



**London
Film
School
Limited**

**Annual Report and Financial
Statements**

31 August 2022

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

Charity Registration Number
270302

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Reference and administrative information

Governors	Greg Dyke (Chair) Amanda Nevill CBE (Vice Chair) Kemal Akhtar Peter Armstrong (resigned 14/10/2021) Suzy Black Diane Herbert (resigned 15/09/2021) Rhys Holland (Student Governor, resigned 31/07/2022) Peter Holliday (resigned 15/05/2022) Nicholas Humby Olivier Kaempfer William MacPherson Cindy Rampersaud Gregory Randolph (Student Governor, appointed 31/07/2022) Joan Watson Sophia Wellington (Staff Governor)
Management Team	Gisli Snaer (Director and Chief Executive Officer) retired 31/05/2022 Peter Holliday (Interim Director & Chief Executive) joined 16/05/2022 Femi Kolade (Director of Studies) Dan Lawson (Chief Operating Officer) Veronique Fricke (Head of Marketing & Student Recruitment) Robin Graham (Secretary to the Board) retired 31/10/2022 Tiana Harper (MA Filmmaking Course Leader) Michele Maher (Academic Registrar) Anita O'Connor (Financial Controller) Victoria Thomas (MA International Film Business Course Leader) Caroline Ward (Head of HR) retired 31/8/2022 Claudia Lana (Head of HR) joined 26/09/2022 Sophia Wellington (MA Screenwriting Course Leader)
Company Secretary	Robin Graham (retired 31/10/2022)
Principal address and registered office	24 Shelton Street London WC2H 9UB
Telephone	0207 836 9642
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E-mail	info@lfs.org.uk
Company registration number	01197026 (England and Wales)
Charity registration number	270302

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Royal Bank of Scotland London Drummonds Branch 49 Charing Cross London SW1A 2DX
Solicitors	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

Chair's introduction

Chair's Introduction to Annual Report and Financial Statements, 31 August 2022

These are the accounts for the London Film School for the year ending 31st August 2022.

Over the last 12 months, London Film School has resumed in-person teaching and activities and seen an exciting return to all areas of School life.

The impact of the pandemic over last two years has been felt across all areas of the School, presenting both opportunities and challenges to students and staff. Students, graduates and staff have all contributed to the success of the School in this time, developing a greater resilience and an ability to deliver work flexibly. The necessary changes to the delivery of all courses during the pandemic has allowed the School to incorporate online and remote work and education into its offering, providing broader opportunities to join Masterclasses, combine learning and travel and for staff to contribute

The unique pedagogy of London Film School's practical education has always been prioritised, alongside ensuring a safe environment for all. The consequent financial implications of the pandemic have been felt however, impacting the School's ways of working.

One of the highlights of the year was the return of our in-person Graduate Showcase. The event was the first time the entire School was able to gather together to celebrate the achievements of the graduates, see their work and provide a launchpad for them into the industry to start their careers. The event was a success for both grads and industry with many using the opportunity to develop their skills and connect with professionals over the course of the five day Showcase.

LFS students and graduates have continued to have distinctive impact in their fields locally, nationally and internationally, testament to the quality of learning and training received. LFS filmmakers garnered accolades in a range of festivals and competitions, receiving recognition globally for the quality of their work. LFS graduation films have screened at over two hundred global film festivals since September 2021 – winning over fifty awards.

Screenwriting graduates have made their mark with a huge breadth of projects, seeing recognition in festivals such as Tribeca Film Festival, theatrical screenplays performed in both London and Edinburgh, screenplays for major distributors such as Disney+ and Netflix, and several screenwriters handpicked for development programmes, including the BBC Writers Room. International Film Business graduates have proved their acumen securing roles throughout the screen industries and pitching projects to industry leaders, shaping the future of the filmmaking industry.

The successes of School have been reflected in the newly-award World Leading Specialist Provider status which was awarded in December 2022. The status marks LFS out as being recognised internationally in the filmmaking specialism, providing a level of quality and expertise among the finest in the world.

The past year has seen invaluable support and leadership from Interim Director, Peter Holliday and as we look to the future, we are able to focus on our long-term ambitions stemming from the Annual Operating Plan in place for 2022-23, including exciting new developments to grow and diversify our curriculum and development of our plans to move the School to new purpose-built premises close to our current location in Covent Garden.

Chair's introduction

I would like to thank my fellow Governors for their unstinting interest and effort to support the School. I am delighted that during the year the Board discharged the important responsibility of selecting and appointing a new Director and CEO for the School and we look forward to welcoming Neil Peplow when he takes up the appointment at the end of January 2023.

On behalf of the Governors, I would like to share my grateful thanks to the staff and students who continue to work tirelessly to ensure the long-term success of LFS.

A handwritten signature in black ink, appearing to be 'C. Peplow', written in a cursive style.

January 2023

The Governors present their annual report together with the financial statements of London Film School Limited for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out on pages 33 to 36 and comply with the charitable company's memorandum and articles of association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Objectives and activities

The School's principal purpose is the provision of professional-level training in the art and technique of film production and feature film screenwriting. Our core provision includes a two-year MA Filmmaking degree covering all of film's craft and interpretive departments, and a one-year MA degree in Screenwriting. The MA in International Film Business continues in partnership with Exeter University, as does a successful PhD Film by Practice programme.

From September 2021 until August 2022 a total of 140 students graduated from the three MA programmes; 50 for MA Screenwriting, 63 for MA Filmmaking and 27 for MA International Film Business.

The School has offered 26 short course workshops for film and television professionals in the past year. The School also offers an expanding programme of outreach projects, bringing filmmaking training and education to audiences who could not normally access such opportunities for reasons of cost or geography.

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

2021/22 saw the final year of the School's existing five-year strategy. Within that plan, the School's main objectives for the year were:

- ◆ Ensure that the School is appropriately resourced and situated in contemporary facilities, matching the excellence in our teaching and delivering a peerless learning experience
 - ◇ LFS is excited to announce our intention to relocate the School to the new Cinecentre building, a five-minute walk away in Holborn. Cinecentre, on Parker Street, is a new facility comprising the recently opened Garden Cinema, the London Film School, and office space to be taken up by film production companies creating a hub of filmmaking in the heart of London's west end. LFS' relocation will see all of the School's existing programmes, short courses, and professional services move to the new site, bringing shooting studios, workshops and teaching spaces all under one roof and offering a step-change in quality for our students and staff. Our intention is to be operational in the new site from September 2023 and complete the relocation in its entirety over the 2023/24 academic year.

Objectives and activities (continued)

- ◆ Ensure our film education is accessible to all UK students irrespective of background or income
 - ◇ Since registering with the Office for Students in 2019, all postgraduate programmes qualify for postgraduate loan support. New bursaries were introduced in 2020 and 2021 to support UK students on both MA Filmmaking and MA Screenwriting programmes
 - ◇ The School began developing a new Equality, Diversity and Inclusion (EDI) strategy after the events of summer 2020, recognising that LFS needed to do more to improve access to film education and to promote an anti-racist approach in our work. Developments to date include the formation of an EDI working group comprising staff and students; a review of our existing recruitment approaches and HR policies, and a programme of decolonising the curriculum.
- ◆ Maintain our excellent international profile, exporting best-practice around the world and bringing new global perspectives to our pedagogy
 - ◇ The School continues to be a member of CILECT (the International Association of Film and Television Schools), including attendance at the annual congress in Moscow in 2019, and its regional division GEECT (European Grouping of Film and Television Schools). As can be seen below, LFS graduation work once more enjoyed a year of wide international exposure at festivals and award ceremonies around the world.
- ◆ Ensure our film education offer continues to be among the best in the world and is relevant to the film and wider creative industries of today, and tomorrow
 - ◇ Our Director of Studies continued to work closely with the academic team to further improve quality monitoring and the process by which student feedback is captured, listened to and responded to. Our short course and outreach work now comes under the Director of Studies' remit bringing better synergies and sharing of best practice across the full gamut of LFS' educational programmes.
 - ◇ The School has a Professional Development Leave (PDL) scheme for staff, to help our workforce to continually improve their professional skills, practice, and learning. This enhances their ability to teach/support our students.
- ◆ Build new and lasting partnerships and collaborations with industry and relevant institutions
 - ◇ We continued to build strong links with local industry partners including the BFI, Film London, ScreenSkills, and more. We were especially pleased to continue our partnership with Film London's Equal Access Network.

Bursaries and student funding

In 2021 the School introduced two means-tested Hardship Emergency Funds (i) for Home status students and (ii) for International students to support those students that were

Objectives and activities (continued)

Bursaries and student funding (continued)

experiencing unexpected short-term emergency or crises. The criteria for Home status students were intended to help with unforeseen increase to the day-to-day expenses and course related costs, such as cost of childcare, medical expenses or utilities. Students were expected to demonstrate that they had exhausted all other forms of funding and LFS was the last resort. We are also grateful to the Leverhulme Trust which continues to provide bursaries to home status students who meet the means-tested criteria.

Workshops

The range of evening, weekend and short professional development courses, continued to be developed and hosted by leading practitioners with the emphasis on a practical, hands-on, intensive learning experience. Within the last year 26 short course workshops for film and television professionals have been held with several carrying ScreenSkills Select status. The short courses on offer are continuously reviewed to allow for more dynamic or urgent shifts in industry demand.

The success of the workshops can be seen in Juliana Matsubara, who has developed a career in the art department of films after studying the 'Advancing Your Career in the Film Art Department' course at London Film School at the start of 2021. The course helped her develop a successful early career with roles on *Call The Midwife* and *This is Going to Hurt* for BBC, HBO series *Avenue 5*, and Netflix feature *Persuasion*.

Mo Abudu, a filmmaker based in Nigeria, and CEO of EbonyLife Group, took part in a directing workshop and in 2022 announced plans to make her directorial debut, with two short films. As CEO of EbonyLife TV, Mo Abudu oversees the production of more than 1,000 hours of content broadcast in Nigeria, annually and as an executive producer, she has created some of the biggest blockbusters in Nigerian cinema.

LFS Outreach

LFS Outreach projects aim to nurture talent, broaden horizons and inspire young people to have a life-long engagement and appreciation of film. The activities provide learning opportunities for young people from all backgrounds, helping them to participate in our industry as audience members or as part of the screen industries' workforce. We work with primary and secondary schools, colleges and community groups as well as with a wide range of industry organisations. Projects are fully bespoke and are delivered in class, online or in a hybrid mode.

LFS has continued to run a series of outreach projects aimed at new entrants particularly from under-represented backgrounds to build skills and enable greater access to opportunities within an industry notoriously difficult to break into.

Over the last year, 147 young people have taken part in 12 different workshops and projects including three Virtual Film Clubs created for children in Ukraine. The Ukraine Film Clubs have provided children who are living in particularly difficult circumstances with a creative

Objectives and activities (continued)

LFS Outreach (continued)

outlet. The children met every Saturday morning for a total of six weeks. Their commitment and resilience have been a joy to see.

LFS has also led a Filmmaking workshop at the Frank Barnes School for Deaf Children, a writing workshop at Creative Sparkworks and a Documentary workshop for Haringey Council Adult Learners. As a result of the Filmmaking workshops, children and young people develop confidence in their own artistic abilities, they develop a new vocabulary around creativity and filmmaking and learn different filmmaking and storytelling techniques.

Participant feedback has included teacher comments such as, *"Over the weeks, the children became more creative and were able to share their thoughts and opinions about their videos and other videos."* Parent feedback included, *"Film Club was absolutely the best thing about last year for my son. Conventional activities like music and sport just don't work for him, so he's never really had this experience of achievement before. At Film Club, he didn't have to worry at about 'fitting in', and all his crazy ideas and enthusiasms were embraced. Most of all, he looked forward to it all week."*

Since September 2022, London Film School has also collaborated with National Saturday Club to offer a free Film and Media class to 13 – 16 year olds. The weekly club meets in the Covent Garden School, giving young people a chance to study with professional filmmakers, and watch, discuss, and make films in class and at home.

COVID-19

The academic year 2021-22 was again impacted by the COVID-19 pandemic, and in common with other Higher Education Providers, London Film School returned from delivering its provision' from a hybrid model back to face-to-face teaching once it could safely take place, ensuring the health and safety of its staff and students. The arrival of the omicron variant in late 2021 meant certain adaptations in delivery were held over into the spring term of 2022 bringing with them additional cost, but by Easter '22 we were able to relax all remaining restrictions and return to full in-person delivery across all programmes.

The School benefitted from a renewed enthusiasm for in-person teaching and saw attendance to non-curricular events and screenings grow.

Whilst Covid-19 presented London Film School with unique challenges, it is testament to the commitment, passion, enthusiasm, hard work and adaptability of our students, staff, visiting lecturers, Governors, and all other contributors that the School was able to continue its successful response in the most challenging of circumstances.

Achievements and performance

World Leading Specialist Provider

London Film School was awarded World-Leading Specialist Provider status by the Office for Students on 8th December 2022. The status marks LFS out as being recognised internationally in the filmmaking specialism, providing a level of quality and expertise among the finest in the world. In receiving this accolade, the knowledge and skills of LFS graduates and the enduring impact they have on the industry, are recognised by leading employers, external funders, other world-leading providers and others in the UK and beyond.

As part of the new status, LFS will receive funding from the Office for Students in recognition of the high cost of the education of a subject which is extremely expensive to deliver.

Masterclasses

We were delighted to re-launch our curated LFS Masterclasses for the Summer term in 2022. Masterclasses are an opportunity for students, alumni, and staff to hear from experts and brilliant minds across the world of filmmaking. The masterclasses serve to inspire hope, learn more and connect students, staff and alumni with those working in the industry. Equality, diversity and inclusion is at the forefront of planning for Masterclass guests, inviting film professionals from marginalised backgrounds, as well as those who've had a non-traditional route into the industry.

The six Masterclasses over the summer term included industry professionals including Writer / Directors: Prano-Bailey Bond, Jim Archer, Francis Lee, and alumna Jacqueline Lentzou. Producer and LFS Governor, Olivier Kaempfer, and Director of UK Features at Netflix and alumna, Fiona Lamptey. A total of over 200 students attended the masterclasses which took place over a mixture of online masterclasses and in-person events.

The autumn term masterclasses have already included Kahleen Crawford (Casting Director), Helen Scott (Production Designer), Robyn Forsythe (Line Producer), Mary Nighy (Director), Cooke Optics and Producers; Stephen Woolley with Elizabeth Karlsen together. A total of six more Masterclasses will be held in the autumn term, bringing the total to 12.

Festivals

LFS filmmakers garnered accolades in a range of festivals and competitions, receiving recognition globally for the quality of their work. LFS graduation films have screened at over two hundred global film festivals since September 2021 – winning over fifty awards. Many films have also been agreed for distribution and we have signed deals with Gunpowder and Sky, Omeleto, Shorts TV, Argo, Seven Palms in the past year.

Highlights include *Glorious Revolution* winning third prize at Cannes Le Cinef, winning the Macgregor-Scott Memorial Award at Hamptons Film Festival, winning Best UK Short at Raindance and going on to screen at many top film festivals including Camerimage, Tel Aviv SFF, Brest, Edinburgh (Nominated Scott McClaren Award), Sarajevo IFF, Sao Paulo SFF amongst others with the director attending Sarajevo Talents Lab, Poitiers Lab and shortlisted for the YUGO BAFTA Student Awards.

Achievements and performance (continued)

Festivals (continued)

Flee made it to the longlist of the Student Academy Awards, successful grad film *Lontano* also screened at Camerimage in 2021. Other highlights are *after a room* screening at NEST San Sebastian with the filmmakers attending the film school programme, FEST New Directors (Portugal) Filmfest Dresden and BAFICI (Argentina).

Third Solar Sun screened at Busan, and Poitiers Lab, *Inside Out* (Toronto) and *In the Palace*. *Summer Shade* at the London FF 2021, Aspen and Filmfest Munich, *Garcas* at Indie Lisboa and London Short FF, along with *after a room* and *Some Manifestations of the South*.

Grad film *Caravan* won Best Short Film Award at British Society of Cinematographers and *Sucking Diesel* won Young Directors Award at Cannes Lions. Two films screened at BAFTA and Oscar qualifier Encounters FF in 2021 *Asian Brass* and again, *Some Manifestations of the South*.

Scriptwriters achieved acclaim across a wide breadth of Festivals including Ulla Prida, whose screenplay, *Carajita* premiered at Tribeca Film Festival. Taiyo Yoshida who won Best Film Script for *Get in the Groove* at Film The House, the parliamentary-based film and scriptwriting competition.

Student and alumni achievements

The MA Screenwriting students developed at least 40 short film scripts, 40 second draft feature screenplays and approximately 25 TV pilots and or TV bibles over the course of the year. Just some of the Screenwriting achievements of the alumni included writer, Beru Tessema, debuting his play, *House Of Ife*, at Bush Theatre in London as part of the theatre's 50th birthday season. Graduate, Ameir Brown's most recent success, saw his project, *A Thousand Blows*, launched for release on Disney+ and joined the writing team for BBC's *The Capture*.

The MA Filmmaking students created over 180 films including 53 Graduate films over the course of the year and the alumni body has secured several accolades and achievements. MA Filmmaking alumna Paula Huidobro was recognised as part of the team behind Academy Award, Best Picture winner, *CODA* as Cinematographer. Catalan Director and LFS alumna Carla Simón won the Berlinale's Golden Bear Award for Best Film with *Alcarràs*. Koby Adom produced a series five short films broadcast on Sky Arts shining a spotlight the

UK's emerging black and diverse talent. The series, *Unearthed Narratives* was created with several LFS alumni; director, Teniola King, cinematographer, Nathalie Pitters and cinematographer, Aaron Reid. Koby Adom also worked directing BBC drama, *Noughts + Crosses* and *Top Boy* for Netflix. Tony Ukpo, MA Filmmaking alumnus, has achieved great success securing not just one but three features on Apple TV. *Aliceville*, *Mum, Dad, Meet Sam*, and *Random 11*, all directed by Tony have been selected to be available on the streaming giant. Horace Ové, who studied for a Diploma in Filmmaking in the 1960s, visited Buckingham Palace and was given his knighthood in the 2022 New Year Honours for services to media.

Achievements and performance (continued)

Student and alumni achievements (continued)

Students from MA International Business generated opportunities for and pitched their projects, traveling around the world and meeting industry. Audiovisual Talent Week in Barcelona is an opportunity for emerging talent in the screen industries to connect with professionals from throughout the sector and will sometimes take one student per institution to pitch their projects. This year the event took not one but three graduates from LFS, from the MA International Film Business course.

Graduate Showcase and Honorary Associates

Graduate Showcase

Over the past year, London Film School hosted two Graduate Showcase events to ensure Graduates who missed out on celebrating and connecting with industry due COVID, got their chance to celebrate. The first was an online event in January 2022, and the second was the in-person event, the first in-person Graduate Showcase since January 2020.

The online event received a total of 3,400 visitors to the site from 89 countries internationally. The microsite held and showcased grad films, grad scripts as well as script performances and graduate profiles and statements.

A total of 650 attendees came along to the July 2022 Graduate Showcase at the BFI London. The Graduate Showcase Microsite was simultaneously made available for all those who could not attend in person. 50 films from MA Filmmaking graduates were screened both to live audiences and made available on the microsite as well as 44 script performances from MA Screenwriting graduates. The live event also included 13 Presentations, four Panel Events, three Masterclasses and two Drinks Events with participation and projects from all graduates including MA International Film Business graduates.

Press coverage achieved as a result of the Graduates Showcase was achieved with *Variety* & *Directors Notes*. The total reach across the owned channels for communications for the Graduate Showcase included 4.5K unique users to the blog, 3.4k unique users to the microsite and 8.2k users engaged in the social media channels.

Guests described the Showcase as *"a special experience to be a part of – one that I will always cherish from my LFS time. I felt very proud to be an LFS student and a part of such a wonderful and diverse community of filmmakers."* *"You both curated such a lovely week and made us all feel very special. It was an incredible send off."* Other comments included *"So much talent gathered amongst the Graduates"* and *"I attended yesterday's fine selection of your graduates short films and was very impressed."*

Honorary Associates

As is customary, London Film School announced two new Honorary Associates at its annual showcase in July 2022, held at the BFI Southbank. The Honorary Associates demonstrate the School's connection with the industry, reputation, and continued relevance to the development of film learning in the UK.

Achievements and performance (continued)

Graduate Showcase and Honorary Associates (continued)

London Film School consider the following criteria when appointing the Honorary Associates; outstanding contribution to world cinema, demonstrable interest in emerging creative talent; commitment to aesthetic achievement, craft excellence, creative collaboration, and / or artistic freedom. Honorary Associates are invited on the basis that they represent the full demographic of the School.

The first of the LFS 2022 Honorary Associates, Efe Cakarel is the Founder and CEO of MUBI, a global streaming service, production company and film distributor. He created the streaming platform after he discovered that he couldn't watch *In the Mood for Love* in a café in Tokyo. MUBI was born in 2007 with a commitment to celebrate and expand cinema culture across the world and make films like *In the Mood for Love* accessible to people wherever they are. Previously, Efe was with Goldman Sachs in London and New York. He earned his B.S. in Electrical Engineering and Computer Science from MIT, and MBA from Stanford.

Heidi Thomas, the second LFS Honorary Associate is one of the UK's top dramatists, and her acclaimed career in stage, film and television drama spans more than 30 years. Heidi's classic adaptations for the large and small screen include *Cranford*, *Return To Cranford*, *Madame Bovary*, *Ballet Shoes*, *I Capture The Castle*, and *Little Women*. She also created and wrote the revived *Upstairs Downstairs*, and the original BBC1 drama series, *Lilies*. She wrote the screenplay for the forthcoming movie *Allelujah*, based on the play by Alan Bennett. Her hit BBC show *Call The Midwife* is now in its 12th season and is seen in more than 200 territories worldwide. Heidi was awarded an OBE in the Queen's Birthday Honours List of 2022.

Past Honourees span all areas of the screen industry and in the course of the school's rich history, have included Abi Morgan, Amma Asante, Asif Kapadia, Stephen Frears, Jim Broadbent, Gurinder Chadha, Tessa Ross, Philip French, Walter Murch, Ken Loach and Samantha Morton, alongside the diverse graduates of the School's film programmes.

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

Financial review

A summary of the year's results can be found on page 30 of the attached financial statements. Total income for the year was £6,583,827 (2021 – £5,561,877). The majority of the income is from MA tuition fees.

Total expenditure for the year amounted to £6,339,340 (2021 – £5,983,135).

The net movement in funds for the year was a surplus of £244,487 (2021 – deficit of £421,258).

Financial review (continued)

Reserves policy and financial position

In light of post-pandemic recovery planning and a wider review of the strategic plan for the School going forward, the reserves policy for the School is under review and will be further developed in the coming year. In devising a new reserves policy, Governors will have regard to the School's future plans, liquidity requirements, and proportionate contingency funds against unexpected adverse events.

Previously, Governors have considered that a free reserves level (i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed) of approximately six months' annual expenditure on unrestricted funds has been appropriate given the nature of the Schools' work.

On 31 August 2022, the School had total funds of £902,625 (2021 – £658,138). Included in total funds is an amount of £20,406 (2021 – £20,406) which is restricted. These monies have either been raised for, and their use restricted to specific purposes, or they comprise donations subject to donor-imposed conditions. Full details of these restricted funds can be found in note 13 to the financial statements together with an analysis of movements in the year.

Unrestricted funds of the charity at 31 August 2022 amounted to £882,219 (2021 – £637,732), which are net of a £1.4m CBILS loan. These funds include tangible fixed assets with a net book value of £203,861 (2021 – £223,551) which are needed for the School's day-to-day operations. Free reserves of the School at 31 August 2022, were £678,358 (2021 – £414,181).

While the free reserves are below the level of 6 months' expenditure stated above, the policy is kept under review. As a contingency and in order to support the School through any further uncertainty in the coming year, the School also arranged a £1.5m loan facility through the Coronavirus Business Interruption Loan Scheme (CBILS) which was drawn down in full in 2020/21, and of which £1.4m remains outstanding at 31 August 2022.

Fundraising

The School's fundraising approach is to engage only with trusts, foundations and other grant making institutions. Unlike many similar institutions, the School's business model is wholly geared towards tuition fee income, with grant funding historically making up a fraction of the School's income base. That said, we are thrilled to have been recognised by the Office for Students as a World-leading Specialist Provider as of December 2022, a recognition of the quality of teaching and student output, and an important financial contributor to the School's long-term ambitions to remain a global leader in film education.

The School does not currently actively seek funds from the general public, and therefore is not currently subscribed to any fundraising regulation schemes or standards. There have not been any complaints arising as a result of the School's fundraising activities in the year.

Plans for the future

Our Annual Operating Plan for 2022-23 sets out expected operational performance and initiatives aimed at the development of the School designed to impact directly and positively on our key stakeholders. The plan includes developing and enthusing our people, developing new courses and investing in the infrastructure of the School. Key strategic priorities include:

- ◆ Ensuring that LFS is appropriately resourced and situated in contemporary facilities, matching the excellence in our teaching and delivering a peerless learning experience. Plans are to be realised for the intention to relocate the School to the new Cinecentre building.
- ◆ Ensure our film education is accessible to talented filmmaking students irrespective of background or income, via embedding good EDI practice, enhancing the LFS student experience, and implement recommendations from a commissioned review on the School's student recruitment and admissions activities.
- ◆ Expand our excellent international profile, export best practice around the world and bring new global perspectives to our pedagogy by building on previous successes, developing and executing a new LFS Strategy.
- ◆ Diversify and grow the curriculum, ensuring our film education offer continues to be among the best in the world and is relevant to the film and wider creative industries of today, and tomorrow. Activity will initially be focused on launching a new Masters Degree in Documentary Filmmaking whilst reviewing the School's flagship course MA Filmmaking, all of which supports the continuing development of future financial planning and decision-making.
- ◆ Build new and lasting partnerships and collaborations with industry and relevant institutions and engaging all key stakeholders including those who enable our outreach and development strategy.
- ◆ With the arrival of its new Director in January 2023 the School; will develop a revised strategic plan for the five year period beyond 2022-23.

Governance, structure and management

Constitution

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

Members' liability

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

Governance, structure and management (continued)

Governors

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

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

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

Interim Director Peter Holliday intends to re-join the Board of Governors following his departure from the Management Team as Interim Director.

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

The Nominations Committee undertakes a skills analysis of the Governing Body and role profiles are agreed, against which the School recruits new Governors. Governors must have empathy with film and the creative industries. Newly appointed Governors receive a full induction to the School, bespoke to their needs. The Governing Body regularly holds an away day, joined by members of the Management Team.

Organisation

The Governing Body met five times in the year, from 1st September 2021 until 31st August 2022.

Its governance structure includes four committees:

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

The Governing Body also receives minutes from the Academic Board as a line of sight on all academic matters.

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

Governance, structure and management (continued)

Key management personnel

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

The Management Team are a dedicated team of management personnel that have the authority and responsibility of planning, directing and controlling the activities of the School, directly or indirectly. Within the School this includes the Director, Director of Studies, Chief Operating Officer, Head of Marketing & Student Recruitment, Academic Registrar, Financial Controller and Head of HR. Since September 2021, Course Leaders for each of the MA programmes have also joined the Management Team, ensuring greater visibility of academic matters and greater academic inclusion. The Management Team meets formally on a fortnightly basis, with minutes of each meeting shared with all staff.

Statement of governors' responsibilities

The Governors (who are also directors of The London Film School Limited for the purposes of company law) are responsible for preparing the governors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance, structure and management (continued)

Statement of governors' responsibilities (continued)

Each of the Governors confirms that:

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

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

Risk management

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

Student Recruitment

The UK Higher Education sector continued to face this particularly challenging, uncertain and daunting time, as institutions continued to navigate their way through a second year of the pandemic and the prolonged impacts of COVID-19.

The easing of restrictions over the last academic year allowed LFS to successfully deliver its MA provision in-person, and cautiously phrase out blended learning, in order to safely welcome students back to forms of physical teaching.

Despite the uncertainty around COVID-19 and the associated impacts on course provisions and delivery, LFS was able to capitalise upon the 86% increase in MA Filmmaking and 42% increase in MA Screenwriting applications from 2020 and 2019 respectively, to have a very healthy pipeline for September 2021 and early 2022 intakes. The large number of applications in the pipeline was a testament to the strength of the London Film School brand and resilience of our applicants who were determined to join LFS despite the delay in their initial planning.

MA Filmmaking admissions from UK students were sustained between 2021 and 2022 despite COVID-19 and MA International Film Business admissions from Home students increased fivefold in the same period, and by 11% in total.

The quantity of applications in the pipeline meant that for MA Filmmaking in September 2021, we were only able to open for Home applications for the last remaining places. We also welcomed one of our largest ever Summer intakes for MA Filmmaking, with a 50% increase in enrolments for May 2022.

Governance, structure and management (continued)

Risk management (continued)

Student Recruitment (continued)

In turn, nearly a third of our enrolled students to MA Screenwriting for September 2021 were deferred applicants from September 2020. In common with other UK Higher Education Providers, London Film School continued to experience a drop in the number of EU/EEA Applications.

LFS's strategic aims for 2022 includes improving the diversification of its student body. To address that, LFS commissioned a review of the School's Student Recruitment and Admissions provisions. Recommendations and subsequent actions include modernising the Admissions CRM systems scheduled for roll out by January 2023. Doing so, addresses a range of matters such as the importance of the above-mentioned deferral engagement.

Meanwhile, LFS continues to monitor its funding provisions for both Home and International markets, having continued to participate in the Postgraduate Loan Scheme, the Leverhulme Arts Scholarship, BAFTA UK Scholarship Scheme as well as the William D. Ford Direct Student Loan Program authorised by the US Education Department. LFS taking part in these Schemes provides access to talented filmmakers who otherwise would not be able to participate in Higher Education.

Regulatory Environment

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

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

LFS is also subject to considerable regulatory oversight from our validating partners the University of Warwick and the delivery partner (for the MA International Film Business and PhD programmes) the University of Exeter to ensure that its courses offer high level of quality and student outcomes.

Governance, structure and management (continued)

Risk management (continued)

Facilities

The School's ageing facilities in Covent Garden continue to present daily challenges in the delivery of our teaching and film exercises. Since our last annual report, the Governors and executive have undertaken a thorough review of the School's existing estates and revisited assumptions for future space needs, leading to the identification of a new proposed relocation site within the same geographical area, offering a step-change in quality, more space and more flexibility in space use, and an affordable solution within the School's current footprint. More details can be found under Objectives & Activities.

Relationship with other organisations

In pursuit of its strategic objectives of building new connections, the School works with several organisations across screen industries, training partners and public bodies: including training partners such as ScreenSkills, the University of Exeter, University of Warwick, NAHEMI, CILECT, the Deutsche Film und Fernsehakademie Berlin (DFFB), UGC Series Mania and the National Saturday Club.

Screen industry partners such as Panalux, many film festivals, plus platforms including MUBI and Omeleto, support the distribution work of LFS's fresh filmmaking talent around the world.

To support alignment and complementarity with other initiatives in the UK, partners across UK-wide, and London-specific public bodies have included the British Film Institute, Film London's Equal Access Network, Creative England's iFeatures scheme, the British Council and many more.

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



Greg Dyke
Chair of Governors

Approved by the Governors on: 12 January 2023

Statement of corporate governance and internal control

The following statement is provided to enable readers of the annual report and financial statements of London Film School Limited to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2021 to 31 August 2022 and up to the date of the approval of the annual report and financial statements.

The School endeavours to conduct its business:

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

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

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

Legal Status

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

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

Governors

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

Governor	Appointed/Resigned
Greg Dyke (Chair)	
Amanda Nevill (Vice Chair)	
Kemal Akhtar	
Peter Armstrong	Resigned 14 October 2021
Suzy Black	
Diane Herbert	Resigned 15 September 2021
Rhys Holland (Student Governor)	Resigned 31 July /2022
Peter Holliday	Resigned 15 May 2022
Nick Humby	
Olivier Kaempfer	
William MacPherson	
Cindy Rampersaud	
Gregory Randolph (Student Governor)	Appointed 31 July 2022
Joan Watson	
Sophia Wellington (Staff Governor)	

Statement of corporate governance and internal control

Governors' interests

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

Meeting procedures

Formal agendas, papers and reports are supplied to the Governors in a timely manner, prior to Governing Body meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the School together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Governing Body met 6 times in 2021/22.

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

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

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

Appointment to the Governing Body

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

Governing Body performance

The Governing Body has made a strong contribution to the improvements made in 2020/21 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Governing Body meetings. The Governors provide robust scrutiny and challenge. Governors are pro-active in their oversight of the School and are involved in the planning and discharging of Governing Body business.

Statement of corporate governance and internal control

Committees

Audit and Risk Committee

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

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

Governor	Appointed/Resigned
Cindy Rampersaud (Committee Chair)	
Tamsin Ashmore (co-opted member)	Retired 20 June 2022
Peter Holliday	Retired 15 May 2022
Nick Humby	
William McPherson	
Joan Watson	

The Audit & Risk Committee is responsible for the following:

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

Internal Control

Scope of responsibility

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

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

Statement of corporate governance and internal control

Internal Control (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governors have reviewed the key risks to which the organisation is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there was a formal on-going process for identifying, evaluating and managing the School's significant risks that had been in place for the year ended 31 August 2022 an up to the date of approval of the annual report and financial statements.

The risk and control framework

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

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

Review of effectiveness

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

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

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

Statement of corporate governance and internal control

Review of effectiveness (continued)

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

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Management Team and the Audit and Risk Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 12 January 2022 meeting, the governors carried out the annual assessment for the year ended 31 August 2022 by considering documentation from the Management Team and taking account of events since 31 August 2021.

Based on above and reports by the Director & CEO, the Governing Body is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the School's objectives for the year ended 31 August 2022 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

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

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

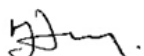
Going Concern

Details on Governors' going concern assessment are set out on pages 333 and 34.

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



Greg Dyke
Chair of Governors



Peter Holliday
Director & CEO (Accounting Officer)

Date: 12 January 2023

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

Opinion

We have audited the financial statements of The London Film School Limited (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2021/22.

Basis for opinion

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

Conclusions relating to going concern

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

Conclusions relating to going concern (continued)

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

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or

Matters on which we are required to report by exception (continued)

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

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2021/22 requires us to report to you if, in our opinion:

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

Responsibilities of governors

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

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

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.

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:

Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the OfS Accounts Direction, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of Board of Governors meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ♦ reviewing any available correspondence with HMRC and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Governors' and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is stylized, with the letters "B" and "L" being particularly prominent.

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

Date: 8 February 2023

Statement of financial activities Year to 31 August 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income from:							
Donations	1	15	—	15	10	—	10
Charitable activities	2	6,324,468	89,464	6,413,932	5,281,246	60,767	5,342,013
Investments		1,919	—	1,919	298	—	298
Other income							
. Surplus on disposal of equipment	9	—	—	—	150,000	—	150,000
. Miscellaneous income		128,720	39,241	167,961	69,556	—	69,556
Total income		6,455,122	128,705	6,583,827	5,501,110	60,767	5,561,877
Expenditure on:							
Raising funds	3	40,922	—	40,922	40,340	—	40,340
Charitable activities							
. Provision of education	4	6,169,713	128,705	6,298,418	5,887,028	55,767	5,942,795
Total expenditure		6,210,635	128,705	6,339,340	5,927,368	55,767	5,983,135
Net income (expenditure) and net movement in funds	6	244,487	—	244,487	(426,258)	5,000	(421,258)
Reconciliation of funds							
Fund balances brought forward at 1 September		637,732	20,406	658,138	1,063,990	15,406	1,079,396
Fund balances carried forward at 31 August		882,219	20,406	902,625	637,732	20,406	658,138

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

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

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

Balance sheet 31 August 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible fixed assets	9		203,861		223,551
Current assets					
Debtors	10	898,083		582,193	
Cash at bank and in hand		3,438,540		3,347,133	
		4,336,623		3,929,326	
Creditors: amounts falling due within one year	11	(2,537,859)		(2,094,739)	
Net current assets			1,798,764		1,834,587
Total assets less current liabilities			2,002,625		2,058,138
Creditors: amounts falling due after more than one year	12		(1,100,000)		(1,400,000)
Net assets			902,625		658,138
The funds of the charity					
Restricted funds	13		20,406		20,406
Unrestricted funds					
. General fund		678,358		414,181	
. Tangible fixed assets fund	14	203,861		223,551	
. Designated funds	15	—		—	
			882,219		637,732
Total funds	16		902,625		658,138

Approved by the governors and signed on their behalf by:



Greg Dyke
Chair of Governors

Approved on: 12 January 2023

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

Statement of cash flows 31 August 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	157,633	395,725
Cash flows from investing activities:			
Investment income		1,919	298
Interest payable		(16,090)	—
Payments to acquire tangible fixed assets		(52,055)	(16,395)
Net cash used in investing activities		(66,226)	(16,097)
Change in cash and cash equivalents in the year		91,407	379,628
Cash and cash equivalents at 1 September	B	3,347,133	2,967,505
Cash and cash equivalents at 31 August	B	3,438,540	3,347,133

Notes to the statement of cash flows for the year ended 31 August 2022

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	244,487	(421,258)
Adjustments for:		
Depreciation and impairment of assets	71,745	58,394
Surplus on disposal of equipment	—	(150,000)
Investment income	(1,919)	(298)
Interest payable	16,090	—
(Increase) decrease in debtors	(315,890)	2,373
Increase in creditors	143,120	906,514
Net cash provided by operating activities	157,633	395,725

B Analysis of changes in net debt

	2021 £'000	Cash flows £'000	2021 £'000
Cash at bank and in hand	3,347,133	91,407	3,438,540
CBILS loan	(1,500,000)	100,000	(1,400,000)
Total net debt	1,847,133	191,407	2,038,540

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2022 and are presented in sterling and are rounded to the nearest pound.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

Critical accounting estimates and areas of judgement

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

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

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

Assessment of going concern

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

Assessment of going concern (continued)

In the course of preparing these accounts the Governing Body have had regard to the School's financial forecasts, including a series of 'reasonable worst case' scenarios such as shortfalls in student recruitment, overruns in capital project costs, and delay or cancellation of the launch of new course offerings. The likely impact of inflation on running costs and knock-on effects of cost of living pressures on operational matters including pay, recruitment and retention have also been modelled.

Balanced against these downside pressures are improvements in several key aspects of the School's operating environment: firstly, the projected absence of any further material costs for delivering under COVID (or similar) restrictions. Secondly, the award of World-Leading Specialist Provider status carries a significant funding commitment from the Office for Students. Thirdly, the School's 2021/22 outturn was an improvement on in-year forecasts and largely reflects considerable improvements in financial control, monitoring and forecasting introduced during the year.

Taken together, the Governing Body have concluded that there are no material uncertainties relating to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income recognition

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

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

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

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

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

Expenditure recognition

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

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

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

Tangible fixed assets

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

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

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

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

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Financial instruments

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

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

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

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

Pension costs

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

Leased assets

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

Fund structure

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

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

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

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

1 Donations

	Unrestricted funds £	Restricted funds £	Total funds 2022 £
2022 Total funds: Donations for development project	15	—	15
<i>2021 Total funds: Donations for development project</i>	<i>10</i>	<i>—</i>	<i>10</i>

2 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Tuition fees and charges	6,417,020	—	6,417,020
Less: bursaries awarded	(92,552)	—	(92,552)
	6,324,468	—	6,324,468
Grant income from the Office for Students	—	87,443	87,443
Other grants	—	2,021	2,021
	6,324,468	89,464	6,413,932

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Tuition fees and charges</i>	<i>5,399,120</i>	<i>—</i>	<i>5,399,120</i>
<i>Less: bursaries awarded</i>	<i>(117,874)</i>	<i>—</i>	<i>(117,874)</i>
	<i>5,281,246</i>	<i>—</i>	<i>5,281,246</i>
<i>Grant income from the Office for Students</i>	<i>—</i>	<i>44,116</i>	<i>44,116</i>
<i>Other grants</i>	<i>—</i>	<i>16,651</i>	<i>16,651</i>
	<i>5,281,246</i>	<i>60,767</i>	<i>5,342,013</i>

During the year ended 31 August 2022, 8 (2021 – 9) students received a bursary to support their tuition fees. The amounts shown above include £53,311 (2021 - £55,433) directly from the School, in 2022, and £39,241 (2021 - £62,441) from funding received from the Leverhulme Trust.

3 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Staff costs	40,922	—	40,922
2022 Total funds	40,922	—	40,922

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Staff costs	40,340	—	40,340
2021 Total funds	40,340	—	40,340

4 Expenditure on charitable activities – provision of education

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Direct costs			
. Staff costs	1,960,118	51,665	2,011,783
. Visiting lectures	545,671	14,383	560,054
. Premises	464,392	8,261	472,653
. Production allowances and costs	613,194	13,697	626,891
. Repairs and technical maintenance	99,640	1,772	101,412
. Depreciation	70,307	1,438	71,745
. IT costs	91,775	—	91,775
. Marketing costs	74,487	—	74,487
. Other costs	654,159	10,264	664,423
	4,573,743	101,480	4,675,223
Support costs			
. Staff costs	1,143,974	17,312	1,161,286
. Legal and professional	70,782	821	71,603
. Other costs	274,951	7,442	282,393
. Governance costs (note 5)	106,263	1,650	107,913
	1,595,970	27,225	1,623,195
2022 Total funds	6,169,713	128,705	6,298,418

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

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Direct costs</i>			
. Staff costs	1,695,671	17,364	1,713,035
. Visiting lectures	770,058	7,886	777,944
. Premises	427,024	4,195	431,219
. Production allowances and costs	268,335	3,595	271,930
. Repairs and technical maintenance	111,885	1,196	113,081
. Depreciation	57,670	724	58,394
. IT costs	123,909	—	123,909
. Marketing costs	59,779	—	59,779
. Other costs	882,730	8,246	890,976
	<u>4,397,061</u>	<u>43,206</u>	<u>4,440,267</u>
<i>Support costs</i>			
. Staff costs	1,068,501	6,735	1,075,236
. Legal and professional	20,082	510	20,592
. Other costs	302,514	4,599	307,113
. Governance costs (note 5)	98,870	717	99,587
	<u>1,489,967</u>	<u>12,561</u>	<u>1,502,528</u>
 2021 Total funds	 <u>5,887,028</u>	 <u>55,767</u>	 <u>5,942,795</u>

5 Governance costs

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Audit and advisory fees	37,811	369	38,180
Other professional costs	68,452	1,281	69,733
2022 Total funds	<u>106,263</u>	<u>1,650</u>	<u>107,913</u>
	Unrestricted funds £	Restricted funds £	2021 Total funds £
Audit and advisory fees	29,129	211	29,340
Other professional costs	69,741	506	70,247
2021 Total funds	<u>98,870</u>	<u>717</u>	<u>99,587</u>

6 Net income (expenditure) and net movement in funds

This is stated after charging:

	2022 £	2021 £
Depreciation – owned assets	71,745	58,394
Operating lease rentals – Land and buildings	329,946	322,927
Operating lease rentals – Equipment hire	150,358	314,123
Auditor's remuneration (including VAT)		
. Statutory audit	27,000	21,000
. Other services	8,000	6,000
Staff costs (including visiting lecturers) (note 7)	3,733,123	3,606,555

7 Staff costs

	2022 £	2021 £
Wages and salaries	2,764,851	2,540,243
Social security costs	258,965	230,663
Pension costs	63,550	57,705
	3,087,366	2,828,611
Compensation for loss of office	85,703	—
	3,173,069	2,828,611

In addition to the staff costs disclosed above, the amount paid to visiting lecturers used by the School in year was £560,054 (2021 – £794,477).

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

	2022 Number	2021 Number
Provision of education		
. Academic staff	41	42
. Support staff	22	20
	63	62

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

	2022 Number	2021 Number
£60,001 - £65,000	4	1
£70,001 - £75,000	1	—
£75,001 - £80,000	2	1
£80,001 - £85,000	—	—
£90,001 - £95,000	—	1
£95,001 - £100,000	—	1
	7	4

7 Staff costs (continued)

The key management personnel of the charity in charge of directing and controlling, running and operating the charity comprise the governors and the Management Team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £783,147 (2021 – £597,905).

During the year, staff governors received remuneration only in relation to their roles as staff members. No member(s) of the governing body received any remuneration in respect of their services as governors during the year (2021 – £nil).

No expenses were reimbursed to the governing body members during the year (2021 - £nil).

Remuneration of Director and Chief Executive Officer

	CEO to 31 May 2022 £	Interim CEO from 1 June 2022 £	Total 2022 £	Total 2021 £
Basic salary	73,402	24,091	97,493	95,950
Bonus	—	—	—	—
Pension contribution	990	147	1,137	1,316
Compensation for loss of office	85,703	—	85,703	—
	160,095	24,238	184,333	97,266

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

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

	2022 £	2021 £
Chief Executive's basic salary as a multiple of the median of all staff	2.72	2.83
Chief Executive's total remuneration as a multiple of the median of all staff	5.11*	2.81

During 2021/22 the Chief Executive Officer retired from the School on 31 May, 2022 and an interim Chief Executive Officer joined the School on 16 May, 2022 on a 0.8 FTE basis. Compensation for the loss of office for the departing Chief Executive was to the value of £85,703.

* based on total remuneration for the interim CEO and exiting CEO, including severance payment

8 Taxation

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

9 Tangible fixed assets

	Leasehold premises in course of construction £	Cinema equipment £	Fixtures, fittings and computer equipment £	Total £
Cost				
At 1 September 2021	901,268	380,430	105,166	1,386,864
Additions	—	24,841	27,214	52,055
Disposals	(901,268)	—	—	(901,268)
At 31 August 2022	—	405,271	132,380	537,651
Depreciation/Write down				
At 1 September 2021	901,268	169,524	92,521	1,163,313
Charge for the year	—	60,737	11,008	71,745
Disposals	(901,268)	—	—	(901,268)
At 31 August 2022	—	230,261	103,529	333,790
Net book values				
At 31 August 2021	—	210,906	12,645	223,551
At 31 August 2022	—	175,010	28,851	203,861

10 Debtors

	2022 £	2021 £
Trade debtors	118,423	124,163
Other debtors	98,520	113,759
Prepayments and accrued income	681,140	344,271
	898,083	582,193

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	125,655	268,170
Accruals and deferred income	2,009,211	1,603,309
Sundry creditors	102,993	123,260
CBILS Loan (see note 12)	300,000	100,000
	2,537,859	2,094,739

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Deferred income at 1 September	1,031,200	2,003,069
Released during the year	(1,031,200)	(2,003,069)
Resources deferred in the year	1,177,219	1,031,200
Deferred income at 31 August	1,177,219	1,031,200

Deferred income consists principally of fee income received in advance.

12 Creditors: amounts falling due in more than one year

	2022 £	2021 £
CBILS Loan	1,100,000	1,400,000

Maturity of debt	2022 £	2021 £
CBILS loan repayable within one year	300,000	100,000
CBILS loan repayable between one and two years	300,000	300,000
CBILS loan repayable between two and five years	800,000	900,000
CBILS loan repayable in more than five years	—	200,000
	1,400,000	1,500,000

The CBILS loan was drawn down in full in April 2021. It is unsecured with a fixed interest rate of 3% per annum. The first year was interest and repayment free; the balance is being repaid over five years at £25,000 per month plus interest from May 2022.

13 Restricted funds

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

	At 1 September 2021 £	Income £	Expenditure £	Transfer between funds £	At 31 August 2022 £
Office for Students	—	87,443	(87,443)	—	—
Skillset Academy Fund	5,692	—	—	—	5,692
Kickstart	—	2,021	(2,021)	—	—
Adam Sedgwick Award	5,010	—	—	—	5,010
Leverhulme fund	9,704	39,241	(39,241)	—	9,704
	20,406	128,705	(128,705)	—	20,406

13 Restricted funds (continued)

	At 1 September 2020	Income	Expenditure	Transfer between funds	At 31 August 2021
	£	£	£	£	£
Office for Students	—	44,115	(44,115)	—	—
Skillset Academy Fund	692	12,609	(7,609)	—	5,692
Kickstart	—	4,043	(4,043)	—	—
Adam Sedgwick Award	5,010	—	—	—	5,010
Leverhulme fund	9,704	—	—	—	9,704
	<u>15,406</u>	<u>60,767</u>	<u>(55,767)</u>	<u>—</u>	<u>20,406</u>

Office for Students fund

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

Skillset Academy fund

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

Kickstart Scheme

The Kickstart Scheme provides funding to employers to create jobs for 16 to 24 year olds on Universal Credit as a high quality 6-month job placement.

Adam Sedgwick Award

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

Leverhulme fund

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

14 Tangible fixed assets fund

	2022 £	2021 £
At 1 September	223,551	115,550
Net movements in year	(19,690)	108,001
At 31 August	203,861	223,551

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

15 Designated funds

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

	At 1 September 2021 £	New designation £	Utilised £	At 31 August 2022 £
Relocation fund	—	—	—	—

	At 1 September 2020 £	New designation £	Utilised £	At 31 August 2021 £
Relocation fund	794,487	—	(794,487)	—

The relocation fund consists of monies set aside by the governors towards the cost of relocation project.

16 Operating lease commitments

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

	Equipment		Land and buildings	
	2022 £	2021 £	2022 £	2021 £
Operating lease payable:				
Within one year	—	—	89,400	89,400
	—	—	89,400	89,400

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

17 Related and connected parties disclosure

There were no other related party transactions during the year ended 31 August 2022 (2021 – none).



**London
Film
School
Limited**

**Annual Report and Financial
Statements**

31 August 2022

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

Charity Registration Number
270302

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Reference and administrative information

Governors	Greg Dyke (Chair) Amanda Nevill CBE (Vice Chair) Kemal Akhtar Peter Armstrong (resigned 14/10/2021) Suzy Black Diane Herbert (resigned 15/09/2021) Rhys Holland (Student Governor, resigned 31/07/2022) Peter Holliday (resigned 15/05/2022) Nicholas Humby Olivier Kaempfer William MacPherson Cindy Rampersaud Gregory Randolph (Student Governor, appointed 31/07/2022) Joan Watson Sophia Wellington (Staff Governor)
Management Team	Gisli Snaer (Director and Chief Executive Officer) retired 31/05/2022 Peter Holliday (Interim Director & Chief Executive) joined 16/05/2022 Femi Kolade (Director of Studies) Dan Lawson (Chief Operating Officer) Veronique Fricke (Head of Marketing & Student Recruitment) Robin Graham (Secretary to the Board) retired 31/10/2022 Tiana Harper (MA Filmmaking Course Leader) Michele Maher (Academic Registrar) Anita O'Connor (Financial Controller) Victoria Thomas (MA International Film Business Course Leader) Caroline Ward (Head of HR) retired 31/8/2022 Claudia Lana (Head of HR) joined 26/09/2022 Sophia Wellington (MA Screenwriting Course Leader)
Company Secretary	Robin Graham (retired 31/10/2022)
Principal address and registered office	24 Shelton Street London WC2H 9UB
Telephone	0207 836 9642
Facsimile	0207 497 3718
Website	www.lfs.org.uk
E-mail	info@lfs.org.uk
Company registration number	01197026 (England and Wales)
Charity registration number	270302

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Royal Bank of Scotland London Drummonds Branch 49 Charing Cross London SW1A 2DX
Solicitors	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

Chair's introduction

Chair's Introduction to Annual Report and Financial Statements, 31 August 2022

These are the accounts for the London Film School for the year ending 31st August 2022.

Over the last 12 months, London Film School has resumed in-person teaching and activities and seen an exciting return to all areas of School life.

The impact of the pandemic over last two years has been felt across all areas of the School, presenting both opportunities and challenges to students and staff. Students, graduates and staff have all contributed to the success of the School in this time, developing a greater resilience and an ability to deliver work flexibly. The necessary changes to the delivery of all courses during the pandemic has allowed the School to incorporate online and remote work and education into its offering, providing broader opportunities to join Masterclasses, combine learning and travel and for staff to contribute

The unique pedagogy of London Film School's practical education has always been prioritised, alongside ensuring a safe environment for all. The consequent financial implications of the pandemic have been felt however, impacting the School's ways of working.

One of the highlights of the year was the return of our in-person Graduate Showcase. The event was the first time the entire School was able to gather together to celebrate the achievements of the graduates, see their work and provide a launchpad for them into the industry to start their careers. The event was a success for both grads and industry with many using the opportunity to develop their skills and connect with professionals over the course of the five day Showcase.

LFS students and graduates have continued to have distinctive impact in their fields locally, nationally and internationally, testament to the quality of learning and training received. LFS filmmakers garnered accolades in a range of festivals and competitions, receiving recognition globally for the quality of their work. LFS graduation films have screened at over two hundred global film festivals since September 2021 – winning over fifty awards.

Screenwriting graduates have made their mark with a huge breadth of projects, seeing recognition in festivals such as Tribeca Film Festival, theatrical screenplays performed in both London and Edinburgh, screenplays for major distributors such as Disney+ and Netflix, and several screenwriters handpicked for development programmes, including the BBC Writers Room. International Film Business graduates have proved their acumen securing roles throughout the screen industries and pitching projects to industry leaders, shaping the future of the filmmaking industry.

The successes of School have been reflected in the newly-award World Leading Specialist Provider status which was awarded in December 2022. The status marks LFS out as being recognised internationally in the filmmaking specialism, providing a level of quality and expertise among the finest in the world.

The past year has seen invaluable support and leadership from Interim Director, Peter Holliday and as we look to the future, we are able to focus on our long-term ambitions stemming from the Annual Operating Plan in place for 2022-23, including exciting new developments to grow and diversify our curriculum and development of our plans to move the School to new purpose-built premises close to our current location in Covent Garden.

Chair's introduction

I would like to thank my fellow Governors for their unstinting interest and effort to support the School. I am delighted that during the year the Board discharged the important responsibility of selecting and appointing a new Director and CEO for the School and we look forward to welcoming Neil Peplow when he takes up the appointment at the end of January 2023.

On behalf of the Governors, I would like to share my grateful thanks to the staff and students who continue to work tirelessly to ensure the long-term success of LFS.

A handwritten signature in black ink, appearing to be 'C. Peplow', written in a cursive style.

January 2023

The Governors present their annual report together with the financial statements of London Film School Limited for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out on pages 33 to 36 and comply with the charitable company's memorandum and articles of association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

Objectives and activities

The School's principal purpose is the provision of professional-level training in the art and technique of film production and feature film screenwriting. Our core provision includes a two-year MA Filmmaking degree covering all of film's craft and interpretive departments, and a one-year MA degree in Screenwriting. The MA in International Film Business continues in partnership with Exeter University, as does a successful PhD Film by Practice programme.

From September 2021 until August 2022 a total of 140 students graduated from the three MA programmes; 50 for MA Screenwriting, 63 for MA Filmmaking and 27 for MA International Film Business.

The School has offered 26 short course workshops for film and television professionals in the past year. The School also offers an expanding programme of outreach projects, bringing filmmaking training and education to audiences who could not normally access such opportunities for reasons of cost or geography.

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

2021/22 saw the final year of the School's existing five-year strategy. Within that plan, the School's main objectives for the year were:

- ◆ Ensure that the School is appropriately resourced and situated in contemporary facilities, matching the excellence in our teaching and delivering a peerless learning experience
 - ◇ LFS is excited to announce our intention to relocate the School to the new Cinecentre building, a five-minute walk away in Holborn. Cinecentre, on Parker Street, is a new facility comprising the recently opened Garden Cinema, the London Film School, and office space to be taken up by film production companies creating a hub of filmmaking in the heart of London's west end. LFS' relocation will see all of the School's existing programmes, short courses, and professional services move to the new site, bringing shooting studios, workshops and teaching spaces all under one roof and offering a step-change in quality for our students and staff. Our intention is to be operational in the new site from September 2023 and complete the relocation in its entirety over the 2023/24 academic year.

Objectives and activities (continued)

- ◆ Ensure our film education is accessible to all UK students irrespective of background or income
 - ◇ Since registering with the Office for Students in 2019, all postgraduate programmes qualify for postgraduate loan support. New bursaries were introduced in 2020 and 2021 to support UK students on both MA Filmmaking and MA Screenwriting programmes
 - ◇ The School began developing a new Equality, Diversity and Inclusion (EDI) strategy after the events of summer 2020, recognising that LFS needed to do more to improve access to film education and to promote an anti-racist approach in our work. Developments to date include the formation of an EDI working group comprising staff and students; a review of our existing recruitment approaches and HR policies, and a programme of decolonising the curriculum.
- ◆ Maintain our excellent international profile, exporting best-practice around the world and bringing new global perspectives to our pedagogy
 - ◇ The School continues to be a member of CILECT (the International Association of Film and Television Schools), including attendance at the annual congress in Moscow in 2019, and its regional division GEECT (European Grouping of Film and Television Schools). As can be seen below, LFS graduation work once more enjoyed a year of wide international exposure at festivals and award ceremonies around the world.
- ◆ Ensure our film education offer continues to be among the best in the world and is relevant to the film and wider creative industries of today, and tomorrow
 - ◇ Our Director of Studies continued to work closely with the academic team to further improve quality monitoring and the process by which student feedback is captured, listened to and responded to. Our short course and outreach work now comes under the Director of Studies' remit bringing better synergies and sharing of best practice across the full gamut of LFS' educational programmes.
 - ◇ The School has a Professional Development Leave (PDL) scheme for staff, to help our workforce to continually improve their professional skills, practice, and learning. This enhances their ability to teach/support our students.
- ◆ Build new and lasting partnerships and collaborations with industry and relevant institutions
 - ◇ We continued to build strong links with local industry partners including the BFI, Film London, ScreenSkills, and more. We were especially pleased to continue our partnership with Film London's Equal Access Network.

Bursaries and student funding

In 2021 the School introduced two means-tested Hardship Emergency Funds (i) for Home status students and (ii) for International students to support those students that were

Objectives and activities (continued)

Bursaries and student funding (continued)

experiencing unexpected short-term emergency or crises. The criteria for Home status students were intended to help with unforeseen increase to the day-to-day expenses and course related costs, such as cost of childcare, medical expenses or utilities. Students were expected to demonstrate that they had exhausted all other forms of funding and LFS was the last resort. We are also grateful to the Leverhulme Trust which continues to provide bursaries to home status students who meet the means-tested criteria.

Workshops

The range of evening, weekend and short professional development courses, continued to be developed and hosted by leading practitioners with the emphasis on a practical, hands-on, intensive learning experience. Within the last year 26 short course workshops for film and television professionals have been held with several carrying ScreenSkills Select status. The short courses on offer are continuously reviewed to allow for more dynamic or urgent shifts in industry demand.

The success of the workshops can be seen in Juliana Matsubara, who has developed a career in the art department of films after studying the 'Advancing Your Career in the Film Art Department' course at London Film School at the start of 2021. The course in helped her develop a successful early career with roles on *Call The Midwife* and *This is Going to Hurt* for BBC, HBO series *Avenue 5*, and Netflix feature *Persuasion*.

Mo Abudu, a filmmaker based in Nigeria, and CEO of EbonyLife Group, took part in a directing workshop and in 2022 announced plans to make her directorial debut, with two short films. As CEO of EbonyLife TV, Mo Abudu oversees the production of more than 1,000 hours of content broadcast in Nigeria, annually and as an executive producer, she has created some of the biggest blockbusters in Nigerian cinema.

LFS Outreach

LFS Outreach projects aim to nurture talent, broaden horizons and inspire young people to have a life-long engagement and appreciation of film. The activities provide learning opportunities for young people from all backgrounds, helping them to participate in our industry as audience members or as part of the screen industries' workforce. We work with primary and secondary schools, colleges and community groups as well as with a wide range of industry organisations. Projects are fully bespoke and are delivered in class, online or in a hybrid mode.

LFS has continued to run a series of outreach projects aimed at new entrants particularly from under-represented backgrounds to build skills and enable greater access to opportunities within an industry notoriously difficult to break into.

Over the last year, 147 young people have taken part in 12 different workshops and projects including three Virtual Film Clubs created for children in Ukraine. The Ukraine Film Clubs have provided children who are living in particularly difficult circumstances with a creative

Objectives and activities (continued)

LFS Outreach (continued)

outlet. The children met every Saturday morning for a total of six weeks. Their commitment and resilience have been a joy to see.

LFS has also led a Filmmaking workshop at the Frank Barnes School for Deaf Children, a writing workshop at Creative Sparkworks and a Documentary workshop for Haringey Council Adult Learners. As a result of the Filmmaking workshops, children and young people develop confidence in their own artistic abilities, they develop a new vocabulary around creativity and filmmaking and learn different filmmaking and storytelling techniques.

Participant feedback has included teacher comments such as, *"Over the weeks, the children became more creative and were able to share their thoughts and opinions about their videos and other videos."* Parent feedback included, *"Film Club was absolutely the best thing about last year for my son. Conventional activities like music and sport just don't work for him, so he's never really had this experience of achievement before. At Film Club, he didn't have to worry at about 'fitting in', and all his crazy ideas and enthusiasms were embraced. Most of all, he looked forward to it all week."*

Since September 2022, London Film School has also collaborated with National Saturday Club to offer a free Film and Media class to 13 – 16 year olds. The weekly club meets in the Covent Garden School, giving young people a chance to study with professional filmmakers, and watch, discuss, and make films in class and at home.

COVID-19

The academic year 2021-22 was again impacted by the COVID-19 pandemic, and in common with other Higher Education Providers, London Film School returned from delivering its provision' from a hybrid model back to face-to-face teaching once it could safely take place, ensuring the health and safety of its staff and students. The arrival of the omicron variant in late 2021 meant certain adaptations in delivery were held over into the spring term of 2022 bringing with them additional cost, but by Easter '22 we were able to relax all remaining restrictions and return to full in-person delivery across all programmes.

The School benefitted from a renewed enthusiasm for in-person teaching and saw attendance to non-curricular events and screenings grow.

Whilst Covid-19 presented London Film School with unique challenges, it is testament to the commitment, passion, enthusiasm, hard work and adaptability of our students, staff, visiting lecturers, Governors, and all other contributors that the School was able to continue its successful response in the most challenging of circumstances.

Achievements and performance

World Leading Specialist Provider

London Film School was awarded World-Leading Specialist Provider status by the Office for Students on 8th December 2022. The status marks LFS out as being recognised internationally in the filmmaking specialism, providing a level of quality and expertise among the finest in the world. In receiving this accolade, the knowledge and skills of LFS graduates and the enduring impact they have on the industry, are recognised by leading employers, external funders, other world-leading providers and others in the UK and beyond.

As part of the new status, LFS will receive funding from the Office for Students in recognition of the high cost of the education of a subject which is extremely expensive to deliver.

Masterclasses

We were delighted to re-launch our curated LFS Masterclasses for the Summer term in 2022. Masterclasses are an opportunity for students, alumni, and staff to hear from experts and brilliant minds across the world of filmmaking. The masterclasses serve to inspire hope, learn more and connect students, staff and alumni with those working in the industry. Equality, diversity and inclusion is at the forefront of planning for Masterclass guests, inviting film professionals from marginalised backgrounds, as well as those who've had a non-traditional route into the industry.

The six Masterclasses over the summer term included industry professionals including Writer / Directors: Prano-Bailey Bond, Jim Archer, Francis Lee, and alumna Jacqueline Lentzou. Producer and LFS Governor, Olivier Kaempfer, and Director of UK Features at Netflix and alumna, Fiona Lamptey. A total of over 200 students attended the masterclasses which took place over a mixture of online masterclasses and in-person events.

The autumn term masterclasses have already included Kahleen Crawford (Casting Director), Helen Scott (Production Designer), Robyn Forsythe (Line Producer), Mary Nighy (Director), Cooke Optics and Producers; Stephen Woolley with Elizabeth Karlsen together. A total of six more Masterclasses will be held in the autumn term, bringing the total to 12.

Festivals

LFS filmmakers garnered accolades in a range of festivals and competitions, receiving recognition globally for the quality of their work. LFS graduation films have screened at over two hundred global film festivals since September 2021 – winning over fifty awards. Many films have also been agreed for distribution and we have signed deals with Gunpowder and Sky, Omeleto, Shorts TV, Argo, Seven Palms in the past year.

Highlights include *Glorious Revolution* winning third prize at Cannes Le Cinef, winning the Macgregor-Scott Memorial Award at Hamptons Film Festival, winning Best UK Short at Raindance and going on to screen at many top film festivals including Camerimage, Tel Aviv SFF, Brest, Edinburgh (Nominated Scott McClaren Award), Sarajevo IFF, Sao Paulo SFF amongst others with the director attending Sarajevo Talents Lab, Poitiers Lab and shortlisted for the YUGO BAFTA Student Awards.

Achievements and performance (continued)

Festivals (continued)

Flee made it to the longlist of the Student Academy Awards, successful grad film *Lontano* also screened at Camerimage in 2021. Other highlights are *after a room* screening at NEST San Sebastian with the filmmakers attending the film school programme, FEST New Directors (Portugal) Filmfest Dresden and BAFICI (Argentina).

Third Solar Sun screened at Busan, and Poitiers Lab, *Inside Out* (Toronto) and *In the Palace*. *Summer Shade* at the London FF 2021, Aspen and Filmfest Munich, *Garcas* at Indie Lisboa and London Short FF, along with *after a room* and *Some Manifestations of the South*.

Grad film *Caravan* won Best Short Film Award at British Society of Cinematographers and *Sucking Diesel* won Young Directors Award at Cannes Lions. Two films screened at BAFTA and Oscar qualifier Encounters FF in 2021 *Asian Brass* and again, *Some Manifestations of the South*.

Scriptwriters achieved acclaim across a wide breadth of Festivals including Ulla Prida, whose screenplay, *Carajita* premiered at Tribeca Film Festival. Taiyo Yoshida who won Best Film Script for *Get in the Groove* at Film The House, the parliamentary-based film and scriptwriting competition.

Student and alumni achievements

The MA Screenwriting students developed at least 40 short film scripts, 40 second draft feature screenplays and approximately 25 TV pilots and or TV bibles over the course of the year. Just some of the Screenwriting achievements of the alumni included writer, Beru Tessema, debuting his play, *House Of Ife*, at Bush Theatre in London as part of the theatre's 50th birthday season. Graduate, Ameir Brown's most recent success, saw his project, *A Thousand Blows*, launched for release on Disney+ and joined the writing team for BBC's *The Capture*.

The MA Filmmaking students created over 180 films including 53 Graduate films over the course of the year and the alumni body has secured several accolades and achievements. MA Filmmaking alumna Paula Huidobro was recognised as part of the team behind Academy Award, Best Picture winner, *CODA* as Cinematographer. Catalan Director and LFS alumna Carla Simón won the Berlinale's Golden Bear Award for Best Film with *Alcarràs*. Koby Adom produced a series five short films broadcast on Sky Arts shining a spotlight the

UK's emerging black and diverse talent. The series, *Unearthed Narratives* was created with several LFS alumni; director, Teniola King, cinematographer, Nathalie Pitters and cinematographer, Aaron Reid. Koby Adom also worked directing BBC drama, *Noughts + Crosses* and *Top Boy* for Netflix. Tony Ukpo, MA Filmmaking alumnus, has achieved great success securing not just one but three features on Apple TV. *Aliceville*, *Mum, Dad, Meet Sam*, and *Random 11*, all directed by Tony have been selected to be available on the streaming giant. Horace Ové, who studied for a Diploma in Filmmaking in the 1960s, visited Buckingham Palace and was given his knighthood in the 2022 New Year Honours for services to media.

Achievements and performance (continued)

Student and alumni achievements (continued)

Students from MA International Business generated opportunities for and pitched their projects, traveling around the world and meeting industry. Audiovisual Talent Week in Barcelona is an opportunity for emerging talent in the screen industries to connect with professionals from throughout the sector and will sometimes take one student per institution to pitch their projects. This year the event took not one but three graduates from LFS, from the MA International Film Business course.

Graduate Showcase and Honorary Associates

Graduate Showcase

Over the past year, London Film School hosted two Graduate Showcase events to ensure Graduates who missed out on celebrating and connecting with industry due COVID, got their chance to celebrate. The first was an online event in January 2022, and the second was the in-person event, the first in-person Graduate Showcase since January 2020.

The online event received a total of 3,400 visitors to the site from 89 countries internationally. The microsite held and showcased grad films, grad scripts as well as script performances and graduate profiles and statements.

A total of 650 attendees came along to the July 2022 Graduate Showcase at the BFI London. The Graduate Showcase Microsite was simultaneously made available for all those who could not attend in person. 50 films from MA Filmmaking graduates were screened both to live audiences and made available on the microsite as well as 44 script performances from MA Screenwriting graduates. The live event also included 13 Presentations, four Panel Events, three Masterclasses and two Drinks Events with participation and projects from all graduates including MA International Film Business graduates.

Press coverage achieved as a result of the Graduates Showcase was achieved with *Variety* & *Directors Notes*. The total reach across the owned channels for communications for the Graduate Showcase included 4.5K unique users to the blog, 3.4k unique users to the microsite and 8.2k users engaged in the social media channels.

Guests described the Showcase as “*a special experience to be a part of – one that I will always cherish from my LFS time. I felt very proud to be an LFS student and a part of such a wonderful and diverse community of filmmakers.*” “*You both curated such a lovely week and made us all feel very special. It was an incredible send off.*” Other comments included “*So much talent gathered amongst the Graduates*” and “*I attended yesterday's fine selection of your graduates short films and was very impressed.*”

Honorary Associates

As is customary, London Film School announced two new Honorary Associates at its annual showcase in July 2022, held at the BFI Southbank. The Honorary Associates demonstrate the School's connection with the industry, reputation, and continued relevance to the development of film learning in the UK.

Achievements and performance (continued)

Graduate Showcase and Honorary Associates (continued)

London Film School consider the following criteria when appointing the Honorary Associates; outstanding contribution to world cinema, demonstrable interest in emerging creative talent; commitment to aesthetic achievement, craft excellence, creative collaboration, and / or artistic freedom. Honorary Associates are invited on the basis that they represent the full demographic of the School.

The first of the LFS 2022 Honorary Associates, Efe Cakarel is the Founder and CEO of MUBI, a global streaming service, production company and film distributor. He created the streaming platform after he discovered that he couldn't watch *In the Mood for Love* in a café in Tokyo. MUBI was born in 2007 with a commitment to celebrate and expand cinema culture across the world and make films like *In the Mood for Love* accessible to people wherever they are. Previously, Efe was with Goldman Sachs in London and New York. He earned his B.S. in Electrical Engineering and Computer Science from MIT, and MBA from Stanford.

Heidi Thomas, the second LFS Honorary Associate is one of the UK's top dramatists, and her acclaimed career in stage, film and television drama spans more than 30 years. Heidi's classic adaptations for the large and small screen include *Cranford*, *Return To Cranford*, *Madame Bovary*, *Ballet Shoes*, *I Capture The Castle*, and *Little Women*. She also created and wrote the revived *Upstairs Downstairs*, and the original BBC1 drama series, *Lilies*. She wrote the screenplay for the forthcoming movie *Allelujah*, based on the play by Alan Bennett. Her hit BBC show *Call The Midwife* is now in its 12th season and is seen in more than 200 territories worldwide. Heidi was awarded an OBE in the Queen's Birthday Honours List of 2022.

Past Honourees span all areas of the screen industry and in the course of the school's rich history, have included Abi Morgan, Amma Asante, Asif Kapadia, Stephen Frears, Jim Broadbent, Gurinder Chadha, Tessa Ross, Philip French, Walter Murch, Ken Loach and Samantha Morton, alongside the diverse graduates of the School's film programmes.

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

Financial review

A summary of the year's results can be found on page 30 of the attached financial statements. Total income for the year was £6,583,827 (2021 – £5,561,877). The majority of the income is from MA tuition fees.

Total expenditure for the year amounted to £6,339,340 (2021 – £5,983,135).

The net movement in funds for the year was a surplus of £244,487 (2021 – deficit of £421,258).

Financial review (continued)

Reserves policy and financial position

In light of post-pandemic recovery planning and a wider review of the strategic plan for the School going forward, the reserves policy for the School is under review and will be further developed in the coming year. In devising a new reserves policy, Governors will have regard to the School's future plans, liquidity requirements, and proportionate contingency funds against unexpected adverse events.

Previously, Governors have considered that a free reserves level (i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed) of approximately six months' annual expenditure on unrestricted funds has been appropriate given the nature of the Schools' work.

On 31 August 2022, the School had total funds of £902,625 (2021 – £658,138). Included in total funds is an amount of £20,406 (2021 – £20,406) which is restricted. These monies have either been raised for, and their use restricted to specific purposes, or they comprise donations subject to donor-imposed conditions. Full details of these restricted funds can be found in note 13 to the financial statements together with an analysis of movements in the year.

Unrestricted funds of the charity at 31 August 2022 amounted to £882,219 (2021 – £637,732), which are net of a £1.4m CBILS loan. These funds include tangible fixed assets with a net book value of £203,861 (2021 – £223,551) which are needed for the School's day-to-day operations. Free reserves of the School at 31 August 2022, were £678,358 (2021 – £414,181).

While the free reserves are below the level of 6 months' expenditure stated above, the policy is kept under review. As a contingency and in order to support the School through any further uncertainty in the coming year, the School also arranged a £1.5m loan facility through the Coronavirus Business Interruption Loan Scheme (CBILS) which was drawn down in full in 2020/21, and of which £1.4m remains outstanding at 31 August 2022.

Fundraising

The School's fundraising approach is to engage only with trusts, foundations and other grant making institutions. Unlike many similar institutions, the School's business model is wholly geared towards tuition fee income, with grant funding historically making up a fraction of the School's income base. That said, we are thrilled to have been recognised by the Office for Students as a World-leading Specialist Provider as of December 2022, a recognition of the quality of teaching and student output, and an important financial contributor to the School's long-term ambitions to remain a global leader in film education.

The School does not currently actively seek funds from the general public, and therefore is not currently subscribed to any fundraising regulation schemes or standards. There have not been any complaints arising as a result of the School's fundraising activities in the year.

Plans for the future

Our Annual Operating Plan for 2022-23 sets out expected operational performance and initiatives aimed at the development of the School designed to impact directly and positively on our key stakeholders. The plan includes developing and enthusing our people, developing new courses and investing in the infrastructure of the School. Key strategic priorities include:

- ◆ Ensuring that LFS is appropriately resourced and situated in contemporary facilities, matching the excellence in our teaching and delivering a peerless learning experience. Plans are to be realised for the intention to relocate the School to the new Cinecentre building.
- ◆ Ensure our film education is accessible to talented filmmaking students irrespective of background or income, via embedding good EDI practice, enhancing the LFS student experience, and implement recommendations from a commissioned review on the School's student recruitment and admissions activities.
- ◆ Expand our excellent international profile, export best practice around the world and bring new global perspectives to our pedagogy by building on previous successes, developing and executing a new LFS Strategy.
- ◆ Diversify and grow the curriculum, ensuring our film education offer continues to be among the best in the world and is relevant to the film and wider creative industries of today, and tomorrow. Activity will initially be focused on launching a new Masters Degree in Documentary Filmmaking whilst reviewing the School's flagship course MA Filmmaking, all of which supports the continuing development of future financial planning and decision-making.
- ◆ Build new and lasting partnerships and collaborations with industry and relevant institutions and engaging all key stakeholders including those who enable our outreach and development strategy.
- ◆ With the arrival of its new Director in January 2023 the School; will develop a revised strategic plan for the five year period beyond 2022-23.

Governance, structure and management

Constitution

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

Members' liability

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

Governance, structure and management (continued)

Governors

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

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

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

Interim Director Peter Holliday intends to re-join the Board of Governors following his departure from the Management Team as Interim Director.

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

The Nominations Committee undertakes a skills analysis of the Governing Body and role profiles are agreed, against which the School recruits new Governors. Governors must have empathy with film and the creative industries. Newly appointed Governors receive a full induction to the School, bespoke to their needs. The Governing Body regularly holds an away day, joined by members of the Management Team.

Organisation

The Governing Body met five times in the year, from 1st September 2021 until 31st August 2022.

Its governance structure includes four committees:

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

The Governing Body also receives minutes from the Academic Board as a line of sight on all academic matters.

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

Governance, structure and management (continued)

Key management personnel

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

The Management Team are a dedicated team of management personnel that have the authority and responsibility of planning, directing and controlling the activities of the School, directly or indirectly. Within the School this includes the Director, Director of Studies, Chief Operating Officer, Head of Marketing & Student Recruitment, Academic Registrar, Financial Controller and Head of HR. Since September 2021, Course Leaders for each of the MA programmes have also joined the Management Team, ensuring greater visibility of academic matters and greater academic inclusion. The Management Team meets formally on a fortnightly basis, with minutes of each meeting shared with all staff.

Statement of governors' responsibilities

The Governors (who are also directors of The London Film School Limited for the purposes of company law) are responsible for preparing the governors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance, structure and management (continued)

Statement of governors' responsibilities (continued)

Each of the Governors confirms that:

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

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

Risk management

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

Student Recruitment

The UK Higher Education sector continued to face this particularly challenging, uncertain and daunting time, as institutions continued to navigate their way through a second year of the pandemic and the prolonged impacts of COVID-19.

The easing of restrictions over the last academic year allowed LFS to successfully deliver its MA provision in-person, and cautiously phrase out blended learning, in order to safely welcome students back to forms of physical teaching.

Despite the uncertainty around COVID-19 and the associated impacts on course provisions and delivery, LFS was able to capitalise upon the 86% increase in MA Filmmaking and 42% increase in MA Screenwriting applications from 2020 and 2019 respectively, to have a very healthy pipeline for September 2021 and early 2022 intakes. The large number of applications in the pipeline was a testament to the strength of the London Film School brand and resilience of our applicants who were determined to join LFS despite the delay in their initial planning.

MA Filmmaking admissions from UK students were sustained between 2021 and 2022 despite COVID-19 and MA International Film Business admissions from Home students increased fivefold in the same period, and by 11% in total.

The quantity of applications in the pipeline meant that for MA Filmmaking in September 2021, we were only able to open for Home applications for the last remaining places. We also welcomed one of our largest ever Summer intakes for MA Filmmaking, with a 50% increase in enrolments for May 2022.

Governance, structure and management (continued)

Risk management (continued)

Student Recruitment (continued)

In turn, nearly a third of our enrolled students to MA Screenwriting for September 2021 were deferred applicants from September 2020. In common with other UK Higher Education Providers, London Film School continued to experience a drop in the number of EU/EEA Applications.

LFS's strategic aims for 2022 includes improving the diversification of its student body. To address that, LFS commissioned a review of the School's Student Recruitment and Admissions provisions. Recommendations and subsequent actions include modernising the Admissions CRM systems scheduled for roll out by January 2023. Doing so, addresses a range of matters such as the importance of the above-mentioned deferral engagement.

Meanwhile, LFS continues to monitor its funding provisions for both Home and International markets, having continued to participate in the Postgraduate Loan Scheme, the Leverhulme Arts Scholarship, BAFTA UK Scholarship Scheme as well as the William D. Ford Direct Student Loan Program authorised by the US Education Department. LFS taking part in these Schemes provides access to talented filmmakers who otherwise would not be able to participate in Higher Education.

Regulatory Environment

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

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

LFS is also subject to considerable regulatory oversight from our validating partners the University of Warwick and the delivery partner (for the MA International Film Business and PhD programmes) the University of Exeter to ensure that its courses offer high level of quality and student outcomes.

Governance, structure and management (continued)

Risk management (continued)

Facilities

The School's ageing facilities in Covent Garden continue to present daily challenges in the delivery of our teaching and film exercises. Since our last annual report, the Governors and executive have undertaken a thorough review of the School's existing estates and revisited assumptions for future space needs, leading to the identification of a new proposed relocation site within the same geographical area, offering a step-change in quality, more space and more flexibility in space use, and an affordable solution within the School's current footprint. More details can be found under Objectives & Activities.

Relationship with other organisations

In pursuit of its strategic objectives of building new connections, the School works with several organisations across screen industries, training partners and public bodies: including training partners such as ScreenSkills, the University of Exeter, University of Warwick, NAHEMI, CILECT, the Deutsche Film und Fernsehakademie Berlin (DFFB), UGC Series Mania and the National Saturday Club.

Screen industry partners such as Panalux, many film festivals, plus platforms including MUBI and Omeleto, support the distribution work of LFS's fresh filmmaking talent around the world.

To support alignment and complementarity with other initiatives in the UK, partners across UK-wide, and London-specific public bodies have included the British Film Institute, Film London's Equal Access Network, Creative England's iFeatures scheme, the British Council and many more.

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



Greg Dyke
Chair of Governors

Approved by the Governors on: 12 January 2023

Statement of corporate governance and internal control

The following statement is provided to enable readers of the annual report and financial statements of London Film School Limited to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2021 to 31 August 2022 and up to the date of the approval of the annual report and financial statements.

The School endeavours to conduct its business:

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

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

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

Legal Status

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

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

Governors

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

Governor	Appointed/Resigned
Greg Dyke (Chair)	
Amanda Nevill (Vice Chair)	
Kemal Akhtar	
Peter Armstrong	Resigned 14 October 2021
Suzy Black	
Diane Herbert	Resigned 15 September 2021
Rhys Holland (Student Governor)	Resigned 31 July /2022
Peter Holliday	Resigned 15 May 2022
Nick Humby	
Olivier Kaempfer	
William MacPherson	
Cindy Rampersaud	
Gregory Randolph (Student Governor)	Appointed 31 July 2022
Joan Watson	
Sophia Wellington (Staff Governor)	

Statement of corporate governance and internal control

Governors' interests

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

Meeting procedures

Formal agendas, papers and reports are supplied to the Governors in a timely manner, prior to Governing Body meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the School together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Governing Body met 6 times in 2021/22.

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

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

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

Appointment to the Governing Body

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

Governing Body performance

The Governing Body has made a strong contribution to the improvements made in 2020/21 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Governing Body meetings. The Governors provide robust scrutiny and challenge. Governors are pro-active in their oversight of the School and are involved in the planning and discharging of Governing Body business.

Statement of corporate governance and internal control

Committees

Audit and Risk Committee

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

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

Governor	Appointed/Resigned
Cindy Rampersaud (Committee Chair)	
Tamsin Ashmore (co-opted member)	Retired 20 June 2022
Peter Holliday	Retired 15 May 2022
Nick Humby	
William McPherson	
Joan Watson	

The Audit & Risk Committee is responsible for the following:

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

Internal Control

Scope of responsibility

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

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

Statement of corporate governance and internal control

Internal Control (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governors have reviewed the key risks to which the organisation is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there was a formal on-going process for identifying, evaluating and managing the School's significant risks that had been in place for the year ended 31 August 2022 an up to the date of approval of the annual report and financial statements.

The risk and control framework

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

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

Review of effectiveness

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

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

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

Statement of corporate governance and internal control

Review of effectiveness (continued)

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

The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Management Team and the Audit and Risk Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 12 January 2022 meeting, the governors carried out the annual assessment for the year ended 31 August 2022 by considering documentation from the Management Team and taking account of events since 31 August 2021.

Based on above and reports by the Director & CEO, the Governing Body is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the School's objectives for the year ended 31 August 2022 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

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

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

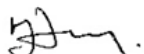
Going Concern

Details on Governors' going concern assessment are set out on pages 333 and 34.

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



Greg Dyke
Chair of Governors



Peter Holliday
Director & CEO (Accounting Officer)

Date: 12 January 2023

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

Opinion

We have audited the financial statements of The London Film School Limited (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2021/22.

Basis for opinion

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

Conclusions relating to going concern

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

Conclusions relating to going concern (continued)

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

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or

Matters on which we are required to report by exception (continued)

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

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2021/22 requires us to report to you if, in our opinion:

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

Responsibilities of governors

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

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

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.

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:

Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the OfS Accounts Direction, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of Board of Governors meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ♦ reviewing any available correspondence with HMRC and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Governors' and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



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

Date: 8 February 2023

Statement of financial activities Year to 31 August 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income from:							
Donations	1	15	—	15	10	—	10
Charitable activities	2	6,324,468	89,464	6,413,932	5,281,246	60,767	5,342,013
Investments		1,919	—	1,919	298	—	298
Other income							
. Surplus on disposal of equipment	9	—	—	—	150,000	—	150,000
. Miscellaneous income		128,720	39,241	167,961	69,556	—	69,556
Total income		6,455,122	128,705	6,583,827	5,501,110	60,767	5,561,877
Expenditure on:							
Raising funds	3	40,922	—	40,922	40,340	—	40,340
Charitable activities							
. Provision of education	4	6,169,713	128,705	6,298,418	5,887,028	55,767	5,942,795
Total expenditure		6,210,635	128,705	6,339,340	5,927,368	55,767	5,983,135
Net income (expenditure) and net movement in funds	6	244,487	—	244,487	(426,258)	5,000	(421,258)
Reconciliation of funds							
Fund balances brought forward at 1 September		637,732	20,406	658,138	1,063,990	15,406	1,079,396
Fund balances carried forward at 31 August		882,219	20,406	902,625	637,732	20,406	658,138

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

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

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

Balance sheet 31 August 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible fixed assets	9		203,861		223,551
Current assets					
Debtors	10	898,083		582,193	
Cash at bank and in hand		3,438,540		3,347,133	
		4,336,623		3,929,326	
Creditors: amounts falling due within one year	11	(2,537,859)		(2,094,739)	
Net current assets			1,798,764		1,834,587
Total assets less current liabilities			2,002,625		2,058,138
Creditors: amounts falling due after more than one year	12		(1,100,000)		(1,400,000)
Net assets			902,625		658,138
The funds of the charity					
Restricted funds	13		20,406		20,406
Unrestricted funds					
. General fund		678,358		414,181	
. Tangible fixed assets fund	14	203,861		223,551	
. Designated funds	15	—		—	
			882,219		637,732
Total funds	16		902,625		658,138

Approved by the governors and signed on their behalf by:



Greg Dyke
Chair of Governors

Approved on: 12 January 2023

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

Statement of cash flows 31 August 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	157,633	395,725
Cash flows from investing activities:			
Investment income		1,919	298
Interest payable		(16,090)	—
Payments to acquire tangible fixed assets		(52,055)	(16,395)
Net cash used in investing activities		(66,226)	(16,097)
Change in cash and cash equivalents in the year		91,407	379,628
Cash and cash equivalents at 1 September	B	3,347,133	2,967,505
Cash and cash equivalents at 31 August	B	3,438,540	3,347,133

Notes to the statement of cash flows for the year ended 31 August 2022

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	244,487	(421,258)
Adjustments for:		
Depreciation and impairment of assets	71,745	58,394
Surplus on disposal of equipment	—	(150,000)
Investment income	(1,919)	(298)
Interest payable	16,090	—
(Increase) decrease in debtors	(315,890)	2,373
Increase in creditors	143,120	906,514
Net cash provided by operating activities	157,633	395,725

B Analysis of changes in net debt

	2021 £'000	Cash flows £'000	2021 £'000
Cash at bank and in hand	3,347,133	91,407	3,438,540
CBILS loan	(1,500,000)	100,000	(1,400,000)
Total net debt	1,847,133	191,407	2,038,540

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2022 and are presented in sterling and are rounded to the nearest pound.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

Critical accounting estimates and areas of judgement

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

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

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

Assessment of going concern

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

Assessment of going concern (continued)

In the course of preparing these accounts the Governing Body have had regard to the School's financial forecasts, including a series of 'reasonable worst case' scenarios such as shortfalls in student recruitment, overruns in capital project costs, and delay or cancellation of the launch of new course offerings. The likely impact of inflation on running costs and knock-on effects of cost of living pressures on operational matters including pay, recruitment and retention have also been modelled.

Balanced against these downside pressures are improvements in several key aspects of the School's operating environment: firstly, the projected absence of any further material costs for delivering under COVID (or similar) restrictions. Secondly, the award of World-Leading Specialist Provider status carries a significant funding commitment from the Office for Students. Thirdly, the School's 2021/22 outturn was an improvement on in-year forecasts and largely reflects considerable improvements in financial control, monitoring and forecasting introduced during the year.

Taken together, the Governing Body have concluded that there are no material uncertainties relating to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income recognition

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

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

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

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

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

Expenditure recognition

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

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

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

Tangible fixed assets

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

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

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

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

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Financial instruments

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

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

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

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

Pension costs

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

Leased assets

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

Fund structure

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

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

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

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

1 Donations

	Unrestricted funds £	Restricted funds £	Total funds 2022 £
2022 Total funds: Donations for development project	15	—	15
<i>2021 Total funds: Donations for development project</i>	<i>10</i>	<i>—</i>	<i>10</i>

2 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Tuition fees and charges	6,417,020	—	6,417,020
Less: bursaries awarded	(92,552)	—	(92,552)
	6,324,468	—	6,324,468
Grant income from the Office for Students	—	87,443	87,443
Other grants	—	2,021	2,021
	6,324,468	89,464	6,413,932

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Tuition fees and charges</i>	<i>5,399,120</i>	<i>—</i>	<i>5,399,120</i>
<i>Less: bursaries awarded</i>	<i>(117,874)</i>	<i>—</i>	<i>(117,874)</i>
	<i>5,281,246</i>	<i>—</i>	<i>5,281,246</i>
<i>Grant income from the Office for Students</i>	<i>—</i>	<i>44,116</i>	<i>44,116</i>
<i>Other grants</i>	<i>—</i>	<i>16,651</i>	<i>16,651</i>
	<i>5,281,246</i>	<i>60,767</i>	<i>5,342,013</i>

During the year ended 31 August 2022, 8 (2021 – 9) students received a bursary to support their tuition fees. The amounts shown above include £53,311 (2021 - £55,433) directly from the School, in 2022, and £39,241 (2021 - £62,441) from funding received from the Leverhulme Trust.

3 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Staff costs	40,922	—	40,922
2022 Total funds	40,922	—	40,922

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Staff costs	40,340	—	40,340
2021 Total funds	40,340	—	40,340

4 Expenditure on charitable activities – provision of education

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Direct costs			
. Staff costs	1,960,118	51,665	2,011,783
. Visiting lectures	545,671	14,383	560,054
. Premises	464,392	8,261	472,653
. Production allowances and costs	613,194	13,697	626,891
. Repairs and technical maintenance	99,640	1,772	101,412
. Depreciation	70,307	1,438	71,745
. IT costs	91,775	—	91,775
. Marketing costs	74,487	—	74,487
. Other costs	654,159	10,264	664,423
	4,573,743	101,480	4,675,223
Support costs			
. Staff costs	1,143,974	17,312	1,161,286
. Legal and professional	70,782	821	71,603
. Other costs	274,951	7,442	282,393
. Governance costs (note 5)	106,263	1,650	107,913
	1,595,970	27,225	1,623,195
2022 Total funds	6,169,713	128,705	6,298,418

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

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Direct costs</i>			
. Staff costs	1,695,671	17,364	1,713,035
. Visiting lectures	770,058	7,886	777,944
. Premises	427,024	4,195	431,219
. Production allowances and costs	268,335	3,595	271,930
. Repairs and technical maintenance	111,885	1,196	113,081
. Depreciation	57,670	724	58,394
. IT costs	123,909	—	123,909
. Marketing costs	59,779	—	59,779
. Other costs	882,730	8,246	890,976
	<u>4,397,061</u>	<u>43,206</u>	<u>4,440,267</u>
<i>Support costs</i>			
. Staff costs	1,068,501	6,735	1,075,236
. Legal and professional	20,082	510	20,592
. Other costs	302,514	4,599	307,113
. Governance costs (note 5)	98,870	717	99,587
	<u>1,489,967</u>	<u>12,561</u>	<u>1,502,528</u>
 2021 Total funds	 <u>5,887,028</u>	 <u>55,767</u>	 <u>5,942,795</u>

5 Governance costs

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Audit and advisory fees	37,811	369	38,180
Other professional costs	68,452	1,281	69,733
2022 Total funds	<u>106,263</u>	<u>1,650</u>	<u>107,913</u>
	Unrestricted funds £	Restricted funds £	2021 Total funds £
Audit and advisory fees	29,129	211	29,340
Other professional costs	69,741	506	70,247
2021 Total funds	<u>98,870</u>	<u>717</u>	<u>99,587</u>

6 Net income (expenditure) and net movement in funds

This is stated after charging:

	2022 £	2021 £
Depreciation – owned assets	71,745	58,394
Operating lease rentals – Land and buildings	329,946	322,927
Operating lease rentals – Equipment hire	150,358	314,123
Auditor's remuneration (including VAT)		
. Statutory audit	27,000	21,000
. Other services	8,000	6,000
Staff costs (including visiting lecturers) (note 7)	3,733,123	3,606,555

7 Staff costs

	2022 £	2021 £
Wages and salaries	2,764,851	2,540,243
Social security costs	258,965	230,663
Pension costs	63,550	57,705
	3,087,366	2,828,611
Compensation for loss of office	85,703	—
	3,173,069	2,828,611

In addition to the staff costs disclosed above, the amount paid to visiting lecturers used by the School in year was £560,054 (2021 – £794,477).

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

	2022 Number	2021 Number
Provision of education		
. Academic staff	41	42
. Support staff	22	20
	63	62

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

	2022 Number	2021 Number
£60,001 - £65,000	4	1
£70,001 - £75,000	1	—
£75,001 - £80,000	2	1
£80,001 - £85,000	—	—
£90,001 - £95,000	—	1
£95,001 - £100,000	—	1
	7	4

7 Staff costs (continued)

The key management personnel of the charity in charge of directing and controlling, running and operating the charity comprise the governors and the Management Team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £783,147 (2021 – £597,905).

During the year, staff governors received remuneration only in relation to their roles as staff members. No member(s) of the governing body received any remuneration in respect of their services as governors during the year (2021 – £nil).

No expenses were reimbursed to the governing body members during the year (2021 - £nil).

Remuneration of Director and Chief Executive Officer

	CEO to 31 May 2022 £	Interim CEO from 1 June 2022 £	Total 2022 £	Total 2021 £
Basic salary	73,402	24,091	97,493	95,950
Bonus	—	—	—	—
Pension contribution	990	147	1,137	1,316
Compensation for loss of office	85,703	—	85,703	—
	160,095	24,238	184,333	97,266

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

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

	2022 £	2021 £
Chief Executive's basic salary as a multiple of the median of all staff	2.72	2.83
Chief Executive's total remuneration as a multiple of the median of all staff	5.11*	2.81

During 2021/22 the Chief Executive Officer retired from the School on 31 May, 2022 and an interim Chief Executive Officer joined the School on 16 May, 2022 on a 0.8 FTE basis. Compensation for the loss of office for the departing Chief Executive was to the value of £85,703.

* based on total remuneration for the interim CEO and exiting CEO, including severance payment

8 Taxation

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

9 Tangible fixed assets

	Leasehold premises in course of construction £	Cinema equipment £	Fixtures, fittings and computer equipment £	Total £
Cost				
At 1 September 2021	901,268	380,430	105,166	1,386,864
Additions	—	24,841	27,214	52,055
Disposals	(901,268)	—	—	(901,268)
At 31 August 2022	—	405,271	132,380	537,651
Depreciation/Write down				
At 1 September 2021	901,268	169,524	92,521	1,163,313
Charge for the year	—	60,737	11,008	71,745
Disposals	(901,268)	—	—	(901,268)
At 31 August 2022	—	230,261	103,529	333,790
Net book values				
At 31 August 2021	—	210,906	12,645	223,551
At 31 August 2022	—	175,010	28,851	203,861

10 Debtors

	2022 £	2021 £
Trade debtors	118,423	124,163
Other debtors	98,520	113,759
Prepayments and accrued income	681,140	344,271
	898,083	582,193

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	125,655	268,170
Accruals and deferred income	2,009,211	1,603,309
Sundry creditors	102,993	123,260
CBILS Loan (see note 12)	300,000	100,000
	2,537,859	2,094,739

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Deferred income at 1 September	1,031,200	2,003,069
Released during the year	(1,031,200)	(2,003,069)
Resources deferred in the year	1,177,219	1,031,200
Deferred income at 31 August	1,177,219	1,031,200

Deferred income consists principally of fee income received in advance.

12 Creditors: amounts falling due in more than one year

	2022 £	2021 £
CBILS Loan	1,100,000	1,400,000

Maturity of debt	2022 £	2021 £
CBILS loan repayable within one year	300,000	100,000
CBILS loan repayable between one and two years	300,000	300,000
CBILS loan repayable between two and five years	800,000	900,000
CBILS loan repayable in more than five years	—	200,000
	1,400,000	1,500,000

The CBILS loan was drawn down in full in April 2021. It is unsecured with a fixed interest rate of 3% per annum. The first year was interest and repayment free; the balance is being repaid over five years at £25,000 per month plus interest from May 2022.

13 Restricted funds

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

	At 1 September 2021 £	Income £	Expenditure £	Transfer between funds £	At 31 August 2022 £
Office for Students	—	87,443	(87,443)	—	—
Skillset Academy Fund	5,692	—	—	—	5,692
Kickstart	—	2,021	(2,021)	—	—
Adam Sedgwick Award	5,010	—	—	—	5,010
Leverhulme fund	9,704	39,241	(39,241)	—	9,704
	20,406	128,705	(128,705)	—	20,406

13 Restricted funds (continued)

	At 1 September 2020	Income	Expenditure	Transfer between funds	At 31 August 2021
	£	£	£	£	£
Office for Students	—	44,115	(44,115)	—	—
Skillset Academy Fund	692	12,609	(7,609)	—	5,692
Kickstart	—	4,043	(4,043)	—	—
Adam Sedgwick Award	5,010	—	—	—	5,010
Leverhulme fund	9,704	—	—	—	9,704
	<u>15,406</u>	<u>60,767</u>	<u>(55,767)</u>	<u>—</u>	<u>20,406</u>

Office for Students fund

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

Skillset Academy fund

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

Kickstart Scheme

The Kickstart Scheme provides funding to employers to create jobs for 16 to 24 year olds on Universal Credit as a high quality 6-month job placement.

Adam Sedgwick Award

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

Leverhulme fund

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

14 Tangible fixed assets fund

	2022 £	2021 £
At 1 September	223,551	115,550
Net movements in year	(19,690)	108,001
At 31 August	203,861	223,551

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

15 Designated funds

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

	At 1 September 2021 £	New designation £	Utilised £	At 31 August 2022 £
Relocation fund	—	—	—	—

	At 1 September 2020 £	New designation £	Utilised £	At 31 August 2021 £
Relocation fund	794,487	—	(794,487)	—

The relocation fund consists of monies set aside by the governors towards the cost of relocation project.

16 Operating lease commitments

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

	Equipment		Land and buildings	
	2022 £	2021 £	2022 £	2021 £
Operating lease payable:				
Within one year	—	—	89,400	89,400
	—	—	89,400	89,400

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

17 Related and connected parties disclosure

There were no other related party transactions during the year ended 31 August 2022 (2021 – none).

London Film School Limited

Post-audit management report

Year ended 31 August 2022

The Trustees
London Film School Limited
24 Shelton Street
London
WC2H 9UB

8 December 2022

Post-audit management report for London Film School Limited for the year ended 31 August 2022

This post-audit management report presents the observations and matters which came to our attention during our audit, which are considered to be significant, as required by International Standard on Auditing (UK) 260.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

We would like to take this opportunity to thank the finance team for their assistance provided during the course of our audit.

Yours faithfully

for Buzzacott LLP

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Executive summary

Purpose of the external audit

The purpose of this report is to bring to the attention of Board as those charged with governance the findings from our recent audit of the financial statements of London Film School Limited, for the year ended 31 August 2022, for your consideration and to enable you to address matters arising where appropriate. Throughout this report, “you” and “your” refer to the Board. “We” and “our” refer to Buzzacott LLP.

We appreciate that you will already be aware of some of the matters contained in this report. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 August 2022 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 9 November 2022. We summarise our main findings below and provide more detail in the following pages.

In summary, we report that:

- the key risk areas highlighted during our planning process have been adequately addressed during our audit work;
- our work highlighted no significant deficiencies in the systems operated by the charity;
- some recommendations have been made for improvements to systems and procedures at Appendix 1; and
- subject to the resolution of any outstanding audit queries, we anticipate issuing an unqualified and unmodified audit opinion on the accounts.

The matters raised in this report have been discussed with Peter Holliday, Dan Lawson and Anita O'Connor.

Audit progress

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Anita O'Connor (Financial Controller) and Tom Gentle (Management Accountant).

The Audit work began as agreed on 11 November 2022, however the work of producing the financial statements was still ongoing at that stage and a number of adjustments and changes were made by management during the time allocated for the audit. An updated draft reflecting the identified adjustment was received on 1 December 2022, after our audit fieldwork was scheduled to have been completed.

Due to this delay in receiving the draft financial statements, the audit fieldwork could not be fully completed within the original timetable. This resulted in some inefficiencies due to the work initially progressing without draft accounts, and delays to our scheduled reviews. This staggered approach, with the accounts preparation ongoing during the audit work, increases the risk that disclosures are incomplete or incorrect, and we therefore reiterate the importance of agreeing a realistic timetable for the annual audit.

Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we intend to issue an unqualified opinion in our auditor's report

The wording of our auditor's report is unchanged from last year.

Accounting and internal controls systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2022.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit. However, we have made some recommendations for improvements, which are detailed in the key audit findings section of this report.

Prior year's post audit report

We are pleased to report that the matters raised in our report last year have been satisfactorily dealt with.

Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

We have no specific observations to make in this regard.

Key audit findings

Annual Report and Financial Statements format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102), as well as the additional requirements of the Office for Students Accounts Direction.

There are no significant changes to the format of the financial statements this year.

Adjustments made during the audit

A number of adjustments were agreed with management during the audit fieldwork. As noted in the Audit Progress section above, the work on the preparation of the financial statements was ongoing during the audit fieldwork and a therefore it is not practical to record those adjustments in full within this report.

Unadjusted misstatements

Other than clearly trivial misstatements, all the misstatements identified during the audit have been adjusted.

Materiality

Materiality threshold £130,000

Reporting threshold: £6,500

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based on 2% of income. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the charity's accounting and internal control systems.

Observations included in the "A" grade (red) indicate that, in our opinion, there is a risk of significant financial impact on the charity that must be addressed immediately.

"B" grade (orange) recommendations relate to those issues where there is a risk of moderate financial impact on the charity, such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
A	-	-
B	1	<ul style="list-style-type: none"> Reconciliation of control accounts and opening balances
C	4	<ul style="list-style-type: none"> Fixed asset register Register of interests Rationalisation of bank accounts Companies House filings

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix 1.

The matters have all been discussed with Dan Lawson and Anita O'Connor, who have appropriate management authority and are informed management for independence purposes.

Prior year observations

We are pleased to report that the observation made last year in relation long standing credit balances on the sales ledger has been satisfactorily dealt with.

Key audit risks and outcomes

As part of our audit planning process, we identified those areas where we believe there is a higher probability that a material error may appear in the financial statements. In the pages which follow we have provided a brief summary of the outcome of our audit work in relation to those higher risk areas.

Risk area	Summary and conclusion
Compliance with the Office for Students Accounts Direction	<p>The School's financial statements must include a statement of corporate governance and a statement of internal control (or a combined statement) which cover the requirements outlined in the Accounts Direction.</p> <p>We confirm that we have reviewed the statement of internal control and corporate governance against the requirements detailed in the Accounts Direction and have concluded that it is compliant. We confirm also that we have undertaken appropriate audit procedures over the additional disclosure requirements of the OfS accounts direction, including those over senior staff pay and grant and fee income, and nothing has come to our attention to suggest that this is materially misstated.</p>
Going concern assessment	<p>As always, the governors' must consider a period of twelve months from the likely date of signature of the financial statements when making their assessment whether they believe the School to be a going concern.</p> <p>We have reviewed management budgets and cash flows which extend beyond 12 months from the signature of the financial statements, and which show the School is due to continue to generate a surplus and maintain sufficient cash reserves, with a surplus of £345k forecast for 2022/23 and £746k for 2023/24, and cash balances forecast to remain in excess of £2m over that period.</p>

Risk area	Summary and conclusion
Property and estates strategy	<p>The School has plans to relocate to a new site in Holborn in 2023, and has agreed heads of terms in relation to the new premises. As an agreement is expected to be signed, and the plans are expected to be made public before the accounts are published, this is currently disclosed within the governors' report; however we will continue to monitor any progress up until the point the accounts are signed and consider whether the disclosures in the annual report and financial statements remain appropriate.</p> <p>The School's existing lease over its current premises means that the assessment of going concern is not contingent on the move going ahead as scheduled.</p> <p>We also note that the costs previously incurred in relation to the planned move to London City Island, which were fully impaired in 2020, have now been eliminated from the financial statements altogether as the plans for the project have been terminated.</p>
Compliance with Department for Education's Supplemental Schedule	<p>The US Department for Education released an update in September 2021 requiring schools to include a Supplemental Schedule as part of their audited financial statements submission. The Supplemental Schedule must be evaluated and reported on in relation to the financial statements as a whole.</p> <p>The Supplementary Schedule has been reviewed, and the figures agreed to the underlying statements. The format of the schedule is unchanged from 2021 and follows the template provided by the US Department for Education.</p>

Other information

Letter of representation

We enclose the draft letter of representation which we will request the trustees to approve and sign at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 August 2022.

- Trustees exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- The key risk of fraud at the charity arises from the possibility of fraudulent invoices being passed on for payment.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If the above information is no longer correct, please contact Gumayel Miah or Robert Cloke.

Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 9 November 2022 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

Current developments

Revised auditing standards

The audit work we perform must comply with all relevant International Standards on Auditing (UK) ("ISAs") which are set by the UK's Financial Reporting Council ("FRC"). ISA (UK) 315 *Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment*, ('ISA 315') has recently been reviewed and amended by the FRC and the revised version introduces major changes in the approach auditors must follow to risk identification and assessment in all audits. This will be applicable to your audit for the year ending 31 August 2023.

To help prepare for the implementation of ISA 315, charities can refer to the Charity Commission guidance *Internal financial controls for charities (CC8)*, which includes a checklist to assist in evaluating the internal financial controls in place. There is also information on the control environment for charities in *Practice Note 11 (Revised) The audit of charities in the United Kingdom*, particularly in paragraphs 86 to 95.

We have also attached a summary of other recent and ongoing developments as Appendix 2 to this report. The matters included in this appendix may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome. News and Insights are also available on our website at [News and insights \(buzzacott.co.uk\)](https://www.buzzacott.co.uk/news-and-insights), where there is also an opportunity to sign up to our mailing list should you wish.

This report has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this report.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Appendix 1: Audit observations and recommendations

	Observation	Implication	Recommendation	Management comment
B	<p>Reconciliation of control accounts and opening balances</p> <p>The reserves brought forward per the original trial balance presented for audit could not be reconciled to the net assets reported in last year's signed accounts. In addition, there were a number of differences identified indicating misstatements within the financial statements presented for audit, or within the supporting schedules. These have since been adjusted for by management in order to arrive at a set of financial statements which balance, and which agree to the underlying records.</p>	<p>The finance team does not have an accurate financial record during the year if opening balances are not correctly brought forward.</p> <p>The differences identified suggests that similar differences may be present within the in-year management reporting, albeit we have not audited the school's management accounts.</p>	<p>We recommend that opening balances brought forward are checked against the amounts previously agreed as carried forward and any discrepancies investigated.</p> <p>We recommend that control account balances on the accounting ledger are reconciled at each month end to supporting breakdowns / expectations of the balances, and any differences investigated on a timely basis.</p>	<p>Action: monthly reconciliation to be built into the month-end process.</p>

	Observation	Implication	Recommendation	Management comment
C	<p>Fixed Asset Register</p> <p>During our audit of fixed assets, we noted that the fixed assets register does not adequately tie back to accounts or the nominal ledger. Furthermore, the number of items capitalised within each asset is not listed.</p> <p>For example, £150,000 of 35mm cameras has been capitalised in a previous year, but the fixed asset register did not list how many cameras made up this balance and the facilities team had no separate record of how many cameras they had either.</p>	<p>This may lead to the misappropriation of assets going undetected as the school may not have an accurate account of how many assets it has under its control.</p>	<p>We recommend that the fixed asset register is reviewed, updated and simplified to more closely reflect the assets under the control of the school and the nominal is adjusted to agree with the outcome of the review.</p>	<p>Action: fixed asset register to be reviewed and simplified going forward.</p>
C	<p>Register of pecuniary interests</p> <p>At the time of the audit fieldwork, we were unable to have sight of all declarations of interests from the School's Governors and members of its Senior Management Team.</p>	<p>There is a risk that the School's management, who are responsible for ensuring that the financial statements are prepared with full disclosures of any related party transactions, may not be aware of all existing or new relationships. There is therefore a greater risk of disclosures being incomplete.</p>	<p>We recommend that the School ensures that declarations of interests are renewed annually and reviewed by management prior to the preparation of the financial statements. Declarations of Interests should also be completed by any Governors or members of the Senior Management Team at the time of their appointment.</p>	<p>Action: upon engagement of any governor or senior management team member, completion of the declaration of interest to be requested with subsequent annual update.</p>

	Observation	Implication	Recommendation	Management comment
C	<p>Rationalisation of bank accounts</p> <p>As part of our audit of cash at bank, we requested sight of the bank statements for all bank accounts included on the School's ledger. We were unable to sight statements for the Skillset Academy Account, the Media Training account, the LFS Business Current Account (ending 1439) and LFS International Account.</p> <p>We were unable to sight copies of the statements for these accounts. We understand that the bank statements are not received by the School and there are only limited transactions which pass through these accounts. Collectively, the year end balances on these accounts (per the School's accounting ledger) totalled £25.</p>	<p>The absence of statements for these accounts increases the risk of inappropriate use of these accounts going unnoticed.</p>	<p>We recommend that these accounts are closed if no longer used, or statements are requested from the bank so that the movements on the accounts may be fully reconciled on the accounting ledger.</p>	<p>Action: dormant bank accounts to be reviewed with a view to close.</p>
C	<p>Companies House filings</p> <p>We noted that Companies House have not always been notified of changes in directorship on a timely basis.</p>	<p>Information held at Companies House may be inaccurate or out of date.</p>	<p>We recommend that any changes to the directorship of the company are logged with Companies House on a timely basis.</p>	<p>Action: the retirement of the company secretary meant that this has not been maintained. Records of Companies House to be updated.</p>

Appendix 2: Current developments

Trustees' Annual Report and Accounts

Government response to audit and corporate governance consultation

The government has published its results following a consultation exercise in respect of audit, corporate reporting and corporate governance. As part of the initial proposals, charities with income over £100m could have faced much stricter rules on financial reporting under their classification as a public interest entity (PIE). However, it has been agreed that these rules will only apply to entities with over £750m income and 750 employees meaning that only the largest UK charities will be required to comply. The new rules include the introduction of a Resilience Statement, an Audit and Assurance Policy and a statement on fraud measures within Annual Reports.

The full paper can be read at:

[https://assets.publishing.service.gov.uk/government](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1079594/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf)

[/uploads/system/uploads/attachment_data/file/1079594/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1079594/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf)

Environmental reporting and sustainability in charities

Larger companies are now required to report on environmental policy and sustainability in their annual report. The regulatory requirements for environmental reporting are limited to:

- Only large and medium UK companies are legally required to report their greenhouse gas emissions in their strategic reports (under the Streamlined Energy and Carbon Reporting (SECR) requirements); and
- Only quoted companies must address their environmental impact in any more detail.

These mandatory requirements also apply to large charitable companies, but smaller or unincorporated charities may wish to report on environmental

factors by considering the following activities: greenhouse gases, water, waste, materials and resource efficiency, biodiversity and ecosystem, and emissions to air, land and water. Charities should also be aware of the legislation that is directly applicable to their activities and be able to demonstrate they are compliant using both qualitative descriptions and quantitative data.

For further details on how to consider environmental reporting in charities please see the following:

<https://www.civilsociety.co.uk/finance/environmental-reporting-and-sustainability.html>

Reporting Diversity Data

The Charity Commission has been asked to make reporting diversity information about charity senior leaders and trustees mandatory in annual reports. Currently, publicly available information of the diversity of charity leaders is “incomplete and out of

date” so a coalition of 65 organisations have advised the change in line with new FCA rules. The FCA requires listed companies to disclose numerical data on the gender and ethnic diversity of their board and executive management. The Charity Commission has said they will consider the recommendations as part of their ongoing work on the issue. The shadow charities minister has also said “increased transparency at charities is needed” and the Charity Commission should take action on “recommendations to collect data on protected characteristics among charity trustees and executives”.

The open letter to the Charity Commission can be found at <https://www.money4you.org/operationtransparency/>

New programme to boost diversity in boardrooms

A pilot Boardroom Apprentice programme has been launched by the Government’s Levelling Up initiative to boost diversity in public boardrooms. The programme aims to more closely reflect the

communities in which they serve across the UK, with candidates receiving practical boardroom experience, knowledge and skills.

For more information please visit:

<https://www.gov.uk/government/news/new-programme-aimed-to-boost-diversity-in-boardrooms>

Policy and Governance

Charities Act 2022

The Charity Commission has published guidance on changes to be implemented by the Charities Act 2022, expected to come into force from Autumn 2022 and will be staggered throughout 2023. A summary of the key changes are:

- Charities will be able to pay Trustees for providing goods or services to the charity that are beyond the usual trustee duties (Autumn 2022);
- Trustees will have the power to process small amounts of ex-gratia or moral payments

without applying to the regulator. For example, if a charity receives a legacy but there is evidence the donor has changed their mind since making their will (Autumn 2022);

- Reduced complexity surrounding fundraising appeals that do not reach, or exceed, the intended target. This includes charities no longer having to wait six months for donors to ask for a refund. In addition, if donations less than £1,000 can be spent on purposes other than those intended, they can act without the involvement of the Commission (Autumn 2022);
- Changes to how charities sell, lease or transfer land (Spring 2023);
- Greater flexibility will be introduced to make use of permanent endowments (Spring 2023); and
- Changes to how charities can amend their governing documents (Autumn 2023).

The guide can be found at

<https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities>

Recruiting young trustees

Our Bright Future, a partnership led by the Wildlife Trusts and funded by the National Lottery Community Fund, has published a guide to help charities recruit young trustees to their board. The guide includes case studies and templates for charities that would like to recruit young people, and a six-step approach for supporting young trustees in their role. The guide can be found at:

https://ourbrightfuture.co.uk/wp-content/uploads/2022/05/Young_Trustees_Advice_Pack.pdf

Charities and remote meetings

From 22 April 2022, the Charity Commission has confirmed that charities will need to move back to face-to-face meetings unless their governing documents allows remote meetings to be held. The flexibility of online meetings was introduced in April 2020 but as Covid-19 restrictions have come to an end this flexibility is being removed. The regulator has also said they will no longer give charities extensions to filing deadlines.

Information on how to amend governing documents if needed can be found at

<https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-the-charity-sector>

Companies House reforms

In February 2022, the Government Department for Business, Energy and Industrial Strategy ('BEIS') published its Corporate Transparency and Register Reform White Paper. The reforms are designed to increase transparency and clamp down on abuse of UK corporate structures for money laundering.

These changes are very likely to become law, however there is currently no timetable for the introduction of the new rules.

The key changes are as follows:

- *Reduction in filing options for small companies*
The reforms will simplify the framework for smaller entities by reducing the filing options to just two categories: micro-entities and small companies. The abridged and "filleted" accounts options will be removed and therefore

all small companies will be required to file a directors' report and profit and loss account (as well as a balance sheet).

- *Strengthening of Companies House powers*
The government will extend the powers of Companies House to query, seek evidence for, amend or remove information on the register, and to share it with law enforcement if certain conditions are met.
- *Identity verification for those setting up, managing and controlling companies*
The government will require identity checks on directors of companies, general partners in Limited Partnerships, designated members in LLPs and people with significant control (PSCs). Individuals who fail to verify their identity will be subject to new criminal and civil sanctions.
- *Restrictions on corporate directorships*
Corporate directorships will be restricted to entities registered in the UK, and the corporate directors will need to be associated with natural persons who will be subject to identity checks. Different rules will apply to corporate members

of LLPs or corporate general partners of LPs but with a similar aim of increasing transparency over the control of these entities.

- *More information on a company's shareholders*
The reform proposes a requirement for private companies, and traded companies where shareholders hold at least 5% of the issued shares of any class of the company, to provide a one-off full shareholder list. Any changes will be updated annually when a company files a confirmation statement.
- *"File once" approach*
The government is considering a new approach so that accounts will only need to be filed once instead of separately to Companies House, HMRC and other agencies.

Maintaining public trust

The Charity Commission has said that charities should not be complacent in their efforts to maintain public trust. Research conducted on behalf of the Charity Commission found that public trust in charities has risen slightly in 2020-21, after reaching

an all-time low in 2018 following a "number of scandals" in the sector. The regulator has said trustees are key in ensuring charities public's expectations are met through high standards of governance and compliance with duties.

Please see:

<https://www.gov.uk/government/publications/research-into-public-trust-in-charities-and-trustees-experience-of-their-role>

Winter 2022 energy bills for charities

The government has published details to reduce energy bills for charities, businesses and public sector organisations from October 2022. A discount will automatically be applied to bills from 1 October to 31 March by supporting the cost of wholesale gas and electricity prices this winter.

Charities on fixed price contracts agreed on or after 1 April 2022 will see their per unit energy costs automatically reduced by the relevant p/kWh, so long as they exceed the supported wholesale prices. Those on default, deemed or variable tariffs will also

receive support through a per-unit discount on energy costs, up to a maximum of around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments.

For more information please see:

<https://www.gov.uk/government/news/government-outlines-plans-to-help-cut-energy-bills-for-businesses>

Identity theft

Companies House have reported they deal with up to 100 cases of corporate identity theft every month. This involves stealing of business information and using it for personal gain.

The organisation offers a service called 'Protected Online Filing' (PROOF), which aims to protect companies from the threat of corporate identity theft. It allows filings at Companies House to be submitted using an authorisation code known only to the company and advisors.

More information of how to sign up for this free service can be found at

<https://ewf.companieshouse.gov.uk//seclogin?tc=1>

Cyber security breaches in larger charities

The government's Cyber Security Breach Survey has found that 62% of charities with income over £500,000 reported having some form of cyber security attack in the year to March 2022. This increased to 76% for charities with income over £5,000,000. Whilst businesses continued to be targeted more than charities, about a quarter of charities said they faced cybercrime at least once a week in the form of phishing emails. In addition, 9% of charities said a cyber-attack had left them unable to access files temporarily. These findings are from responses from 424 charities and 1,200 business located in the UK. The detailed government report can be read at:

<https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2022/cyber-security-breaches-survey-2022>

Charity Commission – Improving charity data

The Charity Commission is focusing on improving data collection over the coming years, with an introduction of broader classification codes on the charity register expected soon (giving more specific options of what the charity does and its objects etc). This will enable organisations to accurately represent their activities, with information becoming more relevant to the public. It is also expected the 2023 Annual Return will feature a 'library' of questions which charities can answer as their circumstances require, enabling a more streamlined experience.

The long-term goals include more direct communication with individual trustees to help and support them in their roles.

Further details can be found at:

<https://charitycommission.blog.gov.uk/2022/03/22/your-role-in-improving-charity-data/>

Charity Commission proposes additional questions on the annual return

A 12-week consultation commenced in June for potential changes to the Charity Commission Annual Return. The proposed new changes are around financial governance, charity operations and structure, and employees and volunteers. One of the proposed new questions asks charities to confirm whether specific thresholds have been exceeded (e.g. whether 70% or more of total income is dependent on one income stream, or whether 25% of more comes from donations). The regulator hopes this will enable them to collect more targeted information to help with its longer term data-driven, long-term strategy.

Changes will apply to charities' financial years starting on or after 1 January 2023. For more information on the consultation, please visit the Charity Commission website
<https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

Staff recruitment and retention

As charities seek to recover from the pandemic, one of the key issues affecting organisations is staff recruitment and retention. Employment experts believe charities are facing an “exodus” of staff due to increasing pressures such as overwork, burnout, and low pay. The return to the office has also been a contributing factor to staff retention in the sector. All these factors combined have highlighted a staff turnover in the not-for-profit sector of 18.1%. The recruitment crisis is likely to be heightened as charities lose experienced staff, replaced by staff with little knowledge of their organisation.

Charities can implement a range of strategies to increase staff retention including offering flexible working options, clear career progressions, a strong team culture and focus on staff wellbeing.

For further analysis, please see:

<https://www.stoneking.co.uk/literature/e-bulletins/how-can-charities-retain-their-best-staff>

Compliance

Safeguarding

The Charity Commission has published a guide on the responsibilities for charities and trustees to keep everyone safe including staff, volunteers, and beneficiaries. Trustees must ensure their charity identifies and manages risks, have safeguarding policies and practices in place, carry out relevant checks (e.g. DBS), protect volunteers and staff, and have procedures to handle and report incidents appropriately.

A detailed overview of safeguarding in charities, and how to implement the above action points can be found at:

<https://www.gov.uk/guidance/safeguarding-for-charities-and-trustees>

Whistleblowing

The European Union Whistleblower Protection Directive came into effect in December 2021. Whilst it does not apply directly to UK based charities, it does apply to charities operating in the EU and may influence UK legislation in the future. Employers

must set up secure reporting channels, acknowledge disclosures within seven days of reporting, and give feedback to whistleblowers within three months.

Tax

Charity tax returns – why are they so important?

Whilst it is not compulsory for charities to file a tax return, HMRC is able to perform random checks on charities to ensure exemptions are being claimed correctly. There is no blanket exemption on income generated by a charity because of their charitable status. If a charity receives income that does not fall under the available exemptions, then the profit element of the income will be subject to tax. The main forms of exempt charitable income are:

- Donations and legacies;
- Trading income, where this derives from activities in furtherance of or ancillary to the charity’s objectives, or activities carried out by the charity’s beneficiaries; and
- Certain investment and property income.

If there is non-charitable trading income that does not fall under the above exemptions, the small-scale taxable trades exemption can be applied whereby a tax liability will not be applied if the non-charitable trading income is less than 25% of the charity's total income, subject to a cap of £80,000. If £80,000 is breached, the total non-charitable trading income will be taxable.

Further information can be found at:

<https://www.buzzacott.co.uk/insights/charity-tax-returns-why-are-they-so-important>

R&D tax credit scheme

HMRC has released a series of proposed changes to the UK R&D tax credit scheme. The changes focus on three areas:

- Making businesses more responsible for the claims they are submitting through someone in the claimant company having to endorse each claim, a requirement for businesses to notify HMRC about a claim in advance and to provide

detailed technical documentation to support any claims made;

- Limiting the scope of the scheme to be UK focused through a proposed ban on claiming overseas costs; and
- Offering increased opportunities to access the scheme or include additional costs such as data and cloud computing costs being reclaimable.

More information on the changes to the scheme can be found at:

<https://www.buzzacott.co.uk/insights/key-changes-to-the-r-d-scheme>

Business rates relief for charities

The Government are currently carrying out a review of business rates in England, which may impact the mandatory 80% rates relief given to charities on business properties. Currently, properties must be wholly or mainly used for charitable purposes.

Key considerations when claiming the relief include whether the charity carries out commercial trading through subsidiaries, whether they operate a retail

shop for the sale of donated goods, or whether the property is vacant but still held for charitable purposes. Charities and not-for-profit organisations should also be aware that local authorities may 'top-up' the relief to 100% at the discretion of the local authority.

Details on the charitable relief rate review can be found at: <https://www.buzzacott.co.uk/insights/are-you-taking-advantage-of-all-charitable-reliefs-from-business-rates>

Making Tax Digital

From April 2022, all VAT-registered businesses with taxable turnover below £85,000 will be required to follow the Making Tax Digital (MTD) scheme. The information required and deadlines have not changed, but organisations will have to keep digital records and provide their return through MTD compatible software.

Further guidance can be found at:

<https://www.gov.uk/government/news/making-tax-digital-for-vat-is-coming-are-you-ready>

Social Investment Tax Relief (SITR)

Introduced in 2014, SITR is available on investments in loans and provides 30% income tax relief to an investor on a loan made over a period of at least three years. In practice this allows for an interest free loan as the investor would receive a good rate of return on the tax relief. For charities to be eligible for the relief, they must have no more than £15m gross assets and 250 employees and must be used in a trading activity (for example a trading subsidiary). Charities should be careful about the conditions of the loan, as it may be viewed as a donation by HMRC.

The relief is available until April 2023. For more guidance on SITR and details of benefits to both the investor and the charity please see:

<https://www.buzzacott.co.uk/insights/social-investment-tax-relief-a-missed-opportunity-for-charities>

Working from home overseas – tax, social security, and payroll considerations

The Covid-19 pandemic has resulted in employers giving flexible working arrangements including for employees who wish to work abroad. There are a number of tax, social security and compliance issues that both employees and employers should consider before allowing overseas working. Considerations must be given as to whether employment income falls under a bilateral tax treaty, which may help to manage costs. Employers should seek professional advice as to whether they will have social security and workplace pension scheme obligations in the country in question. Consideration will also need to be given whether an employee working abroad would create a fixed permanent establishment, resulting in potential overseas tax liabilities.

For further information, please see:

<https://www.buzzacott.co.uk/insights/working-from-home-overseas-the-tax-social-security-and-payroll-considerations>

Covid-19 induced partial exemption adjustments

All businesses that are partially exempt from VAT are required to carry out their annual adjustment to their VAT year end return. This is a good time to review the year's VAT accounting, particularly if income has been impacted by Covid-19. HMRC has said the last chance to request a temporary alteration for partial exemption due to Covid-19 is for the VAT year ended 2022.

The original government policy paper can be found at

<https://www.gov.uk/government/publications/revenue-and-customs-brief-4-2021-partially-exempt-vat-registered-businesses-affected-by-coronavirus-covid-19>