

NFTS Foundation

Report and Financial Statements

Year Ended

31 December 2021

Company registration number 03290399

NFTS Foundation

Report and financial statements for the year ended 31 December 2021

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Reference and Administrative Information

Trustees

Ken Roberts – Chair of Trustees
Judith Chan
Linda James
Stephen Louis
Steve Mertz

Secretary and Registered Office

Trevor Hall
Beaconsfield Studios
Station Road
Beaconsfield
Buckinghamshire
HP9 1LG

Management Team

Dr Jon Wardle
Alex Gurney
Trevor Hall

Company Registration Number

03290399

Charity Registration Number

1061561

NFTS Foundation

Report and financial statements for the year ended 31 December 2021 (*continued*)

Reference and Administrative Information (*continued*)

Auditors

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

Bankers

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

Solicitors

Eversheds Sutherland LLP
1 Wood Street
London
EC2V 7WS

Investment Managers

Investec Wealth & Investment Limited
30 Gresham Street
London
EC2V 7QN

NFTS Foundation

Report of the Trustees for the year ended 31 December 2021

The NFTS Foundation trustees [“the Trustees”], who are also directors of the registered charity of the same name [“the Charity”] for the purposes of the Companies Act, present their annual report together with the audited financial statements for the year ended 31 December 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” issued in October 2019, preparing the annual report and financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. This report includes the directors’ report as required by company law.

Trustees

The trustees of the NFTS Foundation during the year were:

Ken Roberts – Chair of Trustees
Judith Chan
Linda James
Stephen Louis
Steve Mertz (appointed 10 December 2021)

The trustees have given generously of their time and expertise for which the NFTS Foundation and the National Film and Television School (“the School”) are extremely grateful.

Structure, Governance and Management

Organisation and Decision Making Structure

NFTS Foundation (“the Foundation”) is a charitable company limited by guarantee, which was established on 11 December 1996. It is governed by a Memorandum and Articles of Association.

The principal advisers at the date of this report are listed on the previous page.

Connected Charities

The School is a charity connected with the Foundation.

By mutual agreement, all costs associated with fundraising activities are borne by the School. From monies received for investment, the Foundation from time to time makes grants, donations and scholarships. The Foundation donates income and capital from investments to the School. The trustees review the Foundation’s investment performance and strategy

Investment Policy (including reserves policy)

Grants, donations and other income received from various organisations and individuals are invested in a broad range of fixed income securities and equities to provide scholarships and contribute to the running costs of the School. As at 31 December 2021, the reserves of the Foundation are used for investments held to provide future funding to the School.

The trustees exercise reasonable care to ensure that these investments are effectively managed by the Foundation’s current investment managers, Investec Wealth & Investment Limited. The Foundation’s reserves policy is to hold an investment portfolio of at least £3m, the individual amounts being held in accordance with all donor wishes and obligations. At 31 December 2021, the Foundation’s reserves were £5.17m, £2.17m higher than the minimum value set out in the Foundation’s reserve policy.

It is anticipated that the income generated from this level of reserves will enable the Foundation to provide a consistent level of funding to the School each year.

NFTS Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Organisation and Decision Making Structure (*continued*)

Ethical and Environmental, Social, and Governance (ESG) considerations

The trustees seek to invest in a way that furthers the charitable objectives of the Foundation, with an emphasis on a proactive approach to sustainability and socially responsible investing.

The trustees reserve the right to exclude companies that carry out, or may carry out, activities incompatible with their aims or hold, or may hold particular investments which damage, or could damage, the Charity and the School's reputation. To this effect, the trustees preclude direct and known investment in tobacco, arms, gambling, pornography, high interest rate lending and thermal coal, understood to be investment in companies with more than 10% of their turnover in these activities. Where third party funds are held, the fund is to have no more than 20% of the fund's value invested in the above restrictions.

Taking into account the reputation of the Charity and the School, the trustees require their appointed investment managers to have due regard for the suitability of any recommended investments. The investment managers must consider Environmental, Social and Governance (ESG) factors in their investment process and investment selections.

Powers of Investment

Pursuant to the Foundation's Memorandum of Association, the trustees may exercise their investment powers by:

- making grants and donations, whether out of income or capital;
- accepting any gifts, endowments, legacies or contributions of any other kind of money or property of any kind; and
- investing the monies of the Foundation not required for its purposes in or upon such investments, securities or property of any other kind as may be thought fit subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law.

The board of trustees confirms that all investment funds are held and made in accordance with these powers.

Risk Management

The trustees routinely examine significant risks that the Foundation may face during each financial year, and have developed systems to monitor and control these risks to mitigate any impact that they may have on Foundation in the future.

Accounting Policies

Accounting policies that have been applied during the year are outlined in the notes to the financial statements.

Objectives and Activities

The Foundation was established to help in the advancement of the education of the public in film, television and other media, and in particular the advancement of education and research at or supported by the School or any charity or educational establishment connected or associated with the School.

The School is responsible for all fundraising activity for both the School and the Foundation.

Financial Review

Total income for the Foundation for the year ended 31 December 2021 was £210k (2020 – £426k).

Investment income in the year was £109k (2020 – £103k). This related to dividends and interest earned during the year and represented an average rate of return of 2.4% on the Foundation's £4,555k investment portfolio at 1 January 2021.

NFTS Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Financial Review (*continued*)

Donations received in the year for the John Sargent Scholarship and Nik Powell Scholarship were £100k (2020 – £322k).

Total expenditure in the year was £167k (2020 – £140k). Expenditure represented the donation to the School, this being the £144k donation for scholarships, bursaries, masterclasses and other costs of the School's curriculum, and investment management costs.

Market value movements on the investment portfolio generated a net investment gain (realised and unrealised) for the year of £454k, compared with an investment gain of £3k in the previous year. The net movement in funds for the year was an increase of £497k and represented a 10.6% increase in the value of the Foundation's investments.

The fund balance at 31 December 2021 was £5,174k (£4,677k at 31 December 2020) and represented an equities/cash and fixed interest investment mix of 85/15, compared with a mix of 82/18 in the previous year.

The trustees have invested prudently and cautiously during the year. The investment funds raised are held in a broad range of fixed interest securities and equities, which are quoted on a recognised investment exchange.

Future Activities

Fundraising activities will continue to be undertaken by the School on behalf of the Foundation. These activities aim to:

- raise funds in the form of scholarships, chairs, fellowships and legacies, on a revenue basis, and, where practical, on an investment basis;
- raise funds for special projects such as capital equipment and building development; and
- raise funds for regular events and publications, including graduation productions and screenings, the graduation screening brochure and prospectus.

The trustees will continue to exercise prudent oversight over the performance of the funds invested to ensure that the funds continue to meet the charitable objectives of the Foundation. The investment portfolio is diversified across a number of sectors and markets, and invested in companies that demonstrate strong Environmental, Social and Governance credentials to ensure investment returns are sustainable.

The trustees currently aim to distribute approximately £150k per annum generated primarily from annual dividend and interest returns on the Foundation's investments for the benefit of the School. However, all distributions by the Foundation are at the discretion of the trustees.

Global markets have been particularly challenging over the eight months following the financial year end, due to a number of related and unrelated factors. As a result of rising inflation and the growing cost of living crisis, central banks have increased interest rates to try to bring inflation under control. This is anticipated to have both positive (e.g., a reduction of inflation and the public expectation of inflation, so perhaps mitigating a possible wage/price spiral) and negative (e.g., a detrimental impact on global economic growth, consumer confidence, and ultimately company earnings) effects.

Russia's invasion of the Ukraine further exacerbates the current cost of living crisis and market confidence. The Ukraine is a major global supplier of grain, with supply constrained by the Russian blockade of Ukrainian ports. Further, sanctions on trade with Russia impacts the global supply of energy, particularly natural gas to Europe. These factors are a major contributor to driving up global prices.

The Foundation does not have any direct investment in any Ukrainian or Russian companies, and is advised that any indirect investment equates to less than 1% of the Foundations' portfolio.

The latest market valuation of the Foundation's investments for the eight months ended 31 August 2022 valued the investments at £4.7m, thus £1.7m above the minimum level set out in the Foundation's reserve policy. However, this

NFTS Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Future Activities (*continued*)

is a reduction of approximately £0.5m reduction on the portfolio's valuation as at 31 December 2021 year end, primarily due to the challenges mentioned above.

The trustees invest on a medium risk basis, with an investment horizon of 10+ years. As such, the trustees are not uncomfortable having to accommodate short-term volatility in capital values, as displayed by current markets, in the expectation of long-term, sustainable gains.

The trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern, given the headroom the Foundation has on its minimum reserve level, a review of cash flow forecasts and the expected investment performance over the 12 months following sign off of the balance sheet. Further, all donations are at the discretion of the Charity.

Public Benefit

The Foundation meets its public benefits requirement as a charity by distributing grants to the School and scholarships to the School's students. The trustees are aware of their responsibilities with regards to the public benefits requirement and are conversant with the relevant Charity Commission guidance.

NFTS Foundation

Report of the Trustees for the year ended 31 December 2021 (*continued*)

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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 a going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

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

Auditors

All of the current trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware. [

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

On behalf of the Board

Ken Roberts



Chair of Trustees

Date 23 September 2022

NFTS Foundation

Independent Auditor's Report

Independent Auditor's Report to Members of NFTS Foundation

Opinion on the 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 December 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of NFTS Foundation ("the Charitable Company") for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Conclusions related to going concern

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

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

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

Other information

The Trustees 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. The other information comprises the Report of the Trustees. 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. 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.

NFTS Foundation

Independent Auditor's Report (*continued*)

Independent Auditor's Report to Members of NFTS Foundation (*continued*)

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared 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 Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

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 Strategic report or the Trustee's 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 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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, and for such internal control as the Trustees determines 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 Trustees 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 Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

NFTS Foundation

Independent Auditor's Report (*continued*)

Independent Auditor's Report to Members of NFTS Foundation (*continued*)

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

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

Based on our understanding of the Charitable Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act 2006 and tax legislation.

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

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the valuation of investments
- Identifying and testing journal entries, in particular any journal entries posted by key management and journals posted after the year end.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Charity Commission.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://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.

DocuSigned by:

Paula Willock

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

Date: 29 September 2022

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

NFTS Foundation

Statement of Financial Activities (including income and expenditure account) for the year ended 31 December 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Permanent endowment funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income and endowments from:						
Donations	6	-	-	100,223	100,223	322,346
Investments	7	3,388	106,034	-	109,422	103,192
Total income		<u>3,388</u>	<u>106,034</u>	<u>100,223</u>	<u>209,645</u>	<u>425,538</u>
Expenditure on:						
<i>Raising funds</i>						
Investment management costs	8	709	22,207	-	22,916	20,027
<i>Charitable activities</i>						
Education	9	15,864	128,136	-	144,000	120,000
Total expenditure		<u>16,573</u>	<u>150,343</u>		<u>166,916</u>	<u>140,027</u>
Net gains on investments		14,065	359,009	81,206	454,280	3,480
Net income		<u>880</u>	<u>314,700</u>	<u>181,429</u>	<u>497,009</u>	<u>288,991</u>
Transfers between funds		(6,038)	6,038	-	-	-
Net movement in funds	14	<u>(5,158)</u>	<u>320,738</u>	<u>181,429</u>	<u>497,009</u>	<u>288,991</u>
Reconciliation of funds:						
Total fund balances brought forward at 1 January	14	144,810	3,716,269	816,100	4,677,179	4,388,188
Total fund balances carried forward at 31 December	14	<u>139,652</u>	<u>4,037,007</u>	<u>997,529</u>	<u>5,174,188</u>	<u>4,677,179</u>

All amounts relate to continuing activities.

The notes on pages 11 to 21 form part of these financial statements.

NFTS Foundation

Balance Sheet at 31 December 2021

Company number 03290399

	Note	2021 £	2020 £
Fixed assets			
Investments	12	4,815,795	4,457,092
Current assets			
Cash and cash equivalents		358,393	220,087
Net assets		5,174,188	4,677,179
Funds of the charity:			
Permanent endowment funds	14	997,529	816,100
Restricted funds	14	4,037,007	3,716,269
Unrestricted funds	14	139,652	144,810
Total charity funds		5,174,188	4,677,179

These accounts have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Approved by the trustees and authorised for issue on 23 September 2022 and signed on their behalf by:

Ken Roberts
Chair of Trustees



Stephen Louis
Trustee



The notes on pages 11 to 21 form part of these financial statements.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021

1 Status of the company

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

2 Accounting policies

(a) Basis of preparation

The financial statements of the Foundation have been prepared under the historic cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

(b) Assessment of going concern

Global markets have been particularly challenging over the eight months following the financial year end, due to a number of related and unrelated factors. As a result of rising inflation and the growing cost of living crisis, central banks have increased interest rates to try to bring inflation under control. This is anticipated to have both positive (e.g., a reduction of inflation and the public expectation of inflation, so perhaps mitigating a possible wage/price spiral) and negative (e.g., a detrimental impact on global economic growth, consumer confidence, and ultimately company earnings) effects.

Russia's invasion of the Ukraine further exacerbates the current cost of living crisis and market confidence. The Ukraine is a major global supplier of grain, with supply constrained by the Russian blockade of Ukrainian ports. Further, sanctions on trade with Russia impacts the global supply of energy, particularly natural gas to Europe. These factors are a major contributor to driving up global prices.

The Foundation does not have any direct investment in any Ukrainian or Russian companies, and is advised that any indirect investment equates to less than 1% of the Foundations' portfolio.

The latest market valuation of the Foundation's investments for the eight months ended 31 August 2022 valued the investments at £4.7m, thus £1.7m above the minimum level set out in the Foundation's reserve policy. However, this is a reduction of approximately £0.5m reduction on the portfolio's valuation as at 31 December 2021 year end, primarily due to the challenges mentioned above.

The trustees invest on a medium risk basis, with an investment horizon of 10+ years. As such, the trustees are not uncomfortable having to accommodate short-term volatility in capital values, as displayed by current markets, in the expectation of long-term, sustainable gains.

The trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern, given the headroom the Foundation has on its minimum reserve level, a review of cash flow forecasts and expected investment performance over the 12 months following sign off of the balance sheet. Further, all donations are at the discretion of the Charity.

(c) Funds structure

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Foundation and which have not been designated for other purposes.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

2 Principal accounting policies (*continued*)

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Foundation for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Permanent endowment funds are funds where a principal sum is held and only the income generated can be used. The donor instructs the principal sum to be held and the income generated is used in accordance with specific restrictions imposed by the donor.

Transfers between endowment funds and restricted funds are made to ensure the principal sum invested is always recognised in the endowment funds with income and investment costs transferred to restricted funds.

Investment income and losses are allocated to the appropriate fund on the basis of the value of the fund at the beginning of the year.

An analysis of the charitable funds has been disclosed in note 14.

(d) Income recognition

All income is recognised once the Foundation has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Donations are recognised when the Foundation has been notified in writing of both the amount and settlement date.

In the event that a donation is subject to conditions that require a level of performance before the Foundation 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 Foundation and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the investment advisor of the dividend yield of the investment portfolio.

(e) Expenditure

All costs, except investment management costs, associated with the Foundation and fundraising activities are borne by the School.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, deposits and short-term investments with an original maturity of three months or less.

(g) Taxation

The Foundation is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and accordingly, the Foundation is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 – 488 of the Corporation Tax Act 2010 (CTA 2010) or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

Expenditure includes irrecoverable Value Added Tax charged by suppliers to the Foundation. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

2 Principal accounting policies (*continued*)

(h) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Foundation does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the Foundation is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

(i) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- investment income, investment management costs and net gains on investments are apportioned across the charitable funds based on the total of each fund at 1 January 2021; and
- with respect to the next reporting period, the most significant areas of uncertainty that affect the carrying value of assets held by the Foundation are the level of investment return and the performance of investment markets.

4 Related party transactions and trustees' expenses and remuneration

During the course of the year, the Foundation and the School entered into a number of related party transactions. The transactions represented fundraising initiatives undertaken to support the scholarship programme, donations towards bursaries, and donations towards the running cost of the curriculum. During the year the Foundation made total donations to the School of £144k (2020 – £120k) (see note 9).

Key management personnel are considered to be the School's Director, Finance Director and Head of Financial Reporting.

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2020 – £Nil). During the year, none of the trustees received any reimbursement for meeting expenses (2020 – £Nil). There were no transactions with trustees and connected persons during the year.

During the year, insurance costing £1k (2020 – £1k) was purchased to indemnify the trustees against default on their part. The School paid this during the year on behalf of the Foundation.

5 Connected charities

The Foundation was incorporated to help in the advancement of the education of the public in film, television and other media and in particular the advancement of education and research at or supported by the School or any charity or educational establishment connected or associated with the School.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

6 Donations

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2021 £	Total 2020 £
Donations	-	-	100,223	100,223	322,346
	-	-	100,223	100,223	322,346

7 Investment income

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2021 £	Total 2020 £
Income from listed investments	3,388	106,034	-	109,422	103,192
	3,388	106,034	-	109,422	103,192

Investment income is apportioned across the funds based on the fund balance held at the start of the year.

8 Investment management costs

	2021 £	2020 £
Investment management fees	22,916	20,027

9 Analysis of charitable expenditure [Comments as above]

During the year, donations of £144k (2020 – £120k) were made to the School. These donations represent £64k towards scholarships and bursaries and £80k towards masterclasses and other costs of the School's curriculum.

All other costs associated with the Foundation's fundraising activities are borne by the School because there is an integrated fundraising programme for the School and for the Foundation.

10 Employee emoluments

No staff are employed by the Foundation (2020 – £Nil).

11 Auditors' remuneration

The audit fee of £4,200 (2020 – £3,570) was borne by the School.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

12 Fixed asset investments

	2021 £	2020 £
<i>Movement in quoted investments:</i>		
Market value brought forward as at 1 January	4,457,092	4,178,000
Additions to investments at cost	887,768	663,230
Disposals at carrying value	(599,146)	(516,592)
Gain on revaluation	70,081	132,454
	<hr/>	<hr/>
Market value as at 31 December	4,815,795	4,457,092
	<hr/> <hr/>	<hr/> <hr/>

	Cost 2021 £	Market value 2021 £	Cost 2020 £	Market value 2020 £
These investments are represented by:				
<i>Quoted investments:</i>				
UK fixed interest	441,188	449,714	484,266	513,559
UK equities	1,696,124	2,464,334	1,753,576	2,389,843
Overseas fixed interest	162,153	170,580	122,188	124,718
Overseas equities	999,026	1,731,167	649,835	1,428,972
	<hr/>	<hr/>	<hr/>	<hr/>
	3,298,491	4,815,795	3,009,865	4,457,092

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

12 Fixed asset investments (*continued*)

There were no investments representing more than 5% of the value of the portfolio as at 31 December 2021.

The following investments represented more than 5% of the value of the portfolio as at 31 December 2020:

	Number of units	Market Value £	% of portfolio
Ishares Core S & P 500 Ucits Etf USD	11,700	318,445	7.1
Merian Invest Mgmt Merian UK Mid Cap U1 GBP	124,894	236,673	5.3
Findlay Park Fds American USD Dis	1,925	222,217	5.0

Investments are retained by the Foundation for the long term to generate income for the School and to ensure that the objectives of the charity are fulfilled.

Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using bid price.

The Foundation does not have any direct investment in any Ukrainian or Russian companies and any indirect investment equates to less than 1% of the Foundations' portfolio. [Comments as above].

13 Financial instruments

Financial assets measured at fair value through profit or loss comprise fixed asset investments in a trading portfolio of listed company shares. Details of these can be found in note 12.

The significance of financial instruments to the ongoing financial sustainability of the Foundation is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the Foundation from financial instruments lies in the combination of uncertain investment markets and volatility of yield. Due to market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels.

The Foundation's investments are mainly traded in markets with good liquidity and high trading volumes; therefore liquidity risk is assessed as low. The Foundation has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Foundation manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Foundation does not make use of any derivatives or complex financial instruments.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

14 Analysis of charitable funds

Analysis of fund movements year ended 31 December 2021	Fund balances brought forward £	Income £	Expenditure (net of transfers) £	Gains and losses £	Fund balances carried forward £
Permanent endowment funds:					
The Louis Malle Scholarship	117,806	-	-	12,152	129,958
Post Office Scholarship	296,758	-	-	28,823	325,581
Kodak Scholarship	138,718	-	-	14,352	153,070
John Sargent Scholarship	200,152	50,223	-	19,792	270,167
Nik Powell Scholarship	62,666	50,000	-	6,087	118,753
Total permanent endowment funds	816,100	100,223	-	81,206	997,529
Restricted funds:					
Lew Grade Chair	1,994,438	46,661	(49,774)	193,713	2,185,038
Cubby Broccoli Chair	973,726	22,780	(34,771)	94,575	1,056,310
Richard Dunn Scholarship	532,656	12,461	(9,610)	51,735	587,242
David Munro Fund – Human Rights Documentary Award	82,282	1,925	(2,186)	7,992	90,013
Michael Samuelson Scholarship	396	9	(2)	38	441
Freddie Young Scholarship	3,266	76	(3,016)	317	643
Freddie Francis Scholarship	1,626	38	(1,822)	158	-
The Stanley Kubrick Fellowship	2,109	49	(2,363)	205	-
The Colin Young Scholarship	4,368	102	(21)	424	4,873
The Trevor Jones Scholarship	5,763	135	(28)	560	6,430
Sir John Terry Memorial Scholarship	35,983	842	(1,176)	3,495	39,144
The Louis Malle Scholarship	7,308	2,927	(613)	-	9,622
Post Office Scholarship	-	6,943	(6,943)	-	-
Kodak Scholarship	9,043	3,457	(4,224)	-	8,276
Nik Powell Scholarship	-	1,466	(1,466)	-	-
John Sargent Scholarship	3,625	4,767	(5,998)	-	2,394
James Walker NFTS Writers Fund	59,680	1,396	(20,292)	5,797	46,581
Total restricted funds	3,716,269	106,034	(144,305)	359,009	4,037,007
Unrestricted funds:					
General reserves	144,810	3,388	(22,611)	14,065	139,652
Total unrestricted funds	144,810	3,388	(22,611)	14,065	139,652
Total funds	4,677,179	209,645	(166,916)	454,280	5,174,188

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

The restricted funds of £4,037k include £706k to provide scholarships and bursaries (Richard Dunn, Freddie Young, Freddie Francis, Sir John Terry, Colin Young, Trevor Jones, James Walker), £3,241k for Chairs (Lew Grade, Cubby Broccoli), and £90k to support documentary film making concerning human rights (David Munro Fund).

The permanent endowment funds of £998k are endowments to provide scholarships (Louis Malle, Post Office, Kodak, John Sargent, Nik Powell).

Donations in the year included £100k restricted endowment funds (John Sargent Scholarship and Nik Powell Scholarship).

The dividends earned on the funds during the year of £109k, the realised profit of £384k, the unrealised profit of £70k and the investment management costs of £23k have been allocated across the funds based on the brought forward fund balances at 1 January 2021.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (continued)

14 Analysis of charitable funds (continued)

Analysis of fund movements year ended 31 December 2020	Fund balances brought forward £	Income £	Expenditure (net of transfers) £	Gains and losses £	Fund balances carried forward £
Permanent endowment funds:					
The Louis Malle Scholarship	117,711	-	-	95	117,806
Post Office Scholarship	296,533	-	-	225	296,758
Kodak Scholarship	138,605	-	-	113	138,718
John Sargent Scholarship	-	200,000	-	152	200,152
Nik Powell Scholarship	-	62,666	-	-	62,666
Total permanent endowment funds	552,849	262,666	-	585	816,100
Lew Grade Chair	1,996,729	44,909	(48,715)	1,515	1,994,438
Cubby Broccoli Chair	985,121	22,157	(34,299)	747	973,726
Richard Dunn Scholarship	529,654	11,912	(9,312)	402	532,656
David Munro Fund – Human Rights Documentary Award	80,758	1,816	(353)	61	82,282
Michael Samuelson Scholarship	389	9	(2)	-	396
Freddie Young Scholarship	4,187	94	(1,018)	3	3,266
Freddie Francis Scholarship	5,522	124	(4,024)	4	1,626
The Stanley Kubrick Fellowship	21,700	488	(20,095)	16	2,109
The Colin Young Scholarship	4,288	96	(19)	3	4,368
The Trevor Jones Scholarship	5,657	127	(25)	4	5,763
Sir John Terry Memorial Scholarship	36,297	816	(1,158)	28	35,983
The Louis Malle Scholarship	7,047	2,806	(2,545)	-	7,308
Post Office Scholarship	388	6,678	(7,066)	-	-
Kodak Scholarship	9,852	3,339	(4,148)	-	9,043
John Sargent Scholarship	-	4,498	(873)	-	3,625
James Walker NFTS Writers Fund	-	59,680	-	-	59,680
Total restricted funds	3,687,589	159,549	(133,652)	2,783	3,716,269
Unrestricted funds:					
General reserves	147,750	3,323	(6,375)	112	144,810
Total unrestricted funds	147,750	3,323	(6,375)	112	144,810
Total funds	4,388,188	425,538	(140,027)	3,480	4,677,179

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2021 £	Total 2020 £
Fund balances at 31 December 2021 are represented by:					
Investments	-	3,818,266	997,529	4,815,795	4,457,092
Cash and cash equivalents	139,652	218,741	-	358,393	220,087
	<u>139,652</u>	<u>4,037,007</u>	<u>997,529</u>	<u>5,174,188</u>	<u>4,677,179</u>
	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2020 £	Total 2019 £
Fund balances at 31 December 2020 are represented by:					
Investments	47,069	3,656,589	753,434	4,457,092	4,178,000
Cash and cash equivalents	97,741	59,680	62,666	220,087	210,188
	<u>144,810</u>	<u>3,716,269</u>	<u>816,100</u>	<u>4,677,179</u>	<u>4,388,188</u>

Sufficient resources are held in an appropriate form to enable each restricted fund to be applied in accordance with the restrictions.

NFTS Foundation

Notes to the Financial Statements for the year ended 31 December 2021 (*continued*)

16 Statement of Financial Activities for the year ended 31 December 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Permanent endowment funds 2020 £	Total Funds 2020 £
Income and endowments from:					
Donations	6	-	59,680	262,666	322,346
Investments	7	3,323	99,869	-	103,192
Total income		3,323	159,549	262,666	425,538
Expenditure on:					
<i>Raising funds</i>					
Investment management costs	8	645	19,382	-	20,027
<i>Charitable activities</i>					
Education	9	4,000	116,000	-	120,000
Total expenditure		4,645	135,382	-	140,027
Net gains on investments		112	2,783	585	3,480
Net income/(expenditure)		(1,210)	26,950	263,251	288,991
Transfers between funds		(1,730)	1,730	-	-
Net movement in funds	14	(2,940)	28,680	263,251	288,991
Total fund balances brought forward at 1 January	14	147,750	3,687,589	552,849	4,388,188
Total fund balances carried forward at 31 December	14	144,810	3,716,269	816,100	4,677,179