

SOUTHBANK CENTRE

Annual Report and Financial Statements

2021-22

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



Supported using public funding by
**ARTS COUNCIL
ENGLAND**



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REFERENCE AND ADMINISTRATION DETAILS

Registered as a Charity No. 298909

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PROFESSIONAL ADVISORS

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EC2A 2HS

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INDEPENDENT AUDITORS

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

BOARD OF GOVERNORS AND SENIOR STAFF

BOARD OF GOVERNORS

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

Governor

| | |
|---------------------------------|-----------------------|
| Mr Misan Harriman (Chair) | appointed 1 July 2021 |
| Ms Susan Gilchrist (Chair) | resigned 1 July 2021 |
| Mr Glyn Aikins | |
| Venetia Butterfield | |
| Mr Brett Hansen | resigned 1 July 2021 |
| Mr Michael Hussey | |
| Dame Vivian Hunt | |
| Mr David Kershaw (Deputy Chair) | resigned 1 July 2021 |
| Luke Mayhew (Deputy Chair) | |
| Mr Cornelius Medvei | |
| Dr Maggie Semple OBE | |
| Mr Sandy Rattray | |
| Mr William Sargent | |
| Ms Lisbeth Savill | |
| Ms Lynne Shamwana | appointed 1 July 2021 |

EXECUTIVE LEADERSHIP TEAM

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

| | |
|---------------------------|--------------------------------|
| Elaine Bedell | CEO |
| Mark Ball | Artistic Director |
| Nicola Cardillo-Zallo | Director of People and Culture |
| Susan Johnston | Chief Operating Officer |
| Heather Clark-Charrington | Director of Audiences |

CHAIR'S FOREWORD

I'm delighted to present my first annual review as Chair of the Southbank Centre. It's been an inspiring year of re-awakening. We have re-opened to our audiences, artists and participants with live performances and workshops, after the prolonged and painful period of closure due to the pandemic.

As the UK's largest arts centre, we are the beating heart of a world-leading, extraordinary cultural ecosystem, reaching out to the widest possible audience while remaining true to our history of excellence, relevance, innovation and providing the most extensive free arts programme in the UK. I love the energy, range and diversity of ideas and events at the Southbank Centre - it makes it harder for people to label us, but the variety of offers here is what makes us so unique and exciting.

Re-opening gave us the opportunity to evolve the next stage of our strategy to reflect the rapidly changing world in which we operate. We have a new set of Strategic Principles that will accelerate our work as a change-maker, equalising opportunity for people and communities who for too long have been excluded from an artistic life or a creative career. It also responds to our principal funder Arts Council England's vision as set out in its *Let's Create* strategy, and embeds our commitment to helping ACE achieve its vision for 2030.

We staged many events in 2021/22 that resonated with the new direction we are taking. Personal highlights included *Chineke!*'s triumphant return in May to perform the first live audience event of our classical music programme, in a concert featuring alumnus Sheku Kanneh-Mason and the newly commissioned *Remnants*. This piece was inspired by the image of Patrick Hutchinson carrying a white counter-protester to safety during the Black Lives Matter protests, an image that was captured outside the Southbank Centre by Dylan Martinez and which inspired *Remnants* - a poem written by Yomi Sode and set to music by James B. Wilson. I'm particularly pleased to add that *Chineke!* are now a resident orchestra at Southbank Centre.

As we responded to the public need for culture to reflect the seismic events of the recent past, we also enabled hundreds of thousands of people to experience live music and art as restrictions eased by staging 15 weekends of free outdoor events, as well as the very successful Hayward show *Mixing It Up: Painting Today*.

We also demonstrated how the nation's largest art centre can respond quickly and powerfully to the national mood with the rapid production and staging of *Slava Ukraini!* in March. Developed by our new Artistic Director Mark Ball, only weeks in post, in partnership with the British Council and the Ukrainian Institute, the whole organisation came together to deliver this concert at speed. It was a statement of our intent to programme events which resonate with the public mood, and show that we can still - 71 years on from our opening - provide a "tonic for the nation."

In September 2021, we built on our multi award-nominated Art by Post programme by opening *Art by Post - Of Home and Hope*, an exhibition in the Clore Ballroom and on Queen's Walk. 200 works of art produced by talented individuals across the country were chosen by curator Persilia Caton. A national billboard and bus stop exhibition of photographic portraits of some of our participants also featured in locations around the country and served to highlight the vital role of creativity in the nation's health and wellbeing - a key theme for us going forward.

Critical and continuing investment from our principal funder, Arts Council England and the vital support of the government's Culture Recovery Fund helped mitigate against the severity of the financial and cultural impact of closure and social distancing on Southbank Centre. On behalf of my fellow Trustees, I'm hugely grateful to the government and to the Arts Council for their essential support during such an unprecedented period.

I've inherited an engaged and supportive Board from my predecessor Susan Gilchrist, who led the Trustees and supported the organisation through recovery and a successful reopening. The Southbank Centre thanks her for her commitment, as well as the tremendous work of Elaine Bedell and the Executive team. A number of Governors have come to the end of their tenure and we thank them too. I look forward to announcing new Governors shortly - the enthusiasm to be involved has been very encouraging and speaks to the reputation and vision of Southbank Centre.

I've spent much time walking the site and meeting many enthusiastic and opinionated members of the team, neighbours and partners working on the site. I've enjoyed meeting skateboarders, volunteers, members of both the frontline and behind the scenes teams as well as the Executive Leadership team. We all have in common a great passion and commitment to the Southbank Centre and a diversity of views, interests and opinions is something we welcome and try to harness. Art is not mono-cultural; it thrives through the creative tension of the new and the traditional, the cross fertilisation of the genres that embrace the Southbank Centre as their home and a willingness to reach out to artists and audiences across the spectrum. All are welcome, must be made welcome and I hope that we can provide the opportunity for the arts to help them as it has helped and inspired me on my journey.

It really feels as though the Southbank Centre is back and firing on all cylinders again and with exciting plans ahead and with a new artistic leadership, I'm looking forward to sharing the coming year's activity with you.

Misan Harriman

Chair of the Board of Governors

July 2022

CEO'S FOREWORD

It was with much relief and excitement that we re-opened our doors to the public in April 2021 and returned to doing what we do best at Southbank Centre: producing and presenting life-enhancing, accessible, live events for everyone, across all our venues (the Royal Festival Hall, Queen Elizabeth Hall, Hayward Gallery, Purcell Room, Clore Ballroom) as well as our many outdoor spaces.

Beautiful, soaring music once again rang out loud and clear from the Southbank as our resident and associate orchestras made a triumphant return to live concerts and to enthusiastic audiences.

We staged the biggest outdoor summer festival we've ever had before - and the longest festival in the UK - with 15 weekends of free live outdoor stage events. Our *Summer Reunion* programme hosted DJs to bands and comedy to cabaret, so that people could once again freely mingle and enjoy our markets and pop-ups whilst also bumping into our specially-commissioned outdoor art installations.

The diversity of our offer and the audiences who came was inspiring. Over 250 artists delivered a programme of 240 hours of high quality, free multi-artform events to audiences of over 20,000 of all ages and backgrounds, with the majority showcasing artists who are under-represented in the arts.

Importantly, we were able once again to provide a much-missed platform for all those freelance artists and performers who'd suffered so much during closure, as well as a new dedicated space for exciting, emerging talent to create new collaborative, cross-disciplinary work in our Purcell Sessions.

We invited the public back in to explore extraordinary, moving, art exhibitions in the Hayward Gallery - culminating in a major retrospective of the legendary Louise Bourgeois which focused on her work using fabric and textiles. Visitors also returned to the National Poetry Library, where they could once again revel in the world's largest collection of modern poetry.

Whilst we were welcoming so many returning visitors to our 11-acre site in London, we were also renewing our commitment to offer great cultural experiences to everyone across the UK.

Our Hayward Touring programme team worked with curators on 14 regional exhibitions, including *British Art Show 9*. We continued to look after the Arts Council's own art Collection, co-curating exhibitions across England and Wales with cultural partners in Yorkshire, Nottingham, Plymouth, Hull, Walsall, Leicester, Norwich and Swansea. In addition to our acclaimed national billboard exhibition, our *Art By Post* exhibition of works by participants toured to venues in Oxfordshire, Sunderland, Canterbury and Manchester.

We also returned to working in-person with schools, communities and individuals across the UK, delivering a packed Creative Engagement programme that continued to enable everyone to express their creativity. Our landmark *Art By Post* project reached over 4,000 people across the UK and helped tackle loneliness and social isolation.

Since reopening, and as we've been able to successfully extend the reach and impact of our programme, so we've been able to rebuild our organisation. I'm very grateful that many of those that sadly had to leave us during the dark days of 2020 when we had so little work, have now returned to us: 72 new colleagues joining in this year had worked with us before and I'm so pleased to welcome them back.

I'd like to express my wholehearted thanks to the brilliant team at Southbank, who've worked so hard this year to get us back open and with such an amazing offer. I'd like to thank the tireless efforts of the Executive Leadership Team and the supportive Governors of the Southbank Centre, who've all made it possible for us to provide the most exciting artistic programme, for the widest possible audiences

Elaine Bedell
CEO Southbank Centre
July 2022

REPORT OF THE TRUSTEE

A NEW STRATEGIC FRAMEWORK

Southbank Centre's Charitable Objects set out our responsibility to steward our extraordinary spaces for the nation, and to provide a cultural programme from which everyone can benefit:

Charitable Objects

- The promotion of the arts for the general benefit of the public and in particular the maintenance and development of the Southbank estate as a centre for the arts for the benefit of the people in Great Britain in general and London in particular.
- The development and improvement of the knowledge, understanding and practice of the arts at the Southbank estate or any part of it.
- The provision and support of such cultural activities related to the arts as the trustees consider desirable at the Southbank estate or any part of it.

In support of our Charitable Objects and in response to the rapidly changing external environment a new Strategic Framework was developed and approved by Trustees in 2021. The new framework builds on our past successes, while recognising the challenging external environment we're operating in and the need for flexibility and agility.

Alongside a revised Purpose and Vision, we developed a set of four Strategic Principles and desired outcomes that provide us with a robust planning framework. This framework embeds the Investment Principles of our principal funder Arts Council England (ACE). We also began working with staff to develop a new set of values, an internal compass that reflects how we behave and how we expect others to behave towards us, internally and externally. This piece of work is due to be finalised in autumn 2022.

Set out below is our revised Purpose, Vision and Strategic Priorities, followed by a summary of what was delivered in the year to 31 March 2022 and an outline of key outcomes we will be focused on in the next 12 months.

Purpose

To offer inspirational life-enhancing encounters with art in democratic, open spaces.

Vision

To have the most vibrant, innovative, welcoming and inclusive arts spaces in the world, renowned for championing the imagination of artists, audiences and communities.

Strategic Priorities

We are Innovative and Dynamic.

We innovate all the time, in all that we do, in all our spaces, physical and digital. We are *dynamic and flexible* in the way we face challenges of the future. We strive for excellence in everything we do.

We build Audiences and our People reflect London.

Democratic access for all is our founding and our guiding principle. We are always extending our reach and relevance. We are a truly modern arts centre which looks like it belongs in Lambeth and London and the wider UK.

We Collaborate.

Partners and Artists are critical to our success and central to our way of working. Artistic/ tech/ commercial and cross-sector partnerships as well as community and venue partnerships across the UK and the world.

We are Resilient and Sustainable.

We are resilient and our organisation is stable. We make agile use of our resources so that we can invest for the long term future of Southbank Centre. We are environmentally responsible in everything we do.

REVIEW OF ACTIVITY

2021/22 was a year of transition as we finalised and adopted our new Strategic Framework, responded to changing COVID-19 restrictions and - enabled by the Culture Recovery Fund - reopened and continued to plan ahead with confidence. We were finally able to deliver a programme of live performance events, encompassing music, dance, literature and spoken word, many of which had been necessarily postponed from 2020/21. We reopened the Hayward Gallery and recommenced our national touring programme and also began to implement programming and curatorial responses that aligned with our Strategic Principles.

At the same time, COVID-19 continued to present us with significant planning and delivery challenges that were beyond our control. Several major events were cancelled due to social distancing, travel restrictions, COVID illness and a lack of certainty around audience willingness to gather and engage. All contributed to an exceptionally difficult business planning environment.

Despite these challenges, we succeeded in delivering a programme that had democratic access to arts and culture as a key driver, delivering:

- A classical music season that included landmark farewell concerts for two of the world's greatest conductors, Esa-Pekka Salonen and Vladimir Jurowski, outgoing Principal Conductors of Southbank Resident Orchestras the Philharmonia and the London Philharmonic Orchestra respectively
- Concerts with world-renowned orchestras and artists including Víkingur Ólafsson, Nicola Benedetti, Christian Tetzlaff, Steven Isserlis, Julia Fischer, Alice Sara Ott, Shekhu Kanneh-Mason, Tamara Stefanovich, Stephen Hough, Maurizio Pollini, and a sold-out debut from rising star Alexandre Kantorow
- The 'breathtakingly beautiful' (New York Times) *Matthew Barney: Redoubt* exhibition in the Hayward Gallery, which launched a year of exhibitions that also included a major Louise Bourgeois retrospective and three major new outdoor commissions, as well as the touring British Art Show 9
- David Medalla's *A Stitch in Time* loaned from the Arts Council Collection; a mass-participation piece that captured visitors' reflections as Southbank Centre re-opened its doors to the public
- *Summer Reunion*: the UK's longest running summer festival, with 15 weekends of free culture on the Riverside Terrace stage, including nine curator-led weekends, employing 250+ artists and delivering a programme of 242 hours of high quality, free multi-artform events to audiences of 20,000+
- *Imagine Children's Festival* which celebrated its 20th anniversary with 160 events over 12 days, with 16,850 tickets sold
- Ravi Shankar's centenary celebration: we delivered a programme of events to celebrate the life of the most influential Indian classical music composer and instrumentalist of all time, culminating in a centenary concert led by Artist in Residence Anoushka Shankar
- The second edition of our popular *Winter Light* project that illuminated our public spaces
- Literature and spoken word events that included global exclusives with Sally Rooney and Sir Paul McCartney, the latter receiving a British Media Awards nomination for Event of the Year
- A touring exhibition of works by our participants in our landmark *Art by Post* programme which distributed art packs to socially isolated people during the pandemic - to Banbury, Sunderland, Canterbury, Manchester and Leicester reaching over 14,000 people
- The launch of our national *New Poets Collective* supporting emerging talent amongst spoken word and page poets attracting 425 applications for 15 coveted places
- *Imagine a Story*: engaging 1,000 KS2 children who collaborated with children's author Zanib Mian and illustrator Selom Sunu to write a brand new book - *Dawn of the Zombie Rays* - that was professionally published.
- We hosted the BFI London Film festival, we've opened up a new market for premieres and held two world film and TV premieres and a number of British Film premieres all within 6 months of reopening. We will be welcoming BFI back again for 2022.

Charitable Impact in Numbers

| | |
|---|---|
| Events | 3,616 |
| Tickets Issued | 484,000 |
| % free public events | 44% |
| Venue visitors | 1.342 million |
| Schools engaged | 55 school groups engaged in person with a total of 1,920 children 162 school groups engaged with us through digital events, with a total of 3,240 children 8,168 school groups engaged with our digital resources, with a total of 163,360 children |
| Regional Audiences for Hayward Touring | 62,000 |
| Black, Asian and Ethnically Diverse audiences | 14% |
| Under 30s | 8% |
| Lambeth and Southwark bookers | 12% |

SOUTHBANK CENTRE STRATEGIC PRINCIPLES

2021/22 saw Southbank Centre's new Strategic Principles formally adopted by the Board, and then cascaded through the organisation.

In response to the creation of the Strategic Principles, new activity was developed, artform-specific strategic plans were redeveloped, leadership in the organisation was restructured to better enable ownership and accountability and appointments were made to lead on new work that will further the embedding of the principles throughout the organisation's artistic and operational work.

INNOVATION AND DYNAMISM

Under our Director of Music and Performing Arts Gillian Moore and our new Head of Classical Music Toks Dada we accelerated our plan to redefine Southbank Centre as a centre for innovation, diversity and excellence in classical music, reaching the widest possible audience through the launch of our *New Future* classical music strategy.

Designed to ensure classical music remains relevant and can respond to and reflect our rapidly changing society, we presented *New Future* to the leadership of four of our Resident Orchestras (London Philharmonic Orchestra, Philharmonia Orchestra, London Sinfonietta, Orchestra of the Age of Enlightenment) and shared plans around collaborative programming to develop new audiences; accelerate diverse representation on stage and through commissioning; as well as a commitment to collective responsibility for transforming the demographic make-up of audiences.

We launched *Purcell Sessions*, a re-imagined use of the Purcell Room to become a home for new work incubation, artistic innovation and collaboration between artists keen to explore new creative frontiers. We hosted 56 residencies and specialist shows with acts including Gigi Masin, Ill Considered and Neil Cowley, as we took the first steps towards building an audience of culturally curious arts lovers seeking out new and innovative work.

We continued to develop free and accessible, vibrant, engaging and thought-provoking outdoor installations. These included three major new outdoor commissions - Anthea Hamilton, Slavs & Tatars and Klaus Weber - as well as a programme embracing a broad and diverse range of artists (Samson

Kambalu and Ilke Gers) and art forms and a second edition of our popular Winter Light project, using light based artworks to illuminate our public spaces.

We set new areas of focus for our Creative Learning offer for communities, individuals, and emerging practitioners:

- Southbank Centre as a centre of excellence for Arts and Wellbeing;
- Supporting Southbank Centre as a home for artists, and the development of new artists, via our Emerging Artists and Creatives programme;
- Development of a vibrant, inclusive, national curriculum linked nationwide schools programme, drawing on all our core artforms;

Work was undertaken in support of all of these areas over the course of the year, with the latter developed in response to the crisis in music education provision and dovetailing into our *New Future* classical music strategy.

We appointed Mark Ball as Artistic Director and Mark began his full time role in February 2022.

COLLABORATION

We understand that our impact is amplified through partnership working.

In March 2022 we formally invited two existing Associate Orchestras (Aurora and Chineke! Orchestras) to become Resident Orchestras, together with the London Sinfonietta, London Philharmonic Orchestra, Orchestra of the Age of Enlightenment and the Philharmonia.

This recognised the important contribution both these orchestras are making to the Equality, Diversity and Inclusivity ambitions within *New Future*, and to our classical music programme as a whole. A signifier of our commitment to evolving classical music at Southbank Centre, this expansion of our Resident Orchestra portfolio was announced publicly as we launched our Classical Music 2022/23 wave 1 season.

We established a new partnership with Google Arts & Culture, who supported our *Art by Post* tour and collaborated with us to create an online gallery featuring the work and voices of the participants, partners and artists involved in *Art by Post*.

Tomorrow's Warriors and carnival performance group Kinetika Bloco remained integral to our music offer, further strengthened by a growing relationship with Chineke! Juniors.

The National Academy for Social Prescribing (NASP) continued to be an important strategic partner in our ambition to establish Southbank Centre as the home and sector leader in arts and wellbeing, working together to deliver an exhibition and tour highlighting the community and artistic work of the *Art By Post* programme. In March 2022, we partnered with NASP to host and co-present a Social Prescribing Day as part of National Social Prescribing week, bringing together organisations across the arts, health, community, environment and voluntary sectors.

Throughout 2021/22 we also played a critical part in the economic regeneration of London in general and the South Bank, Lambeth and Southwark, and we worked closely with the GLA to support their *Let's Do London* campaign to encourage audiences back to London and the South Bank.

AUDIENCES AND PEOPLE

We share Arts Council England's commitment to achieving greater fairness, access and opportunity and in 2021/22 we delivered projects and strategies to increase diverse representation in the work we produce and within our workforce..

Audiences

We were delighted to start welcoming audiences back on site in the summer of 2021. We undertook detailed work to ensure the site was COVID-secure and we programmed an extensive free outdoor summer programme for 15 consecutive weekends, which were a great success, delivering a programme of 242 hours of high quality, free multi-artform events to audiences of over 20,000 of all ages and backgrounds.

We began to develop new insight around audience behaviour in a post pandemic world by revising our post show surveys, and are working with external organisations like AVLA to better understand audience behaviours.

We extended our reach out of London with *The British Art Show 9*. The British Art Show takes place every 5 years, and *The British Art Show 9*, curated by Irene Aristizábal and Hammad Nasar and postponed from 2020, bringing the work of artists developing new directions in contemporary art, to multiple venues across four cities in the UK. The exhibition took on extra significance for each city, as we worked to develop a number of significant new commissions and site specific installations that would particularly resonate with local communities and audiences.

Our work on the *New Future* music strategy to increase accessibility began with a new series of classical music experiences for families, launching with the Multi-Story Orchestra's *A Musical Journey*, that took audiences aged 7 up around our site and culminated in a seated performance in the Queen Elizabeth Hall.

As part of London Literature Festival 2021, we produced a live event *Happy Here* - an anthology for middle grade readers, featuring stories and poems written by ten Black British authors and illustrated by ten Black British illustrators. In September 2021, every primary school in England received a free copy of the book to help teachers bring representative and inclusive stories into the classroom, as part of an initiative by BookTrust, the Centre for Literacy in Primary Education (CLPE) and Knights Of.

We invested in the development of more diverse work for children and brought a new show, *Mmm ah Whoosh* by Mellow Baku, and *Little Murmur* by Akash Adedra to the Imagine festival. We also leveraged our size and scope to scale up other participatory projects, including a national roll-out of our young people's writing programme Imagine a Story and working with MOBO Award winner Yolanda Brown and online education provider Twinkl to support home learning with live streamed education performances, reaching 200k+ views worldwide.

In March 2022, WOW London returned for an in-person 3 day festival of events celebrating women, girls and non-binary people across Southbank Centre venues.

People

From April 2021 to March 2022, we hired 150 FTE new members of staff in total, out of which 72 (35%) are rejoiners and 144 (65%) are new joiners. Of these Visitor Experience Hires were 97 overall of which 76 were Visitor Assistants (VAs).

- Staff Numbers as at 31 March 2022 - 404
- Black, asian and ethnically diverse staff have increased to 20.5% of total staff since 2021
- Staff declaring a disability have increased in overall percentage to 7.2% since the last report.
- Staff under the age of 30 have increased further from 22.3% in March 2021 to 25.7%.
- LGBTQI+ figures are at 14.9% and our gender split is currently overall 57.4% female, 41.8% male and 0.7% non-binary.

Our Equality, Diversity and Inclusion (EDI) Strategy was launched in November, and 250 staff members have benefited from training via compulsory EDI workshops, with ongoing workshops running monthly.

A staff Lunch & Learn Series launched covering topics on *Navigating Anxiety*, *Mental Health*, *Social Mobility*, *Neurodiversity* and *Being on a Board*, with on the day engagement of up to 50% and video recordings being made available on the intranet.

Our Visitor Experience team has undergone customer service training and 16 new Mental Health First Aiders were trained.

We introduced a new method of data capture via a Reset and Reflect review process which has already better captured training and development needs across teams. This will inform the development of a more structured Learning and Development Framework for 2022/23.

The Frequency of All Staff meetings increased to monthly, with diverse voices from across the organisation represented and the work of teams celebrated. These are now recorded and shared on the intranet.

Like many other industries and organisations, we have experienced a high churn in staff numbers and a key focus for 2022/23 will be on hiring, retention and development of staff.

Our new Purpose, Vision, and Strategic Principles were cascaded to all staff in October 2021 and a new streamlined Executive Leadership Team structure was established in January 2022. We commenced work with all staff to develop a new set of organisational values.

RESILIENCE AND SUSTAINABILITY

We reopened our main cultural spaces on a phased basis, adapting and responding to various levels of COVID. The Hayward Gallery opened for *Matthew Barney: Redoubt* and *Igshaan Adams: Kicking Dust* in May. The Royal Festival Hall re-opened on 28 May with a concert by Chineke! The Queen Elizabeth Hall opened with David Harewood on 2 September and the Purcell Room on 16 September with Sarah Devachi and the LCO. We also began to implement our new 5 day operating model.

Our new operating model is centred around programming our main spaces 5 days per week (Wednesday to Sunday), re-building our commercial revenues and increasing our cost base/ allocating resources in line with secure funding levels. Alongside the need to ensure the organisation retains strong financial discipline and the ability to manage in what continues to be a very uncertain, fast changing operating environment, we have prioritised funding for innovation as a key strategic imperative.

Despite a number of challenges with COVID restrictions and the Omicron variant over Christmas, overall we delivered a strong result that sets us up well to move forward optimistically as audiences return and restrictions, we hope, become a thing of the past.

An outline of our financial performance in the year is set out below in the Financial Review section.

The Southbank Centre is committed to reducing our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and business practices. We acknowledge that we need to make a rapid reduction in our overall carbon footprint across all of our operations.

During 2021 we completed our carbon footprint baseline calculation, using 2019 data and developed, with external expertise, a high level gap analysis and draft roadmap for carbon reduction. Our biggest impact areas are energy and carbon emissions, procurement of materials and goods, waste, transport and the activities of our commercial tenants. These areas therefore form the priority focus of our strategy going forward.

During the year we shared the findings of our baseline calculation and gap analysis with staff. We held internal workshops focused on specific areas of operating and collaborated with stakeholders and neighbours, joining the Lambeth Climate Action Partnership. Our focus on securing specialist expertise in energy and waste management will determine key areas for investment in the immediate and medium term. We do not under-estimate the challenges and cost of improving the sustainability of legacy listed buildings and, alongside a reset of targets (September 2022), we are developing a funding model for capital investment longer term.

Streamlined Energy and Carbon Reporting (SECR) Summary Report for Southbank Centre

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force.

Southbank Centre (SBC) meet SECR qualification criteria in the UK. SBC have opted to use the Operational Control boundary definition to define their carbon footprint boundary. The reporting period for the compliance is 1st April 2021 – 31st March 2022. Included within that boundary are Scope 1 & 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK. The GHG Protocol Corporate Accounting & Reporting Standard and UK.

Government's GHG Conversion Factors for Company Reporting have been used as part of carbon emissions calculation.

The results show that SBC total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 19,921,741 kWh and 3,905 tonnes of CO₂e respectively in the 2021 financial year in the UK. In their 2021 financial year, SBC procured 100% renewable electricity. As a result, their Scope 2 Market Based* emissions dropped by 1,807 tCO₂e.

SBC have chosen 'Tonnes of CO₂e per million turnover (m£)' and as an intensity metric as this is an appropriate metric for the business. The intensity metric for the financial year 2021 was 143.3 tCO₂e/m£ compared to 36.4 CO₂e/m£ in 2020. The increase in energy usage and carbon emissions from 2021 was due to the re-opening of the venue after the pandemic had closed its venues for much of 2020/21. The latest year's usage represents a reduction in total energy use by 16% and of total (market based) gross emission of 65% from 2019/20.

Below is the energy consumption and GHG emissions summary table as well as the table outlining the year on year analysis

| Type of Emissions | Activity | kWh | tCO ₂ e | % of Total |
|---|---------------|------------|--------------------|------------|
| Direct (Scope 1) | Natural Gas | 11,412,072 | 2,098 | 53.7% |
| | Company Fleet | 0.0 | 0.0 | 0.00% |
| | Subtotal | 11,412,072 | 2,098 | 53.7% |
| Indirect (Scope 2) | Electricity | 8,509,669 | 1,807 | 46.3% |
| | Subtotal | 8,509,669 | 1,807 | 46.3% |
| Indirect Other (Scope 3) | Grey Fleet | 0 | 0 | 0% |
| | Subtotal | 0 | 0 | 0% |
| Total Energy Use (kWh) | | | | 19,921,741 |
| Total (location based) Gross Emissions (tCO ₂ e) | | | | 3,905 |
| Renewable Electricity (tCO ₂ e) | | | | 1,807 |
| Total (market based) Gross Emissions (tCO ₂ e) | | | | 2,098 |
| Gross Turnover (m£) | | | | 27.3 |
| Tonnes of Gross CO ₂ e per m£ | | | | 143.3 |

Southbank Centre is investing significantly over the next few years to reduce E,F and G properties down to a D rating. The aim over the next 5 years is to reduce our carbon footprint by 50%.

Within the 2020/ 2021 financial year, the following energy efficiency measures were implemented:

- Adjusted Hvac plant time schedules to reflect the new 5 day event week model
- Replace the HG Humidifier
- Replace our emergency light UPS systems
- Upgrade our Luron lighting control system

It is expected that 7,105,000 kWh energy is going to be saved over the next 5 years through these energy efficiency measures.

| Type of Emissions | Units | 2021/2022 | 2020/2021 | YOY % Change |
|--|----------------------|------------|-----------|--------------|
| Direct (Scope 1) | (kwh) | 11,412,072 | 3,025,474 | 277.3% |
| | (tCO ₂ e) | 2,098 | 556 | 277.3% |
| Indirect (Scope 2) | (kwh) | 8,509,669 | 3,262,854 | 160.8% |
| | (tCO ₂ e) | 1,807 | 761 | 137.5% |
| Indirect Other (Scope 3) | (kwh) | 0 | 2,6150 | -100% |
| | (tCO ₂ e) | 0 | 1 | -100% |
| Total Energy Use (kWh) | | 19,921,741 | 6,290,043 | 216.7% |
| Total Gross Emissions (tCO ₂ e) | | 3,905 | 1,317 | 196.5% |
| Renewable Electricity (tCO ₂ e) | | 1,807 | 761 | 137.4% |
| Total Net Emissions (tCO ₂ e) | | 2,098 | 556 | 277.4% |
| Tonnes of Gross CO ₂ e per £m | | 143 | 36 | 293.8% |

**In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach can also be used when companies have entered into contractual agreements for renewable electricity (e.g. REGO's). Reporting on renewable energy and associated emissions is not a mandatory requirement under the SECR legislation but it is possible for organisations to use dual reporting if they wish to reflect their consumption of renewable energy. In this SECR a dual reporting approach has been used to take account for both location based and market based reporting.*

FUTURE PLANS

Set out below is an outline of the key outcomes we are seeking to deliver against each of our strategic priorities in 2022/23. Each outcome is monitored and reviewed by the Board twice a year.

Innovation & Dynamism

We innovate all the time, in all that we do, in all our spaces, physical and digital. We are dynamic and flexible in the way we face challenges of the future. We always look for innovative ways of working. We strive for excellence in everything we do.

Ambition/Outcomes: World-class artists choose to perform here. We will be recognised for our groundbreaking artistic programme, in all our spaces, physical and digital. We are a place where people want to come to work.

Launch Purcell sessions: Support Artists across all artforms, representing the diversity of London, to experiment and develop innovative, interdisciplinary practice. Achieve a consistently high attending audiences of 80% capacity. Creating a new recognisable brand, whereby new and emerging Artists approach SC as their partner of choice.

Extend site design strategy/ free activity on site: Investing £250k in an expanded free outdoor and Clore Ballroom offer. Investing in commissioning installations and projects that can be presented at venues across England.

Invest in digital and develop new platforms: Launch our own Broadcast/Streaming channel in September 2022, with Meltdown 2022 or other impactful new content. Commission our first digital-first project for the Metaverse.

New artistic vision for a new era, begin refreshing artistic strategy: Develop the 2023/24 artistic programming strategy and communicate key changes to stakeholders, including ACE and partners by December 2022

Develop and begin to implement refinements to the Artistic Programme for sustainability: Review committed programming (Visual Arts and Performance) between now and 2024 in workshops to reduce carbon impact, with key actions. Use learnings to inform new programming choices selected and planned for 2025 onwards.

Audiences & People

Democratic access for all is our founding and our guiding principle. We are always extending our reach and relevance. We are a truly modern arts centre which is representative of Lambeth, London and the wider UK.

Ambition/outcomes: We will curate, schedule, plan and develop our activity, our site and how we engage, so we inspire people from all walks of life and throughout their lives. We understand our audiences better and we're ambitious about opening up access to new diverse audiences. We develop the talent of tomorrow.

Embed values and org strategy in teams and team objectives with improved internal comms: Create and embed a new set of shared values with a programme of work involving all staff with values being published and shared more widely both internally and externally by September 2022. Review employee objective setting process (April 2022) to align new priorities strategically into individual objectives. Developing Board Engagement Series (22/23)

Implement EDI and staff development strategy with clear agreed priorities: Launch new expanded monitoring survey for staff to improve our knowledge and understanding of our workforce, alongside tracking and publishing our gender & ethnicity pay gap. Investing in work placements, launching pilot shadowing scheme and introducing leadership and management support/development framework (22/23)

Optimise use of seating/spaces - Review low cost tickets strategy to expand access to our best cultural programming: Make at least 5% of tickets for all programming available to low-income groups. Explore partnerships to extend the reach of our free/low cost offer with Student Pulse, Tickets for Good and Speakers for School's Youth Card.

Create benchmarks to measure artistic excellence/quality/ as well as audience volume:

Embed principles of ACE Impact and Insight toolkit alongside peer to peer evaluation, focusing on 6 key identified areas in 2022/23

Develop capability for better audience data capture: Partner with neighbours to secure more robust footfall data and revamp regular short surveys with all visitors to develop insight. Expand a Data and Insight team to strengthen capabilities, and embed insights across the organisation.

Develop new staff working groups to contribute to strategy and new ways of operating:

Establish a Sustainability network. Introduce Ideas and Innovation breakfasts, open to all staff. Use cross departmental groups to work up initiatives eg: around key areas of investment and operating.

Collaboration

Partners and Artists are critical to our success and central to our way of working. Artistic/ tech/ commercial and cross-sector partnerships as well as community and venue partnerships across the UK and the world.

Ambition/outcomes: We will expand our work across the UK (levelling up) and the world (Global Britain). We will collaborate with those that are most innovative/world class. We will be sector-leading and good allies.

Assess and evaluate all existing partnerships against an agreed framework of value & potential:

Create a new framework to define future expected outcomes. Reassess all associate artists and partner relationships against this framework. Create space for new associates and partners.

Open up SC for community/audience curation. Assess all current community partnerships:

Form an Arts and Wellbeing Lived Experience Advisory Group to help shape our Arts and Wellbeing programme. Our family programme and in particular the Imagine Festival for 2023, will be informed by input from families in our local community.

Re-calibrate partnerships in classical music in order to develop the cultural offer: Implement new Orchestral Strategy, with funding of £300k and diary dates ringfenced to support new work and attract new audiences.

Develop new tech partnerships to drive digital ambition: Create and appoint new senior Artistic Innovation role. Develop and collaborate with key tech partners to explore opportunities to shift SC into the metaverse, extend our reach and support artists and performers across the UK. NDA signed with the first potential partner.

Develop new partnerships inside and outside London and UK: Review activity which could be relocated/co-located outside of London and update ACE in Q3 2022.

Resilience & Sustainability

We are resilient and our organisation is stable. We make agile use of our resources so that we can invest for the long term future of SC. We are environmentally responsible in everything we do.

Ambition/outcomes: We will be future relevant. Financial resilience means we have the ability to invest in artistic ambition, innovation, developing our spaces and our people. We have a clear roadmap on sustainability to 2030. We will deliver our business plan. We will transform the RFH to become a more sustainable, innovative, civic space for the next era.

Optimise (rather than maximise) activity levels within new operating model. Monitor audience behaviour and income levels. Calibrate resource levels: Undertake a formal review in September 2022, with a focus on emerging audience behaviour and future income visibility. Manage inflation risks.

Deliver business plan (CRF obligations and new 3 year ACE grant) which affords the ability to invest and replenish innovation funding: Ensure SC hits the reserve target level set out in the CRF model, alongside protecting ongoing confirmed innovation and capital spend levels.

Develop data plan across the org and KPI's/ Insight to track delivery of ambitions and outcomes of Strategic Principles: Establish a framework for data collection and insight across the organisation, with a focus on evidence based impact. Develop and embed KPI's across the organisation February 2023 (to coincide with budget 2023 approval) and recruit resource to support.

Develop new commercial opportunities: Secure a portfolio of high value, high profile events, complementary to cultural offer that attracts new audiences. Secure income targets for the next 3 years, alongside reviewing space utilisation to open up new opportunities.

Develop roadmap to sustainability 2030: Complete high level roadmap, reviewing target net zero date by September 2022, embedding sustainability throughout the organisation, with a shared understanding. Recruit sustainability lead in June 2022.

Develop RFH masterplan, including funding model for capex investment longer term: Deliver a new master plan for RFH 75th redevelopment by December 2022, with the ambition to commence staged 3 year refurbishment; beginning in April 2023/24.

FINANCIAL REVIEW

The results for the year reflect the increase of activity and audiences in line with the easing of COVID-19 restrictions. This was the first year of implementing our new operating model designed to ensure artistic agility and innovation whilst maintaining financial sustainability and resilience. Our ability to reopen in such an uncertain economic environment was underpinned by the Culture Recovery Fund repayable finance received in 2021.

Albeit short of pre-pandemic levels, the reopening attracted significant audiences, visitors and commercial activity in line with our most optimistic scenario. Total income increased by £6.855m from 2020/21 (2021/22 £43.155m; 2020/21 £36.300m) representing 71% of the income received in 2019/20.

The Royal Festival Hall and the Hayward Gallery reopened in May 2021 and together with the Queen Elizabeth Hall and Purcell Room the site returned to a full operating level in September 2021. The combination of increasing activity and growing audiences resulted in our artistic income increasing by £4.7m from 2020/21, representing 50% of the income achieved in 2019/20.

Development and grant income reduced in the year by £3.862m predominantly as a result of the end of the Coronavirus Job Retention Scheme that had contributed £4.897m to the total in 2020/21. Donations and sponsorships were broadly level with the prior year (2021/22 - £1.99m; 2020/23 £2.085m). The Arts Council England core grant increased by £338k as part of an inflationary uplift with additional grants received for specific projects.

Other trading income grew to £13.7m (2020/21 £8.5m), representing 75% of the income achieved in 2019/20. This includes events within the venues, concessions including restaurant leases, catering services and food market, memberships and other activity across the site. Commercial event income has proved relatively resilient post COVID as events returned from May onwards and is currently achieving targeted income levels. Our other commercial income in the summer was in line with pre-pandemic levels though winter activity was curtailed by the concerns over the Omicron variant. Retail income from our gift shops has been the slowest to return due to the level of activity and the impact of the Omicron variant in the December – March period though is now trading more successfully. The number of members grew by 6% during the year though total income reduced due to the timing of receipts that were weighted towards the second half of the year and phased over the year of membership.

The gradual re-opening of activity was reflected in a controlled increase in the cost base and a steady growth in staff numbers to reflect the gradual increase in the operation of the site. Total expenditure increased to £43m (2020/2021 - £37m), a 22% reduction from the total cost base in 2019/20.

We continued to invest surplus cash not required for operations with UK banks with terms of up to one year. All investments are cash deposits and the charity held no other investments.

We have continued to work with our on-site tenants to collect debts outstanding at 31 March 2021. Whilst we have been cognisant of the huge financial challenges they themselves have faced, over the year have been able to agree payments plans for the full sums due for all continuing leases. The total amount outstanding at 31 March 2022 was £1.9m (2021 - £2.4m net of £1.9m bad debt provision). Whilst we consider these to be recoverable in the current economic conditions, they remain contingent on the successful trading and financial viability of each restaurant group.

Our current assets reflect the collection of debts due and have reduced by £3m from 2021. The increase in current liabilities from £11.1m to £17.2m reflects the increase in activity between the two years and the consequent increase in trade creditors and advance box office income at year end.

Due to the closure to future accrual of the defined benefit section of the Southbank Centre Retirement Plan we are no longer recognising any asset in respect of the scheme's surplus under the valuation prepared under Section 28 of FRS 102 (see note 23). This resulted in the £500k loss of the defined benefit pension scheme recognised in the SOFA.

The overall net income of £706k was in line with our most positive scenarios and has allowed the release of the £4.3m fund reserved at 31 March 2021 in respect of potential deficit in 2021/22. As at 31 March 2022 our General Reserves comprised £7.9m in a General Fund. Following transfers in the year the

Strategic Investment Fund now totals £4.5m to provide investment in exceptional projects that deliver artistic ambition, digital innovation, inclusion, sustainability and financial resilience.

As we enter 2022/23 we have fully implemented our new operating model and this will be the first full year of operation. Whilst 2021/22 exceeded our expectations, it is clear that audiences and visitors are yet to return to pre-pandemic levels and we all now face the challenges of an increasingly inflationary environment.

We are planning on a positive basis and on the understanding there may be significant challenges to be overcome. We will continue to ensure that in the current ever changing environment our activity levels and cost base are appropriate for the level of revenue we are able to generate, funds are available to ensure artistic agility and innovation and we remain financially resilient and sustainable.

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 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 accessibility of Southbank Centre's artistic activity to those on low income. Southbank Centre provides a wide range of artistic activity aiming to ensure that 45% of the artistic programme is free to ensure everyone has the opportunity to experience events, as well as enjoying Southbank Centre's 17 acre site along the South Bank. Further details are given above under Achievements and Performance.

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 the involvement of all employees in Southbank Centre's aims and 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 are members of the London Living Wage Foundation and staff are paid the London Living Wage as a minimum and automatically receive an increase in line with this each year. We continue to benchmark salaries with other cultural organisations whenever roles are vacant.

From 1 May 2022 we have revised our pension arrangements to ensure equity across all staff. For staff earning below £16,620 per annum the Southbank Centre makes a contribution of 5% without requiring any contribution from the employee. This is designed to enable all our staff to take advantage of our pension arrangements.

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

In line with our commitment to being an organisation where everyone is welcome and able to thrive, we are a Disability Confident Employer. We are committed to ensuring our recruitment process is inclusive and accessible; offering an interview to disabled people who meet the minimum criteria for a job; anticipating and providing reasonable adjustments as required; and supporting any existing employee who acquires a disability or long-term health condition.

Pay policy for key management personnel

The People Committee membership is made up of a minimum of four Governors of the Southbank Centre who meet twice a year to consider the following matters:

- to oversee the pay, performance and particular employment terms of the Chief Executive
- to oversee the performance and bonuses for senior staff eligible for bonuses.
- to ensure Southbank Centre has a fair, robust and defensible reward strategy for all staff that is in line with other arts organisations.

It is a condition of the CRF Repayable Finance scheme that the Charity operates pay restraints until at least September 2022. This includes imposing a pay freeze for all Executive Leadership Team employees at pre-COVID-19 levels and a 10% reduction in remuneration to the pre-COVID-19 remuneration packages for all employees contracted to receive above £150,000 per annum. Salary reductions in excess of the required 10% were again volunteered this year by the Chief Executive and Chief Operating Officer.

Further details on the charity's Governors, senior staff and professional advisors are set out on pages 44-45 of these financial statements.

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 in 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 annual budgets which ensure adequate cash liquidity taking into account the availability of headroom on financial facilities, expected cash inflows and suitable levels of contingency based on an assessment of operational risk.

The Board has reviewed its Reserves Policy in the light of the remaining challenges left by the pandemic and considers reserves of 8 weeks of full operating turnover would provide sufficient financial resilience for the organisation at this time. On 31 March 2022 the balance of General Reserves is £7.9m (2021: £11.5m) from a General Fund which approximates this level.

Designated Reserves

As of 31 March 2022 Southbank Centre held two designated reserves:

(i) Capital and Revaluation Reserve (£214.8m)

The purpose of this reserve is to reflect costs relating to capital projects (including interest) and depreciation on funded assets and funds designated for future capital projects and maintenance. 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. In addition, the reserve reflects the balance of surplus or deficit from the revaluation of Land and Buildings.

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. The level of transfers to and from this reserve is budgeted to reflect this.

(ii) Strategic Investment Fund (£4.5m)

The Strategic Investment Fund has been created to provide investment to support and promote artistic ambition, innovation, inclusion, sustainability and financial resilience. These funds have been allocated to 2022/23 and 2023/24.

Going Concern

The Governors are required to consider whether the Southbank Centre has sufficient current and forecast cash resources to cover the working capital requirements of the company for at least 12 months from the date of signing this report and financial statements.

Southbank Centre re-opened its venues in May 2021 with increasing activity until September 2021 when Southbank Centre started to fully implement its new operating model. The trading position up to March 2022 was in excess of our expectations though is still to reach pre-COVID levels. There remains significant risks from any restrictions or reduced demand from any recurrence of COVID or reduction in confidence due to the current inflationary environment. The Charity has modelled various scenarios in order to assess the impact of any likely variability in demand or increases in its cost base.

Given the level of reserves and cash holdings the Board considers that there are sufficient resources available to the Charity to sustain the operation in all likely scenarios. We continue to monitor and take necessary actions to ensure that we maintain an appropriate reserve level in order to operate.

Southbank Centre substantially relies on funding by grants from Arts Council England and is one of Arts Council England's National Portfolio Organisations funded via a funding agreement. The year ended 31 March 2022 was the last year of a four year agreement. Due to COVID-19, the funding cycle was extended for a further year until 31 March 2023. Southbank Centre has recently submitted an application to continue as a National Portfolio Organisation for the next three year period commencing 1 April 2023. Any significant variation in funding will require us to review our activity level and operations to ensure that Southbank Centre remains financially sustainable within the income levels earned by the organisation. These financial statements have been prepared upon the expectation that Southbank Centre will continue to receive the current level of funding from Arts Council England.

Having taken 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 being at least twelve months from the date of approval of these financial statements and, for this reason, have prepared the financial statements on a going concern basis.

Funding Agreement

Southbank Centre is one of Arts Council England's National Portfolio Organisations and is funded via a funding agreement. The year ended 31 March 2022 was the last year of a four year agreement. Due to COVID-19, the funding cycle was extended for a further year until 31 March 2023. Southbank Centre has recently submitted an application to continue as a National Portfolio Organisation for the next three year period commencing 1 April 2023.

Southbank Centre is subject to the normal monitoring processes and annual reviews for National Portfolio Organisations.

The Funding Agreement with Arts Council England requires 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.

The following are the major risks identified that are specific to Southbank Centre:

Implications of COVID-19

Coronavirus had a significant impact on the Southbank Centre affecting its ability to meet its charitable objectives and a significant impact on the financial stability of the organisation and the working lives of employees. Whilst we have been successful in attracting audiences and commercial activity back to the

Southbank Centre so that the current trading position is positive we are aware that further restrictions may be imposed or reductions in demand suffered due to a recurrence of COVID-19.

We continue to monitor our performance and take necessary actions to ensure that we maintain an activity level appropriate to anticipated funding levels and audience demand. We will continue to operate with a significant level of reserves.

Reputation

Southbank Centre presents a world class range of activity across the site. Damage to the Southbank Centre's reputation either through reduction in artistic quality or the ability to provide a venue of excellence has the potential to impact the ability to attract artists and audiences to the site and a consequential impact on the ability to meet charitable objectives, obtain funding and generate audience and commercial income.

This risk is managed by having a process in place to review and approve both Southbank managed and third party events held on site, working with our resident orchestras and reviewing current business plans and strategies with Arts Council England.

Equality, Diversity and Inclusion

The Southbank Centre's ability to achieve its strategic ambitions is dependent on being a diverse, inclusive, welcoming and vibrant organisation and ensuring the artistic programme presents a diverse range of artists to an audience that is representative of London. In order to manage this risk the Southbank Centre has developed a range of key performance indicators to measure the diversity of our artistic programme and is implementing a wide ranging Equality, Diversity and Inclusion strategy. Both are regularly reviewed at Board level.

Financial Resilience

The Southbank Centre obtains revenue from audiences, artistic hires and commercial activity as well as from Arts Council England. These income streams are subject to variation due to the wider economic environment and Government policy.

The current inflationary environment presents challenges for the charity due to the level of fixed revenue (including ACE funding and commercial lease income) and the potential impact on audience levels and other trading income.

Financial risk is mitigated through a reserves policy which is reviewed and approved by the Board as well as an annual budget setting process. During the COVID-19 period, we have reviewed our cost base and seek to ensure the operating budgets are appropriate to expected income levels,

Safeguarding

The Southbank Centre welcomes all to its venues, site and online platforms and provides services in schools and to other partners in London and the UK. A key risk is the safeguarding of children and vulnerable adults. Safeguarding risks are managed through a Safeguarding Committee that meets regularly. Specific training is provided to all members of the Committee DBS checks and safeguarding training is provided to all staff who come into regular contact with children and vulnerable adults. Processes and procedures are reviewed by an external specialist. A Board member is a Safeguarding Governor and an annual safeguarding report is made to the Board.

Health and Safety

The Southbank Centre operates on a 11 acre site with over xm visitors to the site and x artistic and commercial events per annum. The ability to ensure the safety of all or visitors, staff and artists can be compromised through a terrorist incident, fire, failure of equipment, tenant activities and public order incidents and could have legal, reputational and financial ramifications.

These risks are managed by having comprehensive Health and Safety and Counter Terrorism processes including training, investigation and regular reporting to the Finance Audit and Risk committee near misses and incidents, and audits of our Counter Terrorism procedures.

Data

Southbank Centre operates in a digital environment and accordingly faces increased risks concerning cyber-security and the correct handling of information.

Southbank Centre maintains a robust data management policy including annual departmental data retention reviews and training for all staff. Data management is monitored through regular meetings of key internal stakeholders.

Southbank Centre is in the process of applying for Cyber Essentials + accreditation and expects to be accredited by December 2022.

Arts Council England Funding

Southbank Centre has submitted an application to continue as a Arts Council England National Portfolio Organisation for the three year period from 1 April 2023. The result of this application will be known in October 2022.

Southbank Centre has planned on a constant level of funding from ACE. Any significant variation in funding will require us to review our activity level and operations to ensure that Southbank Centre remains financially sustainable within the income levels earned by the organisation.

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 a 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 Digital, 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 three 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 Enterprises Limited 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 24 for details of Southbank Centre Enterprises Limited's results.

Southbank Centre Pension Fund Corporate Trustee Limited acts as the Corporate Trustee of the Southbank Centre Retirement Plan and is otherwise dormant.

Governance

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 a Senior Leadership Team 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 five sub-committees to assist its governance of Southbank Centre: Finance, Audit and Risk; People; Nominations; Development; and Property, Commercial and Sustainability. A Committee covering the development of audiences and the impact of Southbank Centre's activities will be introduced during the current year.

The Board supports the principles of good governance as set out in the Charity Governance Code for larger charities and also the continuous improvement model which the Code promotes.

As part of its forward succession planning the Board has prepared a diversity plan linked to the skills needed to support the Executive Leadership Team in delivering a new strategic business plan. An open and transparent method of recruitment is in place to fill vacancies on the Board.

The Board has also widened and strengthened the Terms of Reference of the Nominations Committee both to oversee the changes in Governance practice but also ensure continuous improvement.

Internal Financial Control

The Board of Governors has overall responsibility for Southbank Centre's system of internal financial control. The Governors are supported in their monitoring role by the Board's Finance Audit and Risk Committee, whose members are all non-executive. The Committee 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 Chair.

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 Finance 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 Finance Audit and Risk Committee has monitored the operation and effectiveness of the system of internal financial control during the financial year ended 31 March 2022 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 Crowe U.K. 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.
- They have taken all steps necessary 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 jurisdictions.

Fundraising statement

Our aim is always to ensure we raise funds from the public in a respectful and compelling way that is consistent with our values.

Our fundraising is carried out by our in-house fundraising teams and there are no arrangements for others to act on our behalf as professional fundraisers or commercial participators.

Southbank Centre is a member of the Fundraising Regulator and supports its purpose and activities. We have procedures in place to ensure our staff and volunteers comply with the Fundraising Regulator's Code of Fundraising Practice and all relevant legislation; we are not aware of any failure by our staff or volunteers to meet these standards. We are committed to acting promptly if we receive any information indicating we have not met these standards.

Southbank Centre did not receive any complaints about fundraising activities carried out.

Southbank Centre recognises the need to protect vulnerable people and ensures that no donation is sought or gained from someone who may not have the capacity to make an informed or considered decision. Southbank Centre does not engage in unsolicited approaches to the public, whether by use of external agencies or otherwise for the purposes of raising funds. Donation boxes are present.

Political and Charitable Donations

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

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. Limited Public Liability and Employers Liability insurance is held together with Business Interruption insurance in respect of commercial activities only. Apart from these insurances, Southbank Centre is self-insured by Treasury (as confirmed by an agreement with the Department for Digital, Culture, Media and Sport).

By Order of the Board

Misan Harriman

Misan Harriman (Jul 19, 2022 14:53 GMT+1)

Misan Harriman
Chair
19 July 2022
Southbank Centre Limited
As Trustee for Southbank Centre

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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 group and the charity and of the incoming resources and application of resources of the group and 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 group and 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 group and the charity and enable it 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 group and 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 group and 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 AUDITOR'S REPORT

Opinion

We have audited the financial statements of Southbank Centre ('the charity') and its subsidiary ('the group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet and Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure 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.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities

(Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations included General Data Protection Regulation (GDPR), Health and Safety legislation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, legal counsel and the Finance, Audit and Risk Committee about their own identification and assessment of the risks of irregularities, testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
London

19 July 2022

SOUTHBANK CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the Year ended 31 March 2022

| | Note | Unrestricted Funds | | Restricted Funds | | Total Funds | |
|--|------|---------------------|---------------------|------------------|------------------|----------------|----------------|
| | | Operations £'000 | Designated £'000 | Project £'000 | Capital £'000 | 2022 £'000 | 2021 £'000 |
| INCOME FROM: | | | | | | | |
| Donations and legacies | 2 | 19,855 | - | 2,548 | 350 | 22,753 | 26,615 |
| Charitable Activities | 3 | 5,747 | - | - | - | 5,747 | 1,057 |
| Other Trading Activities | 4 | 14,603 | - | - | - | 14,603 | 8,501 |
| Proceeds from sale of fixed assets | | - | - | - | - | - | - |
| Investments | 5 | 52 | - | - | - | 52 | 27 |
| TOTAL | | 40,257 | - | 2,548 | 350 | 43,155 | 36,200 |
| EXPENDITURE ON: | | | | | | | |
| Raising funds | 9 | 1,025 | 34 | - | - | 1,059 | 1,054 |
| Charitable activities | 9 | 29,419 | 5,435 | 2,304 | - | 37,158 | 29,789 |
| Other | 9 | 3,637 | 594 | - | - | 4,231 | 6,377 |
| TOTAL | | 34,081 | 6,063 | 2,304 | - | 42,448 | 37,220 |
| Net (expenditure)/income before transfers | | 6,176 | (6,063) | 244 | 350 | 707 | (1,020) |
| Transfers | 19 | (9,776) | 10,126 | - | (350) | - | - |
| Other recognised (losses)/gains | | | | | | | |
| Actuarial (loss)/gain on defined benefit pension schemes | 23 | - | (500) | - | - | (500) | (800) |
| Gain/(Loss) on derivative financial instrument | | - | 1,026 | - | - | 1,026 | 429 |
| Net Movement in funds | | (3,600) | 4,589 | 244 | - | 1,233 | (1,391) |
| Fund balances brought forward at 1 April 2021 | | 11,482 | 214,730 | 792 | - | 227,004 | 228,395 |
| Total funds carried forward at 31 March 2022 | | 7,882 | 219,319 | 1,036 | - | 228,237 | 227,004 |

All of the above results are derived from continuing activities.

The notes on pages 34 to 59 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 27.

There is no material difference between the net income/(expenditure) before transfers for the financial years stated above and their historical cost equivalent.

SOUTHBANK CENTRE BALANCE SHEETS

As at 31 March 2022

| | Notes | Group | | Charity | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Fixed assets | | | | | |
| Tangible assets | 11 | 230,627 | 236,749 | 230,627 | 236,749 |
| Intangible assets | 12 | 252 | 433 | 252 | 433 |
| Investments | 14 | 16,029 | 12,001 | 12,029 | 12,001 |
| Total fixed assets | | 246,908 | 249,183 | 242,908 | 249,183 |
| Current assets | | | | | |
| Stocks of consumables and goods held for resale | | 292 | 286 | 45 | 54 |
| Debtors - due within one year | 15 | 6,344 | 9,296 | 9,703 | 9,279 |
| Cash and cash equivalents | | 20,829 | 11,713 | 16,075 | 9,363 |
| Total current assets | | 27,465 | 21,295 | 25,823 | 18,696 |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 16 | (17,202) | (11,098) | (15,904) | (10,237) |
| Net current assets | | 10,263 | 10,197 | 9,919 | 8,459 |
| Total assets | | 257,171 | 259,380 | 252,827 | 257,642 |
| Creditors: amounts falling due after one year | 18 | (28,934) | (32,876) | (28,934) | (32,319) |
| Net assets excluding pension liability | | 228,237 | 226,504 | 223,893 | 225,323 |
| Defined benefit pension asset / (liability) | 23 | - | 500 | - | 500 |
| Total net assets | | 228,237 | 227,004 | 223,893 | 225,823 |

THE FUNDS OF THE GROUP

As at 31 March 2022

| | Notes | Group | | Charity | |
|----------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Unrestricted income funds | | | | | |
| General reserves | 19 | 7,882 | 11,482 | 3,538 | 10,301 |
| Designated funds | 19 | 219,319 | 214,230 | 219,319 | 214,230 |
| Pension reserve | 23 | - | 500 | - | 500 |
| | | <u>219,319</u> | <u>214,730</u> | <u>219,319</u> | <u>214,730</u> |
| Total unrestricted income funds | 19 | <u>227,201</u> | <u>226,212</u> | <u>222,857</u> | <u>225,031</u> |
| Restricted income funds | | | | | |
| Projects fund | 19 | 1,036 | 792 | 1,036 | 792 |
| Total restricted income funds | 19 | <u>1,036</u> | <u>792</u> | <u>1,036</u> | <u>792</u> |
| Total group funds | 19 | <u>228,237</u> | <u>227,004</u> | <u>223,893</u> | <u>225,823</u> |

Southbank Centre's (excluding Southbank Centre Enterprises Limited) gross income for the year was £36,735k (2021 gross income: £40,780k).

Southbank Centre's (excluding Southbank Centre Enterprises Limited) net expenditure for the year was £2,458k (2021 net expenditure: £4,779k).

The notes on pages 34 to 59 form part of these financial statements.

The financial statements on pages 30 to 33 were approved by the Board of trustees and signed on its behalf by

Misan Harriman

Misan Harriman (Jul 19, 2022 14:53 GMT+1)

Misan Harriman
Chair
19 July 2022

**SOUTHBANK CENTRE
CONSOLIDATED STATEMENT OF CASH FLOW**

As at 31 March 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|--------|----------------|----------------|
| Net cash inflow from operating activities | | 17,066 | 1,587 |
| Net cash generated from operating activities | | <u>17,066</u> | <u>1,587</u> |
| Cash flow from investing activities | | | |
| Purchase of tangible fixed assets | 11 | (1,881) | (1,408) |
| Purchase of intangible fixed assets | 12 | (10) | (189) |
| Investments | 14 | (4,028) | (3,996) |
| Sale of tangible fixed assets | | - | 16 |
| Interest received | 5 | 52 | 27 |
| Cash used in investing activities | | <u>(5,867)</u> | <u>(5,550)</u> |
| Cash flow from financing activities | | | |
| Loan received | | - | 10,911 |
| Repayment of loan | | (978) | (288) |
| Interest expense | | (1,105) | (969) |
| Cash generated (used in) / from financing activities | | <u>(2,083)</u> | <u>9,654</u> |
| Net (decrease) / increase in cash and cash equivalents | | <u>9,116</u> | <u>5,691</u> |
| Cash and cash equivalents at the beginning of the year | | 11,713 | 6,022 |
| Cash and cash equivalents at the end of the year | | 20,829 | 11,713 |
| Net (outgoing) / incoming resources before transfers | | 707 | (1,020) |
| Interest received | 5 | (52) | (27) |
| Interest paid | 7 | 1,105 | 969 |
| Depreciation and amortisation charge | 11, 12 | 8,108 | 8,318 |
| Loss/(Gain) on FA disposal | | 85 | 16 |
| Impairment of Intangible Fixed Assets | 12 | - | - |
| (Increase)/Decrease in stock | | (6) | 83 |
| Decrease/(increase) in debtors | 15 | 2,952 | (2,870) |
| (Decrease)/ increase in creditors | 16, 18 | 4,167 | (3,882) |
| Retirement benefits movements | 23 | - | - |
| Net cash inflow from operating activities | | <u>17,066</u> | <u>1,587</u> |

SOUTHBANK CENTRE NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

a) *Basis of Preparation*

The 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 in July 2014 (SORP) 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 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'.

b) *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.

c) *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.

d) *Going Concern*

The Governors are required to consider whether the Southbank Centre has sufficient current and forecast cash resources to cover the working capital requirements of the company for at least 12 months from the date of signing this report and financial statements.

Southbank Centre re-opened its venues in May 2021 with increasing activity until September 2021 when Southbank Centre started to fully implement its new operating model. The trading position up to March 2022 was in excess of our expectations though is still to reach pre-COVID levels. There remains significant risks from any restrictions or reduced demand from any recurrence of COVID or reduction in confidence due to the current inflationary environment. The Charity has modelled various scenarios in order to assess the impact of any likely variability in demand or increases in its cost base.

Given the level of reserves and cash holdings the Board considers that there are sufficient resources available to the Charity to sustain the operation in all likely scenarios. We continue to monitor and take necessary actions to ensure that we maintain an appropriate reserve level in order to operate.

Southbank Centre substantially relies on funding by grants from Arts Council England and is one of Arts Council England's National Portfolio Organisations funded via a funding agreement. The year ended 31 March 2022 was the last year of a four year agreement. Due to COVID-19, the funding cycle was extended for a further year until 31 March 2023. Southbank Centre has recently submitted an application to continue as a National Portfolio Organisation for the next three year period commencing 1 April 2023. Any significant variation in funding will require us to review our activity level and operations to ensure that Southbank Centre remains financially sustainable within the income levels earned by the organisation. These financial statements have been prepared upon the expectation that Southbank Centre will continue to receive the current level of funding from Arts Council England.

Having taken 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 being at least twelve months from the date of approval of these financial statements and, for this reason, have prepared the financial statements on a going concern basis.

1 Statement of Accounting Policies (continued)

e) *Group Financial Statements*

A wholly owned subsidiary, Southbank Centre Enterprises Limited, undertakes certain commercial activities on behalf of Southbank Centre. The results of Southbank Centre Enterprises Limited are consolidated with the financial statements for Southbank Centre (together the 'group'). In accordance with Section 408 of Companies Act 2006, a separate Statement of Financial Activities for Southbank Centre is not shown. See note 24 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.

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 group 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. Amounts received in respect of Creative Tax Reliefs are included as income for the relevant activity when receivable.

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 group'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 group.

Retail and trading costs are those incurred in the running of commercial activities on the estate. Governance costs comprise those incurred as a result of constitutional and statutory requirements. A breakdown of these costs is included in Note 10 - 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*

The functional and presentational currency is pounds sterling.

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.

1 Statement of Accounting Policies (continued)*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 plans 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.

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 surplus 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. Pension plan assets are measured at fair value. 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 group'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 pension plan'.

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 Statement of Financial Activities as finance expense.

k) Leases

- i) Where the group 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

1 Statement of Accounting Policies (continued)*k) Leases (continued)*

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 as at 1 April 2014 with additions since that date included at cost. All other land and buildings have been stated at cost.

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. New additions 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.

m) Intangible fixed assets and amortisation

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.

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable.

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.

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

1 Statement of Accounting Policies (continued)*n) Heritage asset (continued)*

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.

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.

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 may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset."

The recoverable amount of the asset 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 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 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.

1 Statement of Accounting Policies (continued)

r) Funds (continued)

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.

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 the Statement of Financial Activities.

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 the SOFA.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA, 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

1 Statement of Accounting Policies (continued)

- s) Financial instruments (continued)
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.

(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 SOFA.

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 15 for the net carrying amount of the debtors.

1 Statement of Accounting Policies (continued)

t) Critical accounting judgements and key source of estimation uncertainty (continued)

(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 23 for the disclosures relating to the defined benefit pension scheme.

(iii) Deferred and advanced ticket income

Deferred income and income received in advance has been reviewed and where it has been agreed that the income will be deferred to an event after 31 March 2022, this has been treated as Creditors falling due after one year.

2 Donations and Legacies

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2022 £'000 | 2021 £'000 |
|-----------------------------------|--------------------------------|------------------------------|---------------|---------------|
| Donations and sponsorships | 1,094 | 896 | 1,990 | 2,085 |
| Arts council grant | 18,698 | 1,652 | 20,350 | 19,627 |
| Funding for asset construction | - | 350 | 350 | 6 |
| Other grant income | 63 | - | 63 | 4,897 |
| Total | 19,855 | 2,898 | 22,753 | 26,615 |

Other income comprises of the Job Retention Scheme Grant of £63k (2021: £4,828k) and COVID Local Support Grant income of nil (2021: £69k).

3 Charitable Activities

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2022 £'000 | 2021 £'000 |
|----------------------------|--------------------------------|------------------------------|---------------|---------------|
| Artistic activities | | | | |
| Ticket Income | 3,456 | - | 3,456 | 587 |
| Artistic rentals | 1,819 | - | 1,819 | 420 |
| Other income | 472 | - | 472 | 50 |
| Total | 5,747 | - | 5,747 | 1,057 |

4 Other Trading Activities

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2022 £'000 | 2021 £'000 |
|----------------------------------|--------------------------------|------------------------------|---------------|---------------|
| Other Trading Activities | | | | |
| Retail sales | 1,061 | - | 1,061 | 329 |
| Concessions | 7,238 | - | 7,238 | 5,778 |
| Hall and space rentals | 2,551 | - | 2,551 | 594 |
| Memberships and subscriptions | 764 | - | 764 | 946 |
| Other income | 2,989 | - | 2,989 | 854 |
| Total | 14,603 | - | 14,603 | 8,501 |

5 Investments

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2022 £'000 | 2021 £'000 |
|---------------------|--------------------------------|------------------------------|---------------|---------------|
| Interest receivable | 52 | - | 52 | 27 |
| Total | 52 | - | 52 | 27 |

6 Net Income / (Expenditure)

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Net income/ (expenditure) is stated after charging (crediting): | | |
| Operating lease charges | 173 | 173 |
| Depreciation and amortisation charge on assets | 8,108 | 8,318 |
| Auditors' remuneration for audit services (Southbank Centre) | 60 | 75 |
| Auditors' remuneration for audit services (Enterprises) | 7 | 6 |
| Losses on foreign exchange differences | 5 | 2 |
| Impairment losses | - | - |
| Income from Creative Tax reliefs included within income from charitable activities | (270) | (112) |
| Bad debt expense | (923) | 1,062 |

7 Interest Expense

| | Unrestricted Funds £'000 | Restricted Funds £'000 | 2022 £'000 | 2021 £'000 |
|------------------|--------------------------------|------------------------------|---------------|---------------|
| Interest expense | 1,105 | - | 1,105 | 969 |
| Total | 1,105 | - | 1,105 | 969 |

8 Staff Costs

| | 2022 £'000 | 2021 £'000 |
|-----------------------------|---------------|---------------|
| Employee costs amounted to: | | |
| Wages and salaries | 11,709 | 13,530 |
| Social security costs | 1,116 | 1,137 |
| Pension costs | 645 | 793 |
| Total | <u>13,470</u> | <u>15,460</u> |

Costs relating to terminations in the year are included in the above and were £26k (2021: £1,284k) of which Nil (2021: £14k) was accrued at year end.

The Governors (Chairman and Board members) are not remunerated for their services and Governors received £nil (2021: £nil) in reimbursement of travelling and subsistence expenses.

| | Average number of employees | | Average full time equivalent number of employees | |
|-----------------------|-----------------------------|-------------|--|-------------|
| | 2022 No. | 2021 No. | 2022 No. | 2021 No. |
| Raising Funds | 12 | 12 | 12 | 11 |
| Charitable Activities | 97 | 112 | 88 | 101 |
| Other | 21 | 29 | 18 | 24 |
| Support | 229 | 307 | 173 | 209 |
| | <u>359</u> | <u>460</u> | <u>291</u> | <u>345</u> |

Visitor Experience staff who staff all of our venues are included within support staff.

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

| | 2022 No. | 2021 No. |
|---------------------|-------------|-------------|
| £60,000 - £69,999 | 12 | 6 |
| £70,000 - £79,999 | 1 | 2 |
| £80,000 - £89,999 | 1 | 3 |
| £90,000 - £99,999 | 3 | 1 |
| £100,000 - £109,999 | 2 | - |
| £110,000 - £119,999 | - | 1 |
| £130,000 - £139,999 | 1 | 1 |
| £140,000 - £149,999 | - | 1 |
| £150,000 - £159,999 | 1 | - |
| | <u>21</u> | <u>15</u> |

Of these 21 (2021: 15) employees, Southbank Centre paid pension contributions of £70,103 for 13 employees (2021: £46,352; 9 employees), who were members of the defined contribution section of the pension scheme. The group also paid contributions for 1 employee £19,954 (2021: £7,261; 1 employee) who was a member of the defined benefit section of the pension scheme and £12,633 was paid for 6 members of the auto-enrolment pension scheme (2021: £7,841; 4 employees).

In February 2022 the leadership structure was simplified to an Executive Leadership Team of 5 staff whose total remuneration in the year was £480k. The remuneration of the staff who were members of the Senior Leadership Team or Executive under the previous leadership structure totalled £1.3m, 17 staff (2021 18 employees, £1.28m) for the entire year. The Southbank Centre paid £9k in pension contribution for the 5 members of the Executive Leadership Team, £72k under the previous structure (2021: £62k) and £61k in Employers National Insurance Contribution, £154k under the previous structure (2021: £139k).

In recognition of the continuing impact of COVID-19 on Southbank Centre, the Chief Executive volunteered to cap her total remuneration for the year to 31 March 2022 to £154k, a 39% reduction of pre COVID remuneration (2021 £147k).

9 Total Resources Expended

| | Direct Costs £'000 | Support Costs £'000 | 2022 £'000 | 2021 £'000 |
|--------------------------------------|-----------------------|------------------------|---------------|---------------|
| Costs of raising funds | 569 | 490 | 1,059 | 1,054 |
| Expenditure on charitable activities | 10,161 | 26,997 | 37,158 | 29,789 |
| Other | 1,136 | 3,095 | 4,231 | 6,377 |
| | <u>11,866</u> | <u>30,582</u> | <u>42,448</u> | <u>37,220</u> |

Other includes interest payable of £1,105k (2021: £969k) (note 7).

10 Allocation of Support Costs

| | Management & Admin £'000 | Marketing & Comms £'000 | Human Resources £'000 | Operations £'000 | Depreciation & Disposals £'000 | 2022 £'000 | 2021 £'000 |
|---|--------------------------------|-------------------------------|-----------------------------|----------------------|--------------------------------------|----------------------|----------------------|
| Costs of raising funds | 208 | 107 | 44 | 85 | 46 | 490 | 580 |
| Expenditure on charitable activities | 3,705 | 1,917 | 670 | 13,449 | 7,256 | 26,997 | 24,457 |
| Other | 418 | 217 | 49 | 1,617 | 794 | 3,095 | 4,247 |
| Total Support Costs | <u>4,331</u> | <u>2,241</u> | <u>763</u> | <u>15,151</u> | <u>8,096</u> | <u>30,582</u> | <u>29,284</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. Governance costs are included within management and administration support costs and are made up of the following:

| | 2022 £'000 | 2021 £'000 |
|--------------------------------|---------------|---------------|
| Internal audit | 22 | 6 |
| External audit | 67 | 63 |
| Governors' indemnity insurance | 14 | 15 |
| Apportionment of staff costs | 218 | 260 |
| | <u>321</u> | <u>344</u> |

11 Tangible Assets

| Group and charity | Land & Buildings (Artistic) £'000 | Land & Buildings (Other) £'000 | Assets under Construction £'000 | Fixtures & Fittings £'000 | Plant & Machinery £'000 | Total £'000 |
|---------------------------------|-----------------------------------|--------------------------------|---------------------------------|---------------------------|-------------------------|----------------|
| <i>Cost</i> | | | | | | |
| At 1 April 2021 | 256,764 | 26,647 | 260 | 8,181 | 6,950 | 298,802 |
| Additions | 517 | - | 165 | 38 | 1,161 | 1,881 |
| Transfers | 28 | - | (201) | 112 | 61 | - |
| Disposals | - | - | - | (675) | (65) | (740) |
| At 31 March 2022 | 257,309 | 26,647 | 224 | 7,656 | 8,107 | 299,943 |
| <i>Accumulated Depreciation</i> | | | | | | |
| At 1 April 2021 | 42,304 | 8,847 | - | 5,561 | 5,341 | 62,053 |
| Charge for the year | 6,368 | - | - | 512 | 1,037 | 7,917 |
| On disposals | - | - | - | (589) | (65) | (654) |
| At 31 March 2022 | 48,672 | 8,847 | - | 5,484 | 6,313 | 69,316 |
| <i>Net Book Value</i> | | | | | | |
| At 31 March 2022 | 208,637 | 17,800 | 224 | 2,172 | 1,794 | 230,627 |
| At 31 March 2021 | 214,460 | 17,800 | 260 | 2,620 | 1,609 | 236,749 |

12 Intangible Assets

| Group and charity | Software £'000 | Total £'000 |
|---------------------------------|----------------|-------------|
| <i>Cost</i> | | |
| At 1 April 2021 | 795 | 795 |
| Additions | 10 | 10 |
| Transfers | - | - |
| Disposals | - | - |
| At 31 March 2022 | 805 | 805 |
| <i>Accumulated Amortisation</i> | | |
| At 1 April 2021 | 362 | 362 |
| Charge for the year | 191 | 191 |
| On disposals | - | - |
| At 31 March 2022 | 553 | 553 |
| <i>Net Book Value</i> | | |
| At 31 March 2022 | 252 | 252 |
| At 31 March 2021 | 433 | 433 |

13 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.

Poetry Library

The National 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 6 days a week. Opening hours on Tuesday is 12pm to 6pm and from Wednesday to Sunday 12pm to 8pm.

14 Investments

| | Group | | Charity | |
|--------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Cash on Short Term | 16,029 | 12,001 | 12,029 | 12,001 |
| | <u>16,029</u> | <u>12,001</u> | <u>12,029</u> | <u>12,001</u> |

15 Debtors: Amounts Due Within One Year

| | Group | | Charity | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Trade debtors | 2,276 | 3,902 | 1,664 | 3,495 |
| Amounts owed by group undertakings | - | - | 4,545 | 1,001 |
| Other debtors | 1,250 | 1,787 | 1,243 | 1,787 |
| Prepayments and accrued income | 2,818 | 3,607 | 2,251 | 2,996 |
| | <u>6,344</u> | <u>9,296</u> | <u>9,703</u> | <u>9,279</u> |

Trade debtors - Group is net of bad debt provision of £111k (2021: £1,984k), and Trade debtors - Charity is also net of bad debt provisions of £111k (2021: £1,959k).

16 Creditors: Amounts Falling Due Within One Year

| | Group | | Charity | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Bank loans and overdrafts | 1,270 | 1,209 | 1,270 | 1,209 |
| Trade creditors | 4,198 | 822 | 3,965 | 773 |
| Amounts owing to group undertakings | - | - | - | - |
| Advanced ticket sales | 2,897 | 1,547 | 2,897 | 1,547 |
| Accruals and deferred income | 8,837 | 7,520 | 7,772 | 6,708 |
| | <u>17,202</u> | <u>11,098</u> | <u>15,904</u> | <u>10,237</u> |

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

17 Deferred Income

| | Group | | Charity | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Deferred income brought forward | 2,933 | 3,124 | 1,767 | 2,099 |
| Deferred in the year | 2,080 | 2,451 | 1,697 | 1,767 |
| Released in the year | (2,220) | (2,642) | (1,611) | (2,099) |
| Deferred income carried forward | <u>2,793</u> | <u>2,933</u> | <u>1,853</u> | <u>1,767</u> |

18 Creditors: Amounts Falling Due After One Year

| | Group | | Charity | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Bank loans | 27,400 | 28,440 | 27,400 | 28,440 |
| Derivative financial instrument | 1,432 | 2,459 | 1,432 | 2,459 |
| Advanced ticket sales | - | 1,264 | - | 1,264 |
| Accruals and deferred income | 102 | 713 | 102 | 156 |
| | <u>28,934</u> | <u>32,876</u> | <u>28,934</u> | <u>32,319</u> |

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

| | Group | | Charity | |
|--------------------------|---------------|---------------|---------------|---------------|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Within one year | 1,270 | 1,209 | 1,270 | 1,209 |
| Within two to five years | 10,356 | 9,732 | 10,356 | 9,732 |
| After five years | 17,044 | 18,707 | 17,044 | 18,707 |
| | <u>28,670</u> | <u>29,648</u> | <u>28,670</u> | <u>29,648</u> |

A term loan of £17.7m was provided by AIB Group (UK) plc in September 2004 to fund estate development and is secured by a fixed charge over the Royal Festival Hall extension building. The loan is partially repayable in quarterly instalments until October 2027 when a balance of £6m will remain outstanding. The balance outstanding, including interest, at 31 March 2022 was £11.5m (2021: £12.3m).

A term loan of £7.0m was provided by Lloyds Bank plc in June 2018 to fund estate development and is secured by an assignment and charge over the retail lease income from property at the Royal Festival Hall. The loan is partially repayable in quarterly instalments commencing in June 2019 until 2024 when a balance of £5.2m will remain outstanding. The balance outstanding at 31 March 2022 was £6.0m (2021: £6.5m).

The group also has in place a floating to fixed interest rate swap agreement with Lloyds Bank plc, entered into in January 2008 and expires in April 2027 which is subject to a mandatory early termination in January 2024. At 31 March 2022, the fair value of the contracts outstanding was £1.4m (2021: £2.5m).

The loan received from the Culture Recovery Fund Repayable Finance of £10.9m is to provide additional liquidity in order to mitigate the effects of COVID-19 lockdown on the organisation. This provides for a fixed interest loan for 20 years at 2% per annum with a four-year capital repayment and interest payment holiday.

Analysis in changes of net debt

| | At start of year £'000 | Cash-flows £'000 | At end of year £'000 |
|--|---------------------------|---------------------|-------------------------|
| Cash and cash equivalents | 11,713 | 9,116 | 20,829 |
| Loans falling due within one year | (1,209) | (61) | (1,270) |
| Loans falling due after more than one year | (28,439) | 1,039 | (27,400) |
| | <u>(17,935)</u> | <u>10,094</u> | <u>7,841</u> |

19 Group and Charity Reserves

| | Balances as at beginning of the year £'000 | Income £'000 | Expenditure £'000 | Other Gains & Losses £'000 | Transfers (out) / in £'000 | Balances as at end of the year £'000 |
|-------------------------------------|---|-----------------|----------------------|-------------------------------------|----------------------------------|---|
| Unrestricted Income Funds | | | | | | |
| <i>General Reserves</i> | | | | | | |
| General Fund | 2,400 | 40,257 | (34,081) | - | (694) | 7,882 |
| CRF Repayable Finance Fund | 9,082 | - | - | - | (9,082) | - |
| Total General Reserves | 11,482 | 40,257 | (34,081) | - | (9,776) | 7,882 |
| <i>Designated Funds</i> | | | | | | |
| Capital & Revaluation Reserve | 207,874 | - | (6,063) | 1,026 | 11,979 | 214,816 |
| 2021/22 Restart Fund | 4,156 | - | - | - | (4,156) | - |
| Strategic Investment Fund | 2,200 | - | - | - | 2,303 | 4,503 |
| Pension Plan Reserve (note 23) | 500 | - | - | (500) | - | - |
| Total Unrestricted Funds | 226,212 | 40,257 | (40,144) | 526 | 350 | 227,201 |
| Restricted Funds | | | | | | |
| Capital Reserve | - | 350 | - | - | (350) | - |
| Projects Funds | 792 | 2,548 | (2,304) | - | - | 1,036 |
| Total Restricted Funds | 792 | 2,898 | (2,304) | - | (350) | 1,036 |
| Total Funds (2022) | 227,004 | 43,155 | (42,448) | 526 | - | 228,237 |
| Total Funds (2021) | 228,395 | 36,200 | (37,220) | (371) | - | 227,004 |

The following table discloses the reserves for the prior year as required by the Charities SORP.

| | Balances as at beginning of the year £'000 | Income £'000 | Expenditure £'000 | Other Gains & Losses £'000 | Transfers (out) / in £'000 | Balances as at end of the year £'000 |
|-------------------------------------|---|-----------------|----------------------|-------------------------------------|----------------------------------|---|
| Unrestricted Income Funds | | | | | | |
| <i>General Reserves</i> | | | | | | |
| General Fund | 4,687 | 34,384 | (29,728) | - | (6,943) | 2,400 |
| CRF Repayable Finance Fund | - | - | - | - | 9,082 | 9,082 |
| Total General Reserves | 4,687 | 34,384 | (29,728) | - | 2,139 | 11,482 |
| <i>Designated Funds</i> | | | | | | |
| Capital & Revaluation Reserve | 222,020 | - | (6,080) | 429 | (8,495) | 207,874 |
| 2021/22 Restart Fund | - | - | - | - | 4,156 | 4,156 |
| Strategic Investment Fund | - | - | - | - | 2,200 | 2,200 |
| Pension Plan Reserve (note 23) | 1,300 | - | - | (800) | - | 500 |
| Total Unrestricted Funds | 228,007 | 34,384 | (35,808) | (371) | - | 226,212 |
| Restricted Funds | | | | | | |
| Capital Reserve | - | 3 | (3) | - | - | - |
| Projects Funds | 388 | 1,813 | (1,409) | - | - | 792 |
| Total Restricted Funds | 388 | 1,816 | (1,412) | - | - | 792 |
| Total Funds (2021) | 228,395 | 36,200 | (37,220) | (371) | - | 227,004 |

19 Group and Charity Reserves (continued)

Unrestricted funds consist of a General Reserve and Designated Reserves.

General Reserves are available for spending on the group's charitable objectives. The CRF Repayable Finance Fund was created from the proceeds of the CRF Repayable Finance scheme and will be used to achieve the transition to a financially viable business and to supplement the general reserves of the Charity.

Designated Funds: The Capital & Revaluation Reserve reflects funds designated for capital projects, costs relating to capital projects (including interest), maintenance and depreciation on funded assets as well as the balance of surplus or deficit on the revaluation of Land and Buildings (Artistic as per Note 11).

2021/22 Restart Fund was to provide funding for the expected deficit in 2021/22 due to the continued impact of COVID 19 on the operations of the Southbank Centre during the year to 31 March 2022. This fund is no longer required and the balance was transferred to the General Reserve.

The Strategic Investment Fund has been set up to provide investment in artistic ambition, innovation, inclusion, sustainability and financial resilience over a 1-3 year timeframe.

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

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

The 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

In 2021/22, £0.35m 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. In 2020/21, this was £1.5m.

£0.161m was transferred from the General Reserve to the Capital and Revaluation reserve (2021: £8.5m transferred from the Capital and Revaluation Reserve to to the General reserve).

£4.2m was transferred from the 2021/22 Restart Fund to the General Reserve (2021: £4.2m was transferred from the General Reserve to set up the 2021/22 Restart Fund).

£2.4m was transferred from the General Reserve to the Strategic Investment Fund (2021: £2.2m).

Charity Reserves

The difference between the Group and Charity reserves is solely due to the Gift Aided donation from Southbank Centre Enterprises Ltd to Southbank Centre. This donation of £4.3m (2021: £1.2m) will be made after year end and credited to the Southbank Centre reserves at the date of receipt.

Analysis of net assets between funds

| | Restricted £'000 | Unrestricted £'000 | 2022 £'000 | 2021 £'000 |
|--------------------------------------|---------------------|-----------------------|----------------|----------------|
| Tangible and intangible fixed assets | - | 246,908 | 246,908 | 249,183 |
| Current assets | 1,036 | 26,429 | 27,465 | 21,295 |
| Current liabilities | - | (17,202) | (17,202) | (11,098) |
| Creditors falling due after one year | - | (28,934) | (28,934) | (32,876) |
| Pension plan asset | - | - | - | 500 |
| | <u>1,036</u> | <u>227,201</u> | <u>228,237</u> | <u>227,004</u> |

20 Capital Commitments

| Group and Charity | 2022 £'000 | 2021 £'000 |
|---------------------------|---------------|---------------|
| Authorised and contracted | - | 604 |

Capital commitments in prior year related to system upgrades and property costs.

21 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:

| | 2022 £'000 | 2021 £'000 |
|-------------------------|---------------|---------------|
| Payments due | | |
| Not later than one year | 173 | 173 |

22 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:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Receipts due | | |
| Not later than one year | 3,818 | 4,013 |
| Later than one year and not later than five years | 14,636 | 16,063 |
| Later than five year | 10,533 | 15,691 |

23 Pension Costs

The group provides pension benefits through the Southbank Centre Retirement 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:

| | 2022 £'000 | 2021 £'000 |
|---------------------------------|---------------|---------------|
| Defined benefit scheme | | |
| Current service costs | 111 | 145 |
| Past service costs | - | - |
| Defined contribution scheme | 534 | 648 |
| Total charge in net expenditure | <u>645</u> | <u>793</u> |
| Defined benefit scheme | | |
| Net interest (income) / expense | (172) | (177) |
| | <u>473</u> | <u>616</u> |

(a) Defined benefit plan

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 2020 by a qualified independent actuary on behalf of the trustees of the plan. The actuary has undertaken additional calculations to produce estimated results for the purposes of Section 28 of FRS 102. The section closed to future accrual as from 1 May 2022 and no contributions are to be made into the scheme in respect of salaries after this date.

The surplus on the pension scheme is not recoverable by the Southbank Centre until the pension scheme has been wound up, which is expected to be a long way into the future. It is, therefore, not deemed to be probable that the surplus will bring future economic benefits to the Southbank Centre as so many variables which go into calculating the surplus could change during this time. As such, an asset has not been recognised for the full balance of the surplus. As the scheme closed to future accrual as from 1 May 2022 the surplus is no longer anticipated to reduce future employer contributions to the scheme, and therefore no asset has been recognised. In 2021 it has been estimated that the surplus would be anticipated to reduce future employer contributions by £0.5m and therefore the value of the surplus was capped at this value.

The plan 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.

An actuarial valuation of the plan, using the projected unit credit method, was carried out at 31 March 2022 by BBS Actuaries, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following key assumptions:

| | 2022 | 2021 |
|--|------|------|
| Expected rate of salary increase | 3.3% | 2.7% |
| Expected rate of increase of pensions in payment | 2.1% | 2.2% |
| Discount rate | 2.7% | 2.0% |
| Rate of inflation (RPI) | 3.8% | 3.4% |
| Rate of inflation (CPI) | 3.3% | 2.7% |

23 Pension Costs (continued)

The mortality assumptions used were as follows:

| | 2022 years | 2021 years |
|--|---------------|---------------|
| Longevity at age 65 for current pensioners | | |
| Men | 22.7 | 22.3 |
| Women | 25.1 | 24.3 |
| Longevity at age 65 for future pensioners | | |
| Men | 24.0 | 23.6 |
| Women | 26.5 | 25.8 |

Reconciliation of plan assets and liabilities:

| | Assets £'000 | Liabilities £'000 | Total £'000 |
|---|-----------------|----------------------|----------------|
| At 1 April 2021 | 69,784 | (61,239) | 8,545 |
| Benefits paid | (1,515) | 1,515 | - |
| Employer contributions | 145 | - | 145 |
| Member's contributions | 5 | (5) | - |
| Current service cost | - | (111) | (111) |
| Interest income/ (expense) | 1,382 | (1,210) | 172 |
| Remeasurement (losses) / gains | | | |
| Actuarial gains | 124 | 2,127 | 2,251 |
| Return on plan assets excluding interest income | - | - | - |
| As at 31 March 2022 | <u>69,925</u> | <u>(58,923)</u> | <u>11,002</u> |

Total cost recognised as an expense:

| | 2022 £'000 | 2021 £'000 |
|-----------------------|---------------|---------------|
| Current service costs | 111 | 145 |
| Interest cost | 1,210 | 1,318 |
| | <u>1,321</u> | <u>1,463</u> |

No amounts (2021: £nil) were included in the cost of assets.

The fair value of the plan assets was:

| | 2022 £'000 | 2021 £'000 |
|---------------------------|---------------|---------------|
| Equities | - | 13,803 |
| Liability driven equities | 46,896 | 19,795 |
| Diversified growth fund | 15,523 | 28,057 |
| Cash | 770 | 537 |
| London Eye asset | 6,736 | 7,592 |
| | <u>69,925</u> | <u>69,784</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:

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Interest income | 1,382 | 1,495 |
| Return on plan assets less interest income | 124 | 6,902 |
| | <u>1,506</u> | <u>8,397</u> |

23 Pension Costs (continued)

(b) Defined contribution plan

Southbank Centre provides a defined contribution plan for its employees.

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

| | 2022 £'000 | 2021 £'000 |
|----------------------------|---------------|---------------|
| Current year contributions | 534 | 648 |
| | <u>534</u> | <u>648</u> |

24 Subsidiaries

Southbank Centre Limited owns 100% of the issued share capital of South Bank Foundation Limited (100 shares of £1 each), Southbank Centre Pension Fund Corporate Trustees Limited (1 share 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.

The South Bank Foundation Limited (number: 3174667)

The 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.

The Southbank Centre Pension Fund Corporate Trustees (number: 12510510)

The Southbank Centre Pension Fund Corporate Trustees Limited was formed for the purpose of acting as a trustee for the Southbank Centre's pension fund. Southbank Centre Pension Fund Corporate Trustees Limited was dormant during the year.

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 and Southbank Centre's own shops. A summary of Southbank Centre Enterprises Limited's trading results are shown below:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Turnover | 8,438 | 2,478 |
| Cost of sales | (2,417) | (620) |
| Administrative expenses | (1,684) | (679) |
| Operating profit | <u>4,337</u> | <u>1,179</u> |
| Interest receivable | 7 | 2 |
| Net profit | <u>4,344</u> | <u>1,181</u> |
| Profit and loss brought forward | 1,181 | 6,846 |
| Gift aid paid to Southbank Centre Limited | (1,181) | (6,846) |
| Retained in the subsidiary | <u>4,344</u> | <u>1,181</u> |

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

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Current assets | 10,183 | 3,614 |
| Creditors: amount falling due within one year | (5,839) | (1,876) |
| Net current assets | <u>4,344</u> | <u>1,738</u> |
| Creditors: amounts falling due after one year | - | (557) |
| Total net assets | <u>4,344</u> | <u>1,181</u> |
| Represented by: | | |
| Profit and loss account | <u>4,344</u> | <u>1,181</u> |

25 Contingent Liabilities

Group and Charity

Capital grant funding

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 GLA Land and Property, formerly, London Development Agency. In the event that Southbank Centre ceases operating £4m would be repayable.

A grant of £16.7m was provided by the Arts Council for refurbishments to the Festival Wing (Queen Elizabeth Hall, Purcell Room and the Hayward Gallery). A fixed and floating charge was taken out by the Arts Council England over the assets of the charity. In the event that the Southbank Centre ceases operating, this grant would be repayable to the Arts Council.

A term loan of £17.7m provided by AIB Group (UK) plc is secured by a fixed charge over the Royal Festival Hall extension building. This facility is repayable in quarterly instalments with the final balance repayable in October 2027.

A term loan of £7m provided by Lloyds Bank plc and Lloyds Corporate Markets plc is secured by an assignment and charge over the retail lease income from property at the Southbank Centre. The loan is repayable in quarterly instalments with the final balance repayable in January 2024.

Land and buildings comprise Southbank Centre's three concert halls, the Hayward Gallery, the extension building, Jubilee Gardens and the National Film Theatre, the last of which is occupied by the British Film Institute on an under-lease. The freehold interest in these properties 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 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 value to Southbank Centre of its interest in the National Film Theatre has been assessed at nil, given the long under-lease to which it is subject. A peppercorn rent is payable on the lease from Arts Council England to Southbank Centre and on the under-lease from Southbank Centre to the British Film Institute.

26 Related Parties

Chris Denton, a member of the Executive team of Southbank Centre until April 2021, 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 £6,860 (2021: £2,594) for editing and proofing services. Chris Denton was not involved in the decision to engage the company for these services.

Southbank Centre, as sponsoring employer, has agreed to pay for the expenses of The Southbank Centre Retirement Plan. These expenses were £220,672 (2021: £204,773) for the year ended 31 March 2022.

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 89,725 (2021: USD nil) from the American Fund. The American Fund had USD 53,401 (2021: USD 153,197) in cash balances available to transfer to Southbank Centre at 31 March 2022.

Donations from Trustees were £68,548 (2021: £142,209).

SBC's Trading subsidiary, Southbank Centre Enterprises Ltd, was recharged staff costs of £603,845 (2021: £459,280), being the costs of staff incurred by the charity for activities undertaken by the company. A management fee of £844,754 (2021: £214,031) was charged to SCEL to cover overheads incurred by SBC. Amounts owing between the 2 entities at year end are shown in notes 15 and 16.

27 Full Prior Year Disclosure Of The Consolidated Statement Of Financial Activities

| | Note | Unrestricted Funds | | Restricted Funds | | Total Funds 2021 |
|--|------|---------------------|---------------------|------------------|------------------|------------------|
| | | Operations £'000 | Designated £'000 | Project £'000 | Capital £'000 | £'000 |
| INCOME FROM: | | | | | | |
| Donations and legacies | 2 | 24,799 | - | 1,813 | 3 | 26,615 |
| Charitable Activities | 3 | 1,057 | - | - | - | 1,057 |
| Other Trading Activities | 4 | 8,501 | - | - | - | 8,501 |
| Proceeds from sale of fixed assets | | - | - | - | - | - |
| Investments | 5 | 27 | - | - | - | 27 |
| TOTAL | | 34,384 | - | 1,813 | 3 | 36,200 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | 9 | 1,019 | 35 | - | - | 1,054 |
| Charitable activities | 9 | 27,781 | 596 | 1,409 | 3 | 29,789 |
| Other | 9 | 928 | 5,449 | - | - | 6,377 |
| TOTAL | | 29,728 | 6,080 | 1,409 | 3 | 37,220 |
| Net (expenditure)/income before transfers | | 4,656 | (6,080) | 404 | - | (1,020) |
| Transfers | 19 | 2,139 | (2,139) | - | - | - |
| Other recognised (losses)/gains | | | | | | |
| Actuarial (loss)/gain on defined benefit pension schemes | 23 | - | (800) | - | - | (800) |
| Gain/(Loss) on derivative financial instrument | | - | 429 | - | - | 429 |
| Net Movement in funds | | 6,795 | (8,590) | 404 | - | (1,391) |

All of the above results are derived from continuing activities.
The Movements on Reserves are also described in note 19.

There is no material difference between the net income/(expenditure) before transfers for the financial years stated above and their historical cost equivalents.

| | Unrestricted funds | | Restricted funds | | Total funds |
|--|---------------------|---------------------|-------------------|------------------|----------------|
| | Operations £'000 | Designated £'000 | Projects £'000 | Capital £'000 | 2021 £'000 |
| Net movement in funds | 6,795 | (8,590) | 404 | - | (1,391) |
| Fund balances brought forward as at 1 April 2020 | 4,687 | 223,320 | 388 | - | 228,395 |
| Total funds carried forward as at 31 March 2021 | 11,482 | 214,730 | 792 | - | 227,004 |

