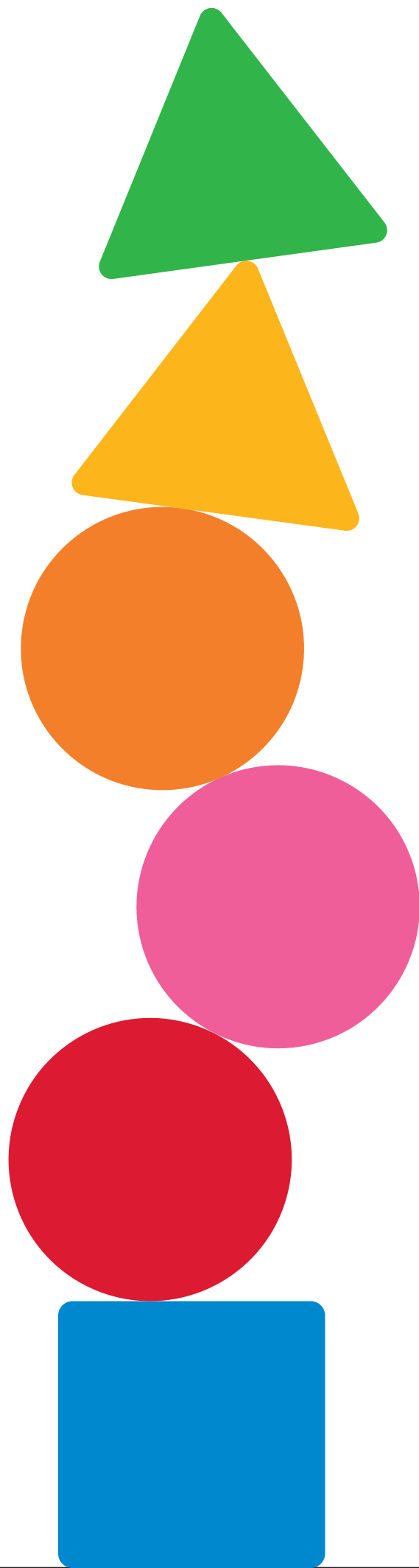


Annual Report and Accounts 2019



British Board of Film Classification Annual Report and Accounts

1 January 2019 – 31 December 2019

This Annual Report is submitted to the Secretary of State for laying before Parliament pursuant to the provisions of Section 6 of the Video Recordings Act 1984. It is made up of two parts. The first is a report on the activities of the Board for the period and the second (contained in an annex) is the statutory report and financial statements of the company as approved by the Directors. The Annual report does not form part of the statutory accounts of the company.

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President's introduction



The core work of the BBFC remains the classification of cinema and physical home entertainment content. However, we have recognised for several years that viewing is evolving and increasingly moving online. There is a very strong public demand for recognisable trusted guidance to help people, parents and families in particular, choose content that is right for them and avoid content that is not. They want, and need, the same BBFC ratings that exist in cinemas and on DVDs to apply on Video on Demand (VOD) platforms. It remains our duty to meet this demand and to seek partnerships to achieve this aim.

New Classification Guidelines

In January 2019, we launched our latest Classification Guidelines. These came into effect on Thursday 28 February. Our guidelines reflect people's opinions, as well as legal requirements, expert advice and the BBFC's own experience.

The BBFC's extensive research into public opinion ensures that

classification decisions reflect public sensibilities and expectations as these change over time and they consequently enjoy high (over 90%) levels of trust. In 2018, we conducted our fifth large-scale consultation to help inform our latest guidelines. As with previous guidelines consultations, the BBFC consulted more than 10,000 members of the UK public on their views and viewing habits, including perceptions of depictions of sexual violence and discrimination, the means of accessing content online and the value of age ratings and classification when choosing what to view. The consultation involved both qualitative and quantitative research and included adults and teenagers across the UK.

Since the last consultation in 2014, there has been an increase in the proportion of parents saying they check age ratings all or most of the time for their children's film viewing, not only for parents of children under 12, but notably also for parents of 12 to 14-year-olds. Indeed, demand for

age classification has never been higher, with 97% of people saying they benefit from age ratings being in place. 91% of people (and 95% of teenagers) want consistent age ratings that they recognise from the cinema and DVD to apply to content accessed through VOD and streaming services, such as Amazon and Netflix.

It is not just how people view content that is changing, but how people react to content also continues to shift over time.

The BBFC's consultation confirms that people feel a heightened sense of anxiety when it comes to depictions of 'real world' scenarios, which can cause particular issues for young people. Realistic contemporary scenarios showing terrorism, self-harm, suicide and discriminatory behaviour are all concerns.

Attitudes towards sexual threat and sexual violence have moved on since 2014 when our previous guidelines were launched. Although the BBFC already classifies such content restrictively, people told us that certain depictions of rape in particular should receive a higher rating. Our latest guidelines reflect these concerns.

People also told us that they expect the strongest sex references, in particular those that use the language of pornography, to be classified at 18.

Because the BBFC's Classification Guidelines are informed by such large-scale public consultation, our ratings are shaped by the UK public. Because we listen to what people want, our age ratings are trusted. No other regulator engages in such an extensive consultation exercise.

*Patrick Swaffer -
President*



It is encouraging to know that our guidelines continue to have such strong public support, that our ratings reflect the expectations of UK audiences, including parents and families, and that the desire to see the guidance our ratings provide is growing.

In particular, there is an overwhelmingly felt expectation that the ratings the UK public know and trust should be found online on VOD and streaming services. We will continue to work with industry to help ensure that our ratings are widely available on online services.

More help for parents

In November 2019, the BBFC launched the Parents' Guide to Age Ratings, to help all parents and carers better understand age ratings and explain them to the children they care for.

The detailed guide was launched to mark the BBFC's new digital age rating symbols which have been designed with VOD and streaming services in mind. The guide explains our age ratings, how they are decided and what the category defining issues are that the BBFC looks out for. In addition to issues such as sex and violence, language and horror, the guide explains general considerations such as context, theme, tone and impact.

When parents and children are considering what to watch, choosing well is important. Our age ratings are a valuable way to help, supporting good viewing habits and peace of mind. The Parents' Guide to Age Ratings is free to download and is also available on the BBFC app.

Educational resources for schools

In September 2019, the BBFC launched a new, free resource for secondary schools. *Making Choices: Sex, Relationships and BBFC Age Ratings* has been designed in partnership with the PSHE Association and has been awarded their 'Quality Mark'.

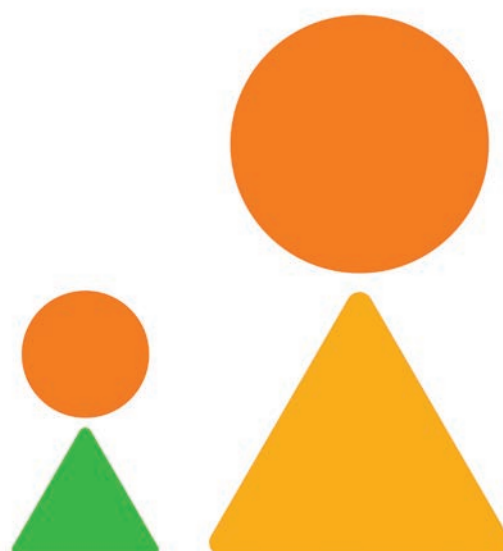
It draws on existing resources that the BBFC has produced as well as wider BBFC research and expertise. The new pack includes lesson plans, a teaching guide and activities that cover representations of sex and relationships in films, decision-making and peer influence, and how the BBFC reflects public and teenager views. The resource also includes advice on how to identify and deal with sensitive or harmful content.

In drawing together media literacy and wider educational considerations, in particular around relationships, to help develop greater understanding of content and the guidance that BBFC age ratings provide, this resource supports the BBFC's remit to help children and families choose well. In particular, in common with all the educational work that the BBFC undertakes, this new resource will help students engage with media safely and watch content that is appropriate for them. This is something that is reassuring for parents as well.



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How age ratings can help



Chief Executive's report

I am delighted to present the 2019 BBFC Annual Report and Accounts.

As the media landscape and approaches to media regulation continue to evolve, our core mission remains clear: to help families and young people choose films, videos and websites that are right for them, whenever, wherever and however they view them.

In 2019 we have grown our innovative approaches to regulation and industry partnerships. We will develop these initiatives further in 2020 as we continue to support the Government's objective of making the UK the safest place for children to be online.

Increasing our online role

Since 2008, we have been working in partnership with the home entertainment industry and others to bring, as far as possible, offline regulatory protections online. In doing so, we use a number of best-practice, voluntary self-regulatory models that apply trusted BBFC standards in ways that best fit the business practices of different providers and the requirements of their customers, particularly families. Our industry partners in the online space include content providers from the home entertainment industry and music industry; online platforms such as Amazon Prime Video, Google, Netflix and Sky Store; and access providers, including all the UK's Mobile Network Operators.

We set content standards and classify material. In addition to providing signposts for consumers, including age ratings and content advice, our work links to parental controls and internet filters.

It makes a substantial contribution to online child safety and consumer empowerment and has been welcomed by parents in particular.

Research published in March 2019 revealed that almost 80% of parents are concerned about children seeing inappropriate content on Video on Demand (VOD) platforms. The research also showed that 90% of parents believe that it is

important to display age ratings when downloading or streaming a film online, and 92% of parents think it's important for VOD platforms to show the same type of age ratings they would expect at the cinema or on DVD and Blu-ray. This is confirmed by 94% of parents saying it's important to have consistent ratings across all VOD platforms, rather than a variety of bespoke ratings systems.

With the support of the Department for Digital, Culture, Media and Sport (DCMS), the BBFC and the Video Standards Council (VSC) published a joint set of Best Practice Guidelines to help online platforms to provide consistent use of age ratings online. This includes recommending the consistent and more comprehensive use of BBFC age labelling symbols across all VOD services, including ratings info, and mapping parental controls to BBFC age ratings.

We believe in developing innovative ways to open up access to our classifications to ensure that more online video content carries a trusted age rating for UK consumers. In line with this ambition, the BBFC and Netflix committed in 2019 to a pilot that allows Netflix to generate classifications in-house using BBFC standards and age ratings, under licence. Alongside a manual process, Netflix uses an algorithm to apply BBFC guideline standards to its own content, with the BBFC setting those standards and auditing ratings to ensure consistency with the BBFC's Classification Guidelines for the UK.

Across 2019 we worked closely with Netflix to achieve the necessary level of consistency and in 2020 our close partnership will continue. Our ultimate joint goal is to provide clear, trusted advice on age suitability from the BBFC to British families on 100% of content on Netflix's UK platform.

Our innovative and ground-breaking partnership with Netflix is supported by Government, with the then Digital Minister Margot James MP stating at the launch of the BBFC-Netflix pilot: "Our ambition is for the UK to be the safest place to be online, which means having age ratings parents know and trust applied to all online films and video games. I welcome the



David Austin -
Chief Executive

innovative collaboration announced today by Netflix and the BBFC, but more needs to be done."

I agree that more needs to be done. We continue to look at how we can ensure more consistent use of our age ratings and advice online. We believe that the BBFC system of classification meets the key criteria for child safety online and that Government needs to continue to encourage industry to implement consistent age ratings online.

Our partnership with Netflix has also been recognised by industry as an excellent model to help VOD platforms meet their own ambitions to provide their users with trusted guidance on content that reflects national sensitivities. In 2020 we will continue to work with industry to innovate and provide solutions to best serve UK consumers, in particular parents and children.

Launching new age rating symbols

In October, we launched new age rating symbols which, for the first time, are designed for VOD and digital streaming platforms. The clarity of the new symbols online helps meet the public demand for consistency of ratings whether content is viewed on or offline.

Young people in particular have expressed a real desire for consistent guidance about film and TV content, with research showing 95% of teenagers want the same age ratings that they recognise from the cinema and DVD to apply to content accessed through streaming

services. A majority (56%) of teens are concerned about watching content without knowing what it contains - and say they want clear age ratings to guide them. A third of teens (32%) say they see content on a weekly basis that they would rather avoid, leaving them feeling uncomfortable or anxious. Some add that this has had a negative impact on their mental health.

Our new digital classification symbols help young people to make conscious decisions when it comes to film and content on VOD platforms. It's inspiring to see young people determined to make conscious and thoughtful decisions. I want all young people to be confident in their film and VOD choices. Our new digital symbols for a digital audience not only help young people choose content well, but also serve to advise parents who equally value the guidance our symbols provide.

To support the launch of our new symbols, we produced a short animation film, showcasing the new age rating symbols, to help families view what's right for them. The film played nationwide in cinemas and continues to be available online.

Growing Social Media

In 2019 we introduced a new social media strategy which talks directly to parents and families. Having launched on Facebook in December 2018, we have seen substantial growth across the platform throughout the year. We now have a follower base of around 11,000 people and we have reached 3.3 million people with our content. Our newly launched Parents' Guide reached 660,000 people and our short animation film on our new symbols appeared in 700,000 people's news feeds.

We launched an Instagram account in September, and our Twitter following has increased to 16,000.

Regulation of online commercial pornography to protect children from harmful content

The UK Government designated us as the age-verification regulator under Part 3 of the Digital Economy Act (DEA) in February 2018. The DEA required online commercial pornographic services, no matter where in the world they were based, to carry controls that mean it is not normally possible for children to access commercial pornographic content. In practice, this meant that commercial adult websites and apps would have to carry effective age-verification controls.

In October 2019, the UK Government announced that it would not introduce age-verification under the DEA and that the child protection aims of the legislation would instead be met as part of its broader online harms strategy.

We support the Government's objective to make the UK the safest place for children to be online and believe that the introduction of age-verification on pornographic sites in the UK is a necessary and important child protection measure. Research shows that children as young as seven have seen pornography and that the viewing of pornography is unintentional for over 60% of children aged 11-13 years. There is no doubt that age-verification would prevent younger children in particular from stumbling across distressing pornographic content online.

We had all systems in place to undertake the role of age-verification regulator, to ensure that all commercial pornographic websites accessible from the UK would have age gates in place or face swift enforcement action. We understand the Government's decision in October to de-designate the BBFC and implement age-verification as part of the broader online harms strategy. We will bring our expertise and work closely with Government and the new regulator to ensure that the important child protection goals of the DEA are achieved.

A new technology infrastructure for a fast and efficient service to industry

In last year's report, I again highlighted the work we began in 2017 to transform our existing technology infrastructure and systems to ensure the most effective, efficient and reliable service to all our customers.

In 2019 we started using our new world leading media ratings technology in the classification process for cinema releases. The rollout of this new technology to all our customers will be completed in the first half of 2020, resulting in a more efficient, user-friendly service to our customers.

It can also serve as the underlying technology for new tools for industry in order to better provide consumers, and parents in particular, with the age ratings they trust across online platforms. It will support innovation for VOD and best practice models, such as the partnership with Netflix which I have already mentioned.

The cloud based suite of services that make up our new infrastructure have been met enthusiastically by other regulators and industry who have seen them first hand, including some of our international partners. The metadata our innovative tools will produce has also attracted attention and interest. In 2020 we will explore how we can make the technology we have built available to others.

This transformation of the BBFC's systems is funded entirely from our reserves. None of the costs will be passed on to our customers, but the benefits to them will be very apparent.

Accountability - Introduction

We are accountable to both the public and Parliament. We take this accountability seriously. This Annual Report is a key part of our fulfilment of this requirement and

provides a review of our activities and classification decisions during 2019 as well as information about our financial position as required by law. All our previous Annual Reports

are available on our website and are placed in the libraries of both Houses of Parliament.

Accountability - Ratings info & resources

Our first priority is to help children and families choose well. We publish detailed information about the content of every film and home entertainment feature that we classify, which we call ratings info. It's a helpful guide, particularly aimed at parents, that offers a summary of why a film was rated at any given category. Ratings info appears on the Black Card shown in front of a film, on DVD and Blu-ray boxes, and on some Video on Demand (VOD) services, such as Netflix. There is a longer version on our website and app, which gives a more detailed idea of what issues they are likely to find within content.

Families can involve younger children in the decision making-process by using our website for children (cbbfc.co.uk). We publish ratings info specifically tailored to younger audiences for films classified at U, PG and 12A as well as a wealth of

resources for teachers, parents and carers.

As the media landscape changes, we change too. We have extended our trusted age ratings beyond our statutory responsibilities for classifying films shown in UK cinemas and released on DVD and Blu-ray. Throughout 2019 we built on our eight-year partnership with Netflix, which is now carrying our newly designed age rating symbols on its UK platform, giving families the age ratings and ratings info we know they want. We also help all of the UK's Mobile Network Operators set parental controls at the right level in order to protect children from potentially harmful content.

In 2019, we extended our range of resources for parents and carers. Our Parents' Guide to Age Ratings, which can be accessed from our website, is designed to help all

parents and carers understand age ratings and explain them to the children they care for. The guide explains what age ratings are, how they are decided and what the category defining issues are that we look out for - including dangerous behaviour, discrimination, drugs, language, nudity, sex, sexual violence, threat, horror and violence. We commissioned a one-minute-long brand explainer film, showcasing the age rating symbols and putting them at the centre of the decision making process. We played the short film nationwide in cinemas for two weeks over the Autumn half term.

Working closely with the film and digital industries, and with educators and organisations dedicated to children's welfare, we are continually evolving the guidance we offer, and are increasingly able to make a difference in helping everyone choose content well.





Public feedback is important to us and we respond to every email and letter we receive. Feedback helps shape the large-scale public consultations carried out at each review of our Classification Guidelines.

In 2019 we received 149 complaints covering 70 films, fewer than half the number of complaints received in 2018.

20 people wrote to us regarding *Joker*, objecting to the 15 classification. Several stated that we should have classified the film 18 because of violence and the film's tone. A small number felt that the film should be banned. There are scenes of strong violence in the film that include stabbings and shootings, with accompanying bloody injury detail. They do not, however, dwell on the infliction of pain or injury in a manner that requires an 18.

12 people wrote to us about *The Favourite*. The complaints related to language, sex references and sex. The very strong language in *The Favourite* is often used in a comic context and never aggressively. The sexual activity and sex references are unremarkable at 15, although their appearance in the costume drama may have surprised a minority of viewers.

John Wick: Chapter 3 - Parabellum generated nine complaints, all focusing on violence. Our research shows that violence that is perceived to be 'real' registers more strongly

with viewers than violence that is clearly stylised or fantastical. While the violence in the film is strong and bloody, it is also highly choreographed and stylised action violence, of a type familiar from the previous two installments. It does not dwell on the infliction of pain and injury and we classified the film 15, in line with the first and second films in the series.

Five people wrote to us complaining about the violence and infrequent strong language in *Alita: Battle Angel*. The science fiction context of the film means that the violence, involving combat between robotic characters, is fantastical and distanced from real-world violence, so we rated it 12A. Similarly, infrequent strong language has been permitted at the 12A/12 level since the 12 rating was introduced in 1989.

We received four complaints regarding language and violence in *Bumblebee*. The distributor produced two separate edits of the films, one rated 12A and one rated PG. Only the softer PG version was shown in UK cinemas and the violence in that version is undetailed and fantastical.

Fighting with My Family received five complaints and *Holmes and Watson* received four, in each case focusing on language and sex references. While a few of the sex references in both films are slightly crude, they are not frequent and generally take the form of comic innuendo. Both films are classified 12A.

Shazam! generated four complaints regarding bad language and scenes of horror. The moderate bad language in the film is acceptable at 12A under our guidelines. The scenes of horror in *Shazam!* do not contain any strong detail and there is little emphasis on blood and injury detail. The horror is also mitigated by the fantastical context and the comic tone of the film as a whole.

The Queen's Corgi received five complaints about sexual references and animal cruelty. While there is mild comic innuendo in the film, it occurs in a comic context and is acceptable at PG. While we operate strict policies around the inclusion of real animal cruelty in films, no animals were harmed in the making of the film.



1 *John Wick: Chapter 3 - Parabellum* (15)

2 *Joker* (15)

Our Education Team's work in 2019 was characterised by projects designed to reach new audiences alongside our traditional ones.

In line with our education strategy, we designed initiatives that promote use and awareness of BBFC age rating symbols, websites, evidence-based education resources, and ratings info both in schools and at home.

Following the success of our 2018 PSHE resource for children in Key Stage 2, in September we launched a second classroom resource aimed at older learners entitled ***Making Choices: Sex, Relationships and BBFC Age Ratings***. Designed in response to findings from our Guidelines Consultation 2018, which showed concern from parents of early teens about their children's viewing, and to changes in the Relationships and Sex Education (RSE) curriculum, our second collaboration with the PSHE Association enabled us to approach a wide range of issues pertinent to older children and young teenagers, such as peer pressure, legality online, category standards around sex and sex references, and the differences between relationships portrayed on screen and offscreen. We also created worksheets with Online Media Law. We designed the lessons and teachers' guide to help teachers equip their students with the skills needed to make considered, informed and safe choices about viewing content. More than 1,000 teachers downloaded the resource in the first four months. In total, across both resources, we sent 1,438 lesson plans and resources into schools.

To support both resources, which are free to teachers, we attended the 2019 PSHE conference, engaging with 320 practitioners, and ran tailored direct marketing into around 30,000 schools. Statistics showed high levels of engagement from teachers introduced to the resources and our wider suite of education websites and activities.

Our Head of Education also presented the Guidelines consultation research results to key partners, focusing on parental, teenage and teacher concerns, and changes to category standards. All

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groups were particularly interested in the findings on sexual violence, and the effect of works that tap in to real-world anxieties.

We ran our second CBBFC Black Card Competition during 2019, starting with a large-scale marketing campaign in the spring, including 20,000 themed brochures printed and distributed by Picturehouse, coverage on partner education websites, and targeted campaigns to parents and teachers on Facebook. We asked students to design a new Black Card for Disney's fantasy adventure ***Maleficent: Mistress of Evil***. We sent out 175 teacher packs, which encouraged teachers to talk about age ratings in the classroom, and received 930 entries from pupils representing 45 schools, alongside some home-schooled entrants. The final design was the first cinema Black Card to show the new PG symbol, and Disney made it a feature of the film's premiere, inviting the 11-year-old winner to attend and unveiling the one-off card.

To support the new age rating symbols launch we also redesigned the successful BBFC and CBBFC classroom posters. Alongside promoting the new symbols, we shifted the focus of our CBBFC poster so it now speaks directly to younger children.

Our direct engagement and outreach in 2019 included speaking at 120 events, to over 9,480 people, including learners from 5 to 19 years old, teachers, parents, students and academics, as well as industry partners and trainees.

Our partnership with the Into Film Festival continued to thrive and in November, our staff gave 21 talks, in 20 locations, to 3,200 students. We also continued to facilitate face-to-face and Skype sessions with our traditional audience of media and film students, hosting 31 in-house seminars, six Skype sessions and 87 external talks specifically about

BBFC age ratings, our guidelines and choosing well. The Education Team also wrote bespoke ratings info for teachers, answered student questions, created support materials, booklets and information sheets for partnership events, and published 10 new case studies for the websites, including ***Joker***, ***Deadpool***, ***Stan and Ollie***, ***Amy*** and ***Stranger Things Season 3***.

Standout sessions included 'PG for me?', a session for over 200 primary school children at the BFI Southbank in February, which focussed on digital resilience and safety. We also spoke to over 500 A-Level students and teachers at EST Media Live! Paris in March, and hosted a full-day event in Northern Ireland with Cinemagic and IFCO, our equivalent in the Republic of Ireland, in October. The event included a screening of ***Joker***. Teachers and students commented on the film's representation of mental health, and the value of difficult viewing material in sparking educational conversations. Listening to students remains key to our efforts and we designed and launched a new slim-line version of our teen survey in the autumn, and continued to collaborate with the BFI Film Academies talking to those hoping to work in the industry.

We also continued to work on the prison film clubs project Films Inside. After a successful pilot, work began at the end of the year selecting new films for a larger second project to be launched in 2020, where clubs will show a series of films (with accompanying resources written by our Education Team) about maintaining long-distance relationships (a theme selected by the prisoners themselves).



In 2019 we commissioned qualitative research into depictions of domestic abuse in cinema and home entertainment content. The research will test viewers' agreement with recent classification decisions, as well as seeking views on how we should describe scenes of domestic violence in the ratings info we provide.

The research will comprise a series of focus groups, some with

general film viewers and some with survivors of domestic abuse, in London and Manchester. There will also be a focus group with professionals working in the field of domestic abuse. We are proud to be collaborating with Women's Aid and with Respect, who assist male survivors of domestic abuse. Women's Aid and Respect played a key part in reaching out to female and male survivors, as well as to professionals.

Focus groups will take place during early 2020. Attendees will view a series of feature films, in advance of attending the groups, with additional clips shown during the sessions to supplement discussion. BBFC staff selected the features and clips, with input from the charities.

We will publish the results of the research in spring 2020 and we will describe it in detail in our Annual Report for 2020.

Accountability - Enforcement

The Video Recordings Act 1984 requires that each video work supplied on DVD, Blu-ray or any other physical format in the UK be classified by the BBFC, unless the work is exempt from classification.

The BBFC assists Trading Standards Officers and the police by providing Certificates of Evidence as to the classification status of seized works. In June 2019, we hosted an exhibition stand at the annual

Chartered Trading Standards Institute symposium. This promoted our services and provided the opportunity to discuss a range of matters with Trading Standards Officers and other stakeholders.

Age-verification

As part of our role as the age-verification regulator under the Digital Economy Act 2017 (DEA), in 2019 we carried out benchmarking research into children's exposure to online pornography. Understanding the experiences of children and how they access and interact with pornography online is fundamental to assessing the impact and effectiveness of any new child protection measures online such as age-verification. This research would have informed the report to the Secretary of State, required by the DEA, 12-18 months after the law came into force. The first annual report would necessarily have looked at the impact and effectiveness of the regime, and we anticipated that this would have included issues such as social media. The research included an online survey of 1,142 parents and their children (aged 11-17), and found that:

- 83% of parents agreed with the statement 'there should be robust age-verification controls in place to stop children (under 18s) seeing commercial pornography online'.

- 56% of 11 to 13-year-olds agreed with the statement 'I want to be locked out of websites that are for 18-plus year-olds'.
- Over 60% of 11 to 13-year-olds said their viewing of pornography was mostly 'unintentional'.
- 41% of young people who knew about pornography agreed that watching pornography made people less respectful of the opposite sex. Only 13% disagreed.
- 75% of parents thought their child hadn't seen pornography online, but 53% of their children reported that they had in fact seen it.

The research also included 36 qualitative interviews with 16 to 18-year-olds, and four parents' focus groups, each with six participants.

Most children and parents interviewed believed that age-verification would prevent children from accidentally seeing pornography at a young age, and this in turn would delay the age at which children start to actively view pornography. Some young people interviewed reported having

seen pornography as young as seven or eight years old. Most of these children stumbled across pornography unintentionally at first, and it was often these children who felt they had been most negatively affected by pornography. They described feeling 'grossed out' and 'confused' when they first saw pornography, particularly those who had seen it when they were under the age of 10. Many had unintentionally stumbled across 'aggressive' or 'violent' pornography, which they found upsetting or disturbing. The research report will be published in early 2020.

As well as undertaking research, we continued across 2019 to work with children's charities, ancillary service providers, payment-services providers and internet service providers to ensure that the regime would be effective and proportionate. We also continued to engage with the adult industry to explain the new age-verification requirements and our enforcement powers as regulator.

Age-verification

We worked with age-verification providers to ensure that viable and effective means of age-verifying UK consumers were available to the adult industry and acceptable to the public. To encourage best practice and high standards of privacy and data security, in 2019 we launched a voluntary, non-statutory certification scheme for age-verification providers called the Age-Verification Certificate (AVC). The AVC was developed together by the BBFC and NCC Group in cooperation with industry, with the support of Government and in consultation with the Information Commissioner's Office.

In October 2019, the UK Government announced that it would not introduce age-verification under the DEA and that the child protection aims of the legislation would instead be met as part of its broader online harms strategy.

The BBFC had all systems in place ready to ensure all commercial pornographic websites accessible from the UK had effective age-verification controls. If the websites did not have such controls, we were ready to enforce against these non-compliant sites. The adult industry was similarly prepared to implement age-verification, and age-verification

providers were undergoing robust privacy checks under the AVC. The Government acknowledged our preparedness and has stated that we will continue to play a key role in this area.

The BBFC understands the Government's decision to de-designate the BBFC and to implement age-verification as part of its broader online harms strategy. We will work closely with Government and the future regulator to support child protection online and achieve the child protection goals of the DEA.

BBFC Online Voluntary Services

The BBFC is committed to helping UK audiences choose content well regardless of how and where audiences view or purchase content. For those online services that choose to use the BBFC's classifications, the same trusted age ratings are available to Video on Demand (VOD) and streaming platforms as for cinemas and on DVD and Blu-ray.

In 2019 we published research showing that 62% of UK children aged 10-17 regularly watch film and episodic video content on one or more paid streaming or download service, and that 80% of parents are concerned about children seeing inappropriate content on such services.

As there is no statutory requirement on online services to use BBFC ratings, since 2008 we have helped industry self-regulate in this space by providing VOD and streaming services with our age ratings, symbols and ratings info for the benefit of their consumers.

Since 2011 we have provided lower-cost and faster access to BBFC age ratings for content premiering online, or existing as online-only content. Today over 300,000 pieces of content are BBFC rated and may be used by VOD and streaming services.

We provide access to these ratings via our Digital Video Service Licensing scheme. The scheme permits any streaming or VOD service offering film features or episodic content to use BBFC age ratings and ratings info. It also ensures that services display the correct age ratings, as well as providing advice on how to implement age labelling and parental controls effectively.

Any streaming and/or VOD service displaying BBFC age ratings and symbols is required to enter into the licencing scheme.

The scheme currently licenses 21 services, ranging from leading subscription VOD platforms such as Amazon Prime Video and Netflix to popular transactional services for buying and renting film and episodic content such as iTunes, Google Play, Rakuten TV and Sky Store.

Our newest licensee, BritbBox, is a streaming service from the BBC and ITV that makes their catalogue of classic TV shows and movies available for a subscription fee. It also includes shows from Channel 4, Channel 5 and Comedy Central. BritBox currently uses our age rating symbols on its catalogue of classic film titles.

There is a wealth of research showing that streaming services are fast becoming the preferred way for consumers to watch content, with 13.67 million UK homes now subscribing to at least one VOD service - up 17% year on year (source: BARB) - and the video sector now valued at £2.6 billion (source: ERA). This shift underpins the importance of trusted, understood and consistent age labelling, whatever, however and wherever people choose to watch it.

This importance is reinforced by our 2019 research that shows that 92% of parents expect the same trusted and understood age labelling system to be available if they are watching content via streaming or downloading. 94% of parents think it is important to have consistent ratings across all VOD platforms rather than a variety of bespoke ratings systems.

Our 2019 research also shows that 60% of children are accessing VOD content via more than one service. We believe that a consistent age-labelling and parental control experience across multiple services is therefore important. We worked with Government and the Video Standards Council Ratings Board (VSC) to develop a set of Best Practice Recommendations for Age

Labelling to help online services offer UK consumers a better experience.

The 10 Best Practice Recommendations help online platforms work towards greater and more consistent use of trusted age ratings online. The move is supported by the Department for Digital, Culture, Media and Sport (DCMS) as part of the Government's strategy to make the UK the safest place to be online. This includes recommending consistent and more comprehensive use of BBFC age labelling symbols across all VOD services, and PEGI symbols across online games services, as well as additional ratings info and content advice, mapping parental controls to BBFC age ratings and PEGI ratings.

To assist services in consistent implementation of the guidance, in October we published our first set of VOD User Guidelines - in conjunction with our Digital Video Service licensees. These provide detailed implementation advice for the 10 Best Practice Recommendations.

The launch, in October, of our online-friendly classification symbols enabled streaming and VOD services to more easily meet the Best Practice Recommendations. In 2019 we began the process of working with our licensees, and other services, to help them implement this new guidance.

Best Practice Recommendations, Online-only Classification and Digital

Video Service Licensing are just some of the BBFC initiatives to help services ensure a trustworthy viewing experience for their UK customers. We are also working on innovative ways to open up access to our classifications - making it easier, and more cost-effective than ever before, for services to use recognisable and understood age labelling across a greater range of content.

In 2019 we announced a significant step in letting trusted third parties produce BBFC age ratings under licence. In March we announced a pilot scheme with Netflix, the intention of which is to permit the company to self-generate BBFC age ratings during 2020. They will do so by feeding the data they already capture manually, by means of tagging their own content, into an automated rating algorithm reflecting BBFC Guidelines, policy and standards. Throughout the course of 2019 the BBFC compared the ratings awarded to Netflix works by the BBFC, after viewing by BBFC compliance staff, against test ratings that the Netflix algorithm had generated.

This was to ensure that the ratings that Netflix produced will consistently meet the high standards the UK public expect from BBFC age ratings. The results of the pilot have been very impressive and we anticipate that, in early 2020, we will move to a position in which we permit Netflix to generate BBFC ratings

independently. These ratings will be subject to regular audit by the BBFC with our compliance staff viewing a selection of works again. As the scheme develops, BBFC ratings will be rolled out to a greater range of content on Netflix, with the goal of achieving 100% coverage by the end of 2020. Across 2019, we worked closely with Netflix to ensure test ratings produced by Netflix meet the high standards the UK public expect from BBFC age ratings. Working together, we have secured impressive results. We look forward to 2020 and further development with Netflix to meet the objectives of the partnership.

In 2019 the second wave of major subscription services began to launch, or were announced for 2020. Joining Amazon Prime Video, Netflix and NOW TV will be Apple TV+, BritBox from the BBC and ITV, Disney+, HBO Max, Peacock from NBC Universal and Quibi. We continue to work in partnership with new and existing streaming and VOD services to develop innovative ways to ensure consistent and comprehensive use of our ratings, ratings info and age rating symbols.

We are eager to work further with online services to continue to promote effective, but low cost and scalable, self-regulation by implementing BBFC age ratings and Best Practice Age Labelling.

3 *Shazam!*
(12A)



Music Videos

Our work with the UK music industry continued in 2019 with our service to allow new release content from UK-signed artists to make their short-form music videos available on YouTube and other online services with BBFC age ratings.

During 2019 we classified 29 new release music videos for online use. No music videos submitted in the last twelve months were classified at the U, PG or 18 categories, with 12 rated 12, and 17 videos rated 15.

Participation in this scheme remains voluntary for music labels and we

continue to evolve our services to make it as easy as possible for the music industry to support the classification of online music videos. We continue to engage with stakeholders to promote the scheme and encourage further take-up of our classification services.

Mobile Network Operators

During 2019, on a best practice, voluntary basis, we continued to regulate commercial and internet content delivered by the UK's Mobile Network Operators (MNOs) under our Classification Framework, which defines content unsuitable for customers under the age of 18. In addition, we maintained an additional Classification Framework specifically for EE network customers who wish to set filter levels to 'Strict'. This Framework outlines content that is unsuitable for children under the age of 12 and is based on our Classification Guidelines. To ensure that the system is accountable and transparent, we offer a free appeals procedure that is open to all, the results of which we publish in full every quarter on our website.

In 2019, we adjudicated on 56 websites. These requests came from website owners, members of the public and the MNOs themselves.

Examples of requests for adjudications came from a range of websites, including those selling Cannabidiol products, sexual health products, pharmaceuticals and more. We found that 10 websites we were asked to adjudicate on were correctly placed behind adult filters. These included: a weapons website including instructional detail on how to inflict injury; a website providing information about an adults-only sauna and spa; online forums featuring pornographic images and repeated uses of very strong language and racist terms; an adult dating website advertising fetish

material and adult DVDs; a website promoting and encouraging the misuse of illegal drugs; an art forum containing explicit pornographic images; a drug education website containing instructional information; and a website developing and selling hemp-based products within the UK. The full list of adjudications is available on our website.

We also considered the 56 adjudications under the EE 'Strict' Classification Framework. We considered 23 to be unsuitable for children under the age of 12 on grounds of violent content, drug references, strong sex references (including references to pornography) and other suggestive material. EE maintained or imposed filters on the 23 sites.



4 *Frozen II (U)*



U Universal



We award the U category, which stands for ‘Universal’, to films that are generally suitable for audiences aged four years and over. Our guidelines state that a U film ‘should be within a positive framework and should offer reassuring counterbalances to any violence, threat or horror’. Although U is the lowest category, there may still be elements that we need to consider. They include issues such as threat, violence, bad language, sex references and dangerous behaviour, as well as wider aspects such as theme and tone.

One of the most common issues at the most junior category is threat. Our guidelines state that at U, ‘scary or potentially upsetting sequences should be mild, brief and unlikely to cause any undue anxiety to young children. The outcome should be reassuring.’ *Little Women* is a coming-of-age drama, based on the 1868-1869 novel of the same name by Louisa May Alcott, which follows the lives of four sisters in nineteenth-century America. The film contains a scene in which the youngest sister falls through the ice of a frozen lake and struggles in the water before being rescued. This is immediately followed by a scene showing that the girl is safe and unharmed. This comforting resolution, combined with the brevity of the danger, helped ensure that the level of threat is

acceptable at U. The filmmakers also handled scenes of bereavement sensitively. We therefore classified the film U for very mild threat.

A science fiction or fantasy context often mitigates scenes of threat by creating distance from the viewer. *Frozen II* is an animated fantasy adventure sequel in which a magical snow queen and her sister must save their kingdom from ancient spirits. It contains a scene in which people flee from a forest fire, and another in which a woman is thrown around by, and eventually tames, a water spirit in a stormy sea. The action scenes always end reassuringly, and are less intense than those in the

previous film, *Frozen*, which we rated PG in 2014. As a result, we classified *Frozen II* U for mild threat, very mild violence and rude humour.

Fantasy settings and comic tone are also a common mitigating factor for violence at the most junior category. This was the case in *The Lego Movie 2: The Second Part*, an animated action comedy sequel in which a group of toys must defend their friends from invaders from outer space. Scenes of violence include fast-paced fight sequences and explosive laser battles, but the film breaks up the action with funny moments and the overall tone is light and exciting rather than threatening.



5 *Little Women* (U)

6 *The Lego Movie 2: The Second Part* (U)



7

The occasional punches and kicks are unrealistic because of the Lego characters' limited movement, and there is no blood or injury detail. We rated the film U for very mild fantasy violence and language.

The issue of violence also occurs in **Toy Story 4**, an animated fantasy adventure sequel in which two toys become separated from their owner while on a road trip. Moments of violence include a Bo Peep doll hitting ventriloquist dummies over the head with her crook, but the blows do not hurt or damage the toys. In another scene we see two fluffy toys leap at an elderly woman and attempt to hit her, but the sequence is played for laughs and is quickly revealed to be taking place in the toys' imaginations. We classified **Toy Story 4** U for very mild violence and scary scenes.

7 *Cats (U)*

Bad language continues to be an issue of concern for a significant proportion of parents, especially at the more junior categories. **Apollo 11** is a documentary comprising footage and reportage from the first spaceflight to land humans on the moon. The film contains uses of 'damn' and 'hell', which we consider to be very mild bad language. We

therefore classified the film U for cinema release. However, distribution companies may claim exemption from classification on video for content that is 'designed to inform, educate or instruct' which we would not otherwise classify 12, 15 or 18. Accordingly, the distributor of **Apollo 11** released it on DVD and Blu-ray as exempt from classification.

Another film featuring bad language is **The Angry Birds Movie 2**, an animated comedy sequel in which birds and pigs must join forces to stop a megalomaniac eagle from destroying their islands. The film originally featured a use of the term 'crap', which we categorise as mild bad language, that is likely to confound parental expectation at the most junior category. In order to obtain a U rating, the distributor chose to remove the term and replace it with 'poop'.

The Angry Birds Movie 2 also contains some rude humour included a scene in which animals disguised in an eagle costume pretend to use a urinal in order to obtain a security pass, alarming a real eagle with their strange behaviour before spraying a stream of water into the air. In another scene, birds smear

green goo over themselves and are subsequently informed that it is 'pig snot'. One of the birds then tastes the goo. This type of cheeky humour is likely to be familiar to both parents and young children who enjoyed the previous instalment. We were able to classify the film U for very mild bad language, rude humour and threat.

Rude humour is a recurring issue at the junior categories. Several examples of this issue occur in **Cats**, a musical fantasy drama, based on the 1981 stage musical, in which a tribe of cats must decide which one of them will be granted a new life. During the film a cat suggests that another cat with a high-pitched voice may have been 'neutered' and posters outside a theatre state that a stage show features 'Girls!' There is no further explanation of the nature of the stage show, meaning that this quick joke is likely to go over younger children's heads. We classified the film U for very mild threat, rude humour and language.



U Universal



At U, there may be ‘only very mild sexual behaviour (such as kissing) and references to such behaviour’. In *Lionel Richie at Glastonbury*, a recording of a live concert by the US singer, song lyrics include references to a woman who is ‘stacked’ and ‘sexy’. These discreet, oblique references are unlikely to confound parental expectations at the lowest category, particularly in the context of a musical performance, and we classified the film U for very mild bad language and sex references.

Not all U films are likely to appeal to children and there are films classified U that are more likely to appeal to a mature audience. *This is Nicholas - Living with Autism* is a documentary about the early life of an aspiring filmmaker with Asperger’s Syndrome. The film contains verbal and visual references to the filmmaker having suffered from depression as a child. These include descriptions of a ‘critical inner voice’ that makes threats and ‘abusive remarks’, and urges him to ‘end it all’. The film is ultimately uplifting and educational, and the filmmakers treat the theme

of mental illness sensitively enough for the film to be suitable for younger viewers. We therefore classified *This is Nicholas - Living with Autism* U for references to depression.

The Netflix animated series *Mighty Little Bheem* is about a toddler whose supernatural strength and mischievous nature lead him into adventures in the small Indian village where he lives. The series is aimed at younger children and focuses on simple narratives and positive messages about friendship and kindness. One of the episodes contains scenes in which a larger boy bullies Bheem’s friends until Bheem, who thinks they’re only playing, inadvertently challenges the bully’s strength. The episode presents the issue of bullying gently and with humour, and we ultimately classified the whole season U for very mild threat, violence, rude humour and scenes of bullying.

Meanwhile, *A Christmas Prince: The Royal Baby* is a romantic comedy sequel in which the king and queen of a faraway kingdom must renew a

truce with another country while also preparing for the arrival of their first child. The previous two films were rated PG for mild bad language and innuendo, but these issues do not appear in the third film of the series. We classified *A Christmas Prince: The Royal Baby* U for brief very mild scary scenes.

8 *A Christmas Prince: The Royal Baby* (U)



9 *The Kid Who Would Be King*
(PG)



PG Parental Guidance

Content that we classify PG is generally suitable for children aged eight years and over. PG films may depart from the safe and generally non-threatening world presented in films classified U, but where there are scary moments they will usually be balanced by elements such as humour or fantasy.

The Kid Who Would Be King is a fantasy adventure film in which a boy discovers he might be a descendant of King Arthur. Threat comes in the form of skeletal demons, dragons and other fantastical creatures, which sometimes pursue and attack children. Violence is mild and occurs during battle sequences in which schoolchildren fight using swords and shields. There is also a scene of bullying, which involves a child being held threateningly over railings, plus some mild bad language and comic buttock nudity. It is classified PG for mild threat, scary scenes, violence and language.

There were three remakes of popular Disney animated features during 2019. In each case, we classified the original version U and the remake PG, with the 'live action' aesthetic contributing to a sense of increased tonal threat. *Dumbo* is a fantasy adventure in which a baby elephant, whose oversized ears enable him to fly, helps save a struggling circus.



There are scenes of mild threat and violence. Two children become trapped in a fire, and a man sustains a bloodied lip when his face is punched. As with the original 1941 film, there are upsetting scenes arising from the baby elephant being separated from its mother. In another scene, children comically scold a man when it seems he is about to use mild bad language. We classified the film PG for mild threat and brief violence.

In *Aladdin*, a young thief encounters a genie who grants him three wishes. The film contains mild fantasy threat, which includes people escaping from a collapsing cave and a man falling unconscious after being pushed from

a high window. We classified it PG with the ratings info of mild fantasy threat.

The Lion King is a musical drama in which a young lion is cast out of his pride after the death of his father. The cub is caught up in stampede of wildebeest and witnesses his father's death. In another scene, cubs are chased by hyenas intent on killing them. Violent scenes include biting, throwing, and blows to the face. Other issues include a bereavement theme and some rude humour concerning a flatulent warthog. We therefore classified the film PG for mild threat and violence.



10 *Aladdin* (PG)

11 *Dumbo* (PG)



12

Meanwhile, the sequel to **Maleficent**, **Maleficent: Mistress of Evil**, contains moderate fantasy threat. In this case, during scenes of violence in which fantastical characters are attacked with crossbows, bladed weapons and magical blasts of energy. However, injuries sustained are generally seen to heal quickly, and occur within a fantasy world of fairies. We rated the film PG for moderate fantasy threat, mild violence and scary scenes.

Horrible Histories: The Movie - Rotten Romans is a cinema adaptation of the BBC comedy series. It is set in ancient Britain, with Boudica leading a rebellion against the occupying Romans. The series has previously raised a number of classification issues including rude humour, violence and language but we classified all episodes at either U or PG. We gave advice on the feature film screenplay to help the distributor ensure the film would be sufficiently family friendly to receive the expected PG classification. It contains violence in the form of stabbings and slashings with swords and axes, and there is some sight of blood as well as severed heads mounted on spikes. However, this is all presented in a comic and improbable fashion. Rude humour includes verbal and visual jokes about urination and

vomiting. We classified it PG for mild comic violence, injury detail, rude humour and language.

Another film derived from a children's TV series is **Dora and the Lost City of Gold**. While **Dora the Explorer** was a gentle animated series aimed at young children, this cinema adaptation is markedly different in tone, and includes arrows being fired at teenage characters, who are also caught in booby traps and quicksand. There is also a scene in which people

hallucinate after accidentally inhaling plant spores, as well as comic references to animals mating, and fart jokes. We classified the film PG for mild threat and rude humour.

Many films that receive a PG certificate are not aimed specifically at families or children. A case in point is the film adaptation of the popular TV series: **Downton Abbey**. In the movie, an aristocratic family and their staff have to pull together to prepare for an unexpected royal visit. As well



13

12 *Horrible Histories: The Movie - Rotten Romans* (PG)

13 *Maleficent: Mistress of Evil* (PG)



PG Parental Guidance



14

as mild bad language ('bloody'), there is discriminatory language ('queers'), but importantly this is not condoned by the film as a whole. There is also a scene of threat in which two men wrestle for possession of a gun.

Downton Abbey is classified PG for mild threat and language.

Sometimes quite challenging material can exist in films that receive a PG certificate. *Britain on Film: Welcome to Britain* is a themed collection of documentary material about immigration into Britain. It contains several images reflecting discriminatory attitudes in the different periods the filmed material covers. This includes graffiti reading 'Blacks out' (crossed out and replaced with 'Racists out'),

offensive caricatures of Irish people, and antisemitic descriptions of Jewish communities. The issue of discrimination combines with mild sex references when a black soldier recalls being told "no white woman will lie under you" and when a man likens the process of recruitment in the 1980s to 'prostitution'.

We classified the film PG for discriminatory behaviour and mild sex references.

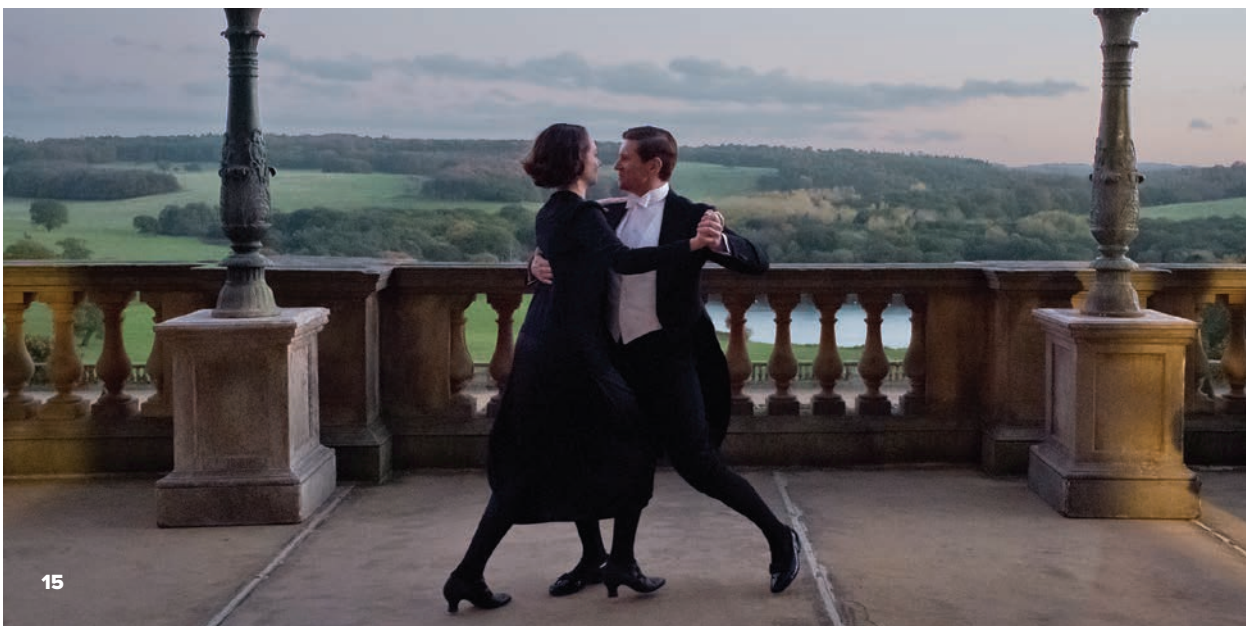
In the British drama *Mrs Lowry and Son*, the artist L. S. Lowry cares for his ailing mother, and there are some mild scenes of distress involving her bullying and belittling him. Some characters express discriminatory views; one character, for example, compares mill workers to rats. The

film was classified PG for mild bad language.

Another film that explores difficult familial relations is the US biographical drama *A Beautiful Day in the Neighborhood*. A cynical journalist is assigned to interview TV personality Fred Rogers, who helps him re-examine his fractious relationship with his father. As well as mild bad language, there is a brief scene in which the journalist and his father exchange punches, resulting in minor injuries. We classified the film PG for mild bad language and violence.

We classified the Japanese animated drama *Okko's Inn* PG with ratings info drawing viewers' attention to scenes of emotional distress. The narrative involves a young girl who loses her parents in a car accident. We recognised that the themes of grief and bereavement are handled sensitively, but we concluded that PG was more appropriate than U, despite the absence of any other notable issues.

Sometimes the distinction between U and PG can be very narrow. We classified the Hindi-language drama *The Accidental Prime Minister* PG only because it contains a handful of uses of mild bad language such as 'bloody' and 'saala'; it has no other significant classification issues.



15

14 *A Beautiful Day in the Neighborhood* (PG)

15 *Downton Abbey* (PG)

12A

12



16



17

We award the 12A category to films that are suitable, in general, for those aged 12 and over. An adult may take a younger child if, in their judgement, the film is suitable for that particular child. In such circumstances, responsibility for allowing a child under 12 to view the film lies with the accompanying adult. The 12 classification is the equivalent category for video works, and no one under 12 may buy or rent a video classified 12.

Action blockbusters, especially those in the sci-fi and fantasy genres, frequently come to the BBFC with a 12A category request. This is helpful in indicating the audience the distributor is hoping to reach. Our Classification Guidelines at 12A allow for the depiction of moderate violence, although such scenes should not feature an emphasis on blood or injury detail. 2019 saw the release of *Star Wars: The Rise of Skywalker*, the concluding episode of the 'Skywalker Saga' that began with 1977's *Star Wars*. This concluding film follows Rey, a Jedi-in-training, as she embarks on

a perilous mission to defeat the evil Emperor and bring peace to the galaxy. The film contains scenes of moderate violence and threat similar to previous instalments in the *Star Wars* franchise, including lightsaber and laser-gun battles and aerial dogfights. The strongest scene features a character being melted by a powerful energy force, but the sequence is relatively brief and does not dwell on blood or injury detail. Accordingly, we classified *Star Wars: The Rise of Skywalker* 12A.

Another climactic entry in a long-running franchise released in 2019 was *Avengers: Endgame*, the culmination of a 22-film narrative that began with 2008's *Iron Man*. Following 2018's *Avengers: Infinity War*, in which the tyrannical Thanos 'snapped' half of all living things out of existence, *Avengers: Endgame* sees the surviving heroes mount a desperate attempt to reverse his actions. The film's story largely concerns superheroes and villains battling with fantastical powers and weapons, but brief stronger moments include a decapitation

and a sword fight in which a man's throat is cut. Blood is seen over his hand as he clutches his neck, but there is insufficient focus or injury detail to require a 15. We therefore classified *Avengers: Endgame* 12A for moderate violence.

Bloody images are a category-defining issue in *Knives Out*. Inspired by classic 'Whodunnit?' stories, such as those by Agatha Christie, the film follows a detective as he attempts to solve the mysterious death of the wealthy patriarch of a dysfunctional family. As the beneficiaries descend into fractious groups, attention turns to the deceased's young nurse who may know the truth behind his death. Our guidelines at 12A state that 'occasional gory moments may be permitted if justified by the context.' In *Knives Out* the elderly man's body is discovered with a bloody cut to his neck, but these images are narratively justified as they establish the circumstances of the case. We therefore classified the film 12A for brief bloody images, moderate sex, suicide references and strong language.

17 *Star Wars: The Rise of Skywalker* (12A)

Along with violence and bloody images, scenes of threat are often category-defining issues in action and horror films. *Shazam!*, based on the eponymous DC Comics character, follows a young orphaned boy who obtains the ability to transform into an adult superhero after saying a magic word. The film carries appeal to a PG-level audience, with its positive messages of family and teamwork and its mix of comedy and fantastical action. However, the film also contains sequences of moderate threat and horror in which demonic creatures are released and terrorise their victims. Although the filmmakers do not prolong these sequences unduly, the sequences reference horror film tropes in their use of jump scares and personalised threat and contribute to the film's 12A classification for moderate violence, threat, horror, innuendo and implied strong language.

The context in which issues appear is a key consideration when classifying material, including depictions

of drug misuse. Our guidelines at 12A state that scenes of drug misuse 'must be infrequent and should not be glamorised or give detailed instruction.' This proved to be the case in the classification of *Judy*, a biographical drama depicting the later years of actress and performer Judy Garland. The film follows Garland, portrayed by Renée Zellweger, as she struggles to provide for her children and battle her addiction to prescription medication. Garland agrees to a residency at a London theatre in the 1960s, but relies on various pills to combat insomnia and ready herself for shows. The film reveals how her reliance on medication took its toll, impairing her ability to perform and maintain a healthy lifestyle. The work as a whole clearly does not glamorise drug misuse and attributes Garland's tragic demise to the misuse of substances. Accordingly, we classified *Judy* 12A for scenes of drug misuse and infrequent strong language.

Just as depictions of violence,

threat and drug misuse must remain moderate in order to qualify for a 12A, so must depictions of, and references to, sex. Our guidelines for 12A state that 'sexual activity may be briefly and discreetly portrayed.' This is exemplified in *Vita & Virginia*, a romantic drama set in the 1920s depicting the relationship between writers Vita Sackville-West and Virginia Woolf. The film contains infrequent scenes of moderate sex, including implied masturbation and brief breast nudity. The nudity is primarily visible in a post-coital scene, while bed covers hide stronger detail during the sex sequence. *Vita & Virginia* is therefore classified 12A for moderate sex, sex references and nudity.

Our guidelines similarly state that 'moderate sex references are permitted' at 12A, but 'frequent crude references are unlikely to be acceptable'. British wrestling comedy *Fighting with My Family* follows the true-life story of Saraya-Jade Bevis, who rose from humble origins to become known as WWE



18 *Vita & Virginia* (12A)

18



19

star 'Paige'. The film contains use of moderate bad language as well as occasional sex references. Although some are a little crude, these are infrequent and presented firmly within a comic context in an inspiring, heartwarming film with appeal to 12-14 year olds. The film was classified 12A for moderate bad language, sex references and violence.

Occasionally, classification issues that are not of a typical nature will arise and present an interesting challenge for the BBFC. *The Kindergarten Teacher*, for instance, features a complex narrative in

which a disillusioned teacher develops an unhealthy obsession with one of her gifted young pupils and is determined to see him excel at any cost. This culminates in her kidnapping him, until the boy becomes aware of what is happening and calls the police. Although it is not suggested that the teacher has any sexual interest in the child, there is an unsettling tone to some scenes as the ethics of her behaviour become increasingly questionable. However, as the work has a positive resolution and does not condone her behaviour, we concluded that the film is acceptably placed at 12A

for moderate sex, drug misuse, infrequent strong language, and unsettling scenes.

So Long, My Son, a Mandarin-language drama following two couples through China's changing political and social landscape, similarly presented some scenes that defied easy classification. Reserved and discreet, the film nevertheless alludes to the heartbreak and difficulties the central characters face, including the death of a child, terminal illness, and an abortion enforced by China's one-child programme. These sequences result in lengthy scenes of characters dealing with grief and emotional distress. When classifying content, we consider its overall tone and impact and concluded that *So Long, My Son* was best placed at 12A for upsetting scenes.

Another interesting case was the comedy satire *Jojo Rabbit*, which we classified in 2019 ahead of its nationwide release in 2020. Set in Nazi Germany during the final months of the Second World War, the film follows the eponymous Jojo as he begins his training in the Hitler Youth accompanied by his imaginary best friend, Adolf Hitler. After being wounded and sent home, Jojo discovers his mother is hiding a

19 *Jojo Rabbit*
(12A)

20 *The Kindergarten Teacher*
(12A)



20

young Jewish girl in their house and is left torn between his loyalty to his family and to Nazi ideals. The film deals with Jojo's naive indoctrination into Nazi ideology, leading him to make many cruel and offensive antisemitic statements. However, through his relationship with the Jewish girl, Elsa, he comes to realise how he has been misled and works to save her. The film's positive messages, comedic tone, historical setting and appeal for 12-14 year olds contributed to *Jojo Rabbit* being classified 12A for discrimination, violence, bloody images, sex references and strong language.

Bad language can also be a key issue in classifying films at 12A. The frequency of strong language ('f**k') is not always the sole determining factor. Contextual justification, such as the manner in which language is used, is also taken into account. The British comedy *Old Boys*, for instance, sees an intellectual student at a public school helping his classmate to win the affections of their French teacher's daughter. The film contains seven uses of strong language ('f**k'), but none are directed or used in an aggressive manner. The other issues in the film are well-contained at 12A and the film has appeal for audiences younger than 15. We therefore deemed the frequency of the language acceptable at 12A.



21

In the action thriller *Gemini Man*, there is a single use of 'motherf**ker' when one character explains an acronym to another. While it is uncommon for this term to appear in content at this category, in this undirected and matter of fact context we concluded a 12A was appropriate. Our previous research with the public has indicated that people are accepting of infrequent use of this term, particularly where it is not complicated by violence, threat or aggression.

Language is often closely connected to issues of discrimination. At 12A, our

Classification Guidelines state that discriminatory language or behaviour 'must not be endorsed by the work as a whole. Aggressive discriminatory language or behaviour is unlikely to be acceptable unless clearly condemned.' *Blinded by the Light* is a biographical drama based on Sarfraz Manzoor's autobiographical book *Greetings from Bury Park*, describing his experience growing up as a British-Pakistani in the 1980s. The film focuses on how the inspiring messages and themes found in the music of American singer-songwriter Bruce Springsteen helped Manzoor find his sense of identity

21 *Knives Out*
(12A)

22 *Fighting with
My Family*
(12A)



22



23

and overcome the racism he faced. In portraying this conflict, the film includes scenes of racist behaviour, including use of racist language and violence. In another context such sequences, including a person urinating through the letterbox of a Pakistani family's home, may have led the film to receive a 15 classification. However, *Blinded by the Light* is very clearly critical of such behaviour and its core messages are those of hope, inclusion and overcoming discrimination, which have appeal to, and important messages for, 12-14 year olds. We therefore classified the film 12A for racist language and behaviour and moderate bad language.

Kaithi, an action thriller in which a recently released convict becomes entangled in a drug war, came to the BBFC in a Tamil-language version and a Telugu-language version. In order to obtain their preferred 12A rating, the distributor chose to make cuts. These included cuts to scenes of violence, drug preparation and drug misuse. After the distributor had removed this material, we classified both versions of the film 12A for moderate violence, bloody images, threat, drug references and language.

Distributors often submit older, previously classified films to the BBFC in order to obtain a contemporary classification. 2019, for instance, saw a new submission of

the British comedy *Monty Python's Life of Brian*, in which a hapless man is mistaken for the Messiah in Roman-occupied Judea. The subject of public controversy upon its initial release in 1979, it was nevertheless classified AA uncut, a classification meaning suitable for over 14s. The film was then submitted for video release in 1988 when it was rated 15, which it has retained across subsequent submissions. However, viewing it under current guidelines, we considered the issues raised to be permissible at a more junior category, so we rated it 12A for infrequent strong language, moderate sex references, nudity and comic violence.

Sometimes, distributors of recordings of live performances of theatre, opera, and dance productions submit them to the BBFC for classification if the recordings are intended to have a theatrical release. One such example was *National Theatre Live: The Lehman Trilogy*, an Olivier Award-winning drama following three generations of the banking dynasty. The play includes references to people taking their own lives during the 1929 Wall Street Crash, and we therefore classified the work 12A for suicide references.

Another performance work to be submitted to us for classification was *Matthew Bourne's Romeo and Juliet*, a dance based on Shakespeare's tragic romance.

Although we allow for a degree of violence at lower categories, particularly when it is presented within a staged performance context, the stabbings, shootings and resulting bloody injuries in this production meant that we classified it 12A.

A range of category defining issues can also be seen in our ongoing work classifying music videos online. Among the music videos which received a 12 classification in 2019 are Mark Ronson ft. Lykke Li's *Late Night Feelings* and Unknown T's *Throwback*, for drug misuse and drug references, respectively; Bring Me The Horizon's *Medicine* for disturbing images; and Calvin Harris' *I'm Not Alone* for moderate threat. Steel Banglez' *Fashion Week*, featuring AJ Tracey and Mostack, also received a 12 for infrequent strong language and moderate sex references.

As well as our statutory work, many Video on Demand (VOD) services voluntarily choose to submit works to the BBFC in order to display a classification. In 2019 Amazon Studios launched *Good Omens*, adapted by Neil Gaiman from his 1990 fantasy novel, following the friendship between an angel and a demon as they try to prevent Armageddon. We classified the series 12 for moderate violence, threat, sex references and infrequent strong language.

On Netflix, 2019 saw the release of the fourth season of *Queer Eye*, a reality show following five experts offering lifestyle advice to deserving nominees. The season was predominantly rated U and PG but we rated episode 2, *Disabled But Not Really*, 12 for its inclusion of middle finger gestures and a use of 'bitch' in reference to a woman. Netflix also released season three of the royal drama *The Crown*, featuring Olivia Colman as Queen Elizabeth II. We classified eight of the 10 episodes of this season PG, but two other episodes 12. In one, a series of rude limericks merited the 12 classification for moderate sex references, while an episode focusing on the Aberfan mining disaster contained upsetting scenes that go beyond what is suitable at PG.

23 *Queer Eye*
(12)

15



24

24 1917 (15)



25

In keeping with recent years, we classified more cinema releases at 15 in 2019 than at any other category. No one under 15 may see a 15 film in a cinema or buy a 15-rated video.

The manner in which a film presents violence and its consequences - in terms of bloodshed and injury detail - is a frequent issue in determining its classification at 15. Sam Mendes's First World War drama *1917*, in which two soldiers set out on a mission to go behind enemy lines to deliver a life-saving message, portrays the violence of battle with relative restraint. However, images of casualties with large wounds and severed limbs, as well as shots of decaying bodies, constituted strong injury detail that goes beyond the allowances at 12A. We classified the film 15 for strong injury detail and language.

Another major release in which violence was a prominent issue was *Joker*, an alternative origin story of the DC Comics villain, in which an aspiring comedian becomes increasingly unstable after the state curtails funding for his psychiatric treatment. Strong and occasionally bloody violence includes stabbings and shootings, but without focus on the infliction of pain or injury that might have required a higher category. We classified *Joker* 15 for strong bloody violence and language.

The science fiction horror feature *Brightburn*, in which a childless couple adopt an alien child with sinister powers, was seen by us for advice in an unfinished form. The advice viewing identified a dwelling on pain and bloody injury in two scenes, one in which a woman removes a glass shard from her eye and the other in which a man attempts to hold his shattered jaw in place. We advised the distributor that the detail in these scenes would result in the film being rated 18, and we recommended changes for 15, which the distributor made. The distributor subsequently made an uncut version available for the film's home entertainment release and we

rated that version 18 with the ratings info strong gory violence and injury detail.

Violence in South Asian films is a frequent factor in their reaching the 15 category. Examples of this in 2019 include the Hindi-language historical war drama *Kesari* and the modern-day crime action thriller *Saaho*, which was released in Hindi, Tamil and Telugu versions. The classification process highlighted an emphasis on injuries and blood in scenes of strong violence that could not be accommodated at the 12A category requested by the companies. In both cases, we determined that cuts for 12A would not be viable as their



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25 *Marriage Story* (15)

26 *Kesari* (15)



27

extent would have a significantly damaging effect on the films, which we rated 15.

Violence and gore are not the only issues that can place a film at 15. Sustained threat can play a significant role in a film being rated 15. In the horror action drama *Crawl* a young woman and her father are trapped in their flooding house, where predatory alligators terrorise them. While violence and injury detail, including broken limbs, decapitations and bloody wounds, played a role in rating the film 15, the intense and unsettling nature of prolonged passages of threat from

the creatures was an equal category determinant. It was rated 15 for strong bloody injury detail, threat and violence.

Strong language is a common category defining issue at 15. The Netflix drama *The Irishman*, which follows the fortunes of a Philadelphia truck driver who becomes involved in organised crime and shady union politics, contains frequent uses of strong language (such as 'f**k', 'motherf**ker' and 'c**ksucker') that reflects the story's gangland milieu. We rated the film 15 for strong violence and language.

Marriage Story is another Netflix drama, tracing the breakdown of a couple's relationship and the difficult process of their divorce. Strong language similar to that in *The Irishman* determined its 15 classification.

Our research and public consultations have demonstrated that very strong language ('c**t') can still be an issue of concern, even at 15. *Billy Connolly: The Sex Life of Bandages* is a recording of a performance by the Scottish comedian at the Sydney Opera House in 2015, during his final world tour. As well as frequent use of strong language, the performance contains 10 uses of very strong language. However, these are not accompanied by aggravating factors such as aggression or the terms being directed but are instead embedded in Connolly's trademark comic style, with which the natural audience will be familiar. We therefore classified the performance 15.

In the case of drug misuse at 15, we take into account contextual factors such as any glamorisation, novel instructional detail or the misuse of easily accessible and dangerous substances (for example, aerosols or solvents). In the case of *Rocketman*, the biographical drama based on the life and career of Elton John, it was the careful portrayal of the

27 *Crawl* (15)

28 *The Irishman* (15)



28



singer's past drug addiction and his own testimony to the damage it did to him that counterbalanced any sense of glamour and contributed to our decision to rate the film 15 for drug misuse, sex and very strong language.

Pain and Glory, is a drama in which an aging film director attempting to reconcile himself with his past makes a late-life decision to indulge in the misuse of heroin and other drugs, contains scenes of drug preparation but without detail that would be novel to 15 year olds. Additionally, the film does not present the character's actions as positive. We rated the film 15 for drug misuse and references, as well as for sexualised nudity.

We usually confine stronger or more explicit images of sexual activity and nudity to the adult category, but there may be a strong contextual justification for their presence in some films we classify 15. In the drama *Dirty God*, a young mother attempts to rebuild her life after being left scarred by an acid attack but experiences isolation and prejudice because of her appearance. She

turns to the internet and a website containing live webcams on which she sees explicit sexual behaviour and watches sexual activity while masturbating. Whilst the images are strong, we considered the film's wider context, including how it treats the issues of rejection and body image, which would be relatable to mid-teens and have something to say to them. We consequently rated

Dirty God 15 for strong sex, sex references, nudity, drug misuse and very strong language.

In the drama *Hustlers*, a group of exotic dancers come up with a plan to scam their wealthy clients. The film contains scenes set in strip clubs where the women perform erotic dances and undress, revealing breast and buttock nudity. However, these



29 *Hustlers* (15)

30 *Dirty God* (15)

scenes serve a narrative purpose in establishing the work the women do and the nature of their clients, also illustrating how they carry out their scheme. We rated the film 15 for sexualised nudity, strong sex references, drug misuse and language.

Other films containing scenes of strong sex or strong sex references that we rated at 15 include the US dramas *Booksmart*, in which two hard-working high school students decide to let loose and party on the night before their graduation, and *Bombshell*, based on the real-life exposure of the Fox News network's CEO for sexual harassment.

Sexual violence, threat and harassment require particular consideration in films at the 15 category in terms of how they are explored and presented. Our guidelines at 15 state 'There may be strong verbal references to sexual violence but any depiction of the stronger forms of sexual violence, including rape, must not be detailed or prolonged. A strong and sustained focus on sexual threat is unacceptable'. In the US-Mexican drama *Miss Bala*, a woman is kidnapped by a drug cartel and



forced to smuggle laundered money. The woman, and others in the same situation, experience sexual threat from the kidnappers. Although the sense of sexual threat is pervasive it lies in the background and no sexual violence is shown. We rated

Miss Bala 15 for sexual threat, strong threat and language.

Our work with charities and researchers, including a close collaboration with the Samaritans, informs our classification decisions

31 *Pain and Glory* (15)

32 *Rocketman* (15)





on films in which the subject of suicide arises. The subject was a classification-defining issue in the Iranian drama *3 Faces*, which includes footage of a young woman sending video footage of herself talking despairingly before appearing to make preparations to hang herself. No actual suicide takes place and the audience discovers that the young woman's actions are a calculated plea for help, but the details of suicide preparation would not have been appropriate at the 12A category, and we rated the film 15 for suicide references.

Other sensitive themes and subjects engaged with in films released in 2019 included child sexual abuse and real-life death. The French-Belgian drama *By the Grace of God* covers true events surrounding the serial abuse of young boys by a Catholic priest that the Church covered up, and the fight for justice by the victims, now adults, who continue to live with the trauma of their experiences. The film depicts the sexual abuse of the

boys with discretion, and although it contains frequent, harrowing verbal references to the nature of the abuse and its effects on the men, it ultimately carries an uplifting, life-affirming message. We rated the film 15 for child sexual abuse references and strong language.

The documentary film *Lost Lives* depicts the circumstances of the deaths during the Troubles of some of the over 3,700 victims in Northern Ireland and the Republic of Ireland. The victims whose deaths are recorded included children, innocent adult civilians, and also the perpetrators of the violence. The means of the deaths include shootings, bombings and terrorist executions, along with the suicides of those unable to come to terms with their actions or their loss. Contemporary footage in the documentary features bombings taking place, riots and the aftermath of violent events, but the film also includes testimony to the humanity of the victims and to the grief and

sadness of their loved ones and friends. These elements of the film, set in a documentary context, provided mitigation and we rated *Lost Lives* 15 for references to real violence and death, and bloody images.

Similar material, albeit in a different context, featured in *Shooting the Mafia*, a documentary about the life and career of Italian photographer Letizia Battaglia, which focuses on her work capturing the crimes of the Sicilian Mafia. The film contains black-and-white and colour photographs, along with archive footage of the aftermath of Mafia murders. Many of the images of dead bodies, including photographs of a murdered child, feature strong bloody detail. Presented in the context of a documentary about the work of a professional artist, and with the film also containing commentaries denouncing the consequences of crime, we rated the film 15 for images of real dead bodies and violence.

33 *Shooting the Mafia* (15)

18



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At 18, we respect the right of adults to choose their own viewing and will normally only intervene where material is in breach of the law or poses a serious risk of harm. Therefore, the category ranges from material that is slightly too strong for 15 to very strong depictions of sex and violence.

Once Upon a Time... in Hollywood

is a comedy-drama, set in 1969, in which a fading star of television Westerns and his longtime stunt double attempt to revive their careers. While most of the film's content accords with the guidelines at 15, a scene in which a character repeatedly slams a person's head against walls and other objects features a focus on the sadistic infliction of pain and injury that led to the 18 classification.

Violence was also the main issue in the Telugu crime drama ***Ranarangam***, in which a criminal's rise to power leads to brutal consequences for him and his family. It contains several violent scenes that include extensive bloodshed and gory injury detail. Accordingly, we classified ***Ranarangam*** 18 for strong bloody violence and gore.

Our guidelines state that the strongest gory images are likely to be classified at 18 rather than 15. This requirement resulted in a number of films being classified 18 for strong gory detail in 2019. The US action thriller ***Rambo: Last Blood*** contains a scene in which a man is stabbed in the chest and his heart is ripped out. There is also a gruesome sequence in which the film's hero, after beating a man, tears his skin open and sadistically threatens to rip out his collarbone. We therefore classified the film 18 for strong bloody violence and gory images.

Another example of a film with a focus on gory detail is the US horror thriller, ***Midsommar***, in which a couple travel to Sweden to visit a rural mid-summer festival that a pagan cult has organised. In one sequence, a man and a woman jump to their deaths from a cliff top, as part of a ritualistic suicide pact. However, the jump only breaks the man's legs, after which a cult member kills him by smashing his head with a mallet, resulting in strong gory images. In another scene, a man's body is seen suspended from a ceiling with his back flayed, whilst further scenes show dead bodies in the context

of macabre rituals. Accordingly, we classified the film 18 for strong gory images.

Graphic images of injuries are not an issue confined to feature films. It can also be a deciding factor in documentary contexts. ***For Sama*** is a documentary exploring Waad Al-Kateab's life during the uprising in Aleppo. There are several disturbing scenes that required an 18 rating, including graphic images of the severely injured and dead, including children. As such, we rated the film 18 for disturbing scenes and images of real dead bodies.

Films are not always raised to 18 simply because of the visual details of violence or gore. Sometimes other factors aggravate the violence in a manner that requires an 'adults only' restriction. For example, ***Monzón*** is a Netflix drama series about Argentinian boxer Carlos Monzón, who was imprisoned for murdering his wife. One episode includes a prolonged scene showing the murder, in which Monzón tears his wife's dress from her while chasing her, before strangling her to death. While the visual details are not as strong as some of the examples

35 *Once Upon a Time... in Hollywood* (18)



discussed above, the callous and sadistic nature of the violence, the incidental nudity that adds a sexualised focus to the scene, and the realistic and domestic context within which the violence occurs means we rated the series 18 for strong violence.

Our research shows that the public are more concerned by scenes depicting violence or gore in a realistic context than by violence in a purely fantastical violence. Teenagers in particular are concerned by depictions of issues to which they can relate, such as suicide and self-harm. *Lords of Chaos* is based on real events in which the members of a Norwegian black metal band perform a series of increasingly shocking publicity stunts. There are sustained scenes of bloody violence in which people are stabbed repeatedly to death. There are also bloody scenes of self-harm, a gory and prolonged scene of suicide, and a homophobic attack on a man. These issues resulted in our decision to rate *Lords of Chaos* 18 for strong bloody violence, gore and suicide.

The drama *Farming*, set in the 1960s and '70s, follows the story of a Nigerian boy who grows up with a confused racial identity after his parents place him in temporary foster care with a white English family. In this case the impact of the film's violence is heightened by the realistic setting, by the racist context within which it occurs and by the use of very strong language. Accordingly, we classified *Farming* 18, with ratings info advising that the film contains

both very strong language and racist violence.

Although our guidelines permit some use of very strong language at 15, 'depending on the manner in which it is used, who is using the language, its frequency within the work as a whole and any special contextual justification', we rated a number of 2019 films 18 solely for very strong language. *Beats*, a drama, set in 1994, in which two teenage friends share one last experience of their love of rave culture, contains around 30 uses of very strong language ('c**t'), some of which are aggressive and accompanied by violence. Accordingly, we awarded *Beats* an 18 age rating.

The 2018 public consultation, which resulted in the publication of new Classification Guidelines in 2019, demonstrated not only heightened sensitivities about the presentation of difficult issues within realistic contexts but also increased concern about the use of pornographic language and references in works aimed at teenagers. The documentary *Airplane Mode*, in which a social media figure travels to Australia to meet a woman, contains multiple crude sex references as well as strong sexual activity. The frequency of these references, particularly those using pornographic language, means that we could only permit them at 18. There are also scenes of racial stereotyping and discriminatory behaviour that are presented without any direct challenging of such behaviour. We classified *Airplane Mode* 18 for strong sex references and discriminatory behaviour.

Loro is an Italian drama following the life of Silvio Berlusconi at the peak of his career. In one scene, a couple have sex while snorting cocaine, and the sequence also contains full nudity. There are various scenes of cocaine and ecstasy use in glamorous locations, which the film depicts as largely consequence-free. This conflation of sexual images with drug misuse, without a clear indication of the dangers of such



36 *Beats* (18)

37 *Loro* (18)



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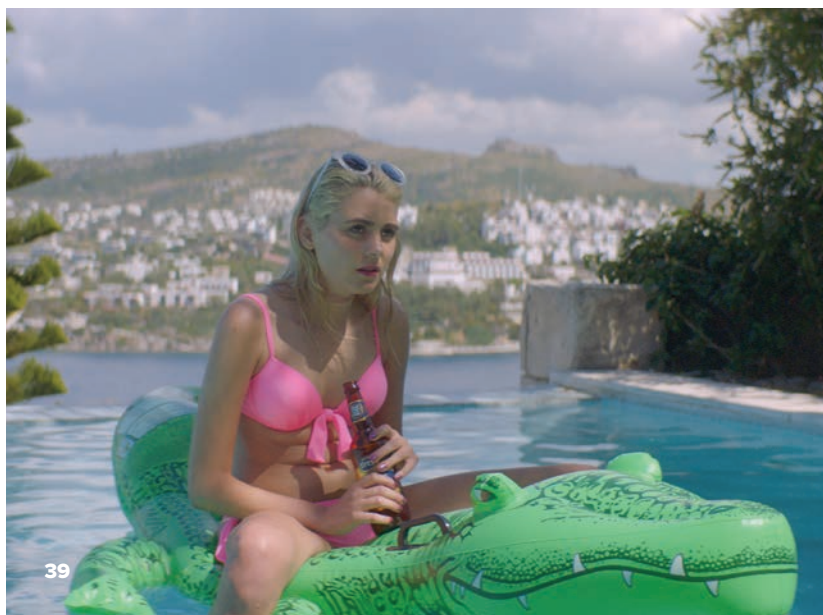
behaviour, meant we classified the film 18 for strong sex and drug misuse.

Drugs of a different kind were also an issue in the Netflix US comedy-drama series *Russian Doll*, which concerns a woman who tries to solve the mystery of why she repeatedly relives the same night in an ongoing time loop. In one episode, a woman inhales a substance from a bag. Our policy is to restrict depictions of solvent abuse to the 18 classification,

unless there is a very clear indication of the dangers of such behaviour, which can lead to death. Given the lack of any emphasis on the dangers of substance misuse, we classified the episode 18.

Some of the most challenging material we consider concerns representations of sexual violence, which our 2018 public consultation revealed remains a key issue for viewers. Our guidelines set out a series of aggravating factors

that are likely to result in a film or video receiving a more restrictive classification. These include depictions of sexual violence that demonstrate a gang dynamic at play, depictions that focus on the powerlessness, distress or fear of victims, depictions that place an emphasis on the pleasure of attackers, and depictions that are gratuitous or contain a focus on nudity. Sexual violence was a key issue that resulted in 18 classifications for a number of films in 2019.



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An episode from the Netflix series *Brotherhood*, a Brazilian drama concerning an honest lawyer whose brother leads a violent prison gang, includes a male prison gang rape. The sequence is prolonged and includes knife threat and some focus on the rapists' viewpoints. Consequently, we classified the episode 18 for sexual violence.

Midnight Cowboy, the 1969 US drama in which a Texan travels to New York to make money as a hustler, came to us to be classified for a 50th anniversary re-release. We first classified the film X in 1969 and subsequently classified it 18 on video in the 1980s. Viewing it under current guidelines, we

38 *Brotherhood* (18)

39 *Holiday* (18)

considered the 18 classification was reasonable and defensible due to brief flashbacks to a young couple being gang-raped, which includes nudity and implied penetration, with brief focus on the victims' distress. Accordingly, although the remainder of the film accords with 15 guidelines, we upheld the established 18 rating in 2019 with the ratings info advising that the film contains sexual violence.

Two particularly strong 18 rated films that feature sexual violence are *Holiday* and *The Nightingale*. *Holiday* is a drama in which a young woman goes on vacation with her drug lord boyfriend and his entourage. The film contains a prolonged scene in which a man rapes a woman which includes graphic sexual detail and strong nudity. We classified *Holiday* 18, with the ratings info warning that the film contains a scene of graphic sexual violence, as well as strong violence. *The Nightingale*, an Australian thriller set in the nineteenth century, is about a woman seeking revenge for acts of violence against herself and her

family. There are several scenes of rape, including gang rape, as well as sexual threat. We classified *The Nightingale* 18 for sexual violence, strong bloody violence and very strong language.

The Painted Bird is a Second World War period drama that follows a young Jewish boy fleeing the Nazis in Eastern Europe. The film contains a scene in which a group of women attack a woman and rape her. There is also a scene of implied child rape, another in which a woman is forcibly stripped naked, and scenes in which an adult woman appears to engage in sexual activity with teenage boys. The film clearly does not condone the actions of the abusers. However, the distressing nature of these scenes meant we rated *The Painted Bird* 18 for strong violence, sexual violence and disturbing scenes.

In 2019, there was another decrease in the number of pornographic films submitted to us. We classified 144 video works, which is a 52% decrease in submissions compared to 2018. The proportion of R18 titles subject to cuts in 2019 was 12%. However, the cuts that we required to R18 titles in 2019 continue to reflect our strict policies on material that combines sexual detail with activity that is illegal, harmful, abusive or involves a lack of consent or the infliction of pain or injury.

We required cuts to a number of films to remove abusive and potentially harmful activity, including choking and gagging during deep-throat fellatio and instances of performers restricting oxygen during sexual activity. We also required cuts to remove abusive scenarios encouraging an interest in underage sex.

During 2018, the Crown Prosecution Service (CPS) consulted on the guidance it issues to prosecutors under the Obscene Publication Acts 1959 and 1964 (OPA). As a result, in early 2019, it issued new guidance that places a stronger emphasis on the depiction of harmful and abusive behaviour as the key reason for prosecution, rather than the depiction of niche sexual practices. Accordingly, at the beginning of 2019, we revised our own R18 policies to permit the depiction of certain activities, including but not limited to sexualised urination, provided those activities occur in a consensual and non-abusive context.

During 2019 a number of works were classified R18 that contain material that previously would have been subject to compulsory cuts under the OPA.



40 *The Painted Bird* (18)

Categories - Rejects

Where cuts are viable, we will suggest cuts to theatrical and home entertainment content that contains unlawful or potentially harmful material. If this is not possible because, for instance, the cuts are so extensive or complex

that the remaining material would not constitute a viable release, or if the distributor refuses to make the required cuts, we may refuse to give content an age rating altogether. In 2019, we did not refuse an age rating category to any film or video content.

Video games and associated media

Since 30 July 2012, with a few exceptions, the responsibility for classifying video games has lain with the Video Standards Council Rating Board (VSC), applying the Pan European Games Information (PEGI) system. We remain responsible for classifying any non integral linear material that occurs within a game, as this content may affect the overall PEGI age rating of the game. Such material is submitted directly to us by the VSC on a 'determination of suitability'. We are also responsible for classifying any video games

containing R18-level material, although no R18 video games have been submitted for classification since 2007.

In 2019, we advised a 12 age rating for a submission of linear content attached to the game *The Dark Pictures Anthology: Man of Medan*. This is an interactive horror survival game. The material the VSC submitted to us comprised a collection of featurettes that explain more about the making of the game, and a documentary about the role of

horror anthologies in popular culture. The content includes horror imagery, including sight of zombies. Although the horror images could frighten younger children, the sequences are brief and the documentary context in which they occur is a mitigating factor. Gory images include sight of bloodied bodies, but there is no dwelling on injury detail. During game play footage, there are two uses of strong language ('f**k'). The full game received a 16 PEGI classification.

We must have regard to several pieces of legislation that may affect classification of content. The Human Rights Act 1998 (HRA) requires us to consider, among other things, the requirement that our classification decisions do not unfairly infringe a filmmaker's freedom of expression. The Act permits such restrictions on freedom of expression as the law prescribes and that are necessary in a democratic society for the protection of health and morals or the prevention of crime and disorder. If we do intervene with a film or video the intervention must be necessary and proportionate. Although no specific issues with the HRA arose in 2019, its application is something that remains at the forefront of our thinking when classifying material.

The Video Recordings Act 1984 (VRA) is the legislation that underpins the supply and classification of physical audio-visual content in the UK. It is a piece of legislation that features prominently in our deliberations. Apart from setting out the requirement that distributors must have content classified, the VRA requires us to pay special regard to any material that may cause harm to viewers or, through their actions, to society, such as by the manner in which content deals with violence, drugs or human sexual activity.

Under the Protection of Children Act 1978 (POCA), it is a criminal offence to exploit children by making, distributing or possessing indecent photographs or pseudo-photographs of them. We will refuse to classify content that contains potentially indecent images of children under 18. This can often be a difficult decision to make, especially since the law

does not define the term 'indecent', which rests on interpretation by the courts. We have taken legal advice on the current interpretation of indecency and we turn to lawyers where necessary on a case-by-case basis. We also seek proof of age for younger-looking performers in pornographic content.

We required cuts under POCA to *The Third Wife*, a Vietnamese drama that follows the marriage, to a wealthy landowner, of a fourteen-year-old girl, played in the film by a twelve-year-old actress. We considered that courts were likely to find the scenes of sexualised activity involving the young actress indecent. The company decided not to release the film in cinemas but subsequently submitted an amended home entertainment version, which we classified 15.

We required a cut under POCA to the home entertainment submission of a martial arts drama from 1974. The background of a scene in *Sister Street Fighter: Hanging by a Thread* was dressed with a photographic image of a nude girl that we considered likely to be indecent. The distributor reframed the scene, entirely removing the image from it, and we classified the revised version.

The Devil Outside is a UK drama following a teenager torn between his religious upbringing and his worldly school friends. We sought assurances on the age of two actors playing teenagers in a scene in which they approach a car and discover an adult couple having sex within it. When it became clear the actors were under 18, the distributor agreed to make cuts to moments within this

scene where the young actors and the simulated sexual activity occurred in the same shot.

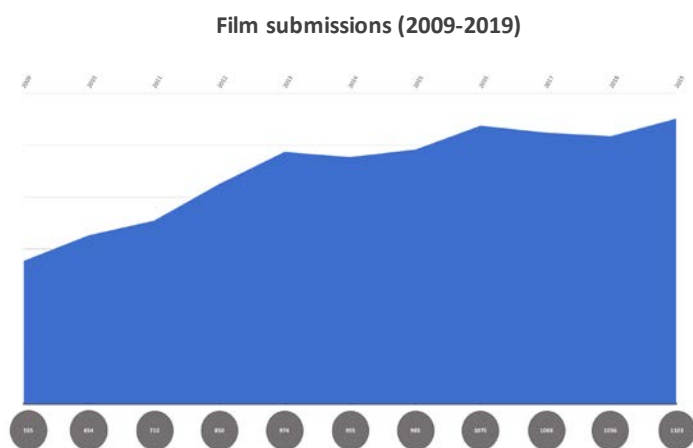
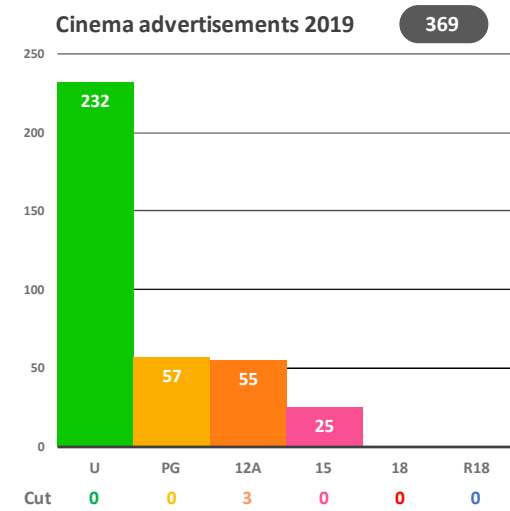
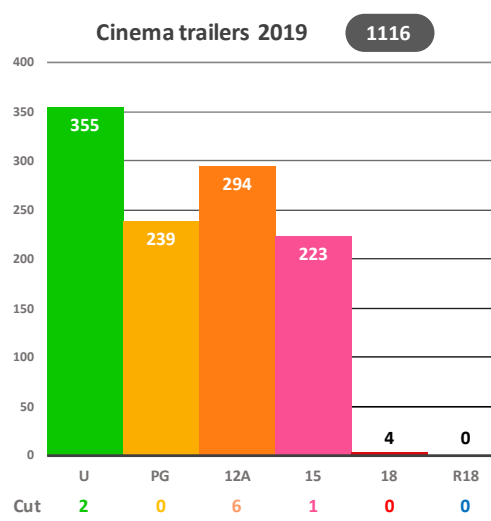
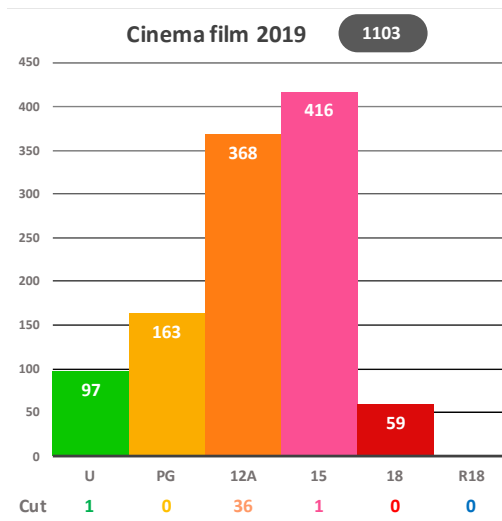
Adjudications under the POCA, in mainstream films, often turn on this question of a child occupying the same frame as activity that may be considered indecent. In the R18 sex work *F**ked in Traffic 7*, we noted pedestrians, including a child, passing by a car in which unstimulated sexual activity was taking place. We issued a compulsory cut.

In *Men of Hard Skin*, a Spanish drama following a man's affair with a priest, a potentially indecent image did not occupy the same frame as the child actor in the scene, but the apparently unbroken pan from the man's penis to the child had the effect of creating an indecent image. We classified the film at 18 once the distributor had removed the image.

The Cinematograph Films (Animals) Act 1937 prohibits the public exhibition of a film in a British cinema if the filmmakers have 'organised or directed' any scene within it in such a way as to involve the cruel infliction of pain or terror, or cruel goading to fury, of any vertebrate animal. It is our policy to apply the tests laid out by the Act equally to DVD, Blu-ray and online submissions.

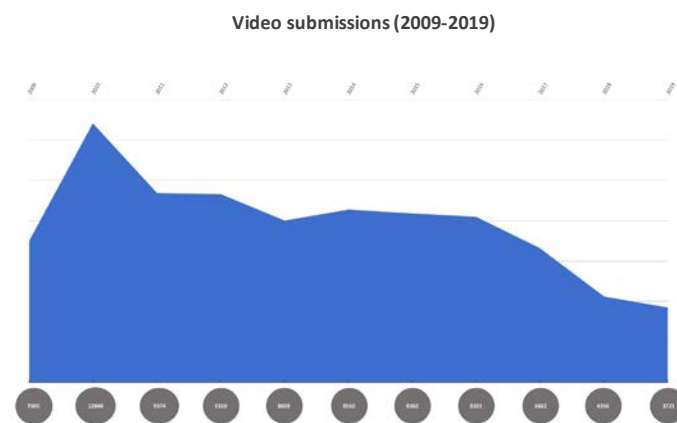
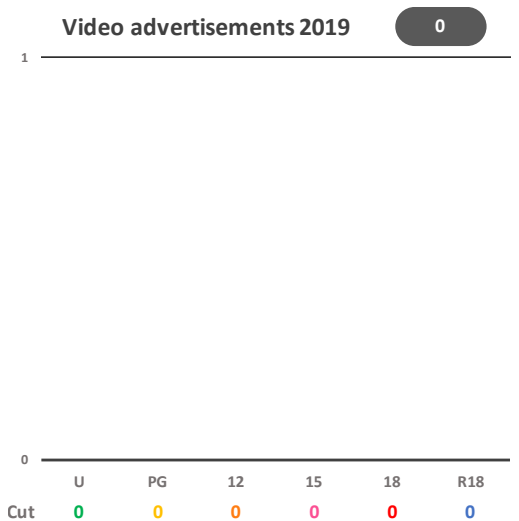
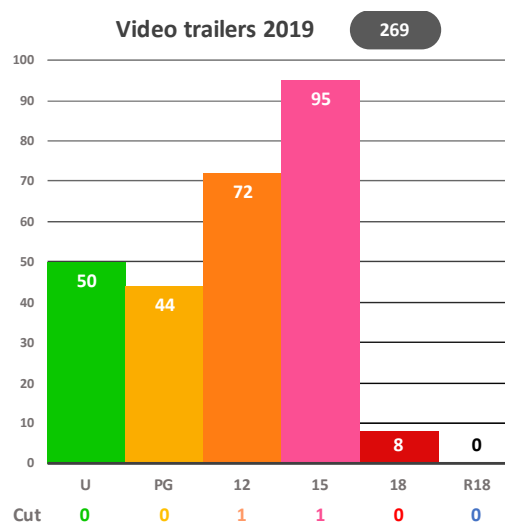
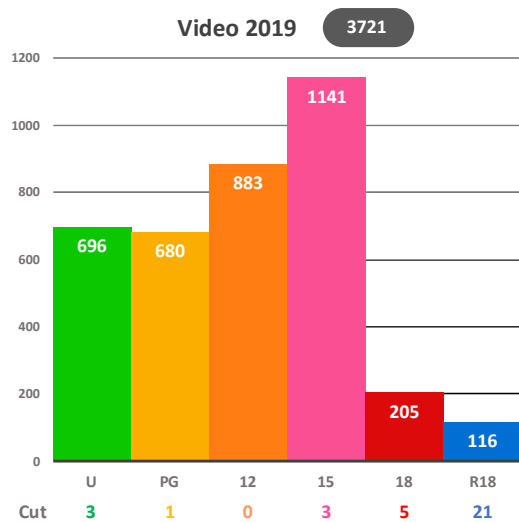
The Hindi-language historical drama *Kesari*, which follows events at the Battle of Saragarhi, contained a scene which featured cock-fighting. A caption at the beginning of the film claimed that no animals were harmed. However, this assurance was contradicted by the on-screen evidence and the scene was cut.

Statistics



Film statistics 2009-2019

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----|------|------|------|------|------|------|------|------|------|------|------|
| U | 53 | 81 | 102 | 87 | 127 | 128 | 81 | 110 | 95 | 75 | 97 |
| PG | 83 | 110 | 98 | 150 | 145 | 147 | 137 | 153 | 138 | 171 | 163 |
| 12A | 143 | 174 | 215 | 234 | 321 | 275 | 321 | 369 | 378 | 352 | 368 |
| 15 | 226 | 226 | 239 | 315 | 313 | 372 | 383 | 401 | 392 | 392 | 416 |
| 18 | 50 | 63 | 56 | 64 | 68 | 33 | 61 | 42 | 45 | 45 | 59 |
| R18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |



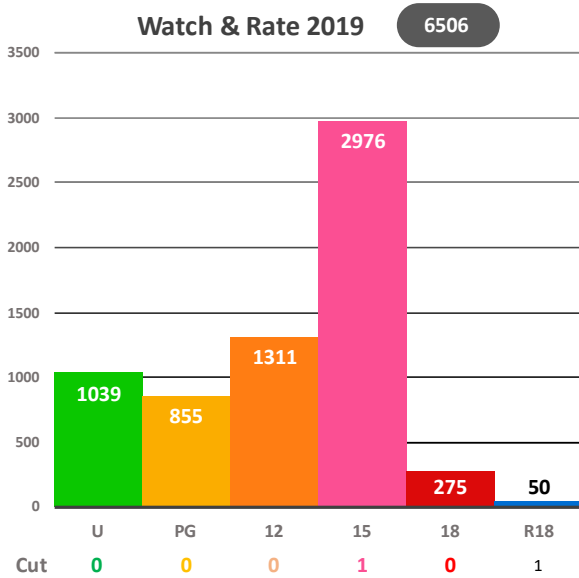
| Rating | Count |
|--------|-------|
| U | 0 |
| PG | 0 |
| 12 | 0 |
| 15 | 0 |
| 18 | 0 |
| R18 | 0 |

Cut: U: 0, PG: 0, 12: 0, 15: 0, 18: 0, R18: 0

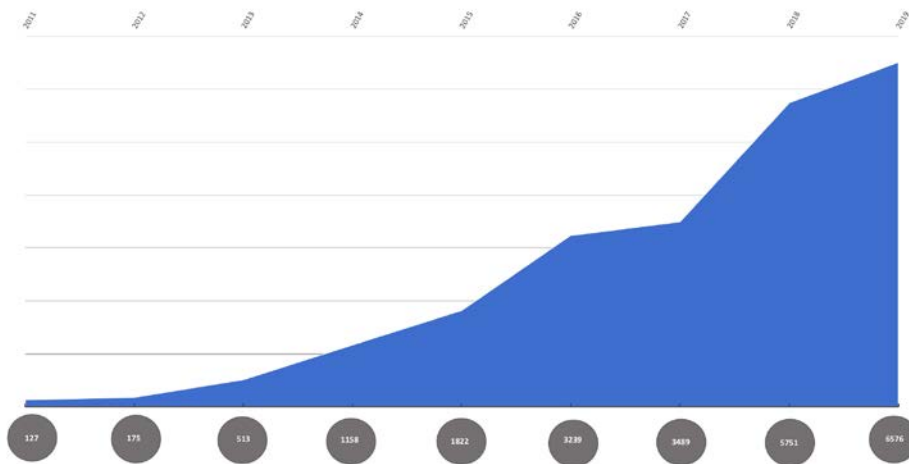
Video statistics 2009-2019

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------|------|------|------|------|------|------|------|------|------|------|------|
| Uc | 7 | | | | | | | | | | |
| U | 981 | 2190 | 2127 | 1798 | 1387 | 1333 | 1303 | 1525 | 1061 | 731 | 696 |
| PG | 1502 | 2567 | 1538 | 1520 | 1307 | 1433 | 1191 | 1230 | 989 | 692 | 680 |
| 12 | 1768 | 2963 | 2250 | 2284 | 1992 | 2283 | 2199 | 1998 | 1681 | 932 | 883 |
| 15 | 1728 | 3204 | 2327 | 2739 | 2454 | 2590 | 2716 | 2682 | 2307 | 1449 | 1141 |
| 18 | 456 | 790 | 507 | 424 | 368 | 379 | 416 | 364 | 331 | 231 | 205 |
| R18 | 555 | 1125 | 623 | 555 | 520 | 542 | 537 | 402 | 293 | 231 | 116 |
| Rejected | 3 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Statistics

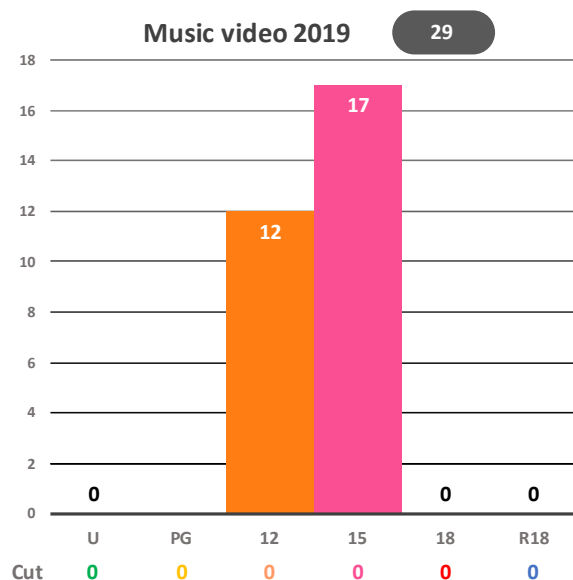


Watch & Rate submissions (2011-2019)

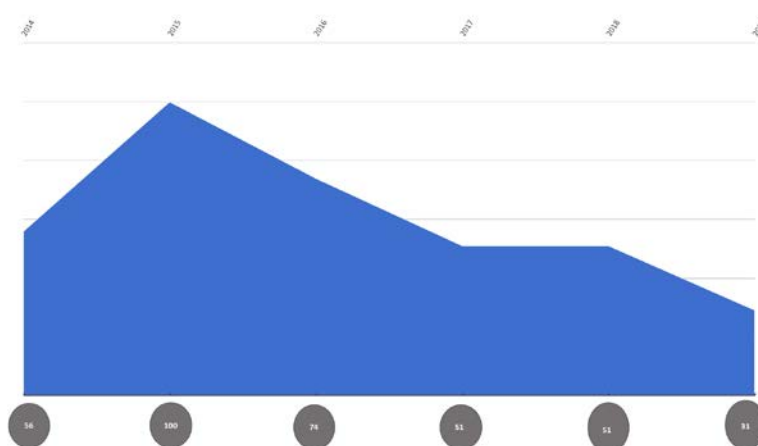


Online submission statistics 2011-2019

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | |
|------|------|------|------|------|------|------|------|------|--|--|
| 19 | 30 | 112 | 481 | 602 | 754 | 594 | 826 | 1039 | | |
| 29 | 54 | 89 | 145 | 119 | 372 | 516 | 836 | 855 | | |
| 22 | 47 | 85 | 225 | 300 | 579 | 712 | 1215 | 1311 | | |
| 48 | 42 | 192 | 266 | 688 | 1351 | 1502 | 2623 | 2976 | | |
| 9 | 2 | 32 | 38 | 67 | 110 | 96 | 186 | 275 | | |
| 0 | 0 | 3 | 3 | 45 | 73 | 69 | 65 | 50 | | |
| 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | | |



Music video submissions (2014-2019)



Music video statistics

2014-2019

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | | | | | |
|----------|------|------|------|------|------|------|--|--|--|--|--|
| U | 6 | 3 | 1 | 7 | 2 | 0 | | | | | |
| PG | 10 | 4 | 4 | 1 | 0 | 0 | | | | | |
| 12 | 17 | 48 | 29 | 16 | 24 | 12 | | | | | |
| 15 | 22 | 43 | 38 | 27 | 25 | 17 | | | | | |
| 18 | 1 | 2 | 2 | 0 | 0 | 0 | | | | | |
| R18 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| Rejected | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |

Video Appeals Committee

During 2019, there were no appeals to the Video Appeals Committee (VAC). The VAC is an independent body constituted under Section 4(3) of the Video Recordings Act 1984 to hear appeals from submitting companies against BBFC decisions they consider stricter than warranted. At the end of 2019, the full membership of the VAC was as follows:

Members

Salman Momen: Former Head of Interactive Media Group, IBM. Now Managing Director at Accenture Interactive.

Judy Clements: Former Director of the Independent Police Complaints Commission. Now Adjudicator for HM Revenue and Customs.

Valerie Owen OBE: Managing Director, Le Valliant Owen. Former Managing Director for London First and Director of Jones Lang LaSalle. Valerie has a portfolio of Non-executive Directorships including Swan Housing Group and Trinity Lighthouse Board.

Professor Samuel Stein: Consultant in Child, Adolescent and Family Psychiatry. Barrister. Qualified Family Mediator.

Consultative Council

The BBFC continues to liaise with stakeholders that were previously part of the BBFC Consultative Council. For example, we hosted a session of representatives of local government organisations

and regional licensing officials from around the UK. We also continue to maintain regular bilateral relations with fellow regulators, including Ofcom, the Advertising Standards Authority, the Video Standards

Council, and relevant trade bodies, including the British Association for Screen Entertainment, the UK Cinema Association and the UK Film Distributors' Association.

Advisory Panel on Children's Viewing

The Advisory Panel on Children's Viewing (APCV) meets three times a year and advises the BBFC on issues concerning the interests of children and young people. Its members provide a wide range of skills and expertise connected with child welfare and development, and contribute to the development of BBFC policy.

In 2019, the APCV contributed to discussions about the launch of our new Classification Guidelines and age rating symbols; our ongoing work with Netflix; the work of our Education Team; and developments in relation to age-verification for online pornography.

In March, the Panel watched *They Shall Not Grow Old*, a documentary created using digitally enhanced footage from the First World War. We classified it 15 for 'bloody injury detail, images of real dead bodies'. The film features sequences of blood and gore that go beyond the occasional gory moments allowed for at 12A and which took the film to the 15 category.

The Panel unanimously agreed that

the film was best placed at 15 due to the strength of the bloody images and the strikingly realised real-world context. This film appeared in cinemas in 3D, which it was felt would have increased the impact further.

In July, the Panel viewed *A Dog's Journey*, a comedy-drama sequel in which a reincarnated dog tries to support a young girl into adulthood. We classified the film PG for mild threat, emotional scenes. These include a scene in which a teenage boy roughly grabs the protagonist's arm, tearing her sweater, and later tries to chase her down in a car, causing a crash. There is also a brief and discreet scene of drug-dealing at a party.

The Panel debated whether the film might have been better placed at 12A but agreed that the film handles its darker moments with sensitivity and that various comic scenes and the reassuring constancy of the dog character counterbalances any threat. They noted that a 12A rating may have removed the film from its natural audience. It was also noted that no complaints were received

from the public about the PG rating following the film's release.

In November, the Panel considered *Eighth Grade*, a drama about the life of a thirteen-year-old schoolgirl, which was classified 15 for 'strong language, sex references'. Upon the film's release, we received some correspondence from members of the public who felt the classification denied the film to the audience for whom it was most likely to have resonance and relevance.

Though the Panel could see that younger teenagers may find the film appealing given the age of its central character, it was agreed that the film's sex references, in particular an extended sequence in which the central character conducts research online into oral sex techniques, were too strong for us to permit the film at 12A.

Joe Godwin, Baroness Claire Tyler and Andrew Mackereth resigned from the Panel in 2019. The BBFC would like to thank them all for their valuable contributions during their terms.

Membership of the Panel in 2019

Reg Bailey

Chair of The Board of Trustees at YMCA England & Wales

Margo Boye-Anawomah

Childcare barrister & family judge

John Carr OBE

Expert on child protection in relation to new media

Naomi Eisenstadt

Independent Adviser on Poverty and Inequality (previously Senior Research Fellow, Department of Education, Oxford University)

Professor Charlie Lewis

Professor of Family & Developmental Psychology, Lancaster University

Annie Mullins OBE

Director of Ask.fm Europe Trust & Safety and Co-founder of the Institute of Digital Well-Being

The Very Reverend Professor Martyn Percy

Dean of Christ Church, Oxford

Professor Ann Phoenix

Co-Director of the Thomas Coram Research Unit

Honor Rhodes OBE

Director of Strategic Development, Tavistock Centre for Couple Relationships

Louise Robinson

Ex-headteacher, independent school 4-18; Registered Lead Inspector, educational consultant and appraiser

Business Review

The principal officers of the British Board of Film Classification in 2019*President*

Patrick Swaffer

Vice Presidents

Murphy Cobbing
Lord Kamlesh Patel

Chief Executive Officer

David Austin

Deputy Chief Executive

Dave Barrett

Policy Director

Murray Perkins

Finance Director

Siobhan Smedley-Wild

Executive Director of Marketing & Communications

Faye Harcourt

Head of Compliance

Craig Lapper

Compliance Manager

Sarah Peacock

Head of Age-verification

Amelia Erratt

Head of Business Services

Tom Cairns

Head of Education

Lucy Brett

Council of Management*Chair*

Maggie Carver -
resigned 1 January 2019

Sonita Alleyne - Acting Chair
appointed 1 January 2019,
resigned 25 September 2019

Meirion Alcock -
appointed 25 September 2019

Members

Lesley Mackenzie
Jon Teckman

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

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

Registered Office

3 Soho Square
London
W1D 3HD

Registered Number

117289

Strategic report for the year ended 31 December 2019

The directors present their report with the financial statements for the year ended 31 December 2019.

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. In addition, on 20 February 2018, the BBFC was designated the age-verification regulator for online pornography under the Digital Economy Act 2017 (DEA). Funding for the BBFC's DEA work comes from Government. On 16 October 2019, the Government took the decision to postpone the implementation of age-verification and instead introduce measures to protect children from online pornography as part of its broader online harms strategy. The BBFC was formally de-designated as age-verification regulator in November 2019.

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 financial statements. The key financial indicators used by management to monitor performance and to assess risks, continue to be sales volumes, turnaround times, 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.

The Company has been saving over a number of years for an anticipated major investment in the technology infrastructure. Investment, which commenced in 2018, has continued

throughout 2019. We have invested a further £2.1m in substantially updating the BBFC's technology systems, workflow infrastructure and in the development of technology based tools for online classification. Significant investment will continue in 2020. Consequently, we will be able to provide a more cost efficient and speedy service, including to those operating in the non-statutory regulatory landscape.

This sizable investment has had a considerable impact on the Statement of Comprehensive Income, and further losses are anticipated in 2020 as a result of continued investment.

Turnover for the year was £6.0m (2018: £5.6m). There has been a 19% increase in income from online submissions. This has been partially offset by a 16% decline in income from DVD classification, which was expected. This decline as seen in the previous twelve years is predicted to continue, as the demand for online products increases. The current rate of increase in online submissions is not expected to offset further declines in DVD income and the cost base of the Company is being managed accordingly.

Film submissions have increased by 6.2% (2018: decrease of 1.1%).

There has been a 75% increase in DEA income. As the BBFC has now been de-designated as the age-verification regulator, DEA income will not continue through 2020. The Government will however pay all costs related to the termination of the BBFC's role as regulator.

Turnaround times for DVD home entertainment works to be processed were to 6.9 days (2018: 6.2 days) beating the BBFC's 8 day business target. For film, the average turnaround time was 1.4 days (2018: 1.3 days) beating the BBFC's 3 day business target.

The BBFC works in partnership with different industry sectors (for example, VOD platforms, mobile network operators, broadcasters) 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% (2018: 19%) of total classification income, this represents an increase of 20% on the previous year.

Brexit

The UK's decision to leave the EU is likely to result in the 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

The impact of Covid-19 on the UK economy is impossible to quantify but it will result in a short to medium term period of economic uncertainty. Although it will impact 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 and the possibility of obtaining loan finance is also being considered. 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 98% reduction since lockdown began. 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. Other classification revenue including income from DVD classification has seen a 32% decline since lockdown began. Income levels are expected to start to recover from mid year onwards. Covid-19 has also had a considerable effect on the financial markets which have suffered

significant losses over recent weeks. The Company's investment portfolio has performed well compared to the market, and has fallen in value by 7% since 31 December 2019.

It is likely that Covid-19 will have a negative impact on the London property market although it is too early to quantify the effect. Consequently, the directors expect the value of the investment property to be affected.

Financial instruments

The company's financial instruments at the balance sheet date comprised 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 £0.7m (2018 £0.4m loss) has had a considerable impact on the reported result for the year.

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
Chief Executive Officer

Date: 1 June 2020

Directors' report for the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results

The loss for the year, after taxation, amounted to £1,278,808 (2018 - loss £427,083).

Directors

The Directors of the company are the members of the Council of Management together with the President.

The Directors who served during the year were:

M Carver
Chair
(resigned 1 January 2019)

S Alleyne
Acting Chair 1 January 2019 to 25 September 2019
(resigned 31 January 2020)

M Alcock
Chair from 25 September 2019

L A Mackenzie
Chair of the Finance Committee

P L Swaffer
President

D J R Austin
Chief Executive Officer

J S P Teckman
Chair of the Remuneration Committee
(resigned 31 March 2020)

The Council of Management would like to record their thanks to Maggie Carver who resigned in January 2019, 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 and 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.

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.

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.

The impact of Covid-19

The impact of Covid-19 on the UK economy is impossible to quantify but it will result in a short to medium term period of economic uncertainty. Although it will impact 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 and the possibility of obtaining loan finance is also being considered. 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 98% reduction since lockdown began. 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. Other classification revenue including income from DVD classification has seen a 32% decline since lockdown began. Income levels are expected to start to recover from mid year onwards.

Covid-19 has also had a considerable effect on the financial markets which have suffered significant losses over recent weeks. The Company's investment portfolio has performed well compared to the market, and has

fallen in value by 7% since 31 December 2019. It is likely that

Covid-19 will have a negative impact on the London property market although it is too early to quantify the effect. Consequently, the directors expect the value of the investment property to be affected. Disclosure of information to auditor

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.

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.

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

M Alcock
Director

Date: 1 June 2020

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 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and notes 1 to 27 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 2019 and of its deficit 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the

risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

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 on page 4, 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.

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.

Aimee Griffiths

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

Date: 1 June 2020

Statement of Comprehensive Income for the year ended 31 December 2019

| | Note | 2019 | As restated 2018 |
|--|------|--------------------|------------------|
| | | £ | £ |
| Turnover | 4 | 5,961,932 | 5,572,520 |
| Operating costs | | (8,181,926) | (5,962,895) |
| Gross loss | | (2,219,994) | (390,375) |
| Other operating income | 5 | 181,367 | 163,494 |
| Fair value loss on investment property | | (336,056) | (3,943) |
| Operating loss | 10 | (2,374,683) | (230,824) |
| (Loss)/gain on financial assets at fair value | | 657,679 | (443,614) |
| Interest receivable and similar income | 6 | 185,339 | 184,781 |
| Interest payable and charges | 7 | - | (1,941) |
| Loss before tax | | (1,531,665) | (491,598) |
| Tax on loss | 12 | 252,857 | 64,515 |
| Loss for the financial year | | (1,278,808) | (427,083) |
| Total comprehensive income for the year | | (1,278,808) | (427,083) |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 59 - 74 form part of these financial statements.

Statement of Financial Position as at 31 December 2019

| | Note | 2019 £ | As restated 2018 £ |
|--|------|--------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 3,719,216 | 3,607,628 |
| Investments | 15 | 6,912,134 | 7,180,443 |
| Investment property | 14 | 2,473,371 | 2,809,427 |
| | | <hr/> | <hr/> |
| | | 13,104,721 | 13,597,498 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 1,314,470 | 988,442 |
| Cash at bank and in hand | 17 | 890,977 | 2,252,436 |
| | | <hr/> | <hr/> |
| | | 2,205,447 | 3,240,878 |
| Creditors: amounts falling due within one year | 18 | (1,235,731) | (1,367,030) |
| | | <hr/> | <hr/> |
| Net current assets | | 969,716 | 1,873,848 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 14,074,437 | 15,471,346 |
| Provisions for liabilities | | | |
| Deferred tax | 20 | (199,544) | (317,645) |
| | | <hr/> | <hr/> |
| | | (199,544) | (317,645) |
| | | <hr/> | <hr/> |
| Net assets | | 13,874,893 | 15,153,701 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Profit and loss account | 21 | 13,874,893 | 15,153,701 |
| | | <hr/> | <hr/> |
| | | 13,874,893 | 15,153,701 |
| | | <hr/> | <hr/> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 June 2020.

M Alcock

The notes on pages 59 - 74 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2019

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

Statement of Changes in Equity for the year ended 31 December 2018

| | Profit and loss account | Total equity |
|--|------------------------------------|---------------------|
| | £ | £ |
| At 1 January 2018 (as previously stated) | 15,788,819 | 15,788,819 |
| Prior year adjustment (note 26) | (208,035) | (208,035) |
| | <hr/> | <hr/> |
| At 1 January 2018 (as restated) | 15,580,784 | 15,580,784 |
| Comprehensive income for the year | | |
| Loss for the year (as restated) | (427,083) | (427,083) |
| | <hr/> | <hr/> |
| Total comprehensive income for the year (as restated) | (427,083) | (427,083) |
| | <hr/> | <hr/> |
| At 31 December 2018 (as restated) | 15,153,701 | 15,153,701 |

The notes on pages 59 - 74 form part of these financial statements.

Statement of Cash Flows for the year ended 31 December 2019

| | 2019 | As restated 2018 |
|---|--------------------|------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (1,278,808) | (427,083) |
| Adjustments for: | | |
| Depreciation of tangible assets | 151,176 | 152,919 |
| Interest paid | - | 1,941 |
| Interest received | (185,339) | (184,781) |
| Taxation charge | (252,857) | (64,515) |
| (Increase)/decrease in debtors | (326,027) | 297,666 |
| (Decrease) in creditors | (131,300) | (115,377) |
| Net fair value losses recognised in P&L | 336,056 | 3,943 |
| Corporation tax received/(paid) | 134,756 | (268,408) |
| Gain/(loss) on assets | (657,679) | 444,457 |
| Net cash generated from operating activities | (2,210,022) | (159,238) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (263,480) | (59,679) |
| Sale of tangible fixed assets | 716 | 296 |
| Purchase of listed investments | (226,000) | (266,000) |
| Sale of listed investments | 1,151,988 | - |
| Interest received | 185,339 | 10,582 |
| Dividends received | - | 174,199 |
| Net cash from investing activities | 848,563 | (140,602) |
| Cash flows from financing activities | | |
| Repayment of loans | - | (105,173) |
| Interest paid | - | (1,941) |
| Net cash used in financing activities | - | (107,114) |
| Net (decrease) in cash and cash equivalents | (1,361,459) | (406,954) |
| Cash and cash equivalents at beginning of year | 2,252,436 | 2,659,390 |
| Cash and cash equivalents at the end of year | 890,977 | 2,252,436 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 890,977 | 2,252,436 |
| | 890,977 | 2,252,436 |
| The notes on pages 59 - 74 form part of these financial statements. | | |

Analysis of Net Debt for the year ended 31 December 2019

| | At 1 January 2019 | Cash flows | At 31 December 2019 |
|--------------------------|------------------------------|-------------------|--------------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 2,252,436 | (1,361,459) | 890,977 |
| | <hr/> | <hr/> | <hr/> |
| | 2,252,436 | (1,361,459) | 890,977 |
| | <hr/> | <hr/> | <hr/> |

The notes on pages 59 - 74 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2019

1. General information

British Board of Film Classification is a private company limited by guarantee & 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

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.

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

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.

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.

The impact of Covid-19

The impact of Covid-19 on the UK economy is impossible to quantify but it will result in a short to medium term period of economic uncertainty. Although it will impact 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 and the possibility of obtaining loan finance is also being considered. 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 98% reduction since lockdown began. 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. Other classification revenue including income from DVD classification has seen a 32% decline since lockdown began. Income levels are expected to start to recover from mid year onwards.

Notes to the Financial Statements for the year ended 31 December 2019

Covid-19 has also had a considerable effect on the financial markets which have suffered significant losses over recent weeks. The Company's investment portfolio has performed well compared to the market, and has fallen in value by 7% since 31 December 2019.

It is likely that Covid-19 will have a negative impact on the London property market although it is too early to quantify the effect. Consequently, the directors expect the value of the investment property to be affected.

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.

2.5 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.

2.6 Interest income

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

2.7 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.

2.8 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.

Notes to the Financial Statements for the year ended 31 December 2019

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.

2.9 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.

2.10 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 |
| Building improvements | - 5 years |

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

Expenditure on leasehold property and immovable furniture and equipment is fully depreciated in the year of acquisition.

2.11 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.

2.12 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.

2.13 Debtors

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

2.14 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.

2.15 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

Notes to the Financial Statements for the year ended 31 December 2019

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 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.

2.16 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.

2.17 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.

2.18 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.

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 14, 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

Notes to the Financial Statements for the year ended 31 December 2019

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.

| | 2019 | 2018 |
|---|------------------|-------------|
| | £ | £ |
| 4. Turnover | | |
| An analysis of turnover by class of business is as follows: | | |
| Classification income | 4,751,006 | 4,878,657 |
| Age-verification income | 1,210,926 | 693,863 |
| | <hr/> | <hr/> |
| | 5,961,932 | 5,572,520 |
| | <hr/> | <hr/> |

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.

| | 2019 | 2018 |
|--|----------------|-------------|
| | £ | £ |
| 5. Other operating income | | |
| Income from education seminars | 3,109 | 5,093 |
| Rents receivable and service charge income | 178,258 | 158,401 |
| | <hr/> | <hr/> |
| | 181,367 | 163,494 |
| | <hr/> | <hr/> |

Notes to the Financial Statements for the year ended 31 December 2019

| | 2019 | 2018 |
|--|------------------|-------------|
| | £ | £ |
| 6. Interest receivable | | |
| Income from education seminars | 185,339 | 184,781 |
| | <hr/> | <hr/> |
| 7. Interest payable and similar charges | | |
| Interest on loan repayable | - | 1,941 |
| | <hr/> | <hr/> |
| 8. Employees | | |
| Staff costs, including directors' remuneration, were as follows: | | |
| Wages and salaries (including severance pay) | 2,504,734 | 2,364,676 |
| Social security costs | 258,934 | 249,640 |
| Cost of defined contribution scheme | 167,851 | 151,581 |
| | <hr/> | <hr/> |
| | 2,931,519 | 2,765,897 |
| | <hr/> | <hr/> |

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

| | 2019 | 2018 |
|-------------------------|-------------|-------------|
| | No. | No. |
| Non-executive directors | 5 | 7 |
| Presidential team | 2 | 1 |
| Management | 4 | 4 |
| Administration | 14 | 12 |
| Operations | 23 | 26 |
| | <hr/> | <hr/> |
| | 48 | 50 |
| | <hr/> | <hr/> |

Notes to the Financial Statements for the year ended 31 December 2019

| | 2019 | 2018 |
|---|----------------|---------|
| | £ | £ |
| 9. Directors' remuneration | | |
| Directors' emoluments | 272,347 | 320,471 |
| Company contributions to defined contribution pension schemes | 23,311 | 24,906 |
| | 295,658 | 345,377 |

During the year retirement benefits were accruing to 1 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £185,549 (2018 - £172,515).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £23,311 (2018 - £17,803).

The directors are considered to be key management.

| | 2019 | As restated 2018 |
|--|------------------|------------------|
| | £ | £ |
| 10. Operating (loss)/profit | | |
| The operating loss is stated after charging: | | |
| Directors remuneration | 295,658 | 345,377 |
| Depreciation of tangible fixed assets | 151,176 | 152,933 |
| Research and development expenditure | 2,241,353 | 613,014 |
| Guidelines research | - | 205,663 |
| Fair value loss on investment property | 336,056 | 3,943 |

| | 2019 | 2018 |
|---|---------------|--------|
| | £ | £ |
| 11. Auditor's remuneration | | |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 19,665 | 17,050 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Non audit services | 13,370 | 21,778 |

Notes to the Financial Statements for the year ended 31 December 2019

| | 2019 | 2018 |
|---|------------------|----------|
| | £ | £ |
| 12. Taxation | | |
| Corporation tax | | |
| Current tax on profits for the year | (134,756) | - |
| Adjustments in respect of previous periods | - | (53,213) |
| Total current tax | (134,756) | (53,213) |
| Deferred tax | | |
| Origination and reversal of timing differences | (118,101) | (11,510) |
| Adjustments in respect of prior periods | - | 208 |
| Total deferred tax | (118,101) | (11,302) |
| Taxation on (loss)/profit on ordinary activities | (252,857) | (64,515) |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

Notes to the Financial Statements for the year ended 31 December 2019

| | 2019 | As restated 2018 |
|--|--------------------|------------------|
| | £ | £ |
| Loss on ordinary activities before tax | (1,531,665) | (491,598) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00%(2018: 19.00%) | (291,016) | (92,415) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,142 | 75,113 |
| Fixed asset differences | 5,758 | 23,620 |
| Income not taxable for tax purposes | (101,692) | - |
| Adjust opening deferred tax to average rate of 19.00% | 37,370 | 32,175 |
| Adjust closing deferred tax to average rate of 19.00% | 15,688 | (30,821) |
| Adjustments to tax charge in respect of previous periods | (134,756) | (53,203) |
| Adjustments to tax charge in respect of previous periods - deferred tax | - | - |
| Deferred tax not recognised | 258,093 | 70,602 |
| Exempt ABGH distributions | (24,572) | (24,179) |
| Adjustments to brought forward values | (24,543) | (48,113) |
| Other differences leading to an increase in the tax charge | 2,671 | - |
| Losses carried back | - | 53,100 |
| Total tax charge for the year | (252,857) | (64,515) |

Notes to the Financial Statements for the year ended 31 December 2019

13. Tangible fixed assets

| | Long leasehold property | Computer equipment | Long leasehold property expenditure | Fixtures and fittings | Total |
|--|-------------------------------|-----------------------|--|-----------------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 January 2019 | 3,787,896 | 602,780 | 256,327 | 312,397 | 4,959,400 |
| Additions | - | 60,584 | 197,626 | 5,270 | 263,480 |
| Disposals | - | (9,896) | - | - | (9,896) |
| At 31 December 2019 | 3,787,896 | 653,468 | 453,953 | 317,667 | 5,212,984 |
| Depreciation | | | | | |
| At 1 January 2019 | 474,749 | 483,387 | 141,433 | 252,203 | 1,351,772 |
| Charge for the year on owned assets | 30,303 | 42,408 | 56,755 | 21,710 | 151,176 |
| Disposals | - | (9,180) | - | - | (9,180) |
| At 31 December 2019 | 505,052 | 516,615 | 198,188 | 273,913 | 1,493,768 |
| Net book value | | | | | |
| At 31 December 2019 | 3,282,844 | 136,853 | 255,765 | 43,754 | 3,719,216 |
| At 31 December 2018 (as restated) | 3,313,147 | 119,393 | 114,894 | 60,194 | 3,607,628 |

The net book value of the long leasehold property as at 31 December 2018 was £3,313,147. In the prior year signed financial statements the net book value of the long leasehold property as at 31 December 2018 was £2,744,061. The difference being due to a change in measurement of 3 Soho Square. Please see note 26 for further details.

14. Investment property

**(As restated) Long
term leasehold
investment
property**

£

Valuation

| | |
|---------------------------------|------------------|
| At 1 January 2019 (See note 26) | 2,809,427 |
| Loss on revaluation | (336,056) |
| At 31 December 2019 | 2,473,371 |

The 2019 valuations were made by Smith Price RRG Limited, on an open market value for existing use basis.

Notes to the Financial Statements for the year ended 31 December 2019

| 15. Fixed asset investments | Listed investments |
|------------------------------------|---------------------------|
| | £ |
| Cost or valuation | |
| At 1 January 2019 | 7,180,443 |
| Additions | 226,000 |
| Disposals | (1,151,024) |
| Revaluations | 656,715 |
| At 31 December 2019 | <u>6,912,134</u> |
| Net book value | |
| At 31 December 2019 | <u>6,912,134</u> |
| At 31 December 2018 | <u>7,180,443</u> |

| | 2019 | 2018 |
|--------------------------------|-------------------------|----------------|
| | £ | £ |
| 16. Debtors | | |
| Trade debtors | 631,944 | 308,559 |
| Other debtors | 14,144 | 32,994 |
| Prepayments and accrued income | 479,827 | 593,090 |
| Tax recoverable | 188,555 | 53,799 |
| | <u>1,314,470</u> | <u>988,442</u> |

Included in prepayments and accrued income is age-verification income of £280,709 (2018: £456,444).

| | 2019 | 2018 |
|--------------------------------------|-----------------------|------------------|
| | £ | £ |
| 17. Cash and cash equivalents | | |
| Cash at bank and in hand | <u>890,977</u> | <u>2,252,436</u> |

This balance includes Cofunds cash on deposit balance of £59,953 (2018: £171,264).

Notes to the Financial Statements for the year ended 31 December 2019

| | 2019 | 2018 |
|---|-------------------------|------------------|
| | £ | £ |
| 18. Creditors: Amounts falling due within one year | | |
| Trade creditors | 386,594 | 337,235 |
| Other taxation and social security | 21,615 | 539 |
| Other creditors | 10,005 | 11,221 |
| Accruals and deferred income | 817,517 | 1,018,035 |
| | <u>1,235,731</u> | <u>1,367,030</u> |

| | 2019 | As restated 2018 |
|--|---------------------------|-------------------------|
| | £ | £ |
| 19. Financial instruments | | |
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 10,276,482 | 12,242,306 |
| Financial assets measured at amortised cost | 646,088 | 341,553 |
| | <u>(261,979)</u> | <u>(273,281)</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(1,111,794)</u> | <u>(1,092,131)</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.

Other financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Notes to the Financial Statements for the year ended 31 December 2019

| | 2019 | As restated 2018 |
|-------------------------------|------------------|------------------|
| | £ | £ |
| 20. Deferred taxation | | |
| At beginning of year | (317,645) | (328,947) |
| Charged to the profit or loss | 118,101 | 11,302 |
| At end of year | (199,544) | (317,645) |

The deferred tax balance is made up as follows:

| | 2019 | As restated 2018 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Provision b/fwd | (317,645) | (328,947) |
| Current year charge at 17% (PY 17 %) | 118,101 | 11,302 |
| | (199,544) | (317,645) |
| Comprising: | | |
| Liability | (199,544) | (317,645) |
| | (199,544) | (317,645) |

21. Reserves

Profit and loss account

Includes all current and prior period retained surplus and losses.

22. Capital commitments

The company has capital commitments of £240,526 at 31 December 2019 (2018: £Nil).

23. Pension commitments

The company operates a defined contribution scheme to provide retirement benefits for staff. The total pension charge for the year was £167,851 (2018: £151,581). There are no balances outstanding in relation to pensions at year end.

Notes to the Financial Statements for the year ended 31 December 2019

24. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 | 2018 |
|--|------------------------------|-----------------------|
| | £ | £ |
| Not later than 1 year | 48,500 | 37,500 |
| Later than 1 year and not later than 5 years | 194,000 | 150,000 |
| Later than 5 years | 5,254,167 | 4,103,125 |
| | <hr/> 5,496,667 <hr/> | <hr/> 4,290,625 <hr/> |
| Equipment | | |
| Not later than 1 year | 4,096 | 4,084 |
| Later than 1 year and not later than 5 years | 2,017 | 3,170 |
| | <hr/> 6,113 <hr/> | <hr/> 7,254 <hr/> |

25. 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.

26. Related party transactions

There were no transactions with related parties during the year (2018: £Nil).

Notes to the Financial Statements for the year ended 31 December 2019

27. Prior year adjustment

During the year, the directors were made aware that the measurements used in the valuation of the investment property in previous years were understated. The directors engaged the services of another surveyor in the period. Although the building has not been extended, the recent measurements undertaken in 2019 and 2020 are both significantly higher. As a result, the directors are satisfied that the value of the investment property in prior years was misstated.

The revised measurements have also had an impact on the proportion of the property classified as owner occupied in the accounts. This has increased, and there has been a corresponding decrease to the proportion classified as investment property. As a result, the directors have restated prior period amounts.

Accordingly, the cost of the fixed asset property has increased by £650,632 and the associated depreciation has decreased the opening reserves at 1 January 2018 by £76,341. The additional depreciation charge for the year ended 31 December 2018 was £5,205. The value of the investment property has decreased by £650,632. A prior period revaluation adjustment in respect of the investment property has reduced the opening reserves at 1 January 2018 by £76,028. The impact of these adjustments on tax has reduced the opening reserves at 1 January 2018 by £55,666 and increased the deferred tax liability by £55,666.

| | As reported 2018 | Adjustments | As restated 2018 |
|--|------------------|----------------|------------------|
| | | £ | £ |
| Statement of comprehensive income | | | |
| Turnover | 5,572,520 | - | 5,572,520 |
| Operating costs | (5,957,690) | (5,205) | (5,962,895) |
| Gross loss | (385,170) | (5,205) | (390,375) |
| Other operating income | 163,494 | - | 163,494 |
| Fair value loss on investment property | (3,943) | - | (3,943) |
| Operating loss | (225,619) | (5,205) | (230,824) |
| Loss on financial assets at fair value | (443,614) | - | (443,614) |
| Interest receivable and similar income | 184,781 | - | 184,781 |
| Interest payable and charges | (1,941) | - | (1,941) |
| Loss before tax | (486,393) | (5,205) | (491,598) |
| Tax on loss | 64,515 | - | 64,515 |
| Loss for the financial year | (421,515) | (5,205) | (427,083) |

Notes to the Financial Statements for the year ended 31 December 2019

| | As reported 2018 | Adjustments | As restated 2018 |
|--|-------------------|------------------|-------------------|
| | | £ | £ |
| Statement of financial position | | | |
| Fixed assets | 3,038,542 | 569,086 | 3,607,628 |
| Investments | 7,180,443 | - | 7,180,443 |
| Investment property | 3,536,087 | (726,660) | 2,809,427 |
| Debtors: amounts falling due within one year | 988,442 | - | 988,442 |
| Cash at bank and in hand | 2,252,436 | - | 2,252,436 |
| Creditors: amounts falling due within one year | (1,367,030) | - | (1,367,030) |
| Deferred tax | (261,979) | (55,666) | (317,645) |
| | <hr/> | <hr/> | <hr/> |
| Net assets | 15,366,941 | (213,240) | 15,153,701 |
| | <hr/> | <hr/> | <hr/> |
| Profit and loss account | 15,366,941 | (213,240) | 15,153,701 |
| | <hr/> | <hr/> | <hr/> |
| Capital and reserves | 15,366,941 | (213,240) | 15,153,701 |
| | <hr/> | <hr/> | <hr/> |

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