

The David Lean Foundation

Registered number 1067074

Trustees' report and consolidated financial statements

31 December 2010

independently examined

Contents

Report of the trustees	3
Consolidated statement of financial activities	8
Statement of financial activities	9
Consolidated balance sheet	10
Balance sheet	11
Notes	12
Appendices	18
Independent examiner's report to the Trustees	20

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2010

Legal Entity	The David Lean Foundation
Charity Number	1067074
Governing Instrument	Deed of Trust 19 November 1997.
Registered Office and Principal Address	Churchill House, Regent Road, Stoke-on-Trent ST1 3RQ
Trustees	Anthony Alan Reeves James Gilbert Moore
Legal Advisers	KJD Freeth LLP, Churchill House, Regent Road, Stoke-on-Trent
Independent Examiner	Baker Tilly Tax and Accounting Limited, Festival Way, Festival Park, Stoke-on-Trent
Bankers	National Westminster Bank plc, Upper Market Square, Stoke-on-Trent
Website	www.DavidLeanFoundation.org

STRUCTURE GOVERNANCE AND MANAGEMENT

The trustees have responsibility for the management of the Foundation. The costs of administration are met by an unconnected third party so that the Foundation can expend all of its incoming resources towards its charitable objectives. The trustees have no reason to believe that the arrangements are likely to change in the foreseeable future.

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

The income of the Foundation depends upon gift aid from its subsidiary David Lean Films Ltd. The trustees are the directors of David Lean Films Ltd and its income is derived from royalties received in respect of Sir David Lean's films.

All decisions of the Foundation are taken by both of the trustees. Applications for grants that are clearly outside the Foundation's policy for making grants can be decided by any trustee. The trustees meet on a regular basis to review royalty income, available funds and current and pending commitments to make grants that in principle fall within the policy for making grants.

The Foundation has a risk policy. The policy identifies the major risks to which the Foundation is exposed as reduction of royalty income, staffing requirements, trustee succession, cessation of administration external reimbursement of costs and support, IT failure, premises destruction. These risks have been reviewed and systems and procedures have been established to manage them.

OBJECTS AND ACTIVITIES

The objects of the Foundation are:

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

In furtherance of the objects the trustees have powers

- to further the preservation and public exhibition of films (including those films directed by Sir David Lean)
- to encourage and sponsor education publications and promote exhibitions and lectures and generally to disseminate knowledge of the art and technique of film production by means of the reading of papers delivery of lectures giving of advice or otherwise

- to co-operate with educational authorities and organisations to procure the better appreciation and understanding of films and to encourage in every way the educational aspect of films and to encourage and sponsor the foundation of university departments of film studies.

AIMS

The Foundation aims to achieve its objectives by way of making grants and encouraging recipient organisations to improve their governance and performance.

The Foundation's grant making policy is to achieve its objects by making awards:

- to other charitable institutions whose aims include aims similar to those of the Foundation including the British Film Institute, British Academy of Film and Television Arts and Royal Academy of Arts
- to the National Film and Television School for student scholarships, external lectures and to fund education in fiction direction, editing and screenplay writing.
- to institutions/individuals for film literature research/support in particular with David Lean associations.

Otherwise the policy is not to make individual scholarship grants.

ACHIEVEMENT AND PERFORMANCE

The Foundation continued to further its objects during 2010;

- by making payments of £310832 (see note 3 and appendix 1);
- by making £176000 new commitments for future payments. The total commitments at the balance sheet date were £192908 all payable in 2011 (see note 3 and appendix 2).

RISKS

The Foundation's principal current and future source of income is royalties from the films directed by Sir David Lean. The film royalty rights are owned in David Lean Films Ltd, a wholly owned subsidiary of the Foundation. The royalties are uncertain in amount and duration and depend (inter alia) upon the promotion of the films by their media company owners in the theatrical television video and DVD markets.

FINANCIAL REVIEW

During the year the Foundation received from its subsidiary £84000 (gift aid payment) (2009 £210050).

At the balance sheet date the Foundation had total unrestricted net funds of £387997 represented by £287114 of investments in subsidiaries, £239226 cash and debtors of £54565 (tax reclaim made to HMRC in respect of tax credit on covenanted payment received) less commitments of £192908.

On consolidation at the balance sheet date the Foundation had total net funds of £390963 represented by £287114 of fixed assets (film rights), £242192 cash and debtors of £54565 (tax reclaim made to HMRC in respect of tax credit on covenanted payment received) less commitments of £192908.

During 2010 the David Lean Film Trust transferred to the Foundation the David Lean participation rights in respect of "Blithe Spirit", "Hobsons's Choice", "Great Expectations", "This Happy Breed", "Oliver Twist" and "Brief Encounter" and of other films together with covenanted payment of £54565 and a tax credit of £54565.

On 3 July 2010 the Foundation transferred these rights to its subsidiary David Lean Films Ltd for the issue to it of 22446 fully paid ordinary £1 shares in the company at a value of £2.765 per share representing a premium of £1.765 per share total premium £39619. The 22446 shares had been calculated by valuing respectively the rights received from the David Lean Film Trust and the then existing rights in the company using the formula that the value was the aggregate of the royalties received in the previous 3 years (the basis used when the main film rights were transferred to the company in 1998 – 2000) which valued the entitlements at £62065 and the shares at £2.765 per share (£62065 thereby equating to 22446 shares).

The reserves policy of the Foundation is set out in note 12 to the financial statements.

FUTURE PLANS

The trustees intend to continue expending its incoming resources by making grants as reported under "Aims" above.

PUBLIC BENEFIT

The trustees comply with the duty in section 4 of the Charities Act 2006 to have regard to guidance published by the Charity Commission as regards public benefit requirements by making grants to national public charities as mentioned above.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the trustees


AA Reeves
Trustee

30 March 2011

Consolidated statement of financial
activities

for 12 months to 31 December 2010

	Note	2010 Unrestricted Funds £	2010 Restricted Funds £	2010 Total Funds £	2009 Total Funds £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Royalties receivable	2	86875	-	86875	209442
Donated Services		62065	-	62065	-
Covenanted income from David Lean Film Trust net of tax		54565	-	54565	-
Covenanted income from David Lean Film Trust tax reclaim		54565	-	54565	-
Bank interest		3762	-	3762	4959
Donated Services		-	172024	172024	137707
Total incoming resources		261832	172024	433856	352108
Resources expended					
<i>Charitable activities:</i>					
Grant commitments	3	172606	-	172606	205279
Charitable activities promotion		-	99961	99961	89080
<i>Cost of generating funds:</i>					
Fundraising trading		-	40991	40991	13724
Fundraising trading - other costs	4	22151	-	22151	20600
Governance costs	3	-	31072	31072	34903
		194757	172024	366781	363586
Net movement in funds	10	67075	-	67075	-11478
Reconciliation in funds					
Fund balances 1 Jan 2010	10	323888	-	323888	335366
Fund balances 31 Dec 2010	10	390963	-	390963	323888

The incoming resources and resources expended derive from continuing operations.

No separate statement of Total Recognised Gains and Losses has been prepared as all such gains and losses have been dealt with in the Statement of Financial Activities for the year.

Statement of financial activities
for 12 months to 31 December 2010

	2010	2010	2010	2009
Note	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total Funds £
Incoming resources				
<i>Investment income:</i>				
Gift aid	2	84000	-	84000
Donated Royalties		62065	-	62065
Covenanted income from David Lean Film Trust net of tax		54565	-	54565
Covenanted income from David Lean Film Trust tax reclaim		54565	-	54565
Interest received		3698	-	3698
Donated services		-	131033	131033
			131033	122862
Total incoming resources		258893	131033	389926
			389926	337791
Resources expended				
<i>Charitable activities:</i>				
Grant commitments	3	172606	-	172606
Charitable activities promotion		-	99961	99961
<i>Cost of generating funds:</i>				
Fundraising trading – other costs	4	22151	-	22151
Governance costs	3	-	31072	31072
Total resources expended		194757	131033	325790
			325790	348741
Net movement in funds		64136	-	64136
			64136	-10950
Reconciliation in funds				
Fund balances 1 Jan 2010		323861	-	323861
Fund balances 31 Dec 2010		387997	-	387997
		387997	-	323861

The incoming resources and resources expended derive from continuing operations.

No separate statement of Total Recognised Gains and Losses has been prepared as all such gains and losses have been dealt with in the Statement of Financial Activities for the year.

Consolidated balance sheet
at 31 December 2010

	<i>Note</i>	31 December 2010		31 December 2009	
		£	£	£	£
Intangible fixed assets -					
Film rights	4		287114		247200
Currents assets					
Debtors	6	54565		-	
Cash at bank and in hand	7	<u>242192</u>		<u>407822</u>	
		296757		407822	
Creditors: amounts falling due within one year	8	<u>-192908</u>		<u>-258558</u>	
Net currents assets			<u>103849</u>		<u>149264</u>
Total assets less current liabilities			390963		396464
Creditors: amounts falling due after more than one year	9		<u>-</u>		<u>-72576</u>
Net assets			<u>390963</u>		<u>323888</u>
Represented by					
Charitable funds:					
Undesignated funds	10/11		390963		323888
Total funds	10/11		<u>390963</u>		<u>323888</u>

These financial statements were approved by the trustees and authorised for issue on 30 March 2011 and were signed on its behalf by:



Anthony Alan Reeves
Trustee




James Gilbert Moore
Trustee

Balance Sheet
at 31 December 2010

	<i>Note</i>	31 December 2010		31 December 2009	
		£	£	£	£
Fixed assets					
Investments	5		287114		247200
Current assets					
Debtors	6	54565		-	
Cash at bank and in hand	7	<u>239226</u>		<u>407795</u>	
			293791		407795
Creditors: amounts falling due within one year	8		<u>-192908</u>		<u>-258558</u>
Net currents assets			<u>100883</u>		<u>149237</u>
Total assets less current liabilities			387997		396437
Creditors: amounts falling due after more than one year	9		<u>-</u>		<u>-72576</u>
Net assets			<u>387997</u>		<u>323861</u>
Represented by					
Charitable funds:					
Undesignated funds	11		387997		323861
Total Funds	11		<u>387997</u>		<u>323861</u>

These financial statements were approved by the trustees and authorised for issue on 30 March 2011 and were signed on its behalf by


Anthony Alan Reeves
Trustee


James Gilbert Moore
Trustee

notes
(forming part of the financial statements)

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical accounting rules and are in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and reporting by Charities" (revised 2005).

Basis of consolidation

The consolidated financial statements comprise The David Lean Foundation and its trading subsidiary David Lean Films Ltd (the Group). The summarised profit and loss account of David Lean Films Ltd is given in note 2.

Under Financial Report Standard No 1 the Group is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fund accounting policy

The fund accounting policy is to value the charity's cash deposits at fair value. The charity holds no other type of investments.

Income resources

Income is recognised when received. No funds other than shown in the statement of financial activities have been received which are restricted.

Resources expended

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

Grant making policy

The grant making policy is mentioned in the trustees report above and is effected by regular contact with the recipient national UK charities. Other applications, if received, are treated on an individual basis.

Donated services

Costs of administration are met free of charge by an unconnected third party and are included within resources expended and incoming resources.

Investments and intangible assets

Film rights are classified as intangible assets. Under FRS10 – Goodwill and Intangible assets the film rights, having limited useful economic lives are to be amortised over 20 years, the trustees' estimate of the useful economic life of these assets.

Foreign currencies

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

Taxation

The Foundation is recognised as a charity by the HM Revenue and Customs and is not subject to corporation tax on its activities.

2. Net income from trading activities of subsidiary

The charity has a wholly owned trading subsidiary, David Lean Films Ltd, the main activity of which is the collection of film royalties and the administration of its own funds.

David Lean Films Ltd is incorporated in the UK. It transfers its profits to The David Lean Foundation. A summary of its trading results for the year is shown below. Financial statements for David Lean Films Ltd are filed with the Registrar of Companies.

	David Lean Films Ltd
	2010
	£
Profit and loss account	
Royalties receivable	86875
Interest receivable	64
Total income	<u>86939</u>
Amorisation of intangibles	22151
Total expenditure	<u>22151</u>
Net profit before gift aid	64788
Amount gift-aided to The David Lean Foundation	(84000)
Loss retained in subsidiary	<u><u>-19212</u></u>

3. Resources expended

		total
Analysis of grants		
grants committed at 31 Dec 2009		331134
existing grant decreases	-3394	
grants committed in 2010	176000	
grants in 2010		<u>172606</u>
existing grants paid in 2010	-228832	
new grants paid in 2010	-82000	
grants paid in 2010		<u>-310832</u>
total grants committed at 31 Dec 10		<u>192908</u>

Details of grants paid are in appendix 1

Details of grants committed are in appendix 2

The costs of administration are met by an unconnected third party.

The governance costs of £31072 comprises of trustee administration costs of £13136, accounts and other costs of £15010 and external accountancy fees of £2926.

The trustees receive no remuneration, have not been reimbursed by the charity for any expenses in the year, and there are no staff.

The amount payable for the independent examination is £3050 (2009: £2950)

4. Intangible fixed assets - Film rights

Group	£
Cost	
At beginning of year	412000
Additions	62065
At end of year	<u>474065</u>
Amortisation	
At beginning of year	164800
Charge for the year	22151
At end of year	<u>186951</u>
Net book value	
At 31 December 2010	<u>287114</u>
At 31 December 2009	<u>247200</u>

notes (continued)

5. Fixed asset investments

Charity

The Foundation owns the entire issued ordinary share capital in David Lean Films Ltd, a company incorporated in England and Wales.

	£
Cost	
At beginning of year	412000
Additions	<u>62065</u>
At end of year	<u>474065</u>
Amortisation	
At beginning of year	164800
Charge for the year	<u>22151</u>
At end of year	<u>186951</u>
Net book value	
At 31 December 2010	<u>287114</u>
At 31 December 2009	<u>247200</u>

The financial information of the subsidiary undertaking for the year ended 31 December 2010 is shown below:

	net assets £	loss after taxation £
David Lean Films Ltd	<u>290080</u>	<u>-19212</u>

6. Debtors

	2010 £	2009 £
HM Revenue and Customs tax reclaim	<u>54565</u>	<u>-</u>

7. Cash at bank

	Group		Foundation	
	2010 £	2009 £	2010 £	2009 £
Liquidity Select	2966	207822	-	207795
Direct Reserve	239226	200000	239226	200000
	<u>242192</u>	<u>407822</u>	<u>239226</u>	<u>407795</u>

All cash forms part of unrestricted funds.

notes (continued)

8. Creditors: amounts falling due within one year

	Group		Foundation	
	2010	2009	2010	2009
	£	£	£	£
Grants committed	192908	258558	192908	258558
	<u>192908</u>	<u>258558</u>	<u>192908</u>	<u>258558</u>

9. Creditors: amounts falling due after more than one year

	Group		Foundation	
	2010	2009	2010	2009
	£	£	£	£
Grants committed	-	72576	-	72576
	<u>-</u>	<u>72576</u>	<u>-</u>	<u>72576</u>

10. Analysis of group net assets

	£
Intangible fixed assets - film rights	287114
Cash	242192
Debtor HMRC tax reclaim	54565
Grants committed payable within one year	-192908
	<u>390963</u>
Total funds	<u>390963</u>

Unrestricted funds include non-charitable trading funds retained in subsidiaries.

Notes (continued)

11. Funds

	Group £	Foundation £
At beginning of year	323888	323861
Surplus for year	67075	64136
At end of year	<u>390963</u>	<u>387997</u>

12. Charitable reserves

The charity's principal source of income is royalties from four of the major films directed by Sir David Lean. The royalties are uncertain in amount and duration and depend (inter alia) upon the promotion of the films by their media company owners in the theatrical television video and terrestrial markets.

The reserves policy of the trustees is to treat the value of the royalty rights which provide its principal source of income as non-distributable but otherwise not to build up a reserve fund.

13. Commitments

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

14. Related party transaction

The Foundation received a gift aid payment from its subsidiary David Lean Films Ltd of £84000 (2009: £210050).

Appendix 1
David Lean Foundation
Grants paid
at 31 December 2010

		2010
		£
British Academy of Film and Television Arts		
Annual Lecture	21606	
Premises Review	<u>45000</u>	66606
National Film and Television School		
Scholarships (11)	100000	
Lectures	<u>35000</u>	135000
British Film Institute		
Archive Fundraiser		48909
Royal Academy of Arts		
Schools Lectures	12000	
Public Lecture	<u>11317</u>	23317
Leighton Park School		
Scholarships		500
Royal Holloway University of London		
David Lean award	12000	
Scholarships (2)	<u>4500</u>	16500
University of Southampton		
Broadlands Archive		20000
		<hr/>
Total		310832
		<hr/>

Appendix 2
 David Lean Foundation
 commitments
 at 31 December 2010

		£
British Academy of Film and Television Arts Annual Lecture	<u>24000</u>	24000
National Film and Television School Scholarships	35000	
Lectures	<u>25000</u>	60000
British Film Institute Archive Fundraiser		45879
Royal Academy of Arts Schools Lectures	24000	
Public Lecture	24429	
Equipment	<u>4600</u>	53029
Charles Dickens Museum project 2012		10000
		<hr/>
Total		192908
		<hr/>
The £192908 is spread:-		
2011		192908
		<hr/>
		<u>192908</u>

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

I report on the accounts of The David Lean Foundation for the year ended 31 December 2010, which are set out on pages 2 to 17.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 43 (7)(b) of the 1993 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 41 of the 1993 Act; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 1993 Acthave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



ROGER DAVIES BA, FCA
Chartered Accountant
ON BEHALF OF BAKER TILLY TAX AND ACCOUNTING LIMITED
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

5 April 2011