmes remain appropriate.

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 2019-20 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 National 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 approximately 10,000 'active' film clubs, with an estimated total engagement of approximately 4.2 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.

During the year, a new National Lottery programme was launched the Venue Education Fund; in addition 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 National 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, 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 2019-20 being the first full year that the programme of activity was delivered.

In addition, the UK Talent Network – Net.work – also in its first full year of operation, supported 96 NETWORK film projects, from across the UK.

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

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

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

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

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

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

On location filming of any National 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 National Lottery Distributors and the Department for Culture, Media and Sport in developing proposals for sustainable development.

In 2019-20 the BFI published its report – GREEN MATTERS; an overview of current practices of environmental sustainability and film production.

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 National 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 all the other National 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 National Lottery money acknowledge it using the common National Lottery branding.

The BFI ensures that the National Lottery is credited on all projects in receipt of National 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 2019-20, to supplement its established counter-fraud approaches, the BFI introduced additional counter-fraud checks for all awarded/successful National 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 National Lottery applications and is examined using appropriate criteria for all funded applications in the context of assessing the potential risk of each National Lottery award. Each potential recipient of National 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:

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

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 National 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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