
**FILM NATION UK
TRADING AS INTO FILM
(A company limited by guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2017**

Company Number: 08210217

Charity Number: 1154030



FILM NATION UK
(A company limited by guarantee)

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FILM NATION UK
(A company limited by guarantee)

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Reference and Administrative Information

Charity Name	Film Nation UK (trading as Into Film)
Company Registration Number	08210217
Charity Registration Number	1154030
Registered Office	31 Islington Green London N1 8DU
Auditors	PKF Cooper Parry Park View One Central Boulevard Blythe Valley Park Solihull Birmingham B90 8BG
Bankers	Barclays Bank plc 27 Soho Square London W1D 3QR

Board of Trustees

Members of the Board of Trustees, who are directors for the purpose of company law and Trustees for the purpose of charity law, who served during the year and up to the date of this report are set out below:

Mr J P F Bradley*	Baroness B T Kidron OBE
Ms B D Broccoli OBE	Mr D A Kosse (resigned 21 September 2016)
Mr A G Bushell FCA*	Ms K V Lee** (appointed 1 February 2017)
Ms L A Bryer (appointed 18 January 2017)	Sir A U Macdonald
Mr D C Clark** (appointed 16 November 2016)	Mr C J Needham
Mr M J Devereux	Dame H V Rabbatts DBE
Mr E N Fellner CBE	

* Finance and Audit Sub-committee members

** Development Sub-committee members

Senior Management Team

Chief Executive	Paul Reeve
Chief Technology Officer	Chris Bond (until 28 September 2017)
Director of Communications	Mark Frodsham (from 5 December 2016)
Director of Content	Paul Hewlett (until 27 April 2017)
Director of Education	Jane Fletcher
Director of Finance and Operations	Will Elkerton
Director of Partnerships	Leigh Thomas
Director of Strategy and Development	Pip Eldridge

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017

In April 2017 we launched a new five-year strategy, which provided an apt moment to reflect on the significant progress made by Into Film since its launch in 2013.

The last four years have seen significant developments in the breadth of film learning activities we offer – inside and outside of the classroom, in schools and beyond – and substantial, sustained growth in our reach across the UK. Last year we supported 11,423 film clubs, 17,462 educators participated in our training and Continuing Professional Development, and our teaching and learning resources were downloaded over 195,000 times. Our Into Film Festival offered 2,974 free screenings and events, which attracted an audience of over 478,000 – its largest ever.

The Trustees and staff of Into Film share a passionate belief in the power of film to inspire and educate children and young people, and to contribute to their cultural, academic and personal development. Equally, those young people inspire us with their talent and hard work, which are no better highlighted than through the annual Into Film Awards. The quality of the films entered this year was incredible and many tackled important issues such as gender equality, immigration, disability and bullying. They showed how film can provide a window into others' lives, and foster greater understanding and empathy. Film has the power to bring people together – one reason why it's so important that young people have opportunities to connect with it in these challenging times.

While there are achievements to celebrate, there is more to do and lessons to learn, and these have informed our new strategy. Page 10 of this report demonstrates a commitment to further developing our programme to ensure that it achieves great outcomes for young people and meets the needs of modern-day schools. This exciting roadmap for the future has been endorsed by the BFI, and I am delighted that they have committed to funding Into Film for a further five years. We thank them for sharing and supporting our vision for film education and the transformational role that it can play in young lives.

I would also like to thank the millions of National Lottery players who directly support our work by buying tickets each week; their support is vital to so many good causes and we are fortunate Into Film is one of them. We are also hugely grateful to all of our other funders and partners (listed below) including Cinema First, the film industry body that represents UK distributors and exhibitors. Their backing enables Into Film to offer many fantastic opportunities for children and young people to discover and deepen their love and understanding of cinema.

Finally, I wish to thank and pay tribute to the thousands of teaching staff, youth group leaders and volunteers who run film clubs and engage their learners in film. It is their time, energy and endless enthusiasm that drives our work.

Eric Fellner
Chairman

With thanks to:

Our funders

British Film Institute
Cinema First
Northern Ireland Screen
BIG Lottery Funding
Paul Hamlyn Foundation
Creative Skillset
UK Space Agency
Welsh Broadcasting Trust
Arts Award
Art Council England
Isle of Man
(Dept. of Ed. & Children)

Our awards sponsors

Universal Pictures
The Cinema & Television Benevolent Fund
EON Productions
IMDB
Lionsgate
Sony (Pictures Releasing) Entertainment
Warner Brothers
Independent Talent
MGM Studios
Pinewood Studios
The Special Treats Production Agency
IM Global

Our film industry ambassadors

Sir Kenneth Branagh
Naomie Harris
Celyn Jones
Eddie Redmayne
Matthew Rhys
Michael Sheen

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Trustees present their annual report and audited financial statements for the year ended 31 March 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Objectives and Activities

Objectives

Into Film is an education charity that puts film at the heart of children and young people's educational, cultural and personal development.

Over half of UK schools engage with our programme of film clubs, special cinema screenings, and resources and training to support classroom teaching. Alongside rich online content for young audiences, this provides 5-19 year olds with unparalleled opportunities to learn about and with film, and develop a passion for cinema.

Through our free and extensive film club offer, resources and training we support teachers to work with film in the classroom and bring the curriculum to life, and to put film at the centre of extracurricular activity.

Into Film runs two flagship events. The Into Film Festival enables well over 400,000 children and young people to access the cinema for free. Our annual Into Film Awards ceremony celebrates the filmmaking and learning achievements of pupils from across the UK.

Our mission is to inspire dynamic ways of learning with film and connecting with cinema that reaches the widest possible young audience across the UK.

Our vision is that film is at the heart of every child and young person's life and learning.

Into Film's work is supported principally by the BFI through the National Lottery, and by the film industry through Cinema First.

The charitable organisation's objects as set out in its Articles of Association are:

- To advance education among children and young people by the use of film as a learning tool
- To advance the education, knowledge, understanding and appreciation of film, in particular among children and young people, by the provision of services, facilities and events and by such other means as the Trustees may determine.

Public benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's aims and objectives and in planning future activities. In particular the Trustees have considered how planned activities will contribute to the aims and objectives set.

Since its inception, the Into Film education programme has connected with over half of all UK schools, as well as a significant number of colleges and youth groups.

One of our biggest successes is the spread and make-up of our clubs; right across the four nations with the broadest spectrum of schools. We have the greatest geographical reach of any cultural education organisation and maybe, outside of the Scouts and Guides, of any UK educational charity.

As a result of support from our principal funders, the BFI and Cinema First, we are able to make our programme free of charge. Both the financial and administrative benefits of this universal access are key drivers of our unparalleled success at reaching scale and achieving diversity within the school system.

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Use of volunteers

All club leaders, including head teachers, teachers, classroom assistants and others, give their time to running their clubs on a voluntary basis. Into Film also works with actors, directors, producers and many other professionals from the film industry who give their time on a voluntary basis to deliver its activities.

Key achievements and performance

Having achieved considerable growth in the reach and scale of activity during the previous year, our strategy during 2016/17 was to strengthen the focus of our programme and further clarify the offer for our audience.

Into Film Clubs

The demand for Into Film's services continues to grow and we work hard to provide opportunities for children and young people to see, think, make and learn. In 2016/17 we supported 11,423 Into Film Clubs across the UK, providing a service that was highly valued by educators and over 319,000 children and young people.

In response to our 2016/17 survey of club leaders:

- 88% of club leaders said their film club benefited study of English and 80% said it benefited literacy
- 92% of club leaders agree their film club enhances access to culture
- 95% of club leaders say their film club has increased members' enjoyment of school.

Throughout 2016/17 we continued to encourage clubs to deepen their club members' exploration and understanding of film by offering curated film journeys. 55% of all films ordered during the year were classified as British or specialised.

"Film club enriches the pupils in many ways. I have witnessed previously disengaged pupils becoming more motivated in their learning. Literacy has improved due to higher levels of engagement when using film in lessons."

Louise Sedgewick, St Margaret's Academy, West Lothian, Scotland

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Key achievements and performance (continued)

Into Film Festival

The 2016 Into Film Festival offered free screenings, workshops and special events for 5-19 year-olds from all backgrounds and corners of the UK. These provided memorable cultural and learning experiences, and acted as an important springboard for further engagement with film. It is the key event in our year-round programme of screening activity aimed to link our in-school programme to cinema-going and the legal watching of film.

In 2016 the Into Film Festival reached more children, young people and educators than ever before:

- 478,583 young people and their educators attended Festival screenings and special events – a 15% increase on 2015/16
- 2,974 Festival screenings took place in 562 venues
- Half of the programme was accessible to people with a sensory impairment or those on the autistic spectrum
- 44,527 young people attended autism friendly screenings
- 94% of teachers felt the Festival activities were valuable in terms of the broader education of young people
- 82% of teachers said that the Festival has made them more likely to use cinema visits to support the delivery of the curriculum
- 64% of young people said they saw a type of film that they would not have chosen for themselves.

"I felt honoured to be able to take some of our children to the cinema for the first time. I teach in a deprived area and this trip was very special."

Quote from teacher attending the Into Film Festival

Into Film Awards

The Into Film Awards once again brought together film industry professionals and young people to shine a spotlight on the filmmaking achievements of 5–19 year olds from across the UK, as well as recognising this year's best young film reviewers, teachers and film clubs.

Taking place at the Odeon Leicester Square, the event attracted a range of A-list talent to present awards including: Eddie Redmayne, Daniel Craig, Ruth Wilson, Amma Asante and Charles Dance.

The 2017 Awards attracted 472 entries across eight categories including Club of the Year, Ones to Watch and Teacher of the Year; and an incredible 310 films were submitted.

"One of the young people from Syria said after the Into Film Awards that it was the greatest day of his life."

Peter Snelling, filmmaker

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Key Achievements and Performance (continued)

Teaching and learning resources

A core aim of Into Film is to support educators to exploit film's potential to make a dynamic contribution to students' educational development and achievement.

During 2016/17 we produced a wide range of resources – available online and free of charge – to enable classroom teaching and learning with and about film. These ranged from film discussion guides to curriculum-linked worksheets, PowerPoint presentations with embedded film clips, filmmaking guides and exclusive access to insights from filmmakers.

The offer included comprehensive Special Educational Needs and Disabilities (SEND) and Additional Support Needs (ASN) focused resources and related content, with the aim to ensure that film learning opportunities are available to the widest possible range of children and young people, regardless of their needs.

Over 195,000 Into Film teaching and learning resources were downloaded in 2016/17.

"As an ex-teacher, to have this level of resource at my fingertips when I'm possibly embracing something new in the curriculum, is a fantastic opportunity."

Louise Glen, Education Scotland

Training

2016/17 saw continued high take-up of our training and Continuing Professional Development (CPD) programmes to inspire and enable educators to work with film inside and outside the classroom, and achieve maximum benefit from their film clubs.

Our activity, delivered online and face-to-face, offered a range of strategies to engage children and young people in memorable learning through and about film. Two of our most popular courses last year were 'Teaching Literacy through Film' and 'Filmmaking and animation in the classroom'.

- Total teachers trained - 17,462
- Face to face – 10,577
- Online courses – 3,107
- Trained remotely (how to videos) – 3,778

"Excellent training! Well organised, effectively communicated and most importantly – great fun!"

Duncan Roberts, Honeywell Junior School

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Key Achievements and Performance (continued)

Impact

In 2016/17 Into Film was better able to successfully address the varying needs and contexts of educators and learners by undertaking activity at a greater scale and complexity than before. The strands of work undertaken enabled Into Film to effectively address these challenges sensitively and flexibly.

Into Film has ensured that young people are at the centre of programme design and delivery. The greatest impact was felt where Into Film employed a 'holistic' approach – where educators and learners were supported by a combination of Into Film-developed resources, CPDL and other projects (e.g. filmmaking).

Leaders remain overwhelmingly positive regarding the impact of film club on all aspects of young people's lives, not only in academic terms (especially with regard to English and literacy) but also in terms of the impact on enjoyment of school and access to culture. Running film clubs is also seen by leaders as an opportunity for professional development. In addition, review writing helped link film club activity to curriculum priorities, in particular oracy and literacy skills.

Into Film put in place solid infrastructure and systems for managing its CPD offer, which is impressive given the increasing ambition of the Into Film offer. Key design strengths of the training included linking the content and delivery with better learner outcomes. As a result, there has been a very high rate of positive responses regarding the contribution of CPD in developing practitioners' awareness of the potential contribution of film.

Half of the participants have tried out strategies and resources from the training and changed their teaching practice as a result of taking part, while many shared the materials and resources with others or used them to run an internal training session. Most CPD participants strongly agree that film can play a valuable role in motivating young people to learn, developing interpersonal skills and supporting learning and attainment.

Structure, governance and management

Nature of the governing document

The charitable company is limited by guarantee and does not have share capital. It is governed by its Memorandum and Articles of Association. Film Nation UK is a registered charity, trading as Into Film.

Governance

Into Film has a Board of Trustees, chaired by Eric Fellner CBE. The Board can comprise up to fourteen Trustees, including the Chair. There were twelve Trustees at 31 March 2017.

There are two permanent Sub-committees: a Finance and Audit committee and a Fundraising committee, each comprising two Trustees. Additional expertise led Sub-committees will be created as needs demand.

Trustee induction and training

The founding Trustees are experienced as Trustees and have been instrumental in the development of Into Film. Trustees appointed since formation have been inducted by the Chief Executive using a recently compiled induction manual to ensure a comprehensive view of the organisation, its stakeholders, partners and the wider context in which Into Film operates. Trustees are regularly kept up to date with changes in relevant legislation and receive training where appropriate to their responsibilities.

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Structure, governance and management (continued)

Senior management structure

The day-to-day management of Into Film is carried out by the Senior Management team comprising the directors of all departments, led by the Chief Executive. Executive team salaries were made equal at the inception of Into Film, when they were benchmarked against equivalent roles in the public sector and other educational charities. Since then they have increased with inflation, in line with the experience in similar sectors.

Risk management

In line with best practice and the requirements of the Charity SORP FRS 102, specific consideration has been given to the identification and management of risk within the organisation. This has resulted in a risk register, detailing priorities of importance with required actions identified to manage the risk. This is reviewed twice a year by the Finance and Audit committee and quarterly by the Senior Management Team. Details of specific risks facing the organisation and the steps taken by the Trustees to manage these risks are given below.

Financial Review

A summary of the financial results and the work of the Charity are set out below.

Income and expenditure for the year

The Statement of Financial Activities for the year is set out on page 14 of the financial statements.

Total income for Into Film for the year was £7,758,521 comprised mainly of donations and grants from film and education related organisations, with the majority (£6,500,000) coming from Lottery funding from the British Film Institute (BFI) and Cinema First (£700,000).

Total expenditure for the year was £7,932,980 which has resulted in net expenditure of £174,459. The apparent loss for the year is due to including organisational restructure costs of £278,482 in this year's accounts (see note 21); these costs were expected and had been planned for by carving out cessation reserves from Lottery funding.

Reserves policy

In accordance with the Charity's Articles of Association, Film Nation UK may set aside funds for special purposes or as reserves against future expenditure. The Board of Trustees have agreed that it is prudent to retain a level of reserves sufficient to cover the costs of potential cessation, in the event of significantly reduced funding. The level of funding is reviewed annually and the reserves increased if required and funds are available.

Unrestricted general funds as at 31 March 2017 were £658,565, unrestricted designated funds were £62,007, and the restricted funds were £nil. Further detail regarding fund balances is given at Note 14 to the financial statements.

Investments

Apart from cash deposits Into Film does not have investments. Investments are permitted under the Articles of Association and now that funding has been secured for the next five-years the Board of Trustees will seek to develop an appropriate policy during 2017-18.

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Principal Risks and Uncertainties

The main risks facing the charity are:

- The uncertainty around the future of funding beyond 31 March 2018 from our current long term partners.

Lottery funding is at risk from fluctuations in future Lottery income, and funding from Cinema First will depend to an extent on the future commercial marketplace. This is mitigated through continued work to further programme impact and dialogue with BFI regarding approaches to maximising public value; researching where there is potential to continue elements of programme, and introducing new ones, that could attract alternative income sources and use findings to inform the Business Plan; and implementing a fundraising strategy.

- Difficulty in agreeing new KPIs with principal funders and then meeting them, which could have implications for current funding agreements.

This will be mitigated through negotiations with our principal funders to agree realistic KPIs and success measures; setting clear targets for internal teams in relation to achievement of KPIs; maintaining ongoing communication with funders, with all reporting completed.

- Uncertainty in securing additional funding/income streams to supplement that of principal funders in future years where our principal funder's priorities have shifted.

This is monitored quarterly, with the Director of Business Development responsible for commercial income and income from trusts and foundations.

- Programme changes including diversification and streaming might affect licensing requirements and arrangements

The delivery of the Into Film programme relies heavily on a DVD order service, which from 31 October 2017 will no longer be delivered by LOVEFiLM by Post. We will seek to replace this service in the short term, but also speed up the evolution of our business model to provide more accessible streaming options. As streaming from providers to customers becomes more commonplace, the urgency of the government to extend existing film licensing legislation for education organisations to cover streaming becomes ever more pressing. This is mitigated by using specialist legal advice and a Board working group to address licensing issues.

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Looking to the future

Into Film has achieved a great deal since it was launched in 2013. We have grown the number of film clubs from 3,880 to 11,423 (194%) and now actively engage over seven million children and young people each year.

Having recently undertaken a re-structure of the organisation, we are in an exciting position to fully maximise the opportunities that lie ahead. Our recent five-year strategy (launched April 2017) is underpinned by a mission to inspire dynamic ways of learning with film and connecting cinema that reach the widest possible young audience across the UK, and provides a clear road map for the next five years.

Our 2017/18 objectives are as follows:

- We will recruit, activate, support and maintain a UK-wide network of film clubs and leaders, delivering a curated offer that drives the engagement of educators and the children and young people that they support.
- We will continue to develop and test a streaming-based model for the distribution of films across our club network, building on a successful pilot with 50 schools in 2016.
- We will strengthen links between our film clubs and the BFI FAN network, working in partnership to develop an audience (16-19 focus) of active film goers.
- We will provide high-quality Continuing Professional Development (CPD) training and resources for educators, providing a wide range of face-to-face and digital products that link to the curriculum.
- We will develop an online platform to engage young people (16-19 focus) outside of film clubs and use it to promote different aspects of the film industry including in-cinema, training and careers.
- We will develop a pilot loyalty scheme that incentivises cinema going for young people, enabling them to experience film where it works best – on the big screen.
- We will continue to develop our recently implemented CRM, enabling us to better understand and respond to the needs and interests of film club leaders and the children and young people they support.
- We will seek to secure investment for our programme beyond our core supporters (BFI and Cinema First) by creating clear and compelling fundraising strategy, adding the new post of Head of Sponsorship and Fundraising.

"Into Film does great work, which benefits young people and schools in every part of the UK."

Eddie Redmayne, actor

DIRECTORS' AND TRUSTEES' REPORT INCORPORATING THE STRATEGIC REPORT - continued
FOR THE YEAR ENDED 31 MARCH 2017

Responsibilities of the Trustees

The Trustees (who are also the directors of Film Nation UK for the purposes of company law) are responsible for preparing the Directors' and Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Auditors

PKF Cooper Parry Group Limited has expressed its willingness to continue in office and will be proposed for re-appointment at the Annual General Meeting.

Approved by the Board of Directors on 15 November 2017 and signed on behalf of the Board:

Eric Fellner
Chairman



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF FILM NATION UK

We have audited the financial statements of Film Nation UK for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 11), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report, including the strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements:

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017, and of the incoming resources and application of resources, including its income and expenditure, 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.

FILM NATION UK
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

OF FILM NATION UK - continued

Opinion on other matter prescribed by the Companies Act 2006

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

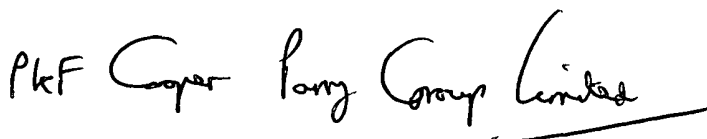
- the information given in the Directors' and Trustees' Annual Report (including the Strategic Report) for the financial year for which the financial statements have been prepared are consistent with the financial statements; and
- the Strategic Report and the Directors' and Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' and Trustees' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Simon Atkins FCA
Senior Statutory Auditor

for and on behalf of
PKF COOPER PARRY GROUP LIMITED

Statutory Auditors

Park View
One Central Boulevard
Blythe Valley Park
Solihull
Birmingham
B90 8BG

15 November 2017

FILM NATION UK
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	General Funds £	Restricted Funds £	2017 Total £	2016 Total £
INCOME FROM:					
Donations and legacies	2	1,550	-	1,550	7,977
Other trading activities	3	880,189	-	880,189	973,005
Investments	4	3,294	-	3,294	1,102
Charitable activities	5	6,735,537	137,951	6,873,488	6,787,868
Total income		7,620,570	137,951	7,758,521	7,769,952
EXPENDITURE ON:					
Costs of generating funds		117,333	-	117,333	121,665
Charitable activities		67,681,646	134,001	7,815,647	7,905,367
Total expenditure	6	7,798,979	134,001	7,932,980	8,027,032
NET EXPENDITURE FOR THE YEAR		(178,409)	3,950	(174,459)	(257,080)
Transfer between funds		50,679	(50,679)	-	-
NET MOVEMENT IN FUNDS		(127,730)	(46,729)	(174,459)	(257,080)
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 April 2016		848,302	46,729	895,031	1,152,111
Total funds carried forward at 31 March 2017		720,572	-	720,572	895,031

All income and expenditure derive from continuing activities.

The statement of financial activities incorporates all gains and losses recognised in the above two financial periods.

The notes on pages 17 to 29 form part of these financial statements.

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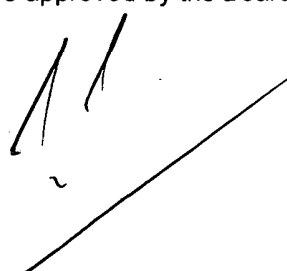
BALANCE SHEET

COMPANY No. 08210217

AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible fixed assets	11	12,007	111,269
Investments	20	-	-
		12,007	111,269
CURRENT ASSETS			
Debtors	12	261,847	342,404
Bank and cash balances		1,367,450	1,389,170
		1,629,297	1,731,575
CREDITORS: Amounts falling due within one year	13	(920,732)	(947,813)
NET CURRENT ASSETS		708,565	783,762
NET ASSETS		720,572	895,031
Represented by:			
Unrestricted - general funds	14	658,565	666,791
Unrestricted - designated funds	14	62,007	181,511
Restricted funds	14	-	46,729
		720,572	895,031

The financial statements on pages 14 to 29 were approved by the Board of Directors and are signed on its behalf by:



Eric Fellner
Chairman

The notes on pages 17 to 29 form part of the financial statements

FILM NATION UK
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities	17(a)	(18,395)	(413,775)
Cash flow from investing activities			
Capital expenditure	17(b)	(3,325)	(26,092)
Net cash flow from investing activities		(3,325)	(26,092)
Net decrease in cash and cash equivalents		(21,720)	(439,867)
Cash and cash equivalents at 1 April 2016		1,389,170	1,829,038
Cash and Cash equivalents at 31 March 2017		1,367,450	1,389,171
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,367,450	1,389,171

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1 Accounting policies

Basis of preparation

Film Nation UK (trading as Into Film) is a charity limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are in education among children and young people using film as a learning tool.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

Voluntary income by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable and when the amounts are known with certainty and are measurable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charitable company, are recognised when it becomes unconditionally entitled to the grant.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1 Accounting policies (continued)

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charitable company earns the right to consideration by its performance. Where income is received in advance of performance it is treated as deferred income and included within creditors.

The charitable company receives a National Lottery grant in respect of its award from the British Film Institute. Income from government and other grants are recognised at fair value when the charitable company has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees and costs linked to the strategic management of the charitable company.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Fund accounting

Restricted funds

Restricted funds represent grants and donations received which are subject to restrictions on their expenditure imposed by the donor or through the terms of any appeal. The aim and use of each restricted fund is set out in the notes to the financial statements.

Unrestricted funds and designated funds

Unrestricted funds represent funds that are expendable at the discretion of the directors in the furtherance of the objects of the charitable company. Such funds may be held in order to finance both working capital and capital investment.

Designated funds are those funds which are unrestricted in nature but which have been designated by the directors to be used in a particular manner.

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures, fittings & equipment	4 years straight line
Plant & machinery etc.	3 years straight line

Assets purchased which are under £500 are expensed to the Statement of Financial Activities.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

VAT

VAT is only partially recoverable by the charitable company. Any irrecoverable VAT is included within the relevant costs in the Statement of Financial Activities.

Tax

The charitable company meets the definition of a charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2 Donations and legacies	2017 £	2016 £
Donations	1,550	7,977

All of the income received in respect of donations and legacies was attributable to unrestricted funds in both the years ended 2017 and 2016.

3 Other trading activities	2017 £	2016 £
Cinema First	700,000	700,000
Sponsorship	69,000	76,476
Earned income	111,189	176,870
Miscellaneous income	-	19,659
	880,189	973,005

All of the income received in respect of other trading activities was attributable to unrestricted funds in both the years ended 2017 and 2016.

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

4	Investments	2017	2016
		£	£
	Bank interest receivable	3,294	1,102

All of the income received in respect of investments was attributable to unrestricted funds in both the years ended 2017 and 2016.

5	Income from charitable activities	2017	2016
		£	£
	<i>Restricted</i>		
	Big Lottery Fund	50,246	50,246
	Creative Skillset	59,892	49,000
	Grierson Trust	27,813	-
	Backstage Trust	-	8,499
	<i>Unrestricted</i>		
	BFI grants receivable	6,500,000	6,500,004
	Isle of Man	-	8,000
	Northern Ireland Screen	132,250	128,250
	Trust & Foundations	79,933	8,940
	UK Space Agency	23,354	34,929
		6,873,488	6,787,868

A grant of £25,790,000 was awarded to Film Nation UK by the British Film Institute for the four-year period commencing 1 April 2013. This is made up of £26 million over four years, less an amount of £210,000 retained by the BFI for evaluation and monitoring in the first year. The BFI grant income identified for 2016/17 represents the cash drawn down during the course of the financial year.

A further award of £24,000,000 was made to Film Nation UK by the BFI for the five-year period commencing 1 April 2017.

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

6 Analysis of expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	2017 Total £	Restated 2016 Total £
Costs of generating income				
Salaries, pensions and other staffing costs	117,333	-	117,333	121,665
Direct costs				
Audience development	98,319	-	98,319	63,804
Commercial activity	85,365	-	85,365	141,957
Communications and PR	582,084	-	582,084	684,108
Content (<i>previously Web Content</i>)	741,694	-	741,694	796,762
Digital website	1,044,426	-	1,044,426	877,558
Events and Into Film Festival	394,334	-	394,334	416,877
Filmmaking commissions	177,143	-	177,143	540,708
Programme Delivery (<i>previously Education</i>)	2,423,092	-	2,423,092	2,247,070
Grierson	-	-	-	8,499
Opening Minds, Transforming Lives	-	55,376	55,376	91,441
Paul Hamlyn	-	27,813	27,813	-
Skills fusion project	-	59,967	59,967	54,101
Overhead costs				
Customer Relationship Manager (CRM)	78,636	-	78,636	112,020
Finance	141,948	-	141,948	186,629
Human Resources	160,177	-	160,177	175,026
Information Technology	520,630	4,081	524,711	528,799
Offices and premises	485,704	(13,236)	472,468	482,620
Strategy and planning	370,636	-	370,636	362,698
Transition costs (note 21)	278,482	-	278,482	-
Governance (note 7)	98,976	-	98,976	134,690
	7,798,979	134,001	7,932,980	8,027,032

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2017	2016
	Total	Total
	Funds	Funds
	£	£
7 Governance costs		
Audit fees	18,625	13,000
Business development	-	43,319
Professional fees	4,661	7,383
Salaries	75,690	70,988
	<hr/>	<hr/>
	98,976	134,690
	<hr/>	<hr/>

Business development costs in 2016 relate to the implementation of a new accounts system, plus initial development of the new Customer Relationship Management system. The CRM was implemented during 2017.

8 Net expenditure for the year

Net expenditure is stated after charging:	2017	2016
	£	£
Depreciation of owned assets	102,525	110,657
Insurance: Trustees' and senior staff indemnity insurance	9,535	9,535
Audit fees – current year	15,750	13,000
Trustees' travel and subsistence	270	-
	<hr/>	<hr/>

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

9 Pension costs

The charitable company operates two defined contribution pension schemes in respect of its employees. The schemes and their assets are held by independent managers. At 31 March 2017, a total of 56 employees participated in these schemes (2016: 54). The charitable company will match the percentage contribution by the employee, up to a maximum of 5% of salary.

The pension charge in the year was £80,363 (2016: £78,722) and at the year-end there were £nil contributions payable (2016: £nil).

10 Staff costs

	2017	2016
	£	£
Wages and salaries	3,331,297	3,245,851
Social security costs	335,268	337,762
Pension costs	80,363	78,722
Redundancy costs	104,858	-
	3,851,786	3,662,335

Number of employees

The average monthly numbers of employees (excluding the Trustees) during the year, calculated on the basis of full time equivalents, was as follows:

	2017	2016
	Number	Number
Chief Executive's office	2	2
Communications and PR	13	15
Web content	17	17
Digital	10	8
Education	37	37
Partnerships and strategy	8	9
Finance and operations	7	6
	94	94

The number of employees (individuals) was 100 (2016: 99)

The number of employees whose emoluments amounted to £60,000 or more in the year was as follows:

	2017	2016
	Number	Number
£60,001 - £ 70,000	4	2
£70,001 - £ 80,000	1	1
£90,001 - £100,000	1	1

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

10 Staff costs (continued)

Pension contributions in respect of the six higher paid staff were £17,113 (2016: four higher paid staff were £21,854).

No salaries or wages, except expenses of £270 have been paid to Trustees during the year (2016: £nil).

No charity trustee received payment for professional or other service supplied to the charity (2016: £nil).

The total amount of employee benefits received by key management personnel is £551,253 (2016 - £538,679). The key management personnel consist of 8 individuals (2016:8), being the Chief Executive, Director of Education, Director of Partnerships, Director of Finance and Operations, Chief Technical Officer, Director of Content, Director of Communications and Director of Strategy & Development.

11 Tangible fixed assets

	Fixtures, Fittings & Equipment	Total £
Costs		
As at 1 April 2016	507,480	507,480
Additions	3,325	3,325
Disposal	(199)	(199)
	<hr/>	<hr/>
As at 31 March 2017	510,606	510,606
Depreciation		
As at 1 April 2016	396,211	396,211
Disposals	(137)	(137)
Charge for the year	102,525	102,525
	<hr/>	<hr/>
As at 31 March 2017	498,599	498,599
Net book values		
As at 31 March 2017	12,007	12,007
	<hr/>	<hr/>
As at 31 March 2016	111,269	111,269

12 Debtors

	2017 £	2016 £
Trade debtors	102,021	136,218
Other debtors	48,130	27,325
Prepayments	111,696	178,862
	<hr/>	<hr/>
	261,847	342,404

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

13 Creditors: Amounts falling due within one year	2017 £	2016 £
Trade creditors	270,680	539,612
Other creditors	84,900	94,403
Accruals	565,152	313,788
	<u>920,732</u>	<u>947,813</u>

14 Fund balances

Fund balances at 31 March 2017 are represented by:	General £	Restricted £	Total £
Tangible fixed assets	12,007	-	12,007
Current assets	1,629,297	-	1,629,297
Current liabilities	(920,732)	-	(920,732)
	<u>720,572</u>	<u>-</u>	<u>720,572</u>

	At 1 April 2016 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 31 March 2017 £
Restricted Funds					
Big Lottery Fund	46,654	50,246	(46,221)	(50,679)	-
Creative Skillset	75	59,892	(59,967)	-	-
Paul Hamlyn	-	27,813	(27,813)	-	-
	<u>46,729</u>	<u>137,951</u>	<u>(134,001)</u>	<u>(50,679)</u>	<u>-</u>
Unrestricted Fund					
General funds	666,791	6,917,245	(6,926,150)	679	658,565
Designated Funds					
Cinema First/British Council	70,242	700,000	(770,242)	50,000	50,000
Fixed asset fund	111,269	3,325	(102,587)	-	12,007
	<u>895,031</u>	<u>7,758,521</u>	<u>(7,932,980)</u>	<u>-</u>	<u>720,572</u>

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

14 Fund balances (continued)

Description of funds

General reserves include the reserves that were brought into the charity from the original two charities which merged into Film Nation UK following its creation.

The **Big Lottery Fund** money is used to increase the self-confidence of young people from disadvantaged backgrounds to be better prepared to access future employment and/or training opportunities ('Opening Minds, Transforming Lives'). The amount transferred during the year is the remaining income from the project that has yet to be expensed in the accounts. This income represents contributions to staff salaries and overheads throughout the funding period, in line with the project budget.

The **Creative Skillset** funding is used to provide production-based training for young people from diverse backgrounds.

The **Paul Hamlyn** funding uses film, filmmaking and animation to support the raising of literacy, numeracy and UICT attainment for key stage two pupils (7-11s).

The **Designated Funds** represent funds ring-fenced by the Board in respect of the following:

- British Council income transferred from 2015/16, that had been agreed to be carried forward to 2016/17 and subsequently 2017/18
- Fixed assets, as they do not represent reserves that are freely available to the charity, future depreciation on these assets will be charged to this fund.

15 Leasing commitments

The total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

Expiry Date	2017	2016
	£	£
Within 1 year	179,621	208,482
Within 2-5 years	-	126,816

16 Capital commitments

There were no capital commitments at the balance sheet date (2016: £nil).

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

17 Cash flow notes

(a) Reconciliation of net expenditure to net cash (outflow)/inflow from operating activities

	2017 £	2016 £
Net expenditure for the year	(174,59)	(257,080)
Depreciation	102,525	110,657
Loss on disposal	63	-
Decrease/ (increase) in debtors	80,557	(112,523)
(Decrease)/ increase in creditors	(27,081)	(154,830)
Net cash flow from operating activities	(18,395)	(413,775)

(b) Capital expenditure

	2017 £	2016 £
Purchase of tangible fixed assets	(3,325)	(26,092)

(c) Analysis of changes in net debt

	At 1 April 2016 £	Cash flows £	At 31 March 2017 £
Cash at bank and in hand	1,389,170	(21,720)	1,367,450

18 Controlling interest

The Charitable Company is controlled by its Trustees.

19 Company limited by guarantee

Film Nation UK is a charitable company limited by guarantee and accordingly does not have a share capital. The liability of each member of the charitable company is limited to £1 in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

FILM NATION UK
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

20 Investments

Subsidiary undertakings

The following charitable companies are Limited by Guarantee and are under the control of Film Nation UK at the balance sheet date.

Subsidiary name	Principal activities
First Light Moves Limited Company No. 05730661	To promote, maintain, improve and advance, education and to raise the artistic taste of the country and to promote, encourage and increase the appreciation and understanding of the arts generally and dramatic art, musical art, visual art and literary art. From 1 April 2015 this company is dormant.
Film Club (UK) Company No. 05895219	To advance the education of children and young people by the provision of resources, training and support for the providers of learning activities and care in educational establishments or venues used by such establishments, whether during or outside of school hours and to advance the education and provide for the recreation of children of school age by making facilities and services available to them during out of school hours. From 1 April 2015 this company is dormant.

Both companies have a £nil balance sheet following the transfer of their assets and liabilities to Film National UK on 31 March 2015. Accordingly, group accounts are not prepared.

21 Organisational restructure and transition costs

During the year the charitable company undertook a restructure and costs in relation to this restructure totaled £278,482 (note 6). The breakdown of these costs is as follows:

	2017
	£
Wages and salaries including redundancy costs	223,693
Outplacement support and training	23,958
Office costs and dilapidations	30,831
	<hr/>
	278,482
	<hr/>

This amount is included within other creditors at the year end.