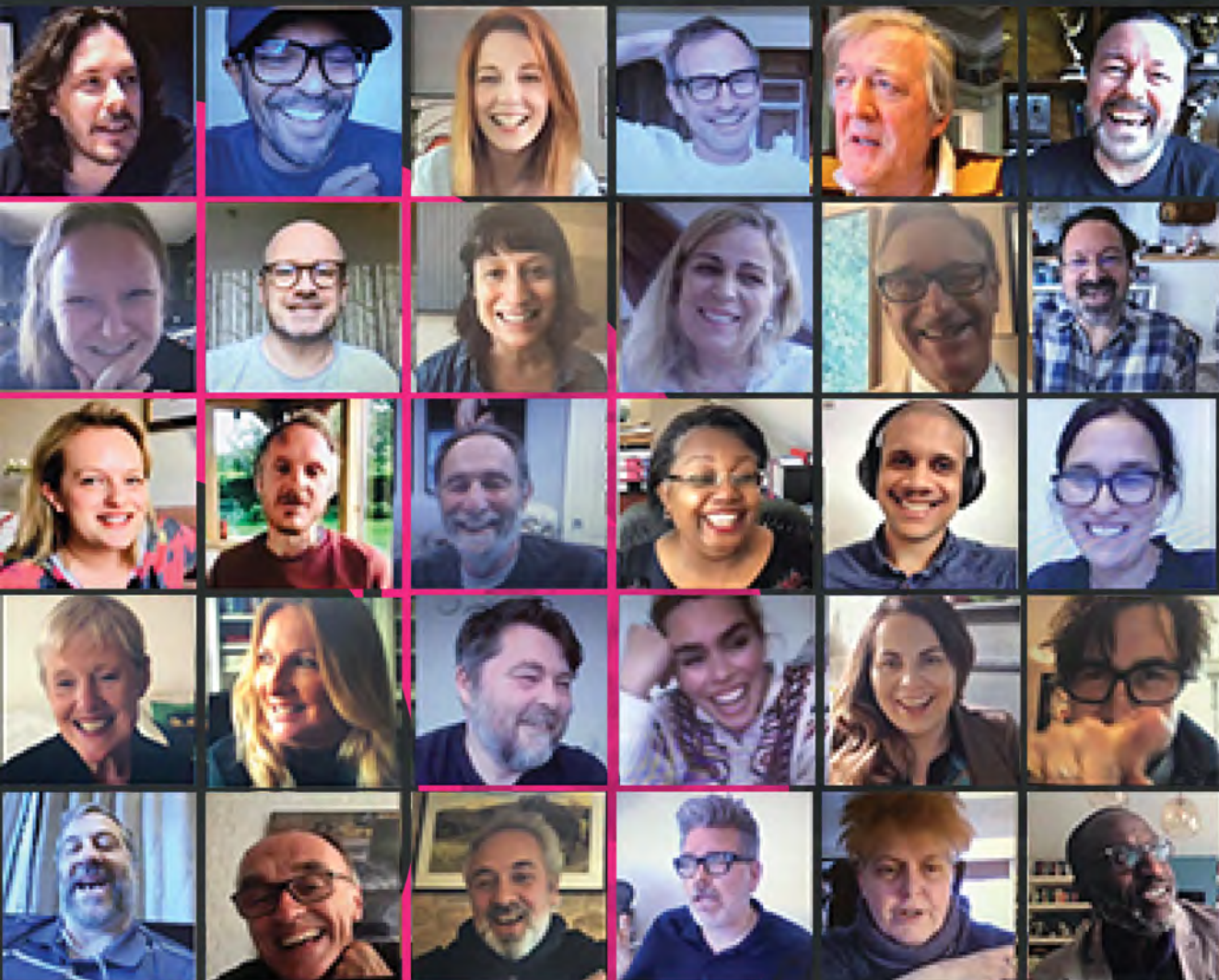


# Report & Financial Statements

Inspired in Lockdown by...



Company registration number 981908

1 August 2019  
– 31 July 2020

**NFTS**

**NATIONAL  
FILM AND  
TELEVISION  
SCHOOL**

Our credits tell the story

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# Statement from the Chair

Patrick McKenna speaking at the  
NFTS 2020 Graduation Ceremony.

**2020 is a year we shall never forget.**

**As the world continues its battle to contain the coronavirus pandemic, there is hardly a community or business that has not been affected by the high level of disruption, and extreme challenge it has brought to all of us.**

The audio-visual industries were no exception and were severely disrupted by the impact of lockdown from the beginning. All film, TV and games sub-sectors were affected to some degree, but the biggest hits were suffered by film and TV production companies, with principal photography ceasing instantly, and cinema businesses, whose combined losses rapidly rose to £6 million a day in the UK. The overall impact of Covid-19 has been highly uneven, however, with streamers, like Netflix, doing great business, alongside other 'winners' in the games and e-sports industries.

During April and May, led by the BFI, a huge effort was committed by industry as a whole to help produce Covid-compliant production guidelines, agreed with government, in quick time, but the challenges facing almost everybody in our world remain immense and are likely to remain so well into 2021. Some of these challenges, like the fall in TV advertising revenues, have had an adverse impact on our sponsors and supporters. Nothing like it has ever been experienced before.

Against this background, when we took the decision to close the physical facilities at the NFTS it was clear that it would be a mammoth task to keep the School operational and students moving forward productively with their courses. Although NFTS staff members are adept at reacting to challenges, it is fair to say that this particular one required a Herculean team effort, one which everyone at the School responded to magnificently.

Tumult and adversity have provided the operating context for much of the last twelve months, so I am especially pleased to report that it has also been a year of success and celebration. As we look towards the 50<sup>th</sup> anniversary of the NFTS, our students and graduates continue to win awards and have their work showcased to millions of people around the world.



**Patrick McKenna**  
Chair of the Board of Governors

In March, we released the results of our *Graduate Impact Report 2020*, which demonstrated in hard numbers the unique contribution NFTS graduates make to the UK film and television industry. No other school comes close to matching the astonishingly high level of industry success achieved by our graduates.

Proving that NFTS graduates make a stand out contribution, our alumni picked up awards and nominations for their efforts on some of television's most critically acclaimed series from *The Crown* to *Devs* and *Chernobyl*. Two graduates were honoured by The Academy for their cinematography and sound work on the astonishing *1917*, with an Oscar nomination for Krysty Wilson-Cairns, a 2012 screenwriting graduate. Krysty also took home her first BAFTA for *1917*, bringing into focus another statistic from the *Graduate Impact Report*: NFTS graduates achieve success within a short window of time.

From animation to science and natural history to documentary, films made by recent students continue to make waves globally. The prestigious 2020 CILECT Global Film School Awards saw *November 1<sup>st</sup>* take first prize in the fiction category with the film also collecting bronze at the 2019 Student Academy Awards. Documentary *Miss Curvy* sees the NFTS in the Oscars mix yet again having been nominated for the 2020 Student Academy Award. Meanwhile wildlife film *Life on the Rocks* has been nominated for festivals across the world, including Jackson Wild (wildlife film festival), most recently winning the Newcomer award at the prestigious Naturvision festival in Germany.

On behalf of my colleagues on the Board of Governors I wish to thank the School's staff, and of course our students, for their hard work and resilience during such an unsettled period. Their achievements are truly remarkable.



# Statement from the Director



Dr Jon Wardle interviewing  
Reed Hastings, CEO of Netflix.

**The last twelve months have been among the most challenging in the history of the NFTS.**

**As the impact of the Covid-19 pandemic continues to be felt extensively around the world, the importance of community cannot be over-emphasised. I am very proud of the way the NFTS team of staff, students and industry partners have worked to support one another and would like to acknowledge their enormous collective efforts in helping us navigate the many challenges we have faced during such a turbulent period. Moving courses online and making films with coronavirus safety restrictions in place has been a complex and involved process. Due to everyone's hard work and ingenuity, all of our students are well equipped to move forward positively with their courses and productions which is testament to the collaborative ethos of the NFTS shining through.**

Steering our way through the pandemic felt all consuming at times, but nevertheless during 2019-20 we still made huge strides in a number of areas relating to our Corporate Strategy.

In September 2019 we launched AccessNFTS, a national outreach programme designed to find, inform and inspire a new generation of film, TV and games talent. In our first year of operation and despite the pandemic we made very swift progress. Through a series of pop-up events including careers fairs, workshops, masterclasses and visits to the NFTS (pre-lockdown), Access NFTS engaged with over 8,000 young people, visiting key cities across the UK including Glasgow, Edinburgh, Bristol, York, London, Birmingham and Leeds. A priority of the scheme is to ensure it works in partnership with other organisations to help those from disadvantaged and underrepresented backgrounds. I am pleased to report strong links have already been formed with the Ghetto Film School, Bucks Skills Hub and London Screen Academy. Going forward, we continue to look at ways of delivering a comprehensive Access NFTS programme to reach more young people, both physically and virtually to ensure they have the opportunity and support to reach their full potential within the screen industry.

Following the successful launch of NFTS Scotland in 2018, we opened the doors of NFTS Leeds in February 2020, welcoming our first cohort of 60 students who embarked on craft skills training across construction, costume, grip, hair & make-up, lighting and as production assistants for scripted. The new Leeds hub offers a range of short courses, certificates and part-time diplomas designed to

enhance the skills base of the burgeoning Yorkshire screen industry. NFTS Leeds cements our commitment to nurturing future talent while meeting the demand for highly trained creative workers in the region.

Racism and race bias continues to be an issue within the UK and in the film and television industry. The death of George Floyd and the Black Lives Matter movement highlighted the depth of individual and systematic racism that still confronts black and minority ethnic people globally. NFTS staff and students were determined to be a key part of the solution, not part of the problem. We therefore worked together to explore how the School can make several significant changes. This resulted in us establishing the NFTS Anti-Racism Commitment, with the aim of effecting meaningful, lasting and overdue change within the industry. As we move into 2021 this will be a key area of focus as we work to operationalise the commitments we have set out.

Looking to the future, we face more uncertainty but the NFTS remains resolutely focused on evolving and adapting to ever changing circumstances. Current students who experienced significant disruption to their studies in the last academic year and the new students joining us in September and January will expect us to deliver the transformational education we are renowned for delivering. I have steadfast confidence that everyone at the School will continue to rise to the challenges ahead to ensure the NFTS remains the world leading institution I am so proud to be a part of.



**Jon Wardle**  
Director

## Management and Advisers

### Management Team

Dr Jon Wardle – Director  
Trevor Hall – Finance Director  
Ijeoma Akigwe – Director of Marketing and External Relations  
Annalise Davis – Head of Production  
Kate Renwick – Director of Human Resources  
Eleanor Wheal – Registrar

### Company Registration Number

981908

### Registered Office

Beaconsfield Studios  
Station Road  
Beaconsfield  
Buckinghamshire  
HP9 1LG

### External Auditors

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

### Internal Auditors

KCG Audit Limited  
7 Bell Yard  
London  
WC2A 2JR

### Bankers

Lloyds Bank PLC  
25 Gresham Street  
London  
EC2V 7HN

### Solicitors

Eversheds Sutherland LLP  
1 Wood Street  
London  
EC2V 7WS

### Actuaries

First Actuarial LLP  
Mayesbrook House  
Lawnswood Business Park  
Leeds  
LS16 6QY





# Strategic Report

Behind the scenes picture  
from COVID secure production.



This report reviews the National Film and Television School (the 'School') activities for the year ended 31 July 2020 in the context of the opportunities, challenges and risks within which it operates.

## 1 Objects, Strategy and Risk Analysis

### 1.1 Objects, Vision and Values

The main objective of the year was to maintain and develop the world-class education and training of all the students. This remains at the heart of everything the School does as it seeks to achieve its charitable objects.

The charitable objects of the School are to:

- Promote and provide for the advancement of education of the public and in this connection to carry on a School in Great Britain for the education and training of persons concerned in the making of films, television and new media;
- Provide instruction in the art and science of making cinematograph and other films;
- Provide instruction in the art and science of making programmes for television; and
- Provide instruction in the art and science of new media.

These charitable objects form the basis of the School's 2023 Vision, which is outlined in the School's Strategic Plan (see section 1.4).

The NFTS runs more than thirty M.A., diploma and certificate courses - as well as numerous short courses - across a range of film, television and games disciplines. We have more behind the camera courses than any other film school, including core craft areas such as directing and cinematography as well as specialist areas such as Script Supervision and Production Accounting.

The School is recognised internationally as a model of excellence in specialist higher education and one of the world's pre-eminent institutions in film and the moving image; it is the only UK film school to be consistently listed in the Hollywood Reporter's top international film schools list.

Our students are taught by industry professionals, with access to state-of-the-art facilities and once-in-a-lifetime masterclasses from world-renowned film, TV and games makers.

The NFTS leads the way in bringing forward the best film, TV and games design talent and is an essential talent pipeline for the UK's creative industries. We are committed to supporting diversity within the film, television and games industries – 48% of our MA students are female and 22% are BAME.

### 1.2 Outreach and Widening Participation

The School is committed to reaching out to students from a wide range of different cultural, socio-economic and geographic backgrounds, with the aim of promoting greater creativity and authenticity, widening the talent pool, giving fair access to the industry, and searching for unheard voices and untold stories. Along with launching the School's official outreach programme, Access NFTS, in September 2019, the School worked towards this goal through the following methods:

- i) Scholarship and bursary support: the School raised and distributed £1.04m in financial aid to students during the year;
- ii) Open Days: the School continued to run its course-specific open days and general open day on a Saturday, but has supplemented these through the period of the pandemic with online open days and additional virtual events highlighting specific course areas;
- iii) BFI Film Academy: the School visited more than 35 regional film and arts centres, speaking to more than 900 young people across the UK about its Easter residential programme and opportunities to study at the School;
- iv) Commercials Challenge: for the third year running, the School ran a commercials competition for pupils at local colleges and sixth form students, in partnership with the Buckinghamshire Skills Hub. This involved presentations and advice for classes at eight schools in the county and a free workshop in our TV studio for the winners. This challenge was relaunched in September 2020 with the aim of expanding the reach to more students, further targeting of those who meet our widening participation criteria and additional support from NFTS staff and students. Through this and bespoke activities, Access NFTS engaged with more than 50% of secondary schools and sixth forms in Buckinghamshire;
- v) Massive Open Online Courses: the School has delivered two free online courses, which have introduced film making in the current year to more than 15,000 people;
- vi) Access NFTS: UK Tour: during the 2019-20 academic year, the outreach department organised and delivered events in seven cities around the UK. These events engaged with university, college and school students along with the general public and film hubs. The events were attended by over 400 people all looking for information, advice and opportunity relating to the creative industries;

- vii) Access NFTS: Festivals: the outreach programme funded and/or attended four festivals and three creative careers events around the UK running workshops, talks and industry marketplace stalls, engaging with over 1,500 people, raising awareness of both the NFTS and careers within the industry; and
- viii) Access NFTS: Ambassadors: student and alumni of the NFTS have been involved in running workshops and interactive stands at events this year. They have also provided online activities and signposts for young people to gain knowledge and experience.

In line with the Schools commitment and despite the pandemic the Access NFTS programme will expand in 2020-21. Feedback and reflection on the first year of the programme has been very positive and events and activities well received. The experience from the first year has led to a new strategy and delivery plan being developed and key performance indicators and a robust impact and success methodology being put in place. In the coming year increased targeting of those who meet a widening participation criterion, a greater social media presence, regular and varied on-site and off-site events around the country and a suite of resources available to download, will mean that access to the NFTS, its staff, students and knowledge will be available to an even wider, broader audience.

### **1.3 Community Engagement**

The School takes its position within the local community seriously and is always keen to forge links with outside organisations and support worthy causes where it can. The Oswald Morris Building and Rose Building have provided a facility that the wider Beaconsfield community can make use of – whether for screenings by the Beaconsfield Film Society, or for use by the many charitable groups in the area. The School is a strong supporter of community groups and charities in the local area and provides free use of its facilities to charitable groups for fundraising activities; during 2019-20, the School hosted more than 25 different community groups and charities.

### **1.4 Strategic Plan**

2019-20 was the first year of the School's five-year Corporate Plan 2023, which is focused on ensuring the School is recognised internationally as the leading film, television and games school in the world.

The headline themes around which the plan is focused are:

- Creating opportunity;
- Working UK-wide;
- Exploring future storytelling;
- Unlocking and celebrating our legacy; and
- Building on our success.

Despite the Covid-19 pandemic, the School has made good progress in each of these areas. Specifically:

#### **Creating Opportunity**

- Utilising alumni, current students and School staff as School ambassadors, to deliver a programme of targeted pop-up-events, held throughout the year across the UK and locally;
- Recruited a new Head of Outreach; and
- Minimised fee increases for home students, ensuring that the impact of any increases on our diversity and inclusion targets is carefully assessed.

#### **Working UK-Wide**

- Established a further creative hub for course delivery in Leeds; and
- Supported ScreenSkills to establish a craft 'Centre of Excellence' in Leeds.

#### **Exploring Future Storytelling**

- Appointed a Head of Immersive to manage the Industry Centre for Excellence in Immersive Storytelling;
- Developed and funded new immersive productions; and
- Facilitated placements for specialists from film, television and games to explore the opportunities of immersive.

#### **Unlocking and Celebrating our Legacy**

- Secured the finance to restore the School's archive of graduation films and make them available to the public so that they can inspire a new generation of filmmakers.

### **Building on our Success**

- Developed a new inclusion plan, and made significant progress in making our staff base as diverse as the student body; and
- Applied to the Office for Students for Taught Degree Awarding Powers.

### **1.5 Looking Forward**

Due to Covid-19, the short-term outlook is very challenging as we seek to mitigate the impact of the pandemic on the School's students and our core activities. That said the School is in good health and can move forward with confidence because of the following factors:

- The demand for places at the School remains at a high;
- The reputation of the School resulting from the success of the work of its students and graduates is also at an all-time high;
- The School has successfully expanded the number of courses and students; and
- The School continues to accept many British students from disadvantaged backgrounds and continues to widen access to its provision.

### **1.6 Key Performance Targets**

The School operates an organisational performance monitoring and reporting framework, which includes a set of institutional Key Performance Indicators (KPIs). These are subject to regular review by the School's Finance and General Purposes Committee and Board of Governors.

A new suite of performance indicator targets aligned to the School's new Corporate Plan 2023 have been agreed by the Board, as follows:

		<b>2019-20 (Target)</b>	<b>2019-20 (Actual)</b>	<b>2020-21 (Target)</b>	<b>2022-23 (Destination)</b>
<b>1</b>	<b>Creating Opportunity</b>				
1.1	Number of students (FTE)	539	521	562	668
1.2	Percentage of Black, Asian, and minority ethnic (BAME) students	21%	22%	22%	24%
1.3	Percentage of students from low socio-economic backgrounds	11%	5%	12%	14%
<b>2</b>	<b>Working UK-wide</b>				
2.1	Number of professionals trained at hubs outside of Beaconsfield	399	436	682	1,022
<b>3</b>	<b>Unlocking and Celebrating our Legacy</b>				
3.1	Funding for annual scholarships and bursaries	£1,029,000	£1,040,248	£1,079,000	£1,179,000
<b>4</b>	<b>Building on our Success</b>				
4.1	Student satisfaction	81%	78%	82%	84%
4.2	M.A. students in graduate-level jobs within six months of graduation	91%	91%	92%	94%



**Creating Opportunity** – 2019-20 has seen the continued growth of student numbers at the School, albeit marginally from 2019 to 521. This is slightly behind target as the new course in Casting was delayed to September 2020. In addition, the course in Location Management was cancelled, a direct consequence of the Covid-19 pandemic.

Recruitment of students from Black, African and Ethnic Minority backgrounds remains strong. However, recruitment of students from low socio-economic backgrounds remains challenging. This is due primarily to the cessation of Postgraduate Continued Development Loans offered by the high street banks, limiting access to funding for diploma students. The School's investment in Outreach services (see section 1.2) and targeted scholarship and bursary funding is anticipated to improve numbers going forward.

**Working UK-Wide** – the Covid-19 pandemic has impacted the School's regional hubs significantly over the second half of 2019-20, given that their core clientele are freelance industry practitioners whose work dried up whilst the country was in lockdown. However, the hubs did pivot quickly to deliver courses online to meet demand, and are anticipated to grow as courses return to face-to-face teaching on practical courses and the new hub at Leeds comes fully on-stream.

**Unlocking and Celebrating our Legacy** – the School continues to work hard to retain its current level of external scholarship and bursary funding provided by both corporate and individual donors as all companies face economic challenges posed by the Covid-19 pandemic. 2020-21 will be the School's 50<sup>th</sup> anniversary, which the School will look to leverage to raise new funds to ensure that financial means are not a barrier to future talent attending the School.

**Building on our Success** – student satisfaction fell slightly on 2018-19 from 80% to 78%. Whilst students' assessment of the School's 'Organisation & Management' climbed 2%, further work is required of 'Assessment & Feedback', which was down 4% on the previous year. Student employability remains strong at 91% for students who graduated in 2019 (the latest period of published data).

## 1.7 Risk Analysis

The School has in place a risk management policy that forms part of the School's enhanced internal control and corporate governance arrangements. The policy explains the School's underlying approach to risk management and documents the roles and responsibilities of the management team and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures.

The following key principles inform the School's approach to risk management and internal control:

- The Board of Governors has responsibility for overseeing risk management within the institution as a whole and the Audit Committee monitor and review risk and update the Board of Governors, as appropriate;
- The School adopts an open and receptive approach to solving problems of risk;
- The School makes conservative and prudent recognition and disclosure of the financial and non-financial risks; and
- Key risk indicators are identified and closely monitored on a regular basis.

In general, the School would wish to adopt a circumspect approach to risk-taking, as this would be the approach expected from a publicly funded Higher Education Institution (HEI). However, in some areas of activity – such as the level of creative risk students are encouraged to take in making their films, television shows and games – we may adopt a more open attitude than might be usual.

In addition to the Audit Committee's quarterly review of the risk register, the Board of Governors and the Finance and General Purposes Committee regularly review the key operational risks.

As with other Higher Education Institutions, the impact of the Covid-19 pandemic has increased risk in a number of areas. The School's key risks are at present:

- **Student recruitment** – demand for the School's courses remains high despite uncertainty created by the pandemic, with application number up 34% on the previous years for cohorts starting in January 2021. Notwithstanding that, the School remains wary of the risk of a 'second-wave' of the virus and has made suitable provision in its budget for 2020-21;
- **Government funding** – the continued financial support of the DCMS, BFI, ScreenSkills and OfS remain essential to ensure the School can maintain its quality of high-cost provision as the UK's national centre of excellence for education and training in film, games and television programme making. The Government's anticipated Comprehensive Spending Review in Autumn 2020 has been postponed. However, the School understands that its current level of Government support will remain unchanged for the coming year;

- **Health & Safety/Student Productions** – the demands of social distancing pose a particular challenge for the School as graduate productions are a principal component of the curriculum. The School has embraced industry best practice to ensure all productions are 'Covid-safe' and assigned a 40% increase in production budgets to ensure all appropriate measures are taken during the pandemic; and
- **Maintaining quality of student teaching and experience during Covid-19 pandemic** – as demonstrated in March 2020, the School moved seamlessly to online teaching to ensure that the quality of student teaching and experience was maintained. Notwithstanding that, the School remains cognisant of the risk of a 'second-wave' of the virus and continues to ensure robust social distancing measures are enforced at the School as students return for the autumn term.

Other risks being monitored by the School:

- **Impact of Brexit** – recent guidance from Government confirms that overseas fees will not apply to EU students until August 2021, which reduces the risk of recruitment of students from EU countries for the January 2021 intake.

Oscar and BAFTA winning Director Asif Kapadia (Amy, Senna, Maradona) welcomes new students in January 2020.



# Academic Review



## 2 Academic Review

### 2.1 Overview and Highlights

The School continued to demonstrate remarkable success in 2019-20, as its filmmakers garnered accolades in a range of divergent festivals and competitions, receiving recognition around the world from industry for the quality of their work. Awards included a Student Academy Award; a selection at the Cannes Festival; a Golden Reels win; a Grierson Award and six Royal Television Society Awards.

The Animation Department continues to consolidate its position as one of the world's leading departments of its kind with 2019 seeing *Heatwave* winning the Maclaren Prize at the Edinburgh Film Festival and *Inanimate* winning the CILECT Global Film School Awards First Prize in Animation.

We were also proud to see our documentary films *City of Children* and *Ravens* reach the nomination stage of the Grierson Awards in 2019, with *Ravens* going on to win the All3 Media Best Student Documentary Award. Once again, the NFTS had the most films selected in the student documentary section.

### 2.2 Learning and Teaching

The School runs more behind-the-camera courses than any other film school in the world. Currently there are 17 Masters programmes and 14 diploma courses.

#### Activity: Two-Year MA Courses: 2019-2020

- Cinematography
- Composing For Film and Television
- Creative Business for Entrepreneurs and Executives
- Digital Effects
- Directing Animation
- Directing Fiction
- Directing Documentary
- Directing and Producing Science and Natural History
- Directing and Producing Television Entertainment
- Editing
- Film Studies, Programming and Curation
- Games Design and Development
- Marketing, Distribution, Sales and Exhibition
- Producing
- Production Design
- Screenwriting
- Sound Design for Film and Television

#### Activity: One-Year to 18-Month Diploma Courses: 2019-2020

- Assistant Camera (focus pulling and loading)
- Assistant Directing and Floor Managing (in partnership with the BBC)
- Cameras, Sound and Vision Mixing for Television Production (in partnership with Sky)
- Creative Producing for Digital Platforms (in partnership with Sky)
- Directing Commercials (part-time) – (in partnership with D & AD)
- Factual Development and Production (part-time) – (in partnership with Discovery Networks International)
- Graphics and Titles for Television and Film (in partnership with Sky)
- Model Making for Animation (in partnership with Aardman and Mackinnon and Saunders)
- Production Accounting for Film and Television (part-time) – (in partnership with the Production Guild)
- Production Management for Film and Television (in partnership with the BBC)
- Production Sound for Film and Television (in partnership with the BBC)
- Script Development (part-time)
- Sports Production (in partnership with IMG)
- Writing and Producing Comedy (part-time) – (in partnership with Channel 4)

## **NFTS Scotland**

From August 2019 to July 2020 NFTS Scotland delivered 41 courses, including a Certificate in Producing Your First Feature and a Diploma in Production Accounting, to 405 participants. The majority of participants were locally based freelancers although there were also employer-funded places, BBC Academy partnership places for BBC Scotland employees, and Channel 4 partnership places.

At the end of March, due to Covid-19, NFTS Scotland began delivering courses online, delivering 15 online courses between April and July. Online delivery has increased geographical access significantly with participants from across the world. NFTS Scotland also delivered a Virtual Classroom Essentials for the Screen Sector course to 13 tutors and other industry-training providers in Scotland free of charge to support the local training sector. In addition, in partnership with BBC Scotland, NFTS Scotland has hosted four online In Conversations: with Krysty Wilson-Cairns, Andrew Gibb, Neil Forsyth and Paul Leonard-Morgan, with over 280 guests in attendance.

Bursaries were awarded to 31% of applicants through the Scottish Government bursary fund. This bursary fund is vital to enable NFTS Scotland to increase inclusion and widen access to the training, and thus broaden representation in the sector. Due to Covid-19, a £10k hardship fund was created, funded by Screen Scotland. The new fund was created to help those freelancers impacted by the pandemic who would not normally be eligible for bursary support to attend a course. In addition to the bursary and hardship funds, £4k was raised for the Channel 2 Bursary Scheme by two Assistant Directors. This bursary fund aims to help increase diversity and equality within Scotland's film and television industry by helping those from low-income backgrounds to access entry level training on courses with vocational outcomes.

Prior to the lockdown, NFTS Scotland hosted several successful events at the Glasgow Film Festival and although since has been unable to physically participate in the usual annual events (BAFTA Guru Live, EIFF, XpoNorth and the EITVF), online presence and sector awareness of NFTS Scotland has been strong.

During the year, NFTS Scotland joined with a number of other training providers in Scotland to form the Screen Training Alliance Scotland, a partnership of industry-based training providers with a strategic approach to the skills development of Scotland's screen sector.

## **NFTS Leeds**

Since the hub launched in January 2020, NFTS Leeds has been responsible for delivering the first UK Craft Skills programme, in partnership with Screen Yorkshire and colleges in Leeds, funded by ScreenSkills and the BFI Lottery Fund.

The programme was launched at the end of February, bringing together the participants and over 80 senior figures from across the UK's film and television industry. The programme was delivered across six pathways – Grip, Construction, Lighting, Costume, Hair & Makeup and Production Assistant, with participants trained at various colleges in Leeds. NFTS Leeds delivered all the television specific elements of the programme and was responsible for securing work experience for the participants.

In mid-march, NFTS Leeds staff moved to remote working and aspects of the programme were delivered via online training. Due to Covid-19, on set work experience across all the pathways was withdrawn due to the limited numbers of people allowed on set, which led to NFTS Leeds designing a one-to-one mentoring programme for the participants to mitigate their real life experience on set.

NFTS Leeds also worked with Channel 4 to deliver two courses and four weeks of online training with 850 participants from across the regions and nations, and are launching a new slate of courses, including a nine-month certificate course, Finding Your Voice, with delivery commencing in the autumn.

## **Short Courses and Part-Time Diplomas**

During 2019-2020, the Short Courses team ran 62 courses training 590 individuals including employees sent by Working Title, Warner Bros, Viacom, Channel 5, Metropolitan Films, Aardman, De Montfort University, MediaCorp, BBC, The Bureau, London Film School, Baillie Gifford, OFQUAL, Thunderbird, Fulwell 73, Flint Culture, Vitec Group, CBS Interactive, Royal College of Art, Royal Shakespeare Company, Channel 4 and Paramount Pictures. From the end of March, due to Covid-19, these courses were delivered via online training.

Short Courses also delivered four part-time Diplomas – Script Development, Writing and Producing Comedy, Factual Development and Production, and Production Accounting, graduating a total of 44 students in February 2020.

In addition to the above, in the last six months Short Courses commenced production on 18 comedy graduation films, delivered an eight-week Writing the Bible Certificate course, a 14-week Directing Actors Programme for NYU's Tisch School, and a four-week Summer Directors Series.

## **Curriculum, Recruitment and Access**

The second half of the academic year focused predominantly on ensuring that students' continuity of learning was maintained during the Covid-19 pandemic, and to supporting them during the lockdown period. The School moved all teaching online from mid-March, and students were provided with the specialist equipment and software they needed to access their courses until the School re-opened. This was supplemented by a large number of masterclasses with leading figures from the industry including Sir Steve McQueen, Sally Wainwright and Ricky Gervais. Parts of the curriculum were rescheduled, but the School was able to open again for Covid-secure production work from June.

The School adopted a new three-year Learning, Teaching and Enhancement Strategy in 2019 setting out the strategic School-wide education enhancement objectives for the next three years. The new strategy is based on the seven core principles and teaching philosophy adopted by the School in 2017.

The School's Academic Standards Committee (ASC) continues to monitor the curriculum – recognising and disseminating good practice and making suggestions for enhancements – in the context of the Annual Course Evaluation process. In early November, the School's ASC held a specially convened session with the presence of Board members to allow robust questions to be asked about the School's current quality arrangements, and assurances were given and received regarding the appropriateness of the School's quality assurance and enhancement mechanisms.

The School's Validation Agreement with the Royal College of Art (RCA) with respect to the MA Film and Television was renewed in 2016 and remains in place until 2021.

Student numbers remained broadly stable in 2020 at 521 as the School sought to consolidate its portfolio of courses.

The School has a responsibility to include voices that represent the full diversity of British society in virtue of its unparalleled status as the pre-eminent feeder institution for the creative industries. It continues to work hard to ensure that increasing numbers of BAME students enrol on its courses (see section 1.6 Key Performance Targets). The BFI Academy, a scheme inaugurated by the School in 2012, brings dozens of 16 to 19-year-olds from all over the UK to the School to work with world-class filmmakers. The scheme targets young people from backgrounds that are traditionally underrepresented in the screen industries. Unfortunately, due to the Covid-19 pandemic, the School was unable to run the Academy in full in 2020. However, the students were able to gain some access to the School's resources through online access to masterclasses. The School is continuing its commitment to diversifying its student body through its new anti-racism action plan. This was developed out of the Black Lives Matter staff-student focus group and sets out clear commitments to the steps the School will take to ensuring that students from diverse backgrounds feel welcomed, encouraged and supported during their application, interview and enrolment stage, and are supported financially where needed.

The School recognises that more hard work needs to be done to increase ethnic and gender diversity within the creative industries, and has undertaken a number of targeted initiatives to address the current underrepresentation. These included Channel 4 providing £100k a year to the School for means-tested scholarships for female and BAME students.

Student feedback remains very positive. The results of the 2019 annual student survey demonstrated that, once again, the majority of students are very satisfied with their experience at the School.

Student representation within the School was strengthened in 2019 by the creation of a formally constituted Student Union, and the election of the School's first Student Union President. The President is a member of the Board of Governors and Academic Standards Committee, and works with members of the senior management team to ensure that the views of students are represented in key decisions.

In the overall assessment of MA courses in 2020, 52 students were awarded an Excellent (there were 28 in 2019), 69 a Very Good Pass (there were 73 in 2019) and 26 a Good Pass (40 in 2019). There were also two students who received a pass (there were five passes in 2019) and one student who failed (there were no fails in 2019).

### **2.3 “Bridges to Industry” and Masterclasses**

The School's students and recent graduates had the opportunity to attend 64 masterclasses during the year.

Guests included: directors and writer-directors Wes Anderson (*Fantastic Mr Fox*, *Moonrise Kingdom*), David Fincher (*Fight Club*, *The Social Network*), Greta Gerwig (*Little Women*, *Ladybird*), Joanna Hogg (*The Souvenir*), Rapman (*Blue Story*), Alex Garland (*Annihilation*, *Devs*), Sally Wainwright (*Gentleman Jack*, *Happy Valley*, *Last Tango in Halifax*), Edgar Wright (*Shaun of the Dead*, *Hot Fuzz*), Steve McQueen (*Hunger*, *12 Years a Slave*), Ben Wheatley (*Free Fire*, *Kill List*), Denis Villeneuve (*Blade Runner 2049*, *Arrival*), Alice Lowe (*Sightseers*, *Prevenge*), Sam Mendes (*1917*, *Skyfall*), Ricky Gervais (*The Office*), Chris Morris (*Four Lions*, *The Day Shall*



Come), Shola Amoo (*The Last Tree*), Stephen Fry (*Bright Young Things*, *A Bit of Fry and Laurie*), Spike Jonze (*Her*, *Where The Wild Things Are*), Lone Scherfig (*The Riot Club*, *An Education*, *Their Finest*), Corin Hardy (*The Hallow*, *The Nun*), Chris McQuarrie (*Mission Impossible: Rogue Nation*), Judd Apatow (*Knocked Up*, *The 40 Year old Virgin*), Sally Potter (*Orlando*, *The Party*), James Mangold (*Walk The Line*, *Wolverine*), Sarah Gavron (*Suffragette*, *Rocks*), Paul Feig (*Ghostbusters*, *Bridesmaids*), Lenny Abrahamson (*Normal People*, *Room*), Danny Boyle (*Trainspotting*, *Slumdog Millionaire*); producers Rebecca O'Brien (*Sorry We Missed You*, *I Daniel Blake*), Myf Hopkins (*The Last Tree*); writers Russell T Davies (*Queer As Folk*, *Years and Years*, *Doctor Who*, *Torchwood*), Eric Roth (*Forrest Gump*), Laurie Nunn (*Sex Education*), Krysty Wilson Cairns (*1917*), Malorie Blackman (*Noughts + Crosses*); documentary filmmakers Asif Kapadia (*Amy*, *Senna*), Alex Gibney (*Citizen K*, *Taxi to the Dark Side*); editors Angus Wall (*Zodiac*, *The Social Network*), Una Ni Dhonghaile (*Stan and Ollie*, *Three Girls*, *Misbehaviour*), Mdamiri A Nkemi (*Blue Story*, *The Last Tree*), Paulo Pandolpho (*The Crown*); animation directors and writer-directors Richard Phelan (*Shaun The Sheep: Farmageddon*), Tomm Moore (*The Secret of Kells*, *The Song of The Sea*), Lee Unkrich (*Finding Nemo*, *Toy Story 3*); Cinematographers Suzie Lavelle (*Normal People*, *His Dark Materials*), Stuart Bentley (*The Handmaid's Tale*); Composers Segun Akinola (*Doctor Who*), Martin Phipps (*The Crown*); Production Designer Rick Carter (*Avatar*, *Jurassic Park*, *Star Wars: The Force Awakens*) Titles Designer Daniel Kleinman (*Skyfall*); and costume Designer Sandy Powell (*Gangs of New York*, *Shakespeare in Love*, *The Favourite*).

Students and graduates also had the opportunity to attend a Music Video Day, held at Channel 4, hearing from a range of industry speakers including directors Dougal Wilson, Charlotte Regan and Adam Smith; producers Nathan James Tettey and Liz Kessler; production company exec Daniella Manca and Sony Music Video Commissioner Daniel Millar.

The School's students and graduates were offered a number of "Bridges to Industry opportunities". The scheme with BBC Films to make a short film funded by BBC Films was renewed and offered again to students and graduates, and a project by animation graduate Renee Zhan and producing graduate Jesse Romain, *She*, was selected. The project selected for a new opportunity to make a short film funded by Film4, *Beyonce Almighty*, written by Amelia Spencer, directed by Alexandra Brodski and produced by Sabina Smitham, is in script development.

Students were also given the opportunity for two more rounds of crowd-funding films with Kickstarter, and all three projects selected successfully achieved their funding goals. The projects *Birthday Boy* and *Gimcrack* shot in 2019, with *Gimcrack* screened at the graduation showcase. *Birthday Boy* is completing post-production and the third project, *Dragged Up*, is in script development.



# Corporate Responsibility

Amma Asante (Belle, A United Kingdom) takes a selfie with students after delivering her Masterclass.

## 3 Corporate Responsibility

### 3.1 Staff

Our people are integral to the School's success. The School engages with staff in a number of ways, including termly all-staff meetings, and the Director's monthly meetings with Heads of Departments. Facebook Workplace has been implemented and used widely to help further collaboration and communication within the School.

Our staff survey was launched in July 2016 and has been repeated annually. The results from the survey are used to shape initiatives to further improve life at the School.

Teaching staff at the School are regularly supported to attend festivals, conferences and events. Each department is required to report on their staff-development activity as part of the Annual Course Evaluation process. An elected member of staff also sits on our Board of Governors.

We have comprehensive staff policies and procedures, which cover all aspects of employment.

### 3.2 Environmental Sustainability

The School has a Director-led group, which meets to regularly review and understand the range of environmental impacts arising from our activities and, where practicable, develop strategies to reduce those impacts.

The group encourages more sustainable purchasing practices that include the use of more environmentally friendly materials with an emphasis on reducing waste. The group is working to reduce ozone-depleting substances and preventing the release of pollutants, and to encourage the use of sustainably sourced products, including consumables served in the School's canteens.

With regard to carbon emissions, the School is continuing a programme of building replacement and refurbishment. New builds meet or exceed the latest standards and are passively cooled where possible. The School actively reviews operations to minimise all carbon emissions with particular regard to travel and energy use.

### 3.3 Equality and Diversity

The School recognises that equality of opportunity and valuing inclusion and diversity are vital to its success, and is committed to continuing to build a culture of inclusion and diversity for staff and students to ensure equality for all.

The School acknowledges its responsibilities under the legislation governing equality and diversity and, in particular, the Equality Act 2010, including Section 149 of the Act – known as the Equality Duty – which is supported by specific duties. The School has a set of Equality, Diversity and Inclusion objectives. The Equality Objectives and the School's Equality, Diversity and Inclusion policy are available from the School's website.

The School has recently set out an anti-racism commitment to recognise the inequalities that exist across the industry and to strive for lasting and systemic change resulting in a more multi-racial UK film, television and games industry in generations to come. The anti-racism commitment is available from the School's website.

### 3.4 Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to calculate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

BECTU is a trade union recognised by the School and its elected representatives are permitted to take reasonable paid time off to carry out some union duties. In 2019-20, the amount of time spent by staff on trade union activities and the cost related to that time was:

- Number of trade union representatives 3
- Time spent on union activities by these employees was in the band 1% to 50%
- School's total staff cost £6,309,898
- Cost of time spent on union activities £1,753
- Staff cost related to trade union activities as a percentage of the School's total staff cost 0.03%
- Time spent on paid trade union activities 1.1%





# Financial

Dr Jon Wardle on stage with a packed audience at the Graduate Showcase 2020.



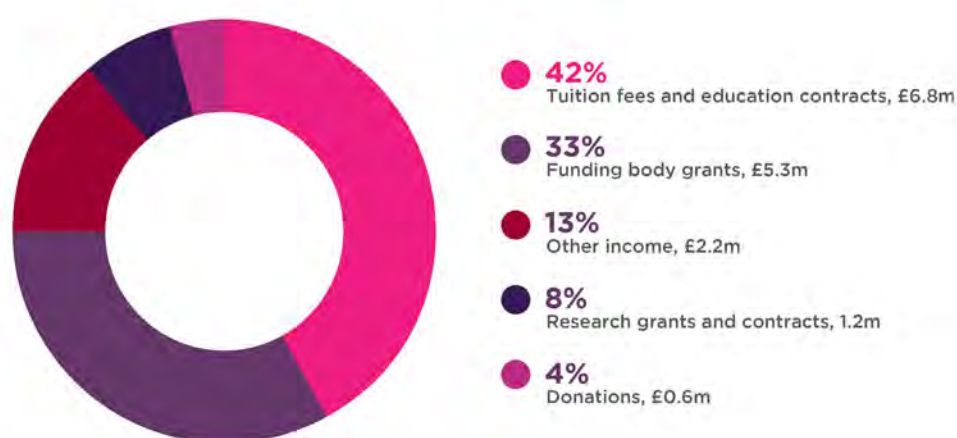
## 4 Financial

### 4.1 Financial Review of the Year Ended 31 July 2020

The Covid-19 pandemic has had a material impact on the results for the year ended 31 July 2020. This has seen a reduction in activity at the School's regional hub in Glasgow and the Short Courses unit in Beaconsfield, with the cancellation of face-to-face CPD-focused courses at the height of the pandemic. Social distancing also meant that both the annual BFI Film Academy residential in April and the annual fundraising gala in June were cancelled.

As a consequence of the pandemic, total income for the year to 31 July 2020 fell slightly to £16.2m from £16.4m in 2019, reflecting the reduction in activity highlighted above. This is mitigated in part by growth in research activity during the year, with income from research grants and contracts totalling £1.2m for the year to 31 July 2020 (2018/19: £0.8m).

Income 2019-20 (£'millions)



The annual gala scheduled for June 2020 was cancelled in light of the UK-wide lockdown due to the Covid-19 - pandemic. Notwithstanding that, most table buyers expressed their continued support for the School, and kindly converted their table purchases to direct donations to the School realising net funds to the School of £147k in 2019/20 (2019: £319k).

The School continues to maintain its significant student financial support programme through bursaries and scholarships. The combined scholarship and bursary support for the year was £1.04m and covered approximately 15% of the total tuition fee income for the year. The School's bursaries are funded mainly by industry parties, whilst scholarship funds are generated by the ongoing generosity of individual scholarship donors. The scholarship and bursary funds are critical to enable the most talented students to attend the School, regardless of their background or financial means.

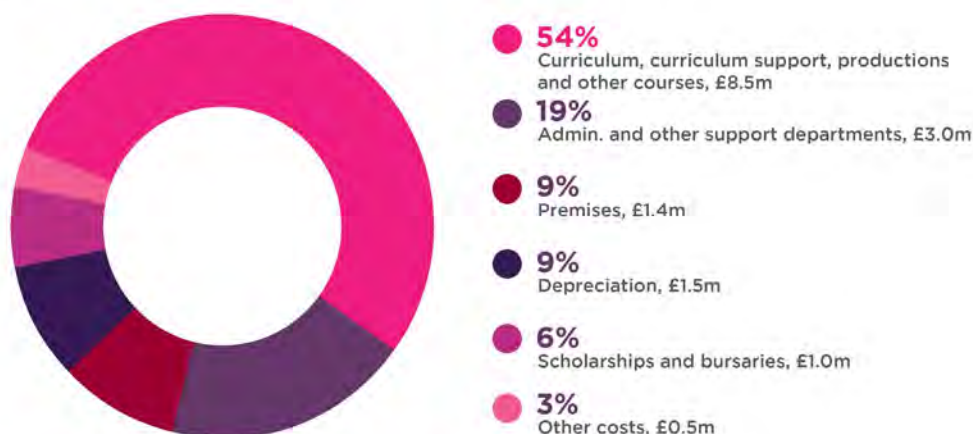
The School would like to thank all its core funders for maintaining their continued support for the School and its students.

In tandem with the School's strategy to increase student numbers and income, the School remains focused on managing its cost base through robust budget management, effective procurement and a focus on value for money.

The School continues to explore opportunities to create best value from its resources, driving economies and scalability from its cost base (see 4.2 Value for Money).

Overall, the School delivered a net surplus before pension adjustments for the year of £0.2m compared with £0.5m in 2018-19, a positive result despite the Covid-19 pandemic. However, the actuarial valuation of the deficit on the School's closed defined benefit scheme has increased £0.7m as the projected yield on government gilts continues to be weak.

## Expenditure 2019-20 (£'millions)



Overall, the School's net assets decreased slightly to £11.2m during the year to 31 July 2020, in line with the results for the year highlighted above.

The School has generated positive cash inflows of £2.5m from operating activities compared with positive inflows of £0.6m in 2018-19 (see page 38 Statement of Cash Flows). This reflects primarily the delayed receipt of funding from a number of key partner sponsors with changes in key personnel at key partner sponsors payment delaying payment until August 2019. Payments made to acquire fixed assets increased £0.2m to £1.17m on 2018/19, reflecting additional investment in buildings and facilities to accommodate the increase in core production cohorts from classes of eight to ten from January 2021. Overall, the School delivered a net cash inflow of £1.6m for the year to 31 July 2020 and cash reserves remain sufficient for the foreseeable future.

The School's results meet the financial covenants on the Allied Irish Bank (GB) loan.

### 4.2 Value for Money

During the period to 31 July 2020, the School retendered and renegotiated a number of major contracts, realising savings of approximately £117k. Further, the School continues to invest in its systems and processes, with further development of the School's new finance system (see 4.5 Accounting Systems and Processes) and investment in a new H.R. system to improve workforce and payroll management.

This continued investment in the School's systems and processes proved prescient in the face of the Covid-19 pandemic national lockdown, with central services, such as Finance, Registry and H.R., moving seamlessly to remote working.

The School invested resources through 2019-20 in a number of student-centric areas such as the appointment of a new Head of Outreach in September 2019 in partnership with NBC Universal, and increasing online reference resource in its digital library. Further, the School recognises the increasing demands on students' mental health and wellbeing, increasing headcount in the School's Student Services team as student numbers and requests for help grows.

### 4.3 Investments

The School continues to maintain approximately £1.3m of cash funds on fixed-term deposit to maximise return whilst enabling flexibility should these funds be called upon. Surplus funds on the School's current account are placed on a 32-day notice facility to maximise returns.

### 4.4 Payment of Creditors

The policy of the School is to pay its creditors in accordance with agreed terms. In the absence of any agreement to the contrary, it is the intention of the School to pay supplier invoices within 30 days of the invoice date.

#### 4.5 Accounting Systems and Processes

The School successfully implemented a new finance system – ACCESS Workplace – on 1 August 2019. The new system has delivered a stepped improvement in budget-holder access to real-time information, systemised financial controls and represents a significant step forward in finance processes becoming fully paperless.

#### 4.6 Post Balance Sheet Events and Going Concern

Post balance sheet events may have a significant effect on the values shown in the accounts, and occur after the balance sheet date but prior to the date on which the accounts are approved by the Board of Governors.

In spite of the Covid-19 pandemic, demand for places at the School remains high. Recruitment to the September 2020 diploma courses was strong with all courses fully recruited to, and demand for the School's core production and other courses starting in January 2021 remains robust with applications up significantly on the previous year. The core production courses are increasing from cohorts of eight to ten from January 2021 and all of these courses are fully recruited to.

In addition, the majority of the School's industry partners are on multi-year sponsorship contracts, with contracts recently renewed with the BBC and Channel 4. Due to the pandemic, funding contract negotiations with the industry exhibitors and distributors are ongoing.

Cash flow projections for 2020/21 remain positive, with performance tracking to budget at the balance sheet date, and the School has low debt exposure, continuing to operate well within its loan covenants.

Based on the assessment above, the governors consider the School to be a going concern.

Signed on behalf of the Board of Governors



**Patrick McKenna**

Chair of the Board of Governors

Date: 24 November 2020



**Jon Wardle**

Director



# Statement of Public Benefit



AccessNFTS workshop  
for Cats.



### Statement of Public Benefit

The National Film and Television School is a charity under the terms of the Charities Act 2011. As such, it is required to fulfil a public benefit and to publish an annual public benefit statement having regard to relevant Charity Commission guidance. The governors are aware of their responsibilities with regards to the public benefits requirement and are conversant with the Charity Commission guidance.

The School is one of the top postgraduate institutions of its kind, and has been recognised as such this year through its inclusion in The Hollywood Reporter's Top International Film Schools list for the tenth consecutive year. The School offers a transformative experience to students who go on to play a significant role in our cultural life through their work in the film, television and games industries. NFTS alumni have won 13 Oscars, 148 BAFTAs, and 15 Emmys, and been nominated dozens of times for each.

The School provides postgraduate programmes in a range of film, television and games disciplines on a not-for-profit basis, including 17 Masters courses, 14 full and part-time Diploma courses and six Certificate courses, with 519 students in 2020. The School is committed to ensuring it is open to students of genuine ability, no matter what their background or financial circumstances. As an institution that develops the next generation of creative talent, the School takes a special responsibility to ensure our creative industries reflect the full diversity of our country. As such, the School provides a substantial amount of bursary and scholarship support to students on a means-tested basis, as detailed elsewhere in this report.

The School also provides opportunities beyond those offered to its own students. Each year, in partnership with the BFI, it hosts the BFI Film Academy, a residential filmmaking programme for 16 to 19-year-old aspiring filmmakers.

The School also seeks to reach out to young people in the Buckinghamshire area through an annual schools competition run in partnership with the Buckinghamshire Skills Hub. Pupils at participating schools around the county take part in a session with a NFTS tutor before making their own television commercials. The winners are then invited to visit the School and take part in a workshop in the on-site 4K TV studio.

The School also offers many opportunities for the public to use its facilities. The School allows local charities to use the cinema and other facilities for fundraising events without charge.

The School launched Access NFTS, a national outreach programme designed to find, inform and inspire a new generation of film, television and games talent. Universal Pictures International has agreed to sponsor the programme for the next two years.

Access NFTS consists of pop-up events around the UK themed around different disciplines from sound to production design; masterclasses at universities and colleges; and the opportunity to connect with the School's expert tutors, alumni and industry professionals at festivals and film, television and games industry events.

## **Board of Governors and Committee Membership**

The members of the Board of Governors present this report and the financial statements for the year ended 31 July 2020. The names of the current members of the Board of Governors and those who served during the year in question are listed below. All held office throughout the year unless otherwise indicated.

### **Members of the Board of Governors**

Patrick McKenna – Chair  
Stephen Louis – Deputy Chair  
Riffat Ahmed – Student Governor (appointed 1 January 2020)  
Joe Bradbury-Walters – Staff Governor (appointed 6 October 2020)  
Geoffrey Crossick  
Phil Edgar-Jones (appointed 1 December 2019)  
Neil Forster (resigned 24 November 2020)  
Patrick Fuller  
Sara Geater  
Caroline Hollick  
Oliver Hyatt MBE  
Tim Kyte – Staff Governor (resigned 6 October 2020)  
Ian Lewis  
Andrew Macdonald  
Pukar Mehta  
Steve Mertz  
Edoardo Pinto – Student Governor (resigned 23 June 2020)  
Siobhan Reddy  
Raja Adil Rehman OBE  
Laurent Samama  
Bal Samra  
Mary Stiasny OBE (appointed 6 October 2020)  
Sue Vertue  
Jon Wardle (appointed 19 November 2019)

### **Company Secretary**

Trevor Hall

### **Clerk to the Board**

Chris Wensley

### **Audit Committee**

Sara Geater – Chair  
Neil Forster  
Patrick Fuller  
Sonia Magris  
Angela McMullen

### **Finance and General Purposes Committee**

Stephen Louis – Chair  
Robert Kingston  
Pukar Mehta  
Patrick McKenna  
Leon Morgan  
Sarab Nijjer  
Ken Roberts  
Laurent Samama

## **Governance, Appointments and Remuneration Committee**

Stephen Louis  
Patrick McKenna  
Steve Mertz  
Bal Samra  
Sue Vertue

## **Corporate Governance**

### **Legal Status**

The School is a company limited by guarantee (company number 981908), and registered as a charity (charity number 313429) incorporated in England and Wales. The School is also a registered charity in Scotland (charity number SC048472). It has existed since 1971 and was granted status as a higher education institution in November 2013, under section 129 of the Education Reform Act 1988.

### **Responsibilities of the Board of Governors**

The Board of Governors is the School's governing body, established in accordance with the Articles of Association. Members of the Board of Governors are the charity's directors and trustees. The majority of its members are drawn from outside the School and are referred to as independent members, although elected staff are co-opted members of the Board of Governors.

Governors are appointed for an initial term of three years, which can be renewed at the end of their term. Governors are formally appointed by majority vote at the quarterly board meetings. Every new governor is given an induction pack on the School which includes information on the structure, governance and management of the School, and the responsibilities of the governors and the School's management team. Governors are also provided with relevant Charity Commission updates on the responsibilities of trustees.

The Board of Governors has a number of standing committees to oversee particular areas of business. The Board of Governors is responsible for exercising the powers of the School as defined in the Articles of Association.

The Board of Governors has adopted a statement of primary responsibilities that is consistent with the model in the Guide for Members of Higher Education Governing Bodies published by the Committee of University Chairs (CUC) issued in December 2014 (revised June 2018).

Within the terms and conditions of funding agreed between the OfS and the School, and the OfS Accounting Direction, the management team prepares financial statements for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

The governors are responsible for preparing the strategic report, the report of the governors and the financial statements, in accordance with Companies Act 2006, and for being satisfied that the financial statements give a true and fair view. The governors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that year. In preparing these financial statements, the governors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare financial statements on a going-concern basis, unless it is inappropriate to assume that the School will continue in operation.

The governors are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity – and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

During the year, insurance costing £7k (2019 – £6k) was purchased to indemnify the governors and officers against default on their part.

Financial statements are published on the charity's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the governors. The governors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Terms of Reference of the Board and sub-committees are reviewed annually and are publicly available on the School's website. Assessment of the Board's adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities are subject to regular, independent review.

In the interest of transparency, the minutes of Board meetings are published on the School's website once approved and the financial statements for the preceding five years are publicly available on the School's website.

### **Statement of Corporate Governance**

The governors confirm that the financial statements comply with current statutory requirements and with the requirements of the charity's governing document.

The governors examine the major risks that the charity faces each financial year, and have developed systems to monitor and control these risks to mitigate any impact that they may have on the School in the future. The major risks that the School is currently exposed to are the impact of the Covid-19 pandemic primarily on student recruitment, government funding, and student health and safety / productions, and Brexit. Systems are in place to continually review and manage these risks. The School has regular meetings with all major funders and also constantly reviews and upgrades its health and safety controls and procedures.

The Board of Governors meets at least four times a year and reviews a report from the Director. The Board of Governors is complemented by both a student and a staff representative of the School. The Finance and General Purposes Committee also meets at least four times a year and reviews the five-year corporate plan, financial performance, including ensuring the regularity and propriety in the use of funds from the School's multitude of funders, including the Office for Students and United Kingdom Research Council, financial estimates, and also monitors health and safety practice, value for money arrangements and policies at the School. The Audit Committee meets quarterly, when it reviews the external audit management letters, internal auditor reports, and other matters set out in its terms of reference. The School reviews the terms of reference for all the sub-committees of the Board of Governors annually to ensure the School's governance is to the levels required by the School's status as a HEI.

The School has posted all its policies on matters of public, student and staff interest on the School website. Please see: <https://nfts.co.uk/policies-and-regulations>.

Day-to-day operational decisions are taken by the Director, supported by a management team, within the delegated authority conferred by the Board of Governors.

### **Statement of the School's Structure of Corporate Governance**

The governors – who are also trustees of the charity and directors of the company for the purposes of the Companies Act – present their report, together with the audited financial statements for the year ended 31 July 2020 and the period up to the date of approval of the audited financial statements. The governors have adopted the provisions of the Statement of Recommended Practice on Accounting for Further and Higher Education (FE & HE SORP 2019) and the Financial Reporting Standards (FRS102) in preparing the report and financial statements.

### **Governor Induction and Training**

Each member of the Board undertakes induction training which consists of a briefing by the executive management team and heads of departments on their activities. They are furnished with a comprehensive range of information and literature, for future reference. Emphasis is placed on the legal status of a trustee, and their position and responsibilities as a director of the charity.

### **Relationships between the School and Related Parties**

The School places great significance on its external relations and in particular on the relationship with the film, television and games industries. Industry and government funding has been essential for the School's continued operation and development. The governors are hugely grateful for the significant amount of voluntary and discounted support from organisations and individuals in the film, television and new media industries, including all key partner sponsors and funders.



The NFTS Foundation is a charity connected with the School. The NFTS Foundation seeks to promote the charitable purposes of the School by donations of student scholarships and grants from its investment funds. By mutual agreement, all costs associated with fundraising activities of the NFTS Foundation are borne by the School.

### **Subsidiary Undertakings**

The School owns 100% of NFTS Enterprises Limited, which was dormant for the period and has not been consolidated on the basis that it is immaterial.

### **Powers of Investment and Investment Policy**

Under its Memorandum of Association, the School has the power to invest the monies of the School not immediately required for its purposes in or upon such investments, securities or property as may be thought fit.

The School plans major curricular activities on a five-year timescale. It budgets to expend anticipated income while retaining a prudent level of reserves. The Board of Governors' policy for investment is to retain funds designated for redevelopment as cash and near cash at the best rates available.

### **Disclosure of Information to Auditor**

At the date of making this report, the Board of Governors confirms that:

- So far as each governor is aware, there is no relevant information needed by the School's auditor in connection with preparing their report of which the School's auditors are unaware; and
- Each governor has taken all the steps that he/she ought to have taken as a member of the Board of Governors in order to make himself/herself aware of any relevant information needed by the School's auditor in connection with preparing their report and to establish that the School's auditors are aware of that information.

### **Internal Control**

The governors are responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the members of the Board in the terms and conditions of funding with the OfS.

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

Notwithstanding that, systems and processes are designed to prevent and detect corruption, fraud, bribery and other irregularities

The system of internal control is based on an ongoing process designed to identify the principal risks and to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically.

The key elements of the School's system of internal control are as follows:

- Identification and management of risk is an ongoing process linked to achieving the organisation's objectives;
- The approach to internal control is risk-based, including an evaluation of the likelihood and impact of risks becoming a reality;
- Review procedures cover business, operational and compliance risk as well as financial risk;
- Risk assessment and internal control are embedded in ongoing operations;
- During the year the Audit Committee receives regular reports from the internal auditor on the adequacy and effectiveness of the School's system of internal control, together with recommendations for improvement; and
- The principal results of risk identification, risk evaluation and the management review of the effectiveness of the arrangements are reported to, and reviewed by, the governing body.

The School has appointed KCG Audit Limited ("KCG") to provide internal audit services. The internal auditor submits regular reports which provide opinions on the adequacy and effectiveness of the School's system of internal control together with recommendations for improvement.

Report of the Members of the Board of Governors for the Year ended 31 July 2020 (*continued*)

During the period to the balance sheet date, KCG undertook seven reviews covering a range of risk from governance of the School's inaugural research project, to a review of the School's compliance controls over GDPR and UKVI, to a review of the School's financial controls following the implementation of a new finance system. All reviews have provided 'satisfactory' or 'substantial' assurance and all recommendations arising have been implemented in a timely manner.

No material issues were raised by the external auditors in their Audit Completion report.

The Board's view of the effectiveness of the system of internal control is informed by the work of the internal auditor and management who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditor in their management letter and other reports.

The corporate governance and internal control statements cover the year to 31 July 2020 and to the date of approval of these financial statements.

Signed on behalf of the Board of Governors

**Patrick McKenna**



Chair of the Board of Governors

**Jon Wardle**



Director

Date: 24 November 2020

## Independent Auditor's Report to the Members of the Board of Governors of the NFTS

### Opinion

We have audited the financial statements of National Film and Television School ("the School") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 July 2020 and of the School's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the School in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the School'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.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the Board of Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the Board of Governors have been prepared in accordance with applicable legal requirements.

### **Opinion on other matters required by the Office for Students ("OfS") and Research England**

In our opinion, in all material respects:

- Funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the School and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the Board of Governors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Board of Governors**

As explained more fully in the responsibilities of the Board of Governors statement set out on page 28, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the School or to cease operations, or have no realistic alternative but to do so.



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the School have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

### **Use of our report**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the School's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

Paula Willock (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick

Date: 26 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Financial Statements for the Year Ended 31 July 2020

### Statement of Comprehensive Income

	Note	2020 31 July £	2019 31 July £
<b>Income</b>			
Tuition fees and education contracts	3	6,783,018	6,687,769
Funding body grants	4	5,336,044	5,308,635
Research grants and contracts	5	1,238,626	836,111
Other income	6	2,168,977	2,648,743
		<hr/>	<hr/>
<b>Total income before other grants and donations</b>		<b>15,526,665</b>	15,481,258
Donations	7	632,265	894,985
		<hr/>	<hr/>
<b>Total income</b>		<b>16,158,930</b>	16,376,243
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	9	6,309,898	5,898,269
Other operating expenses	12	8,017,222	8,211,130
Depreciation	13	1,489,871	1,500,136
Interest and other finance costs	14	111,538	256,272
		<hr/>	<hr/>
<b>Total expenditure</b>		<b>15,928,529</b>	15,865,807
		<hr/>	<hr/>
<b>Surplus before other gains</b>		<b>230,401</b>	510,436
		<hr/>	<hr/>
<b>Surplus for the year</b>		<b>230,401</b>	510,436
		<hr/>	<hr/>
Actuarial loss in respect of pension scheme	25	(685,000)	(482,000)
		<hr/>	<hr/>
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(454,599)</b>	28,436
		<hr/> <hr/>	<hr/> <hr/>

All activities relate to continuing operations.  
The notes on pages 39 to 57 form part of these financial statements.

## Balance Sheet

Company number 981908	Note	2020 at 31 July £	2019 at 31 July £
<b>Fixed assets</b>			
Tangible assets	16	<b>30,923,242</b>	31,245,091
Investment in subsidiary undertaking	17	<b>2</b>	2
		<hr/>	<hr/>
		<b>30,923,244</b>	31,245,093
<b>Current assets</b>			
Stock	18	<b>3,701</b>	4,782
Debtors	19	<b>3,645,542</b>	4,385,626
Cash and cash equivalents		<b>4,215,204</b>	2,576,888
		<hr/>	<hr/>
		<b>7,864,447</b>	6,967,296
<b>Creditors: amounts falling due within one year</b>	20	<b>(8,259,074)</b>	(7,363,968)
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(394,627)</b>	(396,672)
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	21	<b>(14,009,296)</b>	(14,383,040)
<b>Provisions for liabilities:</b>			
Pension scheme liability	25	<b>(5,278,000)</b>	(4,769,461)
		<hr/>	<hr/>
<b>Total net assets</b>		<b>11,241,321</b>	11,695,920
		<hr/> <hr/>	<hr/> <hr/>
<b>Unrestricted reserves</b>			
Income and expenditure reserve		<b>2,812,996</b>	3,039,565
Revaluation reserve		<b>8,428,325</b>	8,656,355
		<hr/>	<hr/>
<b>Total reserves</b>		<b>11,241,321</b>	11,695,920
		<hr/> <hr/>	<hr/> <hr/>

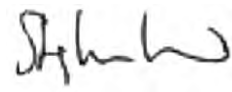
The financial statements were approved by the Board, authorised for issue on 24 November 2020 and signed on its behalf on that date by:

Patrick McKenna



Chairman

Stephen Louis



Governor

Jon Wardle



Director

The notes on pages 39 to 57 form part of these financial statements.

## Statement of Changes in Reserves

	Income and expenditure reserves		
	Unrestricted	Revaluation reserve	Total
	£	£	£
<b>At 1 August 2018</b>	2,734,480	8,884,385	11,618,865
Surplus from the Statement of Comprehensive Income	559,055	-	559,055
Actuarial loss in respect of pension scheme	(482,000)	-	(482,000)
Reserves transfer: depreciation on revalued assets	228,030	(228,030)	-
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2019</b>	3,039,565	8,656,355	11,695,920
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Surplus from the Statement of Comprehensive Income	230,401	-	230,401
Actuarial loss in respect of pension scheme	(685,000)	-	(685,000)
Reserves transfer: depreciation on revalued assets	228,030	(228,030)	-
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2020</b>	<b>2,812,996</b>	<b>8,428,325</b>	<b>11,241,321</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 39 to 57 form part of these financial statements.



## Statement of Cash Flows

	Note	2020 31 July £	2019 31 July £
<b>Cash flow from operating activities</b>			
Surplus for the financial year		230,401	510,436
<b>Adjustment for non-cash items:</b>			
Depreciation	13	1,489,871	1,500,136
Release of capital grants		(723,654)	(641,182)
Decrease in stock	18	1,081	1,600
Decrease/(increase) in debtors	19	740,084	(1,267,722)
Increase in creditors		879,601	657,795
Difference between net pension expense and cash contribution		(273,639)	(267,540)
Donated assets		-	(120,000)
<b>Adjustment for investing or financing activities:</b>			
Loss on disposal of fixed assets		-	-
Interest payable and pension costs	14	111,538	256,272
<b>Net cash inflow from operating activities</b>		<b>2,455,283</b>	<b>629,795</b>
<b>Cash flows from investing activities</b>			
Payments made to acquire fixed assets	16	(1,168,022)	(955,220)
Deferred capital grants received		554,497	276,314
		<b>(613,525)</b>	<b>(678,906)</b>
<b>Cash flows from financing activities</b>			
Interest paid	14	(14,360)	(20,272)
Finance lease rental payments		(31,978)	(41,794)
Repayments of amounts borrowed		(157,104)	(157,104)
		<b>(203,442)</b>	<b>(219,170)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>1,638,316</b>	<b>(268,281)</b>
Cash and cash equivalents at beginning of the year		2,576,888	2,845,169
<b>Cash and cash equivalents at end of the year</b>		<b>4,215,204</b>	<b>2,576,888</b>

The notes on pages 39 to 57 form part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 July 2020

### 1 Status of the School

The School is a company limited by guarantee and is a registered charity incorporated in England and Wales. The School is also a registered charity in Scotland. Each member's liability is limited, upon winding up, to an amount not exceeding one pound.

### 2 Principal accounting policies

#### *Basis of preparation*

The financial statements of the School have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019) and the Companies Act 2006. The charity has applied FRS102 (March 2018) in these financial statements which includes the amendments as a result of the Triennial Review 2017. The financial statements conform with the Accounts Direction issued by the Office for Students.

The School is a public-benefit entity and therefore has applied the relevant public-benefit requirement of FRS102.

#### *Assessment of going concern*

In spite of the Covid-19 pandemic, demand for places at the School remains high. Recruitment to the September 2020 diploma courses was strong with all courses fully recruited to, and demand for the School's core production and other courses starting in January 2021 remains robust with applications up significantly on the previous year. The core production courses are increasing from cohorts of eight to ten from January 2021 and all of these courses are fully recruited to.

In addition, the majority of the School's industry partners are on multi-year sponsorship contracts, with contracts recently renewed with the BBC and Channel 4. Due to the pandemic, funding contract negotiations with the industry exhibitors and distributors are ongoing.

Cash flow projections for 2020-21 remain positive, with performance tracking to budget at the balance sheet date, and the School has low debt exposure, continuing to operate well within its loan covenants.

Based on the assessment above, the governors consider the School to be a going concern.

#### *Basis of consolidation*

The company is exempt under section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the governors consider that the company's subsidiary may be excluded from consolidation on the basis that it is immaterial. These financial statements therefore present information about the charity as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

#### *(a) Recognition of Income*

Income from the sale of goods or services is credited to the statement of comprehensive income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is credited to the statement of comprehensive income over the period in which students are studying.

## 2 Principal accounting policies (*continued*)

Revenue government grants including research grants and recurrent grants from the Office for Students are recognised within the statement of comprehensive income when the School is entitled to the income and performance-related conditions have been met.

Non-recurrent grants from the Office for Students or other government bodies received in respect of the acquisition or construction of fixed assets are recognised as deferred income within creditors and amortised in line with depreciation over the life of the assets. The deferred income is allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources are recognised within the statement of comprehensive income when the School is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the balance sheet and released to the statement of comprehensive income in line with such conditions being met.

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the statement of comprehensive income when the School is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of restriction applied to the individual endowment fund.

Donations with no restrictions are recorded within the statement of comprehensive income when the School is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective;
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the School;
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the School can convert the donated sum into income; and
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Legacies are recognised in accordance with Practice Note 11 issued by the Financial Reporting Council, in that they are accrued to the financial statements as soon as entitlement and valuation can be reasonably measured.

### (b) *Expenditure*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Other expenditure includes expenditure associated with the running of the School and includes both the direct costs and support costs relating to these activities. Interest and other finance costs include loan interest payable and pension costs.

## 2 Principal accounting policies (*continued*)

### (c) *Taxation*

The School is a registered charity and is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formally enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

Expenditure includes irrecoverable Value Added Tax charged by suppliers to the School. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

### (d) *Tangible fixed assets and depreciation*

Tangible fixed assets costing more than £1k are capitalised at cost. Equipment costing less than £1k is written off in the year of acquisition.

Land and buildings are measured at deemed cost (see note 16).

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets except freehold land, evenly over their estimated useful lives. It is calculated at the following rates:

Freehold land	–	Nil per year
Administrative buildings and stages	–	over 20 years straight line
Academic buildings	–	over 50 years straight line
Fixtures, fittings and office equipment	–	over 3 years straight line
Musical instruments (Grand Piano)	–	over 20 years straight line
Fixtures and fittings academic buildings	–	over 10 years straight line
Plant, machinery, technical equipment	–	over 5 or 10 years straight line
Motor vehicles	–	over 4 years straight line

Depreciation is charged evenly from the date of acquisition.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to deferred income and are released to the statement of comprehensive income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet.

The profit or loss on disposal of revalued properties is calculated by reference to net book value.

### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred in the year. No depreciation is charged until the asset is brought into use.

### (e) *In-Kind funding*

The School benefits from companies, organisations and individuals donating assets for use towards the running of the School, which are recognised at fair value.

Where a company, organisation or individual provides their time or use of facilities free of charge, this is not recognised in the statement of comprehensive income.



## 2 Principal accounting policies (*continued*)

(f) *Investments*

Non-current investments are held on the balance sheet at amortised cost less impairment.

Investments in subsidiaries are carried at cost less impairment.

Current asset investments are held at fair value with movements recognised in the statement of comprehensive income.

(g) *Stock*

Stock consists of purchased goods for resale and future use. Stocks are valued at the lower of cost and net realisable value.

(h) *Retirement benefits*

The final salary pension scheme closed to employee contributions on 1 September 2006. The pension deficit on the scheme is being paid off over 17 years at a rate of £218k per annum index linked (contribution in the year £274k). All members of the final salary pension scheme were offered a group personal defined contribution pension scheme. All staff joining the School after 1 April 2001 are invited to join the group personal defined contribution pension scheme.

*Defined contribution pension scheme*

A defined contribution pension scheme is a post-employment benefit scheme under which the School pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to the defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

*Defined benefit pension scheme*

A defined benefit pension scheme is a post-employment benefit scheme other than a defined contribution scheme. Under the defined benefit scheme, the School's obligation is to provide the agreed benefits to members of the scheme, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets to fund the benefits will differ from expectations) are borne, in substance, by the School. The School recognises a liability for its obligations under defined benefit schemes net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that members have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

(i) *Employee benefits and holiday pay accrual*

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the School.

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance-sheet date and carried forward to future periods. This is measured at the undiscovered salary cost of the future holiday entitlement so accrued at the balance-sheet date.

(j) *Operating leases*

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum-lease term.

(k) *Finance leases*

Leases in which the School assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum-lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Minimum-lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 2 Principal accounting policies (*continued*)

(l) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance-sheet date. All material differences are taken to the statement of comprehensive income.

(m) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits which have a maturity of 95 days or less and overdrafts.

(n) *Provisions, contingent liabilities and contingent assets*

Provisions are recognised in the financial statements when:

- (i) the School has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the School a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the School. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the School a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the School.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

(o) *Financial liabilities*

Financial liabilities are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form. Financial liabilities are held at amortised cost.

(p) *Concessionary loans*

Concessionary loans are those loans made or received by the School that are made:

- to further its public benefit objectives.
- at a rate of interest which is below the prevailing market rate of interest.
- to not be repayable on demand.

An unsecured concessionary loan is measured at the amount received.

(q) *Reserves*

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the School, are held as a permanently restricted fund as the School must hold the fund to perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the School is restricted in the use of these funds.

(r) *Judgements in applying accounting policies and key sources of estimation uncertainty*

In preparing these financial statements, the board have made the following judgements:

**2 Principal accounting policies (continued)**

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether borrowings are classed as 'basic' or 'other' financial instruments. The judgement that the borrowings are basic, as defined in Section 11 of FRS102, has resulted in the borrowings being carried on the balance sheet at amortised cost, and a concessionary loan being measured at the amount received adjusted for any interest or any impairment loss.

Other key sources of estimation uncertainty:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The defined benefit pension schemes liability is calculated using estimates of inflation, mortality discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and the expense for any year.

**3 Tuition fees and education contracts**

	2020 £	2019 £
Home and EU postgraduate fees	3,456,069	3,377,823
Overseas postgraduate fees	1,307,841	1,350,416
Diploma fees	1,069,246	1,115,978
Other fees – certificates, short courses, partnerships	949,862	843,552
	<hr/>	<hr/>
	<b>6,783,018</b>	<b>6,687,769</b>
	<hr/> <hr/>	<hr/> <hr/>

**4 Funding body grants**

	2020 £	2019 £
<b>Recurrent grant</b>		
Office for Students teaching grant	51,506	159,698
Research England	305,245	-
Department for Digital, Culture, Media and Sport	2,183,000	2,155,336
ScreenSkills	686,305	908,074
<b>Specific grant</b>		
Office for Students specific grants	1,337,468	1,338,251
The Scottish Government	48,866	106,094
Office for Students deferred capital grant released	150,512	146,422
Department for Digital, Culture, Media and Sport deferred capital grant released	334,550	318,256
ScreenSkills deferred capital grant released	43,636	43,636
The Buckinghamshire and Thames Valley Local Enterprise Partnership deferred capital grant released	194,956	132,868
	<hr/>	<hr/>
	<b>5,336,044</b>	<b>5,308,635</b>
	<hr/> <hr/>	<hr/> <hr/>

**5 Research grants and contracts**

	2020 £	2019 £
Arts and Humanities Research Council	1,238,626	836,111
	<u>1,238,626</u>	<u>836,111</u>

**6 Other income**

	2020 £	2019 £
Grants from platinum partner sponsors	400,000	400,000
Grants from key partner sponsors	884,838	801,000
Other income	884,139	1,447,743
	<u>2,168,977</u>	<u>2,648,743</u>

**7 Donations**

	2020 £	2019 £
Scholarships	516,265	658,985
Capital donations	-	120,000
Other donations – NFTS Foundation, David Lean Foundation	116,000	116,000
	<u>632,265</u>	<u>894,985</u>

**8 Grant and fee income**

	2020 £	2019 £
Grant income from the Office for Students	1,539,486	1,644,371
Grant income from other bodies	5,149,508	4,500,375
Fee income for taught awards	5,833,155	5,844,217
Fee income from non-qualifying courses	949,863	843,552
	<u>13,472,012</u>	<u>12,832,515</u>

Grant income from other bodies includes £114k (2019 – £Nil) in relation to the Coronavirus Job Retention Scheme.

**9 Staff costs**

Staff costs consist of:	2020 £	2019 £
Salaries (including tutors and freelancers)	5,292,916	4,931,402
Social security costs	541,812	497,518
Defined pension scheme contributions	475,170	469,349
	<u>6,309,898</u>	<u>5,898,269</u>



**9 Staff costs (continued)**

The number of employees whose emoluments fall within bands of £5k exceeding £100k, excluding pension contributions and benefits in kind, was as follows:

	<b>2020</b>	<b>2019</b>
£160,000 – £164,999	-	1
£150,000 – £154,999	1	-
	<hr/>	<hr/>
Emoluments of the Director:	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Basic salary	<b>150,000</b>	150,000
Benefits	<b>1,029</b>	1,052
Performance related bonus	-	10,000
	<hr/>	<hr/>
Total before employer pension contributions	<b>151,029</b>	161,052
Employer pension contributions	<b>7,500</b>	7,500
	<hr/>	<hr/>
Total including employer pension contributions	<b>158,529</b>	168,552
	<hr/>	<hr/>

There are no other benefits (taxable or non-taxable) or other sources of remuneration. The Director does not have use of accommodation.

The Director's basic salary and total remuneration salary is 4 (2019 – 4.2) times the median pay of the staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the School to its staff.

The Director's remuneration package is reviewed annually by the Remuneration Committee, which consists of five Board members; for this item, the Deputy Chair of the Board takes the chair. The Director is not a member of the Committee and does not attend its meetings. The Committee reviewed the Director's current salary in the context of the remuneration packages of Heads of other small, specialist institutions and noted that his salary was comparable. It was agreed that he had provided excellent leadership of the institution during the past year, particularly during the School's response to the Covid pandemic. In normal circumstances, the Committee would have considered a financial bonus appropriate, but in view of the uncertainty caused by the pandemic, the Director had indicated that he did not wish to be considered for a pay rise or bonus, and the Committee confirmed that this would be the case.

The previous director, Nik Powell, stepped down on 31 July 2017. During the year £20k (2019 – £80k) was paid for consultancy services. The contract for consultancy was for two years to 31 July 2019, total contract value £160k.

The average number of employees (full time equivalent) during the year was as follows:

	<b>2020</b>	<b>2019</b>
Curriculum, production support, short courses	<b>82</b>	79
Fundraising and events	<b>3</b>	2
Finance, registrar, I.T., marketing, H.R., directorate	<b>30</b>	28
	<hr/>	<hr/>
	<b>115</b>	109
	<hr/>	<hr/>

During the year the School paid £12.5k in compensation for loss of office to two employees (2019 – £24.7k). Amounts for compensation for loss of office and redundancy for all staff, excluding the Director and Finance Director, are approved by the School's management team.

## 10 Governors' emoluments

The School's Memorandum and Articles enable governors to be engaged as tutors. No governors received payments for tutoring during the year (2019 – £Nil).

During the year, travel and subsistence expenses totalling £185 were reimbursed to governors relating to attending board meetings (2019 – £247).

## 11 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the School.

Key management personnel are considered to be the governors and the School's management team. The management team includes the Director, Finance Director, Head of Productions, Marketing and External Communications Director, Registrar, and H.R. Director. The management team were paid emoluments during the year, including benefits in kind and pension contributions, totalling £517,779 (2019 – £550,404).

## 12 Other operating expenses

	2020 £	2019 £
Curriculum, productions, research, and short courses	3,801,127	4,081,528
Curriculum support and accreditation	301,621	228,308
Scholarships	516,265	658,985
Bursaries	597,353	569,028
Premises	1,279,742	1,448,571
Production support and facilities departments	297,608	294,297
Admin departments – finance, registrar, I.T., marketing, H.R., directorate	1,092,249	695,512
Fundraising and events	55,191	165,672
External audit fees	41,640	36,120
Internal audit fees	34,426	33,109
	<hr/>	<hr/>
	<b>8,017,222</b>	<b>8,211,130</b>
	<hr/> <hr/>	<hr/> <hr/>

## 13 Depreciation

	2020 £	2019 £
The depreciation charge has been funded by:		
Deferred capital grants released	723,654	604,760
General income	766,217	895,376
	<hr/>	<hr/>
	<b>1,489,871</b>	<b>1,500,136</b>
	<hr/> <hr/>	<hr/> <hr/>

**14 Interest and other finance costs**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest on long term loans	<b>7,637</b>	11,890
Interest on finance leases	<b>6,723</b>	8,382
Pension finance costs	<b>97,178</b>	236,000
	<hr/>	<hr/>
	<b>111,538</b>	256,272
	<hr/> <hr/>	<hr/> <hr/>

**15 Net expenditure**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
This is arrived at after charging:		
Depreciation	<b>1,489,871</b>	1,500,136
External auditors' remuneration		
- audit services	<b>41,640</b>	36,120
- other services	<b>12,210</b>	13,248
Internal auditors' remuneration	<b>34,426</b>	33,109
Operating lease rentals – equipment	<b>55,205</b>	55,205
	<hr/>	<hr/>

**16 Tangible assets**

	<b>Freehold land and buildings</b>	<b>Academic/ teaching buildings</b>	<b>Fixtures, fittings and office equipment</b>	<b>Plant, machinery and technical equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	£	£	£	£	£	£
<i>Cost or valuation</i>						
At beginning of period	5,030,560	24,163,138	2,368,493	6,739,935	70,895	38,373,021
Additions	249,221	-	271,105	647,696	-	1,168,022
Disposals	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	<b>5,279,781</b>	<b>24,163,138</b>	<b>2,639,598</b>	<b>7,387,631</b>	<b>70,895</b>	<b>39,541,043</b>
<i>Depreciation</i>						
At beginning of period	334,284	1,797,789	1,289,340	3,673,195	33,322	7,127,930
Provided for the period	73,860	483,263	230,062	690,162	12,524	1,489,871
Disposals	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	<b>408,144</b>	<b>2,281,052</b>	<b>1,519,402</b>	<b>4,363,357</b>	<b>45,846</b>	<b>8,617,801</b>
<i>Net book value</i>						
At 31 July 2020	<b>4,871,637</b>	<b>21,882,086</b>	<b>1,120,196</b>	<b>3,024,274</b>	<b>25,049</b>	<b>30,923,242</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2019	4,696,276	22,365,349	1,079,153	3,066,740	37,573	31,245,091
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The School's freehold land and buildings and the Oswald Morris Building were revalued on transition to FRS102 as at 31 July 2014 on the basis of Existing Use Value by external valuers, Deloitte LLP. This valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards.



## 16 Tangible assets (continued)

The net book value of fixed assets includes an amount of £4k (2019 – £29k) in respect of assets held under finance leases. The depreciation charged in the year on finance leases was £25k (2019 – £39k).

The historic cost net book value of land and buildings is:

	2020 at 31 July £	2019 at 31 July £
Cost brought forward	302,009	302,009
Accumulated depreciation based on historical cost	(165,121)	(155,408)
Historical cost net book value	<u>136,888</u>	<u>146,601</u>

## 17 Investment in subsidiary undertakings

	2020 at 31 July £	2019 at 31 July £
Cost at 1 August 2019 and 31 July 2020	<u>2</u>	<u>2</u>

Name	Country of incorporation or registration	Proportion of ordinary share capital held	Share capital and reserves at 31 July 2020
		%	£
NFTS Enterprises Limited	England and Wales	100%	2

During the year ended 31 July 2020 there was no trading activity through NFTS Enterprises Limited (2019 – Nil).

## 18 Stocks

	2020 at 31 July £	2019 at 31 July £
Production and post-production consumables	<u>3,701</u>	<u>4,782</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

**19 Debtors**

	2020 at 31 July £	2019 at 31 July £
Trade debtors	2,948,820	3,603,300
Other debtors	16,734	6,677
Prepayments and accrued income	679,988	775,649
	<u>3,645,542</u>	<u>4,385,626</u>

All amounts shown under debtors fall due for payment within one year.

**20 Creditors: amounts falling due within one year**

	2020 at 31 July £	2019 at 31 July £
Trade creditors	854,718	192,023
Taxation and social security	208,677	211,295
Other creditors	158,767	42,542
Deferred income	5,784,326	5,295,132
Deferred capital grants	630,979	605,050
Accruals	442,950	828,844
Finance lease obligation	21,553	31,978
Bank loan (secured)	157,104	157,104
	<u>8,259,074</u>	<u>7,363,968</u>

**21 Creditors: amounts falling due after more than one year**

	2020 at 31 July £	2019 at 31 July £
Bank loan (secured)	432,066	589,170
Sky loan (unsecured concessionary loan)	1,000,000	1,000,000
Deferred capital grants	12,571,536	12,766,623
Finance lease obligation	5,694	27,247
	<u>14,009,296</u>	<u>14,383,040</u>

Maturity of debt	Loans £	Finance leases £	Deferred capital grants £	Total 2020 at 31 July £	Total 2019 at 31 July £
In more than one year but not more than two years	157,104	5,694	520,141	682,939	761,310
In more than two years but not more than five years	874,962	-	1,849,160	2,724,122	2,483,029
In more than five years	400,000	-	10,202,235	10,602,235	11,138,701
	<u>1,432,066</u>	<u>5,694</u>	<u>12,571,536</u>	<u>14,009,296</u>	<u>14,383,040</u>

## 21 Creditors: amounts falling due after more than one year (continued)

A £3m long-term loan facility repayable over 17 years was arranged with Allied Irish Bank (GB) in March 2007. This required the NFTS to register a fixed charge on its freehold land and buildings as security for this loan facility. The loan balance outstanding (£589k) represents 6.7% of the cost of the Oswald Morris Building. The interest rate charged on this loan during the year was 1.2%.

A £1m unsecured interest-free concessionary loan repayable over 5 years was arranged with Sky Plc in 2016. Repayments are due to commence in 2022.

## 22 Connected charitable institutions

NFTS Foundation is a charitable institution and is administered on behalf of the School and has been established for its general purposes. NFTS Foundation is not included in the consolidation since the School does not have control over its activities.

By mutual agreement, all costs associated with the fundraising activities of NFTS Foundation are borne by the School.

The movements in the year on the total funds of NFTS Foundation, as reported in its own accounts for the year ended 31 December 2019, is as follows:

Opening balance	Income	Expenditure	Change in market value of investments	Closing balance
£	£	£	£	£
3,948,167	136,965	(140,155)	443,211	4,388,188

## 23 Analysis of changes in net debt

	2019 at 31 July	Cash flows	2020 at 31 July
	£	£	£
<i>Cash and cash equivalents</i>			
Cash	1,253,232	1,628,972	2,882,204
Cash equivalents	1,323,656	9,344	1,333,000
	<b>2,576,888</b>	<b>1,638,316</b>	<b>4,215,204</b>
<i>Borrowings</i>			
Debt due within one year	(189,082)	10,425	(178,657)
Debt due after one year	(1,616,417)	178,657	(1,437,760)
	<b>(1,805,499)</b>	<b>189,082</b>	<b>(1,616,417)</b>
	<b>771,389</b>	<b>1,827,398</b>	<b>2,598,787</b>

**24 Related party transactions**

A number of the governors for the School are also officers, employees or consultants with industry organisations, which have provided grants, or entered into other transactions with the School during the period.

Name	Role at the School	Related Party Company	Role at Related Company	Nature of transaction	Value of transaction £
Patrick McKenna	Chair	Ingenious Capital Management Holdings Limited	Director	Donation – cancelled gala	8,000
				Employee attending Inside Pictures programme	5,398
				Screenwriters bursary	5,000
				Provision of office space to the School free of charge	
Neil Forster	Governor	Ingenious Capital Management Holdings Limited	CEO	Donation – cancelled gala	8,000
				Employee attending Inside Pictures programme	5,398
				Screenwriters bursary	5,000
				Provision of office space to the School free of charge	
Steve Mertz	Governor	Warner Bros. Entertainment UK	Senior Vice President	Scholarships	14,800
				Donation – cancelled gala	4,450
				Employees attending short courses	2,720
Pukar Mehta	Governor	ITV Plc	Commercial Director	Key partner sponsor	100,000
				Donation – cancelled gala	4,450
				Employee attending a diploma course	5,750
Phil Edgar-Jones	Governor	Sky Plc	Director of Sky Arts	Key partner sponsor	175,000
				Donation – cancelled gala	8,000
Bal Samra	Governor	BBC	Group Commercial Director	Key partner sponsor	245,833
				Donation – cancelled gala	8,900
				Provision office space and facilities free of charge at BBC Scotland	
Laurent Samama	Governor	Google Plc	Director of Media, Entertainment & Industries	Employees attending short courses	3,050
				Donation – cancelled gala	4,450
Sara Geater	Governor	All3Media	CEO	Sponsorship of creation and digitisation of NFTS archives	110,000
				Donation – cancelled gala	4,450
Caroline Hollick	Governor	Channel 4	Head of Drama	Platinum partner sponsor	400,000
				Donation – cancelled gala	4,450
Sue Vertue	Governor	Hartwood Films	Director	Donation – cancelled gala	4,450
Sara Geater	Governor	All3Media	CEO	Donation – cancelled gala	8,000
				Scholarships	10,000
				Donation - course funding	3,300

During the year the NFTS Foundation made donations to the School totalling £120k (2019 – £120k) of which £40k was for endowed scholarships (2019 – £40k).

During the year the School paid grants to the NFTS Student Union of £14,178 (2019 – £Nil).

## 25 Pension scheme

The School's defined benefit pension scheme was established under an irrevocable Deed of Trust for its employees. Trustees accountable to the pension-scheme members manage the scheme. The scheme was closed to new members on 31 March 2000 and closed to accrual on 1 September 2006.

The latest triennial actuarial valuation of the scheme was at 31 March 2020. The triennial valuation was carried out using the projected-unit method. The assumptions, which have the most significant effect on the result of the valuation, are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date.

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 1.3% per annum and pensions would increase by 2.8% per annum thereafter. The standard mortality table used to calculate both male members' and female members' mortality was the S3PMA/S3PFA light tables CMI Model 2019 (1.25%).

At the valuation date, the value of the assets of the scheme was £7.7m and the value of the scheme's technical provisions was £13m indicating a deficit of £5.3m.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 August 2032. This assumes experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at £230k per annum and increased annually in line with RPI. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate to the past-service liabilities and funding levels, as the scheme closed to new members on 31 March 2000 and closed to accrual on 1 September 2006.

Following the ruling in October 2018 by the High Court in the Lloyds Banking Group case, the trustees are under a duty to make sure that equal benefits are paid, including where these benefits are in the form of General Maintenance Payments (GMP). As a result, a technical provision including a past service cost of £122k was charged to the statement of comprehensive income to allow for equalisation of benefits for the effect of unequal GMPs. The GMP equalisation provision was calculated as 1% of the defined benefit obligation based on comparison to schemes with a similar benefit structure and liability profile. This increase in the defined benefit obligation was shown as a past service cost in the Statement of Financial Activities for the year ended 31 July 2019. Any changes to this allowance will be reflected in actuarial gains/(losses) on the defined benefit obligation under Other Comprehensive Income for this and future years.

Surpluses or deficits which arise at future valuations may impact on the School's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

The trustees believe that, over the long-term, equity investment and investment in selected alternative-asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustees recognise that it would be possible to select investments producing income flows broadly similar to the estimated-liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that they consider the employers would be willing to make, the trustees have agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide while maintaining a prudent approach to meeting the funds' liabilities. Before deciding to take investment risk relative to the liabilities, the trustees receive advice from their investment consultant and the scheme actuary, and consider the views of the employers.

At 31 July 2020, there were 32 deferred members of the scheme.



## 25 Pension scheme (continued)

### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	<b>2020</b> <b>at 31 July</b>	<b>2019</b> <b>at 31 July</b>
Rate of increase in salaries	N/a	N/a
Discount rate	1.3% p.a.	2.1% p.a.
Inflation assumption – RPI	2.8% p.a.	3.2% p.a.
Inflation assumption – CPI	2.0% p.a.	2.2% p.a.

The most significant non-financial assumption is the assumed level of longevity. The following table shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members.

	Male Pensioner	Male Non-pensioner	Female Pensioner	Female Non-pensioner
At 31 July 2019	87.9 years	89.1 years	88.8 years	90.2 years
At 31 July 2020	86.3 years	87.6 years	88.6 years	90.2 years

### Scheme assets and expected rate of return

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward-looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	<b>2020</b> <b>at 31 July</b> <b>£'000</b>	<b>2019</b> <b>at 31 July</b> <b>£'000</b>
Equities and property	<b>3,349</b>	3,554
Overseas equities	<b>1,076</b>	1,075
Liability driven instruments and diversified credit funds	<b>3,241</b>	2,836
Cash	<b>74</b>	70
	<hr/>	<hr/>
Total market value of the asset	<b>7,740</b>	7,535
	<hr/> <hr/>	<hr/> <hr/>
	<b>2020</b> <b>at 31 July</b> <b>£'000</b>	<b>2019</b> <b>at 31 July</b> <b>£'000</b>
<b>Analysis of the amount shown in the balance sheet:</b>		
Scheme assets	<b>7,740</b>	7,535
Scheme liabilities	<b>(13,018)</b>	(12,304)
	<hr/>	<hr/>
Deficit in the scheme	<b>(5,278)</b>	(4,769)
	<hr/> <hr/>	<hr/> <hr/>

**25 Pension scheme (continued)**

	<b>2020</b> <b>at 31 July</b> <b>£'000</b>	<b>2019</b> <b>at 31 July</b> <b>£'000</b>
<b>Analysis of the amounts charged to the statement of comprehensive income:</b>		
Interest and other finance costs:		
Interest income on plan assets	(156)	(190)
Interest cost on scheme liabilities	254	304
Past service cost	-	122
	<hr/>	<hr/>
Net finance cost	<b>98</b>	236
	<hr/>	<hr/>
Other comprehensive income:		
Return on assets excluding interest income	226	328
Changes in assumptions underlying the present value of the scheme liabilities	(911)	(810)
	<hr/>	<hr/>
	<b>(685)</b>	(482)
	<hr/>	<hr/>
	<b>2020</b> <b>at 31 July</b> <b>£'000</b>	<b>2019</b> <b>at 31 July</b> <b>£'000</b>
<b>History of experience gains and losses</b>		
Difference between the expected and actual return on scheme assets:		
Amount	226	328
Percentage of scheme assets	2.9%	4.4%
Experience gains and losses on scheme liabilities:		
Amount	(911)	(810)
Percentage of the scheme liabilities	7.0%	6.6%
<b>Analysis of movement in balance sheet deficit in the year</b>		
Deficit in scheme at beginning of period	(4,769)	(4,319)
Net finance cost	(98)	(236)
Actuarial loss	(685)	(482)
Contributions received	274	268
	<hr/>	<hr/>
Deficit in scheme at end of period	<b>(5,278)</b>	(4,769)
	<hr/>	<hr/>
<b>Reconciliation of the fair value of plan assets</b>		
Fair value of plan assets at beginning of period	7,535	7,111
Interest income	156	190
Actuarial gain	226	328
Contributions by charity	274	268
Benefits paid	(451)	(362)
	<hr/>	<hr/>
Fair value of plan assets at end of period	<b>7,740</b>	7,535
	<hr/>	<hr/>

**25 Pension scheme (continued)**

	<b>2020</b> <b>at 31 July</b> <b>£'000</b>	<b>2019</b> <b>at 31 July</b> <b>£'000</b>
<b>Reconciliation of the present value of plan liabilities</b>		
Present value of plan liabilities at beginning of period	12,304	11,430
Interest cost	254	304
Past service cost	-	122
Actuarial loss	911	810
Benefits paid	(451)	(362)
	<hr/>	<hr/>
Present value of plan liabilities at end of period	<b>13,018</b>	12,304
	<hr/> <hr/>	<hr/> <hr/>

**26 Indemnity insurance**

During the year, insurance costing £7k (2019 – £6k) was purchased to indemnify the governors and officers against default on their part.

**27 Capital commitments**

Provision has not been made for the following capital commitments:

	<b>2020</b> <b>at 31 July</b> <b>£</b>	<b>2019</b> <b>at 31 July</b> <b>£</b>
Commitments contracted for	456,566	68,584
	<hr/> <hr/>	<hr/> <hr/>

**28 Commitments under operating leases**

Total rentals payable under operating leases:

	<b>2020</b> <b>at 31 July</b> <b>£</b>	<b>2019</b> <b>at 31 July</b> <b>£</b>
Payable during the year	55,205	55,205
Future minimum lease payments due:		
Not later than one year	46,918	55,205
Later than one year and not later than five years	37,284	84,202
	<hr/>	<hr/>
Total lease payments due	<b>84,202</b>	139,407
	<hr/> <hr/>	<hr/> <hr/>

