

# SOUTHBANK CENTRE

Annual Report and Accounts

2016-17

# SOUTHBANK CENTRE

Annual Report and Accounts

2016-17

Presented to Parliament pursuant to Section 47 (3) of the Local Government Act 1985





# SOUTHBANK CENTRE

Annual Report and Accounts

2016-17

Presented to Parliament pursuant to Section 47 (3) of the Local Government Act 1985



**© Southbank Centre Copyright (2017)**

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as **Southbank Centre** copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at [financialaccountingteam@southbankcentre.co.uk](mailto:financialaccountingteam@southbankcentre.co.uk)

This publication is available at <https://www.southbankcentre.co.uk/about/what-we-do/governance>

Southbank Centre, Belvedere Road, London, SE1 8XX [www.southbankcentre.co.uk](http://www.southbankcentre.co.uk)

Printed on paper containing a mixture of timber or fibre from an FSC-certified forest, reclaimed timber or fibre (pre and post consumer) and controlled wood

## SOUTHBANK CENTRE

<b>CONTENTS</b>	<b>Page</b>
Professional Advisors	1
Board of Governors and Senior Staff	2
Chairman's Foreword	3 - 4
Report of the Trustee	5 - 21
Statement of Trustee's Responsibilities	22
Independent Auditors' Reports	23 - 24
Consolidated Statement of Financial Activities	25
Balance Sheets	26
Consolidated Statement of Cash Flows and supporting analysis	27
Notes to the Financial Statements	28 - 49



## SOUTHBANK CENTRE

Registered as a Charity No. 298909

**Principal office**  
Belvedere Road  
London  
SE1 8XX

### PROFESSIONAL ADVISORS

#### **Bankers**

Lloyds TSB Bank plc  
4th Floor  
25 Gresham Street  
London  
EC2V 7HN

AIB Group (UK) plc  
9/10 Angel Court  
London  
EC2R 7AB

#### **Solicitors**

Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London  
EC2A 2HS

Pinsent Masons LLP  
30 Aylesbury Street  
London  
EC1R 0ER

Farrer and Co LLP  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## SOUTHBANK CENTRE

### BOARD OF GOVERNORS AND SENIOR STAFF

#### Board of Governors

The Governors of the Board who served during the year and subsequently are:

<i>Governor</i>	<i>Appointed</i>	<i>Resigned/ retired</i>	<i>Last re-appointment</i>
Ms Susan Gilchrist (Chairman)	24 September 2008		15 January 2016
Mr Robin Woodhead (Deputy Chairman)	22 September 2004		01 July 2014
Mr Nihal Arthanayake	25 January 2011		01 July 2014
Mr Brent Hansen	24 September 2008		02 July 2015
Ms Fionnuala Hogan	21 November 2007		01 July 2014
Mr David Kershaw	24 September 2008		02 July 2015
Mr Cornelius Medvei	30 September 2009		02 July 2016
Ms Maggie Semple OBE	23 September 2010		01 July 2014
Mr Michael Zaoui	02 July 2012		02 July 2015
Ms Venetia Butterfield	03 March 2016		
Mr Mike Hussey	03 March 2016		
Sir William Sargent	03 March 2016		
Ms Nicola Benedetti	18 March 2016		
Mr Luke Mayhew	27 April 2017		
Ms Vivian Hunt	27 April 2017		

New Governors are appointed under selection criteria that ensure the Board maintains a broad range of skills and relevant experience. A Governor is appointed after agreeing to become a Member of the Board, after the Secretary to the Board has received written approval from the Secretary of State for Culture, Media and Sport for his or her admission as a Member, and after his or her name has been entered in the Register of Members. A Governor usually serves for a period of three years from the Annual General Meeting following the date of their appointment, and may be reappointed for three further periods of three years each, subject to a maximum tenure of twelve years as a Governor.

An induction programme is offered to all new Governors to ensure that they are briefed on the charity's objectives, strategy and activities.

The Governors meet six times a year on a regular basis, but may meet more frequently if required. The Board also has a number of sub-committees which meet at different intervals. The Governors who currently serve on committees are:

<i>Audit and Risk</i>	Fionnuala Hogan (C), Brent Hansen, Susan Gilchrist, Cornelius Medvei, Luke Mayhew
<i>Remuneration</i>	David Kershaw (C), Brent Hansen, Cornelius Medvei
<i>Nominations and Governance</i>	Susan Gilchrist (C), Brent Hansen, Robin Woodhead
<i>Property Committee</i>	Mike Hussey (C), Susan Gilchrist, Venetia Butterfield, Cornelius Medvei, Michael Zaoui, Fionnuala Hogan. Non Board members: Janice Bowman
<i>Development Committee</i>	Michael Zaoui (C), Susan Gilchrist (Vice Chair), Robin Woodhead, Non Board Members: Rosamund Bernays, Stephen Cooke, Michele Colocci, Lady Dalit Nuttall, Lynda Gratton, Rick Grogan
<i>Digital Strategy Committee</i>	William Sargent (C from September 2016) Nihal Arthanayake (C until September 2016), Brent Hansen, Maggie Semple, Robin Woodhead
	<i>C = Chairman of that Committee</i>

### CHIEF EXECUTIVE AND OTHER SENIOR STAFF

The Chief Executive and other senior staff to whom day to day management of the charity is delegated by the Governors are:

Alan Bishop	Chief Executive (retired 30 June 2017)
Elaine Bedell	Chief Executive (appointed 08 May 2017)
Jude Kelly, CBE	Artistic Director
Molly Jackson	Deputy Chief Executive
Melford Deane	Company Secretary and Legal Advisor
Victoria Cheetham	Director of Producing and Presentation
Mike McCart	Director of Partnerships and Policy
Mark Rushworth	Property Director
Kathryn Martindale	Finance Director
Alison Lodge	Director of Human Resources
Chris Denton	Director of Marketing and Communications
Shân Maclennan	Deputy Artistic Director
Rupert Thomson	Head of Performance & Dance
Gillian Moore, MBE	Director of Music
Clare Connor	Director of Business Development
Ralph Rugoff	Director, Hayward Gallery
Ted Hodgkinson	Head of Literature and Spoken Word

**CHAIRMAN'S FOREWORD**

Southbank Centre has continued to flourish this year, once again producing world class work which has helped us to deliver against our own goals as well as those of our major funder, Arts Council England.

In everything that we do, we want to show that arts and culture have a vital role to play in promoting the economic strength and unique and diverse culture of the UK and telling the world that Britain is open for business.

Our continuing aspiration to match meaningfully every aspect of our artistic programming to the needs and interests of the diverse audiences that we serve and create art for all, has resulted in 6.2 million people accessing arts and culture here in the last year, with Southbank Centre retaining its spot in the top five most visited attractions in the U.K.

As Europe's largest arts centre, we are proud of our curation legacy, bringing together a unique and arresting blend of thousands of internationally renowned performances and events across music, visual art, literature and dance as well as talks and debates, fashion and food.

The past year has also seen us generate innovative learning and participation opportunities for schools, students and older age groups who report being more socially isolated in London. Through offering fifty per cent of our events and performances for free, and the continuation of schemes such as our Under 30s free ticket scheme, festival offers, bursaries and apprenticeships and ticket offers and tailored programmes for local community groups we proactively encourage new audiences into our venues and build relationships with regular visitors.

Access and participation once again remained integral to everything that we do. We pioneered new digitally inclusive initiatives like the The Virtual Orchestra, which saw people of all ages invited into the inner workings of a symphony orchestra; welcomed back our residents Chineke!, Europe's first all-black and minority ethnic orchestra and once again saw a vibrant Unlimited festival showcasing disabled artists.

Together with our four resident orchestras Philharmonia Orchestra, London Philharmonic, the Orchestra of the Age of Enlightenment and London Sinfonietta and associate orchestras the National Youth Orchestra, Aurora Orchestra, BBC Concert Orchestra and Chineke!, we showcased and celebrated stellar classical music that was truly global in its scope and ambition. For decades we have changed the landscape of classical music and this remains a firm priority.

Our spaces also brimmed with contemporary music, including June's Meltdown, with incredible curation from lead singer of Elbow, 6 Music DJ and solo artist Guy Garvey who brought a strong line-up of music, film, performances, circus and boat parties with something for all ages and tastes.

In visual arts, the Hayward Gallery's only major off-site exhibition during its closure for restoration, in association with The Vinyl Factory, received five star reviews for visual arts blockbuster *The Infinite Mix* at The Store, 180 The Strand, bringing in 78,761 visitors. Hayward Touring exhibition the *British Art Show 8* finished its fifteen-month tour. this January, of nine venues in Leeds, Edinburgh, Norwich and Southampton and attracted a total of 302,587 visitors throughout its run. More than 5,000 people participated in workshops, and over 250 sessions for community groups took place throughout the tour.

In performance and dance, our *Festival of Love* returned for a third year, with highlights including Ballet National de Marseille, the European premiere of *Three Acts, Two Dancers, One Radio Host* starring Ira Glass, and culminating in the *Big Wedding Weekend*.

This past year saw our biggest ever *WOW - Women of the World* festival here, supported by Bloomberg, with the very first *WOW Hull* (programmed as part of 2017's UK Hull City of Culture) and first *WOW Finland* (also linked to Southbank Centre's *Nordic Matters* programme throughout 2017). Programming highlights of *WOW London* included a Saturday night double bill of legendary civil rights activist Angela Davis, followed by author Chimamanda Ngozi Adichie. It was also the year of new feminist manifestos, with high profile book launches from Gillian Anderson & Jennifer Nadel, Gemma Cairney, and Catherine Mayer. The festival secured its highest media coverage to date this year.

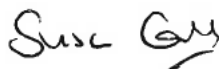
Our seventh *Alchemy* festival included the very best music, dance, literature, debate, comedy, fashion, art, food and design from the UK and South Asia. *Being a Man* festival returned in November for a third year, addressing the challenges and pressures of masculine identity in the 21st century, with powerful contributions from Professor Green; artist and frontman of Bloc Party, Kele Okereke; and Sir Roger Moore, who reflected candidly on stepping into the shoes of the ultimate on-screen hero, 007.

**CHAIRMAN'S FOREWORD**

Our high performing international collaborations included two new festivals designed to develop deep partnerships and long lasting bilateral cultural exchange with artists and thought leaders from across the world. In December our new international festival *China Changing* showcased the most exciting artistic work and contemporary thought from China, the start of a three year annual China Changing festival. Closer to home, our *Nordic Matters* programme, a year-long exploration of Nordic arts and culture funded by a grant secured from the Nordic Council of Ministers, has seen huge success, with a sell-out exhibition of the immersive and eccentric *Adventures in Moominland* as seen through the eyes of author Tove Jansson and a vibrant opening weekend for the programme including crowds of people eagerly anticipating lego workshops, cinnamon bun making classes and Sami art display *Falling Shawls*.

Refurbishment work on the Queen Elizabeth Hall, Purcell Room and Hayward Gallery continues apace, funded by generous donations from Arts Council England, the Heritage Lottery Fund and through a wealth of public support for our fundraising campaign *Let The Light In*, which now has less than £1 million left to raise. Plans are now well underway, ahead of the buildings' reopening in 2018 and we look forward to welcoming audiences back to these spaces.

The substantial core funding we receive from Arts Council England is crucial to our success, even as we continue to build upon our innovative model of majority private donation funding and we are hugely grateful for their ongoing support. We also thank our staff, artists, partners and supporters for their dedication, hard work and engagement which make all of Southbank Centre's wide ranging and innovative work possible.



Susan Gilchrist

Chairman

Southbank Centre Limited

As Trustee for Southbank Centre

**REPORT OF THE TRUSTEE**

**Vision**

To be the world's most inspiring centre for the arts.

**Mission**

To draw everyone possible to this loved site and captivate them through our unique arts programme and the warmth of our welcome.

**Objectives**

- To offer life enriching encounters between audiences and the world's great and emerging artists in music, visual arts, dance, performance and literature.
- To enable anyone to experience the excitement of exploring their own creativity and artistry through our far-reaching programme of learning and participation.
- To welcome the world to the unrivalled visitor experience of our riverside site with its iconic buildings and history and its continuous sense of festival.
- To demonstrate successfully that commercial entrepreneurship can live happily beside the demanding requirements of art making, and profit both.

**Review of the Business**

The principle activities of Southbank Centre are promotion, development and improvement of the knowledge, understanding and practice of the arts for the general benefit of the public and in particular the maintenance and development of the South Bank Estate as a centre for the arts for the benefit of the people in Great Britain.

Southbank Centre has its origins in the 1951 Festival of Britain and is one of the great democratic and imaginative gestures of the last century, holding a unique place in the arts establishment of the UK. It is much more than the sum of its iconic buildings – Royal Festival Hall (grade 1\* listed), Queen Elizabeth Hall, Purcell Room and the Hayward Gallery. The site stretches from the London Eye to the BFI and embraces public squares, gardens, the riverside, a fountain, markets, cafes, restaurants and shops - making up one of London's most loved and vibrant public spaces. Southbank Centre's policy of openness, extending across the public spaces indoors and outdoors, provides multi-layered opportunities for everyone to discover, enjoy and deepen their engagement with the arts.

During 2016/17, the Queen Elizabeth Hall, Purcell Room and the Hayward Gallery were closed for refurbishment. The closure of a significant proportion of the site did not adversely impact the numbers of people coming to enjoy the amenities of Southbank Centre. We are well into planning the reopening of the refurbished buildings in the first few months of 2018.

In recent years, Southbank Centre has created a resilient business model. We have significantly grown commercial income, increased fundraising from companies, trusts and foundations and individuals, and grown income from our cafes, bars, membership programme and other sources. This has been necessary to bridge the cuts in public funding, and meet the increased costs of running an iconic and busy site in the heart of London. At the same time we have increased the amount we spend on our artistic programme. In 2008/09 we were 58% publicly funded, in 2016/17, the proportion of public funding was 43%.

REPORT OF THE TRUSTEE

Developing audiences

Southbank Centre engages with a very large number of people, and moreover has an admirable track record of engaging with audiences that are new to the arts and with diverse audiences (whether measured by age, social background or cultural backgrounds), especially through the free programme presented as part of our festivals.

The headline number for total visits at Southbank Centre for the year to 31 December 2016 was 3.9 million which includes all visitors to the Royal Festival Hall as well as ticket sales across all our venues. The reduction compared to the prior year (5.1 million) is due to the closure of the Hayward Gallery, the Queen Elizabeth Hall and the Purcell Room for refurbishment. This puts Southbank Centre at number 5 in the Association of Leading Visitor Attractions (ALVA) top 10 visitor attractions in the UK. This number does not include the many people who enjoy our external public spaces and encounter the exhibitions, performances and installations across our site.

Southbank Centre's audience development objectives are to grow the number of audiences from the following target groups and to deepen engagement with them: those not currently engaged with arts and culture, those from BAME backgrounds, children and young people, disabled audiences, those audiences from outside of London, and to make occasional visitors regular visitors.

Our audience development strategy integrates how we use the site, our approach to artistic programming and our entrepreneurship. There are four strands to this strategy:-

*1. Creating a destination*

We have set out to make Southbank Centre a place that offers something for everyone – whatever their age, social or cultural background or previous experience of the arts.

*2. Using Festivals to target least engaged audiences*

We have developed a series of festivals focused around themes that are targeted at particular audiences that are least engaged in arts and culture. For example Alchemy, our festival of arts and culture from the Indian sub-continent, and Africa Utopia are targeted at BAME audiences, Imagine at children and our free programming in our summer festivals at lower income groups and our local communities in Southwark and Lambeth.

*3. Using Festivals to deepen engagement*

We use the festivals as a route to draw people into material that would otherwise be difficult or challenging – whether topics such as death with our Death weekend within the year long Belief and Belief festival or repertoire such as 20th century classical music as part of the award winning The Rest is Noise.

*4. Employ commercial entrepreneurship to attract new audiences*

We work with commercial partners of all kinds that attract new audiences to Southbank Centre, where they will 'bump' into aspects of our cultural programme, such as the external installations as part of our festivals or the free events and performances, and discover more about what we do. Examples include the weekly markets, or pop up restaurants and the comedy, circus and cabaret festival with Udderbelly last summer.

---

**REPORT OF THE TRUSTEE**

---

**Capital Project Developments**

Festival Wing – Queen Elizabeth Hall / Purcell Room / Hayward Gallery Complex

Good progress was made on the Festival Wing Repair and Maintenance project during 2016/17. One of the most visible signs to the public has been the replacement of the landmark pyramid roof lights, with a solution looking like the original roof, but functioning correctly to allow natural daylight into the Hayward's top galleries. Much of the other work is less obvious to the public, being the replacement of worn out building services and work to bring the buildings up to industry standard for international venues and contemporary artistic practice. Poor access for disabled audiences and artists and improved facilities is being addressed as far as possible within the constraints of the buildings, and the public spaces and visitor facilities will be improved. Additional glazing looking towards the river will let more light into the Queen Elizabeth Hall foyer. A new artist entrance and bar will replace the current unsatisfactory facilities.

The Hayward Gallery will reopen to the public in January 2018 with an exhibition featuring the work of Andreas Gursky and the Queen Elizabeth Hall and Purcell Room opening season will launch in April 2018.

The project has been made possible by the very significant support of Arts Council England with a capital grant of £16.7m, and of the Heritage Lottery Fund with a £4.4m capital grant and a grant of £0.5m towards a heritage activity programme. The proceeds from the sale of the lease of Hungerford Car Park have been allocated to minimise the loan financing. A number of Trusts and Foundations have made generous grants, and many individuals have made donations towards our Let the Light in Campaign to fund the project. We are grateful to all of them for their contributions without which this project would not be possible. We now have less than £1 million to raise.

**Artistic Review**

Here are some of the highlights from our 2016/17 artistic programme which demonstrate our work as one of the UK's most prominent arts organisations and fulfil our goals as a National Partnership Organisation of our major funder, Arts Council England.

Our festival model continues to thrive at the heart of our artistic programme, covering contemporary and classical music, performance, dance, visual art and the spoken word. Each festival consists of ticketed and free events, combining different art forms. The festival themes inspire the animation of the whole site, with wide-ranging events and installations, and influence our entrepreneurial activities.

During 2016/17 our festivals included:

**Urban** (26 March-10 April / 13-14 August) Southbank Centre's annual celebration of street culture returned, bigger than ever, over three weeks beginning on the Easter weekend, and again during the summer.

**Alchemy** (13-22 May). Our seventh Alchemy included the very best music, dance, literature, debate, comedy, fashion, art, food and design from the UK and South Asia.

**Power of Power** (27-30 May / 25 June-3 July / 7-9 October) A new festival exploring the forces controlling and shaping the world today.

**Refugee Week** (19-26 June) Music, dance, poetry and theatre marking the contribution of refugees to Britain, including appearances from Jeremy Irons and a rare performance from the Orchestra of Syrian Musicians with Damon Albarn.

**Strive** (5-7 August) Southbank Centre's flagship festival for 15 to 25-year-olds, created by and for young people.

**Africa Utopia** (1-4 September) The fourth Africa Utopia featured performances, music, dance, fashion, theatre and talks and posed the question, 'How can Africa solve the West's problems?'

**Winter Festival** supported by NatWest (11 November 2016 - 25 January 2017) The themes of giving and charity lay at the heart of this year's festival.

This year saw our biggest ever **WOW - Women of the World** at Southbank Centre, which also coincided with the very first WOW Hull (programmed as part of 2017's UK Hull City of Culture) and the first WOW Finland (also linked to Southbank Centre's Nordic Matters programme throughout 2017). Programming highlights of WOW London included a Saturday night double bill of legendary civil rights activist Angela Davis, followed by author Chimamanda Ngozi Adichie. It was also the year of feminist manifestos with book launches from Gillian Anderson & Jennifer Nadel, Gemma Cairney, and Catherine Mayer. Speakers included Adwoa Aboah, Gemma Cairney, Sandi Toksvig, Jo Brand, Mary Portas, Harriet Walter, Edna Adan, Harriet Harman, Michael Kimmel, and more, focus on the Nordic region looked at the social learnings of these countries that consistently top the gender equality indexes.

Other notable highlights included a hugely-successful Young Women's Rally, an all-female grime night, the return of the popular WOW Market and WOW Speed Mentoring, a reception at Buckingham Palace on International Women's Day, hosted once again by HRH The Duchess of Cornwall, and the launch of WOW Commonwealth with Queensland Premier Anastacia Palaszczuk. The festival secured its highest media coverage to date this year.

## REPORT OF THE TRUSTEE

**BAM - Being A Man** - which launched in 2014 - returned for a third year to address the challenges and pressures of masculine identity in the 21st century. Taking place a week after International Men's Day (19 November), the festival featured a 3-day programme of talks and debates, performances and workshops with contributions from over 150 speakers and performers, including Sir Roger Moore, Professor Green, Grayson Perry, musicians Ashley Walters and Kele Okereke, actor Timothy Watson ('Rob Titchener' in *The Archers*), spoken word artists Last Poets, author and vlogger Jonny Benjamin, comedian John Holmes and Pulitzer Prize winning author Robert Olen Butler. A specially-commissioned survey about parental leave generated debate and press coverage, and a panel debate on the subject was streamed by The Guardian, placing Southbank Centre at the forefront of discussion on the issue. A video on 'Northern Soul', commissioned for the festival, was followed by a debate on Northern men's culture. Other panels and workshops covered topics such as domestic violence, depression, video games, education, and of course dad dancing.

2016 saw the launch of three new festivals: **Power of Power**, **DEEP=MINIMALISM**, and **China Changing**. The weekend-long **DEEP=MINIMALISM**, held at St John's Smith Square, presented work by pioneers of experimental and electronic music – many of which were women. Taking inspiration from the term coined by the American experimental composer Pauline Oliveros, 'Deep Listening', programmer (and Southbank Centre Artist-in-Residence) Oliver Coates curated work by composers including Oliveros, Downtown New York musician Meredith Monk, Russian composer Galina Ustvolskaya, French electronic-music composer Éliane Radigue, Southbank Centre Artist-in-Residence Mica Levi and many others. The sold-out festival also presented an extraordinary moment in musical history: the world premiere of the earliest example of music for live orchestra and turntables – Daphne Oram's groundbreaking *Still Point*, written in 1949 and realised by Shiva Feshareki and James Bulley.

#### International collaboration has been a key focus throughout 2016-17.

A new three-year international festival **China Changing** launched on 16 December, with a programme inspired by the creativity and innovation of contemporary China, showcasing international artists, and taking a lead in raising the profile of British-based Chinese and British-Southeast Asian artists.

The start of 2017 marked the launch of two major year-long undertakings: **Nordic Matters**, and **Belief and Beyond Belief**. For the first time, Southbank Centre dedicated an entire year to the arts and culture of one region of the world. Our year-long exploration of Nordic arts and culture - **Nordic Matters** - has been integrated into other festivals and activity throughout 2017. **Nordic Matters** was launched in true Southbank Centre style on Friday 13 January. Secretary of State for Culture, Media and Sport, Karen Bradley and Minister of State for Digital and Culture, Matt Hancock, joined their eight Nordic cultural ministerial counterparts to launch the year, in two private receptions and a spectacular ballroom event.

Our new year-long festival **Belief and Beyond Belief** investigates the great questions surrounding our experiences of life, death, religion and spirituality and explores what it means to be human in the 21st century. The cross art form festival - in partnership with London Philharmonic Orchestra and Principal Conductor Vladimir Jurowski - is built around eight themed weekends throughout 2017, offering a diverse programme of music, literature, performance, talks and debates featuring some of the most prominent writers, thinkers, artists and scientists of today. Highlights include keynote addresses from names including Marcus du Sautoy, Elif Şafak, Karen Armstrong and A.C. Grayling and a live reading of Primo Levi's powerful account of survival at Auschwitz, *If This Is A Man*, marking its 70th anniversary.

Coinciding with the 2016 Paralympics in Rio, **Unlimited Festival** took over the Royal Festival Hall site, showcasing the original and artistic vision of disabled artists with an eclectic and packed programme for all ages and abilities of free and ticketed events. The Royal Festival Hall hosted premieres of *Assisted Suicide: The Musical*, created by disabled activist, actor and comedian Liz Carr, *The Way You Look (at me) Tonight*, a new work from disabled artist Claire Cunningham and Jess Curtis, and theatre-maker Sheila Hill's humorous reflection on life at *80 Him*, starring actor Tim Barlow. Accessible performances and events were available throughout the festival, with accessible information points on site distributing both programme and access information.

We were honoured to welcome Guy Garvey - lead singer of *elbow*, 6 Music DJ, presenter of BBC iPlayer's *Music Box* with Guy Garvey and latterly solo artist - as the curator of our 23rd edition of **Meltdown**. The festival was an overwhelming success with nine packed concerts and the site filled to over 80% across the ten days. Boat parties made up part of the festival for the first time this year and concerts featured Garvey, Femi Kuti, Laura Marling, Richard Hawley, I Am Kloot, Nick Mulvey, Nadine Shah, The Staves, and Lift To Experience who played their first concert in 15 years. The festival closed with a day dedicated to the refugee crisis and a day of workshops, art and debate, hosted by Counterpoint Arts, on the refugee crisis.



## REPORT OF THE TRUSTEE

### **Festivals with young people at their heart featured more heavily than ever during 2016-17.**

Children took over our festival site once more for **Imagine**, a fortnight packed with literature, dance and performance, art, talks and activities made by our 'mini festival makers', a group of 50 primary school children who helped to programme, promote and produce key events throughout the festival. Highlights included the London premiere of Finnish heavy metal band for children Hevisaurus - comprising four dinosaurs and a dragon; LEGO® master builders leading interactive workshops; a Swedish baby rave; Swedish illustrator Maja Sten working with pupils from the Evelina London Children's Hospital to create new illustrations for the festival; and well-known names Chris Hoy, Julian Clary, Christian O'Connell.

In its tenth year, **London Literature Festival** took as its theme 'Living in Future Times', examining how we are already living in an era predicted by Science Fiction, rediscovering far-sighted classics, and honouring the work of the world's most visionary writers and artists. Marking 150 years since HG Wells' birth, a reading of his classic Sci-Fi novel *The Time Machine*, featuring Christopher Ecclestone, opened the festival and a discussion on Wells' relationships with women was broadcast live on BBC Radio 3's Free Thinking. World-renowned writer Margaret Atwood launched her new novel, *Hag-Seed*, Louis Theroux gave an exclusive Q&A screening of his first theatrical feature documentary *My Scientology Movie* and leading writers and experts from the world of science included Richard Dawkins, Marcus Du Sautoy, Ed Yong, and authors from Naomi Alderman to China's most celebrated science fiction author Cixin Liu.

The **Festival of Love** returned for a third year, bringing together hundreds of artists, communities and partners to explore themes including love for cities and places, the way love can inspire creativity and social action, and also how love might be changing in the 21st Century; the festival culminated in the *Big Wedding Weekend*.

### **Artforms**

#### **Classical music**

We once again had another year of world-class classical music, together with our four resident orchestras Philharmonia Orchestra, London Philharmonic, the Orchestra of the Age of Enlightenment and London Sinfonietta. We also added National Youth Orchestra to our roster of associate orchestras, alongside Aurora Orchestra, BBC Concert Orchestra and Chineke! The Virtual Orchestra introduced the first-ever virtual reality performance from a UK symphony orchestra, in partnership with Philharmonia Orchestra and Esa-Pekka Salonen; and Radio 3 brought their glass box back to the site for two weeks of special broadcasts and events to celebrate the 70th anniversary of the Third Programme.

#### **Contemporary Music**

We also had several hit contemporary music gigs. Hip-hop artist Ghostface Killah gave his Royal Festival Hall debut, as did dance music duo Booka Shade who celebrated their album *Movements*, ten years on from its original release. The Orchestra of Syrian Musicians performed a rare show with guests Damon Albarn and Paul Weller, as part of Southbank Centre's *Refugee Week*, and electro-pop pioneers The Human League performed songs from across their career in a sold out show. Critically acclaimed New York singer-songwriter and pianist Regina Spektor also returned to the Royal Festival Hall to perform two sold-out shows.

#### **Visual Arts**

Hayward Gallery, in association with The Vinyl Factory, presented the blockbuster *The Infinite Mix* at The Store, 180 The Strand, the gallery's only major off-site exhibition during its closure. The show opened to much fanfare, 5\* reviews and social media hype, bringing in 78,761 visitors.

The acclaimed Hayward Touring exhibition *British Art Show 8* finished its fifteen-month tour in January 2017, after travelling to nine venues in Leeds, Edinburgh, Norwich and Southampton and attracting a total of 302,587 visitors throughout its run. The largest touring exhibition in the UK, *British Art Show 8* also received generous support from Arts Council England's Strategic Touring Fund, enabling a wide-ranging programme of audience development activities that extended the reach of the exhibition far beyond the gallery walls. More than 5,000 people participated in workshops, and over 250 sessions for community groups took place throughout the tour.

**REPORT OF THE TRUSTEE**

Turner Prize-winning British artist Elizabeth Price also curated an exhibition for Hayward Touring, the latest in their series of exhibitions curated by artists. The exhibition opened at the Whitworth, Manchester before travelling to the De La Warr Pavilion, Bexhill-on-Sea and will travel to the Glynn Vivian Art Gallery in Swansea in May 2017.

The Arts Council Collection, which has been managed by Southbank Centre since 1986, celebrated its 70th anniversary with the announcement of four national partners (Towner Art Gallery, Eastbourne, Birmingham Museums Trust, The Walker Art Gallery, National Museums Liverpool and Yorkshire Sculpture Park) hosting 24 exhibitions over three years.

**Literature**

2016/17 saw an expansion of our literature offering, with a bigger, bolder programme featuring leading lights of the international literary world. Don DeLillo, Marina Abramovic, Neil Gaiman, Jeremy Corbyn & Ben Okri and Chimamanda Ngozi Adichie graced the Royal Festival Hall stage, we hosted prominent book launches, the Man Booker Prize reading, the TS Eliot Poetry Prize, the Forward Prize, and London's leading LGBT literary salon, Polari. On National Poetry Day (6 October) Southbank Centre acquired ownership of the National Poetry Library from the Arts Council.

**Performance and Dance**

Dance and Performance was as diverse and exhilarating as ever this past year. During the closure of QEH and Purcell Room, performance spaces were experimented with more than ever, including roof-top performances from New Movement Collective and Klanghaus: On Air, an immersive experience in the plant room and other 'unseen' rooftop spaces of the Royal Festival Hall.

**Commercial**

Southbank Centre's contribution from commercial activities in 2016/17 was broadly similar to the 2015/16 level. We augmented the established operators with temporary 'pop-ups' of various kinds to ensure a diversity of offer to the many different visitors that come to Southbank Centre. Many of the units here operate at capacity at peak times with long waits for tables. Finding ways to increase provision therefore provides a more enjoyable experience for our visitors. We continue to increase the proportion of free arts programming, which draws more people to the site and increases their spend in our shops and restaurants. In turn, the income from the commercial activity makes a critical contribution to the costs of this free programme.

A constant objective of our commercial activity is to integrate it with the Festival programme, through the offer in our bars and cafes, the food market, pop-up cafés and restaurants and the range of products sold in our shops. Our food market, which we manage in-house, has been recognised in several reviews of London's best markets. The Queen Elizabeth Roof top bar has also featured in Time Out's list of best roof top bars.

Our corporate events business (AGMs, Graduation Ceremonies, Corporate meetings, private parties and weddings) grew in 2016/17 through better use of the available spaces and otherwise dark nights.

**REPORT OF THE TRUSTEE**

**Development**

Southbank Centre's Development department raises financial support for its artistic and site development programme, both revenue and capital.

In 2016/17 the Development department achieved income of £3.6m. This was split between £449k from the Individual Giving and Major Gifts team, £1.2m from the Corporate team, and £1.9m from the Trusts and Foundations team of which £1.7m was project funding (shown under Charitable Activities in the Consolidated Statement of Financial Activities). This was complemented by a further £88,000 of in kind commercial partnership.

The net contribution to Southbank Centre's charitable activities and overheads after deducting direct expenditure (including payroll) was £2.9m (2015/16: £3.6m).

Capital contributions included £1.1m of private giving from individuals and foundations towards the Let the Light In fundraising project for the Festival Wing Repair and Maintenance programme

**Fundraising**

Southbank Centre is a charity dedicated to making culture for the many, not the few and to the maintenance and development of the Southbank Centre site for the benefit of everyone. We are a place where people experience world-class art and culture that can stimulate, inspire, educate and amaze. We are a place that unites people through the exchange of ideas, the power of creativity and the imagination and through freedom of expression. With declining public funding for the arts, the support of trusts, foundations, companies and individuals at all levels has become vital so that we can continue our work.

We seek support for specific projects such as commissioning new work, touring work, learning and participation and capital projects as well as to help us deliver our regular programme, 50% of which is free.

Southbank Centre seeks support from individuals in a variety of ways. We invite people to make a donation as part of the ticket purchase path on our website. We put donation boxes in our foyers, inviting contributions towards our capital projects. We run name a seat campaigns to support our capital projects. We encourage people to get more involved with what we do by joining our membership programme, or one of our supporters circles, or by supporting one of our festivals. We do not cold call, collect money in the street or employ third parties to fund raise on our behalf. We respect the privacy of the individuals we have relationships with and never swap details without express permission. We never put pressure on individuals to donate.

Southbank Centre has subscribed to the Fundraising Regulator's Code of Practice. A Board sub-committee has responsibility for the oversight of our fundraising strategies and plans. The Deputy Chief Executive has overall responsibility for ensuring that Southbank Centre complies with the requirements of the relevant data protection legislation.

We received no complaints about our fundraising practices in 2016/17 (2015/16 none).

**REPORT OF THE TRUSTEE**

**Future Southbank Centre Developments**

The Repair and Maintenance scheme will address some of the most urgent and pressing works. The aspiration remains to achieve the objectives of the original Festival Wing proposals, providing the physical infrastructure and public realm to allow us to continue to develop our hugely successful artistic programme. However, it is unlikely that funding will be available to do so in the short term and therefore an incremental approach is required.

The next phase of the Master Plan would be to move the service road, creating a new public square, staircase and improved lift provision between the various site levels, at the same time creating wonderful new public spaces for performance, art and enjoyment. Subsequent phases involve bringing some of the terraces and inaccessible parts of the site into use for art and supporting commercial activity. Future phases are of course dependent on the availability of funding.

We are developing a vision in partnership with the skateboard community for the use of the Queen Elizabeth Hall undercrofts, to extend the skateable area and to create facilities for Southbank Centre's education programme, The Festival Arts School.

**Hungerford Car Park**

During the course of 2016/17 the sale of the lease of Hungerford Car Park to the developers of the Shell site was completed. The terms of the transaction require the majority of the area to be landscaped in due course as part of Jubilee Gardens, and for the construction of the BFI Film Centre on the site, or if that project were not to come forward, an alternative cultural building. The proceeds from the sales of the lease have been allocated to the Festival Wing repair and maintenance project.

**IMAX Roundabout**

Transport for London (TfL) are preparing detailed proposals to develop a peninsula for access to the IMAX, replacing the existing roundabout, creating new public realm and improving pedestrian flows. TfL's £22m scheme welcomes the redevelopment of our leasehold properties under Waterloo Bridge, which are currently used for storage. We are working on proposals for this space, based upon a cultural offer which will seek to provide new galleries and workspace for the visual arts. An artistic brief is currently being developed to provide a range of different spaces, up to 20 units which could be used for visual arts, including supporting new artists and learning and participation opportunities.

## SOUTHBANK CENTRE

### REPORT OF THE TRUSTEE

#### Financial Review

Southbank Centre made a surplus of £2.4m on the unrestricted operations fund after transfers between funds.

<u>Income</u>	<b>2017</b>		<b>2016</b>	
	<b>£'000</b>		<b>£'000</b>	
Donations and sponsorship	3,562	8%	2,858	6%
Arts Council revenue grant	19,428	43%	19,428	43%
Other Trading Activities	13,843	31%	14,190	32%
Income from artistic activity	8,132	18%	8,484	19%
Interest receivable	3	0%	1	0%
<b>Total operating income</b>	<b>44,968</b>	<b>100%</b>	<b>44,961</b>	<b>100%</b>

Overall Southbank Centre's operating income remained in line with the previous year. Donations and Sponsorship increased by £0.7m as a result of large grants received for festivals and restricted projects. This was offset by a reduction in artistic activity of £0.4m and a reduction in activities for generating funds of £0.3m due to a full year of closure of the Festival Wing venues and the sale of the Hungerford Car Park

<u>Expenditure</u>	<b>2017</b>		<b>2016</b>	
	<b>£'000</b>		<b>£'000</b>	
Cost of fundraising	827	2%	1,000	2%
Retail and trading	6,916	16%	6,851	16%
Cost of charitable activities	33,452	80%	35,459	81%
Other	872	2%	377	1%
<b>Total operating expenditure</b>	<b>42,067</b>	<b>100%</b>	<b>43,687</b>	<b>100%</b>

Operating expenditure decreased by £1.6m compared to the previous year, principally due to the closure of the Festival Wing venues, which is reflected in the reduction in the cost of charitable activities of £2m. Other expenditure increased by £0.5m as a result of fixed asset disposals.

#### Entrepreneurship and improving financial resilience

Southbank Centre has a good track record of financial performance in recent years, generating surpluses for investment in strategic priorities. Self-generated income has significantly increased, replacing the cuts in ACE grant funding and enabling the expansion of the artistic programme (particularly the free, participative elements), as well as contributing to the increased costs of operating the site.

During the closure of the Queen Elizabeth Hall and the Purcell Room, we have transferred part of the programme normally undertaken in these buildings to the Royal Festival Hall, and some of the classical music taken off site to St John's Smith Square. Overall we estimate that the programme will be reduced by 15% during closure. We have assessed the impact of this on the organisational cost structure and income potential. The net result is savings that will be used to boost reserves as contingency for the project and against possible future public sector spending cuts.

We continue to work on improving our financial resilience through adopting more efficient business practices and systems (for example, the deployment of technology such as e-ticketing) and commercial activity that complements our artistic programme and draws new audiences.

#### The Journey

PwC donated £65,000 in June 2016 to a Southbank Centre initiative and committed a further £100,000 over the next two years.

## REPORT OF THE TRUSTEE

### Strategies to achieve main objectives

#### Festival Model

Our festival model remains at the heart of the work we do here at Southbank Centre. Central to all of our work is the idea that art holds the key to unlocking the imagination, as a powerful agent for individual and social change, with our festival model our method for making this a reality.

Curating in the festival model better enables our four strategic objectives to remain central to all of our work with a festival as a framework for a rich and innovative, critically acclaimed artistic programme, we reach out to a number of very diverse audiences, create a welcoming destination for all and a sustainable entrepreneurial business model.

Each festival programme consists of both ticketed and free events, combining strands drawn from wide-ranging art forms. Within this festival structure, our artistic offer is wide ranging, covering contemporary and classical music, performance, dance, visual art and the spoken word. The festival themes then also inspire the animation of the site, with installations and other interventions, and also our commercial offer.

In 2016/17 the strength of this model of working was demonstrated through the increasing profile and successes of our core festivals. As discussed earlier in this report, this year saw our biggest ever WOW - Women of the World WOW and it continues to grow nationally and internationally, reaching more people in the UK and worldwide than ever before. Meltdown will this year be hosted by celebrated artist MIA and looks set to be one of our most cutting edge music events ever. And Alchemy 2016 returned for a very successful seventh year, featuring the very best music, dance, literature, debate, comedy, fashion, art, food and design from the UK and South Asia, expanding not only our audiences in the UK but building bilateral cultural partnerships with organisations from across the world.

2016/17 has also seen the popular introduction of three new festivals, Power of Power, China Changing and DEEP=MINIMALISM. The weekend-long DEEP=MINIMALISM, held at St John's Smith Square, was a wonderful example of the forward thinking content of our contemporary festivals, with pioneering experimental and electronic music, much of it from women.

This year also used the festival model in a new way. Nordic Matters and Belief and Beyond Belief brought year-long multi-tier integrated festivals that will align and amplify other programmes and commercial opportunities throughout 2017. Throughout the course of the year our programming team are working to incorporate elements from both themes into other existing core festivals such as WOW, BAM, Alchemy and Africa Utopia.

Both Nordic Matters and our new three-year festival China Changing have enhanced the international dimension of our work, and helped us build strong relationships with the UK Government who view our international work as a key example of UK soft influence in the world. This international work has advanced in 2017 with the announcement of WOW Commonwealth, to celebrate and enhance the run-up to the 2018 Gold Coast Commonwealth games.

Closer to home, our work has not been confined to London but once again included stellar work from Hayward Touring and the second year of Alchemy touring, made possible through grants from Arts Council England and the British Council. This has enabled us to work with partner organisations in Doncaster, Oldham and the Black Country to take some of our most successful shows from Alchemy to communities outside of London.

#### Learning and Participation

This year we have continued in our mission to become an alternative educational institution for all and our festival school continues to educate and inspire young people. In 2016/17 we produced a range of work and initiatives to enthuse and inspire young people and school groups, and this year we reached around 65,000 young people in the UK. Earlier this year children took over our festival site once again for Imagine, a fortnight packed with literature, dance and performance, art, talks and activities. The event was made by our 'mini festival makers', a group of 50 primary school children who helped to programme, promote and produce key events throughout the festival. Our Under 30s ticket scheme has nearly 2,000 people on the scheme and our records show nearly 50% of those in the scheme who claim a free ticket go on to pay £10 for a ticket in future using the £10 offer code. And our Violet Nights series of monthly events for audiences aged 18 – 25 continue to draw in a range of young people to discuss topics as diverse as religion, politics, mental health and social media.

## REPORT OF THE TRUSTEE

As well as continually looking to build the diversity of our audiences, this year we have also worked to engage and involve these audiences in the history and future of our site and programming. This year we celebrate 50 years since the Queen Elizabeth Hall opened and fittingly we have used it to open our 'Archive Studio' to produce an ongoing conversation not only about Southbank Centre's history but about the histories of the many people - artists, audiences, visitors, learners, passers-by - who visit us.

One of our young participants described our archive as 'the place where we keep all the things that matter' and although archives represent the past, their use and value lies in the fact that they allow us to plan and imagine the future. Our archives provide crucial blueprints for progression and change and the studio set up allows us to involve audiences and visitors in the process of archiving, the wonderful collection we have and the art that stems from our objects and history.

To meet our business objectives we have continued to grow and develop our collaborations with many new initiatives in the digital sphere. Our initiative *The Virtual Orchestra* introduced the first-ever virtual reality symphony orchestra, in partnership with Philharmonia Orchestra and Esa-Pekka Salonen, and allowed audiences to experience for the first time what it feels like to be inside one of the world's great orchestras. In a similar vein, we also curated *Treehugger*, a virtual reality experience to reconnect with nature to encourage visitors to think of conservation through an interactive media installation where the viewer experienced the scale and wonder of one of the largest living individual organisms on earth - a tree.

### Digital Strategy

In 2016/17 our goals have been to create and launch our new website, build our capabilities to create digital content and to make more of our work available to a wider audience digitally and to use technology to improve the visitor experience.

The new website was launched successfully and has been well received. Our goal was to make it easier for the visitor to understand the richness of our festival programme and to increase the amount of our work available on line. Further improvements to the functionality of the site and the user experience are planned in 2017/18.

We have made progress on our 'Digital First' ambition (prioritising digital communication over off line and print based marketing). A number of our marketing campaigns during 2016/17 were entirely delivered using digital channels. We continue to observe that digital marketing is proving to be far more effective, highly targeted, more cost effective and less time consuming than the more conventional brochure-based marketing.

## REPORT OF THE TRUSTEE

### Public Benefit

The Governors confirm that they have referred to the information contained in the Charity Commission's general guidance on public benefit, including the guidance on public benefit and fee charging, when reviewing Southbank Centre's aims and objectives and planning future activities. Southbank Centre relies mainly on the Arts Council England revenue grant, income generated from commercial activities, fundraising and box office income to cover its operating costs. When determining ticket prices, careful consideration is given to ensuring the accessibility of Southbank Centre's artistic activity to those on low income. Southbank Centre provides a wide range of artistic activity, including non-ticketed events, to ensure everyone has the opportunity to experience events, as well as enjoying Southbank Centre's 21 acre site along the South Bank. Further details are given above under Review of the Business.

### Employee Policies

The Governors recognise that Southbank Centre's success and position in the arts depends on the quality and motivation of its employees and Southbank Centre is committed to policies which attract, retain and motivate high performing employees. Good and effective communications are particularly important and it is the Governors' policy to promote the understanding by, and involvement of, all employees in Southbank Centre's aims and the performance of all its activities. This is achieved through regular internal briefings on Southbank Centre's performance and major developments.

Southbank Centre participates in the Joint Negotiating and Consultative Committee with its two trade unions, Unite (Amicus section) and PCS. Pay negotiations are conducted within this Committee for all staff.

We have signed up to London Living Wage which means that all staff on the lowest salaries automatically increase in line with this every year in November. Four members of staff have their salaries and bonus payments reviewed by the Governors during the REMCO meeting. We continue to benchmark salaries with other cultural organisations whenever roles are vacant.

Southbank Centre is striving to promote equality and diversity in all areas of employment including recruitment and selection, training and development, and promotion. Southbank Centre is engaged with a number of diversity initiatives and partnerships in order to achieve these aims.

### Reserves Policy

The charity's reserves fall into two main categories: restricted funds which may legally be used only for the purposes specified by the donor, and unrestricted funds which are free for use for any of the purposes of the charity as set out in the governing document.

#### Unrestricted reserves

Within unrestricted reserves there are both general and designated reserves. Designated reserves are funds that the Governors have set aside to reflect particular intentions for the use of those funds. Unrestricted funds not designated in this way are called the General Reserve. The General Reserve is available for any charitable purpose and is not earmarked for reinvestment in any specific area.

#### Planned level of unrestricted reserves

The charity budgets to deliver its charitable objectives while ensuring financial stability through aiming to keep adequate, but not excessive, levels of unrestricted reserves. It makes this assessment by looking at future cash requirements and setting budgets each year which ensure adequate cash liquidity taking into account the availability of headroom on financial facilities, expected cash inflows and suitable levels of contingency.

#### General Reserve

The policy of the Southbank Centre is to retain unrestricted reserves equivalent to three weeks of budgeted operating expenditure, in addition to the level of operating contingency within the budget, to ensure financial stability and to act as safeguard against unforeseen events. We believe that this level is sufficient at this time based on our current business continuity plans. At 31 March 2017 the balance is £2.4m (2016: £2.4m), which is compliant with this policy



## SOUTHBANK CENTRE

### REPORT OF THE TRUSTEE

#### Designated Reserves

As at 31 March 2017 Southbank Centre held five designated reserves:

(i) Capital Reserve (£54.8m)

The purpose of this reserve is to reflect funds designated for future maintenance and capital projects, costs relating to capital projects (including interest) and depreciation on funded assets.

Income and expenditure are allocated to this reserve if they relate to capital purchases which have been funded by grants and donations whose restricted terms have been fulfilled. From time to time surpluses are also allocated to this reserve to fund future asset purchases. Southbank Centre reviews its reserve levels in order to ensure sufficient future liquidity for its plans, including capital expenditure and major capital projects, and the level of transfers to and from this reserve is budgeted to reflect this.

(ii) Revaluation Reserve (£169.4m)

This reserve reflects the balance of surplus or deficit on the revaluation of the Land and Buildings (Artistic) as per Note 12.

(iii) Hayward Gallery Prints Fund (£0.014m)

Southbank Centre buys and sells prints for display in the Hayward Gallery and on touring exhibitions. Sales of prints are used to fund purchases of new prints. This fund has been set up to record separately the remaining balance of funds available to purchase prints.

(iv) Strategic Reserve (£0.3m)

This reserve has been created to support the costs of new initiatives budgeted for future years including developing digital activity.

(v) Pension Plan (£6.4m deficit)

This fund reflects the balance of surplus or deficit on the pension scheme and moves in line with annual valuations.

#### Review of the policy

The Reserves Policy is reviewed annually.

#### Going Concern

The financial statements have been prepared on a going concern basis.

The Governors have given due consideration to the working capital and cash flow requirements of Southbank Centre. The Governors consider Southbank Centre's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing this report and financial statements. Cash flow forecasts are carried out monthly as are checks that all loan covenant requirements are being met. Budget reviews are also carried out monthly by senior management and a contingency is in place to cover any unknown variations.

Southbank Centre substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted operations fund). Arts Council England has confirmed funding for Southbank Centre to March 2022. The going concern basis used in the preparation of these financial statements is based upon the expectation that Southbank Centre will continue to receive sufficient support from the Arts Council England which, together with the total revenue it raises, will match its expenditure.

**REPORT OF THE TRUSTEE**

As explained in more detail under Capital Project Developments, Southbank Centre is underway with a major capital project, the refurbishment of the Queen Elizabeth Hall, Purcell Room and Hayward Gallery. To meet its existing and future capital commitments on this Festival Wing project, Southbank Centre will be utilising proceeds received from the disposal of property, £16.7m Arts Council England capital grant loan financing, together with other capital fundraising. Any funding gaps will be supported by Southbank Centre's own reserves and a capital repayment loan will need to be put in place. As the project progresses and nears completion, the risk and uncertainty has reduced. Key assumptions are that the project will be delivered to the agreed amended budget and that any required capital loan is in secured.

The Defined Benefit pension deficit has increased this year which reflects the overall unfavourable effect of an increased value in liabilities due to the decrease in value of AA rated corporate bond yields even with a higher return from assets than planned. The Governors and Pension Plan Trustees will continue to work towards closing this deficit. This is dependent on the outcome of the triannual valuation in September 2017. At this time it is anticipated the deficit will not require additional resources over and above those already budgeted for the next 12 months after the report is signed. The Governors therefore conclude that no designation is necessary of funds held at the balance sheet date to meet future contributions.

Having taken all of these factors into account, the Board of Governors has a reasonable expectation that Southbank Centre has adequate resources to continue operating for the foreseeable future and, for this reason, has continued to adopt the going concern basis for preparation of the financial statements.

**Funding Agreement**

Southbank Centre is one of Arts Council England's National Partner Organisations and is funded via a three-year funding agreement. The year ended 31 March 2017 was the second year in that cycle. Southbank Centre is subject to the normal monitoring processes and annual reviews for National Portfolio Organisations. The Funding Agreement with Arts Council England require Southbank Centre to provide regular financial and non-financial data to Arts Council England for monitoring Southbank Centre's artistic activities, commercial progress and financial position. Arts Council England also receives copies of all advance publicity material for events at Southbank Centre and is invited to attend Southbank Centre's board meetings.

**Risk Management**

The Governors regularly examine the major strategic, business and operational risks which the charity faces, identifying the potential impact if an individual risk materialises, and what mitigating action is to be taken in order to reduce each risk to a level which the Governors consider to be acceptable. Twice annually, Governors review the risk register prepared by management to ensure that it is comprehensive and to assess actions to mitigate those risks. From the perspective of the environment in which the charity operates, the major risk is the continued likelihood of further cuts in public sector funding. The following are the major risks identified that are specific to Southbank Centre:

- Southbank Centre operates iconic buildings on a very busy and public site in the heart of London. Risks associated with the security, health and safety of the millions of people who visit us every year and the mitigation measures are monitored carefully. These are evaluated with the help of specialist expertise.
- Like any organisation operating in a digital environment, Southbank Centre faces increased risks concerning cyber-security and the correct handling of information.
- Major disaster causing significant infrastructure damage and loss to business.
- The costs of the Festival Wing refurbishment project exceed budget and contingency alongside the risk that we do not achieve the fundraising budget for the project.

As part of Southbank Centre's risk mitigation strategy the organisation entered into an interest rate swap arrangement in January 2008. Based on Southbank Centre's level of floating rate debt at the time of the arrangement (£16.7m), this provides greater certainty to the organisation over liabilities going forward. The rate agreed was 5.07% for 19 years with a 25% cancellation clause after seven years at the option of Southbank Centre. This option was taken up in April 2015 and the swap notional balance was reduced by 25%.

Following the result of the EU referendum on 23 June 2016, an assessment of subsequent risks that the Southbank Centre may face has been conducted. This included a review of the impact on foreign exchange exposure, an increase in interest rates, financial market volatility and poor performance on the defined benefit pension scheme and potential funding from Trusts and Foundation, government austerity measures and an economic downturn. While it is difficult to estimate with certainty, the assessment was that there is no material impact in the short-term or to the Going Concern assumption. Increased risk in the medium to longer term will be addressed and mitigated through the normal business planning process.

**REPORT OF THE TRUSTEE**

**Legal Framework**

Southbank Centre is a registered charitable trust with a single corporate trustee, Southbank Centre Limited, a company limited by guarantee. Southbank Centre was formed by deed of trust on 31 March 1988. Its main objects are stated below and there have not been any changes to these during the year. As trustee of Southbank Centre, Southbank Centre Limited has power to revoke or vary any or all of the provisions of the deed of trust, subject to the consent of the Department for Culture, Media and Sport (after consultation with Arts Council England), with the exception of the charitable objects of the trust and the clause requiring ministerial consent, provided that the alterations would not have the effect of causing the trust to cease to be exclusively charitable under the laws of England and Wales.

Southbank Centre Limited has two wholly owned subsidiaries which it holds on behalf of Southbank Centre. The South Bank Foundation Limited is a dormant registered charity and company limited by guarantee. The Charity Commission issued a uniting direction for registration purposes for Southbank Centre (charity 298909) and South Bank Foundation Limited (charity 1054105) in October 2004.

Southbank Centre Limited's other wholly owned subsidiary is Southbank Centre Enterprises Limited, which manages certain commercial activities on the Southbank estate. The results of Southbank Centre Enterprises Limited are consolidated on a line-by-line basis with those of Southbank Centre. See note 26 for details of Southbank Centre Enterprises Limited's results.

**Governors and Management**

The Board of Governors, who are directors of Southbank Centre Limited (the sole corporate trustee), are not remunerated for their services and have delegated management of Southbank Centre's operational affairs to a Chief Executive and an Executive Directorate who attend Board meetings but are not entitled to vote.

The Board of Governors retain decision-making over certain matters, including the approval of strategic plans and major projects, remuneration matters of the Chief Executive, and variations to governing documents. The Board currently has six sub-committees to assist its governance of Southbank Centre: Audit and Risk, Remuneration, Nominations and Governance, Development, Digital Strategy and Property Committees.

**Pay policy for key management personnel**

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the directors benchmark against pay levels in other arts centres and theatres of a similar size run on a voluntary basis. The remuneration bench-mark is the mid-point of the range paid for similar roles adjusted for a weighting of up to 30% for any additional responsibilities. If recruitment has proven difficult in the recent past a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role. The Remuneration Committee reviews this for senior staff.

Further details on the charity's Governors, senior staff and professional advisors are set out on pages 1-2 of these financial statements.

**REPORT OF THE TRUSTEE**

**Internal Financial Control**

The Board of Governors has overall responsibility for Southbank Centre's system of internal financial control. The Governors have delegated their monitoring role to the Board's Audit and Risk Committee, whose members are all non-executive, but continue to review the minutes of that Committee's meetings. It reviews the effectiveness of Southbank Centre's internal financial control environment and receives reports from the external and internal auditors on a regular basis. Both auditors have the right to call a meeting of the Committee and both have direct access to its Chairman.

The Governors have delegated implementation of the system of internal financial control at Southbank Centre to senior staff. The system is based on a framework of regular management information, financial regulations, administrative procedures for segregation of duties, and a system of delegation and accountability, including:

- comprehensive annual budgets
- monthly results reported against budget, and with year-end forecasts prepared on a regular basis
- targets set to measure financial and other performance
- clearly defined capital expenditure control guidelines.

Internal audit work is completed in line with an analysis of the risks to which Southbank Centre is exposed. Internal audit plans are endorsed by the Audit and Risk Committee, which receives regular reports on internal audit activity.

The Governors believe that Southbank Centre's system of internal financial control provides reasonable, but not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. The Audit and Risk Committee has monitored the operation and effectiveness of the system of internal financial control during the financial year ended 31 March 2017 through regular reports from senior staff, reports from the internal auditor and comments made in the annual management letter from the external auditors.

**Annual audit**

The annual audit of Southbank Centre is carried out by PricewaterhouseCoopers LLP, who express an audit opinion on the Southbank Centre's financial statements prior to them being laid before Parliament.

In so far as the Governors are aware:

- there is no relevant audit information of which the charity's auditor is unaware: and
- they have taken all steps that they ought to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

**Political and Charitable Donations**

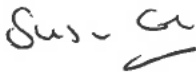
During the year Southbank Centre did not make any donations to political parties or charities.

**REPORT OF THE TRUSTEE**

**Insurances**

During the year Southbank Centre maintained liability insurance cover for the Governors of the Board, for the Trustees of the South Bank Centre Retirement Plan, for the Executive Directors and for the in-house solicitor, against the consequences of neglect or fault on their part in performance of their respective duties and functions. Southbank Centre also held insurance cover for the operation of its commercial vehicles, business travel and, when required, for works of art on loan from third parties. Public Liability insurance is also held for activities taking place or connected with the Queen Elizabeth Hall undercroft. Apart from these insurances, Southbank Centre is self-insured by Treasury (as confirmed by an agreement with the Department for Culture, Media and Sport).

By Order of the Board



*Susan Gilchrist*  
Chairman  
Southbank Centre Limited  
as Trustee for Southbank Centre

6 July 2017

<b>STATEMENT OF TRUSTEE RESPONSIBILITIES</b>
--

The trustee (Southbank Centre Limited) is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF SOUTHBANK CENTRE**

**Report on the financial statements**

Our opinion

In our opinion, Southbank Centre's group financial statements and parent charity financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 March 2017 and of the group's incoming resources and application of resources and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the group charity balance sheets as at 31 March 2017;
- the consolidated statement of financial activities for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustee has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Other matters on which we are required to report by exception**

Sufficiency of accounting records and information and explanations received

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we required for our audit; or
- sufficient accounting records have not been kept by the charity; or
- the charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report

Under Charities Act 2011 we are required to report to you if, in our opinion the information given in the Report of the Trustee is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF SOUTHBANK CENTRE**

**Responsibilities for the financial statements and the audit**

Our responsibilities and those of the trustee

As explained more fully in the Statement of Trustee Responsibilities set out on page 22, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's trustee in accordance with section 144 of the Charities Act 2011 and regulations made under that Act and Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustee; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustee judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
6 July 2017

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011



**SOUTHBANK CENTRE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
For the Year ended 31 March 2017

	Note	Unrestricted funds		Restricted funds		Total funds	
		Operations £'000	Designated £'000	Projects £'000	Capital £'000	2017 £'000	2016 £'000
<b>INCOME FROM:</b>							
Donations and legacies	2	21,551	-	1,438	13,450	36,439	23,893
Charitable activities	3	8,132	232	-	-	8,364	8,615
Other trading activities	4	13,843	-	-	-	13,843	14,190
Investments	5	3	-	-	-	3	1
Gain from fixed asset disposal		9,432	-	-	-	9,432	-
<b>Total</b>		<b>52,961</b>	<b>232</b>	<b>1,438</b>	<b>13,450</b>	<b>68,081</b>	<b>46,699</b>
<b>EXPENDITURE ON:</b>							
Raising funds	9	827	32	-	-	859	1,032
Charitable activities	9	32,334	4,831	1,118	-	38,283	40,289
Other	9	7,787	541	-	-	8,328	7,769
<b>Total</b>		<b>40,948</b>	<b>5,404</b>	<b>1,118</b>	<b>-</b>	<b>47,470</b>	<b>49,090</b>
<b>Net income/(expenditure) before transfers</b>		<b>12,013</b>	<b>(5,172)</b>	<b>320</b>	<b>13,450</b>	<b>20,611</b>	<b>(2,391)</b>
<b>Transfers</b>	20	-	13,450	-	(13,450)	-	-
<b>Other recognised (losses) / gains</b>							
Actuarial (losses) / gains on defined benefit pension schemes	25	-	(2,834)	-	-	(2,834)	2,546
Gain on derivative financial instrument	19	-	52	-	-	52	69
<b>Net movement in funds</b>		<b>12,013</b>	<b>5,496</b>	<b>320</b>	<b>-</b>	<b>17,829</b>	<b>224</b>
<b>RECONCILIATION OF FUNDS</b>							
		Unrestricted funds		Restricted funds		Total funds	
		Operations	Designated	Projects	Capital	£'000	
		£'000	£'000	£'000	£'000	£'000	
Net movement in funds		12,013	5,496	320	-	17,829	
Fund balances brought forward at 1 April 2016	20	3,971	199,023	120	-	203,114	
<b>Total funds carried forward at 31 March 2017</b>	<b>20</b>	<b>15,984</b>	<b>204,519</b>	<b>440</b>	<b>-</b>	<b>220,943</b>	
Net movement in funds		1,549	(1,050)	(275)	-	224	
Fund balances brought forward at 1 April 2015		2,422	200,073	395	-	202,890	
<b>Total funds carried forward at 31 March 2016</b>		<b>3,971</b>	<b>199,023</b>	<b>120</b>	<b>-</b>	<b>203,114</b>	

All of the above results are derived from continuing activities

The notes on pages 28 to 49 form part of these financial statements

The financial statements have been prepared in accordance with FRS 102.

Full prior year disclosure of the Consolidated Statement of Financial Activities is shown in Note 29

Southbank Centre's (excluding Southbank Centre Enterprises Limited) gross income for the year was £59,926k (2016 gross income: £37,993k)  
Southbank Centre's (excluding Southbank Centre Enterprises Limited) net expenditure for the year was £26,248k (2016 net expenditure: £8,855k)

# SOUTHBANK CENTRE

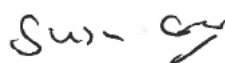
## BALANCE SHEETS

As at 31 March 2017

	Notes	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible assets	12	246,817	231,676	246,817	231,676
Intangible assets	13	1,281	1,172	1,281	1,172
<b>Total fixed assets</b>		<b>248,098</b>	<b>232,848</b>	<b>248,098</b>	<b>232,848</b>
<b>Current assets</b>					
Stocks of consumables and goods held for resale		379	517	102	222
Debtors - due within one year	16	7,558	4,417	7,859	2,942
Cash and cash equivalents					
Cash in hand		3,933	-	2,808	-
Short term deposits		7,500	-	7,500	-
<b>Total current assets</b>		<b>19,370</b>	<b>4,934</b>	<b>18,269</b>	<b>3,164</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	17	(15,862)	(12,420)	(15,331)	(11,911)
Total current liabilities		<b>(15,862)</b>	<b>(12,420)</b>	<b>(15,331)</b>	<b>(11,911)</b>
<b>Net current assets / (liabilities)</b>		<b>3,508</b>	<b>(7,486)</b>	<b>2,938</b>	<b>(8,747)</b>
Total assets less current liabilities		251,606	225,362	251,036	224,101
Creditors: amounts falling due after one year	19	(24,276)	(18,471)	(24,089)	(18,351)
Net assets excluding pension liability		<b>227,330</b>	<b>206,891</b>	<b>226,947</b>	<b>205,750</b>
Defined benefit pension liability	25	(6,387)	(3,777)	(6,387)	(3,777)
<b>Total net assets</b>		<b>220,943</b>	<b>203,114</b>	<b>220,560</b>	<b>201,973</b>
<b>The funds of the group</b>					
<b>Unrestricted income funds</b>					
General reserves	20	2,422	2,422	2,036	1,280
Designated funds	20	224,468	204,349	224,471	204,350
Pension reserve	25	(6,387)	(3,777)	(6,387)	(3,777)
Total designated funds		<b>218,081</b>	<b>200,572</b>	<b>218,084</b>	<b>200,573</b>
Total unrestricted income funds	20	<b>220,503</b>	<b>202,994</b>	<b>220,120</b>	<b>201,853</b>
<b>Restricted income funds</b>					
Projects fund	20	440	120	440	120
Restricted capital reserve	20	-	-	-	-
Total restricted income funds	20	<b>440</b>	<b>120</b>	<b>440</b>	<b>120</b>
<b>Total group funds</b>	20	<b>220,943</b>	<b>203,114</b>	<b>220,560</b>	<b>201,973</b>

The notes on pages 28 to 49 form part of these financial statements

The financial statements on pages 25 to 49 were approved by the Board of trustees on 6 July 2017 and signed on its behalf by



Susan Gilchrist  
Chairman

**SOUTHBANK CENTRE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
<b>CASH FLOW STATEMENT</b>			
Net cash inflow from operating activities		20,333	2,578
<b>Net cash generated from operating activities</b>		<u>20,333</u>	<u>2,578</u>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(22,595)	(5,408)
Purchase of intangible fixed assets		(373)	-
Sale of tangible fixed assets		10,618	-
Interest received	15	<u>3</u>	<u>1</u>
<b>Cash used in investing activities</b>		(12,347)	(5,407)
<b>Cash flow from financing activities</b>			
Loan		12,000	
Repayment of loan		(7,385)	(484)
<b>Cash generated from / (used in) financing activities</b>		4,615	(484)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>12,601</u>	<u>(3,312)</u>
Cash and cash equivalents at the beginning of the year		(1,168)	2,144
Cash and cash equivalents at the end of the year		11,433	(1,168)
<b>RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATIONS</b>			
Net outgoing resources before transfers		20,611	(2,391)
Interest received		(3)	(1)
Depreciation and amortisation charge	12, 13	7,185	7,089
Gain on FA disposal		(9,432)	
Profit/loss on sale of Tangible Fixed Assets		494	
Profit/loss on sale of Intangible Fixed Assets		45	
Decrease / (Increase) in stock		138	(158)
(Increase)/Decrease in debtors	16	(3,141)	(201)
Increase/(Decrease) in creditors	17	4,212	(1,632)
Retirement benefits movements		<u>224</u>	<u>(128)</u>
Net cash inflow from operating activities		<u>20,333</u>	<u>2,578</u>

**1 STATEMENT OF ACCOUNTING POLICIES**

a) *General information*

Southbank Centre is a registered charity (Registered Charity No. 298909) and is incorporated and domiciled in the United Kingdom. The address of its registered office is Belvedere Road, London, SE1 8XX.

b) *Summary of significant accounting policies*

The principal accounting policies have been applied consistently in dealing with items which are considered material in relation to Southbank Centre's Financial Statements are as follows.

c) *Basis of preparation*

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'.

d) *Going concern*

The financial statements are drawn up on the going concern basis which assumes Southbank Centre will continue in operational existence for the foreseeable future. The Board have given due consideration to the working capital and cash flow requirements of Southbank Centre. The Board consider Southbank Centre's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing the financial statements.

Southbank Centre substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted operations fund). Arts Council England has confirmed funding for Southbank Centre to March 2022. The going concern basis used in the preparation of these financial statements is based upon the expectation that Southbank Centre will continue to receive sufficient support from the Arts Council England to match its expenditure with the total revenue it raises.

The current cash flow forecasts demonstrate that the cash requirements are covered by available facilities until at least March 2019 with a key assumption that the Festival Wing refurbishment project is delivered to budget. This covers a period beyond 12 months following the date of signing of the financial statements and for these stated reasons, as required by FRS 102, the Governors have continued to adopt the going concern basis in preparing the financial statements.

As explained in more detail under Capital Project Developments, Southbank Centre is underway with a major capital project, the refurbishment of the Queen Elizabeth Hall, Purcell Room and Hayward Gallery. To meet its existing and future capital commitments on this Festival Wing project, Southbank Centre will be utilising proceeds received from the disposal of property, £16.7m Arts Council England capital grant loan financing, together with other capital fundraising. Any funding gaps will be supported by Southbank Centre's own reserves and a capital repayment loan will need to be put in place. As the project progresses and nears completion, the risk and uncertainty has reduced. Key assumptions are that the project will be delivered to the agreed amended budget and that any required capital loan is secured.

e) *Group financial statements*

In October 2004, the Charity Commission issued a uniting direction for Southbank Centre (Charity No. 298909) and the South Bank Foundation Limited (Charity No. 1054105) made under s.96(6) of the Charities 1993 Act. It is purely an administrative and accounting linkage. The subsidiary South Bank Foundation Limited has been transferred to the registration number of the main charity Southbank Centre and its old registration removed.

A wholly owned subsidiary, Southbank Centre Enterprises Limited, was established in April 2007 to undertake certain commercial activities on behalf of Southbank Centre. The results of Southbank Centre Enterprises Limited are consolidated with the financial statements for Southbank Centre. In accordance with paragraph 397 of the SORP, a separate Statement of Financial Activities for Southbank Centre is not shown. See note 26 for details on the results of Southbank Centre Enterprises Limited.

Uniform accounting policies are used across the group, and intra-group transactions are eliminated on consolidation.

**1 STATEMENT OF ACCOUNTING POLICIES**

*f) Income recognition*

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. The grant received from Arts Council England is recognised within income in the period to which it relates. Any grants received in advance of entitlement are deferred and included within creditors.

Donations and sponsorship are included as income when they are receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Funding for assets under construction is credited to incoming resources when receivable.

Income from other trading activities comprises income from trading activities, fundraising, and other income. This income is recognised on a receivable basis.

Income classified as 'Artistic activity' which relates to performance and specific deliverables is recognised when the Charity earns the right to consideration by its performance. Where income is received in advance of entitlement its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

*g) Expenditure and resources expended*

As with income, expenditure is recognised as incurred in the financial year of the particular activity to which it relates. Resources expended are included in the Statement of Financial Activities on an accruals basis, and are classified under headings that aggregate all costs related to that category. The costs of those activities which support one or more of the charity's activities have been allocated to those activities using an appropriate basis. Cost allocation includes an element of judgement and consideration has been given to the cost benefit of detailed calculations and record keeping.

Costs of Raising Funds are those incurred by the Development department for the purposes of the charity.

Retail and trading costs are those incurred in the running of commercial activities on the site.

Construction and refurbishment costs are those related to building projects.

Governance costs comprise those incurred as a result of constitutional and statutory requirements. A breakdown of these costs is included in Note 11 - Allocation of Support Costs

*h) Taxation*

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

*i) Foreign currencies*

Transactions in foreign currencies are translated at the exchange rate at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange at the balance sheet date. All differences are recognised in the Statement of Financial Activities.

*j) Employee benefits*

The Group provides a range of benefits to employees, including holiday pay, annual bonus arrangements and defined benefit and defined contribution pension plans.

*i) Short term benefits*

Short term benefits, including holiday pay, termination payments and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

*ii) Defined contribution pension plans*

For defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**1 STATEMENT OF ACCOUNTING POLICIES**

j) Employee benefits (continued)

*iii) Defined benefit pension plans*

Southbank Centre contributes to a pension scheme through the South Bank Centre Retirement Plan (the Pension Plan), in which there are defined benefit and defined contribution sections. The Pension Plan's assets are held separately from those of Southbank Centre in an independently administered trust fund. Southbank Centre is complying with the reporting requirements of Section 28 of FRS 102 'Employee Benefits', in relation to the Pension Plan's defined benefit section, and the deficit is treated as an unrestricted fund.

A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. Annually Southbank Centre engage independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Activities. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in Statement of Financial Activities as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is recognised in the Profit and Loss as finance expense.

k) Leases

i) Where Southbank Centre enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element representing a constant proportion of the capital balance outstanding, which is charged to the SOFA, and the capital element which reduces the outstanding obligation for future instalments. All other leases are accounted for as operating leases and the rentals are charged to the SOFA on a straight line basis over the life of the lease.

ii) Where income is receivable under retail unit or similar lease agreements, the basic element is recognised on a straight line basis over the period to the next rent review, and any element based on a percentage of turnover of the lessee is recognised in the period to which that turnover relates.

l) Fixed assets and depreciation

The Royal Festival Hall, Queen Elizabeth Hall and Purcell Room and the Hayward Gallery are stated in the balance sheet at Depreciated Replacement Cost (DRC) in the absence of suitable open market comparators. All other land and buildings have been stated at cost. A DRC valuation requires:

- an estimate of the open market value of the land for its existing use;
- an estimate of the replacement cost of the buildings; and
- deductions to allow for age, condition and any functional obsolescence.

A DRC assessment of land and buildings was made as at 31 March 2013. It is assumed that existing use continues, including the long lease granted to the British Film Institute in respect of the National Film Theatre.

**1 STATEMENT OF ACCOUNTING POLICIES**

l) *Fixed assets and depreciation (continued)*

i) Depreciation is provided on the properties at rates calculated to write off the revalued amounts over the estimated useful lives of the major buildings. These were revised as part of the DRC assessment as being 46 years for the Royal Festival Hall, 28 years for the Queen Elizabeth Hall and 41 years for the Hayward Gallery. New additions since 1 April 2009 have been written off over the useful life of the building to which that addition relates. Site development costs are capitalised and depreciated over 10 years, their expected period of economic benefit. Expenditure on maintenance of the properties is charged to the Statement of Financial Activities in the year in which it is incurred.

Depreciation on lease premiums is charged over the length of the lease.

ii) Depreciation is provided on all other tangible fixed assets acquired since 1 April 1986 at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The expected useful life is reviewed on an annual basis along with the residual value of assets. The expected useful life for Fixtures and Fittings is 10 years, for Plant and Machinery 4 years and for Motor Vehicles 8 years. Individual items costing under £1,000 are not capitalised unless they form part of a bulk purchase costing over £1,000 in aggregate and can be monitored.

iii) Assets in the course of construction are held at cost and are not depreciated.

iv) The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. There have been no such events during the year and therefore no impairment.

m) *Intangible assets*

Intangible assets with an economic life of more than one year and value greater than £1,000 are capitalised. All intangible assets are measured at cost.

Amortisation is provided on all intangible assets, at rates calculated to write off the value of each asset evenly over its expected useful life with no residual value assumed.

Purchased software licences	the contractual period
Website	4 years

Amortisation is charged on the month when assets are capitalised and ends the month they are disposed.

n) *Heritage Assets*

Southbank Centre maintains the following types of heritage assets:

- The Southbank Centre Collection of artwork and sculptures that have been gifted to Southbank Centre.
- The Southbank Centre Archive which aims to collect, manage and preserve information, documents and artefacts relating to events and exhibitions held in the performing arts and public spaces of Southbank Centre.
- The National Poetry Library, the most comprehensive and accessible collection of modern poetry in Britain.

Heritage asset is recognised when that asset has historic, artistic, scientific, technological, geophysical or environmental qualities, they contribute to knowledge and culture through its retention and use and is accessible to the public for viewing and/or research.

Acquisitions to Southbank Centre's heritage assets are made by donations or purchase. Southbank Centre may occasionally dispose of assets from its collections if the Trustee believes this is in the best interest of Southbank Centre and this is not deemed to compromise the integrity of the collections.

The Trustee believes that given the incomparable nature of Southbank Centre's heritage assets even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by Southbank Centre and users of the financial statements. As a result, Southbank Centre does not recognise these items on the Balance Sheet, other than recent acquisitions of artwork and sculptures for the Southbank Centre Collection. Recent acquisitions of artworks and sculptures greater than £1,000 are recorded at cost if acquired, or at Southbank Centre's best estimate of fair value if donated to Southbank Centre. Purchases under £1,000 and costs associated with renovating and maintaining Southbank Centre's archive, poetry library and other heritage assets are recognised in the Statement of Financial Activities in the period they are incurred.

**1 STATEMENT OF ACCOUNTING POLICIES**

o) *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to sell and comprise catalogues and other goods held for resale. Cost is determined on a weighted average basis. A provision is made for slow moving, obsolete or defective stock to the extent that the cost price is estimated to exceed the net realisable value. There is no material difference between the value of stock as stated and the replacement cost of this stock.

The amount of inventories recognised as expense here during the year was £687k (2016: £776k).

p) *Impairment of tangible and intangible assets*

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of financial activities unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in statement of financial activities.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of financial activities.

q) *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

r) *Funds*

Unrestricted funds are those funds which can be used for any charitable purpose. Within unrestricted funds are designated funds which are those funds which have been set aside by the Governors for a particular purpose. Restricted funds may only be used in accordance with the specific wishes of donors.

At year-end the levels of funds are reviewed and transfers are made between funds to reflect where donor requirements on restricted funds utilised for capital purchases have been met, and a change in the level of designated funds is deemed appropriate.



**1 STATEMENT OF ACCOUNTING POLICIES**

s) *Financial instruments*

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The Group has taken reduced disclosure exemptions for Sections 11 and 12 FRS 102.

(i) *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Southbank Centre uses derivative financial instruments to reduce exposure to interest rate movements. Southbank Centre does not hold or issue derivative financial instruments for speculative purposes.

Derivatives including interest rate swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. Changes in the fair value are recognised in the statement of financial activities in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. The swaps are derecognised when the liability are extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**1 STATEMENT OF ACCOUNTING POLICIES**

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

iv) Hedging arrangements

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

t) *Critical accounting judgements and key source of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying the entity's accounting policies:

(i) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors.

(ii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 25 for the disclosures relating to the defined benefit pension scheme.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

2 DONATIONS AND LEGACIES				
	Unrestricted	Restricted		
	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000
Donations and sponsorships	2,365	1,197	3,562	2,858
Arts council grant	19,186	8,707	27,893	19,980
Funding for asset construction	0	4,984	4,984	1,055
<b>Total</b>	<b>21,551</b>	<b>14,888</b>	<b>36,439</b>	<b>23,893</b>

Donated services have been provided in the form of free hotels and flights to a value of £88k (2015/16 £88k).

3 CHARITABLE ACTIVITIES				
	Unrestricted	Restricted		
	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000
Artistic activities	8,364	-	8,364	8,615
<b>Total</b>			<b>8,364</b>	<b>8,615</b>

4 OTHER TRADING ACTIVITIES				
	Unrestricted	Restricted		
	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000
Other Trading Activities	13,843	-	13,843	14,190
<b>Total</b>			<b>13,843</b>	<b>14,190</b>

5 INVESTMENTS				
	Unrestricted	Restricted		
	Funds	Funds	2017	2016
	£'000	£'000	£'000	£'000
Interest receivables	3	-	3	1
<b>Total</b>			<b>3</b>	<b>1</b>

6 NET (EXPENDITURE) / INCOME				
			2017	2016
			£'000	£'000

Net (expenditure) / income is stated after charging:

Operating lease charges			113	113
Depreciation charge on assets wholly owned by Southbank Centre			6,969	7,089
Auditors' remuneration for audit services (Southbank Centre)			57	56
Auditors' remuneration for audit services (Enterprises)			6	6
Liability insurance for Governors and employees			9	11
Losses on foreign exchange differences			11	10

7 INCOME FROM OTHER TRADING AND CHARITABLE ACTIVITIES				
	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<i>Income from other trading activities - retail and trading</i>				
Retail sales	1,444	1,580	344	360
Concessions	7,463	7,787	6,490	6,327
Hall and space rentals	1,334	1,258	29	-
Memberships and subscriptions	835	905	835	905
Other income	2,767	2,661	99	35
	<b>13,843</b>	<b>14,191</b>	<b>7,797</b>	<b>7,627</b>
<i>Income from charitable activities - artistic activity</i>				
Own promotions	4,953	5,460	4,953	5,460
Artistic rentals	2,008	1,842	2,008	1,842
Other income	1,171	1,183	1,171	1,183
	<b>8,132</b>	<b>8,485</b>	<b>8,132</b>	<b>8,485</b>

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**8 STAFF COSTS**

	Total	
	2017	2016
	£'000	£'000
Employee costs amounted to:		
Wages and salaries	13,973	14,910
Social security costs	1,323	1,338
Pension costs	966	996
	<u>16,262</u>	<u>17,244</u>

Employee costs relate to the consolidated activities of Southbank Centre, including its subsidiary undertakings. Cost relating to redundancies of £37k (2016: £661k) are included in the above figures.

The Governors (Chairman and Board members) are not remunerated for their services and Governors received £nil (2016: £nil) in reimbursement of travelling and subsistence expenses.

Monthly average full time equivalent employees were:

	2017	2016
	No.	No.
Operational services	53	57
Marketing	40	30
Press & Communications	6	5
Visitor Experience	112	107
Retail Sales and Space Rental	21	20
Fundraising	15	12
Performing arts	77	65
Hayward Gallery	39	40
Management and administration	47	50
Site Project Team	1	2
	<u>411</u>	<u>388</u>

Higher paid employees received remuneration, including redundancy payments but excluding pension costs, within the following bands:

	2017	2016
	No.	No.
£60,000 - £69,999	5	6
£70,000 - £79,999	2	2
£80,000 - £89,999	2	2
£90,000 - £99,999	1	1
£100,000 - £119,999	1	1
£120,000 - £129,999	1	1
£130,000 - £139,999	1	1
£220,000 - £229,000	-	1
£230,000 - £239,999	1	-
	<u>14</u>	<u>15</u>

Of these 14 employees, Southbank Centre paid pension contributions of £95,696 for 10 employees (2016: £98,800 10 employees), who were members of the defined contribution section of the pension scheme. Southbank Centre also paid contributions for 2 employees £27,644 (2016: £39,482 3 employees) who were members of the defined benefit section of the pension scheme and £6,202 for 1 employee (2016: £6,154 1 employee) who was a member of a personal pension plan. £1,301 was paid for 2 members of the auto-enrolment pension scheme (2016: £548 2 employees).

16 Key management personnel were paid a total of £1.6 million for 2016/17 and Southbank Centre paid £0.136 million in pension contributions.

The Chief Executive's salary and bonus subject to tax totalled £234,080.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**9 TOTAL RESOURCES EXPENDED**

Group	Direct costs £'000	Support costs £'000	Total	
			2017 £'000	2016 £'000
<b>Costs of raising funds</b>	478	381	859	1,032
<b>Expenditure on charitable activities</b>	13,364	24,919	38,283	40,289
<b>Other</b>	4,133	4,195	8,328	7,769
	<u>17,975</u>	<u>29,495</u>	<u>47,470</u>	<u>49,090</u>

**10 SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FOR CHARITABLE ACTIVITIES**

	Total	
	2017 £'000	2016 £'000
<b>Income from charitable activities</b>		
Own promotions	4,953	5,460
Artistic rentals	2,008	1,842
Other income	1,171	1,183
	<b>8,132</b>	<b>8,484</b>
<b>Cost of charitable activities</b>		
Artistic activities	(13,364)	(13,712)
	<b>(13,364)</b>	<b>(13,712)</b>
<b>Total (deficit) from charitable activities</b>	<b>(5,232)</b>	<b>(5,228)</b>

**11 ALLOCATION OF SUPPORT COSTS**

Group	Management and Administration £'000	Marketing and Communications £'000	Human Resources £'000	Operations £'000	Depreciation and disposals £'000	Total	
						2017 £'000	2016 £'000
<b>Costs of raising funds</b>	890	708	98	1,767	877	4,340	4,266
<b>Expenditure on charitable activities</b>	2,990	2,380	542	12,699	6,307	24,918	26,577
<b>Other</b>	42	33	7	155	-	237	261
<b>Total Support costs</b>	<u>3,922</u>	<u>3,121</u>	<u>647</u>	<u>14,621</u>	<u>7,184</u>	<u>29,495</u>	<u>31,104</u>

Support costs have been allocated to the charity's activities as follows:

Support Costs	Allocation basis
Management and Administration	Direct spend on those activities
Marketing and Communications	Direct spend on those activities
Human Resources	Headcount
Operations	Floor area
Depreciation	Floor area
Governance	Estimated time spent on governance activities

Costs classified as governance relate to the general running of the charity and included operations of the Board of Governors and addressing constitutional, audit and other statutory matters, and are made up of the following:

	2017 £'000	2016 £'000
Internal audit	44	43
External audit*	63	74
Governors' indemnity insurance	9	11
Apportionment of staff costs	<u>236</u>	<u>261</u>
	<u>352</u>	<u>389</u>

\* in 2015/16 a one-off fee of £12.5k was paid to PricewaterhouseCoopers LLP for the FRS102 transition roll over.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**12 TANGIBLE ASSETS**

<b>Tangible Assets</b>	Land and Buildings (Artistic) £'000	Land and Buildings (Other) £'000	Assets under Construction £'000	Fixtures and Fittings £'000	Plant and Machinery £'000	Motor Vehicles £'000	Total £'000
<i>Group and charity</i>							
<i>Cost</i>							
At 1 April 2016	210,747	27,158	11,285	7,733	7,682	230	264,835
Additions	-	-	21,429	693	473	-	22,595
Transfers	-	-	-	-	-	-	-
Disposals	-	(511)	-	(181)	(197)	-	(889)
At 31 March 2017	210,747	26,647	32,714	8,245	7,958	230	286,541
<i>Accumulated depreciation</i>							
At 1 April 2016	14,919	6,930	-	4,834	6,317	150	33,150
Charge in year	4,973	640	-	708	630	18	6,969
On disposals	(41)	-	-	(165)	(189)	-	(395)
At 31 March 2017	19,851	7,570	-	5,377	6,758	168	39,724
<i>Net Book Value</i>							
At 31 March 2017	190,896	19,077	32,714	2,868	1,200	62	246,817
At 31 March 2016	195,828	20,228	11,285	2,898	1,365	80	231,685

**13 INTANGIBLE ASSETS**

<i>Group and charity</i>	Software £'000	Total £'000
<i>Cost</i>		
At 1 April 2016	2,056	2,056
Additions	373	373
Disposals	(295)	(295)
At 31 March 2017	2,134	2,134
<i>Accumulated depreciation</i>		
At 1 April 2016	884	884
Charge in year	216	216
On disposals	(247)	(247)
At 31 March 2017	853	853
<i>Net Book Value</i>		
At 31 March 2017	1,281	1,281
At 31 March 2016	1,172	1,172

Land and buildings comprise Southbank Centre's three concert halls, the Hayward Gallery, the extension building, the Waterloo Undercroft, Jubilee Gardens and the National Film Theatre, the last of which is occupied by the British Film Institute on an underlease. The freehold interest in these properties, with the exception of the Waterloo Undercroft, is vested in Arts Council England. A lease of 150 years on these properties was granted to Southbank Centre Limited by Arts Council England commencing on 1 April 1988 and the amount shown for land and buildings represents Southbank Centre's interest. Under the terms of the lease there are constraints on the transfer of the properties and, therefore, the value stated above cannot be realised for the benefit of Southbank Centre in an artistic way. Southbank Centre is responsible for maintaining the properties and keeping them in good repair. The open market value of the land has been assessed at a nominal value, given the constraints on its permitted existing use. The value to Southbank Centre of its interest in the National Film Theatre has been assessed at nil, given the long underlease to which it is subject. A peppercorn rent is payable on the lease from Arts Council England to Southbank Centre and on the underlease from Southbank Centre to the British Film Institute. The lease on the Waterloo Undercroft is for 150 years, expiring on 26 February 2148, and was partly financed by lottery funds of £937,500 from Arts Council England. In the event that the property is disposed of before that date Southbank Centre will have to repay a proportion of the lottery funds.

The leasehold interest in Southbank Centre vested in Southbank Centre Limited having approximately 125 years unexpired at an annual ground rent of a peppercorn was valued on a Depreciated Replacement Cost (DRC) basis as at 31 March 2013 using figures provided by an external RICS Registered Valuer from the Valuation Office Agency. The DRC valuation was £210.7m compared to a net book value immediately prior to the valuation of £247.8m, and the deficit of £37m on revaluation was debited to the revaluation reserve. The previous valuation was carried out as at 31 March 2008. Following the adoption of FRS102, the Southbank Centre has opted to change the property asset valuation accounting policy to the cost model using the values as at 1 April 2014.

The extension building for the Royal Festival Hall was completed in March 2006. It provides office space for staff, technical facilities and retail and catering outlets. It was funded by means of a £4m award from the London Development Agency supplemented by a bank loan from AIB Group (UK) plc which has taken a charge over the building. The covenants of this loan require that our operating deficit does not exceed 2.5% of the annual operating income, but only applying when the cash at the bank is forecast to be less than £1m. We did not breach this covenant in 2016/17 and based on current budgets there is no expectation of a breach in coming years.

A charge has been taken out by each of Arts Council England and Heritage Lottery Fund over the Royal Festival Hall as security for their contributions towards the refurbishment of the Royal Festival Hall. Arts Council England also has a fixed and floating charge over all assets of the charity other than those identified above.

Expenditure is being incurred on a number of public realm projects which are treated as assets in the course of construction with all expenditure capitalised during the construction phase.

The Festival Wing refurbishment costs to date are shown under assets under construction and are to be funded through fundraising, capital grants, property disposal proceeds and a £12m loan facility agreed in May 2016. The Festival Wing is due to re-open in January 2018.

---

**14 HERITAGE ASSETS**

---

**The Southbank Centre Collection**

The Southbank Centre Collection consists of approximately 30 sculptures and 80 drawings or prints that have been gifted to SC. 90% of the collection in 2004 was valued at approximately £200,000. This collection has been built up over the last sixty years and no assets were acquired or disposed of over the last five years.

Southbank Centre aims to have the majority of the collection on display to the public around its site.

**The Southbank Centre Archive**

Southbank Centre Archive aims to collect, manage and preserve information, documents and artefacts relating to events and exhibitions held in the performing arts and public spaces of Southbank Centre. The Archive includes print material (programmes, leaflets and festival brochures), photographs, recordings of performances and events, general ephemera (tickets, gifts, promotional items, objects and artefacts), written or recorded memories, letters or postcards describing visits, employment or other experiences of the site. The archive is maintained by Southbank Centre's Archivist.

Southbank Centre has begun a process of strategic development for the Archive's future organisation and access. To enable the next stage of this plan to be carried out the Archive is currently closed to public enquiries.

**Poetry Library**

The Saison Poetry Library houses the National poetry collection. The collection, dating from about 1914, consists mostly of poetry from the United Kingdom and Ireland, a large selection from English-speaking countries worldwide, poetry in translation, poetry by and for children, rap and concrete poetry. Audio and video facilities are available in addition to a large variety of magazines, press cuttings and ephemera.

The library contains over 100,000 items and is growing all the time. The library aims to hold all poetry titles published in the UK with a representation of works from other countries.

The library is funded by the ongoing support of Arts Council England.

Membership is free and the library is open daily (except Mondays) from 11am to 8pm.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**15 INTEREST RECEIVABLE**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Interest receivable on bank deposits	3	1	3	1
	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>

**16 DEBTORS: AMOUNTS DUE WITHIN ONE YEAR**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	3,139	1,901	1,660	676
Amounts owed by group undertakings	-	-	1,990	319
Other debtors	677	820	661	820
Prepayments and accrued income	<u>3,742</u>	<u>1,696</u>	<u>3,548</u>	<u>1,127</u>
	<u>7,558</u>	<u>4,417</u>	<u>7,859</u>	<u>2,942</u>

**17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans and overdrafts	561	1,676	561	1,676
Trade creditors	4,877	1,641	4,877	1,641
Advanced ticket sales	2,434	3,150	2,434	3,150
Accruals & Deferred income	<u>7,990</u>	<u>5,953</u>	<u>7,459</u>	<u>5,444</u>
Total creditors due within one year	<u>15,862</u>	<u>12,420</u>	<u>15,331</u>	<u>11,911</u>

Deferred income comprises cash received for which the related service, project or expenditure occurs in a future financial year.



SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**18 DEFERRED INCOME**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Deferred income brought forward	3,078	2,470	2,358	2,456
Released in the year	(3,395)	(2,241)	(2,674)	(2,226)
Deferred in the year	2,878	2,849	2,161	2,128
Deferred income carried forward	2,561	3,078	1,845	2,358

**19 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans and overdrafts	20,331	14,126	20,331	14,126
Trade creditors	219	280	219	280
Derivative financial instrument	3,450	3,502	3,450	3,502
Deferred income	276	563	89	443
	24,276	18,471	24,089	18,351

The maturity of loans and obligations (including loans due within one year) is as follows:

Within one year	561	509	561	509
Within two to five years	9,484	2,433	9,484	2,433
After five years	10,958	11,692	10,958	11,692
	21,003	14,634	21,003	14,634

A term loan of £15.1m provided by AIB Group (UK) plc which is secured by a fixed charge over the Royal Festival Hall extension building. This facility is repayable in quarterly instalments until 2027.

The organisation entered into an interest rate swap arrangement in January 2008. Based on Southbank Centre's level of floating rate debt facilities at the time of the arrangement (£16.7m), this provides greater certainty to the organisation over liabilities going forward. The rate agreed was 5.07% for 19 years with a 25% cancellation clause after seven years at the option of Southbank Centre. The option was taken up in April 2015 and the swap notional balance was reduced by 25%.

A £12m revolving loan finance agreement which expires in May 2019 was entered into in May 2016 to part fund the Festival Wing refurbishment project.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**20 GROUP & CHARITY RESERVES**

	Balances as at 1 April 2016 £'000	Income £'000	Movements in Expenditure £'000	Other Gains & Losses £'000	Transfers (out) / in £'000	Balances as at 31 March 2017 £'000
<i>Unrestricted funds</i>						
General Reserve	2,422	52,961	(40,947)	-	(12,014)	2,422
<i>Designated funds</i>						
Strategic Reserve	260	-	-	-	-	260
Designated Capital Reserve	34,677	-	(5,404)	52	25,464	54,789
Revaluation Reserve	169,405	-	-	-	-	169,405
Hayward Gallery Prints Fund	7	8	(1)	-	-	14
Pension Plan Reserve (note 25)	(3,777)	224	-	(2,834)	-	(6,387)
Total unrestricted funds	202,994	53,193	(46,352)	(2,782)	13,450	220,503
<i>Restricted funds</i>						
Restricted Capital Reserve	-	13,450	-	-	(13,450)	-
Projects Fund	120	1,438	(1,118)	-	-	440
Total restricted funds	120	14,888	(1,118)	-	(13,450)	440
TOTAL funds (2017)	203,114	68,081	(47,470)	(2,782)	-	220,943
TOTAL funds (2016)	202,889	46,699	(49,089)	2,615	-	203,114

The unrestricted General Reserve of Southbank Centre charity (excluding Southbank Centre Enterprises Limited) is £2,036k at 31 March 2017. The remaining £386k of the group General Reserve at this date is retained in Southbank Centre Enterprises Limited (see Note 26) and will be donated to the charity under gift aid in July 2017.

*Unrestricted funds* There are six unrestricted funds, five of which are designated:

The *General Reserve* is available for spending on Southbank Centre's charitable objectives.

The *Strategic Reserve* has been created to support the costs of new initiatives budgeted for future years including developing digital activity.

The *Designated Capital Reserve* reflects funds designated for capital projects, costs relating to capital projects (including interest), maintenance and depreciation on funded assets.

The *Revaluation Reserve* reflects the balance of surplus or deficit on the revaluation of the Land and Buildings (Artistic) as per Note 12. The revaluation reserve has been split out from the Designated Capital Reserve reflecting the surplus on revaluations carried out in prior years.

The *Hayward Gallery Prints Fund* relates to prints that Southbank Centre sells in order to fund the purchase of new prints for display in the Hayward Gallery and on touring exhibitions. This fund has been set up to record separately the funds available to purchase prints.

The *Pension Plan Reserve* reflects the balance of surplus or deficit on the pension scheme and moves in line with annual valuations.

*Restricted funds* There are two restricted funds which hold a number of projects:

The *Restricted Capital Reserve* holds unspent grants received for various public realm developments.

The *Projects Fund* holds restricted grants received in advance of expenditure for operating projects.

*Transfers in the year*

£12m was transferred to the Unrestricted Designated Capital Reserve from the General Reserve in the year to reflect funding received for the Festival Wing refurbishment project.

£13m was transferred in the year from the Restricted Capital Reserve to the Unrestricted Designated Capital Reserve reflecting grant income and Arts Council England capital funding received where the restricted purpose has been fulfilled.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**20 GROUP & CHARITY RESERVES - CONTINUED**

**Analysis of net assets between funds**

	Restricted funds £'000	Unrestricted funds £'000	Total funds 2017 £'000	2016 £'000
Tangible and intangible fixed assets	-	248,098	248,098	232,848
Current assets	440	18,930	19,370	4,934
Current liabilities	-	(15,862)	(15,862)	(12,420)
Creditors falling due after one year	-	(24,276)	(24,276)	(18,471)
Pension plan liability	-	(6,387)	(6,387)	(3,777)
	<u>440</u>	<u>220,503</u>	<u>220,943</u>	<u>203,114</u>

**21 CAPITAL COMMITMENTS**

<i>Group and charity</i>	2017 £'000	2016 £'000
Authorised and contracted	<u>12,945</u>	<u>29,071</u>

Capital commitments relate to Festival Wing, the Finance System, and the new Website.

**22 COMMITMENTS UNDER OPERATING LEASES**

The Group had the following future minimum lease payments under non-cancellable operating leases, as a lessee, for each of the following periods:

	2017 £'000	2016 £'000
<b>Payments due</b>		
Not later than one year	113	113
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>113</u>	<u>113</u>

**23 OPERATING LESSOR**

The Group had the following future minimum lease receivables under non-cancellable operating leases, as a lessor, for each of the following periods:

	2017 £'000	2016 £'000
<b>Receipts due</b>	39,013	39,819
Not later than one year	3,664	3,496
Later than one year and not later than five years	13,431	15,850
Later than five years	<u>21,918</u>	<u>20,473</u>

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**24 FINANCIAL INSTRUMENTS**

	Note	2017 £'000	2016 £'000
<b>Financial Assets</b>		-	-
<b>Financial assets measured at fair value through profit or loss</b>		-	-
<b>Financial assets measured at amortised cost</b>			
Trade debtors	16	3,139	1,901
Other debtors	16	677	820
		<u>3,816</u>	<u>2,721</u>
Cash at bank and in hand		11,433	-
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at fair value through profit or loss</b>			
Derivative financial instruments	19	3,450	3,502
<b>Financial liabilities measured at amortised cost</b>			
Bank loans and overdrafts (current)	17	561	1,676
Bank loans and overdrafts (non-current)	19	20,331	14,126
Trade creditors	17	4,877	1,641
		<u>25,769</u>	<u>17,443</u>

As part of Southbank Centre's risk mitigation strategy the organisation has entered into interest rate swap arrangements in January 2008. At 31 March 2017 the fair value of contracts outstanding was £3,450k (2016: £3,502k).

Derivatives including interest rate swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. Changes in the fair value are recognised in the statement of financial activities in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. The swaps are derecognised when the liability are extinguished, that is when the contractual obligation is discharged, cancelled or expires.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**25 PENSION COSTS**

Southbank Centre provides pension benefits through the Pension Plan which operates two different sections. The defined benefit section was closed to new members from 1 April 2001 and the defined contribution section was opened to new members of staff joining on or after that date. Neither South Bank Foundation Limited nor Southbank Enterprises Limited have a pension fund.

The amount recognised in the SOFA is as follows:

	2017 £'000	2016 £'000
Defined benefit scheme		
Current service cost	215	247
Defined contribution scheme	691	701
Total charge in operating profit	906	948
Defined benefit scheme		
Net interest expense	132	209
Total charge	1,038	1,157

(a) Defined benefit scheme

The defined benefit section is funded by employer and employee contributions with assets held in separate trustee administered funds. A full actuarial valuation of the section was undertaken as at 1 April 2014 by a qualified independent actuary on behalf of the trustees. The actuary has undertaken additional calculations to produce estimated results for the purposes of Section 28 of FRS 102. As the section is closed to new entrants, under the projected unit method the current service cost will increase (as a percentage of pensionable salaries) as members approach retirement. The next tri-annual valuation will take place in June 2017.

Southbank Centre operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. Southbank Centre has agreed to a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the trustee to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the Southbank Centre pension scheme, using the projected unit credit method, was carried out at 31 March 2017 by Kerr Henderson, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2017	2016
Expected rate of salary increase	3.60%	3.40%
Expected rate of increase of pensions in payment	3.40%	3.20%
Discount rate	2.70%	3.80%
Rate of inflation	3.60%	3.40%

The mortality assumptions used were as follows:

	2017 years	2016 years
Longevity at age 65 for current pensioners		
Men	23.4	23.3
Women	25.7	25.5
Longevity at age 65 for future pensioners		
Men	25.3	25.1
Women	27.6	27.4

Reconciliation of scheme assets and liabilities:

	£'000 Assets	£'000 Liabilities	2017 £'000 Total
At 1 April 2016	48,562	(52,339)	(3,777)
Benefits paid	(1,912)	1,912	-
Employer contributions	593	(22)	571
Current Service cost	-	(215)	(215)
Interest income/ (expense)	1,821	(1,953)	(132)
Remeasurement (losses) / gains			
Actuarial losses	-	(12,985)	(12,985)
Return on plan assets excluding interest income	10,151	-	10,151
<b>As at 31 March 2017</b>	<b>59,215</b>	<b>(65,602)</b>	<b>(6,387)</b>

Total cost recognised as an expense:

	2017 £'000	2016 £'000
Current service cost	215	247
Interest cost	1,953	1,848
	2,168	2,095

No amounts (2016: £nil) were included in the cost of assets.

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**25 PENSION COSTS - CONTINUED**

The fair value of the plan assets was:

	2017 £'000
Equities	35,780
Bonds	12,792
Property	1,958
Cash	101
London Eye Asset	8,584
Market value of Defined Contribution assets	9,819
	<u>69,034</u>

The plan assets do not include any of Southbank Centre's financial instruments nor is any property occupied by any Southbank Centre entity

The return on the plan assets was:

	2017 £'000
Interest income	1,821
Return on plan assets less interest income	10,151
	<u>11,972</u>

(b) Defined contribution scheme

Southbank Centre provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	2017 £'000
Current year contributions	691
	<u>691</u>

Southbank Centre had no post employment benefits as at 31 March 2017 (2016: £nil)

SOUTHBANK CENTRE  
NOTES TO THE FINANCIAL STATEMENTS

**26 SUBSIDIARIES**

Southbank Centre Limited owns 100% of the issued share capital of South Bank Foundation Limited (100 shares of £1 each) and Southbank Centre Enterprises Limited (100 shares of £1 each), on behalf of Southbank Centre. Southbank Centre is the controlling party (ultimate parent company) and therefore consolidates these subsidiaries into its financial statements. Southbank Centre Limited only acts in the capacity of sole Corporate Trustee of Southbank Centre through the appointment of its directors (the Governors of Southbank Centre) and is otherwise dormant.

i) *South Bank Foundation Limited*

South Bank Foundation Limited was formed for the purpose of fundraising for Southbank Centre, particularly its site development. South Bank Foundation Limited was dormant during the year.

ii) *Southbank Centre Enterprises Limited (Registration number: 6158790)*

The principal activities of Southbank Centre Enterprises Limited are to manage certain commercial and retail activities on Southbank Centre's estate, including event hires, the bar and catering concessions, Southbank Centre's own shops and the car park. A summary of Southbank Centre Enterprises Limited's trading results are shown below:

	2017 £'000	2016 £'000
Turnover	8,155	8,706
Cost of sales	(1,275)	(1,437)
Administrative expenses	(2,207)	(2,107)
Operating profit	<u>4,673</u>	<u>5,162</u>
Interest receivable	0	-
Net result	<u>4,673</u>	<u>5,162</u>
Gift aid due to parent company	(4,673)	(5,162)
Retained in the subsidiary	<u>-</u>	<u>-</u>

As at the balance sheet date the aggregate amount of Southbank Centre Enterprises Limited assets, liabilities, share capital and reserves was:

	2017 £'000	2016 £'000
Current assets	3,094	1,909
Creditors: amount falling due within one year	(2,521)	(826)
Net current assets	<u>573</u>	<u>1,083</u>
Creditors: amounts falling due after one year	(187)	(119)
Total net assets	<u>386</u>	<u>964</u>
Represented by:		
Profit and loss account	<u>386</u>	<u>964</u>

## 27 CONTINGENT LIABILITIES

Group and charity

### *Legal actions*

As a body managing 21 acres of public spaces, Southbank Centre is currently facing a small number of personal injury claims. Accruals for claims are only made where there is reasonable likelihood of anticipated liability, and at the year end there were no such accruals. All remaining claims are strongly denied by Southbank Centre, which believes they are without foundation. Southbank Centre has taken legal advice on these cases and believes that there is a reasonable prospect of defending them successfully. However Southbank Centre has a contingent liability to the extent that any of these claims prove to be successful.

### *Capital grant funding*

As mentioned in note 12, the Royal Festival Hall refurbishment was financed by capital grants from Arts Council England and the Heritage Lottery Fund. A fixed and floating charge was taken out by Arts Council England and Heritage Lottery Fund over the assets of the charity. In the event that Southbank Centre ceases operating £49.2m would be repayable to Arts Council England and Heritage Lottery Fund under this charge.

The Royal Festival Hall extension building was financed by a £4m award from the London Development Agency. In the event that SC ceases operating £4m would be repayable to London Development Agency.

Additionally as also mentioned in note 12 the lease on the Waterloo Undercroft was financed by a capital grant from Arts Council England amounting to £937,500. In the event that the lease is disposed of before it expires in February 2148, Southbank Centre will have to repay a portion of the funds.

## 28 RELATED PARTIES

Susan Gilchrist (Chairman) is Group Chief Executive of the Brunswick Group, a fundraising and communications consultancy. Southbank Centre received no services from this company during the course of the year.

Southbank Centre is a trustee of the Jubilee Gardens Charitable Trust which maintains Jubilee Gardens. Southbank Centre does not have significant influence or control over the Trust. Southbank Centre paid a subscription of £21,000 (2016: £21,000) a repairing contribution of £59,160 (2016:£57,784) and event-related costs of £nil (2016: £nil) to Jubilee Gardens Charitable Trust during the year.

The American Fund for Southbank Centre Inc. ("American Fund") provides a tax efficient method for Southbank Centre to receive donations from US based donors. Donations received are transferred to Southbank Centre and recognised by Southbank Centre on a cash basis. During the year, Southbank Centre received USD 76,820 (2016: USD nil) from the American Fund. The American Fund had USD 78,027 (2016: USD 93,065) in cash balances available to transfer to Southbank Centre at 31 March 2017.

Cornelius Medvei (Governor) is Chair of Trustees of Cockpit Arts, a social enterprise that on occasion sells work through Southbank Centre's shops. Southbank Centre paid commission of £nil (2016: £nil) to Cockpit Arts during the financial year.

Robin Woodhead (Governor) is Chairman of Sotheby's International. Southbank Centre stages exhibitions which may incidentally enhance the value of works which may subsequently be offered for sale by Sotheby's on behalf of vendors. During the course of the year neither Southbank Centre nor Mr Woodhead were aware of any material case where this might have arisen. Mr Woodhead has no day to day involvement in deciding which exhibitions or works should be shown at Southbank Centre. Southbank Centre received £nil (2016: £nil) from Sotheby's during the financial year for corporate membership.

Southbank Centre paid Nihal Arthanayake (Governor) £nil (2016: £nil).

Southbank Centre, as sponsoring employer, has agreed to pay for the expenses of the Southbank Centre Retirement Plan. These expenses were £192,838 (2016: £279,005) for the year ended 31 March 2017.

During the year Southbank Centre invoiced Southbank Centre Enterprises Limited for management and administrative services provided by Southbank Centre to the company. This totalled £912,000 (2016: £864,000). There have been no transactions with Southbank Foundation Limited or Southbank Centre Limited (2016: £0).

Southbank Centre is a trustee of Topolski Memoir Limited, which rents studio and storage space from Southbank Centre for a peppercorn rent. Southbank Centre is also party to an agreement with Topolski Memoir Limited and Public Restaurant Partner Limited (trading as Company of Cooks) to use artwork owned by Topolski Memoir Limited in a bar/cafe space rented by Company of Cooks from Southbank Centre. Payments of £51,152 (2016: £41,001) were made by Southbank Centre to Topolski Memoir Limited during the financial year for the use of these artworks.

Chris Denton, a member of the Executive team of Southbank Centre, is closely related to a director of Jane Denton Creative Services Limited. During the course of the year Southbank Centre paid Jane Denton Creative Services Limited £10,815 (2016: £6,070) for editing and proofing services. Chris Denton was not involved in the decision to engage the company for these services.



29 FULL PRIOR YEAR DISCLOSURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES											
	Nota	Unrestricted funds		Restricted funds		Total funds 2017 £'000	Unrestricted funds		Restricted funds		Total funds 2016 £'000
		Operations £'000	Designated £'000	Projects £'000	Capital £'000		Operations £'000	Designated £'000	Projects £'000	Capital £'000	
<b>INCOME FROM:</b>											
Donations and legacies	2	21,551	-	1,438	13,450	36,439	21,055	-	1,231	1,607	23,892
Charitable activities	3	8,132	232	-	-	8,364	8,484	131	0	0	8,615
Other trading activities	4	13,843	-	-	-	13,843	14,190	0	0	0	14,190
Investments	5	3	-	-	-	3	1	-	-	-	1
Gain from fixed asset disposal		9,432	-	-	-	9,432	-	-	-	-	-
<b>Total</b>		<b>52,961</b>	<b>232</b>	<b>1,438</b>	<b>13,450</b>	<b>68,081</b>	<b>43,731</b>	<b>131</b>	<b>1,231</b>	<b>1,607</b>	<b>46,699</b>
<b>EXPENDITURE ON:</b>											
Raising funds	9	827	32	-	-	859	1,000	32	-	-	1,032
Charitable activities	9	32,334	4,831	1,118	-	38,283	33,853	4,830	1,506	-	40,289
Other	9	7,767	541	-	-	8,328	7,228	541	-	-	7,769
<b>Total</b>		<b>40,948</b>	<b>5,404</b>	<b>1,118</b>	<b>-</b>	<b>47,470</b>	<b>42,180</b>	<b>5,404</b>	<b>1,506</b>	<b>-</b>	<b>49,090</b>
<b>Net income/(expenditure) before transfers</b>		<b>12,013</b>	<b>(5,172)</b>	<b>320</b>	<b>13,450</b>	<b>20,611</b>	<b>1,549</b>	<b>(5,272)</b>	<b>(275)</b>	<b>1,607</b>	<b>(2,391)</b>
<b>Transfers</b>	20	-	13,450	-	(13,450)	-	-	1,607	-	(1,607)	-
<b>Other recognised gains/(losses)</b>											
Actuarial losses on defined benefit pension schemes	25	-	(2,834)	-	-	(2,834)	-	2,546	-	-	2,546
Gain/(loss) on derivative financial instrument		-	52	-	-	52	-	69	-	-	69
<b>Net movement in funds</b>		<b>12,013</b>	<b>5,486</b>	<b>320</b>	<b>-</b>	<b>17,829</b>	<b>-</b>	<b>(1,051)</b>	<b>(275)</b>	<b>(0)</b>	<b>224</b>

All of the above results are derived from continuing activities

The Movements on Reserves are also described in note 20

There is no material difference between the net (outgoing)/incoming resources before transfers for the financial years stated above and their historical cost equivalents

