



**London
Film
School
Limited**

**Annual Report and Financial
Statements**

31 August 2020

Company Limited by Guarantee
Registration Number
01197026 (England and Wales)

Charity Registration Number
270302



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Reference and administrative information

Governors	Greg Dyke (Chair) Kemal Akhtar Peter Armstrong Suzy Black (appointed 17/12/2020) Helen Dudley CBE (retired 31/12/2020) Graham Easton (retired 31/12/2019) Professor Diana Green CBE (Vice Chair) Diane Herbert (appointed 17/12/2020) Peter Hogenson (Student Governor) Peter Holliday (appointed 23/10/2019) Nick Humby Olivier Kaempfer William MacPherson (appointed 17/12/2020) Amanda Nevill (appointed 17/12/2020) Moshe Nitzani (Staff Governor, term expired 25/9/2020) Cindy Rampersaud (appointed 17/12/2020) Joan Watson (appointed 17/12/2020) Sophia Wellington (Staff Governor, appointed 28/09/2020)
Management Team	Gisli Snaer (Director) Dan Lawson (Chief Operating Officer) Femi Kolade (Head of Studies) Dawn Taylor (Financial Controller - resigned 31/08/2020) Anita O'Connor (Financial Controller - appointed 26/10/2020) Veronique Fricke (Head of Marketing & Student Recruitment) Michelle Barkwith (Head of HR - resigned 25/06/2020) Caroline Ward (Head of HR – appointed 30/09/2020) Michele Maher (Academic Registrar – appointed 21/08/2019)
Company Secretary	Robin Graham
Principal address and registered office	24 Shelton Street London WC2H 9UB
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Facsimile	0207 497 3718
Website	www.lfs.org.uk
E-mail	info@lfs.org.uk
Company registration number	01197026 (England and Wales)

Reference and administrative information

Charity registration number 270302

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Royal Bank of Scotland
London Drummonds Branch
49 Charing Cross
London
SW1A 2DX

Solicitors Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

Chair's introduction

These are the accounts for the London Film School for the year ending 31st August 2020 – a year in which the school's performance, like that of so many organisations around the world, was inevitably impacted by the global pandemic which started in the early part of the calendar year. As a result this report covers one of the most extraordinary years in our School's history.

In addition to our financial statements you will find within this report details of the School's response to the unprecedented events of the pandemic, a situation that, at the time of writing, remains challenging. However I am pleased to say that our staff and students have risen to the challenges of Covid 19 with admirable courage and resilience and should be applauded for doing so.

Without question, the global impact of the pandemic has tested our School in ways unimaginable before 2020. The early stages of the outbreak forced us to close our doors and move a large volume of teaching online, something our teaching staff worked hard to deliver and our students engaged with positively and constructively.

During the summer of 2020, the team worked at speed to re-plan our practical, production-led filmmaking programme for COVID-safe working, including adapting our premises, using new rented studio facilities and introducing a 'blended' delivery model combining online learning with in-person teaching and production.

The result was a slate of more than 60 outstanding films produced, all within COVID-secure guidelines adapted from government and industry guidance. This was a brilliant achievement in difficult circumstances and introduced a new cohort of highly creative and skilled individuals into an industry that is flourishing and crying out for such talent.

The staff running our Screenwriting, International Film Business, and short course programmes were equally quick to react. Almost overnight they changed their courses to online delivery with great success.

At the time of writing this introduction, the UK has entered another period of lockdown alongside an ambitious vaccination programme. We hope and expect to resume blended learning in the early spring, and have been working closely with Government and industry to support the safe resumption of productions and practical classes.

Inevitably there are longer term ambitions which have taken a back seat over the last 12 months as our staff have battled to keep the school open and operating - plans have had to be adapted quite literally on a weekly if not daily basis. But once the pandemic has passed developing a new, post-COVID longer term strategy will become a priority for the School.

The global pandemic has and continues to present challenges to our School, and on behalf of the Governors, I extend our thanks and admiration to the staff and students who continue to work tirelessly to ensure the long-term success of LFS.

Greg Dyke

February 2021

Governors' report

The Governors present their annual report together with the financial statements of London Film School Limited for the year ended 31 August 2020.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 32 and comply with the charitable company's memorandum and articles of association, the Charities Act 2011 and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Governance, structure and management

Constitution

London Film School Limited ("LFS" or "the School") is a registered charity (Charity Registration No. 270302) and a company limited by guarantee (Company Registration No. 01197026). The charitable company's memorandum and articles of association dated 20 January 1975 (as amended by special resolution of 21 July 1975 and 21 March 2002) are its primary governing documents.

Members' liability

The liability of the members in the event of winding up is limited to 50 pence per member.

Governors

The Governors of the School also constitute directors of the charitable company for the purposes of company law and trustees for charity law. This report is also a directors' report as required by section 415 of the Companies Act 2006. The Governors who held office during the financial year and at the date of signing this report are set out on page 1.

Governors are appointed by election at the Annual General Meeting (AGM). The Student Governor is elected by students and the Staff Governor is elected by the staff.

Members of the Management Team, as set out on page 1, cannot be appointed as Governors of the School.

The size of the Governing Body is set between 8 and 25 Governors. Approximately one third of the Governing Body retire annually, by rotation in order of seniority, and can offer themselves for re-election at the AGM.

Governors' report

Governance, structure and management (continued)

Governors (continued)

The Nominations Committee undertakes a skills analysis of the Governing Body and role profiles are agreed, against which the School recruits new Governors. Governors must have empathy with film and creative art industries. Newly appointed Governors receive a full induction to the School, bespoke to their needs. The Governing Body regularly holds an away day, joined by members of the Management Team. The Audit & Risk Committee has also appointed its first co-opted member, who has particular expertise in finance and audit. The Relocation Committee also comprises a co-opted member, who possesses commercial property expertise.

Organisation

Under normal circumstances the Governing Body meets six times a year, although since the onset of the global pandemic in March 2020 it has met more regularly in order to ensure the School's response has been effective and timely. .

Its governance structure includes five committees:

- ◆ a Nominations Committee to oversee the appointment, induction and development of its governors;
- ◆ a Remuneration Committee to decide and agree the remuneration for the Director and senior members of staff;
- ◆ an Audit & Risk Committee to advise on risk, internal control, governance and promoting value for money; and
- ◆ a Relocation Committee, to review the School's estates strategy and oversee progress on renewing its facilities; and
- ◆ an Academic Board to advise the Governing Body and management on all academic matters.

The day-to-day running of the School is delegated to the Director and the Management Team.

Key management personnel

The key management personnel of the School comprise the Governors and the Management Team.

The Management Team are a dedicated team of management personnel that have the authority and responsibility for planning, directing and controlling the activities of the School, directly or indirectly. Within the School this includes the Director, Head of Studies, Chief Operating Officer, Head of Marketing & Student Recruitment, Academic Registrar, Financial Controller and Head of HR.

Governors' report

Governance, structure and management (continued)

Statement of governors' responsibilities

The Governors (who are also directors of The London Film School Limited for the purposes of company law) are responsible for preparing the governors' report and financial statements in accordance with applicable law and 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 affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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);
- ◆ make judgements 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 Governors are responsible for keeping proper 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.

Each of the Governors confirms that:

- ◆ as far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ they have taken all the steps that they ought to have taken as a governor in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Governors' report

Governance, structure and management (continued)

Risk management

The Governors have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the School and its finances. The Governors believe that by monitoring reserves levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the School, they have established effective systems to mitigate those risks. Our key risks include:

COVID-19

As with all Higher Education Providers, in 2020 the global COVID-19 pandemic presented London Film School with unprecedented and unique challenges. It is testament to the commitment, passion, enthusiasm, hard work and adaptability of our students, staff, visiting lecturers, Governors, and all other contributors that the School was able to mount a robust and successful response in the most challenging of circumstances.

A by no means exhaustive list of key elements of the School's COVID-19 response includes:

- ◆ taking the early and responsible decision to cease face-to-face teaching in mid-March 2020, ahead of government guidance and with an emphasis on prioritising the health and safety of the School community;
- ◆ electing to defer start of the planned MA Filmmaking summer terms 1-5 until mid-August 2020, recognising that despite the significant financial implications for this decision, the practical, production-led learning experience could not reasonably be replicated remotely, and that an early autumn start would also offer the best chance of avoiding further disruption in any second peak of the virus during the winter months;
- ◆ mounting an extensive programme of remote learning for MA Filmmaking term 6, MA Screenwriting, and MA International Film Business students during the summer lockdown period, involving new and dynamic means of delivery facilitated by the School's adoption of remote working and learning tools and an adaptable approach from our highly experienced teaching staff;
- ◆ delivering an expansive programme of exclusive masterclasses and other activities to keep students engaged with the School during the lockdown period and offer enhanced learning opportunities in lieu of formal face-to-face teaching prior to its resumption in August 2020;
- ◆ preparing the School's existing facilities; and securing new off-site studios, alongside a new health & safety regime informed by national guidance and emerging industry best practice, for the resumption of practical teaching and production activities operating within COVID-secure guidelines at all times. In total at least 60 films were produced during the Autumn 2020 MA Filmmaking term;
- ◆ creating a COVID-19 Relief Fund to alleviate hardship amongst students whose financial circumstances had changed dramatically and unexpectedly due to the effects of the pandemic.

Governance, structure and management (continued)

Risk management (continued)

In 2020 the School reintroduced a means-tested bursary scheme which benefits UK and EU students. It is also now in a position to offer a small number of scholarships to students from other countries where access to film education is limited. The School receives funding from The Leverhulme Trust to provide bursaries to students and allocates London Film School and Leverhulme bursaries according to students' needs.

Student Recruitment

Despite early and sector-wide concerns as to the impact of COVID-19 on student recruitment, particularly amongst international students, interest and applications have remained strong for LFS' programmes during the first year of the pandemic. Nevertheless, in common with other Higher Education Providers, London Film School experiences fluctuations in demand across different markets for its MA programmes, which makes up most of the School's income. In order to insulate against short-term shocks in student recruitment, the management have appointed a dedicated Student Recruitment Manager, which has improved the interface between student recruitment and admissions, bringing consistent customer service, communications to potential applicants and reporting processes..

The diversity of a truly international cohort brings many unique benefits to LFS. With the School now registered with the Office for Students, UK students are now able to access postgraduate loan support towards their studies, which we expect to be particularly impactful on the MA Screenwriting course.

LFS continues to be a member of the International Education Council (IEC) in the US that keeps foreign schools up to date on US education legislation.

Regulatory Environment

As a registered Higher Education Provider under the Office for Students, LFS is subject to considerable regulatory oversight aimed at ensuring its courses offer high levels of quality and value for money. In order to ensure ongoing compliance with the new regulatory environment the School has made further progress in reviewing and updating the School's policy frameworks, with an emphasis on quality assurance, and regular internal monitoring and reviews.

LFS' continued membership of CILECT, the confederation of international film schools, and now also of GuildHE, ensures it has a supportive network of providers in the same field with whom to share and learn best practice.

Governors' report

Governance, structure and management (continued)

Risk management (continued)

Relocation to London City Island

The School has a longstanding ambition to refresh its premises and facilities to ensure they continue to offer a peerless learning environment to match the high-quality teaching across our programmes. For the London City Island relocation project, a major design review was completed in January 2020, bringing the plans up to date with the current management's thinking around programme delivery, producing an updated scheme that best reflects LFS' needs both now and for the future. To date £901,268 has been invested in the project's development.

Despite encouraging progress with several potential financial supporters prior to the onset of the COVID-19 pandemic, the subsequent events of 2020 and knock-on impact on availability of finance has stalled further progress on the capital project, and the key risk to the project remains the challenging fundraising environment. The Governing Body and Management Team have continued to engage constructively with the project's key partners and to explore alternative models for financing the project, but the necessary diversion of attention to adapting the School's delivery for COVID-19 has meant further delays to the LCI project, and ruled out any relocation in 2021. Reflecting the change in the probability of the London City Island relocation in the near future it has been deemed prudent to write down the capitalised costs incurred to date. This decision has been approved both at the Audit and Risk Committee and Governing Body meeting in December 2020.

Fundraising

The School's fundraising approach is to engage only with trusts, foundations and other grant making institutions. The School does not currently actively seek funds from the general public, and therefore is not currently subscribed to any fundraising regulation schemes or standards. There have not been any complaints arising as a result of the School's fundraising activities in the year.

Relationship with other organisations

In pursuit of its objectives, the School works with a number of other organisations including ScreenSkills (previously Creative Skillset), the University of Exeter, University of Warwick and the Deutsche Film und Fernsehakademie Berlin (DFFB) and UGC Series Mania. Other partners across a range of our projects have included the British Film Institute, Film London's Equal Access Network, Creative England's iFeatures scheme, the British Council and many more.

Governors' report

Objectives and activities

The School's principle purpose is the provision of professional level training in the art and technique of film production and feature film screenwriting. Our core provision includes a two-year MA Filmmaking degree covering all of film's craft and interpretive departments, and a one-year MA in Screenwriting. The MA in International Film Business continues in partnership with Exeter University. The School also offers over 50 short course workshops for film and television professionals each year. Since 2016, the School has also offered an expanding programme of outreach projects, bringing filmmaking training and education to audiences who could not normally access such opportunities for reasons of cost or geography.

The Governors confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the School's objectives and aims and in planning future activities.

The School's main objectives for the year were:

- ◆ Ensure that the School is appropriately resourced and situated in contemporary facilities, matching the excellence in our teaching and delivering a peerless learning experience
 - As described above, the relocation project has undergone further design development work and in the interim, flexible extensions have been secured to leases on both our existing premises to ensure continuity of provision until any relocation is completed.
- ◆ Ensure our film education is accessible to all UK students irrespective of background or income
 - The School successfully registered with the Office for Students in August 2019, and as of September 2019, all LFS' postgraduate programmes qualify for postgraduate loan support. New bursaries were introduced in 2020 to support UK students on both MA Filmmaking and MA Screenwriting programmes, and a COVID-19 Relief Fund was also introduced to support students experiencing unexpected hardship due to the effects of the global pandemic.
 - The School began developing a new Equality, Diversity and Inclusion (EDI) strategy after the events of summer 2020, recognising that LFS needed to do more to improve access to film education and to promote an anti-racist approach in our work. Developments to date include the formation of an EDI working group comprising staff and students; a review of our existing recruitment approaches and HR policies, and a programme of decolonising the curriculum.
- ◆ Maintain our excellent international profile, exporting best-practice around the world and bringing new global perspectives to our pedagogy

Governors' report

Objectives and activities (continued)

- The School continues to be a member of CILECT (the International Association of Film and Television Schools), including attendance at the annual congress in Moscow in 2019, and its regional division GEECT (European Grouping of Film and Television Schools). The School once again held a major networking event for students, alumni and guests as part of the Berlinale 2020. As can be seen below, LFS graduation work once more enjoyed a year of wide international exposure at festivals and award ceremonies around the world.
- ◆ Ensure our film education offer continues to be among the best in the world and is relevant to the film and wider creative industries of today, and tomorrow
 - Our Head of Studies continued to work closely with the academic team to further improve quality monitoring and the process by which student feedback is captured, listened to and responded to. Our short course and outreach work now comes under the Head of Studies' remit bringing better synergies and sharing of best practice across the full gamut of LFS' educational programmes.
- ◆ Build new and lasting partnerships and collaborations with industry and relevant institutions
 - We continued to build strong links with local industry partners including the BFI, Film London, ScreenSkills, and more. We were especially pleased to continue our partnership with Film London's Equal Access Network. As the global pandemic forced the School into remote working and learning during the first half of 2020, we rolled out a new programme of masterclasses with a diverse range of speakers spanning many facets of the film and television industries.

Achievements and performance

LFS filmmakers garnered accolades in a range of festivals and competitions, receiving recognition globally from industry for the quality of their work.

The School is one of the top post-graduate filmmaking institutions and has been recognised as such this year through its inclusion in The Hollywood Reporters 2020 Top Film Schools list.

Festivals

Films created at London Film School have screened at 129 international film festivals, including Berlinale, Camerimage, Encounters, and BFI London Film Festival. 23 awards have been won, including the Silver Bear Jury Prize for Short Film at the Berlinale, the 2020 UFVF / Kodak Excellence in Filmmaking Grant, the Grand Prix at Encounters, the Best Student Film at the In The Palace Short Film Festival, and the BSC Short Film Cinematography Student Prize.

Governors' report

Achievements and performance (continued)

Festivals (continued)

Graduation film *Bastard* made it to the semi-finals of the Student Academy Awards (this is the third year in a row we have had a grad film shortlisted), and we have two graduation films longlisted for the British Independent Film Awards, *Summer Shade* and *Filipiñana*. Our alumni have premiered at Rotterdam, Toronto, and Locarno, been part of an Emmy-award winning VFX team, nominated for a Goya Award, and won several awards at the Venice Biennale. From our MA Screenwriting course, an alumna has been longlisted for Best Debut Screenwriter, we have participants in *Serial Eyes*, and another is a Best Feature Screenplay Winner from the Mallorca Film Festival.

Honorary Associates

As is customary, London Film School announced two new Honorary Associates at its annual showcase in January 2020, held at the BFI Southbank.

Sir Alan Parker CBE's films have won 19 BAFTA awards, ten Golden Globes and six Academy Awards. Amongst a long list of other achievements and positions, Sir Alan received the Lifetime Achievement Award from the Directors Guild of Great Britain (which he also founded), the BAFTA Academy Fellowship Award, and he was an Officier des Arts et des Lettres, awarded by the French government. Sir Alan sadly passed away in July 2020.

Gurinder Chadha is one of the UK's most proven and respected film directors. Her award-winning films have earned over \$300m, and her most recent film, *Blinded by the Light*, broke sales records at the 2019 Sundance Film Festival. She recently created *Beecham House* for ITV and Masterpiece/PBS.

Past Honorary Associates span all areas of the screen industry and in the course of the School's rich history, have included Abi Morgan, Amma Asante, Stephen Frears, Jim Broadbent, Christine Langan, Tessa Ross, Philip French, Ralph Fiennes, Ken Loach and Lynne Ramsay, alongside graduates of the School's diverse film and television courses.

The Associates remain an integral part of the School's wide-ranging pool of industry experts and student mentors for years to come. The School's Honorary programme is possible with the generous assistance of the School's sponsors: Panalux, Final Draft and Sargent Disc.

Governors' report

Financial review

A summary of the year's results can be found on page 25 of the attached financial statements. Total income for the year was £4,281,728 (2019 – £5,069,432). The majority of the income is from MA tuition fees. In 2020 the number of MA screenwriting students decreased by 5% and increased by 5% for MA Filmmaking students.

Total expenditure for the year amounted to £5,607,840 (2019 – £4,558,065). Expenditure for the year was increased by the writing down of the Capitalised Development costs for the London City Island project which has stalled. Reflecting the change in the likelihood of the London City Island relocation project in the near future, it has been deemed prudent to write down the capitalised costs incurred to date of £901,268.

Excluding the write down of previously capitalised assets, the net movement in funds for the year was a deficit of £424,430 (2019 – surplus £511,368). This is primarily due to the loss of income from terms 1-5 of the MA Filmmaking programme in the summer term period, which was deferred until later in the year due to the effects of the COVID-19 lockdown. These losses were mitigated in part by the continuation of MA Filmmaking Term 6 and MA Screenwriting courses through online delivery during the summer term.

Prior to the onset of the COVID-19 pandemic and the deferral of the summer term, the School had enjoyed strong student recruitment and was forecasting a surplus for the year in the region of £545,000.

Reserves policy and financial position

The governors consider that a free reserves level (i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed) of £2 million is appropriate given the nature of the School's work. This is based on approximately six months' annual expenditure on unrestricted funds. The Governing Body are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs, and will allow the School to cope and respond to unforeseen emergencies whilst specific action plans are implemented. This £2 million reserve level was set pre COVID-19 with the intention to provide financial resilience to the School in the event of extraordinary circumstances occurring such as the ongoing COVID-19 pandemic. Post COVID-19 these reserves will need to be built up again to ensure the future preparedness of the School.

At 31 August 2020, the School had total funds of £1,079,396 (2019 – £2,405,508). Included in total funds is an amount of £15,406 (2019 – £23,553) which is restricted. These monies have either been raised for, and their use restricted to specific purposes, or they comprise donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 12 to the financial statements together with an analysis of movements in the year.

Governors' report

Financial review (continued)

Reserves policy and financial position (continued)

Unrestricted funds of the charity at 31 August 2020 amounted to £1,063,990 (2019 – £2,381,955). These funds include tangible fixed assets with a net book value of £115,550 (2019 – £823,010) as well as other funds designated for specific projects of £794,487 (2019 – £1,000,000). Free reserves of the School at 31 August 2020, were £153,953 (2019 – £558,945).

While the free reserves are below the level of £2 million stated above, the policy is kept under review. As a contingency and in order to support the School through any further uncertainty in the coming year, the School has also arranged a £1.5m loan facility through the Coronavirus Business Interruption Loan Scheme (CBILS).

Plans for the future

The School is now two years into its five-year strategic plan, approved by the Board of Governors in 2018, which sets the key strategic objectives as:

- Ensure that LFS is appropriately resourced and situated in contemporary facilities, matching the excellence in our teaching and delivering a peerless learning experience
- Ensure our film education is accessible to all UK students irrespective of background or income
- Maintain our excellent international profile, exporting best practice around the world and bringing new global perspectives to our pedagogy
- Ensure our film education offer continues to be among the best in the world and is relevant to the film and wider creative industries of today, and tomorrow
- Build new and lasting partnerships and collaborations with industry and relevant institutions.

Whilst COVID-19 continues to present immediate and future challenges for all providers of practical film education, the School's attentions are also turning to a post-pandemic future, including reviewing the impact of the pandemic on our delivery and taking the opportunity to evaluate those adaptations that may become permanent improvements to our activities.

Key projects for the coming year will include resuming work on the School's longstanding ambition to renew its teaching facilities; continuing to remove barriers to entry for UK students through financial support from postgraduate loans and increasing our bursaries and scholarships funds; continuing to support the development of our students and their future successes on the national and international stage; and continuing to develop new outreach and short course programmes that complement our existing provision and contribute to our vision of LFS as a distinctive global leader in contemporary, practice-based film education and research.

Governors' report

Approved by the Governing Body and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Greg Dyke', with a stylized flourish at the end.

Governor Greg Dyke

Approved by the Governors on: 23 Feb 2021

Statement of corporate governance and internal control

The following statement is provided to enable readers of the annual report and financial statements of London Film School Limited to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2019 to 31 August 2020 and up to the date of the approval of the annual report and financial statements.

The School endeavours to conduct its business:

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector; and
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Governors recognise that the School, as a body entrusted with both public and private funds, has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The London Film School is a Registered Charity and a Private Limited Company by guarantee without share capital.

The Governors confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

Governors

The members who served as Governors during the year and up to the date of signature of this report are listed below.

Governor	Appointed/Resigned
Greg Dyke (Chair)	
Kemal Akhtar	
Peter Armstrong	
Suzy Black	Appointed 17 December 2020
Helen Dudley CBE	Retired 31 December 2020
Graham Easton	Retired 31 December 2019
Professor Diana Green CBE	
Diane Herbert	Appointed 17 December 2020
Peter Holliday	Appointed 23 Oct 2019
Peter Hogenson	
Nick Humby	
Olivier Kaempfer	
William MacPherson	Appointed 17 December 2020
Amanda Nevill	Appointed 17 December 2020
Moshe Nitzani	Term expired 25 September 2020
Cindy Rampersaud	Appointed 17 December 2020
Joan Watson	Appointed 17 December 2020
Sophia Wellington	Appointed 28 September 2020

Statement of corporate governance and internal control

Governors' interests

Governors are shown above and except for any instance mentioned above have served throughout the year. None of the Governors have any interests within the company.

Meeting procedures

Formal agendas, papers and reports are supplied to the Governors in a timely manner, prior to Governing Body meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the School together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Governing Body met 8 times in 2019/20.

The Governing Body receives advice on the conduct of its business from five committees. Each committee has its own terms of reference which have been approved by the Governing Body. These committees are: Audit and Risk; Nominations; Remuneration; Relocation; and the Academic Board.

London Film School has a strong and independent non-executive element and no individual or group dominates its decision-making process. The School considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointment to the Governing Body

The Nominations Committee undertakes a skills analysis of the Governing Body and role profiles are agreed, against which the School recruits new Governors. New Governors must have empathy with film and creative art industries. Their induction includes a tour of the School, screenings and from time to time an away day attended by the Governing Body, the principal officers and the wider Management Team. An information pack about the School is also given to each new Governor.

Governing Body performance

The Governing Body has made a strong contribution to the improvements made in 2019/20 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Governing Body meetings. The Governors provide robust scrutiny and challenge. Governors are pro-active in their oversight of the School and are involved in the planning and discharging of Governing Body business.

Statement of corporate governance and internal control

Committees

Audit and Risk Committee

The Audit and Risk Committee is responsible to the Governing Body in discharging its responsibilities for monitoring the integrity of the Institute's financial statements, the effectiveness of financial controls with regard to internal risk assessment and the performance and objectivity of external auditors.

The members who served on the committee during the year and up to the date of signature of this report are listed below.

Governor	Appointed/Resigned
Professor Diana Green CBE	
Peter Holliday	Appointed 23 October 2019
Nick Humby	
Cindy Rampersaud	Appointed 17 December 2020
Tamsin Ashmore (co-opted member)	Appointed 23 October 2019

The Audit & Risk Committee has appointed its first co-opted member, who has particular expertise in finance and audit. The Committee is responsible for the following:

- ♦ To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings included within the management letter and management responses.
- ♦ To satisfy itself that all public funds received by the Institute are managed in line with regularity, propriety, and value for money.
- ♦ To satisfy itself that satisfactory arrangements are in place to promote best value, and to monitor other performance as shall be deemed to be reliable and appropriate measures of effectiveness.

Internal Control

Scope of responsibility

The Governing Body is ultimately responsible for the organisations' system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Director & CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding the public funds and assets. The Accounting Officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to

Statement of corporate governance and internal control

Internal Control (continued)

The purpose of the system of internal control (continued)

identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governors have reviewed the key risks to which the organisation is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there was a formal on-going process for identifying, evaluating and managing the School's significant risks that had been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

The risk and control framework

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

- ◆ comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Governors
- ◆ regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts
- ◆ setting targets to measure financial performance
- ◆ the adoption of formal project management disciplines, where appropriate.

Review of effectiveness

The Accounting Officer delegates to the Financial Controller the responsibility for reviewing the effectiveness of the system of internal control. The Financial Controller's review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the organisation's financial statements and regularity auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The Management Team and the Audit and Risk Committee also receive regular reports, which include recommendations for improvement.

Statement of corporate governance and internal control

Internal Control (continued)

Review of effectiveness (continued)

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Management Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 14 December 2020 meeting, the governors carried out the annual assessment for the year ended 31 August 2020 by considering documentation from the Management Team and taking account of events since 31 August 2019.

Based on above and reports by the Director & CEO, the Governing Body is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the School's objectives for the year ended 31 August 2020 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The School has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the School, that after due enquiry and to the best of its knowledge, the Governing Body believes it is able to identify any material irregularity or improper use of funds by the School, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Going Concern

Details on Governors' going concern assessment are set out on page 28.

Approved by the Governing Body and signed on its behalf by:



Chair Greg Dyke



Director & CEO (Accounting Officer) Gisli Snaer

Date: 23 Feb 2021

Independent auditor's report

Independent auditor's report to the members of The London Film School Limited

Opinion

We have audited the financial statements of The London Film School Limited (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2019/20.

Basis for opinion

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

Independent auditor's report

Conclusions relating to going concern

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

- ◆ the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Governors' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Governors' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Independent auditor's report

Matters on which we are required to report by exception

In the light of the 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 Governors' report.

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
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the Governors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2019/20 requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements has been materially misstated.

Responsibilities of governors

As explained more fully in the Governors' responsibilities statement, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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 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 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.



Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

25 February 2021

Statement of financial activities Year to 31 August 2020

	Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £	Unrestricted funds £	Restricted funds £	2019 Total funds £
Income from:							
Donations	1	—	—	—	—	96,254	96,254
Charitable activities	2	4,110,664	115,142	4,225,806	4,826,647	95,345	4,921,992
Investments		5,169	692	5,861	6,441	393	6,834
Other income		50,061	—	50,061	44,352	—	44,352
Total income		4,165,894	115,834	4,281,728	4,877,440	191,992	5,069,432
Expenditure on:							
Raising funds	3	65,183	613	65,796	84,973	7,666	92,639
Charitable activities							
· Provision of education	4	4,535,951	104,825	4,640,776	4,371,027	94,398	4,465,425
· Write down of capitalised assets	9	901,268	—	901,268	—	—	—
Total expenditure		5,502,402	105,438	5,607,840	4,456,000	102,064	4,558,064
Net (expenditure) income before transfers	6	(1,336,508)	10,396	(1,326,112)	421,440	89,928	511,368
Transfer between funds	16	18,543	(18,543)	—	89,928	(89,928)	—
Net (expenditure) income and net movement in funds		(1,317,965)	(8,147)	(1,326,112)	511,368	—	511,368
Reconciliation of funds							
Fund balances brought forward at 1 September		2,381,955	23,553	2,405,508	1,870,587	23,553	1,894,140
Fund balances carried forward at 31 August		1,063,990	15,406	1,079,396	2,381,955	23,553	2,405,508

There is no difference between the net movement in funds stated above and the historical cost equivalent.

All of the charitable company's activities are derived from continuing operations during the above two financial periods.

The charitable company has no recognised gains and losses other than those shown above.

Balance sheet 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	9	<u>115,550</u>		<u>823,010</u>	
			115,550		823,010
Current assets					
Debtors	10	<u>584,566</u>		<u>757,848</u>	
Cash at bank and in hand		<u>2,967,505</u>		<u>2,592,128</u>	
		3,552,071		3,349,976	
Liabilities					
Creditors: amounts falling due within one year	11	<u>(2,588,225)</u>		<u>(1,767,478)</u>	
Net current assets			<u>963,846</u>		<u>1,582,498</u>
Net assets			<u>1,079,396</u>		<u>2,405,508</u>
The funds of the charity					
Restricted funds	12		15,406		23,553
Unrestricted funds					
. General fund			153,953		558,945
. Tangible fixed assets fund	13		115,550		823,010
. Designated funds	14		794,487		<u>1,000,000</u>
Total funds	15		<u>1,079,396</u>		<u>2,405,508</u>

Approved by the governors
and signed on their behalf by:



Governor Greg Dyke

Approved on: 23 Feb 2021

Company Limited by Guarantee
Registration Number 01197026 (England and Wales)

Statement of cash flows 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	606,821	939,573
Cash flows from investing activities:			
Investment income		5,861	6,834
Payments to acquire tangible fixed assets		(237,305)	(161,399)
Net cash used in investing activities		(231,444)	(154,565)
Cash flows from financing activities:			
Capital element of finance lease payments		—	(3,554)
Net cash used in financing activities		—	(3,554)
Change in cash and cash equivalents in the year		375,377	781,454
Cash and cash equivalents at 1 September	B	2,592,128	1,810,674
Cash and cash equivalents at 31 August	B	2,967,505	2,592,128

Notes to the statement of cash flows for the year ended 31 August

A Reconciliation of net movement in funds to net cash provided by operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	(1,326,112)	511,368
Depreciation and impairment of assets	944,765	53,955
Investment income	(5,861)	(6,834)
Decrease (increase) in debtors	173,282	(167,530)
Increase in creditors	820,747	548,614
Net cash inflow from operating activities	606,821	939,573

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	2,967,505	2,592,128
	2,967,505	2,592,128

Principal accounting policies 31 August 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2020 and are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Governors and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets;
- ◆ determining the provision for bad and doubtful debts;
- ◆ determining the value of provisions for liabilities;
- ◆ determining the point from which costs incurred in relation to the development project should be capitalised and the likelihood of completion of the project; and
- ◆ estimating the impact of COVID-19 on the School's income and expenditure flows for the purpose of preparing cash flow forecasts and budgets to assist in the assessment of going concern

Assessment of going concern

The Governors have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Governors have made this assessment in respect to a period of one year from the date of approval of these financial statements.

Recognising increased levels of uncertainty in the current environment brought on by the global coronavirus pandemic, Governors have additionally had regard to a range of scenarios and factors when assessing going concern;

- ◆ At the time of signing, the School has replanned its face-to-face delivery to comply with government guidance during the winter 2021 lockdown period. Whilst this presents logistical challenges to the School, positive indicators include strong student recruitment and a clear desire from most students to resume their studies.
- ◆ Given the dependence on government guidance permitting face-to-face teaching to resume by the spring, Governors have further reviewed more cautious scenarios including a more extended period of closure until autumn 2021, as well as stress-testing retention rates.
- ◆ The School has arranged a £1.5m borrowing facility under the Coronavirus Business Interruption Loan Scheme (CBILS), as a contingency against an extended closure of the majority of our programmes

On the basis of the above the Governors have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises grants and donations, tuition fees and charges, interest received and other income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Income from charitable activities includes tuition fees and grants. The income is generally recognised in the period to which the fees or grants relate.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and includes attributable VAT which cannot be recovered.

Expenditure comprises the costs of charitable activities including expenditure on the provision of education and associated support and governance costs.

Tangible fixed assets

All assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

- ♦ Cinema equipment - five years
- ♦ Fixtures, fittings and equipment - five years

Tangible fixed assets (continued)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Financial instruments

The School only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the School and their measurement basis are as follows:

Financial assets – other debtors are basic financial instruments and are debt instruments measured at amortised cost. Listed investments are a basic financial instrument as detailed above. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – accruals and other creditors are financial instruments, and are measured at amortised cost.

Pension costs

Contributions by the School in respect to a defined contribution pension scheme are charged to the statement of financial activities in the period in which they are payable.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Assets held under finance leases are capitalised and depreciated over their useful lives. The corresponding lease obligation is treated as a liability. The interest element is charged against income over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Fund structure

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated funds comprise those resources which may be used towards meeting the charitable objectives of the School, but which have been set aside out of the general funds and designated for specific purposes by the Governors.

The tangible fixed assets fund comprises non-liquid funds represented by the net book value of tangible fixed assets.

Principal accounting policies 31 August 2020

The unrestricted general fund represents those monies which are freely available for application towards achieving any charitable purpose that falls within the School's charitable objects.

1 Donations

	Unrestricted funds £	Restricted funds £	Total funds 2020 £
2020 Total funds: Donations for development project	—	—	—
<i>2019 Total funds: Donations for development project</i>	—	96,254	96,254

2 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Tuition fees and charges	4,157,767	—	4,157,767
Less: bursaries awarded	(47,103)	—	(47,103)
	4,110,664	—	4,110,664
Grant income from the Office for Students	—	61,529	61,529
Other grants	—	53,613	53,613
2020 Total funds	4,110,664	115,142	4,225,806

	Unrestricted funds £	Restricted funds £	Total funds 2019 £
<i>Tuition fees and charges</i>	<i>4,912,125</i>	<i>—</i>	<i>4,912,125</i>
<i>Less: bursaries awarded</i>	<i>(85,478)</i>	<i>—</i>	<i>(85,478)</i>
	<i>4,826,647</i>	<i>—</i>	<i>4,826,647</i>
<i>Grants</i>	<i>—</i>	<i>95,345</i>	<i>95,345</i>
<i>2019 Total funds</i>	<i>4,826,647</i>	<i>95,345</i>	<i>4,921,992</i>

During the year ended 31 August 2020, 4 (2019 – 10) students received a bursary to support their tuition fees. The amounts shown above include £2,882 (2019 - £21,630) directly from the School, in 2019, £nil (2019 - £29,167) awarded from funding received from Skillset, and £44,221 (2019 - £34,681) from funding received from the Leverhulme Trust.

3 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Staff costs	35,918	338	36,256
Fundraising costs	29,265	275	29,540
2020 Total funds	65,183	613	65,796

	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Staff costs	38,242	562	38,804
Fundraising costs	46,731	7,104	53,835
2019 Total funds	84,973	7,666	92,639

External fundraising support for the capital project has been paused since the onset of COVID-19 and will be reviewed as plans for renewing LFS' facilities progress. Internal fundraising resources have been refocussed on support for bursaries, scholarships and hardship funds.

4 Expenditure on charitable activities – provision of education

	Unrestricted funds £	Restricted funds £	2020 £
Direct costs			
. Staff costs	1,421,938	84,078	1,506,016
. Visiting lecturers	335,521	3,085	338,606
. Premises	392,862	3,771	396,633
. Production allowances and costs	378,461	4,459	382,920
. Repairs and technical maintenance	123,721	1,163	124,884
. Depreciation	43,034	463	43,497
. IT costs	134,064	—	134,064
. Marketing costs	79,645	—	79,645
. Other costs	285,107	2,630	287,737
	3,194,353	99,649	3,294,002
Support costs			
. Staff costs	970,780	—	970,780
. Legal and professional	54,663	458	55,121
. Other costs	239,339	4,052	243,391
. Governance costs (note 5)	76,816	666	77,482
	1,341,598	5,176	1,346,774
2020 Total funds	4,535,951	104,825	4,640,776

4 Expenditure on charitable activities – provision of education (continued)

	Unrestricted funds £	Restricted funds £	2019 £
<i>Direct costs</i>			
· Staff costs	1,264,137	53,889	1,318,026
· Visiting lecturers	396,523	11,444	407,967
· Premises	388,097	5,478	393,575
· Production allowances and costs	447,544	7,274	454,818
· Repairs and technical maintenance	125,390	1,732	127,122
· Depreciation	53,123	832	53,955
· IT costs	116,842	—	116,842
· Marketing costs	137,683	—	137,683
· Other costs	309,610	3,591	313,201
	<u>3,328,949</u>	<u>84,240</u>	<u>3,323,189</u>
<i>Support costs</i>			
· Staff costs	811,925	—	811,925
· Legal and professional	94,471	1,241	95,712
· Other costs	169,156	8,172	177,328
· Governance costs (note 5)	56,526	745	57,271
	<u>1,132,078</u>	<u>10,158</u>	<u>1,142,236</u>
2019 Total funds	<u>4,371,027</u>	<u>94,398</u>	<u>4,465,425</u>

5 Governance costs

	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Audit and advisory fees	22,782	198	22,980
Other professional costs	54,034	468	54,502
2020 Total funds	<u>76,816</u>	<u>666</u>	<u>77,482</u>
	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Audit and advisory fees	21,114	278	21,392
Other professional costs	35,412	467	35,879
2019 Total funds	<u>56,526</u>	<u>745</u>	<u>57,271</u>

Notes to the financial statements 31 August 2020

6 Net movement in funds

This is stated after charging:	2020 £	2019 £
Depreciation - Owned assets	43,497	51,580
Depreciation - Leased assets	—	2,375
Operating lease rentals - Land and buildings	282,727	263,615
Operating lease rentals - Equipment hire	46,058	70,607
Auditor's remuneration (including VAT)		
. Statutory audit	19,200	17,712
. Other services	3,780	3,680
Staff costs (including visiting lecturers) (note 7)	2,851,658	2,576,722

7 Staff costs

	2020 £	2019 £
Wages and salaries	2,245,997	1,953,119
Social security costs	208,680	186,754
Pension costs	58,375	28,882
	2,513,052	2,168,755

In addition to the staff costs disclosed above, the amount paid to visiting lecturers used by the School in year was £338,606 (2019 – £407,967).

The average number of employees, excluding visiting lecturers and temporary staff, during the year was as follows:

	2020 Number	2019 Number
Provision of education		
. Academic staff	38	32
. Project co-ordination staff	—	1
. Support staff	18	16
	56	49

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2020 Number	2019 Number
£60,001 - £65,000	1	1
£65,001 - £70,000	—	1
£75,001 - £80,000	—	1
£80,001 - £85,000	1	—
£100,001 - £105,000	1	1
	3	4

The key management personnel of the charity in charge of directing and controlling, running and operating the charity comprise the governors and the Management Team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £484,167 (2019 – £507,545).

Notes to the financial statements 31 August 2020

7 Staff costs (continued)

During the year, staff governors received remuneration only in relation to their roles as staff members. No member(s) of the governing body received any remuneration in respect of their services as governors during the year (2019 – £nil). One governor, before the date of appointment, was paid £6,516 in 2019 for professional services rendered to the charity (2020 – £nil).

No expenses were reimbursed to the governing body members during the year (2019 - £635 was reimbursed to two governing body members for travel costs).

Remuneration of Director and Chief Executive Officer

	2020 £	2019 £
Basic salary	102,500	95,000
Bonus	—	7,500
Pension contribution	1,315	1,019
	103,815	103,519

The remuneration package of senior members of staff, including the Director and Chief Executive Officer, is subject to annual review by the Remuneration Committee who use benchmarking information to provide objective guidance.

The Director and Chief Executive Officer reports to the Chair of the Board, who undertakes an annual review of his performance against the School's overall objectives using both qualitative and quantitative measures of performance.

	2020 £	2019 £
Chief Executive's basic salary as a multiple of the median of all staff	2.99	3.15
Chief Executive's total remuneration as a multiple of the median of all staff	2.89	3.13

8 Taxation

The London Film School Limited is a registered charity and therefore is not liable to income tax or corporation tax derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Notes to the financial statements 31 August 2020

9 Tangible fixed assets

	Leasehold premises in course of constructio n £	Cinema equipment £	Fixtures, fittings, and computer equipment £	Total £
Cost				
At 1 September 2019	695,755	186,046	101,363	983,164
Additions	205,513	27,989	3,803	237,305
At 31 August 2020	<u>901,268</u>	<u>214,035</u>	<u>105,166</u>	1,220,469
Depreciation/ Write down				
At 1 September 2019	—	104,514	55,640	160,154
Charge for the year	901,268	24,628	18,869	944,765
At 31 August 2020	<u>901,268</u>	<u>129,142</u>	<u>74,509</u>	1,104,919
Net book values				
At 31 August 2020	—	84,893	30,657	115,550
At 31 August 2019	<u>695,755</u>	<u>81,532</u>	<u>45,723</u>	823,010

Leasehold premises in course of construction relates to expenditure arising during the post-feasibility phase of the School's relocation to its potential new building on London City Island. Expenditure incurred to 31 August 2020 comprised legal and professional fees amounting to £205,514 plus staff costs of £0 (2019 – £689,683 plus staff costs of £6,072).

The COVID-19 pandemic and its subsequent impact on the availability of finance has stalled further progress in the relocation project. Reflecting the change in the likelihood of the London City Island relocation project in the near future, it has been deemed prudent to write down the capitalised costs incurred to date.

10 Debtors

	2020 £	2019 £
Trade debtors	137,403	24,217
Other debtors	83,244	76,092
Prepayments and accrued income	363,919	657,539
	<u>584,566</u>	<u>757,848</u>

Notes to the financial statements 31 August 2020

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	130,527	240,276
Taxation and social security creditor	54,540	51,596
Accruals and deferred income	2,332,066	1,422,600
Sundry creditors	71,092	53,006
	2,588,225	1,767,478

	2020 £	2019 £
Deferred income at 1 September	952,507	591,570
Released during the year	(952,507)	(591,570)
Resources deferred in the year	2,003,069	952,507

Deferred income consists principally of fee income received in advance.

12 Restricted funds

The income funds of the School include restricted funds comprising the following unexpended balances of grants and donations to be applied for specific purposes.

	At 1 September 2019 £	Income £	Expenditure £	Transfer between funds £	At 31 August 2020 £
Office for Students	—	61,529	(61,529)	—	—
Skillset Academy Fund	—	692	—	—	692
Building and Development fund	18,543	—	—	(18,543)	—
Adam Sedgwick Award	5,010	—	—	—	5,010
Leverhulme fund	—	43,217	(33,513)	—	9,704
Outreach projects	—	10,396	(10,396)	—	—
	23,553	115,834	(105,438)	(18,543)	15,406

	At 1 September 2018 £	Income £	Expenditure £	Transfer between funds £	At 31 August 2019 £
Skillset Academy fund	—	29,560	(29,560)	—	—
Building and Development fund	18,543	96,254	(6,326)	(89,928)	18,543
Adam Sedgwick Award	5,010	—	—	—	5,010
Leverhulme fund	—	34,681	(34,681)	—	—
Outreach projects	—	31,497	(31,497)	—	—
	23,553	191,992	(102,064)	(89,928)	23,553

12 Restricted funds (continued)

Office for Students fund

The Office for Students fund is restricted to supporting teaching through spend related to the delivery of course costs.

Skillset Academy fund

The Skillset Academy fund is restricted to the funding of bursaries for the Skillset Screen Academy Project, specific new teaching and associated overheads.

Building and Development fund

This fund represents monies raised specifically to fund the new building relocation project. Transfers from this fund to unrestricted funds represent capital expenditure incurred through the restricted funds.

Adam Sedgwick Award

The Adam Sedgwick Award is restricted to the funding of a grant to help a graduating student after the completion of the course.

Leverhulme fund

The Leverhulme Trust has donated to this fund which is dedicated to applicants of high academic standard who could not otherwise continue their studies throughout the academic year and beyond without funding assistance.

Outreach Projects

Partners across a range of our projects have included the British Film Institute, Film London's Equal Access Network, Creative England's iFeatures scheme, British Council and many more.

13 Tangible fixed assets fund

	2020 £	2019 £
At 1 September	823,010	715,566
Net movements in year	(707,460)	107,444
At 31 August	115,550	823,010

The tangible fixed assets fund represents the net book value of the School's fixed assets. A decision was made to separate this fund from the other unrestricted funds of the School in recognition of the fact that the tangible fixed assets are essential to the day to day operation of the school. The fund value, therefore, cannot be easily realised without jeopardising the ongoing operation of the School.

The COVID-19 pandemic and its subsequent impact on the availability of finance has stalled further progress in the relocation project. Reflecting the change in the likelihood of the London City Island relocation project in the near future, it has been deemed prudent to write down the capitalised costs incurred to date, reducing this reserve.

Notes to the financial statements 31 August 2020

14 Designated funds

The income funds of the School include the following designated funds which have been set aside by the governors for specific purposes:

	At 1 September 2019 £	New designations £	Utilised £	At 31 August 2020 £
Relocation fund	1,000,000	—	(205,513)	794,487

	At 1 September 2018 £	New designations £	Utilised £	At 31 August 2019 £
Relocation fund	600,000	400,000	—	1,000,000

The relocation fund consists of monies set aside by the governors towards the cost of relocating the School to London City Island or alternative site.

15 Analysis of net assets between funds

	General fund £	Tangible fixed assets fund (note 13) £	Other designated funds (note 14) £	Restricted funds (note 12) £	Total 2020 £
Fund balances at 31 August 2020 are represented by:					
Tangible fixed assets		115,550	—	—	115,550
Current assets	2,742,178	—	794,487	15,406	3,552,071
Creditors: amounts falling due within one year	(2,588,225)	—	—	—	(2,588,225)
	153,953	115,550	794,487	15,406	1,079,396

	General fund £	Tangible fixed assets fund (note 13) £	Other designated funds (note 14) £	Restricted funds (note 12) £	Total 2019 £
Fund balances at 31 August 2019 are represented by:					
Tangible fixed assets	—	823,010	—	—	823,010
Current assets	2,326,423	—	1,000,000	23,553	3,349,976
Creditors: amounts falling due within one year	(1,767,478)	—	—	—	(1,767,478)
	558,945	823,010	1,000,000	23,553	2,405,508

16 Operating lease commitments

At 31 August the School had the following future minimum commitments under non-cancellable operating leases:

	Equipment		Land and buildings	
	2020	2019	2020	2019
	£	£	£	£
Operating lease payable:				
· Within one year	—	—	89,400	89,400
	—	—	89,400	89,400

The lease renewals for both properties occupied by the School are in place including clauses which allow the School a break option subject to giving six months' notice. This will enable the move to new premises once the development project is complete.

17 Related and connected parties disclosure

At 31 August 2020 the School was owed £nil (2019 – £8,393) by The London Film Society Limited, charity registration number 1146656, company number 07886379. During the year ended 31 August 2020 the school paid expenses totalling £nil on behalf of The London Film Society, and there were no other transactions between the School and the Society during the year (2019 – expenses totalling £750). One Governor of the School and two members of the School's Management Team served as the trustees of the London Film Society Limited during the year. The London Film Society Limited was dissolved on 20 October 2020.

The School has taken exemption from preparing consolidated financial statements on the grounds that the London Film Society Limited is not material for the purpose of giving a true and fair view.

One Governor, before the date of appointment, was paid £6,516 in 2019 for professional services rendered to the School (2020 – £nil).