

# THE DAVID LEAN FOUNDATION

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## TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

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# THE DAVID LEAN FOUNDATION

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# THE DAVID LEAN FOUNDATION

## REPORT OF THE TRUSTEES

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<b>Legal Entity</b>	The David Lean Foundation
<b>Governing Instrument</b>	Deed of Trust 19 November 1997
<b>Trustees</b>	Anthony Alan Reeves Sally Ruth Beard Max William Thowless-Reeves
<b>Auditors</b>	RSM UK Audit LLP St Philips Point Temple Row Birmingham
<b>Bankers</b>	Handelsbanken plc 1 Lakeside Festival Park Stoke on Trent
<b>Investment Managers</b>	Sorbus Partners 41a Eastgate Street Stafford
<b>Legal Advisers</b>	Freeths LLP 80 Cumberland Place Mount Street Nottingham
<b>Registered Office</b>	The Bradshaws Codsall Staffordshire
<b>Charity</b>	1067074  Registered 23/12/1997
<b>HMRC</b>	EW70618

# THE DAVID LEAN FOUNDATION

## REPORT OF THE TRUSTEES

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### **Trustees**

The trustees have responsibility for the management of the Foundation. There is no minimum or maximum number of trustees prescribed by the trust deed. Where there is a requirement for new trustees, these would be identified and appointed by the remaining trustees. The trustees are responsible for the induction of any new trustee which involves awareness of a trustee's responsibilities, the governing document, administrative procedures, the history and philosophical approach of the charity.

The income of the Foundation depends upon the gift aid distribution from its trading subsidiary David Lean Films Limited which it derives its income from royalties received from Sir David Lean's films. The Trustees are the only directors of the subsidiary.

All decisions of the Foundation are taken by all of the trustees. The trustees review, on a regular basis gift aid income, available funds and current and pending commitments to make grants that in principle fall within the grant policy.

### **Objectives and Activities**

The objectives of the Foundation are:

- to promote and advance education and to cultivate and improve public taste in the visual arts in particular by stimulating original and creative work in the field of film production in particular including screenplay writing and film direction and film editing by encouraging a high standard of art and technique in persons engaged in such film production and by encouraging and promoting the improvement of the standard of the arts, sciences and techniques of fiction film making.
- to benefit such charitable institutions or other charitable object or objects as the Trustees shall in their absolute discretion think fit to support or establish.

In pursuance of the objectives the trustees have powers

- to further the preservation and public exhibition of films including those films directed by Sir David Lean
- to encourage and sponsor education publications and promote exhibitions and lectures and generally to disseminate knowledge of the art and technique of film making by means of the reading of papers, delivery of lectures, giving of advice or otherwise
- to co-operate with educational establishments and other charities to procure the better appreciation and understanding of films and the arts.

# THE DAVID LEAN FOUNDATION

## REPORT OF THE TRUSTEES

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### **Aims**

The Foundation's grants are awarded to other charitable institutions whose aims include those similar to those of the Foundation principally the National Film and Television School, the British Film Institute and the British Academy of Film and Television Arts.

The Foundation aims to achieve its objectives by both making grants and encouraging recipient organisations to improve their governance and performance. Recipients of grants from the Foundation are required, as a pre-condition of receiving the grant, to provide a report as to the use of the grant and the results

The grant policy is not to make individual scholarship or other grants not related to the objects of the Foundation.

### **Achievements**

During 2021 David Lean Films Ltd received royalties of £182,505 (2020: £176,718) from the films of David Lean.

The total outstanding commitments at the balance sheet date were £47,000 payable in the years 2022 to 2023 (see note 2 and appendix 1).

Since establishment the Foundation has made grants of £5,777,496 towards its objectives and at the end of the year had grant commitments of £47,000.

### **Future Plans**

The trustees intend to continue expending the charity's incoming resources by making grants as reported under "Aims" above.

### **Public Benefit**

The trustees comply with the duty in the Charities Act 2011 and have regard to guidance published by the Charity Commission as regards public benefit requirements by making grants to national charities.

# THE DAVID LEAN FOUNDATION

## REPORT OF THE TRUSTEES

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### **Risks**

The Foundation's principal current and future source of income is gift aid from the distributable profits of its trading subsidiary's royalties from the films directed by Sir David Lean. The royalties are uncertain in amount and duration and depend upon the promotion of such films in all media.

The Foundation has a risk policy. The policy identifies the major risks to which the Foundation and its subsidiary is exposed to as reduction of royalty income, staffing requirements, trustee succession, failure of technology, premises and archives destruction. These risks have been reviewed and systems and procedures have been established to manage them and where necessary insurance is in place.

### **Financial Review**

During the year the Foundation received a gift aid payment from its subsidiary of £124,994 (2020: £46,091) and £60,000 donation from a third party.

At the balance sheet date the Foundation (charity only) had total unrestricted net funds of £570,136 (2020: £465,451) represented by £155,187 cash less commitments of £47,000 and creditors of £5,500 (2020: £4,950). The Foundation has investments of £467,449 including an investment in its subsidiary David Lean Films Ltd of £125,055.

On consolidation at the balance sheet date, the Foundation and Films (the group) had total net funds of £814,043 (2020: £721,300) represented by £490,434 of fixed assets, £382,809 of cash less commitments of £47,000 and accruals of £12,200.

### **Reserves Policy**

The Trustees treat the value of the royalty rights of the subsidiary, which provides its principal source of income, as non-distributable.

Having regard to the relative limited expenses of the Foundation the trustees have adopted the policy that the reserves should be net cash in excess of the £25,000 of the Foundation cash after providing for creditors and grant commitments.

At 31 December 2021 the surplus held was £102,687.

# THE DAVID LEAN FOUNDATION

## REPORT OF THE TRUSTEES

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### Statement of Trustees Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources 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;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that 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 Charities Act 1993, the requirements of the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

RSM UK Audit LLP, Chartered Accountants, have offered themselves for re-election as auditors of the Foundation.

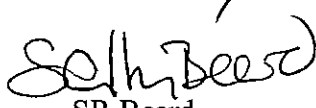
### Statement as to Disclosure of Information to Auditors

The trustees who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Approved by the Trustees on 25 May 2022 and signed by :



M W Thowless-Reeves  
Trustee



SR Beard  
Trustee



M W Thowless-Reeves  
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DAVID LEAN  
FOUNDATION

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**Opinion**

We have audited the financial statements of The David Lean Foundation (the 'charity') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Financial Activities, the Group and parent charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and charity's affairs as at 31 December 2021 and of their 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 Charities Act 2011.

**Basis for opinion**

We have been appointed as auditors under section 152 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 group and parent charity 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.

**Conclusions relating 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 group's or parent charity'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 other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DAVID LEAN  
FOUNDATION

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees 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 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 trustees are responsible for assessing the group's and parent charity'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 group or parent charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## THE DAVID LEAN FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DAVID LEAN FOUNDATION

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework, that the group and parent charity operate in and how the group and parent charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

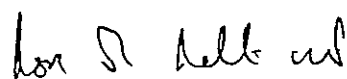
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities Act 2011, the parent charity's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://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 charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF  
Date 9 June 2022

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE DAVID LEAN FOUNDATION

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended 31 December 2021

			2021	2020
	Note	Unrestricted Funds	Endowment Fund	Total Funds
		£	£	£
<b>Income</b>				
Royalties receivable		182,505		176,718
Donations		60,000		-
Investment income		8,451		7,096
<b>Total income</b>		250,956	-	183,814
<b>Expenditure on :</b>				
Raising funds	1a	81,692	-	64,337
Expenditure on Charitable		110,562	3,473	85,632
<b>Total Expenditure</b>		192,254	3,473	149,969
Net gains/(losses) on investments			37,514	1,341
<b>Net movement in funds</b>	9	58,702	34,041	35,186
<b>Reconciliation of funds</b>				
Fund balances 1 January 2021		354,714	366,586	686,114
<b>Fund balances 31 December 2021</b>		413,416	400,627	721,300

THE DAVID LEAN FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 December 2021

	Note	2021 Unrestricted Funds	2021 Endowment Funds	2021 Total Funds	2020 Total Funds
		£	£	£	£
<b>Income</b>					
Donations		60,000	-	60,000	-
Gift Aid donations	1b	124,994	-	124,994	46,091
Investment income		8,451	-	8,451	6,723
<b>Total income</b>		193,445	-	193,445	52,814
<b>Expenditure</b>					
Expenditure on Charitable activities	2	122,801	3,473	126,274	97,872
<b>Total Expenditure</b>		122,801	3,473	126,274	97,872
Net gains on investments			37,514	37,514	1,341
<b>Net movement in funds</b>		70,644	34,041	104,685	(43,718)
<b>Reconciliation of funds</b>					
Fund balances 1 January 2021		98,865	366,586	465,451	509,169
<b>Fund balances 31 December 2021</b>		169,509	400,627	570,136	465,451

The incoming resources and resources expended derive from continuing operations.  
All gains and losses are included within the Statement of Financial Activities for the year.

THE DAVID LEAN FOUNDATION

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed Assets</b>			
Film rights	3	148,040	160,780
Investments	4	<u>342,394</u> 490,434	<u>344,287</u> 504,567
<b>Current assets</b>			
Cash at bank and in hand		<u>382,809</u> 382,809	<u>293,659</u> 293,659
<b>Creditors:</b> amounts falling due within one year	6	(59,200)	<u>(76,926)</u>
<b>Net current assets</b>		<u>323,609</u>	<u>216,732</u>
<b>Total assets less current liabilities</b>		814,043	721,300
<b>Creditors:</b> amounts falling due after more than one year	7	-	-
<b>Net assets</b>		<u>814,043</u>	<u>721,300</u>
<b>Represented by</b>			
Charitable funds:			
Permanent Endowment	9	400,627	366,586
Unrestricted funds	9	<u>413,416</u>	<u>354,714</u>
<b>Total charity funds</b>	9	<u>814,043</u>	<u>721,300</u>

These financial statements were approved by the trustees and authorised for issue on 25 May 2022.



AA Reeves  
Trustee



S R Beard  
Trustee



M W Thowless-Reeves  
Trustee

THE DAVID LEAN FOUNDATION

STATEMENT OF FINANCIAL POSITION  
As at 31 December 2021

	Note	2021	2020
		£	£
<b>Fixed assets</b>			
Investments in subsidiary	4a	125,055	137,295
Investments	4	<u>342,394</u>	<u>344,287</u>
		467,449	481,582
<b>Current assets</b>			
Cash at bank and in hand		<u>155,187</u>	<u>51,789</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(52,500)</u>	<u>(67,921)</u>
<b>Net current assets</b>		<u>102,687</u>	<u>(16,131)</u>
<b>Total assets less current liabilities</b>		570,136	465,451
<b>Creditors: amounts falling due after more than one year</b>		<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>570,136</u>	<u>465,451</u>
<b>Represented by</b>			
Charitable funds:			
Permanent Endowment	9	400,627	366,585
Unrestricted funds	9	<u>169,509</u>	<u>98,866</u>
<b>Total charity funds</b>	9	<u>570,136</u>	<u>465,451</u>

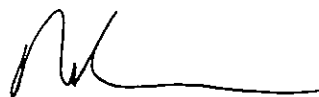
These financial statements were approved by the trustees and authorised for issue on 25 May 2022.



AA Reeves  
Trustee



S R Beard  
Trustee



M W Thowless-Reeves  
Trustee

THE DAVID LEAN FOUNDATION

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
at 31 December 2021

	2021	2020
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the reporting period	92,743	35,186
Investment (gains)/losses	(37,514)	(1,341)
(Decrease) in creditors	(17,726)	(18,598)
Investment income received	(250,956)	(183,814)
Amortisation	12,240	12,240
	<hr/>	<hr/>
<b>NET INCOME USED IN OPERATING ACTIVITIES</b>	<b>(201,213)</b>	<b>(156,327)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Donations	60,000	-
Investment income received	8,451	6,678
Interest received	-	418
Royalties received	182,505	176,718
	<hr/>	<hr/>
	250,956	183,814
	<hr/>	<hr/>
Proceeds from sale of investments	108,429	53,083
Purchase of investments	(69,022)	(46,989)
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>39,407</b>	<b>6,094</b>
	<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>	<b>89,150</b>	<b>33,581</b>
Cash and cash equivalents at the beginning of the reporting period	293,659	260,078
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	<b>382,809</b>	<b>293,659</b>
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## THE DAVID LEAN FOUNDATION

### ACCOUNTING POLICIES

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The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Foundation's financial statements.

#### **Basis of Preparation**

The accounts (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 UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The principal accounting policies adopted in the preparation of the accounting policies are set out below.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The Charity has taken advantage of the provisions in the SORP for Charities applying FRS102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

#### **Basis of Consolidation**

The consolidated financial statements comprise the Foundation and its trading subsidiary David Lean Films Limited (the Group). The summarised profit and loss account of David Lean Films Limited is recorded in note 1.

#### **Going Concern**

The Trustees have reviewed the incoming resources and expenditure of the Foundation and believe that there are adequate resources which will enable the Foundation to meet its liabilities for at least one year from the date the financial statements are signed. For this reason the trustees have adopted the going concern basis in preparing the financial statements.

#### **Funds Structure**

The Foundation has a single permanent endowment, which required the Trustees to invest the capital in perpetuity, the income from which is wholly unrestricted. The endowment funds are used to support charities whose objects and activities are similar to those of the charity described in the Trustees' Report on page 2.

General accumulated funds are unrestricted funds available to the Foundation for its general purposes and include funds committed by the charity for grants.



## THE DAVID LEAN FOUNDATION

### ACCOUNTING POLICIES

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#### **Incoming Resources**

Income is recognised when received. No funds have been received which are restricted.

#### **Resources expended**

Expenditure is charged inclusive of irrecoverable value added tax. Direct charitable expenditure (grants payable) comprises those payments directly incurred in pursuance of the Foundation's charitable activities.

#### **Grant Making Policies**

The grant making policy is explained in the Trustees report and is effected by regular contact with the recipient national UK charities. Applications from other charities and organisations if received, are treated on an individual basis consistent with the adopted policy of the Foundation.

#### **Investments and Intangible Assets**

The Film rights are classified as intangible assets. The directors of the trading subsidiary reconsidered the useful economic life of the film rights at 1 January 2014, and as a result it was resolved that the then remaining useful life was 20 years.

The investments relate to the trading subsidiary and have been impaired in line with the life of the film rights.

#### **Impairment of Fixed Assets**

At each reporting end date, the Foundation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## THE DAVID LEAN FOUNDATION

### ACCOUNTING POLICIES

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#### **Heritage assets**

The Foundation holds a collection of the screenplays and title documents to all of the films directed by Sir David Lean together with photographs, awards, correspondence and a library of books. The Foundation has also deposited on loan other archival material with the British Film Institute National Archive.

Both collections are available for research purposes and have significant intrinsic value relating to the films of David Lean. There is no material cost attributable to these collections and conventional valuation techniques would be inappropriate, so as a result no value is included in the financial statements. As a consequence these collections are deemed to fall within the definition of heritage assets. Expenditure required to accommodate and preserve the collections is recognised in the SOFA when it is incurred.

#### **Foreign Currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of financial activities.

#### **Taxation**

The Foundation is recognised as a charity by HM Inland Revenue [EW70618]. It is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

## THE DAVID LEAN FOUNDATION

### ACCOUNTING POLICIES

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#### **Financial instruments**

The Foundation has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the statement of financial position when the Foundation becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Other financial assets**

Other financial assets, including endowment investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Foundation after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities are initially measured at transaction price. The Foundation only has basic financial liabilities.

# THE DAVID LEAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 1a. Income Group: Net income from trading activities and subsidiary

The Foundation has a wholly owned trading subsidiary, David Lean Films Limited (Subsidiary), which collects film royalties, administers its own funds and makes gift aid distribution to the Foundation.

David Lean Films Limited is incorporated in the UK. It transfers its distributable profits by gift aid to the Foundation. A summary of its trading results for the year is shown below.

Financial statements for the subsidiary are filed with the Registrar of Companies.

	2021 £	2020 £
Profit and Loss Account		
Turnover – Royalties	182,505	176,718
Cost of Sales	<u>(64,454)</u>	<u>(47,097)</u>
<b>Gross Profit</b>	118,051	129,621
Administration expenses	(5,000)	(5,000)
Amortisation of Intangibles	<u>(12,240)</u>	<u>(12,240)</u>
<b>Operating profit</b>	100,811	112,381
Interest receivable	-	373
	<hr/>	<hr/>
<b>Profit on Ordinary</b>		
<b>Activities Before Taxation</b>	100,811	112,754
Tax on Profit on Ordinary Activities	-	-
	<hr/>	<hr/>
<b>Profit for the Financial Year</b>	100,811	112,754
	<hr/>	<hr/>
Total equity/assets of the subsidiary	100,811	112,754
	<hr/>	<hr/>

# THE DAVID LEAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For 12 months to 31 December 2021

### 1b. Income charity: Donations

	2021	2020
	£	£
Gift Aid distribution from Subsidiary - unrestricted	124,994	46,091
Donations - restricted	60,000	-
	<u>184,994</u>	<u>46,091</u>
Total Donations	<u>184,994</u>	<u>46,091</u>

### 2. Resources expended

Analysis of Grants	£	£
Grants committed at 31 December 2020		62,971
Grant reductions/adjustments		-
Grants committed in 2021	<u>74,613</u>	<u>74,613</u>
		137,584
Grants paid in 2021		
Existing grants paid in 2021	(15,971)	
New grants paid in 2021	(74,613)	(90,584)
		<u>47,000</u>
Total grants committed at 31 December 2021		<u>47,000</u>

Details of grants paid and committed are listed in appendix 1.

The Trustees have not received any remuneration from and have not been reimbursed by the Foundation for any expenses in the year, and there are no employees.

Total unrestricted consolidated charitable costs of £110,652 (2020: £83,083) include £74,613 grants payable (2020: £52,500) and support costs of £35,949 (2020: £30,583).

The Foundation's unrestricted charitable cost of £122,802 (2020: £95,323) includes £74,613 grants payable (2020: £52,500) and support costs of £48,189 (2020: £42,823).

Restricted administration and support costs included in charitable activities costs total £ 3,473 (2020: £2,549).

The amount payable for the audit is £9,200 (2020:£8,625) and for tax fees £3,000 (2020:£2,450).

THE DAVID LEAN FOUNDATION

NOTE TO THE FINANCIAL STATEMENTS  
For 12 months to 31 December 2021

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3. **Intangible Fixed Assets  
Group**

Film Rights  
£

Cost at beginning and end of year 482,365

Amortisation  
At beginning of year 322,085

Charge for 12 months to 31 December 2021 12,240

To 31 December 2021 334,325

Net book value

At 31 December 2021 148,040

At 31 December 2020 160,280

4 **Fixed asset investments**

Equities  
£

At beginning of year 344,287

Gains/(losses) 37,514

Additions/disposals 69,022

Disposals at carrying value (108,429)

At end of year 31 December 2021 342,394

# THE DAVID LEAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 4a Investment in subsidiary

The Foundation owns the entire issued ordinary share capital of David Lean Films Limited, (registered numbered 3429283) a company incorporated in England and Wales.

	£
Cost at beginning and end of year	474,065
Impairment	
At the beginning of year	336,770
Charge for the year	12,240
At end of year	349,010
Net book value	
At 31 December 2021	125,055
At 31 December 2020	<u>137,295</u>

The financial information of the subsidiary undertaking David Lean Films Limited for the year ended 31 December 2021 is shown in note 1a.

### 5. Cash at bank

	Group		Foundation	
	2021	2020	2021	2020
	£	£	£	£
Current	324,576	271,360	96,954	29,491
Endowment	58,233	22,299	58,233	22,299
	<u>382,809</u>	<u>293,659</u>	<u>155,187</u>	<u>51,789</u>

All current cash forms part of unrestricted funds of which £52,500 (2020: £62,971) is committed to grants within one year.

# THE DAVID LEAN FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 6. Creditors: amounts falling due within one year

	Group		Foundation	
	2021	2020	2021	2020
	£	£	£	£
Grants committed	47,000	62,971	47,000	62,971
Accruals	12,200	13,955	5,500	4,950
	<u>59,200</u>	<u>76,926</u>	<u>52,500</u>	<u>67,921</u>

### 7. Creditors: amounts falling due after more than one year

	Group		Foundation	
	2021	2020	2021	2020
	£	£	£	£
Grants committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 8. Analysis of charitable funds

	Brought forward	Income	Expenditure	Gains/losses	Carried forward
	£	£	£	£	£
Endowment	366,586	-	(3,473)	37,514	400,627
Unrestricted Funds	354,714	250,956	(192,254)	-	413,416
	<u>721,300</u>	<u>250,956</u>	<u>(195,727)</u>	<u>37,514</u>	<u>814,043</u>



## THE DAVID LEAN FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

#### 9. Analysis of net asset between funds

	Investments	Cash at bank	Creditors	Net assets
	£	£	£	£
Endowment	342,394	58,233	-	400,627
Unrestricted	148,040	324,576	(59,200)	413,416
At 31 December 2021	490,434	382,809	(59,200)	814,043

#### 10. Unrestricted funds

The Foundation's principal source of income is royalties rights from three of the major films directed by Sir David Lean. These royalties and of other rights Sir David Lean films are uncertain in amount and duration and depend (inter alia) upon their promotion.

#### 11. Commitments

When the Trustees have resolved to make a charitable grant and have communicated this decision to the recipient the amount committed is then treated as a creditor. No grants have been awarded subject to such conditionally that would require them not to be treated as a creditor.

#### 12. Related Party Transactions

The Foundation received a gift aid distribution from its subsidiary David Lean Films Ltd of £124,994 (2020: £46,091).

SR Beard, a trustee of the Foundation and director of David Lean Films Ltd, is a director and the principal shareholder of Peter Smith (Farms) Ltd a company which, during the year received from the Foundation £72,000 (2020: £67,200) for providing office, accounting and administration services to the Foundation and David Lean Films Ltd. The amount outstanding at the year-end was £nil (2020 £nil).

The total remuneration of the Trustees of the Foundation and the directors of David Lean Films Ltd was £nil (2020: £nil).

Mr A A Reeves, a director of the David Lean Films Ltd, is entitled to a commission on the royalties received from "A Passage to India" and in 2021 received £165 (2020 £364).

MW Thowless-Reeves a trustee of the Foundation is the senior partner and designated member of Sorbus Partners LLP, who act as investment managers to the Foundation. He is also a son of AA Reeves, a trustee of the Foundation. During the year the Foundation was charged £3,473 (2020: £2,550) for investment manager fees for managing the investment portfolio on behalf of the Foundation.

# THE DAVID LEAN FOUNDATION

## APPENDIX 1 31 December 2021

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Grants and commitments	2021	
	Grants paid £	Future commitments £
British Academy of Film and Television Arts		15,000
British Film Institute	68,500	32,000
National Film and Television School	15,583	
The Arts Fund	6,500	
	<hr/>	<hr/>
Total	90,583	47,000
	<hr/>	<hr/>

The total grants made since the establishment of the Foundation in 1997 was £5.7m

# THE DAVID LEAN FOUNDATION

## APPENDIX 2 31 December 2021

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### Grants

£

1998-2000	195,369
2001-2005	1,572,269
2006-2010	1,649,064
2011-2015	1,187,389
2016-2020	1,082,821
2021	90,583

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5,777,496

### Commitments

47,000

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5,824,496

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