

NFTS

**NATIONAL
FILM AND
TELEVISION
SCHOOL**

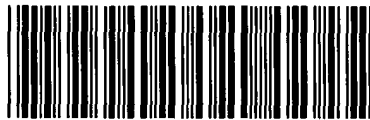
NFTS

company registration number 081508

Report & Financial Statements

1 August 2020 - 31 July 2021

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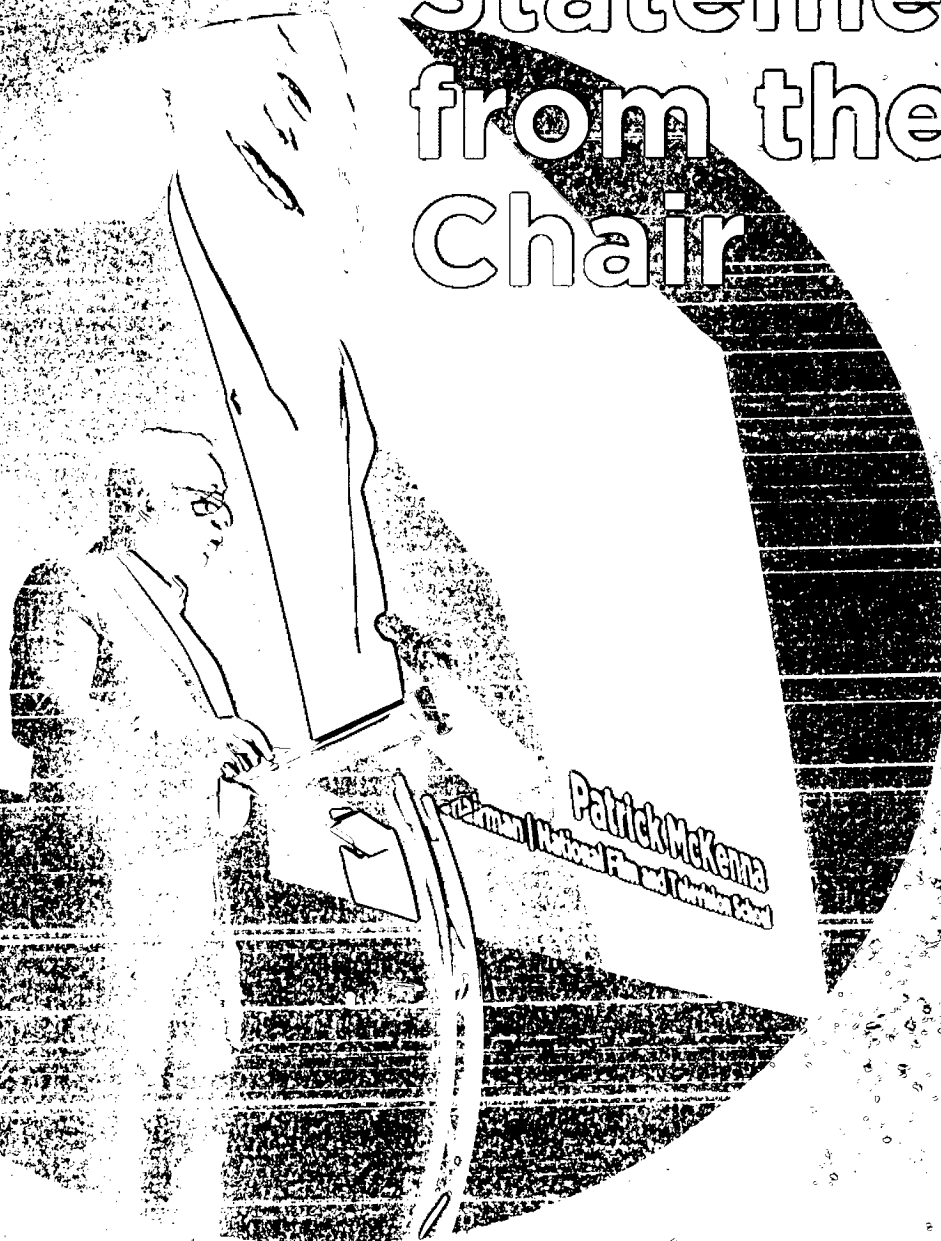
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Statement from the Chair



Patrick McKenna
Chairman, National Film and Television School

Patrick McKenna speaking at the
NETS 2021 Graduation Ceremony

The last eighteen months have been a time of unprecedented disruption for all of us.

The initial impact of the pandemic on the audio-visual sector was severe but uneven. In March 2020 the public health crisis triggered a shut-down of almost all UK film and television production.

During the second quarter there was negligible activity, although some post-production, VFX and animation work was able to continue in virtual mode, whilst the games industry and other online forms of entertainment, by contrast, prospered as never before.

Then followed a period of intense lobbying by industry bodies culminating in the agreement of a £500m Film and TV Production Restart Scheme (PRS), backed by the government as part of its wider Cultural Recovery Programme. This state-backed insurance scheme supported a strong resumption in production levels. The recovery was so successful that the final three months of 2020 recorded the highest quarterly combined film and HETV (high-end television drama) spend ever experienced in the UK (£1.19 billion on 76 productions).

This recovery has been sustained in 2021 with demand from broadcasters and streaming platforms driving a production boom. Another record £3.01 billion was committed to film and HETV expenditure during the first half of the year, fuelled by ever higher levels of inward investment. With more studio developments being built up and down the country, the UK continues to be a premier destination for content production globally, although the boom is not without its problems: production costs have risen by 20% in a year, multiple skills shortages are being reported and the independent film sub-sector is being severely challenged at all points in its value chain.

The NFTS is at the very heart of this explosive growth story. Over the past 50 years, the School has brought ever-higher standards of craftsmanship to the development of the screen media and contributed to the worldwide success of the UK film, television and games industries. The audio-visual sector is reliant on strong pipelines of talent and skills – both in front of and behind the camera – and the demand has never been higher.



Patrick McKenna
Chair of the Board of Governors

As Britain's only national film and television school, we play a major role in ensuring that the pipeline is full, a responsibility we have always relished. Generations of great makers of film and TV – from directors, cinematographers, composers and producers to first assistant directors, visual effects technicians, sound recordists and art directors – learned their crafts at the NFTS.

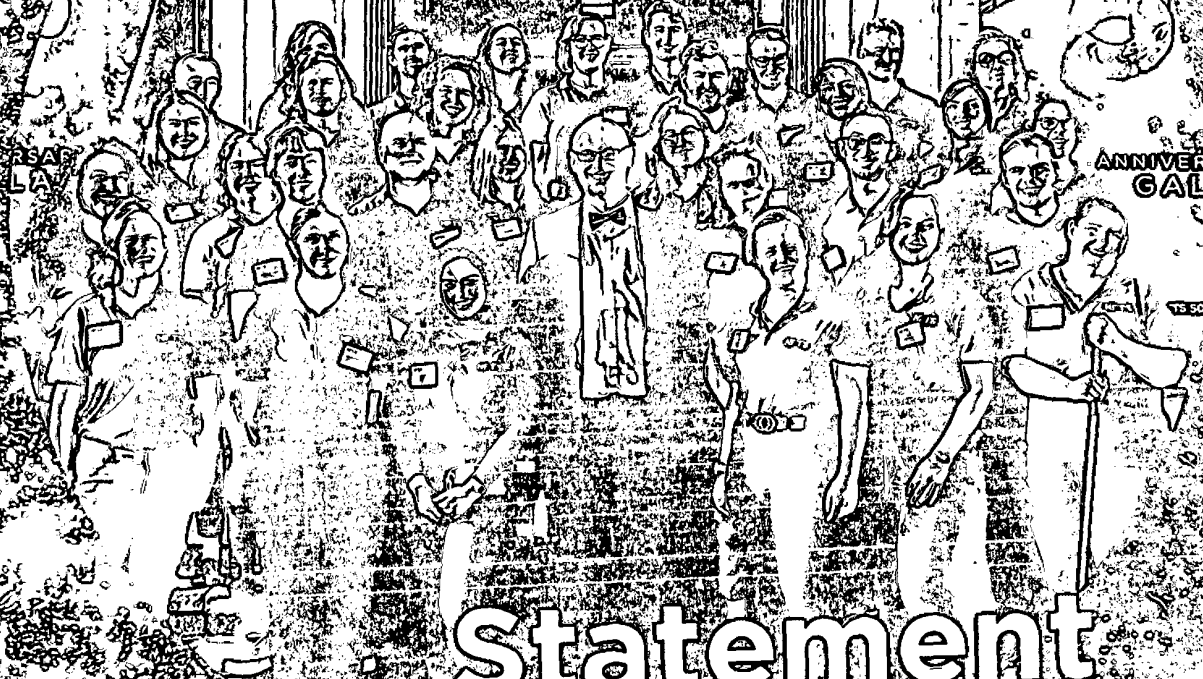
Just about every major film or TV show has NFTS alumni listed in its credits. In the last year alone, graduates worked on major films and television series including *Black Widow*, *The Souvenir Part II*, *Time*, *Normal People*, *It's A Sin*, *The Serpent*, *Des*, *Loki*, *Bloods*, *Ann Boleyn*, *The Crown*, *Cruella*, *News of the World*, *Wonder Woman 1984*, *Tenet*, *The Handmaid's Tale*, *Fast and Furious 9*, *We Are Lady Parts*, *Black to Front*, *Last Man Standing*, *The Nevers*, *Motherland*, and *Mark*.

Celebrating 50 years of the School's history has given us opportune time for reflection and justifiable pride. It has been wonderful to see its legacy acknowledged and praised by such prestigious organisations (and supporters) as the BFI, Screen International and Google Arts & Culture.

The high quality of training the School provides is evident in everything our students go on to achieve. As we look to the next 50 years and beyond, I am confident that the School will continue to thrive and grow provided we keep doing the things that have made us successful so far and continue to diversify the talent pool of those who seek to learn with us.

On behalf of my colleagues on the Board of Governors I wish to thank the School's staff, and of course our students, for remaining agile and willing to adapt and innovate in exceptionally challenging circumstances.

Statement from the Director



Statement from the Director

Jon Wardle with NFTS students
at the 50th Anniversary Gala

It has been 50 years since the NFTS first opened its studio doors with a first intake of 23 students and just four departments.

Five decades on, the School has evolved into the production powerhouse it is today and I could not be more excited to lead it into the future.

As we look to the next chapter of the School's journey, we continue to respond to testing times in agile and decisive ways while seizing the opportunities that are emerging amidst the accelerated recovery of the production sector.

In today's fast paced and ever-changing world, steering a globally renowned School through a pandemic has been challenging. Throughout, I believe we have managed to achieve a delicate balance by doing what we feel is right for the students and having the courage to stand by our convictions. This approach resulted in the NFTS being the first film school to return to production in summer 2020, the first to host an in-person graduation ceremony and showcase for students in May 2021 and the first to reunite the industry with our recent and hugely successful 50th Anniversary gala event in September 2021, raising £270k of critical funding in the process.

Once more, I would like to express my enormous gratitude to our incredibly resilient students and staff. It is thanks to the hard work and dedication of everyone that we have been able to withstand the rollercoaster ride of the pandemic without too many bumps.

As we focus on the future and build on our existing success, I am pleased to report we have delivered on many areas of our corporate plan.

In addition to the gala, one of the highlights of our 50th anniversary celebrations has been seeing our collaboration with Google Arts & Culture come to fruition. Launched at the beginning of September 2021, the partnership allowed us to open the vaults of the School's extensive archive for the very first time, with a new collection of over 200 digitised films and behind the scenes material. It has been a real thrill to unlock the work of our graduates from the past 50 years and share it with the world. I truly hope it showcases to the public and future students the tremendous cultural legacy the School has been built upon.



Jon Wardle
Director

With NFTS Scotland and NFTS Leeds both now operating an enviable slate of courses both in person and online, our UK expansion in the nations and regions continues apace with the recent successful launch of NFTS Wales in Cardiff.

We have developed and launched a range of new specialist courses. As a result, our Casting, Post Production Supervision and Filmmaking Certificate courses have all exceeded expectations and we will continue to move into new specialisations to address emerging skills gaps.

We have made meaningful progress on diversity and inclusion and delivering on our anti-racism commitment remains a key area of focus. While we have a lot more work to do, through partnerships like our ground-breaking deal with the BBC, we are continuing to strengthen the off screen diversity pipeline. We are determined to keep tearing down the barriers to entry, ensuring future talent feel the UK screen industry is a place that welcomes and represents all, regardless of socio-economic background or circumstance.

We have successfully delivered on our goal of increasing the annual student intake in the core film and television production MAs from eight to ten students. With the current production boom, there has never been a better time to widen the pool of talent available to those desperate to hire highly trained graduates who can hit the ground running.

Great film, television, and games cannot be produced without investing in the people who make that content. It is why the NFTS exists.

The School punches well above its weight in everything it achieves. With robust contingencies in place and a strengthened sense of purpose, I have unwavering confidence that we can face any future challenges head on to ensure the NFTS remains a leading global institution at the forefront of the creative industries.

Management and Advisers

Management Team

Dr Jon Wardle – Director
Trevor Hall – Finance Director
Ijeoma Akigwe – Director of Marketing and External Relations
Gillian Carr – Director of Human Resources
Elaine Morris – Head of Production
Eleanor Wheal – Registrar

Company Registration Number

981908

Registered Office

Beaconsfield Studios
Station Road
Beaconsfield
Buckinghamshire
HP9 1LG

External Auditors

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

Internal Auditors

KCG Audit Limited
7 Bell Yard
London
WC2A 2JR

Bankers

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

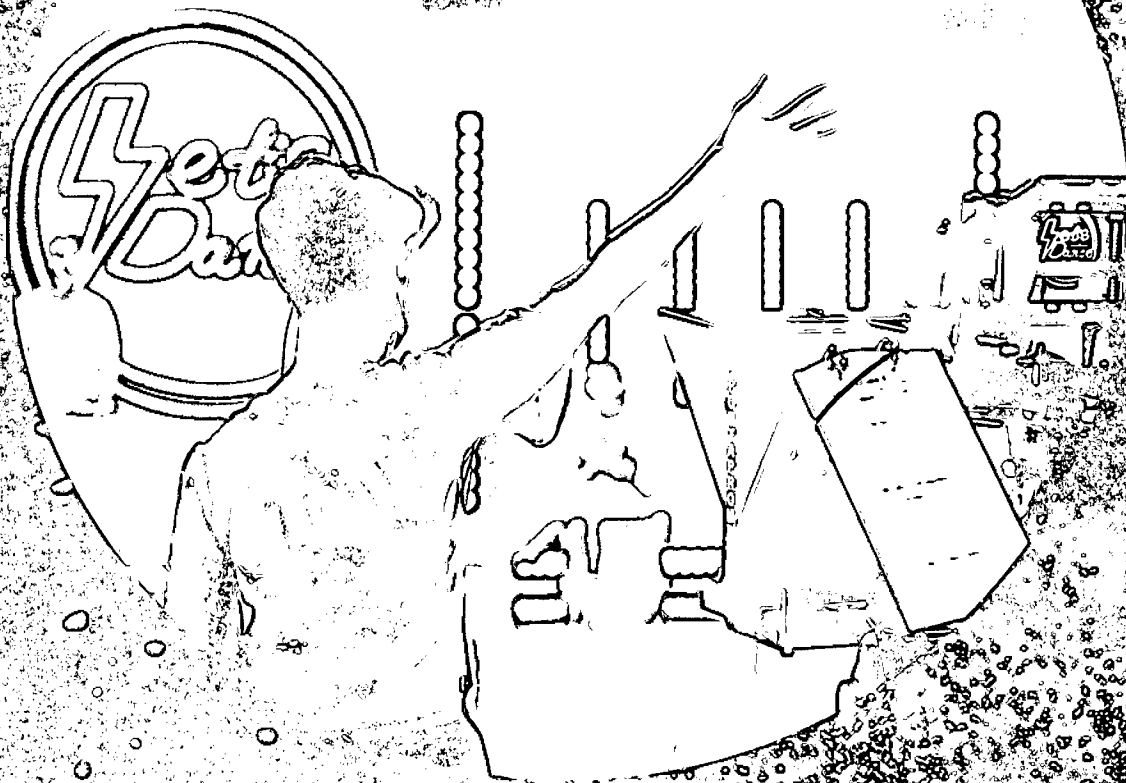
Solicitors

Eversheds Sutherland LLP
1 Wood Street
London
EC2V 7WS

Actuaries

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

Strategic Report



A student Floor Manager working
in the NFTS 4k Multi Camera
Television Studio

Strategic Report for the Year Ended 31 July 2021

This report reviews the National Film and Television School (the 'School') activities for the year ended 31 July 2021 in the context of the opportunities, challenges and risks within which it operates.

1 Objects, Strategy and Risk Analysis

1.1 Objects, Vision and Values

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

The charitable objects of the School are to:

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

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

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

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

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

The NFTS leads the way in bringing forward the best film, TV and games design talent and is an essential talent pipeline for the UK's creative industries. We are committed to supporting diversity and inclusion within the film, television and games industries with one in four of our graduates in recent years being ethnically diverse and growing numbers of students from the lowest socio economic background.

1.2 Outreach and Widening Participation

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

- i) Scholarship and bursary support: The School raised and distributed £1.22m in financial aid to students during the year;
- ii) BFI Film Academy: Due to the pandemic, it proved impossible to run the traditional Easter residential programme but instead the School delivered a programme of online events;
- iii) Commercials Challenge: For the fourth year running, the School ran a commercials competition for pupils at local colleges and sixth forms, in partnership with the Buckinghamshire Skills Hub. This involved presentations and advice for classes at ten schools in the county and a live masterclass for each school. Through the challenge and several bespoke activities, Access NFTS engaged with more than 55% of secondary schools and sixth forms in Buckinghamshire;
- iv) New virtual sessions were created: Two sets of 'Creative Careers Clinics' were delivered, each focussing on a different behind the camera subject, and ten sessions were delivered with almost 1,000 people signing up across all events. The clinics have helped establish relationships with careers departments in a range of universities across the country;
- v) Advocates: The outreach programme now has a small team of current students from across a variety of courses who provide content for activities, print materials, and web copy. These students also advocate for being involved in the School's outreach with their colleagues and collaborators in the school;
- vi) On Demand: All virtual sessions have also been recorded, edited and titled. These will become a bank of resources available to schools and colleges;

- vii) London Screen Academy: To support the LSA we have provided staff, students and/or alumni to deliver workshops, support the curriculum and help with skills such as portfolio creation engaging with 300 students;
- viii) Ghetto Film School: The outreach programme works closely with the London arm of the Ghetto Film School. During 2021, Access NFTS hosted a 3-day residency for current 2nd year GFS students in April, and a further 10 days of crew drills in August. In addition, a visit was organised for the new starters at GFS involving a tour, screening and Q&A with alumni. All activities involved NFTS students as mentors. This saw interactions with 60 students;
- ix) Celebrates: Sessions entitled 'In Conversation With' in support of Universal Cinema releases. Nine events were delivered, across a range of career areas, supporting/supported by *Fast and Furious 9* with a further ten planned in the lead up to the release of *No Time to Die*; and
- x) Care Covenant: During 2021, in collaboration with student support we have developed an agreement to support care-experienced students and signed up to the Care Covenant. The programme has also continued to build relationships with organisations working with underrepresented group, such as 'Care Creatives' and 'Mama Youth'.

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 continue to provide 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 2020-21, activity was more limited due to the pandemic.

1.4 Strategic Plan

2020-21 was the second year of the School's Corporate Plan 2023, which is focused on ensuring the School is recognised internationally as the leading film, television and games school in the world.

The headline themes around which the plan is focused are:

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

Despite the Covid-19 pandemic, the School has made good progress in each of these areas over the last 12 months. Specifically:

Creating Opportunity

- Increased the annual student intake in the core film and television production disciplines from eight to ten;
- Minimised fee increases for home students, ensuring that the impact of any increases on our diversity and inclusion targets is carefully assessed; and
- Utilising alumni, current students and School staff as School ambassadors, delivered a programme of targeted events, held throughout the year across the UK, locally and online.

Working UK-Wide

- Established a further creative hub for course delivery in Wales; and
- Opened an office and teaching space in London.

Exploring Future Storytelling

- Developed and funded new immersive storytelling productions; and
- Facilitated placements for specialists from film, television and games to explore the opportunities of immersive storytelling.

Unlocking and Celebrating our Legacy

- Restored key sections of cultural importance of the School's archive of graduation films and made them available to the public so that they can inspire a new generation of filmmaker;
- Identified and delivered a number of events and activities to share the story and history of the School and to celebrate the School's 50th anniversary with a range of stakeholders; and
- Continued to raise funds to grow the School scholarship fund.

Building on our Success

- Progressing our inclusion plan to make our staff base as diverse as the student body;
- Applied to the Office for Students for Taught Degree Awarding Powers;
- Launched a new blended learning certificate and delivered it twice; and
- Developed an environment action plan with an ambition to reduce the School's carbon footprint by 20% by 2025.

1.5 Looking Forward

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

- The demand for places at the School remains at a high and we continue to grow incrementally each year;
- The reputation of the School is at an all-time high as evidenced by the very positive industry responses to the School's 50th anniversary celebrations;
- The School has successfully expanded the number of courses and students moving into new subject areas and modes of delivery; and
- The School continues to make good progress in its efforts to widen access to its provision for British students from diverse backgrounds.

1.6 Key Performance Targets

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

A suite of performance indicator targets aligned to the School's Corporate Plan 2023 is monitored by the Board, as follows:

		2020-21 (Target)	2020-21 (Actual)	2021-22 (Target)	2022-23 (Destination)
1	Creating Opportunity				
1.1	Number of students	562	661	717	730
1.2	Percentage of ethnically diverse students	22%	23%	23%	24%
1.3	Percentage of students from low socio-economic backgrounds	12%	14%	17%	20%
2	Working UK-wide				
2.1	Number of professionals trained at hubs outside of Beaconsfield	682	541	740	1,022
3	Unlocking and Celebrating our Legacy				
3.1	Funding for annual scholarships and bursaries	£1,079,000	£1,221,400	£1,129,000	£1,179,000
4	Building on our Success				
4.1	Student satisfaction	82%	81%	83%	84%
4.2	MA students in graduate-level jobs within six months of graduation	92%	90%	93%	94%
4.3	Staff satisfaction	90%	89%	90%	90%

Creating Opportunity – 2020-21 has seen a stepped increase in student numbers, with numbers increasing 18% to 661. The rise is a reflection of the increase in cohort sizes on the School's core production MAs, from classes of eight to ten, and the launch of new courses such as Casting and Post Production Supervision. Further, the School launched its first blended-learning course – a Certificate in Filmmaking.

With the addition of the Certificate in Filmmaking course delivered on a biennial basis, the School has looked to be more ambitious with its anticipated growth in student numbers, aiming for 730 students by 2022-23 (previous target 668).

Recruitment of students from ethnically diverse backgrounds continues to grow, representing 23% of the MA/diploma intake in 2020-21.

The School continues to engage new students with talent, irrespective of their financial means. This is enabled through the School's significant scholarship and bursary funding, kindly provided by industry partners and charities, and the School's growing Outreach programme. This has seen further growth in the number of students from low socio-economic backgrounds, which has almost tripled to 14% in 2020-21.

Recognising the success in engaging students from low socio-economic backgrounds, the School has stretched its target for 2022-23 to 20% (previous target 14%).

Working UK-Wide – the Covid-19 pandemic continued to impact on the regional hubs during the year, with the multitude of local and national lockdowns impacting the sites ability to deliver face-to-face practical training to their core freelance clientele. Notwithstanding that, the hubs have embraced the challenge, relaunching many courses on-line during the period, making them more accessible.

The School remains committed to working 'UK-wide', launching its latest regional hub in Wales during the year, with courses commencing in October 2021.

With the end of the Covid restrictions in the summer of 2021, the School anticipates that the regional hubs will grow their in person practical course offer to complement the on-line courses now offered by the regions and the School.

Unlocking and Celebrating our Legacy – the School continues to work hard to grow its level of external scholarship and bursary funding provided by both corporate and individual donors. The School exceeded its target in 2020-21 by securing funding from the NEOM Group who provided scholarship funding for emerging Saudi Arabian talent. This has enabled a number of talented Saudi students to join the School MA courses and for others to enrol on the Certificate in Filmmaking course.

2021 is the School's 50th anniversary, with a number of events planned in the autumn to celebrate the anniversary and also raise new funds to support students and ensure that financial means are not a barrier to future talent attending the School.

Building on our Success – The School narrowly missed its target for student satisfaction of 82%, but at 81% this is an enviable result in the face of the pandemic and a testimony to the tutors and staff at the School to maintain the quality of teaching and student engagement throughout the pandemic. Student employability also remains high at 90%, albeit just short of the 92% target, based on the latest published data.

Staff satisfaction in 2020-21 remains high at 89%, albeit a slight decrease on the high of 90% scored in 2019-20.

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.

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

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

- **Student recruitment and retention** – demand for the School's courses remains high, with application numbers up 12% on pre-pandemic levels. Notwithstanding that, the School remains wary of the risk of a future variant of the virus and has made suitable provision in its budget for 2021-22.
- **Government and public body funding** – the continued financial support of the DCMS, BFI and the OfS remain essential to ensure the School can maintain its quality of high-cost provision as the UK's national centre of excellence for education and training in film, games and television programme making. The School continues to engage the Government and public body funders to make clear the enormous economic and cultural value the School's graduates provide to the economy and society.
- **Cyber security crime** – the School recognises the growing threat of cyber-crime faced by all higher education providers in the sector. 2020-21 has seen significant investment in the School's media storage infrastructure to back-up and protect student work, and investment in additional servers to increase capacity. Further, the School has engaged a specialist provider to undertake regular penetrative testing to ensure that the School's firewalls and system remain robust to the risk of attack.

A Student preparing the model for
their Graduation Animation

Academic Review

2 Academic Review

2.1 Overview and Highlights

The School continued to demonstrate remarkable success in 2020-21, as its filmmaker's garnered accolades in a range of divergent festivals and competitions, receiving recognition around the world from industry for the quality of their work. Awards included a BAFTA nomination, a Student Academy Award nomination; a selection at the Cannes Festival; a Golden Reels win; a Grierson Award and multiple Royal Television Society Awards.

Despite only being in its third year, the Science and Natural History course continues to excel with wins at both Jackson Wild and Nature Vision for graduation work.

2.2 Learning and Teaching

The School runs more behind-the-camera courses than any other film school in the world. Currently there are 17 masters programmes, 14 diploma courses and 9 certificate courses.

Activity: Two-Year MA Courses: 2020-2021

- Cinematography
- Composing For Film and Television
- Creative Business for Entrepreneurs and Executives (in partnership with Ingenious, Saffery Champness, and Lee & Thompson)
- Digital Effects
- Directing Animation
- Directing Fiction (in partnership with the BBC)
- Directing Documentary (in partnership with the BBC)
- Directing and Producing Science and Natural History (in partnership with the BBC)
- Directing and Producing Television Entertainment (in partnership with the BBC)
- Editing
- Film Studies, Programming and Curation (in partnership with the BFI)
- Games Design and Development
- Marketing, Distribution, Sales and Exhibition (in partnership with UKCA)
- Producing (in partnership with the BBC)
- Production Design
- Screenwriting (in partnership with the BBC)
- Sound Design for Film and Television

Activity: One-Year to 18-Month Diploma Courses: 2020-2021

- 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)
- Motion Graphics and Titles (in partnership with Sky)
- Model Making for Animation (in partnership with Aardman and Mackinnon & 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 Sky)
- Script Development (part-time) – (in partnership with the BBC)
- Sports Production (in partnership with IMG)
- Writing and Producing Comedy (part-time) – (in partnership with the BBC)

Activity: Certificate Courses: 2020-2021

- Casting (supported by The Casting Directors' Guild of Great Britain & Ireland)
- Character Animation (in partnership with Aardman)
- Filmmaking
- Location Management for Film and Television Production
- Post Production Supervision (in partnership with WarnerMedia and Netflix)
- Producing Your First Feature
- Screenwriting: Finding Your Voice
- Script Supervision and Continuity for Film and Television (in partnership with the BBC)
- TV Drama: Creating The Bible (in partnership with All3Media)

NFTS Scotland

During the year August 2020 to July 2021, NFTS Scotland delivered 39 courses to 313 participants. Due to the Covid-19 pandemic, nearly all courses were delivered online. In July 2021, three face-to-face courses were delivered, the first NFTS Scotland had been able to offer since the pandemic began. The courses delivered represented 63% capacity, which, given the pandemic and subsequent significant increase in production in Scotland, was a good outcome for the year.

NFTS Scotland have continued to adapt face-to-face courses for online delivery and develop new ones specifically to be online. A new course, Certificate in Screenwriting: Finding Your Voice, was launched during the year, which proved a success with one student subsequently being accepted onto the School's Screenwriting MA. Recruitment is currently in progress for the next iteration. Another new certificate course in Location Management launched in July 2021, and the course Diploma in Production Accounting will be delivered jointly with Short Courses at Beaconsfield.

The majority of the course participants were freelancers, but online delivery has allowed the courses to be more accessible with participants more widely spread geographically. Participant feedback welcomed the opportunity to undertake training online which they could not have done in person.

NFTS Scotland initiated two training programmes during the year. The first is The Immersive Creative Studios Lab, a pilot partnership project between NFTS Scotland and the Glasgow School of Art (School of Simulation and Visualisation) with support from the School's StoryFutures Academy, The National Centre for Immersive Storytelling, and industry partners. The second is a programme of DFX courses funded by ScreenSkills.

Also, STAS (Screen Training Alliance Scotland) funding was secured to run a pilot mentoring scheme which will offer mentorships to graduates from the Diploma in Production Accounting, and the Certificates in Screenwriting and Producing Your First Feature, and a series of courses were organised for the Saudi Film Commission, with four courses delivered to 56 participants. In addition, BECTU Vision (a Scottish-based union learning project) commissioned the delivery of two Planning for VFX courses.

NFTS Leeds

During August to September 2020, NFTS Leeds completed the delivery of the craft courses practical training to the 2020 cohort of craft skills students, graduating 45 students. The 2021 craft skills programme was revised as a number of the colleges were unable to restart training. NFTS Leeds designed a Lighting Pathway course, delivering training to ten students, as well as delivering Production Assistants and Grip courses, and a Costume, Hair and Make Up course delivered in association with other Leeds colleges, with 46 students graduating and many going directly into working in the industry.

NFTS Leeds also built on its relationship with Channel 4. As part of the School's contract with the channel, NFTS Leeds designed and delivered a week of online training in June with over 150 participants. NFTS Leeds also delivered a two-week in-person Female Documentary Shooters course for BBC and Channel 4, training for the Channel 4 Black to Front programme, and five Introduction To courses for ScreenSkills with over 80 participants.

NFTS Leeds also worked with NFTS Scotland to deliver a programme of training for the Saudi Film Commission.

In addition to the courses delivered for C4, BBC, and ScreenSkills, NFTS Leeds also delivered during the year a combination of face-to-face and online courses, including 10 Self-Shooting courses, a Certificate in Screenwriting and various other industry focused activity to 150 participants.

Short Courses at Beaconsfield

During 2020-2021, the Short Courses team ran a mixture of 88 face-to-face and online courses, training over 1,000 individuals including employees sent by RTV, Boom Cymru, Fulwell 73, Lambert Productions, Rooks Nest, Studio 99, Peacehaven, Baby Cow, Factory Films, Soho Theatre and Red Bull Media.

Short Courses also continued to deliver four part-time Diplomas – Script Development, Writing and Producing Comedy, Factual Development and Production, and Production Accounting (in partnership with NFTS Scotland), graduating a total of 54 students in May 2021.

In addition to the above, in the last six months Short Courses has produced 20 comedy graduation films, delivered an eight-week Writing the Bible Certificate course, an eight-week Short Film Lab online course, and a four-week Summer Directors Series.

Curriculum, Recruitment and Access

The Covid-19 pandemic continued to impact the School especially during the lockdown between January and March 2021, but students' continuity of learning was maintained by moving all teaching online during this period and by making adjustments to the curriculum schedules. Production work resumed in February, and all students received in person teaching from March. All students graduating in 2021 had a full portfolio of production work.

The School continued with its validation of its full time professional diploma courses as recognised Postgraduate Diplomas. The majority of the School's full time diplomas are now validated.

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 October 2020, 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 the end of December 2021.

The School is currently in the process of applying for degree awarding powers. The RCA have confirmed that they remain happy to accredit the School's Masters degrees until such time that the School secured its own degree awarding powers.

Student numbers increased from 521 to 661 in 2021 as a result of the School moving from eight to ten students on the core MA courses and the launch of several new courses.

The School has a responsibility to include voices that represent the full diversity of British society in virtue of its unparalleled status as the pre-eminent feeder institution for the creative industries. It continues to work hard to ensure that increasing numbers of ethnically diverse students enrol on its courses (see section 1.6 Key Performance Targets). The BFI Academy, a scheme inaugurated by the School in 2012, brings dozens of 16 to 19-year-olds from all over the UK to the School to work with world-class filmmakers. The scheme targets young people from backgrounds that are traditionally underrepresented in the screen industries. Unfortunately, due to the Covid-19 pandemic, the School was unable to run the Academy in person in 2021. However, this ran very successfully online in April, and participants attended a residential Craft Skills weekend in September. The School is continuing its commitment to diversifying its student body through the ongoing delivery of its anti-racism action plan. This sets out clear commitments to the steps the School will take to ensuring that students from diverse backgrounds feel welcomed, encouraged and supported during their application, interview and enrolment stage, and are supported financially where needed.

The School recognises that more hard work needs to be done to increase ethnic, gender and socio-economic diversity within the creative industries, and has undertaken a number of targeted initiatives to address the current underrepresentation. These included entering into an Early Stage Access and Diversity Accelerator Programme agreement with BFI, which aims to deliver a fully diverse and inclusive 'UK wide' education and training programme that improves access for talent to the film and television industry.

Student feedback remains very positive. The results of the 2020 annual student survey demonstrated that, once again, the majority of students are very satisfied with their experience at the School.

Student representation within the School is strong with a formally constituted Student Union. A sabbatical Student President is elected annually, supported by three elected student representatives, and the President is a member of the Board of Governors and Academic Standards Committee. The President works with members of the senior management team to ensure that the views of students are represented in key decisions.

In the overall assessment of MA courses in 2021, 46 students were awarded an Excellent (there were 52 in 2020), 72 a Very Good Pass (there were 69 in 2020) and 27 a Good Pass (there were 26 in 2020). There were also three students who received a pass (two passes were received in 2020) and no students who failed (there was one fail in 2020).

2.3 “Bridges to Industry” and Masterclasses

The School's students and recent graduates had the opportunity to attend 50 masterclasses during the year.

A number of masterclasses were also held for the School's hubs in Leeds and Scotland, which were open to not only the School's students but also a wider range of participants including local industry contacts, local filmmaking groups, and members of the Women in Film and Television network.

The masterclasses held featured a broad mix and range of guests and included a series of masterclasses focusing on specific craft areas.

Guests included: directors and writer-directors Amma Asante, Charlie Brooker, Patty Jenkins, Lewis Arnold, Channing Godfrey-Peoples, Rose Glass, Douglas Mackinnon, Viggo Mortensen, Philippa Lowthorpe, David Fincher, Sarah Gavron, Aneil Karia, Paul Greengrass, Martin McDonagh, Francis Lee, Cathy Brady, Ben Wheatley, and Jonathan Glazer; writers Kemp Powers, Simon Beaufoy, Amanda Coe, Jed Mercurio, Moira Buffini, Russell T Davies, Christopher Hampton, Eve Hedderwick Turner, Phoebe Waller-Bridge and Krysty Wilson-Cairns; documentary filmmakers Rubika Shah and Asif Kapadia; editor Matteo Bini; animation directors/writer-directors Pete Docter, Edward Foster and Don Hall; cinematographers Roger Deakins and Molly Manning Walker; composer Sarah Warne; sound designer Nikola Medic; producers Dana Murray, Andrew Macdonald, Hannah Farrell, Rienkje Attoh and Faye Ward; TV executives Charlotte Moore and Alex Mahon; games industry executives and creators Phil Harrison and Katherine Bidwell; 1st assistant director Suzanne Reid; VFX artists Gillian Simpson and Roni Rodrigues; production designer Will Hughes-Jones; script developer Dionne Farrell; and actors Tim Roth and Riz Ahmed.

Students also had the opportunity to attend a Music Video Afternoon and a Horror Afternoon, both delivered online, which featured a range of speakers giving a deeper insight to that area of the industry. The music video speakers were directors Charlotte Regan, Dougal Wilson, Nadira Amrani and Adam Smith and Sony Music Video Commissioner Daniel Millar. The horror speakers were directors and writer-directors Corin Hardy, Alice Lowe, Mahalia Belo and Catherine Linstrum; production company marketing and distribution executive Wahida Niblo and make-up special effects artist Matthew Smith.

The Bridge to Industry project with Film4, *Joy* (formerly known as *Beyoncé Almighty*) and Kickstarter crowd-funded short *Dragged Up* were successfully shot, with *Dragged Up* being shown at the NFTS Showcase, together with another of the Kickstarter crowd-funded shorts, which completed post-production, *Birthday Boy*.

Two short film Bridge to Industry projects with BBC Film *Original Skin* by Mdamini A Nkemi, and *Shé* by Renee Zhan are in script development and two of the previous short films made through the BBC Film Bridge to Industry scheme are now available to watch via the School's website.

Students were able to pitch to make two immersive VR experience projects through a Bridge to Industry with the StoryFutures Academy. The selected projects were *Pigeons VR* directed by Antonin Niclass, an immersive extension to his NFTS graduation animation film, with the team having secured actress Miriam Margolyes to provide a voice-over for *Pigeons VR*; and *Network*, directed by Christine Saab, an original immersive experience exploring the connectivity of nature. Both projects progressed well through development with support from the School's Head of Games and the StoryFutures Academy team and were delivered in September 2021.



Corporate Social Responsibility

2021 saw the School enrol its
largest and most diverse group
of students ever

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 is used widely to help further collaboration and communication within the School.

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

All employees are regularly encouraged to apply for Continued Professional Development, which can range from attending a course or conference, shadowing another colleague or visiting other organisations to gain insight and experience elsewhere. In addition, teaching staff at the School are regularly supported to attend festivals, conferences and events. The School regularly supports Teaching staff to complete the HEA Fellowship Programme with another cohort beginning in September 2021. 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.

During the year, the School engaged the Carbon Trust to review the carbon footprint of the School against the Trust's assessment in 2014. Despite the School and its student numbers having more than doubled in size since 2014, the carbon footprint of the School has actually fallen by 10% on the previous assessment.

Notwithstanding the above, the School remains committed to making its activities more environmentally sustainable. The School has developed an action plan to deliver the environmental strategy with an ambition to reduce its carbon footprint by a further 20% by 2025. The strategy will inform the School's ongoing programme of building replacement and refurbishments, and inform the School's day-to-day operations to minimise carbon emissions, with particular regard to future travel and energy use.

3.3 Equality and Diversity

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

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

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

3.4 Trade Union Facility Time

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

BECTU is a trade union recognised by the School and its elected representatives are permitted to take reasonable paid time off to carry out some union duties. In 2020-21, the amount of time spent by staff on trade union activities and the cost related to that time was:

- Number of trade union representatives 3
- Time spent on union activities by these employees was in the band 1% to 50%
- School's total staff cost £6,459,799
- Cost of time spent on union activities £1,749
- Staff cost related to trade union activities as a percentage of the School's total staff cost 0.03%
- Time spent on paid trade union activities 1.1%

Financial



A Graduation Fiction film
production crew on the main
stage at the NFTS

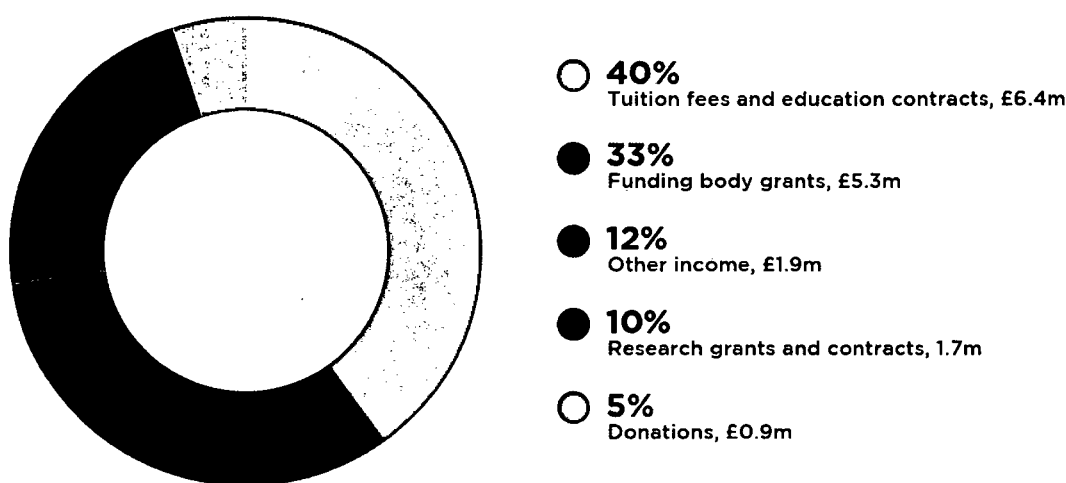
4 Financial

4.1 Financial Review of the Year Ended 31 July 2021

The ongoing Covid-19 pandemic has impacted the activities of the School through the year ended 31 July 2021. Whilst the School's core teaching and production activity has adapted to the challenges posed to social distancing, the pandemic has seen a reduction in activity at the School's regional hubs in Glasgow and Leeds, and the Short Courses unit in Beaconsfield, with the cancellation of face-to-face CPD-focused courses at the height of the pandemic. Social distancing restrictions also meant that the annual BFI Film Academy residential in April was curtailed and the annual fundraising gala in June postponed.

Despite the ongoing pandemic, income for the year to 31 July 2021 grew to £16.2m (2020: £15.2m), reflecting both the continued growth of student numbers and courses, and growth in research activity during the year, with income from research grants and contracts totalling £1.7m for the year to 31 July 2021 (2020: £1.2m).

Income 2020-21 (£'millions)



The annual gala scheduled for June 2021 was postponed in light of the social distancing restrictions in place. The gala, which celebrates the School's 50th anniversary, was held in September 2021.

The School continues to maintain its significant student financial support programme through bursaries and scholarships programmes. The combined scholarship and bursary support for the year was £1.2m and covered approximately 15% of the total tuition fee income for the year. The School's bursaries are funded mainly by industry parties, whilst scholarship funds are generated by the ongoing generosity of individual scholarship donors. The scholarship and bursary funds are critical to enable the most talented students to attend the School, regardless of their background or financial means.

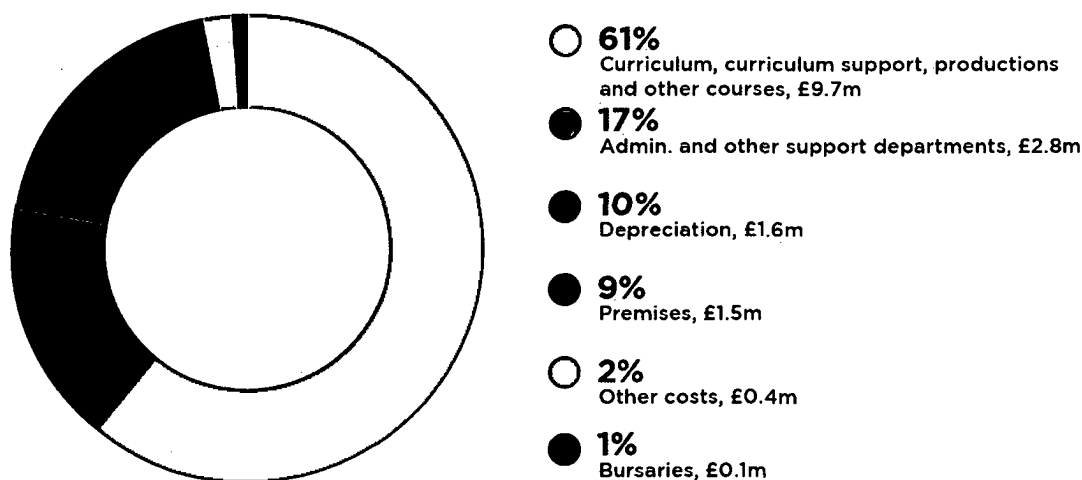
The School would like to thank all its core funders for maintaining their continued support for the School and its students.

In tandem with the School's strategy to increase student numbers and income, the School remains focused on managing its cost base through robust budget management, effective procurement and a focus on value for money. Significant investment was made through the year to ensure that students and staff remained Covid-safe and that student productions could continue safely, embracing social distancing modifications, in line with industry best practice.

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

Overall, the School delivered a net surplus before pension adjustments for the year of £0.1m, in line with expectations, compared with £0.2m in 2019-20, a positive result despite the Covid-19 pandemic. The actuarial valuation of the deficit on the School's closed defined benefit scheme has decreased £0.8m, reflecting the improvement in investment performance as the economy bounces back from the pandemic, plus the School's increase in financial contributions to ensure that the School brings the Scheme deficit in balance by 2029.

Expenditure 2020-21 (£'millions)



Overall, the School's net assets increased to £12.1m as at 31 July 2021, in line with the results for the year highlighted above.

The School has generated positive cash inflows of £2.8m from operating activities compared with positive inflows of £2.5m in 2019-20 (see page 39 Statement of Cash Flows). This is predominantly a reflection of a £2.1m advance payment of funding from AHRC following the extension of the Immersive Storytelling research project to March 2023. In 2020-21, the School spent £1.1m on fixed asset additions, with a further £0.5m of fixed assets acquired under two finance leases, reflecting the further investment in buildings and equipment to accommodate the increase cohort sizes on the core production MAs from classes of eight to ten in January 2021. Overall, the School delivered a net cash inflow of £1.7m for the year to 31 July 2021 and cash reserves remain sufficient for the foreseeable future.

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

4.2 Value for Money

2020-21 was another year of major capital investment. Not only did the School invest in replacement equipment to ensure that students continue to have access to the latest industry standard kit, but the year also saw additional investment in facilities and equipment to accommodate the increase in the size of cohorts on the core production courses from eight to ten from January 2021. The School has a strong working relationship with the leading industry suppliers and was able to secure discounts on list price ranging from 10-50% equating to approximately £550k savings in the year.

The School recognised the challenges that the pandemic continued to pose through 2020-21 and ensured that students continued to receive best value from their learning experience. This included: enabling a return to face-to-face teaching at the School when Government guidance allowed; ensuring that all production activity went ahead as planned and delivered in a Covid-secure environment; providing hardship funding and support to students experiencing financial difficulties; and supporting students with mental health difficulties by engaging the services of a mental health advisor and a local GP practice.

4.3 Investments

Prevailing rates on short to medium term cash deposits remain low. Therefore, all monies are held as cash, at present, providing maximum liquidity whilst the threat of future lockdowns or restrictions due to the pandemic remain.

4.4 Payment of Creditors

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

4.5 Accounting Systems and Processes

The School successfully implemented a new finance system – ACCESS Workplace – in August 2019. The School continues to invest in further modules of the system to drive further efficiency and effectiveness.

4.6 Post Balance Sheet Events and Going Concern

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

The Board of Governors of the School have reviewed the period to 31 July 2023 as part of the rolling five-year forecast to assure themselves that the School is a going concern.

Demand for places at the School remains high. Recruitment to the September 2021 diploma courses was strong with student recruitment in line with targets and applications for the School's core production and other courses starting in January 2022 are 12% ahead of pre-pandemic levels.

The majority of the School's industry partners are on multi-year sponsorship contracts, with contracts recently renewed with the BBC and Channel 4. The School is in active discussion with new commercial partners who have expressed an interest in funding new courses and ventures.

Cash flow projections for 2021-22 remain positive, with funds projected to grow through the year. The School has low debt exposure and continues to operate well within its loan covenants.

The School awaits confirmation of its future funding from the Department for Digital, Culture, Media and Sport (DCMS) following the Government's October 2021 budget but actively engages with colleagues at the DCMS on a regular basis to ensure that the value generated by the School's graduates is recognised, both culturally and economically, to mitigate the risk of future funding reductions.

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

Signed on behalf of the Board of Governors



Patrick McKenna

Chair of the Board of Governors

Date: 23 November 2021

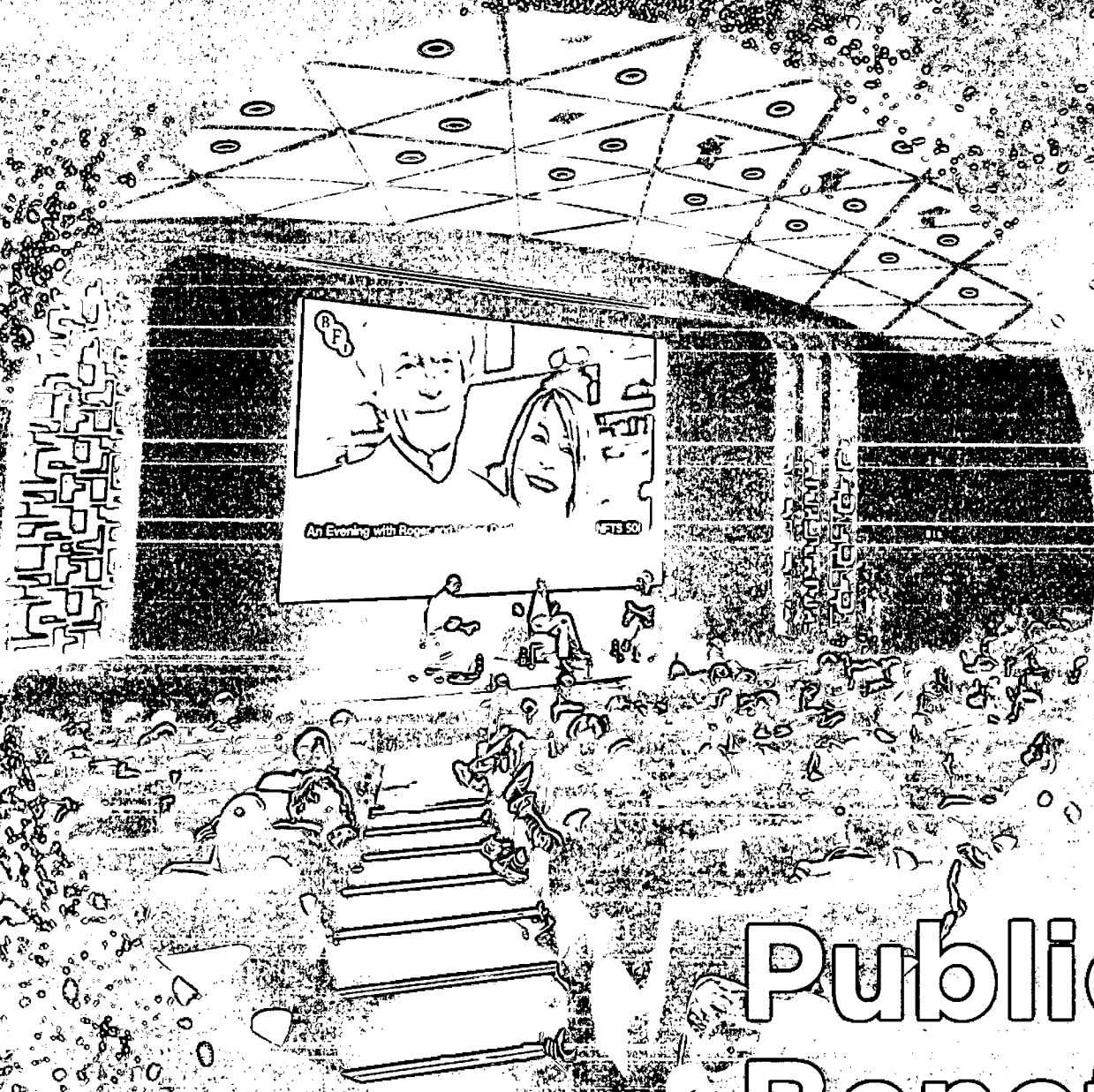


Jon Wardle

Director

NFTS Director Jon Wardle
Interviews graduate Sir Roger
Deakins as part of the NFTS
at 50 season at the BFI

Public Benefit



Public
Benefit

Statement of Public Benefit

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

The School is one of the top postgraduate institutions of its kind, and has been recognised as such this year through its inclusion in The Hollywood Reporter's Top International Film Schools list for the eleventh consecutive year. The School offers a transformative experience to students who go on to play a significant role in our cultural life through their work in the film, television and games industries. NFTS alumni have won 13 Oscars, 152 BAFTAs, and 15 Emmys, and been nominated dozens of times for each.

The School provides postgraduate programmes in a range of film, television and games disciplines on a not-for-profit basis, including 17 masters courses, 14 full and part-time diploma courses and nine certificate courses, with 661 students in 2021. 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 filmmaking programme for 16 to 19-year-old aspiring filmmakers.

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

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

The School launched Access NFTS, a national outreach programme designed to find, inform and inspire a new generation of film, television and games talent, sponsored by Universal Pictures.

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

Board of Governors and Committee Membership

The members of the Board of Governors – 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 2021 and the period up to the date of approval of the audited financial statements. 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
Ian Lewis – Deputy Chair
Riffat Ahmed – Student Governor (resigned 23 March 2021)
Joe Bradbury-Walters – Staff Governor (appointed 6 October 2020)
Geoffrey Crossick
Phil Edgar-Jones
Neil Forster (resigned 24 November 2020)
Patrick Fuller
Rose Garnett (appointed 23 March 2021)
Sara Geater
Danielle Goff – Student Governor (appointed 23 March 2021)
Caroline Hollick
Oliver Hyatt MBE
Tim Kyte – Staff Governor (resigned 6 October 2020)
Stephen Louis (resigned 5 October 2021)
Andrew Macdonald
Pukar Mehta
Steve Mertz (resigned 5 October 2021)
Siobhan Reddy (resigned 22 June 2021)
Raja Adil Rehman OBE
Laurent Samama
Bal Samra
Mary Stiasny OBE (appointed 6 October 2020)
Hilary Strong (appointed 5 October 2021)
Sue Vertue
Jon Wardle

Company Secretary

Trevor Hall

Clerk to the Board

Chris Wensley

Audit Committee

Sara Geater – Chair
Patrick Fuller
Sonia Magris
Pukar Mehta
Janet Oakes

Finance and General Purposes Committee

Ian Lewis – Chair
Alex Burman
Stephen Louis
Patrick McKenna
Angela McMullen
Sarbj Nijjer
Laurent Samama
Hilary Strong

Governance, Appointments and Remuneration Committee

Stephen Louis
Patrick McKenna
Steve Mertz
Bal Samra
Sue Vertue

Corporate Governance

Legal Status

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

Responsibilities of the Board of Governors

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

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

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

The Board of Governors has adopted a statement of primary responsibilities that is consistent with the model in the Guide for Members of Higher Education Governing Bodies published by the Committee of University Chairs (CUC) issued in September 2020.

Within the ongoing conditions of registration, the management team prepares financial statements for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

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

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

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

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

During the year, insurance costing £9k (2020 – £7k) was purchased to indemnify the governors and officers against default on their part.

Report of the Members of the Board of Governors for the Year ended 31 July 2021 (*continued*)

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

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

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

Governor Induction and Training

Each member of the Board undertakes induction training. 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.

The NFTS Student Union promotes the interests and welfare of the students of the School during the course of study and representing, supporting and advising students. The School meets all the costs of the Student Union including the salary of the Student Union President.

Subsidiary Undertakings

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

Powers of Investment and Investment Policy

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

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

Disclosure of Information to Auditor

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

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

Statement of Corporate Governance

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

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

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

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

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

Internal Control

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

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

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

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

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

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

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

Report of the Members of the Board of Governors for the Year ended 31 July 2021 (*continued*)

During the period to the balance sheet date, KCG undertook seven reviews covering a range of risk from cyber security, to the School's environmental strategy, to a review of the School's core controls over procurement and contract management. All reviews have provided 'satisfactory' or 'substantial' assurance and all recommendations arising have been implemented in a timely manner.

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

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

The corporate governance and internal control statements cover the year to 31 July 2021 and to the date of approval of these financial statements.

Signed on behalf of the Board of Governors

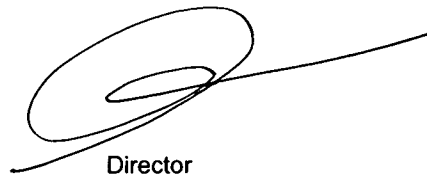
Patrick McKenna



Chair of the Board of Governors

Date: 23 November 2021

Jon Wardle


Director

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 July 2021 and of the 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.

We have audited the financial statements of National Film and Television School ("the School") for the year ended 31 July 2021 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

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.

Other Companies Act 2006 reporting

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

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

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.

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

In our opinion, in all material respects:

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

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

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

Responsibilities of the board of Governors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the School and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act, the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer.
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the calculation of the defined benefit pension liability.
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

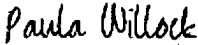
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Independent Auditor's Report to the Members of the Board of Governors of the NFTS (*continued*)

Use of our report

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

DocuSigned by:

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

Date: 01 December 2021

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

Financial Statements for the Year Ended 31 July 2021

Statement of Comprehensive Income

	Note	2021 31 July £	2020 31 July £
Income			
Tuition fees and education contracts	3	6,405,362	5,819,627
Funding body grants	4	5,349,967	5,336,044
Research grants and contracts	5	1,719,328	1,238,626
Other income	6	1,884,582	2,168,977
Total income before other grants and donations		15,359,239	14,563,274
Donations	7	855,736	632,925
Total income		16,214,975	15,196,199
Expenditure			
Staff costs	9	6,459,799	6,309,898
Other operating expenses	12	7,975,249	7,054,491
Depreciation	13	1,578,454	1,489,871
Interest and other finance costs	14	87,078	111,538
Total expenditure		16,100,580	14,965,798
Surplus before other gains		114,395	230,401
Surplus for the year		114,395	230,401
Actuarial gain/(loss) in respect of pension scheme	25	789,000	(685,000)
Total comprehensive income/(expenditure) for the year		903,395	(454,599)

All activities relate to continuing operations.
The notes on pages 40 to 58 form part of these financial statements.

Financial Statements for the Year Ended 31 July 2021

Balance Sheet

Company number 981908	Note	2021 at 31 July £	2020 at 31 July £
Fixed assets			
Tangible assets	16	31,032,060	30,923,242
Investment in subsidiary undertaking	17	2	2
		<u>31,032,062</u>	<u>30,923,244</u>
Current assets			
Stock	18	59,160	3,701
Debtors	19	3,776,133	3,645,542
Cash and cash equivalents		5,947,803	4,215,204
		<u>9,783,096</u>	<u>7,864,447</u>
Creditors: amounts falling due within one year	20	<u>(10,711,186)</u>	<u>(8,259,074)</u>
Net current liabilities		<u>(928,090)</u>	<u>(394,627)</u>
Creditors: amounts falling due after more than one year	21	<u>(13,721,912)</u>	<u>(14,009,296)</u>
Provisions for liabilities:			
Pension scheme liability	25	<u>(4,237,344)</u>	<u>(5,278,000)</u>
Total net assets		<u>12,144,716</u>	<u>11,241,321</u>
Unrestricted reserves			
Income and expenditure reserve		3,944,421	2,812,996
Revaluation reserve		8,200,295	8,428,325
Total reserves		<u>12,144,716</u>	<u>11,241,321</u>

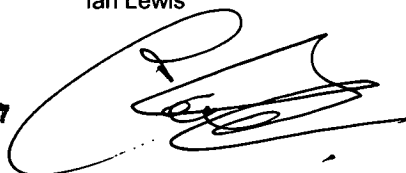
The financial statements were approved by the Board, authorised for issue on 23 November 2021 and signed on its behalf on that date by:

Patrick McKenna



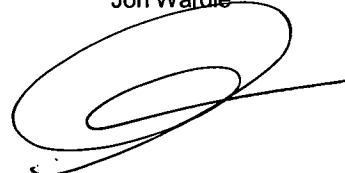
Chairman

Ian Lewis



Deputy Chair

Jon Wardle



Director

The notes on pages 40 to 58 form part of these financial statements.

Financial Statements for the Year Ended 31 July 2021

Statement of Changes in Reserves

	Income and expenditure reserves		
	Unrestricted	Revaluation reserve	Total
	£	£	£
At 1 August 2019	3,039,565	8,656,355	11,695,920
Surplus from the Statement of Comprehensive Income	230,401	-	230,401
Actuarial loss in respect of pension scheme	(685,000)	-	(685,000)
Reserves transfer: depreciation on revalued assets	228,030	(228,030)	-
At 31 July 2020	2,812,996	8,428,325	11,241,321
Surplus from the Statement of Comprehensive Income	114,395	-	114,395
Actuarial gain in respect of pension scheme	789,000	-	789,000
Reserves transfer: depreciation on revalued assets	228,030	(228,030)	-
At 31 July 2021	3,944,421	8,200,295	12,144,716

The notes on pages 40 to 58 form part of these financial statements.

Financial Statements for the Year Ended 31 July 2021

Statement of Cash Flows

	Note	2021 31 July £	2020 31 July £
Cash flow from operating activities			
Surplus for the financial year		114,395	230,401
Adjustment for non-cash items:			
Depreciation	13	1,578,454	1,489,871
Release of capital grants		(709,838)	(723,654)
(Increase)/decrease in stock	18	(55,459)	1,081
(Increase)/decrease in debtors	19	(130,592)	740,084
Increase in creditors		2,298,820	879,601
Difference between net pension expense and cash contribution		(318,655)	(273,639)
Adjustment for investing or financing activities:			
Interest payable and pension costs	14	87,078	111,538
Net cash inflow from operating activities		<u>2,864,203</u>	<u>2,455,283</u>
Cash flows from investing activities			
Payments made to acquire fixed assets	16	(1,193,932)	(1,168,022)
Deferred capital grants received		354,130	554,497
		<u>(839,802)</u>	<u>(613,525)</u>
Cash flows from financing activities			
Interest paid	14	(20,078)	(14,360)
Finance lease rental payments		(114,620)	(31,978)
Repayments of amounts borrowed		(157,104)	(157,104)
		<u>(291,802)</u>	<u>(203,442)</u>
Increase in cash and cash equivalents in the year		<u>1,732,599</u>	<u>1,638,316</u>
Cash and cash equivalents at beginning of the year		<u>4,215,204</u>	<u>2,576,888</u>
Cash and cash equivalents at end of the year		<u>5,947,803</u>	<u>4,215,204</u>

The notes on pages 40 to 58 form part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 July 2021

1 Status of the School

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

2 Principal accounting policies

Basis of preparation

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

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

Assessment of going concern

The Board of Governors of the School have reviewed the period to 31 July 2023 as part of the rolling five-year forecast to assure themselves that the School is a going concern.

Demand for places at the School remains high. Recruitment to the September 2021 diploma courses was strong with student recruitment in line with target, and applications for the School's core production and other courses starting in January 2022 are 12% ahead of pre-pandemic levels.

The majority of the School's industry partners are on multi-year sponsorship contracts, with contracts recently renewed with the BBC and Channel 4. The School is in active discussion with new commercial partners who have expressed an interest in funding new courses and ventures.

Cash flow projections for 2021-22 remain positive, with funds projected to grow through the year. The School has low debt exposure and continues to operate well within its loan covenants.

The School awaits confirmation of its future funding from the Department for Digital, Culture, Media and Sport (DCMS) following the Government's October 2021 budget but actively engages with colleagues at the DCMS on a regular basis to ensure that the value generated by the School's graduates is recognised, both culturally and economically, to mitigate the risk of future funding reductions.

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

Basis of consolidation

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

The following principal accounting policies have been applied:

(a) Recognition of Income

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

2 Principal accounting policies (*continued*)

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.

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

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

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

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

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

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

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

(b) *Expenditure*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Other expenditure includes expenditure associated with the

2 Principal accounting policies (*continued*)

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 (see note 16).

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

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

Depreciation is charged from the date of acquisition.

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

(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.

(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. A new recovery plan to pay off the deficit on the scheme by 30 September 2029 has been implemented with contributions of £493k for 2021-22, £582k for 2022-23, and £626k p.a. from 2023 to 2029, increasing annually in line with RPI (contribution in the year £319k). 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 95 days or less and overdrafts.

2 Principal accounting policies (*continued*)

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

Provisions are recognised in the financial statements when:

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

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

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

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

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

(o) *Financial liabilities*

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

(p) *Concessionary loans*

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

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

An unsecured concessionary loan is measured at the amount received.

(q) *Reserves*

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

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

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

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

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 Tuition fees and education contracts

	2021 £	2020 £
Home and EU postgraduate fees	2,919,373	2,635,231
Overseas postgraduate fees	1,290,927	1,307,841
Diploma fees	982,475	975,559
Other fees – certificates, short courses, partnerships	1,212,587	900,996
Tuition fees net of scholarship and bursary awards	6,405,362	5,819,627
Scholarship and bursary awards	1,056,662	963,391
	7,462,024	6,783,018

The prior year comparatives have been restated to correct accounting for scholarships and bursary awards which are required by the FEHE SORP to be deducted from the tuition fees that they fund in cases where the School acts as principal.

4 Funding body grants

	2021 £	2020 £
Recurrent grant		
Office for Students teaching grant	144,014	51,506
Research England	277,038	305,245
Department for Digital, Culture, Media and Sport	2,118,000	2,183,000
ScreenSkills	531,061	686,305
British Film Institute	138,000	-
Specific grant		
Office for Students specific grants	1,346,155	1,337,468
The Scottish Government	10,859	48,866
The Welsh Government	75,000	-
Office for Students deferred capital grant released	146,728	150,512
Research England deferred capital grant released	12,529	-
Department for Digital, Culture, Media and Sport deferred capital grant released	337,785	334,550
ScreenSkills deferred capital grant released	43,636	43,636
The Buckinghamshire Local Enterprise Partnership deferred capital grant released	169,162	194,956
	5,349,967	5,336,044

5 Research grants and contracts

	2021 £	2020 £
Arts and Humanities Research Council	1,719,328	1,238,626
	<u>1,719,328</u>	<u>1,238,626</u>

6 Other income

	2021 £	2020 £
Grants from platinum partner sponsors	-	400,000
Grants from key partner sponsors	1,264,048	884,838
Other income	620,534	884,139
	<u>1,884,582</u>	<u>2,168,977</u>

7 Donations

	2021 £	2020 £
Scholarships	724,393	516,925
Other donations – NFTS Foundation, David Lean Foundation	80,000	116,000
Donated stock	51,343	-
	<u>855,736</u>	<u>632,925</u>

8 Grant and fee income

	2021 £	2020 £
Grant income from the Office for Students	1,636,897	1,539,486
Grant income from other bodies	5,488,033	5,149,508
Fee income for taught awards	6,114,016	5,833,155
Fee income from non-qualifying courses	1,348,008	949,863
	<u>14,586,954</u>	<u>13,472,012</u>

Grant income from other bodies includes £56k (2020 – £114k) in relation to the Coronavirus Job Retention Scheme.

9 Staff costs

	2021 £	2020 £
Staff costs consist of:		
Salaries (including tutors and freelancers)	5,373,475	5,292,916
Social security costs	566,027	541,812
Pension scheme contributions	520,297	475,170
	<u>6,459,799</u>	<u>6,309,898</u>

9 Staff costs (continued)

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

	2021	2020
£165,000 – £169,999	1	-
£150,000 – £154,999	-	1
£100,000 – £104,999	1	-

Emoluments of the Director:	2021 £	2020 £
Basic salary	150,000	150,000
Benefits	1,070	1,029
Performance related bonus	15,000	-
Total before employer pension contributions	166,070	151,029
Employer pension contributions	7,500	7,500
Total including employer pension contributions	173,570	158,529

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 4.4 (2020 – 4) times the median pay of the staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the School to its staff.

The Director's remuneration package is reviewed annually by the Governance and 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 considers his total remuneration package against a range of leaders of comparative institutions, and also takes into account the current financial performance of the School.

The principles which inform the Committee's decisions are:

- individual performance against the objectives set out in the individual's appraisal;
- recruitment, retention and competitive market conditions, taking account of relevant comparative data;
- total remuneration, including any other benefits and bonuses (if any);
- other factors including, without limitation, affordability, employee relations and stakeholder confidence.

The Committee felt that Dr Wardle had matured into a very impressive leader. The Director was awarded a bonus in recognition of his leadership and management role in steering the School through the considerable challenges caused by Covid-19 in an outstanding way, managing the operation (and re-opening) of the School throughout the pandemic and winning very considerable support from staff and students alike.

In addition, he not only increased the number of students on the flagship Masters programmes, but also established a second of the planned national and regional hubs: NFTS Leeds, as well as progressing NFTS Wales towards launch in 2021. He maintained good relationships with the School's major stakeholders and funders, and organised a very impressive series of online masterclasses with distinguished contributors from film and TV for students unable to attend the School due to the Covid-19 lockdown.

9 Staff costs (continued)

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

	2021	2020
Curriculum, production support, short courses	85	82
Fundraising and events	3	3
Finance, registrar, I.T., marketing, H.R., directorate	30	30
	118	115

During the year the School paid £40k in compensation for loss of office to one employee (2020 – £12.5k, two employees). Amounts for compensation for loss of office and redundancy for all staff, excluding the Director and Finance Director, are approved by the School's management team.

10 Governors' emoluments

The School's Memorandum and Articles enable governors to be engaged as tutors. No governors received payments for tutoring during the year (2020 – £Nil).

During the year, travel and subsistence expenses totalling £Nil were reimbursed to governors relating to attending board meetings (2020 – £185).

11 Key management personnel

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

Key management personnel are considered to be the governors and the School's management team. The management team includes the Director, Finance Director, Director of Marketing and External Relations, Director of Human Resources, Head of Production, and Registrar. The management team were paid emoluments during the year, including benefits in kind and pension contributions, totalling £584,187 (2020 – £517,779).

12 Other operating expenses

	2021 £	2020 £
Curriculum, productions, research, and short courses	4,755,503	3,801,127
Curriculum support and accreditation	310,362	301,621
Bursaries	120,738	106,887
Scholarships	44,000	44,000
Premises	1,287,320	1,279,742
Production support and facilities departments	421,835	297,608
Admin departments – finance, registrar, I.T., marketing, H.R., directorate	939,567	1,092,249
Fundraising and events	14,629	55,191
External audit fees	44,640	41,640
Internal audit fees	36,655	34,426
	7,975,249	7,054,491

The prior year comparatives have been restated to correct the accounting for amounts received to fund bursary awards and scholarships (see note 3).

13 Depreciation

	2021 £	2020 £
The depreciation charge has been funded by:		
Deferred capital grants released	709,840	723,654
General income	868,614	766,217
	<u>1,578,454</u>	<u>1,489,871</u>

14 Interest and other finance costs

	2021 £	2020 £
Interest on bank loans	4,219	7,637
Interest on finance leases	15,859	6,723
Pension finance costs	67,000	97,178
	<u>87,078</u>	<u>111,538</u>

15 Net expenditure

	2021 £	2020 £
This is arrived at after charging:		
Depreciation	1,578,454	1,489,871
External auditors' remuneration		
- audit services	44,640	41,640
- other services	14,814	12,210
Internal auditors' remuneration	36,655	34,426
Operating lease rentals – equipment	107,165	55,205
	<u></u>	<u></u>

Notes to the Financial Statements for the Year Ended 31 July 2021 *(continued)*

16 Tangible assets

	Freehold land and buildings £	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	5,279,781	24,163,138	2,639,598	7,387,631	70,895	39,541,043
Additions	91,980	-	332,993	1,255,018	7,281	1,687,272
Disposals	-	-	-	-	-	-
At end of period	5,371,761	24,163,138	2,972,591	8,642,649	78,176	41,228,315
<i>Depreciation</i>						
At beginning of period	408,144	2,281,052	1,519,402	4,363,357	45,846	8,617,801
Provided for the period	86,917	483,263	234,858	759,022	14,394	1,578,454
Disposals	-	-	-	-	-	-
At end of period	495,061	2,764,315	1,754,260	5,122,379	60,240	10,196,255
<i>Net book value</i>						
At 31 July 2021	4,876,700	21,398,823	1,218,331	3,520,270	17,936	31,032,060
At 31 July 2020	4,871,637	21,882,086	1,120,196	3,024,274	25,049	30,923,242

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

16 Tangible assets (*continued*)

The net book value of fixed assets includes an amount of £418k (2020 – £4k) in respect of assets held under finance leases. The depreciation charged in the year on finance leases was £79k (2020 – £25k).

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

	2021 at 31 July £	2020 at 31 July £
Cost brought forward	302,009	302,009
Accumulated depreciation based on historic cost	(174,834)	(165,121)
Historic cost net book value	127,175	136,888

17 Investment in subsidiary undertakings

	2021 at 31 July £	2020 at 31 July £
Cost at 1 August 2020 and 31 July 2021	2	2

Name	Country of incorporation or registration	Proportion of ordinary share capital held	Share capital and reserves at 31 July 2021
		%	£
NFTS Enterprises Limited	England and Wales	100%	2

During the year ended 31 July 2021 there was no trading activity through NFTS Enterprises Limited (2020 – Nil).

18 Stocks

	2021 at 31 July £	2020 at 31 July £
Production and post-production consumables	59,160	3,701

19 Debtors

	2021 at 31 July £	2020 at 31 July £
Trade debtors	2,670,560	2,948,820
Other debtors	13,434	16,734
Prepayments and accrued income	1,092,139	679,988
	<u>3,776,133</u>	<u>3,645,542</u>

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

20 Creditors: amounts falling due within one year

	2021 at 31 July £	2020 at 31 July £
Trade creditors	696,213	854,718
Taxation and social security	220,873	208,677
Other creditors	63,913	158,767
Deferred income	8,287,682	5,784,326
Deferred capital grants	699,913	630,979
Accruals	455,589	442,950
Finance lease obligation	129,899	21,553
Bank loan (secured)	157,104	157,104
	<u>10,711,186</u>	<u>8,259,074</u>

21 Creditors: amounts falling due after more than one year

	2021 at 31 July £	2020 at 31 July £
Bank loan (secured)	274,962	432,066
Sky loan (unsecured concessionary loan)	1,000,000	1,000,000
Deferred capital grants	12,146,892	12,571,536
Finance lease obligation	300,058	5,694
	<u>13,721,912</u>	<u>14,009,296</u>

Maturity of debt	Loans £	Finance leases £	Deferred capital grants £	Total 2021 at 31 July £	Total 2020 at 31 July £
In more than one year but not more than two years	357,104	128,603	501,300	987,007	682,939
In more than two years but not more than five years	717,858	171,455	1,753,734	2,643,047	2,724,122
In more than five years	200,000	-	9,891,858	10,091,858	10,602,235
	<u>1,274,962</u>	<u>300,058</u>	<u>12,146,892</u>	<u>13,721,912</u>	<u>14,009,296</u>

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

A £3m long-term loan facility repayable over 17 years was arranged with Allied Irish Bank (GB) in March 2007. This required the NFTS to register a fixed charge on its freehold land and buildings as security for this loan facility. The loan balance outstanding (£432k) represents 4.9% of the cost of the Oswald Morris Building. The interest rate charged on this loan during the year was 0.8%.

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

22 Connected charitable institutions

NFTS Foundation is a charitable institution and is administered on behalf of the School, and established for its general purposes. NFTS Foundation is not consolidated in the financial statements, as 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 2020, as follows:

Opening balance	Income	Expenditure	Change in market value of investments	Closing balance
£	£	£	£	£
4,388,188	425,538	(140,027)	3,480	4,677,179

23 Analysis of changes in net debt

	2020 at 31 July	Cash flows	Non cash movements	2021 at 31 July
	£	£	£	£
Cash and cash equivalents	4,215,204	1,732,599	-	5,947,803
	4,215,204	1,732,599	-	5,947,803
Obligations under finance leases	(27,247)	114,620	(517,330)	(429,957)
Bank loans	(589,170)	157,104	-	(432,006)
Other loans	(1,000,000)	-	-	(1,000,000)
	(1,616,417)	271,724	(517,330)	(1,862,023)
Net cash	2,598,787	2,004,323	(517,330)	4,085,780

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	Provision of office space to the School free of charge	-
Neil Forster	Governor	Ingenious Capital Management Holdings Limited	CEO	Provision of office space to the School free of charge	-
Steve Mertz	Governor	Warner Bros. Entertainment UK	Senior Vice President	Scholarships	14,800
Pukar Mehta	Governor	ITV Plc	Commercial Director	Key partner sponsor Provision of office space to the School free of charge Employee attending a short course	100,000 - 155
Phil Edgar-Jones	Governor	Sky Plc	Director of Sky Arts	Key partner sponsor	177,084
Bal Samra	Governor	BBC	Group Commercial Director	Key partner sponsor Provision office space and facilities free of charge at BBC Scotland and BBC Cymru Wales Employees attending short courses	391,666 - 1,270
Laurent Samama	Governor	Google Plc	Director of Media, Entertainment & Industries	Sponsorship of creation and digitisation of NFTS archives	69,017
Caroline Hollick	Governor	Channel 4	Head of Drama	Key partner sponsor Employees attending short courses Employee attending the Inside Pictures programme Employees attending Doc Shooters and Edit Producing courses	309,854 575 5,300 27,000
Sara Geater	Governor	All3Media	COO	Scholarships	10,000

During the year the NFTS Foundation made donations to the School totalling £120k (2020 – £120k) of which £40k was for scholarships (2020 – £40k).

During the year the School paid grants to the NFTS Student Union of £18,374 (2020 – £14,718).

25 Pension scheme

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

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 1.6% per annum and pensions would increase by 3.0% 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 2020 (1.25%). The technical provisions relate to the past-service liabilities and funding levels.

At the valuation date, the value of the assets of the scheme was £8.1m and the value of the scheme's technical provisions was £12.3m indicating a deficit of £4.2m.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 30 September 2029. This assumes experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at £493k for the financial year 2021-22, £582k for the financial year 2022-2023, and £626k per annum the following years up to 30 September 2029, increasing annually in line with RPI. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 2021, there were 31 deferred members of the scheme.

25 Pension scheme (continued)

Assumptions

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

	2021 at 31 July	2020 at 31 July
Rate of increase in salaries	N/a	N/a
Discount rate	1.6% p.a.	1.3% p.a.
Inflation assumption – RPI	3.0% p.a.	2.8% p.a.
Inflation assumption – CPI	2.6% p.a.	2.0% 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 2020	86.3 years	87.6 years	88.6 years	90.2 years
At 31 July 2021	86.3 years	87.6 years	88.7 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:

	2021 at 31 July £'000	2020 at 31 July £'000
Equities and property	3,469	3,349
Overseas equities	1,373	1,076
Liability driven instruments and diversified credit funds	3,167	3,241
Cash	105	74
Total market value of the asset	8,114	7,740

	2021 at 31 July £'000	2020 at 31 July £'000
Analysis of the amount shown in the balance sheet:		
Scheme assets	8,114	7,740
Scheme liabilities	(12,351)	(13,018)
Deficit in the scheme	(4,237)	(5,278)

25 Pension scheme (continued)

	2021 at 31 July £'000	2020 at 31 July £'000
Analysis of the amounts charged to the statement of comprehensive income:		
Interest and other finance costs:		
Interest income on plan assets	(99)	(156)
Interest cost on scheme liabilities	166	254
Net finance cost	67	98
Other comprehensive income:		
Return on assets excluding interest income	465	226
Changes in assumptions underlying the present value of the scheme liabilities	324	(911)
	789	(685)
	2021 at 31 July £'000	2020 at 31 July £'000
History of experience gains and losses		
Difference between the expected and actual return on scheme assets:		
Amount	465	226
Percentage of scheme assets	5.7%	2.9%
Experience gains and losses on scheme liabilities:		
Amount	324	(911)
Percentage of the scheme liabilities	2.6%	7.0%
Analysis of movement in balance sheet deficit in the year		
Deficit in scheme at beginning of period	(5,728)	(4,769)
Net finance cost	(67)	(98)
Actuarial gain/(loss)	789	(685)
Contributions received	319	274
Deficit in scheme at end of period	(4,237)	(5,278)
Reconciliation of the fair value of plan assets		
Fair value of plan assets at beginning of period	7,740	7,535
Interest income	99	156
Actuarial gain	465	226
Contributions by the School	319	274
Benefits paid	(509)	(451)
Fair value of plan assets at end of period	8,114	7,740

25 Pension scheme (continued)

	2021 at 31 July £'000	2020 at 31 July £'000
Reconciliation of the present value of plan liabilities		
Present value of plan liabilities at beginning of period	13,018	12,304
Interest cost	166	254
Actuarial (gain)/loss	(324)	911
Benefits paid	(509)	(451)
Present value of plan liabilities at end of period	12,351	13,018

26 Indemnity insurance

During the year, insurance costing £9k (2020 – £7k) 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:

	2021 at 31 July £	2020 at 31 July £
Commitments contracted for	284,766	456,566

28 Commitments under operating leases

Total rentals payable under operating leases:

	2021 at 31 July £	2020 at 31 July £
Payable during the year	107,165	55,205
Future minimum lease payments due:		
Not later than one year	97,564	46,918
Later than one year and not later than five years	245,070	37,284
Total lease payments due	342,634	84,202

