



# NFTS



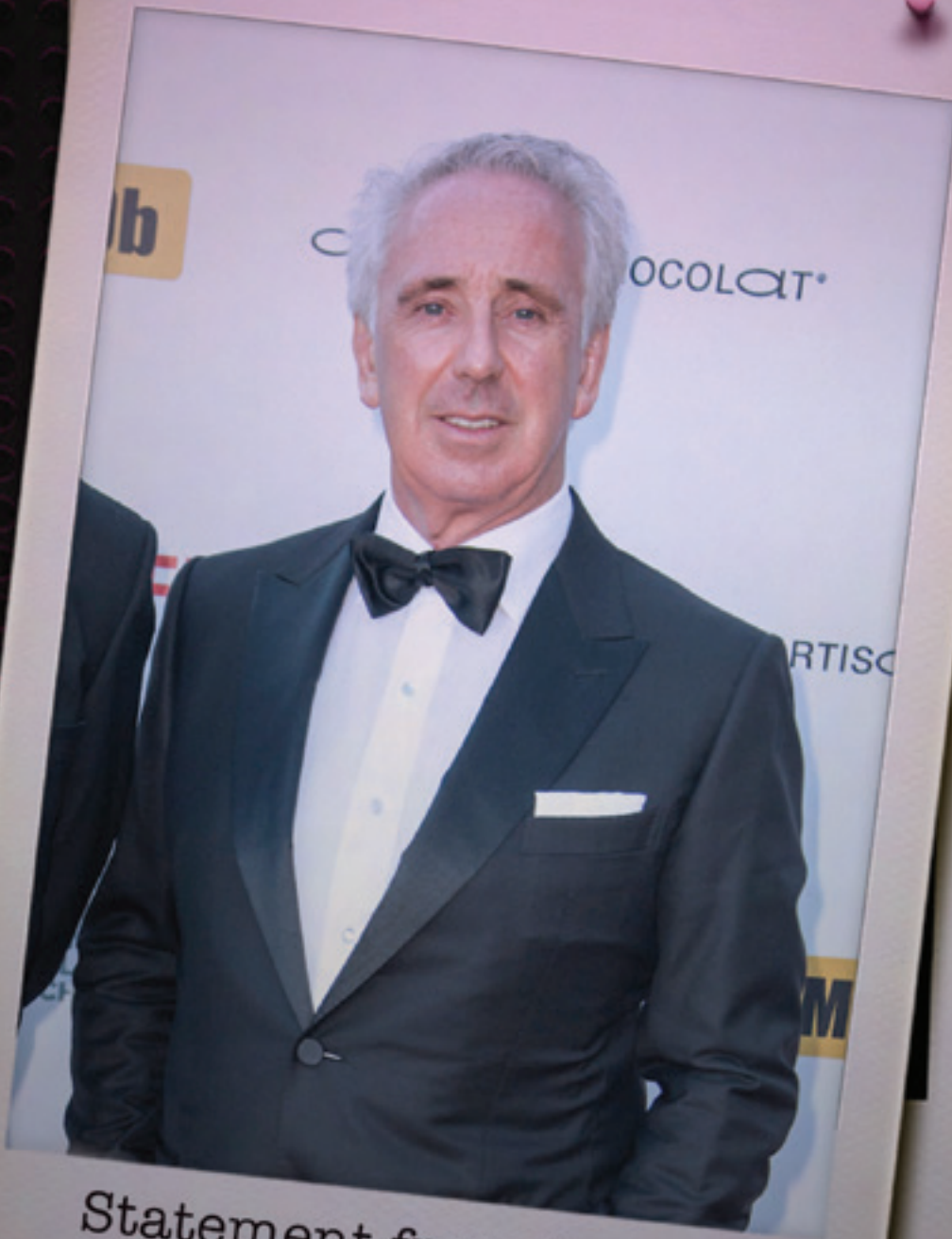
**Report & Financial Statements**  
1 August 2018 - 31 July 2019

**NFTS** | NATIONAL  
FILM AND  
TELEVISION  
SCHOOL  
*Our credits tell the story*

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# NFTS



Statement from the Chair  
of the Board of Governors

Patrick McKenna, Chair of the NFTS  
Board of Governors, at the NFTS Gala.

**2018-19 was a year in which the NFTS celebrated its past, achieved new success in the present, and planned for more in its future.**

**Just over a year ago, the NFTS was awarded the BAFTA for Outstanding British Contribution to Cinema in recognition of its success nurturing some of the brightest and best filmmakers that the country has produced over nearly 50 years. This year we had the opportunity to welcome back arguably the School's most famous graduate, *Wallace and Gromit* creator Nick Park.**

2019 marks 30 years since the iconic clay duo were created at the School, in a small, windowless room that our animation students still use today, for Nick Park's graduation film. That film, *A Grand Day Out*, went on to become not only an award-winning critical success, but a national treasure and the launchpad for a much-loved and world-renowned film franchise. We were delighted to mark the anniversary by welcoming Nick Park back to the School in May for a stunning live event, in which we transformed the School's main stage into a 400-seat auditorium for a screening of *The Wrong Trousers* and *A Grand Day Out* accompanied by a live 30-piece orchestra.

But it has not just been a year for basking in former glories. Our students and graduates are at the forefront of the UK, and the world's, film, television and games industries, winning awards and having their work shown to millions of people around the world.

Graduates worked in senior roles on some of the most acclaimed television shows of the last year, from *Chernobyl* and *Killing Eve* to *Game of Thrones* and *Dr Who*. Among the roll call of success was screenwriting MA alumna Laurie Nunn, who created and wrote the smash hit Netflix series *Sex*

*Education*, which was watched by over 40 million people in its first four weeks last autumn. Episodes of the second series will be directed by 2019 graduate Alice Seabright.

NFTS graduate Michael Pearce won the 2019 BAFTA for Outstanding Debut Producer, Director or Writer for his debut feature film *Beast*, an award that was won last year by fellow alumna, Emily Morgan for *I Am Not a Witch*. Meanwhile, animation graduates David Fine and Alison Snowden were Oscar-nominated for their animated short *Animal Behaviour*, and recent students won awards for their graduation films at festivals around the world, from Cinefondation at Cannes to the International Documentary Awards, the Annecy animation festival, the Grierson awards and many, many more.

The School is not resting on its laurels. Over the last year we have also been planning how we sustain and build on our success by developing a new five-year strategic plan.

On behalf of my colleagues on the Board of Governors I wish to thank the School's Director Dr Jon Wardle and his staff for the incredible work they have done. The School's success is theirs and the students' success and they deserve every bit of it.



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

# NFTS



Statement from  
The Director

Dr Jon Wardle, welcomes Phoebe Waller-Bridge  
(*Fleabag*) to the NFTS to deliver a masterclass.

**The story of the last few years for the NFTS has been one of growth in order to ensure the long-term sustainability and success of this great British institution and to break new ground – both literally and figuratively.**

**Literally speaking, we have broken new ground by erecting two new buildings at our Beaconsfield home in order to improve our teaching facilities and expand the range of disciplines we can offer, as well as opening our first regional hub, NFTS Scotland, in Glasgow. In addition, figuratively, we are breaking new ground in screen storytelling, having established – in partnership with Royal Holloway, University of London – The StoryFutures Academy: The National Centre for Immersive Storytelling.**

At the School we consider ourselves an integral part of the British film, television and games industries and, as such, respond to the needs of the sector as skills shortages or other imperatives are identified. It is in that spirit that we established both our Scottish hub and the National Centre for Immersive Storytelling.

NFTS Scotland opened its doors in April 2018 and offers a range of short courses, certificates and part-time diplomas designed to enhance the skills base of the Scottish screen industry, all with the generous support of the Scottish Government and the BBC. It has had a hugely successful first year, training more than 150 professionals – a figure that we expect to rise to around 400 per year in the near future.

The National Centre for Immersive Storytelling, which opened its doors last autumn, has already made a major impact, bringing together creative individuals and companies to explore the narrative possibilities offered by exciting new technologies such as virtual reality, augmented reality and mixed reality. Our hope is that the centre will not only help Britain's creative sector to embrace new technology and new opportunities, but also that it will help to enhance the work of the School and the education of our students.



**Jon Wardle**  
Director

We are now looking to the future in other ways too. 2018-19 was the final year of our existing five-year corporate plan, so much of our focus has been on developing a new plan that will see us build on our success over the next five years.

That plan, NFTS 2023, focuses on the future and aims to build on our success. The plan has five themes: Creating Opportunity; Working UK-Wide; Exploring Future Storytelling; Unlocking and Celebrating our Legacy; and Building on our Success. Our vision for 2023 – at which point the NFTS will have just celebrated its 50th anniversary – is to be recognised internationally as the leading film, television and games school in the world.

I would like to thank Patrick McKenna and our Board of Governors for the leadership and ambition they have shown and for their commitment to ensuring that our success is sustainable for years to come. I would also like to express my deep gratitude to the many individuals and organisations – including the *DCMS, BFI, Office for Students, ScreenSkills, Channel 4, BBC, Sky, ITV, the Film Distributors Association, the UK Cinema Association, Netflix, Walt Disney Studios Motion Pictures UK*, and more than 80 scholarship donors, trusts and foundations – without whose support our success, and that of our students, would not be possible.

## Management and Advisers

### Management Team

Jon Wardle – Director  
Trevor Hall – Finance Director  
Annalise Davis – Head of Productions  
Ijeoma Akigwe – Director of Marketing and External Relations  
Kate Renwick – H.R. Director  
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  
Kingston University  
Kenry House  
Kingston Hill Campus  
Kingston Upon Thames  
KT2 7LB

### Bankers

Lloyds Bank PLC  
25 Gresham Street  
London  
EC2V 7HN

### Solicitors

Mills & Reeve LLP  
24 King William Street  
London  
EC4R 9AT

### Actuaries

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

# NFTS



Strategic  
Report

Asif Kapadia, Oscar winning Director of *Amy*,  
participating in a workshop at the newly established National  
Centre for Immersive Storytelling.



This report reviews the National Film and Television School (the 'School') activities for the year ended 31 July 2019 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 2020 Vision, which is outlined in the School's Strategic Plan (see section 1.4).

The School's Mission Statement is:

"to educate the best creative talent to the highest professional standard for tomorrow's screen media industries."

The School is the UK's national centre of excellence for education in film and television programme making. The students learn their craft in purpose-built studios that include three film stages, a separate state-of-the-art 4K TV studio and post-production facilities rivalling those of many professional companies.

The School also provides a "Bridges to Industry" programme whereby students are given an opportunity to work on development projects with a number of broadcasters and independent production companies. In addition, the School arranges screenings and masterclasses from within the UK and world creative industries and distributes many student films to festivals and major competitions across the globe.

### 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.

During the year the School did this in six principal ways:

- i) Scholarship and bursary support: the School raised and distributed £1,228k 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 taster workshops, online open days and through the delivery of bespoke individual school, college and university group visits;
- 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) Diverse Directors Workshop: for the third year running the School ran a workshop – supported for the first time by Walt Disney Studios Motion Pictures UK – open to directors from under-represented groups designed to help them develop and make a short film. The School also held an industry screening for the second cohort's films at Channel 4's headquarters;
- v) Schools Challenge: for the second year running, the School ran a commercials competition for pupils at local secondary schools, in partnership with the Buckinghamshire Skills Hub, which involved presentations and advice for classes at eight schools in the county and a free workshop in our TV studio for the winners. This is now being repeated in 2019-20; and
- vi) Massive Open Online Courses: the School has delivered two free online courses, which have introduced film making for over one hundred thousand people.

The School is committing, as part of its new five-year plan, to increase its outreach work significantly. A new Head of Outreach role has been created to establish a programme of co-ordinated pop-up events around the UK and to develop a strategic approach to the School's access initiatives, embedding diversity and inclusion at the heart of what we do.

### 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 2018-19 the School hosted twelve different community groups and charities.

In addition to fundraising events, the School also has strong connections with a number of local primary schools and assists both students and teachers with projects, work experience placements and training for film appreciation. The School also hosts tours to increase public awareness and provides information on career opportunities in the film and television arenas.

### 1.4 Strategic Plan

2018-19 was the final year of the School's five-year Corporate Plan – the 2020 Vision – which was designed to place the School on a sustainable financial footing and to enable it to build on its reputation as one of the 'Top International Film Schools' in the World (*Hollywood Reporter*).

The objectives detailed in the plan were to:

- Redevelop the School's estate and facilities to accommodate the new courses/students, and thus create the critical mass/additional revenues that will underpin the School's financial health;
- Expand the breadth of the School's course portfolio to meet industry and societal need;
- Significantly increase the School's student numbers;
- Develop the School's knowledge exchange activities; and
- Broaden the School's reputation from film and television to games and other audio-visual sectors of the creative industries.

2018-19 was a landmark year in the delivery of these objectives and the Corporate Plan as a whole. Specifically, the School:

- Completed the first year of operation of NFTS Scotland, a hub in Glasgow delivering certificate, part-time diploma and short courses, with support from the Scottish Government and the BBC;
- Successfully established the StoryFutures Academy: the National Centre for Immersive Storytelling at the School's campus in Beaconsfield, in partnership with Royal Holloway, University of London and a range of industry partners. This is part-funded through the Government's Industrial Strategy Challenge Fund;
- Launched new courses in Producing Your First Feature and Screenwriting: Finding Your Voice, and successfully delivered the first year of a host of newly-created courses, including Model Making, Script Supervision, Assistant Camera and Location Management; and
- Retained our 'Top International Film School' status in the annual *Hollywood Reporter* listings for the ninth consecutive year. The School is now consistently the only UK school featured in this listing.

### 1.5 Looking Forward

The current outlook for the School is better than it has been for many years:

- 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.

It is with confidence and ambition that the School has developed a new corporate plan to map out its journey for the next five years.

Our vision for 2023 is to be recognised internationally as the leading film, television and games school in the world. The five objectives of the NFTS 2023 plan are:

- i) Creating Opportunity;
- ii) Working UK-Wide;
- iii) Exploring Future Storytelling;
- iv) Unlocking and Celebrating our Legacy; and
- v) Building on our Success.

To achieve these objectives the School will:

- Launch and deliver a major Outreach programme;
- Seek to minimise fee increases for home students;
- Increase the annual student intake in the core film and television production disciplines from 8 to 10;
- Establish two further creative hubs for course delivery working with our broadcast partners;
- Facilitate training, experimental labs and other opportunities for professionals to engage with immersive storytelling, develop and fund new immersive productions, and facilitate placements for specialists from film, television and games to explore the opportunities of immersive;
- Restore key sections of cultural importance of the School's archive of graduation films and make them available to the public so that they can inspire a new generation of filmmakers;
- Identify and deliver opportunities to share the story and history of the School and to celebrate our 50<sup>th</sup> anniversary with a range of stakeholders;
- Enable a new generation talent to access the School, by working to double the size of our scholarship fund; and
- Continue to modernise and improve the existing estate through targeted investment to create more effective production, teaching and social spaces.

## 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) which are in line with sector best practice as defined by the Committee of University Chairs guidance. The KPIs cover courses, accreditation and standards, outreach and impact, and facilities.

		2017-18 (Actual)	2018-19 (Actual)
<b>1</b>	<b>Courses</b> "Develop the course portfolio so it serves the wider creative industry"		
1.1	Number of students (FTE)	441	450
1.2	Percentage of Black, Asian, and minority ethnic (BAME) students	22%	24%
<b>2</b>	<b>Accreditation and Standards</b> "Ensure the School has robust controls and processes in place"		
2.1	Internal audits assessed as 'satisfactory' or above (%)	100%	100%
2.2	Diversity is valued at the School (% of staff responded positively)	76%	83%
2.3	Staff satisfaction (%)	78%	77%
<b>3</b>	<b>Outreach and Impact</b> "Cement position as the 'National' film & television school"		
3.1	No. of nominations at major industry awards	35	35
3.2	No. of social media followers (Twitter, Facebook, and Instagram) per annum	45,354	53,226
3.3	No. of industry attendees at graduation shows	809	905
<b>4</b>	<b>Facilities</b> "More space for more students"		
4.1	Teaching space (m2)	3,049	3,049
4.2	Buildings rated A or B (RCIS maintenance indicator) (% of NIA m2)	65%	65%
4.3	Carbon footprint (CO <sup>2</sup> per capita)	1.5	1.4

As highlighted in section 1.5 (Looking Forward), a new Corporate Plan has been approved by the Board to 2023. A new suite of KPIs aligned to the objectives of the new plan is under development and will enable the Board to monitor performance over the life of the plan.

## 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.

The School's key risks remain:

- Student recruitment – demand for the School's traditional offer of courses in its core production disciplines remains strong. However, with student numbers at the School's main Beaconsfield site nearing its current capacity, future growth will be focused on the new 'hub' in Scotland, complemented by new hubs launching in Leeds and London in 2020 as part of the School's 'Working UK-Wide' strategy;
- Government funding – the continued support of funding from 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; and
- Impact of Brexit – the School's exposure to EU students is relatively low with EU students currently representing 24% of the School's student body. The School would look to increase its intake from UK and overseas students in the event of a 'Hard' Brexit.

# NFTS



## Academic Review

Fokion Xenos, 2019 Directing Animation graduate, animating his Edinburgh International Film Festival Best British Animation McLaren Award Winning film *Heatwave*.

## 2 Academic Review

### 2.1 Overview and Highlights

The School continued to demonstrate remarkable success in 2018-19, 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 the BAFTA Short Animation Film for the sixth year in succession; a selection at the Cannes Festival; several Grierson nominations; a Golden Reels win; and seven Royal Television Society Awards.

The animation department continues to consolidate its position as one of the world's leading departments of its kind with 2018 seeing *Poles Apart* winning the prize for Best Short Animation at the BAFTAs. *Poles Apart* also won the Annie Award for Best Student Film and the CILECT Global Film School Awards First Prize in Animation. *Inanimate* won two awards at the Annecy International Animation Festival, the most important of animation festivals on the circuit.

We were also proud to see three of our documentary films – *Circle*, *Fake News Fairytale* and *On Common Ground* – reach the nomination stage of the Grierson Awards in 2018, with *Fake News Fairytale* winning the All3Media Best Student Documentary award. Once again, the NFTS had the most films selected in the student documentary section.

*Circle* was also the recipient of the David L. Wolper Student Documentary Award at the IDA awards.

### 2.2 Learning and Teaching

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

#### Activity: Two-Year MA Courses: 2018-2019

- 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: 2018-2019

- 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 2018 to July 2019 NFTS Scotland delivered 26 courses, including a diploma in Production Accounting, to 190 participants. Most participants were freelance although there were also employer-funded places as well as BBC Academy partnership places for BBC Scotland employees. Participants were primarily Scotland based, but also from Canada, Brazil, France, Germany, Poland and elsewhere in the UK.

Bursaries were awarded to 37% of participants. The bursary fund is vital to enable NFTS Scotland to increase inclusion and widen access to the training, and thus broaden representation in the sector.

While NFTS Scotland continues to run established courses as delivered by Short Courses at the School in Beaconsfield, 14 of the courses offered since August 2018 have been developed by NFTS Scotland in response to local skills demands and shortages. Further new courses are in development across a range of subjects.

NFTS Scotland continues to grow its strategic partnerships. 'The Art of Multi-Camera Directing' was delivered in partnership with the City of Glasgow College and will be run again. 'Working in the Assistant Directors Department' was delivered in partnership with the Royal Conservatoire of Scotland. Ongoing dialogue with industry continues through representation on various forums, particularly the Scottish Production Talent Forum and the TV Working Group. All courses requiring camera equipment are fully supported by Progressive Broadcast, a camera hire company in Glasgow, who provide all kit free of charge, which allows NFTS Scotland to deliver technical courses it would not otherwise be able to do. The partnership with BBC Scotland is key, providing as it does training space and access to a significant pool of expertise across genres, platforms and skills.

Success stories are too numerous to recount individually. However, as examples: two students from 'The Art of Multi-Camera Directing' have gone on to new directing jobs using the skills they gained; and NFTS Scotland was very fortunate to be able to offer two All3Media bursaries to BAME participants on 'Writing the TV Pilot' which led to one of the participants, with the script produced while on the course, being announced as one of the top 20 submissions to the Triforce/Amazon Studios writing competition.

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

During 2018-2019, the Short Courses team ran 65 courses training 456 individuals including employees sent by Sky, Media Corp (Singapore), QTV, ITV, Stink Studios, IFeatures, Scorpion TV, Freemantle, CBS, Eurosport, StudioCanal, Sylvester TV, NBCU, ZoneMedia, Noon Films, Hartswood Films, UKTV, AVMI, Emporium Productions, Whisper Films, Mitchell Brunt, Chevening Fellowship, TBWA, Fulwell73, Orillo Films, Global Series Network, MG Alba, Rebellion Services, CA Productions, Bronte Film & TV, All3Media and DNA Films.

Short Courses also delivered five part-time diplomas – Script Development, Writing and Producing Comedy, Factual Development and Production, Production Accounting and Directing Commercials, graduating a total of 72 students in February 2019.

In addition to the above, in the last six months Short Courses shot and produced 14 comedy graduations and a pilot as part of the HETV Director Stepping Up Programme funded by ScreenSkills, as well as delivering an 8-week Writing The Bible Certificate course.

Early in 2019, Short Courses successfully delivered its first 14-week Directing Actors programme for NYU's Tisch School, which will run again in 2020.

## **Curriculum, Recruitment and Access**

The Office for Students (OfS) became the new regulator for Higher Education in April 2018, incorporating many of the previous functions of HEFCE. All HEIs now need to register with the OfS in order to be officially recognised as a provider of higher education in England, access public grant funding from the OfS, access the student support system, recruit international students with a Tier 4 sponsorship licence and/or apply for degree-awarding powers (DAPs) and/or university title. To be included on the register a provider has to apply to the OfS and demonstrate that they satisfy the initial conditions for registration. The School submitted its application for registration in August 2018 and was successfully awarded registration in December 2018 with no specific conditions.

The School's educational strategy and philosophy remains consistent as detailed in the NFTS Learning and Teaching Strategy. 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 increased by 2% to 450 full-time equivalent in January 2019. The new facilities completed in January 2017 included much larger available teaching space and have provided the space to accommodate larger cohorts of students and an increased course portfolio.

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. Of the 2018-19 cohort, some 30% of the Academy students were BAME. This number has remained broadly steady over the past two years. In addition, some 6% of the Academy students were transgender and just under 17% declared that they had a disability.

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 include the Diverse Directors Workshop and 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 2018 annual student survey demonstrated that, once again, the majority of students are very satisfied with their experience at the School.

In the overall assessment of MA courses in 2019, 28 students were awarded an Excellent (down from 42 in 2018), 73 a Very Good Pass (there were 53 in 2018) and 40 a Good Pass (21 in 2018). There were also 5 students who received a pass (there were 4 passes in 2018).

### 2.3 “Bridges to Industry” and Masterclasses

The School's students and recent graduates had the opportunity to attend 37 masterclasses during the year.

Guests included: directors and writer-directors Martin McDonagh (*In Bruges, Missouri*), Ben Wheatley (*Kill List, Happy New Year Colin Burstead*), M Night Shyamalan (*The Sixth Sense*), Lynne Ramsay (*You Were Never Really Here, We Need to Talk About Kevin*), Damien Chazelle (*La La Land*), Sally Wainwright (*Happy Valley, Gentleman Jack*), Yann Demange (*'71, White Boy Rick, Top Boy*), David Yates (*Harry Potter and the Deathly Hallows, Fantastic Beasts*), Amma Asante (*A United Kingdom, Where Hands Touch*), Paul Greengrass (*United 93, Bloody Sunday*), Brian Welsh (*Beats, Black Mirror*), Pawel Pawlikowski (*Ida, Cold War*), Simon Amstell (*Benjamin*), Alex Garland (*Ex Machina, Annihilation*); producers Duncan Kenworthy (*Four Weddings and a Funeral*), Graham Broadbent (*In Bruges*), Faye Ward (*Suffragette, Wild Rose*), Jimmy Mulville (*Have I Got News For You, Derry Girls*), Camilla Bray (*Beats, Oranges and Sunshine*); writers Phoebe Waller-Bridge (*Fleabag, Killing Eve*), Josh Singer (*First Man, The Post*); documentary filmmakers Asif Kapadia (*Amy, Senna*), Sean McAllister (*A Northern Soul*) and Louis Theroux; editors Una Ni Dhonghaile (*Stan and Ollie, Three Girls*), Richard Cox (*Happy Valley, Gentleman Jack*); animation writer-directors Phil Lord and Chris Miller (*The Lego Movie*); animation producers Mark Nielsen (*Toy Story 4*), Clark Spencer (*Ralph Breaks the Internet*); cinematographers Gavin Finney (*Good Omens*), Dave Pimm (*Benjamin*); and production sound recordist Mark Ulano (*The Hateful Eight, Once Upon a Time in Hollywood, Titanic*).

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 Corin Hardy, Eve Mahoney and George Belfield; producer Liz Kessler, production company exec Emma Wellbelove and Sony Music Video Commissioner Dan Millar.

The School's students and graduates were offered a number of 'Bridges to Industry opportunities'. A new scheme was launched for students with Kickstarter, providing an opportunity to learn about crowd-funding as well as raising funds externally to make films. Three projects were selected in the first round of the scheme in autumn 2018, all of which successfully reached their funding goals. All three have successfully shot, *Pigeons* and *Dark is Her Shadow* are in post-production, and *End-O* has been completed and has been selected to screen at the London Film Festival.

BBC Films 'Bridges to Industry' project *The Passenger*, directed by Roland Kennedy, shot successfully in January 2019. There were over 40 submissions for the next round of the scheme, and following a pitching day at BBC Films, *Skin*, written and directed by Mhamiri Nkemi was selected as the next project. The previous BBC Films bridges to industry project, *Diagnosis*, directed by Eva Riley, was screened on BBC iPlayer. In addition, a new opportunity was offered to graduates to make a short film with a budget of £35k provided by Film4. The project selected was *Beyonce Almighty* written by Amelia Spencer and directed by Alexandra Brodski. Further projects included a TV drama with Sky for their Urban Myth series, *Bleak House Guest*, and students and graduates were invited to submit ideas to make a promo for the NFTS celebrating 'inclusion'.



# NFTS



BAFTA award-winning writer/director, Amma Asante MBE, receives NFTS Honorary Fellowship at the February 2019 graduation ceremony.

## 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 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 diversity objectives. The School's curriculum includes the study of equal opportunity, so that students and graduates have a basis for understanding the issues in their subsequent work. The School's equality and diversity policy 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 2018-19, 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 £5,898,269
- Cost of time spent on union activities £1,704
- 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 1.09%

# NFTS



Financial

The 2019 NFTS Annual Fundraising Gala celebrated Great British Producers, gathering together more than 600 industry guests to raise more than £300k to support the School and to provide Scholarships for students.

## 4 Financial

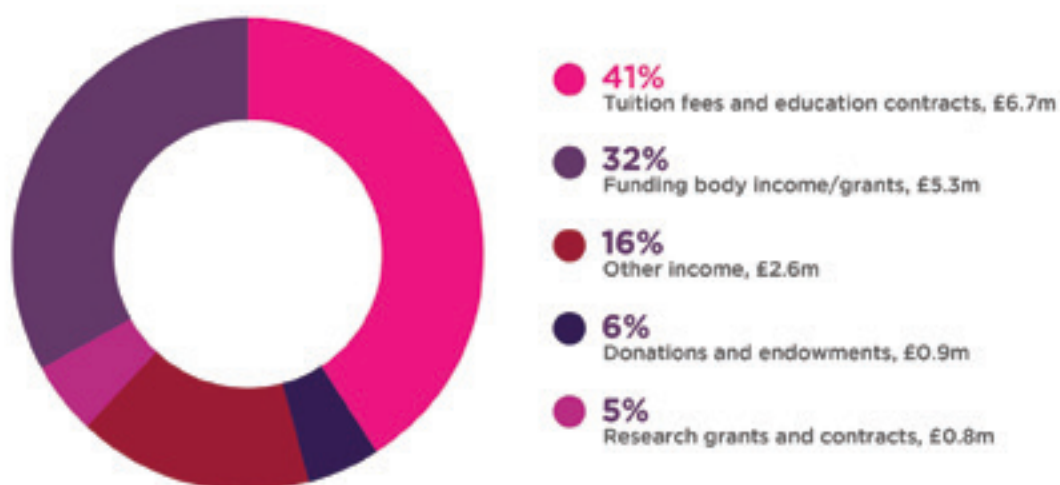
### 4.1 Financial Strategy for Sustainability

The School has come to the end of its current Corporate Plan, the School's 2020 Vision, which has seen a period of growing surpluses and strengthening of the balance sheet, cementing the School's ongoing financial viability and sustainability. A new five-year plan is set out in section 1.5 'Looking Forward', which will build on these solid foundations, cementing the School's position as the 'national' film and television school and further strengthen its financial position and performance.

### 4.2 Financial Review of the Year Ended 31 July 2019

Total income for the year to 31 July 2019 is £16.4m, reflecting the continued growth of student numbers and the move into new areas of activity such as research and the delivery of regional hubs as part of the School's 'Working UK-Wide' agenda. Income from research grants and contracts totalled £0.8m for the year to 31 July 2019.

Income 2018-19 (£'millions)



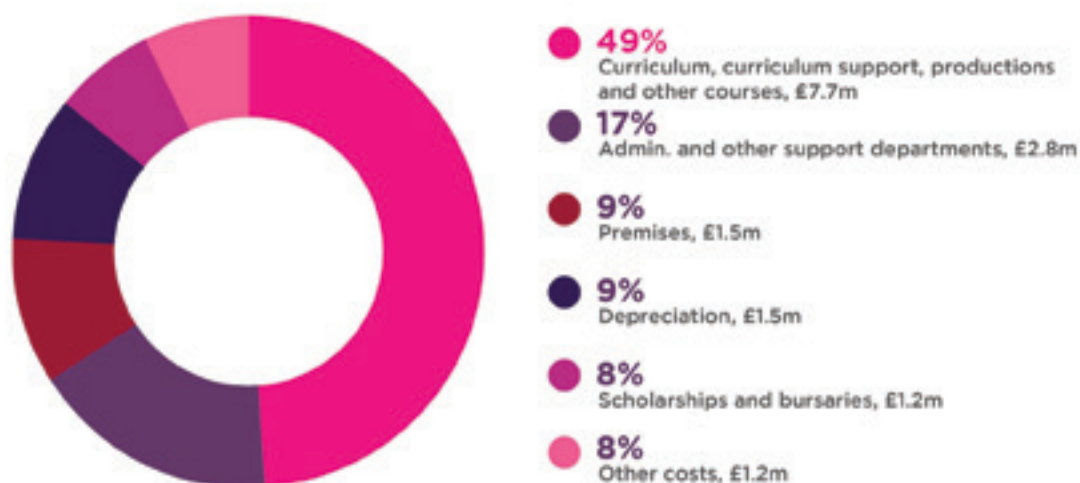
In June 2019, the NFTS Gala celebrated "Great British Producers" and was a success, raising gross income of £513k, contributing £319k towards the School after costs. £29k of the funds raised has been ring-fenced to support future students in financial need.

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 £1.2m and covered 18% 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, procurement and a focus on value for money. Operating expenditure (before interest and depreciation) for 2018-19 was £14.1m, 86% of income (before non-government capital grants recognised under FRS102) compared with 87% for the previous year.

## Expenditure 2018-19 (£'millions)



The School continues to explore opportunities to create best value from its resources, driving economies and scalability from its cost base.

Overall, the School delivered a net surplus before pension adjustments for the year of £0.5m compared with £0.4m in 2017-18. However, after accounting for the negative movement in the actuarial valuation of the School's defined benefits pension scheme, a reflection of the deterioration in corporate bond yields driven by ongoing uncertainty of a 'Hard' Brexit, the School reported a net surplus for the year of £28k. This compares with £869k reported for 2017-18, which included a positive movement of £454k on the School's defined benefits pension valuation.

The School's net assets grew slightly to £12.0m during the year to 31 July 2019, in line with the net results for the year highlighted above.

The School has generated positive cash flows of £0.6m from operating activities compared with £1.5m in 2017-18 (see page 35 – Statement of Cash Flows). This has predominantly funded investment of £1.0m of capital expenditure in the year to ensure that the School's technical equipment and estates keep pace with the demands of the curriculum. Overall, the School delivered a net cash outflow of £0.3m for the year to 31 July 2019.

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

### 4.3 Value for Money

During the period to 31 July 2019, the School's primary Value for Money focus was on 'effectiveness', further refining the School's website and investing in a new finance system – ACCESS Workplace (see section 4.6 Accounting Systems and Processes). Notwithstanding that, the School continues to seek opportunities to reduce costs, including the procurement of its own fleet of vans to reduce vehicle hire cost and competitive procurement of new technical equipment.

### 4.4 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.

### 4.5 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.

#### 4.6 Accounting Systems and Processes

The School has implemented a new finance system – ACCESS Workplace – effective from 1 August 2019. The new system will deliver more streamlined and efficient financial processes and will enable more effective management and financial reporting.

#### 4.7 Post Balance Sheet Events

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. The School has no post balance sheet events to report.

Signed on behalf of the Board of Governors



**Patrick McKenna**

Chair of the Board of Governors

Date: 19.11.2019



**Jon Wardle**

Director

# NFTS



## Statement of Public Benefit

NFTS Scotland opened its doors in April 2018. In its first year it ran more than 25 courses benefiting around 200 students.

## 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 post-graduate 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 ninth 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 11 Oscars and 142 BAFTAs and been nominated dozens of times for each.

The School provides post-graduate 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 7 Certificate courses, with 450 FTE equivalent students in 2019. 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. 66 young people attended this year's residential.

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.

In the autumn of 2019, the School will launch 'AccessNFTS', a national outreach programme which is designed to find, inform and inspire a new generation of film, TV and games talent. Universal Pictures International has agreed to sponsor the programme for the next two years.

AccessNFTS will consist 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 2019. 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 (resigned 30 June 2019)  
Tom Betts (resigned 20 November 2018)  
Naomi Climer (resigned 20 November 2018)  
Geoffrey Crossick  
Neil Forster  
Patrick Fuller  
Sara Geater (appointed 26 March 2019)  
Caroline Hollick (appointed 20 November 2018)  
Oliver Hyatt MBE  
Tim Kyte – Staff Governor  
Ian Lewis  
Andrew Macdonald  
Pukar Mehta (appointed 26 March 2019)  
Steve Mertz  
Susan Moffat  
Edoardo Pinto – Student Governor (appointed 1 July 2019)  
Siobhan Reddy  
Raja Adil Rehman  
Laurent Samama  
Bal Samra

### **Company Secretary**

Trevor Hall

### **Clerk to the Board**

Chris Wensley

### **Audit Committee**

Steve Mertz – Chair  
Christine Corner  
Neil Forster  
Patrick Fuller  
Sara Geater  
Sonia Magris

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

Stephen Louis – Chair  
Robert Kingston  
Pukar Mehta  
Patrick McKenna  
Leon Morgan  
Sarbj Nijjer  
Ken Roberts  
Paul Smith

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

Stephen Louis  
Patrick McKenna  
Steve Mertz  
Susan Moffat  
Bal Samra

## **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.

### **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 student recruitment, government funding, 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 annual plan, the five-year corporate plan and updated financial estimates, and 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/school/governance>.

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.

### **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).

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.

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.

### **Disclosure of Information to Auditors**

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 auditors 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 auditors in connection with preparing their report and to establish that the School's auditors are aware of that information.

### **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 2019. The governors have adopted the provisions of the Statement of Recommended Practice on Accounting for Further and Higher Education (FE & HE SORP 2015) 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.

### 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.

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:

- Clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative sections;
- Regular reviews of key performance indicators and financial results involving variance analysis reporting and updates of forecast out-turns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to levels set by the Board as contained within the scheme of delegated authority;
- The maintenance of a risk register which highlights the key risks facing the School in achieving its objectives;
- The Audit Committee oversees the risk management process and considers changes in the major risks assessed for the School;
- 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 Board receives regular reports from the Audit Committee on the effective operation of the system of internal control.

The School has appointed KCG to provide internal audit services. The firm operates to standards defined in the Office for Students' Audit Code of Practice. 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.

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.

Signed on behalf of the Board of Governors

**Patrick McKenna**



Chair of the Board of Governors

Date:

19.11.2019

**Jon Wardle**



Director

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

### Opinion

We have audited the financial statements of the National Film and Television School ("the School") for the year ended 31 July 2019 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 2019 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 and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

### 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 the 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 governor's 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 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 governors have been prepared in accordance with applicable legal requirements.

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

In our opinion, in all material respects:

- Funds from whatever source administered by the higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and Research England have been applied in accordance with these Terms and Conditions of Funding and any other terms and conditions attached to them.
- The requirements of the OfS's accounts direction have been met.

### **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 26, 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 board 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.

#### 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 governors' members 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, UK

Date: *21 November 2019*

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

## Financial Statements for the Year Ended 31 July 2019

### Statement of Comprehensive Income

	Note	2019 31 July £	2018 31 July £
<b>Income</b>			
Funding body income/grants	3	5,308,635	5,614,126
Research grants and contracts	4	836,111	-
Tuition fees and education contracts	5	6,687,769	6,047,846
Other income	6	2,648,743	2,739,948
		<hr/>	<hr/>
<b>Total income before other grants and donations</b>		<b>15,481,258</b>	14,401,920
Donations and endowments	7	894,985	831,370
		<hr/>	<hr/>
<b>Total income</b>		<b>16,376,243</b>	15,233,290
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	8	5,898,269	5,688,013
Other operating expenses	11	8,219,512	7,580,814
Depreciation	12	1,500,136	1,394,521
Interest and other finance costs	13	247,890	130,975
		<hr/>	<hr/>
<b>Total expenditure</b>		<b>15,865,807</b>	14,794,323
		<hr/>	<hr/>
<b>Surplus before other gains</b>		<b>510,436</b>	438,967
Loss on disposal of fixed assets		-	(23,786)
		<hr/>	<hr/>
<b>Surplus for the year</b>		<b>510,436</b>	415,181
		<hr/>	<hr/>
Actuarial (loss)/gain in respect of pension scheme	25	(482,000)	454,000
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>28,436</b>	869,181
		<hr/> <hr/>	<hr/> <hr/>
Represented by:			
Endowment comprehensive income		(48,619)	26,615
Unrestricted comprehensive income		77,055	842,566
		<hr/>	<hr/>
		<b>28,436</b>	869,181
		<hr/> <hr/>	<hr/> <hr/>

All activities relate to continuing operations.

The notes on pages 36 to 53 form part of these financial statements.



## Balance Sheet

Company number 981908	Note	2019 at 31 July £	2018 at 31 July £
<b>Fixed assets</b>			
Tangible assets	15	31,245,091	31,670,008
Investment in subsidiary undertaking	16	2	2
		<hr/>	<hr/>
		<b>31,245,093</b>	<b>31,670,010</b>
<b>Current assets</b>			
Stock	17	4,782	6,382
Debtors	18	4,385,626	3,117,904
Cash and cash equivalents		2,576,888	2,845,169
		<hr/>	<hr/>
		<b>6,967,296</b>	<b>5,969,455</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(7,109,649)</b>	<b>(6,434,701)</b>
		<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(142,353)</b>	<b>(465,246)</b>
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(14,383,040)</b>	<b>(14,963,961)</b>
<b>Provisions for liabilities:</b>			
Pension scheme liability	25	(4,769,461)	(4,319,000)
		<hr/>	<hr/>
<b>Total net assets</b>		<b>11,950,239</b>	<b>11,921,803</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Restricted reserves</b>			
Income and expenditure reserve – endowment reserve	22	254,319	302,938
<b>Unrestricted reserves</b>			
Income and expenditure reserve – unrestricted reserve		3,039,565	2,734,480
Revaluation reserve		8,656,355	8,884,385
		<hr/>	<hr/>
<b>Total reserves</b>		<b>11,950,239</b>	<b>11,921,803</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Board, authorised for issue on behalf on that date by:

19.11.2019

and signed on its

Patrick McKenna

Stephen Louis

Jon Wardle




Chairman

Governor

Director

The notes on pages 36 to 53 form part of these financial statements.

## Statement of Changes in Reserves

	Income and expenditure reserves			
	Endowment	Unrestricted	Revaluation reserve	Total
	£	£	£	£
<b>At 1 August 2017</b>	276,323	1,663,884	9,112,415	11,052,622
Surplus from the Statement of Comprehensive Income	26,615	388,566	-	415,181
Actuarial gain in respect of pension scheme	-	454,000	-	454,000
Reserves transfer:	-	228,030	(228,030)	-
Depreciation on revalued assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2018</b>	302,938	2,734,480	8,884,385	11,921,803
	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/Surplus from the Statement of Comprehensive Income	(48,619)	559,055	-	510,436
Actuarial loss in respect of pension scheme	-	(482,000)	-	(482,000)
Reserves transfers:	-	228,030	(228,030)	-
Depreciation on revalued assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2019</b>	<b>254,319</b>	<b>3,039,565</b>	<b>8,656,355</b>	<b>11,950,239</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 36 to 53 form part of these financial statements.

## Statement of Cash Flows

	Note	2019 31 July £	2018 31 July £
<b>Cash flow from operating activities</b>			
Surplus for the financial year		510,436	415,181
<b>Adjustment for non-cash items:</b>			
Depreciation	12	1,500,136	1,394,521
Release of capital grants		(641,182)	(611,894)
Decrease in stock	17	1,600	4
(Increase)/decrease in debtors	18	(1,267,722)	476,531
Increase/(decrease) in creditors		657,795	(9,662)
Pension contributions – defined benefit scheme	8	(267,540)	(315,000)
Donated assets		(120,000)	(10,268)
<b>Adjustment for investing or financing activities:</b>			
Loss on disposal of fixed assets		-	23,786
Interest payable and pension costs	13	247,890	130,975
<b>Net cash inflow from operating activities</b>		<b>621,413</b>	<b>1,494,174</b>
<b>Cash flows from investing activities</b>			
Payments made to acquire fixed assets	15	(955,220)	(1,388,835)
Deferred capital grants received		276,314	294,909
		<b>(678,906)</b>	<b>(1,093,926)</b>
<b>Cash flows from financing activities</b>			
Interest paid	13	(11,890)	(10,975)
Finance lease rental payment		(41,794)	(38,897)
Repayments of amounts borrowed		(157,104)	(157,104)
		<b>(210,788)</b>	<b>(206,976)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(268,281)</b>	<b>193,272</b>
Cash and cash equivalents at beginning of the year		2,845,169	2,651,897
<b>Cash and cash equivalents at end of the year</b>		<b>2,576,888</b>	<b>2,845,169</b>

The notes on pages 36 to 53 form part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 July 2019

### 1 Status of the School

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

### 2 Principal accounting policies

#### *Basis of preparation and assessment of going concern*

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 (2014) and in accordance with the Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland (FRS102) issued on 16 July 2014 and the Companies Act 2006. 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.

The governors consider that there are no material uncertainties about the School's ability to continue as 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 company 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.

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.

## 2 Principal accounting policies (*continued*)

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 other 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.

### (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.

## 2 Principal accounting policies (*continued*)

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 for a full year in the year 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.

### (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.

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.

### (g) *Stock*

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

## 2 Principal accounting policies (*continued*)

### (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 £268k). 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.

### (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 less than three months and overdrafts.

## 2 Principal accounting policies (*continued*)

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

Provisions are recognised in the financial statements when:

- (a) the School has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) 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. An unsecured concessionary loan is measured at the amount received.

(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.

(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:

- 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.



**2 Principal accounting policies (continued)**

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 Funding body income/grants**

	2019 £	2018 £
<b>Recurrent grant</b>		
Office for Students teaching grant	159,698	236,929
DCMS	2,155,336	2,212,668
ScreenSkills	908,074	885,872
<b>Specific grant</b>		
Office for Students specific grants	1,338,251	1,357,752
The Scottish Government	106,094	309,011
Office for Students deferred capital grant released	146,422	139,420
DCMS deferred capital grant released	318,256	295,970
ScreenSkills deferred capital grant released	43,636	43,636
The Buckinghamshire and Thames Valley Local Enterprise Partnership deferred capital grant released	132,868	132,868
	-----	-----
Total funding body income/grants	<b>5,308,635</b>	5,614,126
	=====	=====

**4 Research grants and contracts**

	2019 £	2018 £
Arts and Humanities Research Council	836,111	-
	-----	-----
	<b>836,111</b>	-
	=====	=====

**5 Tuition fees and education contracts**

	2019 £	2018 £
Home postgraduate fees	3,377,823	3,156,033
Overseas postgraduate fees	1,350,416	1,106,710
Diploma and certificate fees	1,324,461	1,148,045
Other fees – short courses, partnerships	635,069	637,058
	-----	-----
	<b>6,687,769</b>	6,047,846
	=====	=====

**6 Other income**

	2019 £	2018 £
Grants from platinum partner sponsors	400,000	400,000
Grants from key partner sponsors	801,000	820,567
Other income	1,447,743	1,519,381
	<hr/>	<hr/>
	<b>2,648,743</b>	<b>2,739,948</b>
	<hr/> <hr/>	<hr/> <hr/>

**7 Donations and endowments**

	2019 £	2018 £
New endowments – scholarships	658,985	700,435
Capital donations	120,000	10,268
Other donations – NFTS Foundation, David Lean Foundation	116,000	120,667
	<hr/>	<hr/>
	<b>894,985</b>	<b>831,370</b>
	<hr/> <hr/>	<hr/> <hr/>

**8 Staff costs**

Staff costs consist of:	2019 £	2018 £
Salaries (including tutors and freelancers)	4,931,402	4,787,023
Social security costs	497,518	466,279
Pension costs		
- defined benefit scheme contributions	267,539	314,536
- defined contribution scheme contributions	469,349	434,711
- adjustments (see note 25)	(267,539)	(314,536)
	<hr/>	<hr/>
	<b>5,898,269</b>	<b>5,688,013</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2019	2018
£160,000 – £164,999	1	-
£150,000 – £154,999	-	1
	<hr/>	<hr/>

## Emoluments of the Director:

	2019 £	2018 £
Basic salary	150,000	150,000
Benefits	1,052	955
Performance related bonus	10,000	-
	<hr/>	<hr/>
Total before employer pension contributions	161,052	150,955
Employer pension contributions	7,500	7,500
	<hr/>	<hr/>
Total including employer pension contributions	<b>168,552</b>	<b>158,455</b>
	<hr/> <hr/>	<hr/> <hr/>

## 8 Staff costs (*continued*)

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 4.2 (2018 - 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 Directors remuneration package is reviewed annually by the Remuneration Committee which consists of five board members; the Director is not a member of the committee and does not attend its meetings. The Committee awarded the Director a bonus in recognition of his leaderships and management role in steering the School through an important period of growth, and bringing the staff with him, not only increasing the number of short courses and the number of students on the flagship Masters programme, but also establishing the first of the national and regional hubs: NFTS Scotland. The Director also resolved a potentially serious issue with one of the School's major stakeholders and funders, and was instrumental in raising additional funds for the School by ensuring a large attendance of sponsors and industry guests at the annual gala.

The previous Director, Nik Powell, stepped down on 31 July 2017. During the year £80k (2018 – £60k) 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:

	2019	2018
Curriculum, production support, short courses	79	79
Fundraising and events	2	3
Finance, registrar, I.T., marketing, H.R., directorate	28	25
	<hr/>	<hr/>
	<b>109</b>	107
	<hr/> <hr/>	<hr/> <hr/>

During the year the School paid £24.7k in compensation for loss of office to one employee (2018 – £Nil).

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.

## 9 Governors' emoluments

The School's Memorandum and Articles enable governors to be engaged as tutors. No governors received payments for tutoring during the year (2018 – £Nil).

During the year, travel and subsistence expenses totalling £247 were reimbursed to governors relating to attending board meetings (2018 – £1,749).

## 10 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 £550,404 (2018 – £443,430).

**11 Other operating expenses**

	2019 £	2018 £
Curriculum, productions, research, and short courses	4,081,528	3,621,494
Curriculum support and accreditation	228,308	235,773
Scholarships	658,985	700,435
Bursaries	569,028	456,716
Premises	1,448,571	1,280,804
Production support and facilities departments	294,297	367,489
Admin departments – finance, registrar, I.T., marketing, H.R., directorate	703,894	680,661
Fundraising and events	165,672	171,536
External audit fees	36,120	35,064
Internal audit fees	33,109	30,842
	<hr/>	<hr/>
	<b>8,219,512</b>	<b>7,580,814</b>
	<hr/> <hr/>	<hr/> <hr/>

**12 Depreciation**

	2019 £	2018 £
The depreciation charge has been funded by:		
Deferred capital grants released	604,760	611,894
General income	895,376	782,627
	<hr/>	<hr/>
	<b>1,500,136</b>	<b>1,394,521</b>
	<hr/> <hr/>	<hr/> <hr/>

**13 Interest and other finance costs**

	2019 £	2018 £
Interest on long term loans	11,890	10,975
Pension finance costs	236,000	120,000
	<hr/>	<hr/>
	<b>247,890</b>	<b>130,975</b>
	<hr/> <hr/>	<hr/> <hr/>

**14 Net expenditure**

	2019 £	2018 £
This is arrived at after charging:		
Depreciation	1,500,136	1,394,521
External auditors' remuneration		
- audit services	36,120	35,064
- other services	13,248	10,332
Internal auditors' remuneration		
- internal audit services	33,109	30,842
- other audit services	-	8,304
Operating lease rentals – equipment	55,205	55,205
Pension costs	236,000	120,000
	<hr/> <hr/>	<hr/> <hr/>

**15 Tangible assets**

	Freehold land and buildings £	Assets under construction £	Academic/ teaching buildings £	Fixtures, fittings and office equipment £	Plant, machinery and technical equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>							
At beginning of period	5,030,560	104,231	24,163,138	2,108,561	5,870,513	20,798	37,297,801
Additions	-	-	-	194,242	830,881	50,097	1,075,220
Disposals	-	-	-	-	-	-	-
Transfers	-	(104,231)	-	65,690	38,541	-	-
At end of period	<b>5,030,560</b>	-	<b>24,163,138</b>	<b>2,368,493</b>	<b>6,739,935</b>	<b>70,895</b>	<b>38,373,021</b>
<i>Depreciation</i>							
At beginning of period	262,755	-	1,314,526	1,072,039	2,957,675	20,798	5,627,793
Provided for the period	71,529	-	483,263	217,301	715,520	12,524	1,500,137
Disposals	-	-	-	-	-	-	-
At end of period	<b>334,284</b>	-	<b>1,797,789</b>	<b>1,289,340</b>	<b>3,673,195</b>	<b>33,322</b>	<b>7,127,930</b>
<i>Net book value</i>							
At 31 July 2019	<b>4,696,276</b>	-	<b>22,365,349</b>	<b>1,079,153</b>	<b>3,066,740</b>	<b>37,573</b>	<b>31,245,091</b>
At 31 July 2018	4,767,805	104,231	22,848,612	1,036,522	2,912,838	-	31,670,008

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.

## 15 Tangible assets (continued)

The net book value of fixed assets includes an amount of £29k (2018 – £68k) in respect of assets held under finance leases. The depreciation charged in the year on finance leases was £39k (2018 – £39k).

Fixed asset additions in the year include a piano donated by the Oscar winning composer Ryuichi Sakamoto, which has been valued for insurance purposes at \$150k (£120k). In 2018, a second-hand camera was donated to the School, which was deemed to have a fair value of £10k.

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

	<b>2019</b> <b>at 31 July</b> £	<b>2018</b> <b>at 31 July</b> £
Cost brought forward	<b>302,009</b>	302,009
Accumulated depreciation based on historical cost	<b>(155,408)</b>	(145,695)
Historical cost net book value	<b>146,601</b>	156,314

## 16 Investment in subsidiary undertakings

	<b>2019</b> <b>at 31 July</b> £	<b>2018</b> <b>at 31 July</b> £
Cost at 1 August 2018 and 31 July 2019	<b>2</b>	2

<b>Name</b>	<b>Country of incorporation or registration</b>	<b>Proportion of ordinary share capital held</b>	<b>Share capital and reserves at 31 July 2019</b>
		%	£
NFTS Enterprises Limited	England and Wales	100%	2

During the year ended 31 July 2019 there was no trading activity through NFTS Enterprises Limited (2018 – Nil).

## 17 Stocks

	<b>2019</b> <b>at 31 July</b> £	<b>2018</b> <b>at 31 July</b> £
Production and post-production consumables	<b>4,782</b>	6,382

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

**18 Debtors**

	2019 at 31 July £	2018 at 31 July £
Trade debtors	3,603,300	2,388,367
Other debtors	6,677	15,753
Prepayments and accrued income	775,649	713,784
	<u>4,385,626</u>	<u>3,117,904</u>

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

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

	2019 at 31 July £	2018 at 31 July £
Trade creditors	192,023	526,422
Taxation and social security	211,295	226,101
Other creditors	42,542	45,599
Deferred income	5,040,813	4,256,457
Deferred capital grants	605,050	580,979
Accruals	828,844	603,143
Finance lease obligation	31,978	38,896
Bank loan (secured)	157,104	157,104
	<u>7,109,649</u>	<u>6,434,701</u>

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

	2019 at 31 July £	2018 at 31 July £
Bank loan (secured)	589,170	746,274
Sky loan (unsecured concessionary loan)	1,000,000	1,000,000
Deferred capital grants	12,766,623	13,155,563
Finance lease obligation	27,247	62,124
	<u>14,383,040</u>	<u>14,963,961</u>

Maturity of debt	Loans £	Finance leases £	Deferred capital grants £	Total 2019 at 31 July £	Total 2018 at 31 July £
In more than one year but not more than two years	157,104	23,227	580,979	761,310	776,980
In more than two years but not more than five years	628,416	4,020	1,850,593	2,483,029	2,502,236
In more than five years	803,650	-	10,335,051	11,138,701	11,684,745
	<u>1,589,170</u>	<u>27,247</u>	<u>12,766,623</u>	<u>14,383,040</u>	<u>14,963,961</u>

## 20 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 (£746k) represents 8.5% of the cost of the Oswald Morris Building. The interest rate charged on this loan during the year was 1.4%.

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.

## 21 Financial instruments

	2019 at 31 July £	2018 at 31 July £
Financial assets measured at amortised cost	6,191,645	5,255,671
Financial liabilities measured at amortised cost	2,251,359	2,802,520

Financial assets measured at amortised cost comprise trade debtors, other debtors, and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors and other creditors.

## 22 Endowment funds

	2019 at 31 July £	2018 at 31 July £
Balance at 1 August 2018	302,938	276,323
Additions	658,895	700,435
Expenditure	(658,895)	(700,435)
Movement on funds	(48,619)	26,615
<b>Balance at 31 July 2019</b>	<b>254,319</b>	<b>302,938</b>

The endowment funds relate to scholarships.

## 23 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 2018, is as follows:

Opening balance	Income	Expenditure	Change in market value of investments	Closing balance
£	£	£	£	£
4,215,984	128,440	(139,844)	(256,413)	3,948,167



**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	Sponsorship gala	50,000
				Sponsorship Inside Pictures programme	5,000
				Provision of office space to the School free of charge	10,000
				Gala auction item	1,000
Neil Forster	Governor	Ingenious Capital Management Holdings Limited	CEO	Sponsorship gala	50,000
				Sponsorship Inside Pictures programme	5,000
				Provision of office space to the School free of charge	10,000
				Gala auction item	1,000
Stephen Louis	Deputy Chair	Richmond Film Services	Investor	Hire of equipment by the School	255
				Gala seats	790
Steve Mertz	Governor	Warner Bros. Entertainment UK	Senior Vice President	Scholarships	13,800
				Gala table	4,450
				Gala pledge	20,000
Pukar Mehta	Governor	ITV Plc	Commercial Director	Key partner sponsor	100,000
				Gala table	4,450
				Use of NFTS courses	390
Ian Lewis	Governor	Sky Plc	Group Director - Sky Cinema	Key partner sponsor	175,000
				Premier gala table	8,000
				Gala auction item	600
Bal Samra	Governor	BBC	Group Commercial Director	Key partner sponsor	250,000
				Gala tables	8,900
				Provision office space and facilities free of charge at BBC Scotland	20,000
Laurent Samama	Governor	Google Plc	Director of Media, Entertainment & Industries	Gala table	4,450
Caroline Hollick	Governor	Channel 4	Head of Drama	Platinum partner sponsor	400,000
				Premier gala table	8,000
Andrew Macdonald	Governor	DNA Films	Co-founder	Gala table	4,450
				Gala donation	200
Susan Moffat	Governor	Hartwood Films	Director	Gala table	4,450
				Gala donation	5,000
Sara Geater	Governor	All3Media	CEO	Premier gala table	8,000
				Scholarships	10,000

During the year the NFTS Foundation made donations to the School totalling £120k (2018 – £120k) of which £40k was for endowed scholarships (2018 – £39.5k).

## 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 2017. 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 2.1% per annum and pensions would increase by 3.2% 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 2018 (1.25%).

At the valuation date the value of the assets of the scheme was £7.5m and the value of the scheme's technical provisions was £12.3m indicating a deficit of £4.8m.

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, the technical provisions include a past service cost of £122k charged to the statement of comprehensive income to allow for equalisation of benefits for the effect of unequal GMPs. The GMP equalisation provision has been calculated as 1% of the defined benefit obligation based on comparison to schemes with a similar benefit structure and liability profile.

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 2019, there were 33 deferred members of the scheme.

**25 Pension scheme (continued)****Assumptions**

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

	<b>2019</b> <b>at 31 July</b>	<b>2018</b> <b>at 31 July</b>
Rate of increase in salaries	N/a	N/a
Discount rate	2.1% p.a.	2.7% p.a.
Inflation assumption – RPI	3.2% p.a.	3.1% p.a.
Inflation assumption – CPI	2.2% p.a.	2.1% 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 2018	88.1 years	89.4 years	89.1 years	90.6 years
At 31 July 2019	87.9 years	89.1 years	88.8 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>2019</b> <b>at 31 July</b> <b>£'000</b>	<b>2018</b> <b>at 31 July</b> <b>£'000</b>
Equities and property	<b>3,554</b>	3,477
Overseas equities	<b>1,075</b>	970
Liability driven instruments and diversified credit funds	<b>2,836</b>	2,460
Cash	<b>70</b>	123
Annuities	<b>-</b>	81
	<hr/>	<hr/>
Total market value of the asset	<b>7,535</b>	7,111
	<hr/> <hr/>	<hr/> <hr/>

	<b>2019</b> <b>at 31 July</b> <b>£'000</b>	<b>2018</b> <b>at 31 July</b> <b>£'000</b>
<b>Analysis of the amount shown in the balance sheet:</b>		
Scheme assets	<b>7,535</b>	7,111
Scheme liabilities	<b>(12,304)</b>	(11,430)
	<hr/>	<hr/>
Deficit in the scheme	<b>(4,769)</b>	(4,319)
	<hr/> <hr/>	<hr/> <hr/>

**25 Pension scheme (continued)**

	2019 at 31 July £'000	2018 at 31 July £'000
<b>Analysis of the amounts charged to the statement of comprehensive income:</b>		
Interest and other finance costs:		
Interest income on plan assets	(190)	(180)
Interest cost on scheme liabilities	304	300
Past service cost	122	-
	<hr/>	<hr/>
Net finance cost	236	120
	<hr/>	<hr/>
Other comprehensive income:		
Return on assets excluding interest income	328	(224)
Changes in assumptions underlying the present value of the scheme liabilities	(810)	678
	<hr/>	<hr/>
	(482)	454
	<hr/>	<hr/>
	<b>2019</b>	<b>2018</b>
	<b>at 31 July</b>	<b>at 31 July</b>
	<b>£'000</b>	<b>£'000</b>
<b>History of experience gains and losses</b>		
Difference between the expected and actual return on scheme assets:		
Amount	328	(224)
Percentage of scheme assets	4.4%	3.2%
Experience gains and losses on scheme liabilities:		
Amount	(810)	678
Percentage of the scheme liabilities	6.6%	5.9%
<b>Analysis of movement in balance sheet deficit in the year</b>		
Deficit in scheme at beginning of period	(4,319)	(4,968)
Other investment income	(236)	(120)
Actuarial (loss)/gain	(482)	454
Contributions paid	268	315
	<hr/>	<hr/>
Deficit in scheme at end of period	(4,769)	(4,319)
	<hr/>	<hr/>
<b>Reconciliation of the fair value of plan assets</b>		
Fair value of plan assets at beginning of period	7,111	7,240
Interest income	190	180
Actuarial loss/(gain)	328	(224)
Contributions by company	268	315
Benefits paid	(362)	(400)
	<hr/>	<hr/>
Fair value of plan assets at end of period	7,535	7,111
	<hr/>	<hr/>

**25 Pension scheme (continued)**

	2019 at 31 July £'000	2018 at 31 July £'000
<b>Reconciliation of the present value of plan liabilities</b>		
Present value of plan liabilities at beginning of period	11,430	12,208
Interest cost	304	300
Past service cost	122	-
Actuarial loss/(gain)	810	(678)
Benefits paid	(362)	(400)
	<hr/>	<hr/>
Present value of plan liabilities at end of period	<b>12,304</b>	11,430
	<hr/> <hr/>	<hr/> <hr/>

**26 Indemnity insurance**

During the year, insurance costing £1k (2018 – £1k) 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:

	2019 at 31 July £	2018 at 31 July £
Commitments contracted for	68,584	69,004
	<hr/>	<hr/>

**28 Commitments under operating leases**

Total rentals payable under operating leases:

	2019 at 31 July £	2018 at 31 July £
Payable during the year	55,205	55,205
Future minimum lease payments due:		
Not later than one year	55,205	55,205
Later than one year and not later than five years	84,202	138,529
	<hr/>	<hr/>
Total lease payments due	<b>139,407</b>	193,734
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# NFTS



**NFTS**

**NATIONAL  
FILM AND  
TELEVISION  
SCHOOL**

*Our credits tell the story*