

Foreword to the financial statements

bfi Status

The British Film Institute (*bfi*) is a body incorporated by Royal Charter and also a registered charity, number 287780. A copy of the Royal Charter is available on request.

The Governors are the trustees of the charity.

Alan Parker CBE
(Chair resigned 3 August 1999)

Joan Bakewell CBE
(Chair appointed 4 October 1999)

Jenny Abramsky
(appointed 1 February 2000)

Ray Deahl

Charles Denton
(resigned 8 November 1999)

Lord Dafydd Elis-Thomas
(resigned 1 May 1999)

Tony Elliott

Terry Gilliam

Alan Howden

Terry Ilott
(appointed 1 February 2000)

Nasreen Munni Kabir
(appointed 1 February 2000)

Ronnie Kells

David Kustow
(appointed 1 February 2000)

Barry Norman

Simon Olswang
(resigned 7 October 1999)

Rodney Payne

Sarah Radclyffe
(resigned 29 October 1999)

Eric Senat

Brian Winston

Jean Young

Governors of the *bfi* are appointed by the Secretary of State for Culture, Media and Sport. Governors also serve on the following committees:

Audit Sub-Committee
Budget Sub-Committee
Disability Committee
E-Commerce Advisory Committee
National Film and Video Forum
Production Board
Property Sub-Committee
Remuneration Committee

Internal Controls

The Governors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the *bfi* and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with applicable regulations. They are also responsible for safeguarding the assets of the *bfi* and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Audit Committee examines the effectiveness of the systems of internal financial control on behalf of the Governors and are satisfied that the systems in place comply in all material aspects with Charity Commission and Department for Culture, Media and Sport (DCMS) guidance, and that:

- The *bfi* is operating effectively and efficiently
- Its assets are safeguarded against unauthorised use or disposition
- Proper records are maintained and financial information used within the *bfi* or for publication is reliable; and
- The *bfi* complies with relevant laws and regulations

The systems of financial control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and include regular consideration by the Governors of actual results, including non-financial performance targets, against budgets and forecasts.

Deloitte & Touche provide the *bfi* with an internal audit function. The Audit Committee considers all internal audit reports and recommendations.

The Board of Governors has adopted the Code of Best Practice for board members of Public Bodies, and maintains a register of interests of board members. This is available for inspection, on request, at the *bfi*'s main administrative centre at 21 Stephen Street, London W1T 1LN.

The *bfi*'s Royal Charter requires the *bfi* to keep proper accounts and other records and to prepare for each financial year statements of account in such form as the Secretary of State for Culture, Media and Sport with the consent of the Treasury may direct. The Governors are required to ensure that a registered auditor audits the financial statements each year and report on whether they show a true and fair view of the *bfi*'s state of affairs at the year-end and of its income and expenditure and cash flows for the financial year. The Governors are also required as soon as practical after the end of the financial year to issue an Annual Report containing the financial statements and a report on the affairs of the *bfi*.

In preparing these financial statements, the *bfi* is required to:

- Observe the accounts directions issued by the Secretary of State for Culture Media and Sport including the adoption of suitable accounting policies within the framework outlined in the *bfi*'s Royal Charter;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the *bfi* will continue in operation.

The *bfi* is also responsible for safeguarding its assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are regarded as trustees for investment purposes.

Review of Activities

The objects of the *bfi* are to encourage the development of the art of film in the United Kingdom, to promote its use as a record of contemporary life and manners, to foster study and appreciation of it from these points of view, to foster study and appreciation of film for television and television programmes generally and to encourage the best use of television in the United Kingdom. The *bfi* is governed subject to the terms and conditions set out in its Royal Charter.

The *bfi* cannot operate as effectively as it does without the support of sponsors and donors. The Governors wish to express their thanks to the *bfi*'s benefactors, and in particular to J Paul Getty KBE, for his generosity over many years towards every aspect of our work, in particular the preservation of the heritage of our national cinema.

On 1 May 1999 the *bfi* London Imax opened on the South Bank. The Imax operation is administered through *bfi* (Big Screen) Ltd, a wholly owned subsidiary of the *bfi*. Income and expenditure during the 11 months of this year are included in these financial statements.

From 1 September 1999, the Museum of the Moving Image became a touring museum allowing redevelopment of the site on the South Bank.

On 1 April 2000, the *bfi* Production Department staff and ongoing activities transferred to the Film Council.

Financial Performance

Total expenditure during the year including depreciation amounted to £28.763m (1999 £30.306m). The grant of £16.935m from the DCMS, interest received, activity and other income, gives total income of £32.103m (1999 £39.039m).

The Consolidated Statement of Financial Activities (SOFA) is set out on page 41 and shows a surplus for the year of £3.340m (1999 £8.733m) including designated and restricted funds. The Consolidated Statement of Financial Activities (SOFA) is set out on page 42 with further detail provided in Note 19. The surplus arises from lottery income being utilised to purchase fixed assets. The fixed asset base of the *bfi* has increased to £49.1m at 31 March 2000 (1999 £45.3m).

Divisional activities and performance against targets agreed with the DCMS during the year are set out in the Annual Review, copies of which are available on request.

Reserves Policy

The *bfi* plans financially on a rolling 3-year basis based on forecasts of activity and anticipated levels of income from the DCMS and other funders. The *bfi* funds both long term developments and its on-going programmes from grants and donations received and income generated from its activities.

All expenditure plans are phased to ensure adequate funding is available as needed. It is the Board's intention to build up a liquidity reserve equivalent to one month's recurrent expenditure on general and designated activities, circa £2.3m (1999 £2.4m).

Cash at bank and in hand at 31 March 2000 was £1.6m, principally from Restricted and Designated funding received in advance.

Projects funded from Restricted Income, mainly grants and lottery awards, only proceed to implementation after all necessary funding has been secured. The balances of unspent grants and similar items held within the Restricted Fund are subject to specific conditions imposed by the donors and not available to fund our other activities.

Tangible Fixed Assets

The movement in tangible fixed assets is disclosed in Note 11.

Year 2000

The *bfi* incurred costs totalling £25,000 in ensuring that there would be no material disruption to its business as a result of the Year 2000 date change. A number of minor IT systems were replaced prior to 31 December 1999.

As a result of the steps taken, there were no disruptions to the *bfi*'s business in January 2000.

Equal Opportunities

The *bfi* has an agreement with the recognised trade unions on Equal Opportunities. This is reflected in the policies and practices of recruitment, promotion and training.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the *bfi* continues and that appropriate training is arranged. It is *bfi* policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee Involvement

The flow of information to staff is maintained by office notices and regular departmental meetings, and at general meetings of all staff held from time to time where matters of current interest and concern to the *bfi* are discussed. A monthly newsletter is circulated to all staff. Regular meetings are held with representatives of the recognised trade unions.

Charitable Commitments

There were no material charitable commitments at the year-end.

Transactions with Governors

No Governors received remuneration for their service as Governors. In addition to the reimbursement of travelling expenses during the year (see Note 8) the following Governor received payments for professional services: Brian Winston – Book Royalties £353, Terry Gilliam – Film Hire £100. All contracts with Governors for services are negotiated on an arms-length basis.

Professional Advisors

The *bfi*'s principal advisors are: Binder Hamlyn – Auditors
Hutchinson Morrison and Childs – Property
Lloyds TSB – Bankers
Nicholson Graham and Jones – Solicitors

On behalf of the Board of Governors

Joan Bakewell CBE

Ray Deahl

28 June 2000

Statement on the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the *bfi*.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

Comprehensive budgeting systems with an annual budget which is reviewed and agreed by Governors

Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against the forecasts

Setting targets to measure financial and other performance, as set out in the annual *bfi* corporate plan

As appropriate, formal project management disciplines.

Deloitte & Touche provide the *bfi* with an internal audit function, which operates to standards defined in the Government Internal Audit Manual. The work of the internal auditors is informed by an

analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the *bfi*'s Audit Committee and approved by me. At least annually, Deloitte & Touche provide me with a report on internal audit activity. The report includes Deloitte & Touche's independent opinion on the adequacy and effectiveness of the body's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditors, the executive managers within the body who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and their reports.

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with the guidance to be issued by them.

Jon Teckman
Director

28 June 2000

Auditors report to the British Film Institute and accounting officer of the *bfi*

We have reviewed the Accounting Officer's statement relating to internal financial control for executive Non-Departmental Public Bodies in accordance with DAO (Gen) 13/97 'Corporate Statement on the System of Internal Financial Control'.

Basis of Opinion

We carried out our review on accordance with Bulletin 1995/1 'Disclosures relating to Corporate Governance' issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not express an opinion on the effectiveness of either the system of internal financial control or the corporate governance procedures, nor on the ability of the Institute to continue in operational existence.

Opinion

With respect to the Accounting Officer's statement on internal financial control, in our opinion:

- The Accounting Officer has provided the disclosure required by this circular; and
- The Accounting Officer's statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Binder Hamlyn

Chartered Accountants and Registered Auditors
20 Old Bailey
London
EC4M 7BH

28 June 2000

Report of the Auditors**To the Governors of the *bfi***

We have audited the financial statements on pages 41-52 which have been prepared under the historical cost accounting convention as modified for the revaluation of fixed assets and on the basis of the accounting policies set out on page 44.

Respective Responsibilities of Governors and Auditors

As described on page 40 the *bfi* is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance. We have been appointed as auditors by the Governors under the *bfi*'s Royal Charter and report in accordance with the requirements of that Charter and in accordance with regulations made under Section 44 of the Charities Act 1993.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the *bfi* in the preparation of the financial statements, and of whether the accounting policies are appropriate to the *bfi*'s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the *bfi*'s affairs as at 31 March 2000 and of its incoming resources and application of resources for the year, and have been properly prepared in accordance with the requirements of the Royal Charter of Incorporation and the Charities Act 1993.

Binder Hamlyn

Chartered Accountants and
Registered Auditors
20 Old Bailey
London
EC4M 7BH

28 June 2000

Income and Expenditure

	Notes	Fund Analysis			Total £000	1999 £000
		General £000	Designated £000	Restricted £000		
Incoming Resources						
Grant-in-aid	3	16,910	–	25	16,935	15,100
Other grants		–	–	1,585	1,585	984
Lottery awards	4	–	–	3,495	3,495	11,923
Investment income	5	–	183	–	183	338
Activities including sponsorship		9,437	10	458	9,905	10,694
Sub-total	6	<u>26,347</u>	<u>193</u>	<u>5,563</u>	<u>32,103</u>	<u>39,039</u>
Resources Expended						
Direct charitable		25,219	747	1,335	27,301	27,933
Fundraising and publicity		465	–	–	465	698
Management and administration		997	–	–	997	1,675
Sub-total	6,10	<u>26,681</u>	<u>747</u>	<u>1,335</u>	<u>28,763</u>	<u>30,306</u>
Net (outgoing)/incoming resources before Notional costs		(334)	(554)	4,228	3,340	8,733
Notional Costs						
Cost of capital	7	65	–	–	65	74
Net (outgoing)/incoming resources after Notional costs		(399)	(554)	4,228	3,275	8,659
Realised gains/(losses) on investments	13	46	–	–	46	(71)
		(353)	(554)	4,228	3,321	8,588
Surplus on revaluation	11	–	–	–	–	9,164
Reversal of notional costs	7	65	–	–	65	74
Net incoming/(outgoing) resources		(288)	(554)	4,228	3,386	17,826
Fund balances brought forward		1,227	29,899	14,885	46,011	28,185
Fund balances carried forward		<u>939</u>	<u>29,345</u>	<u>19,113</u>	<u>49,397</u>	<u>46,011</u>

There were no recognised gains and losses other than those shown in the statement above. All the above results derive from continuing operations.

Summary Operating Statement

	2000 £000	1999 £000
Income	32,103	39,039
Less lottery monies for capital projects	(3,495)	(10,697)
	<u>28,608</u>	<u>28,342</u>
Operating expenditure	(28,763)	(30,306)
Operating deficit on revenue income and expenditure	<u>(155)</u>	<u>(1,964)</u>

The Notes on pages 44-51 form an integral part of these financial statements.

Consolidated Balance Sheet at 31 March 2000

	Notes	£000	2000 £000	£000	1999 £000
Fixed Assets					
Collections: Films etc			–		–
Tangible Fixed Assets	11		49,148		45,351
Investments	13		–		–
			<u>49,148</u>		<u>45,351</u>
Current Assets					
Stocks	14	161		452	
Debtors	15	4,453		6,274	
Cash at bank and in hand	16	1,612		640	
		<u>6,226</u>		<u>7,366</u>	
Less creditors: amounts falling due within one year	17	4,329		5,072	
Net current assets			1,897		2,294
Total assets less current liabilities	18		<u>51,045</u>		<u>47,645</u>
Less provision for liabilities and charges	19		1,648		1,634
			<u>49,397</u>		<u>46,011</u>
Financed by:					
Unrestricted funds					
General			939		1,227
Designated			29,345		29,899
Restricted funds			19,113		14,885
			<u>49,397</u>		<u>46,011</u>

The Governors and Director of the *bfi* approved these financial statements on 28 June 2000

Joan Bakewell CBE

Ray Deahl

Jon Teckman

The Notes on pages 44-51 form an integral part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 March 2000

	2000 £000	1999 £000
Net cash Inflow from operating activities	6,560	7,355
Capital expenditure and financial investment	(5,588)	(10,296)
Increase/(decrease) in cash in the year	<u>972</u>	<u>(2,941)</u>

Notes to the Cash Flow Statement

	2000 £000	1999 £000
1 Reconciliation of changes in resources to net inflow from operating activities		
Net (outgoing) resources before lottery funding	(155)	(1,964)
Assets funded by lottery	3,495	10,697
Net incoming/(outgoing) resources	<u>3,340</u>	<u>8,733</u>
Realised investment gains/(losses)	46	(71)
Depreciation	1,791	1,246
Decrease in stocks	291	105
Decrease/(increase) in debtors	1,821	(2,345)
Decrease in creditors	(743)	(383)
Increase in provision for liabilities and charges	14	70
Net cash inflow from operating activities	<u>6,560</u>	<u>7,355</u>

2 Analysis of cash flows

Capital expenditure and financial investments		
Capital expenditure in year	5,631	14,015
Proceeds from sale of assets	(43)	-
Investment disposals at cost	-	(3,719)
	<u>5,588</u>	<u>10,296</u>

3 Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the period		
Cash inflow (outflow) from increase in liquid resources	972	(2,941)
Movement in net funds in the period	<u>972</u>	<u>(2,941)</u>
Net funds at 1 April 1999	640	3,581
Net funds at 31 March 2000	<u>1,612</u>	<u>640</u>

1.4.1999	Cash flow	31.3.2000
£000	£000	£000

4 Analysis of net funds

Cash at bank and in hand	640	972	1,612
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The Notes on pages 44-51 form an integral part of these financial statements.

The financial statements of the *bfi* are prepared under the historical cost convention as modified by the revaluation of listed investments and in accordance with applicable accounting standards and the Statement of Recommended Practice 'Accounting for Charities' (SORP).

The following principal accounting policies have been applied:

Basis of Consolidation

The consolidated accounts incorporate the financial statements of the *bfi* and all of its subsidiary undertakings and include the results of the *bfi* itself together with those of its subsidiary undertakings to the date of these financial statements.

The consolidated financial statements have been prepared using the acquisitions method.

A separate SOFA is not included for the *bfi* itself; similarly a separate balance sheet is not presented for the *bfi* as this would not be materially different from the consolidated balance sheet.

Income

Income is accounted for on the following basis:

Lottery Funding and Other Grants

Lottery income and other grants are recognised when the conditions for their receipt have been met.

South Bank

Sales of ticket and retail items at the National Film Theatre and Museum of the Moving Image are credited to income on an accruals basis.

Other Income

Income from sales of publications, provision of services, member and magazine subscriptions, and miscellaneous items are dealt with on the accruals basis and represent amounts invoiced to clients excluding VAT where appropriate.

Collections: Films etc

All expenditure on acquiring and improving the national collection of films, television material, photographic stills, posters, books and other related materials held by the *bfi* is included in charitable expenditure in the year incurred. The Collections also comprise donated material and these items are not susceptible to formal valuation. A nominal value of £1 has been placed on these collections.

Tangible Fixed Assets

The *bfi*'s accounting presentation of expenditure on tangible fixed assets is in accordance with the H.M.Treasury publication 'Trading Accounts: A guide for Government Departments and Non-Departmental Bodies'. Expenditure on tangible fixed assets is capitalised and depreciation charged to the SOFA.

Costs in making applications are charged to the SOFA in the year they are incurred and matched with related income from Lottery awards. Expenditure on tangible fixed assets is capitalised within the Restricted and Designated Funds.

Depreciation

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

Freehold buildings
– 2% per annum

Long leasehold property
– 2% per annum

Furniture, fittings and equipment
– 10-33% per annum

Motor vehicles
– 20% per annum

Investments

Investments in subsidiary undertakings are included at cost less provision for a permanent diminution of value if appropriate.

Listed investments are included at market value at the balance sheet date.

Surplus or deficits on sales of investments are credited or charged in the SOFA.

Stocks

Stocks are valued at the lower of cost and net realisable value and comprise goods held for resale.

Direct Charitable Expenditure

Expenditure includes direct costs of the activities and depreciation on related assets. Where costs relate to more than one activity they are allocated on an appropriate basis.

Management and Administration

These costs are incurred in the management of the *bfi*'s assets, corporate administration and compliance with constitutional and statutory requirements.

Staff Costs

Staff costs consist of wages and salaries, social security and pension costs (Note 8).

Film Production Costs and Income

Committed expenditure on film productions is charged in the income and expenditure account in the year production commenced.

Income from completed film production is credited to the income and expenditure account in the year in which it is earned.

Pension Costs

Contributions to a defined benefit pension scheme are charged to the SOFA so as to spread the cost of pensions over employees' working lives within the *bfi*, in accordance with the Statement of Standard Accounting Practice 24.

Notional Costs

In accordance with Treasury Guidance, notional costs of estimated capital are charged in the SOFA in arriving at a net income (outgoing) resources figure. Notional costs are not charged on donated or lottery funded assets.

Operating Lease Transactions

Payments made under operating leases are charged to the SOFA as they are incurred.

Fund Accounting

General funds are available for use at the discretion of the Governors in the furtherance of the general objectives of the *bfi*.

Designated funds comprise funds which have been set aside at the discretion of the Governors for fixed asset purchases and other expenditure. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restriction imposed by donors.

The *bfi*'s Royal Charter requires the *bfi* to keep proper accounts and other records and prepare for each financial year financial statements in such form as the Secretary of State for Culture, Media and Sport, with the consent of the Treasury, may direct.

A copy of the Direction given by the Secretary of State for Culture, Media and Sport may be obtained from the Director of the *bfi*, 21 Stephen Street, London W1T 1LN.

3 Related Party Transactions

The *bfi* is an NDPB of the DCMS. The DCMS is regarded as a related party. During the year, the *bfi* has had material transactions with the DCMS, and with other entities for which the DCMS is regarded as the parent Department, viz:

	2000 £000	1999 £000
a DCMS – Grant-in-aid		
General funds	16,420	14,837
Tangible fixed assets	490	263
Restricted funds	25	–
	<u>16,935</u>	<u>15,100</u>

Grant-in-aid is spent in accordance with the funding agreement between the *bfi* and the DCMS and is apportioned between published DCMS objectives:

i) To create an efficient and competitive market by removing obstacles to growth and unnecessary regulation so as to promote Britain's success in the fields of culture, media, sport and tourism at home and abroad	32	–
ii) To broaden access for this and future generations to a rich and varied cultural and sporting life, and to our distinctive built environment	6,723	6,143
iii) To raise standards of cultural education and training	6,426	5,009
iv) To ensure that everyone has the opportunity to achieve excellence in the areas of culture, media and sport and to develop talent, innovation and good design	2,347	2,259
v) To maintain public support for the National Lottery and ensure that the objectives of the Lottery Fund supports DCMS' and other national priorities; and	50	75
vi) To promote the role of the DCMS' sectors in urban and rural regeneration, in pursuing sustainability and in combating social exclusion	1,357	1,614
	<u>16,935</u>	<u>15,100</u>

The DCMS has passed its funding responsibility for the *bfi* to the Film Council from 1 April 2000.

b Film Council

The *bfi* incurred expenditure totalling £135k during 1999-2000 on behalf of the Film Council. Of this sum £50k had been reimbursed by 31 March 2000. The balance of £85k is included in Debtors.

The *bfi* has entered into a funding agreement with the Film Council which becomes effective from 1 April 2000 and in 2000-01 the *bfi* will receive up to £16m to meet agreed Film Council goals. On 1 April 2000 the *bfi* transferred the Production Department staff and ongoing activities to the Film Council (Note 6). Production liabilities totalling £43k were also transferred to the Film Council on 1 April 2000 at book value (Note 17).

c Lottery Funding Bodies

- see Note 4

4 Lottery Funding

	Gross Costs 1999-2000 £000	Less Lottery Monies Receivable £000	<i>bfi</i> Funding	
			Designated £000	Restricted £000
Arts Council of England				
Imax	2,917	1,827	1,090	–
Heritage Lottery Fund				
Film preservation	2,224	1,668	–	556
Total	<u>5,141</u>	<u>3,495</u>	<u>1,090</u>	<u>556</u>
Fixed assets costs	<u>(5,141)</u>	<u>(3,495)</u>	<u>(1,090)</u>	<u>(556)</u>

5 Investment Income

	2000 £000	1999 £000
Interest receivable	183	284
British government stocks	–	9
UK equities	–	45
	<u>183</u>	<u>338</u>

6 Income and Resources Expended

	Income £000	Staff £000	Other £000	Overheads £000	Total £000	Net Support £000	1999 £000
Exhibition	4,922	2,168	6,481	1,980	10,629	5,707	5,615
Collections	4,278	5,104	2,753	2,633	10,490	6,212	5,681
Education	1,847	1,562	1,785	967	4,314	2,467	2,713
Production	386	260	1,402	150	1,812	1,426	1,230
Support services							
Accommodation	–	–	2,273	(2,273)	–	–	–
Central Services & Admin.	56	1,676	2,068	(3,688)	56	–	–
Sub-total (Direct Charitable)	<u>11,489</u>	<u>10,770</u>	<u>16,762</u>	<u>(231)</u>	<u>27,301</u>	<u>15,812</u>	<u>15,239</u>
Fundraising & publicity	–	178	287	–	465	465	698
Management & Administration	184	435	331	231	997	813	1,103
Grant-in-aid	16,935	–	–	–	–	(16,935)	(15,100)
Lottery	3,495	–	–	–	–	(3,495)	(10,673)
Total	<u>32,103</u>	<u>11,383</u>	<u>17,380</u>	<u>–</u>	<u>28,763</u>	<u>(3,340)</u>	<u>(8,733)</u>

Production activities were transferred to the Film Council on 1 April 2000.

7 Notional cost of capital

Notional cost of capital is calculated as 6% of the average General Funds employed (1999 6%).
No notional interest is calculated on donated or lottery-funded assets.

8 Staff

	2000 £000	1999 £000
Staff costs consist of:		
Wages and salaries	10,219	9,821
Social security costs	787	783
Pension costs	377	377
	<u>11,383</u>	<u>10,981</u>

The average number of full time equivalent employees of the *bfi* during the year was:

	2000 Number	1999 Number
Funded by DCMS grant and operating income:		
Exhibition	84	68
Collections	183	234
Education	61	62
Production	6	5
Central Services	52	60
Fundraising and publicity	6	4
Management and administration	11	12
	<u>403</u>	<u>445</u>
Employees funded by other grants or sponsorship monies	71	48
	<u>474</u>	<u>493</u>

	Age at 31.3.2000	2000 £000	1999 £000
Directors			
J.C.Woodward	Resigned October 1999	39	80
	(Including personal pension scheme contribution of £8K)		110
	(Including non-consolidated performance related bonus of £10K)		
J.S.P.Teckman	Appointed November 1999	36	31
	(Including non-consolidated performance related bonus of £Nil)		-
J.S.P.Teckman is an ordinary member of the LPFA.			

	2000 Number	1999 Number
Other senior staff (including employers' pension contributions)		
£60k - £70k	3	-
£50k - £60k	6	4
£40k - £50k	12	14

The Governors neither received nor waived any emoluments during the year (1999 £Nil).

Expenses reimbursed amounted to £3,765 (1999 £2,070).

As disclosed in the Foreword payments totalling £453 were made in the year for services.

There were no other material connected party transactions involving Governors in their personal capacity.

9 Pensions

The *bfi* is an admitted body to the London Pensions Fund Authority, which is a defined benefit scheme for its salaried employees. It is a funded scheme and the assets are administered by trustees and are independent of the *bfi*'s finances.

At 31 March 1998 the main actuarial assumptions for pension funding purposes were for annual rates of increase in salaries of 5.4% and returns on scheme investments of 7.2%. The market value of scheme assets was £1,165m representing 108% of estimated liabilities. The separate scheme for pensions in payment was £1,481m, representing 100% of the actuarial liability. After the fund was revalued at 31 March 1998 and found to be in surplus a revised employer's contribution rate of 3.4% was agreed for the 3 years commencing 1 April 1999.

The charge for pension costs for the year is in staff costs (Note 8):

	2000 £000	1999 £000
Pension costs to salaried employees	233	168
Unfunded pensions to former staff (Note 18)	144	209
	<u>377</u>	<u>377</u>

10 Resources before transfers are stated after charging:

	2000 £000	1999 £000
Auditors' remuneration:		
Audit fee	29	31
Accountancy and other services	3	7
Depreciation	1,762	1,246
Loss on disposals	29	-
Charges for operating leases:		
Equipment	90	86
Property rents	107	158

11 Tangible Fixed Assets

	Long Leasehold Property £000	Freehold Land and Buildings £000	Furniture Fittings and Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 April 1999	22,887	20,800	9,282	84	53,053
Additions:					
Grant-in-aid	-	-	490	-	490
Lottery (Note 4)	2,648	1,805	671	17	5,141
Disposals at cost	-	-	(200)	-	(200)
At 31 March 2000	<u>25,535</u>	<u>22,605</u>	<u>10,243</u>	<u>101</u>	<u>58,484</u>
Depreciation					
At 1 April 1999	-	-	7,618	84	7,702
Eliminated on disposals	-	-	(128)	-	(128)
Charge for the year:					
General	-	-	353	-	353
Designated	168	369	338	-	875
Restricted	343	81	107	3	534
At 31 March 2000	<u>511</u>	<u>450</u>	<u>8,288</u>	<u>87</u>	<u>9,336</u>
Net Book Value at 31 March 2000					
General	-	-	980	-	980
Designated	11,679	18,166	681	-	30,526
Restricted	13,345	3,989	294	14	17,642
	<u>25,024</u>	<u>22,155</u>	<u>1,955</u>	<u>14</u>	<u>49,148</u>
Net Book Value at 31 March 1999					
General	-	-	880	-	880
Designated	11,027	18,535	784	-	30,346
Restricted	11,860	2,265	-	-	14,125
	<u>22,887</u>	<u>20,800</u>	<u>1,664</u>	<u>-</u>	<u>45,351</u>

Long leasehold property represents buildings held on lease with more than 50 years unexpired.

Messrs. Jones Lang Wootton revalued Stephen Street, Berkhamsted properties and the South Bank leasehold property on an Existing Use Value basis in accordance with the RICS Appraisal and Valuation Manual at 31 March 1999. The Gaydon film vaults were valued on a depreciated replacement cost basis in view of the specialised design and construction. The Imax Theatre was under construction at 31 March 1999 and is valued at cost.

Furniture, fittings and motor vehicles fixed assets are included at net historic cost. These assets are not held for resale and market value basis is therefore considered inappropriate. Depreciation is calculated to write-off the cost of these assets in full over their useful lives.

All tangible fixed assets are employed in charitable activities.

12 Subsidiaries

	<i>bfi</i> Big Screen Ltd £000	Connoisseur Video Ltd £000	MOMI Ltd £000	Total £000	1999 £000
Trading Account					
Income	222	641	5	868	509
Expenditure	158	585	–	743	483
Net profit	<u>64</u>	<u>56</u>	<u>5</u>	<u>125</u>	<u>26</u>
Balance Sheets					
Tangible fixed assets	–	2	–	2	3
Current Assets/Liabilities					
Stocks	–	20	–	20	23
Debtors	185	167	1	353	225
Cash at bank and in hand	183	–	4	187	189
Current liabilities	(368)	(55)	(5)	(428)	(309)
Total (<i>bfi</i> interest)	<u>–</u>	<u>134</u>	<u>–</u>	<u>134</u>	<u>131</u>

bfi (Big Screen) Ltd operates the commercial activities of the *bfi* London Imax and the theatrical operations of the Imax on an agency basis.

Connoisseur Video Ltd is the *bfi*'s video publishing activity.

MOMI Ltd receives income generated by the *bfi* affinity ArtsCard.

Trading subsidiaries are involved in activities wholly consistent with the *bfi*'s charitable aims and objectives and remit taxable profits to the *bfi* under Gift Aid. Income and expenditure is included within these financial statements.

Shareholdings In Subsidiaries

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

<i>bfi</i> (Big Screen) Ltd	
Connoisseur Films Ltd	(dormant)
Connoisseur Video Ltd	
Glenbuck Films Ltd	(dormant)
MOMI Ltd	
Rosebud Project Ltd	(e-commerce development)

13 Fixed Asset Investments

	2000 £000	1999 £000
Market value at 1 April 1999	–	3,719
Additions in year	–	–
Disposals in year	(46)	(3,648)
Profit (loss) on disposals	46	(71)
Market value at 31 March 2000	<u>–</u>	<u>–</u>
Historic Cost at 31 March 2000		
Unquoted investments	–	–

As part of a funding arrangement, 100 shares were held at 31 March 1999 in City Screen Oxford Ltd and in City Screen Exeter Ltd. These represent 10% of the issued share capital of each company. The shares were sold to City Screen Ltd during the year.

14 Stocks

	2000 £000	1999 £000
South Bank gift and bookshops	–	281
Book and video publishing	161	171
	<u>161</u>	<u>452</u>

15 Debtors

	2000 £000	1999 £000
Trade debtors	2,314	1,960
Other debtors	706	785
Prepayments and accrued income	672	364
Lottery awards	676	3,165
Film Council	85	–
	<u>4,453</u>	<u>6,274</u>

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

16 Cash at bank and in hand

	2000 £000	1999 £000
Cash at bank	1,590	621
Cash in hand	22	19
	<u>1,612</u>	<u>640</u>

17 Creditors falling due within one year

	2000 £000	1999 £000
Trade creditors	1,338	1,370
Other creditors including taxes and social security costs	228	674
Accruals	2,263	1,884
Lottery awards	457	1,144
Film Council Production liabilities	43	–
	<u>4,329</u>	<u>5,072</u>

The *bfi* aims to pay all suppliers on agreed credit terms subject to satisfactory supply of goods or services. Normal credit terms are 30 days after receipt of invoice at the central Finance Department, 21 Stephen Street London. An analysis of payments during 1999-00 shows that average credit taken during the year was 40 days (1999: 42 days).

18 Provision for Liabilities and Charges

The *bfi* also has an unfunded liability to pay pensions to 46 former employees and their spouses. The total actuarial valuation of this liability at 31 March 2000 is estimated at £1,778k. After adjusting for payments during 1999-00, the annual cost of £144k is included within pension costs for the year (Note 9). At 31 March 2000 the anticipated cost falling due in 2000-01 of £130k is included within creditors, and the balance of £1,648k is included in provisions.

19 Statement of Funds

	Balance 1.4.1999 £000	Transfer £000	Income £000	Expenditure £000	Balance 31.3.2000 £000
General	1,227	–	26,393	26,681	939
Designated					
Capital	28,454	1,038	–	744	28,748
Charitable activities	178	229	193	3	597
Major projects	1,267	(1,267)	–	–	–
Sub-total	29,899	–	193	747	29,345
Restricted					
Capital	14,124	–	4,051	533	17,642
Charitable activities	761	–	1,512	802	1,471
Sub-total	14,885	–	5,563	1,335	19,113
Total	46,011	–	32,149	28,763	49,397

Analysis of Fund Balances	General £000	Designated £000	Restricted £000	Total £000
Tangible fixed assets	980	30,526	17,642	49,148
Current Assets				
Stocks	161	–	–	161
Debtors	3,777	–	676	4,453
Cash at bank and in hand	(237)	597	1,252	1,612
Current liabilities	(3,742)	(130)	(457)	(4,329)
Provision for liabilities and charges	–	(1,648)	–	(1,648)
Total	939	29,345	19,113	49,397

Note: The designated and restricted funds are currently fully committed. The Major Projects Fund provided matching funding for the Imax and other projects. Restricted funds are committed as directed by the donors. General funds are available to fund revenue initiatives identified during the year and to provide a reserve against unforeseen costs arising.

20 Lease Commitments

Annual commitments in respect of operating leases payable in the year ending 31 March 2000 are as follows:

	Land & Buildings 2000 £000	Land & Buildings 1999 £000	Other 2000 £000	Other 1999 £000
Leases which expire:				
Within 2 to 5 years	65	37	90	86
Over 5 years	42	72	–	–
	107	109	90	86

21 Taxation Status

The *bfi* is a registered charity and its income falls within the exemptions to corporation tax.

Five Year Summary

	2000 £000	1999 £000	1998 £000	1997 £000	1996 £000
Incoming Resources					
Grant-in-aid	16,935	15,100	16,000	16,473	16,973
Other grants	1,585	984	1,502	1,299	818
Lottery funding	3,495	11,923	3,260	475	356
Investment income	183	338	394	434	437
Activities including sponsorship	9,905	10,694	11,798	12,620	13,720
Total incoming resources	<u>32,103</u>	<u>39,039</u>	<u>32,954</u>	<u>31,301</u>	<u>32,304</u>
Resources Expended					
Direct charitable expenditure	27,301	27,933	31,164	30,210	30,745
Fundraising and publicity	465	698	410	466	37
Management and administration	997	1,675	3,049	1,341	1,400
Total resources expended	<u>28,763</u>	<u>30,306</u>	<u>34,623</u>	<u>32,017</u>	<u>32,182</u>
Net incoming/(outgoing) resources	<u>3,340</u>	<u>8,733</u>	<u>(1,669)</u>	<u>(716)</u>	<u>122</u>
Staff Numbers					
Funded by					
DCMS	403	445	460	471	485
Other external grants	<u>71</u>	<u>48</u>	<u>27</u>	<u>23</u>	<u>19</u>

**British Film Institute
Fellowships**

bfi Fellowships are given to individuals from around the world in recognition of their outstanding contribution to film or television culture.

A total of 50 *bfi* Fellowships have been presented since this award was initiated in 1983, the *bfi*'s silver jubilee year; none was bestowed during 1999-2000. New Fellowships will be awarded in 2000-2001 and beyond.

***bfi* Fellows
at 31 March 2000**

Michelangelo Antonioni
Dame Peggy Ashcroft
Lord Attenborough CBE
Lord Bernstein
Bernardo Bertolucci
Sir Dirk Bogarde
Lord Brabourne
Sir Michael Caine
Marcel Carné
Bette Davis
Gérard Depardieu
Clint Eastwood
David Francis OBE
Sir J Paul Getty
Graham Greene
Sir Alec Guinness
Leslie Hardcastle OBE
Sir Jeremy Isaacs
Derek Jarman
Deborah Kerr CBE
Krzysztof Kieslowski
Elem Klimov
Akira Kurosawa
Verity Lambert
Lynda La Plante
Sir David Lean
Ken Loach
Sir John Mills
Jeanne Moreau
Maureen O'Hara
Lord Olivier
Michael Parkinson CBE
Dilys Powell CBE
Michael Powell
Emeric Pressburger
Lord Puttnam CBE
Satyajit Ray
Vanessa Redgrave CBE
Nicolas Roeg CBE
Sir Sydney Samuelson CBE
Thelma Schoonmaker Powell
Martin Scorsese
Jean Simmons
Anthony Smith CBE
Dame Maggie Smith
Jeremy Thomas
Orson Welles
Robert Wise
Alan Yentob
Fred Zinnemann