

BRITISH BOARD OF FILM CLASSIFICATION

STATUTORY REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



BRITISH BOARD OF FILM CLASSIFICATION

COMPANY INFORMATION

Directors	J B Aalbers	(appointed 25 February 2020)
	M Alcock	Chair
	D J R Austin	CEO
	G De Piero	(appointed 25 February 2020)
	C E Tavernier	Chair of the Remuneration Committee (appointed 25 February 2020)
	L A Mackenzie	Chair of the Finance Committee
	P L Swaffer	President
Company secretary	D J R Austin	
Registered number	00117289	
Registered office	3 Soho Square London W1D 3HD	
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG	
Bankers	Barclays Bank PLC 27 Soho Square London W1D 3QR	
Solicitors	Goodman Derrick LLP 10 St Bride Street London EC4 4AD	
	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP	

BRITISH BOARD OF FILM CLASSIFICATION

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BRITISH BOARD OF FILM CLASSIFICATION

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activities

The company, which is limited by guarantee, is responsible for the classification of cinema films on behalf of local authorities and, in accordance with the terms of the Video Recordings Act 1984, for the classification of video works. It also classifies under voluntary self-regulatory services, video content distributed over the internet and commercial and internet content distributed via the UK's mobile networks. Its revenue is derived principally from fees charged to distributors for the classification of their product.

Review of the business

The BBFC continues to focus on providing trusted classification for film and video and online services.

The results for the last financial year are shown in the annexed financial statements. 2020 has been a challenging year. The de-designation of the BBFC as Age-verification Regulator coupled with the impact of COVID-19 on film income and the continuing trend of falling DVD revenue which has also been impacted by the COVID-19 pandemic has had a substantial impact on turnover. Turnover for the year was £3.6m (2019: £6.0m).

Age-Verification revenue saw a 91% decrease. On 16 October 2019, the Government took the decision not to proceed with implementation of Part 3 of the Digital Economy Act. The BBFC was consequently formally de-designated as Age-verification Regulator in November 2019. The Government has now paid all costs relating to the termination of the BBFC's role as regulator and no further income is expected.

In recent years, we have witnessed a small but steady increase in film submissions. This trend came to an abrupt halt in 2020 with the onset of the COVID-19 pandemic and film submissions decreased by 58%.

The number of DVDs submitted for classification during 2020 was also affected by COVID-19. Income from DVD classification declined by 13%. Although COVID-19 had an impact, the primary reason for the decline is the continuation of the ongoing downward trend, as seen in the previous thirteen years, as the demand for online products increases. The cost base of the company is being managed accordingly. Staffing levels and costs are being monitored closely. 2020 saw the use of the furlough scheme, temporary pay reductions and the reduction of staff benefits and training.

The BBFC works in partnership with different industry sectors (for example, VOD platforms, Mobile Network Operators) to develop consistent, transparent, best-practice non-statutory regulatory services that apply trusted BBFC standards online on a voluntary basis in order to help families choose online content well and protect children. Although current levels of income for such services are moderate at 24% (2019: 24%) of total classification income, we anticipate an increase in future years.

In 2018 we committed to an overhaul of our outdated technology system and workflow infrastructure. Between 2018 and 2020 we have invested £3.6m in this project and saw the launch of our new technology platform, Horizon, in 2020. This has revolutionised the way we operate by providing leading edge systems and processes to transform our operations and support all future business opportunities. Our customers now have full control over when they receive their classification information which creates efficiency gains and greater flexibility in helping them get their content to market even faster.

This sizable ongoing investment has had a considerable impact on the Statement of Comprehensive Income between 2018 and 2020.

BRITISH BOARD OF FILM CLASSIFICATION

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

In 2020 Netflix began self-classifying works using BBFC ratings in-house under a licensing and auditing fee model. This approach to age rating allowed Netflix to become the first streaming platform to offer 100% BBFC ratings coverage in the UK, and created a shop window for best practice age labeling.

2020 was a difficult year financially. Although the ongoing COVID-19 pandemic will continue to affect classification revenue in 2021, measures continue to be implemented to manage our cost base accordingly. 2021 will see the BBFC looking to increase coverage in the online space in 2021, by working with other VOD and streaming services, and Video Sharing Platforms to deploy similar self-rating solutions.

Future Developments

The BBFC will continue with its statutory work classifying films for theatrical and physical home entertainment release. At the same time it will look to increase its role to empower families and protect children in the non statutory online space by providing trusted classifications through a variety of innovative methods to, and in partnership with, online platforms.

Key Performance Indicators

The key financial indicators used by management to monitor performance and to assess risks, continue to be sales volumes, meeting customer requested classification dates, operating costs and level of cash generated from operations. The BBFC continues to monitor and review its operational procedures with the aim of providing the best and most cost-effective services to its customers.

Brexit

The UK's decision to leave the EU has resulted in a continued short to medium term period of economic and political uncertainty and complexity. The directors do not consider this to be a significant risk for the BBFC and are confident that Brexit will have minimal impact on the business.

The impact of COVID-19

COVID-19 has had a significant impact on the BBFC's income streams in the short term. The directors are monitoring the situation carefully and taking appropriate action to reduce costs, while planning for the future. Any cash deficit will be funded through the sale of investments. The directors are also taking advantage of some of the measures that the UK Government has made available to support businesses through the period of disruption caused by COVID-19.

The impact of COVID-19 on classification income has been considerable. Income from film classification, which accounted for 27% of classification income in 2019, has suffered a 54% reduction year on year. We expect film submissions to gradually increase in the run up to the reopening of cinemas but do not anticipate income levels to recover significantly until the end of the year. With fewer cinema films being released and productions being postponed, there has been an inevitable decline in DVDs released and therefore submitted for classification. Other revenue, including income from our Watch and Rate service, has been unaffected.

COVID-19 has also had a considerable effect on the financial markets which suffered significant losses at the onset of the pandemic. The company's investment portfolio has performed well and had recovered any initial losses by 31 December 2020.

COVID-19 has had a negative impact on the London property market and although it is too early to quantify the long term effect, the value of the investment property fell by 5.4% in 2020.

BRITISH BOARD OF FILM CLASSIFICATION

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial instruments

The company's financial instruments at the balance sheet date consisted of bank loans, investments, cash and liquid resources. The company has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

A gain on the value of investments of £0.1m (2019: £0.7m) is included in the Statement of Comprehensive Income.

Interest Rate Risk

The company has no interest rate exposure as it has no long term debt.

Liquidity Risk

The company has significant net cash balances as at the balance sheet date.

Foreign Currency Risk

The company's risk to foreign exchange transactions does not arise as all the company's financial instruments are denominated in sterling.

This report was approved by the board and signed on its behalf.

David Austin

David Austin
Chief Executive
Date: 5 May 2021

BRITISH BOARD OF FILM CLASSIFICATION

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results

The loss for the year, after taxation, amounted to £1,042,275 (2019: loss £1,278,808).

Directors

The directors who served during the year were:

J B Aalbers	(appointed 25 February 2020
S Alleyne	(resigned 31 January 2020)
M Alcock	Chair
L A Mackenzie	Chair of the Finance Committee
P L Swaffer	President
D J R Austin	Chief Executive Officer
J S P Teckman	(resigned 31 March 2020)
G De Piero	(appointed 25 February 2020)
C E Tavernier	Chair of the Remuneration Committee
	(appointed 25 February 2020)

The board of directors would like to record their thanks to Sonita Alleyne who resigned in January 2020 and Jon Teckman who resigned in March 2020, for their long and dedicated service as directors.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

BRITISH BOARD OF FILM CLASSIFICATION

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The impact of COVID-19

COVID-19 has had a significant impact on the BBFC's income streams in the short term. The directors are monitoring the situation carefully and taking appropriate action to reduce costs, while planning for the future. Any cash deficit will be funded through the sale of investments. The directors are also taking advantage of some of the measures that the UK Government has made available to support businesses through the period of disruption caused by COVID-19.

The impact of COVID-19 on classification income has been considerable. Income from film classification, which accounted for 27% of classification income in 2019, has suffered a 54% reduction year on year. We expect film submissions to gradually increase in the run up to the reopening of cinemas but do not anticipate income levels to recover significantly until the end of the year. With fewer cinema films being released and productions being postponed, there has been an inevitable decline in DVDs released and therefore submitted for classification. Other revenue, including income from our Watch and Rate service, has been unaffected.

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COVID-19 has had a negative impact on the London property market and although it is too early to quantify the long term effect, the value of the investment property fell by 5.4% in 2020.

Environment, Health and Safety

The company is firmly committed to managing its activities so as to provide the highest level of protection to the environment and to safeguard the health and safety of its employees, customers and the community.

Going concern

The directors have considered the cashflow forecasts for the company including the impact of Covid 19 as set out above and are confident that the company has sufficient reserves of cash and investments to manage its business risks successfully despite the current uncertain economic outlook.

The directors have prepared the financial statements on the going concern basis having projected the cash flow and operating forecast for the business for a period of at least 12 months from the date of signing these financial statements. The directors believe that the company has adequate resources to continue operating for the foreseeable future and they continue to adopt the going concern basis in preparing the annual financial statements.

Qualifying third party indemnity provisions

Professional Indemnity insurance is taken out on behalf of the directors.

Post balance sheet events

There have been no significant events affecting the company since the year end.

BRITISH BOARD OF FILM CLASSIFICATION

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mel Alcock

M Alcock
Director
Date: 5 May 2021

**Grant Thornton**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH BOARD OF FILM CLASSIFICATION

Opinion

We have audited the financial statements of British Board of Film Classification (the 'company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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 company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH BOARD OF FILM
CLASSIFICATION (CONTINUED)**

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 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.

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Statutory 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH BOARD OF FILM CLASSIFICATION (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH BOARD OF FILM CLASSIFICATION (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006) and the relevant tax compliance regulations.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries that fitted a risk profile.
 - potential management bias in determining accounting estimates

Our audit procedures involved:

- journal entry testing, with a focus on material manual journals, including those with unusual account combinations or that fitted a determined risk profile;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the statutory report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH BOARD OF FILM
CLASSIFICATION (CONTINUED)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
- Understanding of the legal and regulatory requirements specific to the entity including:
 - the provisions of the applicable legislation
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - the applicable statutory provisions
- No matters about non-compliance with laws and regulations and fraud were communicated to the engagement team;

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Aimee Griffiths
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London Finsbury

Date: 5 May 2021

BRITISH BOARD OF FILM CLASSIFICATION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	3,584,447	5,961,932
Operating costs		(5,474,332)	(8,181,926)
Gross loss		(1,889,885)	(2,219,994)
Other operating income	5	266,220	181,367
Fair value loss on investment property		(134,422)	(336,056)
Operating loss	9	(1,758,087)	(2,374,683)
Gain on financial assets at fair value		80,068	657,679
Interest receivable and similar income	6	128,034	185,339
Loss before tax		(1,549,985)	(1,531,665)
Tax on loss	11	507,710	252,857
Loss for the financial year		(1,042,275)	(1,278,808)
Total comprehensive income for the year		(1,042,275)	(1,278,808)

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income.

The notes on pages 17 to 33 form part of these financial statements.

BRITISH BOARD OF FILM CLASSIFICATION
REGISTERED NUMBER:00117289

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	3,797,456	3,719,216
Investments	14	5,840,787	6,912,134
Investment property	13	2,338,949	2,473,371
		<u>11,977,192</u>	<u>13,104,721</u>
Current assets			
Debtors: amounts falling due within one year	15	517,517	1,314,470
Cash at bank and in hand	16	1,471,924	890,977
		<u>1,989,441</u>	<u>2,205,447</u>
Creditors: amounts falling due within one year	17	(930,826)	(1,235,731)
Net current assets		<u>1,058,615</u>	<u>969,716</u>
Total assets less current liabilities		<u>13,035,807</u>	<u>14,074,437</u>
Provisions for liabilities			
Deferred tax	19	(203,189)	(199,544)
		<u>(203,189)</u>	<u>(199,544)</u>
Net assets		<u><u>12,832,618</u></u>	<u><u>13,874,893</u></u>
Capital and reserves			
Profit and loss account	20	12,832,618	13,874,893
		<u><u>12,832,618</u></u>	<u><u>13,874,893</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mel Alcock
M Alcock
 Director

Date: 5 May 2021

The notes on pages 17 to 33 form part of these financial statements.

BRITISH BOARD OF FILM CLASSIFICATION

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Profit and loss account £	Total equity £
At 1 January 2020	13,874,893	13,874,893
Comprehensive income for the year		
Loss for the year	(1,042,275)	(1,042,275)
Total comprehensive income for the year	<u>(1,042,275)</u>	<u>(1,042,275)</u>
At 31 December 2020	<u><u>12,832,618</u></u>	<u><u>12,832,618</u></u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Profit and loss account £	Total equity £
At 1 January 2019	15,153,701	15,153,701
Comprehensive income for the year		
Loss for the year	(1,278,808)	(1,278,808)
Total comprehensive income for the year	<u>(1,278,808)</u>	<u>(1,278,808)</u>
At 31 December 2019	<u><u>13,874,893</u></u>	<u><u>13,874,893</u></u>

The notes on pages 17 to 33 form part of these financial statements.

BRITISH BOARD OF FILM CLASSIFICATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(1,042,275)	(1,278,808)
Adjustments for:		
Depreciation of tangible assets	221,551	151,176
Government grants received	(80,276)	-
Interest received	(128,034)	(185,339)
Taxation charge	(507,710)	(252,857)
Decrease/(increase) in debtors	608,398	(326,027)
(Decrease) in creditors	(304,908)	(131,300)
Net fair value losses recognised in P&L	134,422	336,056
Corporation tax received	699,910	134,756
Gain/(loss) on assets	(80,069)	(657,679)
Net cash generated from operating activities	(478,991)	(2,210,022)
Cash flows from investing activities		
Purchase of tangible fixed assets	(299,788)	(263,480)
Sale of tangible fixed assets	-	716
Purchase of listed investments	(90,000)	(226,000)
Sale of listed investments	1,241,416	1,151,988
Interest received	128,034	185,339
Government grants received	80,276	-
Net cash from investing activities	1,059,938	848,563
Net increase/(decrease) in cash and cash equivalents	580,947	(1,361,459)
Cash and cash equivalents at beginning of year	890,977	2,252,436
Cash and cash equivalents at the end of year	1,471,924	890,977
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,471,924	890,977
	1,471,924	890,977

The notes on pages 17 to 33 form part of these financial statements.

BRITISH BOARD OF FILM CLASSIFICATION

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	890,977	580,947	1,471,924
	<u>890,977</u>	<u>580,947</u>	<u>1,471,924</u>

The notes on pages 17 to 33 form part of these financial statements.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

British Board of Film Classification is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at 3 Soho Square, London, W1D 3HD.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currency translation**Functional and presentation currency**

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.3 Going concern

The directors have considered the cashflow forecasts for the company including the impact of Covid 19 as set out below and are confident that the company has sufficient reserves of cash and investments to manage its business risks successfully despite the current uncertain economic outlook.

The directors have prepared the financial statements on the going concern basis having projected the cash flow and operating forecast for the business for a period of at least 12 months from the date of signing these financial statements. The directors believe that the company has adequate resources to continue operating for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.3 Going concern (continued)****The impact of COVID-19**

COVID-19 has had a significant impact on the BBFC's income streams in the short term. The directors are monitoring the situation carefully and taking appropriate action to reduce costs, while planning for the future. Any cash deficit will be funded through the sale of investments. The directors are also taking advantage of some of the measures that the UK Government has made available to support businesses through the period of disruption caused by COVID-19.

The impact of COVID-19 on classification income has been considerable. Income from film classification, which accounted for 27% of classification income in 2019, has suffered a 54% reduction year on year. We expect film submissions to gradually increase in the run up to the reopening of cinemas but do not anticipate income levels to recover significantly until the end of the year. With fewer cinema films being released and productions being postponed, there has been an inevitable decline in DVDs released and therefore submitted for classification. Other revenue, including income from our Watch and Rate service, has been unaffected.

COVID-19 has also had a considerable effect on the financial markets which suffered significant losses at the onset of the pandemic. The company's investment portfolio has performed well and had recovered any initial losses by 31 December 2020.

COVID-19 has had a negative impact on the London property market and although it is too early to quantify the long term effect, the value of the investment property fell by 5.4% in 2020.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Classification revenue

Revenue from the classification of content is recognised on the date the work is performed. Where payments are received from customers in advance, the amounts are recorded as deferred revenue and included as part of creditors due within one year.

Age-Verification revenue

Revenue from age-verification work represents the value of services provided under contract with the UK Government and is based on expenditure incurred in providing the service during the year. Where work has been performed and is not invoiced as at the year end date, the amounts are recorded as accrued income and included as part of debtors within one year.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.5 Other operating income****Grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure. The deferred element of grants is included in creditors as deferred income.

Rental income

Rental income is recognised in the Statement of Comprehensive Income on a straight line basis according to the rental agreement with the tenant.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.9 Pensions****Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.10 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets can be recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. At this point, management have the option to either expense or capitalise development costs. Management have taken the option to expense all development costs incurred.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.11 Tangible fixed assets

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 4 years
Computer equipment	- 4 years
Long leasehold property expenditure	- 5 years

Long leasehold property is amortised on a straight line basis over the duration of the lease.

A full years depreciation is charged to expenditure on leasehold property and immovable furniture and equipment in the year of acquisition.

2.12 Investment property

Investment property is carried at fair value and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)
2.13 Valuation of investments

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.16 Financial instruments (continued)**

at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Investment property

The preparation of the financial statements requires management to make estimates affecting the reported value of the investment property. As described in note 13, the company's investment property is stated at estimated fair value, based on an independent external valuation.

The valuation of the company's property, 3 Soho Square, is inherently subjective due to a number of factors including the individual nature of the property, its location and the expectation of future rentals. As a result, the valuations placed on the property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may not prove to be accurate particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the company's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

As a result, if the assumptions prove to be false, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

Trade debtors and accrued income

Management use their judgement when determining whether trade debtors and accrued income are considered recoverable or where a provision for impairment is considered necessary. The assessment of recoverability will include consideration of whether the balance is with a long standing client, whether the customer is experiencing financial difficulties and the fact that balances are recognised under contract. Management consider a bad debt provision to not be necessary.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Classification income	3,481,111	4,751,006
Age-verification income	103,336	1,210,926
	<u>3,584,447</u>	<u>5,961,932</u>

The turnover and operating surplus are attributable to the principal activities of the company. The entire turnover in both periods is attributable to geographical areas within the United Kingdom.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020 £	2019 £
Educational Income	1,002	3,109
Commissioned research projects	25,135	-
Rents receivable and service charge income	119,807	178,258
Government grants	80,276	-
Other grants receivable	40,000	-
	<u>266,220</u>	<u>181,367</u>

6. Interest receivable

	2020 £	2019 £
Other interest and similar income	<u>128,034</u>	<u>185,339</u>

7. Employees

	2020 £	2019 £
Wages and salaries (including severance pay)	2,122,052	2,504,735
Social security costs	207,214	258,934
Cost of defined contribution scheme	178,806	167,851
	<u>2,508,072</u>	<u>2,931,520</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Non-executive directors	6	5
Presidential team	2	2
Management	4	4
Administration	13	14
Operations	20	23
	<u>45</u>	<u>48</u>

BRITISH BOARD OF FILM CLASSIFICATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**8. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	257,545	272,347
Company contributions to defined contribution pension schemes	20,958	23,311
	<u>278,503</u>	<u>295,658</u>

During the year retirement benefits were accruing to 1 director (2019: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £160,680 (2019: £185,549).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,598 (2019: £23,311).

The directors are considered to be key management.

9. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Directors remuneration	278,503	295,658
Depreciation of tangible fixed assets	221,548	151,176
Research and development expenditure	1,151,317	2,241,353
Fair value loss on investment property	134,422	336,056
	<u>1,785,830</u>	<u>3,024,243</u>

10. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	27,950	19,665
Fees payable to the company's auditor and its associates in respect of:		
Non audit services	20,125	13,370

BRITISH BOARD OF FILM CLASSIFICATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(511,355)	(134,756)
Total current tax	<u>(511,355)</u>	<u>(134,756)</u>
Deferred tax		
Origination and reversal of timing differences	(19,831)	(118,101)
Effect of tax rate change on opening balance	23,476	-
Total deferred tax	<u>3,645</u>	<u>(118,101)</u>
Taxation on loss on ordinary activities	<u>(507,710)</u>	<u>(252,857)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: *lower than*) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(1,549,985)</u>	<u>(1,531,665)</u>

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19.00%)	(294,497)	(291,016)
Effects of:		
Expenses not deductible for tax purposes	26,773	4,142
Fixed asset differences	37,342	5,758
Income not taxable for tax purposes	(32,319)	(101,692)
Adjust opening deferred tax to average rate of 19.00%	-	37,370
Adjust closing deferred tax to average rate of 19.00%	-	15,688
Adjustments to tax charge in respect of previous periods	(511,356)	(134,756)
Deferred tax not recognised	256,193	258,093
Exempt ABGH distributions	(17,521)	(24,572)
Adjustments to brought forward values	-	(24,543)
Remeasurement of deferred tax for change in tax rates	19,639	-
Chargeable gains/(losses)	40,322	-
Other differences leading to an increase in the tax charge	-	2,671
Timing differences not recognised	(32,286)	-
Total tax charge for the year	(507,710)	(252,857)

BRITISH BOARD OF FILM CLASSIFICATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

	Long leasehold property £	Computer equipment £	Long leasehold property expenditure £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2020	3,787,896	653,468	453,953	317,667	5,212,984
Additions	-	-	249,608	50,180	299,788
Disposals	-	(2,054)	-	(6,577)	(8,631)
At 31 December 2020	3,787,896	651,414	703,561	361,270	5,504,141
Depreciation					
At 1 January 2020	505,052	516,615	198,188	273,913	1,493,768
Charge for the year on owned assets	30,303	47,127	118,644	25,474	221,548
Disposals	-	(2,054)	-	(6,577)	(8,631)
At 31 December 2020	535,355	561,688	316,832	292,810	1,706,685
Net book value					
At 31 December 2020	3,252,541	89,726	386,729	68,460	3,797,456
At 31 December 2019	3,282,844	136,853	255,765	43,754	3,719,216

13. Investment property

	Long term leasehold investment property £
Valuation	
At 1 January 2020	2,473,371
Surplus on revaluation	(134,422)
At 31 December 2020	2,338,949

The 2020 valuations were made by Smith Price RRG Limited, on an open market value for existing use basis.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2020	6,912,134
Additions	90,000
Disposals	(1,291,448)
Revaluations	130,100
At 31 December 2020	<u>5,840,786</u>
 Net book value	
At 31 December 2020	<u><u>5,840,786</u></u>
 <i>At 31 December 2019</i>	 <u><u>6,912,134</u></u>

BRITISH BOARD OF FILM CLASSIFICATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Debtors

	2020 £	2019 £
Trade debtors	316,107	631,944
Other debtors	34,055	14,144
Prepayments and accrued income	167,355	479,827
Tax recoverable	-	188,555
	<u>517,517</u>	<u>1,314,470</u>

Included in prepayments and accrued income is Age-verification income of £Nil (2019: £280,709).

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>1,471,924</u>	<u>890,977</u>

This balance includes Cofunds cash on deposit balance of £102,270 (2019: £59,953).

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	78,945	386,594
Other taxation and social security	214,990	21,615
Other creditors	9,049	10,005
Accruals and deferred income	627,842	817,517
	<u>930,826</u>	<u>1,235,731</u>

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	9,651,660	10,276,482
Financial assets measured at amortised cost	350,162	646,088
	<u>10,001,822</u>	<u>10,922,570</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(604,340)</u>	<u>(1,111,794)</u>
--------------------------------------------------	------------------	--------------------

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents, investment property and fixed asset investments.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

19. Deferred taxation

	2020 £	2019 £
At beginning of year	(199,544)	(317,645)
Charged to the profit or loss	(3,645)	118,101
At end of year	<u>(203,189)</u>	<u>(199,544)</u>

The deferred tax balance is made up as follows:

	2020 £	2019 £
Provision b/fwd	(199,544)	(317,645)
Current year charge at 19% (PY 17 %)	(3,645)	118,101
	<u>(203,189)</u>	<u>(199,544)</u>
Comprising:		
Liability	<u>(203,189)</u>	<u>(199,544)</u>

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Reserves**Profit and loss account**

Includes all current and prior period retained surplus and losses.

21. Capital commitments

The company has capital commitments of £Nil at 31 December 2020 (2019: £240,526).

22. Pension commitments

The company operates a defined contribution scheme to provide retirement benefits for staff. The total pension charge for the year was £178,806 (2019: £167,851). There are no balances outstanding in relation to pensions at year end.

23. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	48,500	48,500
Later than 1 year and not later than 5 years	194,000	194,000
Later than 5 years	2,205,667	5,254,167
	<u>2,448,167</u>	<u>5,496,667</u>

	2020 £	2019 £
Equipment		
Not later than 1 year	1,897	4,096
Later than 1 year and not later than 5 years	-	2,017
	<u>1,897</u>	<u>6,113</u>

24. Company status

The company is limited by guarantee and is under the control of its members. The liability of the members is limited to £1 each, in the event of the company being wound up.

BRITISH BOARD OF FILM CLASSIFICATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Related party transactions

There were no transactions with related parties during the year (2019: £Nil).