

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

SOUTHBANK CENTRE

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 2016

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SOUTHBANK CENTRE

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SOUTHBANK CENTRE

Registered as a Charity No. 298909

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SOUTHBANK CENTRE

BOARD OF GOVERNORS AND SENIOR STAFF

Board of Governors

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

<i>Governor</i>	<i>Appointed</i>	<i>Resigned/ retired</i>	<i>Last re-appointment</i>
Mr Rick Haythornthwaite (Chairman)	31 January 2008	14 January 2016	01 July 2014
Ms Susan Gilchrist (Chairman)	24 September 2008		15 January 2016
Mr Robin Woodhead (Deputy Chairman)	22 September 2004		01 July 2014
Mr Nihal Arthanayake	25 January 2011		01 July 2014
Dame Vivien Duffield	24 June 2002	25 February 2016	01 July 2014
Mr Brent Hansen	24 September 2008		02 July 2012
Ms Fionnuala Hogan	21 November 2007		01 July 2014
Mr David Kershaw	24 September 2008		02 July 2012
Mr Cornelius Medvei	30 September 2009		02 July 2013
Ms Maggie Semple OBE	23 September 2010		01 July 2014
Mr Michael Zaoui	02 July 2012		02 July 2012
Ms Ursula Owen, OBE	02 July 2003	12 June 2015	02 July 2012
Mr Jamie Ritblat	30 September 2009	31 December 2015	02 July 2013
Ms Venetia Butterfield	03 March 2016		
Mr Mike Hussey	03 March 2016		
Sir William Sargent	03 March 2016		
Ms Nicola Benedetti	18 March 2016		

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

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

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

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

CHIEF EXECUTIVE AND OTHER SENIOR STAFF

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

Alan Bishop	Chief Executive
Jude Kelly, CBE	Artistic Director
Molly Jackson	Deputy Chief Executive
Melford Deane	Company Secretary and Legal Advisor
Victoria Cheetham	Director of Producing and Presentation
Mike McCart	Director of Partnerships and Policy
Mark Rushworth	Property Director
Jeremy Smeeth	Finance Director (left 29 February 2016)
Chay Champness	Interim Finance Director
Alison Lodge	Director of Human Resources
Chris Denton	Director of Marketing and Communications
Shân MacLennan	Deputy Artistic Director
Rupert Thomson	Head of Performance & Dance
Gillian Moore, MBE	Director of Music
Clare Connor	Director of Business Development
Ralph Rugoff	Director, Hayward Gallery
Ted Hodgkinson	Head of Literature and Spoken Word

CHAIRMAN'S FOREWORD

I was delighted to take up the position of Chairman of our Board of Governors this year, another inspiring year for Southbank Centre. As one of the UK's leading arts organisations, our mission is to reach out to artists, communities and organisations across the UK to create an eclectic, imaginative and truth-seeking artistic programme. Whether it was working with arts organisations in the midlands to co-produce Alchemy on Tour, welcoming over 50,000 young people to our site through our education programme, or taking WOW to Brisbane, Harlem and Hargeysa, our goal in 2015-16 was to bring the very best of art and culture to as wide an audience as possible.

We were excited to add new festivals to our roster in 2015/16. Changing Minds looked at the rich interaction between mental health and the arts; Changing Britain examined the interplay between art, culture and 20th Century politics; and Strive was a festival for 15-25 year olds programmed by our Youth Ambassadors. Our second Festival of Love shone through the summer with installations across the site and celebrations including a Mandela Weekend, Refugee Week, Urban Weekend and the return of our incredibly popular Big Wedding Weekend.

We welcomed David Byrne to curate our 22nd Meltdown. The Oscar and Golden Globe winning musician, co-founder of seminal new wave band Talking Heads, put on a popular and experimental programme for this year's festival. Highlights included ambient pioneers Sunn O))), the all-star group Atomic Bomb! and a screening of the film There Will be Blood set to a live orchestral accompaniment of Jonny Greenwood's original score.

This year saw our biggest ever WOW - Women of the World at Southbank Centre and the spread of WOW across more cities in the UK and worldwide. We had another hugely successful speed mentoring event on the London Eye to celebrate International Day of the Girl and were awarded a grant from Spirit of 2012 to help further UK cities host WOWs in the next three years.

We had another year of world-class classical music with our four magnificent resident orchestras: London Philharmonic Orchestra, Philharmonia Orchestra, the Orchestra of the Age of Enlightenment and London Sinfonietta. Our programme was greeted by enthusiastic audiences and critical acclaim and included two visits from the renowned conductor and pianist Daniel Barenboim who celebrated the 60th anniversary of his first performance at the Royal Festival Hall here in January.

The Queen Elizabeth Hall, Purcell Room and Hayward Gallery closed in September. The much needed renovations and repairs will make the venues fit for future generations to enjoy. The essential refurbishment project has been funded by generous donations from Arts Council England and the Heritage Lottery Fund and through our fundraising campaign Let The Light In which has just £2 million left to raise. Work is under way ahead of the buildings' reopening in 2018.

Southbank Centre continues to run itself on the principles of sound financial management and organisational efficiency, coupled with a strong entrepreneurial outlook. This approach has meant that our financial results have generally attained or exceeded expectations over recent years. Nonetheless we could not offer such a wide-ranging artistic programme, over 50% of which is free, or cover the costs of maintaining our 21-acre site without substantial core funding from Arts Council England. We are grateful for their ongoing support.



Susan Gilchrist

Chairman

Southbank Centre Limited
As Trustee for Southbank Centre

REPORT OF THE TRUSTEE

Legal Framework

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

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

Southbank Centre Limited's other wholly owned subsidiary is Southbank Centre Enterprises Limited, which manages certain commercial activities on the Southbank estate. The results of Southbank Centre Enterprises Limited are consolidated on a line-by-line basis with those of Southbank Centre. See note 25 for details of Southbank Centre Enterprises Limited's results.

Governors and Management

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

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

Pay policy for key management personnel

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

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

REPORT OF THE TRUSTEE

Review of the Business

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

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

The growth of commercial income, together with increases in fundraising from companies, trusts, foundations and individuals as well as efficient management of costs has meant that Southbank Centre has flipped from being 58% publicly funded in 2008/09 to 43% publicly funded in 2015/16. The gap created by cuts in public sector funding in recent years has been covered by this growth in self-generated income. Moreover expenditure on the artistic programme, including the free programme, has been increased and more of the site has been made accessible to the public. This has been achieved in the context of increasing costs for operating the site.

Artistic Review

Here are some of the highlights from our 2015/16 artistic programme which demonstrate our work as one of the UK’s most prominent arts organisations and fulfil our goals as a National Partnership Organisation of our major funder, Arts Council England.

Our festival model continues to thrive at the heart of our artistic programme, covering contemporary and classical music, performance, dance, visual art and the spoken word. Each festival consists of ticketed and free events, combining different art forms. The festival themes inspire the animation of the whole site with installations, and influence our entrepreneurial activities. We work closely with world class artists and our partners and strive to reach out to and involve different audiences in order to bring inventiveness, originality and playfulness to our programme.

REPORT OF THE TRUSTEE

During 2015/16 our festivals included:

- Changing Britain (March - May) A festival examining the interplay between art, culture and 20th Century politics.
- Strive (10-12 April) A new festival for 15-25 year olds programmed by our Youth Ambassadors.
- Alchemy (15-25 May) Our sixth Alchemy included the very best music, dance, literature, debate, comedy, fashion, art, food and design from the UK and South Asia.
- Festival of Love (6 June - 30 August) Highlights included a Mandela Weekend, a celebration of Refugee Week, Urban Weekend and the return of the Big Wedding Weekend.
- David Byrne's Meltdown (18 - 30 August) An incredible fortnight of music, film and performances curated by the Oscar and Golden Globe winning musician.
artists.
- Africa Utopia (11 -13 September) The third Africa Utopia saw a weekend of performances, music, dance, fashion, theatre and talks and posed the question, 'How can Africa solve the West's problems?'
- Why? What's Happening for the Young? (22 -25 October) Asked what makes a good childhood.
- BAM - Being a Man (28 - 29 November) Returned for a second year to address the challenges and pressures of masculine identity in the 21st Century
- Winter (21 October - 17 January) The theme of giving lay at the heart of this year's Winter festival
- Changing Minds (6 -7 February) took a closer look at mental health and the arts
- Imagine (10 - 21 February) A festival for kids by kids
- WOW - Women of the World (8 -13 March) The sixth year of our fast-growing international women's festival was attended by tens of thousands of women and girls.

This year saw our biggest ever WOW - Women of the World at Southbank Centre and the spread of WOW across more cities in the UK and worldwide. Speakers at WOW this year included the President of Malta Marie Louise Coleiro Preca, Secretary of State for International Development Justine Greening MP and digital campaigner and philanthropist Martha Lane-Fox. Shami Inga Beale the CEO of Lloyds spoke about being the first women to run the insurance market in its 327 year history; mayoral candidate Sadiq Khan MP spoke on what the Mayor of London can do for gender equality; legendary musician and rights campaigner Annie Lennox spoke about becoming an activist; and TV personality and founder of the Women's Equality Party Sandi Toksvig spoke about advancing women's rights.

This year WOW took place in Brisbane, Harlem and Hargeysa as well as Cambridge, Londonderry, Cardiff, and Folkestone. In addition, we were delighted to be awarded a grant from Spirit of 2012 to help other UK cities host WOWs in the next three years. In October we held our third speed mentoring event for young people on International Day of the Girl. The event on the London Eye drew a stellar list of high profile mentors from the arts, government, business and the not for profit sector as well as 200 enthusiastic and inquisitive school girls.

The Festival of Love appeared for its second year, taking inspiration from Nelson Mandela and his 67 years of service. We created a list of 67 Small Acts for Big Change which we asked the public to sign up to and hosted workshops and opportunities across our site to help these small acts take place. The Mandela Weekend played host to free music, talks, film, performances and debates celebrating and exploring the life and legacy of Nelson Mandela on his birthday weekend. Other highlights included Refugee Week where we worked with Counterpoint Arts, Music Action International and Cultural Cooperation to produce a programme of events to bring communities together including a Big Sing made up of people who have sought asylum in the UK. Urban Weekend turned our site into a concrete playground with an Urban Bloc Party, live BMX stunts and a graffiti jam. The Big Wedding Weekend made a triumphant return to close the summer.

SOUTHBANK CENTRE

REPORT OF THE TRUSTEE

Alchemy returned for a very successful sixth year featuring the very best music, dance, literature, debate, comedy, fashion, art, food and design from the UK and South Asia. The site was brought to life with events including Alchemy Fashion, an interactive fashion and musical showcase. A wealth of visual art and design projects transformed our foyer spaces including Narrative Geometries by acclaimed Delhi-based designer Siddhartha Das, inspired by India's rich visual storytelling traditions and ever-changing urban landscape. Alchemy Unplugged took place throughout the festival. The Unplugged Music Lounge offered a relaxed platform for emerging artists and community groups, with innovative musical forms and styles taking inspiration from South Asia, along with more traditional performances.

This was the first year of Alchemy on Tour. Southbank Centre partnered with Black Country Touring, Cast and Oldham Coliseum Theatre to stage five shows with the support of Arts Council England's Strategic Touring Programme and the Esmée Fairbairn Foundation. The tour allowed arts organisations from the different regions to work together to reach new audiences and untap new channels of artistic potential.

David Byrne's Meltdown was our 22nd edition of Meltdown. We were honoured to welcome David Byrne - the Oscar, Golden Globe, Obie and Drama Desk award-winning musician known for his eclectic collaborations and co-founder of seminal new wave band Talking Heads - as our curator for a popular eclectic and experimental festival. The programme included the opening of David Byrne's Library, a reading lounge in the Poetry Library housing a collection of over 250 of his personal books covering music of all genres and different cultures for people to read or borrow. David welcomed a number of experimental acts to Southbank Centre during the fortnight period including ambient pioneers Sunn O))) and the all-star group Atomic Bomb! who performed the music of William Onyeabor. Meltdown also featured a screening of the film *There Will be Blood* set to a live orchestral accompaniment of Jonny Greenwood's original score and *We're Gonna Die* presented by award-winning playwright Young Jean Lee.

Changing Britain was a new festival inspired by *Tales of a New Jerusalem*, a series of books by historian David Kynaston examining the social history of England after World War Two. The festival featured leading thinkers, activists, writers, artists and musicians on three periods of change from 1945-2015 starting with the post war period and the founding of the welfare state, looking at the Margaret Thatcher era of economic and social reform from 1979-1997 and then at the rise of Tony Blair's New Labour, the Iraq war and changing politics of equality between 1997-2015. Highlights included a panel on the founding of the NHS and the welfare state, screenings of *Seven up!*, *We are the Lambeth Boys*, *The Italian Job* and *Trainspotting*. Speakers ranged from Bruce Kent, former general secretary of CND, Bill Harry, founder of the *Mersey Beat* newspaper in 1960s Liverpool, artists Richard Wentworth and Jane and Louise Wilson and Virginia Nicholson, author of *Perfect Wives in Ideal Homes*. Changing Britain closed the weekend after the General Election with a concert from the London Sinfonietta showcasing two newly commissioned works inspired by political change. Throughout the festival an exhibition *Adopting Britain: 70 Years of Migration* took place on Spirit Level co-curated with Counterpoints Art, supporters of refugee and migrant artists.

Africa Utopia took place for the third time, posing the question 'How can Africa solve the West's problems?' with a weekend of performances, music, dance, fashion, theatre and talks. The highlight was the debut performance of Chineke!, Europe's first professional orchestra made up entirely of black and minority ethnic classical artists. The festival included free music from Maia Von Lekow who presented her unique blend of afro-jazz, folk and soul and Bafula, a London-based group blending the melodies and rhythms of Gambia with western styles during the Africa Live Lounge in the Riverside Terrace Cafe. The Tony Allen Group with special guests including Blur's Damon Albarn and Senegal's legendary Orchestra Baobab performed in the Royal Festival Hall.

REPORT OF THE TRUSTEE

BAM - Being A Man returned for a second year to address the challenges and pressures of masculine identity in the 21st century. There was a rich programme of talks and debates including a screening of Emmy award winning filmmaker Deeyah Khan's film *Jihad: A British Story*, followed by a live Q&A with Khan and two former jihadis and now anti-extremist activists Alyas Karmani and Abu Muntasir. We also heard from speakers on gangs, male violence in prisons and boys' education. Hip-hop artist and historian Akala and comedian and writer Frankie Boyle presented BAM Live, an evening of conversation, comedy and live music about what it is to be a man. Visitors were invited to participate in a special 'dads-only' pram jam, beer brewing and tasting, Dad Dancing and a 'Frank's Club' meet up for men over 55. We also welcomed 70 male students age 11-17 to our Being a Man schools day.

Children took over our festival site once more for Imagine, a fortnight packed with literature, dance and performance, art, talks and activities made by our 'mini festival makers' a group of 50 primary school children who helped to programme, promote and produce key events throughout the festival. This year Imagine explored the Wondercrump World of Roald Dahl with a new interactive experience in our Spirit Level taking visitors on a magical journey through Mr Dahl's imagination. Further Dahl celebrations included Dahl's final book *The Minpins* accompanied by live animation and the music of Sibelius performed by the London School's Symphony Orchestra, with live narration from actor, writer and director Richard Ayoade. Imagine also saw Judith Kerr in conversation with Ian Craig about *Mister Cleghorn's Seal* - her first illustrated novel in 37 years; David Walliams and Michael Morpurgo appear together in the Royal Festival Hall for the first time ever; and comedian, best-selling children's author and World Book Day scribe David Baddiel discussed his latest children's book *The Person Controller*.

Once again the idea of giving lay at the heart of our Winter festival programme. Many events were created with local groups, change makers and artists who were inspired by the idea of helping those in need. In particular the Charity Shop Programme saw 15 charity shops taking stands on Level 2 for two weekends and a hugely successful fashion show. Once again our winter knitting project *Get your knit on!* was very popular with over 100 scarves being knitted for homeless people and wide participation from people outside London across the generations. Winter also saw *Leaps and Bounds*, a new programme of activities for families with children who have disabilities; *SnowBall* - a 1920s-1950s themed Masquerade Ball showcasing the work of our 1521 participants on the Clore Ballroom; and the return of Winter hits *Slava's Snow Show*, *La Soiree* in the Spiegeltent and the spectacular Vintage New Year's Eve Party to usher in the New Year.

The brand new Changing Minds festival took a closer look at mental health and the arts across a weekend of talks, debates, performances, workshops and concerts. The sold out talks and debates programme took place across our site, with speakers, writers, scientists and artists, as well as those who have learned to live with a particular problem, addressed major mental health issues head-on and told their stories. Conductor Marin Alsop led the Orchestra of the Age of Enlightenment in a programme of work by Johannes Brahms and Robert Schumann exploring the link between genius and bipolarity. Meanwhile in the Blue Room, punk poet, musician, theatre maker and feminist showgirl Brigitte Aphrodite presented her show *My Beautiful Black Dog* a 'gig meets theatre meets depression meets a tidal wave of glitter'.

Why? What's Happening for the Young returned for its second year. The programme, which examined and celebrated the rights of children and young people, explored what makes a good childhood with a conference for professionals co-hosted by Barnardo's and a series of sessions for children and young people. The programme featured children's TV presenter and author Cerri Burnell, author and performance artist Laura Dockrill, poet and broadcaster Lemn Sissay and children's authors Jacqueline Wilson and Michael Morpurgo. *Why?* Hosted the SLAMBassadors UK National Finals for young spoken word artists and *KAPOW: Discovering what makes us SUPER!* a self-expression workshop for 7-11 year olds.

SOUTHBANK CENTRE

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We had another year of world-class classical music together with our four resident orchestras: Philharmonia Orchestra, London Philharmonic, the Orchestra of the Age of Enlightenment and London Sinfonietta. We signed up two further associate orchestras The Aurora Orchestra and Chineke! in addition to the BBC Concert Orchestra.

Daniel Barenboim, internationally acclaimed pianist and conductor, performed Schubert's Piano Sonatas over four recitals early in the year. We were also delighted to host a concert for his 60th anniversary of performing at the Royal Festival Hall in January together with the Simon Bolivar Orchestra conducted by Gustavo Dudamel. Highlights from across the year included Lang Lang with the Philharmonia Orchestra; a rare performance of Mendelssohn's *A Midsummer Night's Dream* with artists from Garsington Opera and the Royal Shakespeare Company; and the Zurich Opera continuing their series of collaborations with Southbank Centre with a performance of *Wozzeck*. Two titans of classical music, Dame Evelyn Glennie and Mitsuko Uchida, performed in the spring with the Isis Ensemble and the Philharmonia Orchestra respectively.

We also had several hit contemporary music gigs. Sufjan Stevens performed two sold out gigs in the Royal Festival Hall following the release of his new album *Carrie & Lowell*. Senegalese master-musician Baaba Maal returned to the Royal Festival Hall to perform tracks from his new record *The Traveller*. The Gary Crosby Quartet performed a powerful rendition of *A Love Supreme - A Tribute to John Coltrane* to mark the 50th anniversary of John Coltrane's only live performance of *A Love Supreme*. Acclaimed folk singer-songwriter Laura Marling performed music from her self-produced new album *Short Movie* in the QEH for a sold-out four night run.

This year's London Literature Festival took the unexpected as its inspiration with the theme of 'Tell me something I don't know' from a discussion on the unseen workers holding the fabric of daily life together in Bicycles, trains and being on time, to *War on the Doorstep* a look at how novelists are approaching modern warfare and its impact close to home. In an ambitious undertaking, over four days festival goers had the chance to hear the unabridged *Moby Dick* by Herman Melville being read aloud by a huge array of writers, actors, comedians and members of the public. We partnered with Intelligence Squared to present *Inside the Head of Terry Gilliam*, the former Monty Python member was joined by BBC arts editor Will Gompertz for a discussion on his life and work and his influences.

Poetry International, our biennial festival returned with music, translation, new commissions, talks, reading and innovative live performances inspired by poetry of conflict and geopolitics. We hosted the Bailey's Prize for Women's Fiction, the TS Eliot Prize Readings and readings ahead of the Caine Prize for African Writing.

Dance and Performance was as diverse and exhilarating as ever. Olivier Award winning performer Ursula Martinez returned to Southbank Centre with the world premiere of a new show *Free Admission* in the Purcell Room. *Bale de Rua* brought the carnival spirit to the Royal Festival Hall in August with their show *Baila Brazil*. Performance artist Bryony Kimmings new show *Fake it 'til you Make it* was performed in the Purcell Room alongside her partner Tim Grayburn. We collaborated with Rambert Dance Company and Youth Dance England to accommodate 22 young dance groups from across the country and The Eldership Project, a new commission led by *Improbably*, featured older people in performance, installation and conversation over eight work-in-progress events. In the concrete spaces of the Queen Elizabeth Hall and Hayward Gallery a performance of *Dundendance's Borderlands* saw ghostly figures making some strange visitations to make the closure of our 1960s buildings for renovation work.

REPORT OF THE TRUSTEE

Carsten Höller: Decision opened to the public at the Hayward Gallery to extensive press coverage and positive reviews. The interactive exhibition was the artist's largest survey show in the UK and immersed visitors in a series of experimental environments exploring perception and decision making. Visitors could choose to see the world upside down, experience uncanny bodily sensations, soar above London's traffic in a flying machine and exit the building via one of two slides accessed from the roof of the Gallery. Over three months 127,383 people saw the exhibition with extended hours being added during the show to allow more people to visit.

The Hayward Touring Curatorial Open exhibition Listening toured to four venues across the UK: Baltic 39, in Newcastle, the Bluecoat in Liverpool, Site Gallery and Sheffield Institute of the Arts, Sheffield, and Norwich University of the Arts. The eighth British Art Show, which received a substantial grant from the Strategic Touring Fund, took place around the country in partnership with Leeds Art Gallery; Scottish National Gallery of Modern Art, Inverleith House and Talbot Rice Gallery in Edinburgh; Norwich University of the Arts and Norwich Castle Museum; Southampton City Art Gallery and the John Hansard Gallery, University of Southampton. Art from Elsewhere, the Art Fund International show toured to Bristol Museum and Art Gallery, Gallery of Modern Art Glasgow, Mima, Middlesbrough, Birmingham Museum and Art Gallery and New Art Gallery Walsall, and Towner Art Gallery Eastbourne.

Arts Council Collection exhibitions this year included One Day, Something Happen: Paintings of People which proved popular at Nottingham Castle Museum and Art Gallery, High Lanes Gallery Drogheda and Leeds Art Gallery; Grayson Perry - The Vanity of Small Differences which opened at the Victoria Art Gallery, Bath, Herbert Art Gallery, Coventry; Croome House and the Beaney Canterbury; and Making it: Sculpture in Britain 1977-1986 which opened at the Mead Gallery, University of Warwick. The Arts Council Collection long loan scheme continued to expand with request for loans coming from Leeds, Manchester and Brighton. The Arts Council Collection announced three partners to join Yorkshire Sculpture Park as part of a constellation of galleries curating the exhibitions drawn from the Arts Council Collection over the next three years: Birmingham Museums and Art Galleries, The Towner, Eastbourne and the Walker Art Gallery.

Commercial

Southbank Centre's contribution from commercial activities in 2015/16 was broadly similar to the 2014/15 level. We augmented the established operators with temporary 'pop-ups' of various kinds to ensure a diversity of offer to the many different visitors that come to Southbank Centre. Many of the units here operate at capacity at peak times with long waits for tables. Finding ways to increase provision therefore provides a more enjoyable experience for our visitors. We continue to increase the proportion of free arts programming, which draws more people to the site and increases their spend in our shops and restaurants. In turn, the income from the commercial activity makes a critical contribution to the costs of this free programme.

A focus in 2015/16 has been to integrate the commercial offer even more closely with our festival programme. One example was we brought the management of the weekly food markets in-house. We wanted the ability to curate the offer more closely and align it with the on-site programme. For Alchemy, our festival celebrating culture originating in the Indian sub-continent, we presented a food stall from every one of the countries participating in the artistic programme. We also wanted the ability to support the development of start-up businesses.

REPORT OF THE TRUSTEE

Development

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

In 2015/16 the Development department achieved income of £4.2m (2014/15: £3.2m). This was split between £0.7m from the Individual Giving and Major Gifts team, £1.3m from the Corporate team and £2.19m from the Trusts and Foundations team, of which £2.18m was project funding (shown under Charitable activities in the Group Operating Statement and Consolidated Statement of Financial Activities).

The net contribution to Southbank Centre's charitable activities and overheads after deducting direct expenditure (including payroll) was £3.6m (2014/15: £2.7m).

The PwC Charitable Foundation made a donation of £65k in June 2016 to support a new, regional programme.

Capital

In addition to revenue, capital contributions included £4.4m from the Heritage Lottery Fund and £1.4m to the Let the Light In fundraising project for the capital refurbishment programme

Capital Project Developments

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

The Festival Wing Repair and Maintenance project is now underway and these buildings will be closed to the public until late in 2017, with the formal re-opening planned for January 2018. The project replaces worn out building services and brings the buildings up to industry standard for international venues and contemporary artistic practice. Poor access for disabled audiences and artists and improved facilities will be addressed as far as possible in the design and build of the project, and the public spaces and visitor facilities improved. Additional glazing looking towards the river will let more light into the Queen Elizabeth Hall foyer. The pyramid roof of the Hayward Gallery will be replaced with a new roof, looking identical to the iconic old roof, but letting natural light into the upper galleries, which the old roof never achieved. A new artist entrance and bar will replace the current unsatisfactory facilities.

The project has been made possible by the very significant support of Arts Council England, with a capital grant of £16.7m, and of the Heritage Lottery Fund, with a £4.4m capital grant and a grant of £0.5m towards a heritage activity programme which is the archiving of content. A number of Trusts and Foundations have made generous grants, and many individuals have made donations towards the project. We are grateful to all of them for their contributions: without which this project would not be possible. We are now half-way to our total target of £3.9m from these sources.

REPORT OF THE TRUSTEE

Future Southbank Centre Developments

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

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

We are developing a vision in partnership with the skateboard community for an urban arts and performance programme on the site.

Hungerford Car Park

We have entered into a Planning Performance Agreement with the BFI and Lambeth Council to agree a joint vision for Hungerford Car Park, incorporating the proposed new BFI Film Centre and the extended Jubilee Gardens. A steering group and a joint working group of stakeholders with a land interest has been established in order to develop a solution and design options that will meet the aspirations of all parties. The Lambeth Council Strategic Panel comprises the Leader of the Council, Cabinet Members for Regeneration and Neighbourhoods, and the Chairman of the Planning Committee.

IMAX Roundabout

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

REPORT OF THE TRUSTEE**Financial Review**

Southbank Centre made a surplus of £1.5m on the unrestricted operations fund before reserves transfers.

<u>Income</u>	2016		2015	
	£'000		£'000	
Donations and sponsorship	2,858	6%	3,243	7%
Arts Council revenue grant	19,428	43%	17,845	42%
Activities for generating funds	14,190	32%	13,066	30%
Income from artistic activity	8,484	19%	9,307	21%
Interest receivable	1	0%	7	0%
Total operating income	44,961	100%	43,468	100%

Overall Southbank Centre's operating income increased by 3% compared to the previous year. This included an adjusting reduction of £0.2m to take into account prior year overstatements of income relating to retail catering commission. Unrestricted Arts Council England revenue grant funding increased by £1.6m and income from generating funds increased by £1.1m in the year. Income from artistic activity decreased by £0.8m mainly due to the closure of the Festival Wing venues in September 2015. Income from donations and sponsorship decreased by £0.4m (following a particularly successful prior year in securing additional project funding) although total income from the Development department has increased, included within income from artistic activity.

<u>Expenditure</u>	2016		2015	
	£'000		£'000	
Cost of fundraising	1,000	2%	882	2%
Retail and trading	6,851	16%	5,753	13%
Cost of charitable activities	35,459	81%	38,036	84%
Other	377	1%	346	1%
Total operating expenditure	43,687	100%	45,017	100%

Operating expenditure decreased by £1.3m compared to the previous year, principally due to the closure of the Festival Wing venues. Retail and trading costs increased by £1.1m reflecting the increased sales and cost of managing the market and other retail activities in-house.

Vision

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

Mission

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

Objectives

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

REPORT OF THE TRUSTEE

Strategies to achieve main objectives

Artistic Strategy - Success of the Festival Model

With its heritage in the 1951 Festival of Britain, Southbank Centre is the world's largest permanent festival site, with opportunities for everyone to contribute, participate and learn. Central to our work is the idea that the arts hold the key to unlocking the imagination and can be a powerful agent for individual and social change.

The 1951 Festival of Britain was a nationwide festival created to give Britons a feeling of recovery and progress following the Second World War. It was one of the great democratic, optimistic and imaginative gestures of the last century and at the heart of it was the South Bank Exhibition, situated on what is now Southbank Centre. The exhibition was an unprecedented extravaganza, filled with new art, design, science and iconic constructions, including the Royal Festival Hall.

Drawing on this heritage, Southbank Centre has evolved an approach to artistic programming based around a series of annual and one-off themed festivals, using these to set up encounters between artists and audiences across artistic platforms and to animate the site. Within this festival structure our artistic offer is wide ranging, covering contemporary and classical music, performance, dance, visual art and the spoken word. Each festival programme consists of both ticketed and free events, combining strands drawn from different art forms. The festival themes inspire the animation of the site with installations and other interventions, and also our commercial offer.

The development of the Festival Model has played a significant role in achieving our four strategic objectives: as a framework for a rich and innovative, critically acclaimed artistic programme, that reaches out to a very diverse audience, creating a welcoming destination for all and a sustainable entrepreneurial business model.

During 2015/16, we created new festivals, such as Changing Minds, looking at mental health and the arts, as well as expanding and enriching established festivals such as Alchemy. We expanded our national and international festival touring programme. In 2015, supported by generous funding from Arts Council England, Alchemy, our festival of culture connected with the Indian subcontinent, went on tour with Black Country Touring, Cast and the Oldham Coliseum. Each organisation led on a major part of the programme, which was presented to the partners' local communities and toured to all venues. WoW - Women of the World festival toured nationally and internationally.

Southbank Centre is committed to the Creative case for Diversity, as an integral part of the creative process, and set out to achieve this through our programming decisions and the artists and performers we commission and work with and the collaborations we bring together and facilitate. We were delighted to support the first performance of Chineke! Europe's first professional orchestra made up entirely of black and ethnic minority musicians. We are proud that Chineke! is one of our Associate Orchestras.

Learning and Participation

Southbank Centre's learning and participation work is directly connected to our origins in the 1951 Exhibition. Then, as now, opportunities to learn, to find out, to be astonished and thrilled, together with the chance to bump into art and ideas, was fundamental to the experience of visiting the site.

With this unique and remarkable DNA, Southbank Centre has the credentials to be an alternative educational institution for all. Our recognisable rhythm moving across the hours from early morning until late at night, our matrix of interconnecting spaces and our extraordinary 'faculty' of artists and thinkers from many disciplines make us well placed to experiment with different educational models. The spirit of architectural and design experiment that is our heritage confirms our potential as a natural learning space.

A strategic goal for the next five years is to firmly establish this new model of education that will allow people of all ages to come together to draw on Southbank Centre's festivals, programmes and collections to learn across disciplines and at all levels.

In particular, we will develop Southbank Centre's potential as a heritage and research site in the popular imagination and in popular understanding, to lead a new wave of heritage participation within the cultural sector at large. The ways that we are planning on doing this are:-

REPORT OF THE TRUSTEE

Temporary Collections Studio

Located in the Royal Festival Hall foyer, the Temporary Collections Studio, designed by Jonathan Tuckey Design, will be home to the process of organising the Southbank Centre Archive using a participatory methodology, with a long-term view to seeking accreditation from The National Archives. This will make usually hidden activities of archive management open and accessible to everyone.

Chance encounters with heritage

Opportunities for people passing through our site, or who come to our site to eat, drink or shop, to have a light touch encounters with heritage through the site-wide heritage labels, Temporary Collections Studio or free events.

Collaborative projects and a shared curatorial voice

Working in collaboration with our audiences and a wide range of partners, we will interpret and explain Southbank Centre's heritage and collections. New content will be created through a process of shared exploration in projects that are particularly targeted at young people. Opportunities for them to work alongside heritage professionals will provide a positive experience of heritage and a route to participating in other opportunities such as volunteering.

Specialist heritage focused activities

These will include archive volunteering and the chance to work with archive material, talks and debates and a temporary exhibition about the 1960s. We will work with trusted heritage partners such as English Heritage, offering lively and engaging events for audiences with an existing interest in modern heritage. To make our project sustainable, we will embed heritage activity and interpretation into Southbank Centre's ongoing education and festival programmes and train staff to feel confident working with heritage.

This inclusive approach to audience development will translate some of Southbank Centre's regular audience to heritage, bringing a younger more ethnically diverse audience than is seen at many heritage attractions.

REPORT OF THE TRUSTEE

Entrepreneurship and improving financial resilience

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

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

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

Digital Strategy

In 2015/16 our goals have been to improve our digital infrastructure, capabilities and resilience, to make more of our work available to a wider audience digitally and to use technology to improve the visitor experience.

The new website project is progressing well. We have appointed Fabrique/Axis 12 to help with the design of the site and the integration with the supporting systems such as our ticketing system. We are planning for a Phase 1 launch in the autumn which will be followed by further ongoing development work.

The development of the website is happening in conjunction with some major changes in our ability to create digital content to support the platform. We have created important new editorial and content driven roles and also roles which will centralise filming and photography under a centralised and more strategic lead. The changes have been led by the appointment of a new Head of Digital Engagement

Further work is happening to drive forward our 'Digital First' ambition (prioritising digital communication over off line and print based marketing) and we were pleased that the recent Urban Festival was the first campaign to have been entirely delivered using digital channels. We continue to observe that digital marketing is proving to be far more effective, highly targeted, more cost effective and less time consuming than the more conventional brochure-based marketing.

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Developing audiences

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

The headline number for total visits at Southbank Centre in 2015 was 5.1 million which includes all visitors to the Royal Festival Hall, and ticket sales across all our venues (Royal Festival Hall, Queen Elizabeth Hall, Purcell Room, Hayward Gallery, Udderbelly and London Wonderground). This puts Southbank Centre at number 4 in the Association of Leading Visitor Attractions (ALVA) top 10 visitor attractions in the UK. This number does not include the many people who enjoy our external public spaces and encounter the exhibitions, performances and installations across our site.

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

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

1. Creating a destination

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

2. Using Festivals to target least engaged audiences

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

3. Using Festivals to deepen engagement

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

4. Employ commercial entrepreneurship to attract new audiences

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

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Public Benefit

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

Employee Policies

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

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

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

Reserves Policy

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

Unrestricted reserves

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

Planned level of unrestricted reserves

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

General Reserve

As at 31 March 2016 the General Reserve balance was £2.4m (2015: £2.6m) which is sufficient to cover approximately three weeks of budgeted operating expenditure excluding any income.

SOUTHBANK CENTRE

REPORT OF THE TRUSTEE

Designated Reserves

As at 31 March 2016 Southbank Centre held five designated reserves:

(i) Capital Reserve (£34.7m)

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

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

(ii) Revaluation Reserve (£169.4m)

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

(iii) Hayward Gallery Prints Fund (£7k)

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

(iv) Strategic Reserve (£0.3m)

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

(v) Pension Plan (£3.8m deficit)

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

Review of the policy

The Reserves Policy is reviewed annually.

Going Concern

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

The Governors have given due consideration to the working capital and cash flow requirements of Southbank Centre. The Governors consider Southbank Centre's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing this report and financial statements.

Southbank Centre substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted operations fund). Arts Council England has confirmed funding for Southbank Centre to March 2018. The going concern basis used in the preparation of these financial statements is based upon the expectation that Southbank Centre will continue to receive sufficient support from the Arts Council England to match its expenditure with the total revenue it raises.

As explained in more detail under Capital Project Developments, Southbank Centre is underway with a major capital project, the refurbishment of the Queen Elizabeth Hall, Purcell Room and Hayward Gallery. The project is being funded through a combination of grants, donations, Southbank Centre's own reserves and a bank loan. To meet its existing and future capital commitments on this Festival Wing project, Southbank Centre will substantially rely on the assumed proceeds from the disposal of property, £16.7m Arts Council England capital grant loan financing, together with other capital fundraising. A key assumption is that the project will be delivered to the agreed budget.

REPORT OF THE TRUSTEE

The decrease in the deficit reflects the overall favourable effect of a reduced value in liabilities even with a lower return from assets than planned. The Governors and Pension Plan Trustees will continue to work towards closing this deficit and it is anticipated this will not require additional resources over and above those already budgeted. The Governors therefore conclude that no designation is necessary of funds held at the

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

Funding Agreement

Southbank Centre is one of Arts Council England's National Partner Organisations and is funded via a three-year funding agreement. The year ended 31 March 2016 was the first year in that cycle. Southbank Centre is subject to the normal monitoring processes and annual reviews for National Portfolio Organisations. The Funding Agreement with Arts Council England 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. From the perspective of the environment in which the charity operates, the major risk is the continued likelihood of further cuts in public sector funding. The following are the major risks identified that are specific to Southbank Centre:

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

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

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

REPORT OF THE TRUSTEE

Internal Financial Control

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

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

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

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

The Governors believe that Southbank Centre's system of internal financial control provides reasonable, but not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors and irregularities are either prevented or would be detected within a timely period. The Audit and Risk Committee has monitored the operation and effectiveness of the system of internal financial control during the financial year ended 31 March 2016 through regular reports from Executive Management, reports from the internal auditor and comments made in the annual management letter from the external auditors.

Annual audit

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

In so far as the Governors are aware:

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

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

Political and Charitable Donations

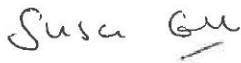
During the year Southbank Centre did not make any donations to political parties or charities.

REPORT OF THE TRUSTEE

Insurances

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

By Order of the Board



Susan Gilchrist
Chairman
Southbank Centre Limited
as Trustee for Southbank Centre

7 July 2016

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

Southbank Centre Limited, as sole corporate trustee of Southbank Centre is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year. Under that law the Trustee has prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under that law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period.

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF SOUTHBANK CENTRE

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2016 and of the group's and parent charity's incoming resources and application of resources and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of section 144 of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the group and parent charity balance sheets as at 31 March 2016;
- the consolidated statement of financial activities for the year then ended;
- the group operating statement for the year then ended;
- the consolidated statement of cash flows (and supporting analysis) for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

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

Other matters on which we are required to report by exception

Sufficiency of accounting records and information and explanations received

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

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

We have not exceptions to report arising from this responsibility.

Other information in the Annual Report

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEE OF SOUTHBANK CENTRE

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustee's Responsibilities set out on page 23, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the charity's trustee as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Regulation 30 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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

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

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

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

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



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 July 2016

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

SOUTHBANK CENTRE
GROUP OPERATING STATEMENT
Year ended 31 March 2016

	2016	2015
	£'000	£'000
INCOME		
Donations and sponsorships	2,858	3,243
Arts Council revenue grant	19,428	17,845
Activities for generating funds	14,190	13,066
Income from artistic activity	8,484	9,307
Interest receivable	1	7
Total operating income	<u>44,961</u>	<u>43,468</u>
EXPENDITURE		
Costs of fundraising	1,000	882
Retail and trading	6,851	5,753
Costs of charitable activities	35,459	38,036
Governance	377	346
Total operating expenditure	<u>43,687</u>	<u>45,017</u>
TRANSFERS		
Use of restricted project funds	275	(293)
Transfer from general reserves	-	1,842
OPERATING SURPLUS	<u>1,549</u>	<u>-</u>
RECONCILIATION TO STATEMENT OF FINANCIAL ACTIVITIES		
Operating Surplus	1,549	-
Income for Restricted Capital	1,607	2,600
Income for Designated Funds	131	774
Total resources expended - Designated Funds	(5,403)	(5,483)
Use of restricted reserves	(275)	293
Transfer to general reserves	-	(1,842)
Net outgoing resources before other recognised gains and losses	<u>(2,391)</u>	<u>(3,658)</u>

Note The accounts have been prepared in accordance with FRS 102. Restatement details are shown in Note 28

The Operating Statement combines Southbank Centre's Unrestricted Operations income and expenditure with short term restricted project revenue income and expenditure funded by earmarked donations to reflect Southbank Centre's operating activity undertaken in the year.

Costs of fundraising include £603,000 of costs directly attributable to the Development team, and £397,000 of administrative and support costs allocated to fundraising in accordance with the requirements of Statement of Recommended Practice 'Accounting and Reporting by Charities'.

SOUTHBANK CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 March 2016

	Note	Unrestricted funds		Restricted funds		Total funds	
		Operations £'000	Designated £'000	Projects £'000	Capital £'000	2016 £'000	2015 £'000
INCOME FROM:							
Donations and legacies	2	21,055	-	1,231	1,607	23,893	23,688
Charitable activities	3	8,484	131	-	-	8,615	10,081
Other trading activities	4	14,190	-	-	-	14,190	13,066
Investments	5	1	-	-	-	1	7
Total		43,730	131	1,231	1,607	46,699	46,842
EXPENDITURE ON:							
Raising funds	9	1,000	32	-	-	1,032	909
Charitable activities	9	33,953	4,830	1,506	-	40,289	43,034
Other	9	7,228	541	-	-	7,769	6,557
Total		42,181	5,403	1,506	-	49,090	50,500
Net income/(expenditure) before transfers		1,549	(5,272)	(275)	1,607	(2,391)	(3,658)
Transfers	19	-	1,607	-	(1,607)	-	-
Other recognised gains/(losses)							
Actuarial gain/(losses) on defined benefit pension schemes	24	-	2,546	-	-	2,546	(3,577)
Gain/(loss) on derivative financial instrument	18	-	69	-	-	69	(987)
Net movement in funds		1,549	(1,050)	(275)	-	224	(8,222)
RECONCILIATION OF FUNDS							
		Unrestricted funds Operations £'000	Designated £'000	Restricted funds Projects £'000	Capital £'000	Total funds £'000	
Net movement in funds		1,549	(1,050)	(275)	-	224	
Fund balances brought forward at 1 April 2015	19	2,422	200,073	395	-	202,890	
Total funds carried forward at 31 March 2016	19	<u>3,971</u>	<u>199,023</u>	<u>120</u>	<u>-</u>	<u>203,114</u>	
Net movement in funds		-	(8,515)	293	-	(8,222)	
Fund balances brought forward at 1 April 2014	29	2,422	208,588	102	-	211,112	
Total funds carried forward at 31 March 2015	29	<u>2,422</u>	<u>200,073</u>	<u>395</u>	<u>-</u>	<u>202,890</u>	

All of the above results are derived from continuing activities

The notes on pages 30 to 53 form part of these financial statements

The accounts have been prepared in accordance with FRS 102. Restatement details are shown in Note 28

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

*Southbank Centre's (excluding Southbank Centre Enterprises Limited) gross income for the year was £37,993k (2015 gross income: £38,425k)
Southbank Centre's (excluding Southbank Centre Enterprises Limited) net expenditure for the year was £8,855k (2015 net expenditure: £9,281k)*

SOUTHBANK CENTRE

BALANCE SHEETS

As at 31 March 2016

	Notes	Group		Charity	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fixed assets					
Tangible assets	12	232,848	234,543	232,848	234,543
Total fixed assets		<u>232,848</u>	<u>234,543</u>	<u>232,848</u>	<u>234,543</u>
Current assets					
Stocks of consumables and goods held for resale		517	361	222	205
Debtors - due within one year	15	4,417	4,216	2,942	3,370
Cash at bank and in hand		-	-	-	-
Cash held in other accounts		-	2,144	-	1,608
Total current assets		<u>4,934</u>	<u>6,721</u>	<u>3,164</u>	<u>5,183</u>
Liabilities					
Creditors: amounts falling due within one year	16	(12,420)	(12,899)	(11,911)	(12,524)
Total current liabilities		<u>(12,420)</u>	<u>(12,899)</u>	<u>(11,911)</u>	<u>(12,524)</u>
Net current liabilities		(7,486)	(6,178)	(8,747)	(7,341)
Total assets less current liabilities		225,362	228,365	224,101	227,202
Creditors: amounts falling due after one year	18	(18,471)	(19,024)	(18,351)	(19,003)
Net assets excluding pension liability		<u>206,891</u>	<u>209,341</u>	<u>205,750</u>	<u>208,199</u>
Defined benefit pension liability	24	(3,777)	(6,451)	(3,777)	(6,451)
Total net assets		<u>203,114</u>	<u>202,890</u>	<u>201,973</u>	<u>201,748</u>
The funds of the charity					
Unrestricted income funds					
General reserves	19	2,422	2,422	1,280	1,280
Designated funds	19	204,349	206,524	204,350	206,524
Pension reserve	24	(3,777)	(6,451)	(3,777)	(6,451)
Total designated funds		<u>200,572</u>	<u>200,073</u>	<u>200,573</u>	<u>200,073</u>
Total unrestricted income funds	19	<u>202,994</u>	<u>202,495</u>	<u>201,853</u>	<u>201,353</u>
Restricted income funds					
Projects fund	19	120	395	120	395
Restricted capital reserve	19	-	-	-	-
Total restricted income funds	19	<u>120</u>	<u>395</u>	<u>120</u>	<u>395</u>
Total charity funds	19	<u>203,114</u>	<u>202,890</u>	<u>201,973</u>	<u>201,748</u>

The notes on pages 30 to 53 form part of these financial statements

The accounts have been prepared in accordance with FRS 102. Restatement details are shown in Note 28

The financial statements on pages 26 to 53 were approved by the Board of trustees on 7 July 2016 and signed on its behalf by

Susan Gilchrist

Susan Gilchrist
Chairman

SOUTHBANK CENTRE

CONSOLIDATED STATEMENT OF CASH FLOWS (AND SUPPORTING ANALYSIS)

Year ended 31 March 2016

	Note	2016 £'000	2015 £'000
CASH FLOW STATEMENT			
Net cash inflow from operating activities		2,578	2,330
Net cash generated from operating activities		<u>2,578</u>	<u>2,330</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		(5,408)	(3,341)
Interest received		<u>1</u>	<u>7</u>
Cash used in investing activities		<u>(5,407)</u>	<u>(3,334)</u>
Cash flow from financing activities			
Repayments of loan		(484)	(377)
Cash used in financing activities		<u>(484)</u>	<u>(377)</u>
Net (decrease) in cash and cash equivalents		<u>(3,312)</u>	<u>(1,381)</u>
Cash and cash equivalents at the beginning of the year		2,144	3,525
Cash and cash equivalents at the end of the year		(1,168)	2,144
RECONCILIATION OF OPERATING DEFICIT TO NET CASH FLOW FROM OPERATIONS			
Net outgoing resources before transfers		(2,391)	(3,658)
Interest received		(1)	(7)
Depreciation charge	12	7,089	7,000
(Increase) in stock		(158)	(70)
(Increase)/decrease in debtors	15	(201)	14
(Decrease) in creditors	16	(1,632)	(175)
Retirement benefits movements		<u>(128)</u>	<u>(774)</u>
Net cash inflow from operating activities		<u>2,578</u>	<u>2,330</u>

1 STATEMENT OF ACCOUNTING POLICIES

a) *General information*

Southbank Centre is a registered charity (Registered Charity No. 298909) and is incorporated and domiciled in the United Kingdom. The address of its registered office is Belvedere Road, London, SE 1 8XX.

b) *Summary of significant accounting policies*

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

c) *Basis of preparation*

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

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

See Note 28 for FRS 102 transition details.

d) *Going concern*

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

Southbank Centre substantially relies on funding by grants from Arts Council England for its current and future commitments, and operates on the basis that, taking one year with another, revenue will match expenditure (in the unrestricted operations fund). Arts Council England has confirmed funding for Southbank Centre to March 2018. The going concern basis used in the preparation of these financial statements is based upon the expectation that Southbank Centre will continue to receive sufficient support from the Arts Council England to match its expenditure with the total revenue it raises.

The current cash flow forecasts demonstrate that the cash requirements are covered by available facilities until at least March 2018 with a key assumption that the Festival Wing refurbishment project is delivered to budget. This covers a period beyond 12 months following the date of signing of the financial statements and for these stated reasons, as required by FRS 102, the Governors have continued to adopt the going concern basis in preparing the accounts. As explained in more detail under Capital Project Developments, Southbank Centre is underway with a major capital project, the refurbishment of the Queen Elizabeth Hall, Purcell Room and Hayward Gallery. The project is being funded through a combination of grants, donations, Southbank Centre's own reserves and a bank loan. To meet its existing and future capital commitments on this Festival Wing project, Southbank Centre will substantially rely on the proceeds from the disposal of property, £16.7m Arts Council England capital grant loan financing, together with other capital fundraising.

e) *Group financial statements*

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

A wholly owned subsidiary, Southbank Centre Enterprises Limited, was established in April 2007 to undertake certain commercial activities on behalf of Southbank Centre. The results of Southbank Centre Enterprises Limited are consolidated with the financial statements for Southbank Centre. In accordance with paragraph 397 of the SORP, a separate Statement of Financial Activities for Southbank Centre is not shown. See note 25 for details on the results of Southbank Centre Enterprises Limited.

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

1 STATEMENT OF ACCOUNTING POLICIES

f) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. The grant received from Arts Council England is recognised within incoming resources 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 incoming resources 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.

Activities for generating funds comprises income from trading activities, fundraising, and other income. This income is recognised on a receivable basis.

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

g) Expenditure and resources expended

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

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

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

Construction and refurbishment costs are those related to building projects.

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

h) Taxation

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

i) Foreign currencies

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

j) Employee benefits

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

i) Short term benefits

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

ii) Defined contribution pension plans

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

1 STATEMENT OF ACCOUNTING POLICIES

j) Employee benefits (continued)

iii) Defined benefit pension plans

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

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

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

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

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

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

k) Leases

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

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

l) Fixed assets and depreciation

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

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

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

Following the adoption of FRS102, the Southbank Centre has opted to change the property asset valuation accounting policy to the cost model using the values as at 1 April 2014. Property is stated at deemed cost less accumulated depreciation and any recognised impairment losses. The impact of this change in policy is that an updated DRC valuation as at 1 April 2016 which showed an increase in the value of Land & Building (Artistic) from £196m to £247m has not been included.

1 STATEMENT OF ACCOUNTING POLICIES

l) *Fixed assets and depreciation(continued)*

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

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

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

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

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

m) *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 Saison Poetry Library which houses The Arts Council Poetry Collection, the most comprehensive and accessible collection of modern poetry in Britain.

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

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

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

n) *Stocks*

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

The amount of inventories recognised as expense here during the year was £776k (2015: £657k).

1 STATEMENT OF ACCOUNTING POLICIES

o) Impairment of non-financial assets

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

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

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

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

p) *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.

q) *Funds*

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

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

1 STATEMENT OF ACCOUNTING POLICIES

r) *Financial instruments*

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

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

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

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

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

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

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

(ii) *Financial liabilities*

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

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

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

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

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

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

1 STATEMENT OF ACCOUNTING POLICIES

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

iv) Hedging arrangements

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

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

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

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

s) *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) Exemptions on transition to FRS 102

The company has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS 102. The items are being depreciated from the date of transition (1 April 2014) in accordance with the company's accounting policies.

(ii) 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.

(iii) 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 24 for the disclosures relating to the defined benefit pension scheme.

(t) Future amendments to FRS 102

Amendments to FRS 102 were issued in July 2015 as a result of changes in the EU- directives and UK Companies Regulation. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015. Entities will have to adopt and comply with all amendments if they elect to early adopt the Amendments to FRS 102 (issued in July 2015). None of these are expected to have a significant effect on the financial statements of the Company.

r) *Clarification of responsibilities relating to the implementation of FRS 102*

We confirm that we have notified the sole Trustee in writing, regarding the disclosure exemptions which we have taken in these financial statements and did not receive any objections (as required by Section 1 of FRS 102).

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

2 DONATIONS AND LEGACIES				
	Unrestricted Funds	Restricted Funds	2016	2015
	£'000	£'000	£'000	£'000
Donations and sponsorships	1,869	989	2,858	3,243
Arts council grant	19,186	794	19,980	19,845
Funding for asset construction	0	1,055	1,055	600
Total	21,055	2,838	23,893	23,688

Donated services have been provided in the form of free hotels and flights to a value of £88,000.

3 CHARITABLE ACTIVITIES				
	Unrestricted Funds	Restricted Funds	2016	2015
	£'000	£'000	£'000	£'000
Artistic activities	8,615	-	8,615	10,081
Total			8,615	10,081

4 OTHER TRADING ACTIVITIES				
	Unrestricted Funds	Restricted Funds	2016	2015
	£'000	£'000	£'000	£'000
Other Trading Activities	14,190	-	14,190	13,066
Total			14,190	13,066

5 INVESTMENTS				
	Unrestricted Funds	Restricted Funds	2016	2015
	£'000	£'000	£'000	£'000
Interest receivables	1	-	1	7
Total			1	7

6 NET (OUTGOING) / INCOMING RESOURCES

	2016	2015
	£'000	£'000

Net (outgoing) / incoming resources are stated after charging:

Operating lease charges	113	110
Depreciation charge on assets wholly owned by Southbank Centre	7,089	7,000
Auditors' remuneration for audit services (Southbank Centre)	56	54
Auditors' remuneration for audit services (Enterprises)	6	5
Liability insurance for Governors and employees	11	9
Losses on foreign exchange differences	10	8

7 ACTIVITIES FOR GENERATING FUNDS AND INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<i>Activities for generating funds - retail and trading</i>				
Retail sales	1,580	1,555	360	441
Concessions and car parking	7,787	7,696	6,327	5,738
Hall and space rentals	1,258	1,388	-	-
Memberships and subscriptions	905	878	905	878
Other income	2,661	1,549	35	17
	14,191	13,066	7,627	7,074
<i>Incoming resources from charitable activities - artistic activity</i>				
Own promotions	5,460	5,897	5,460	5,784
Artistic rentals	1,842	2,139	1,842	2,139
Other income	1,183	2,045	1,183	2,045
	8,485	10,081	8,485	9,968

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

8 STAFF COSTS

	Total	
	2016 £'000	2015 £'000
Employee costs amounted to:		
Wages and salaries	14,910	14,975
Social security costs	1,338	1,378
Pension costs	996	882
	<u>17,244</u>	<u>17,235</u>

Employee costs relate to the consolidated activities of Southbank Centre, including its subsidiary undertakings. Cost relating to redundancies of £661k (2015: £55k) are included in the above figures.

The Governors (Chairman and Board members) are not remunerated for their services and Governors received £nil (2015: £nil) in reimbursement of travelling and subsistence expenses.

Monthly average full time equivalent employees were:

	2016 No.	2015 No.
Operational services	57	58
Marketing	30	32
Press & Communications	5	11
Visitor Experience	107	128
Retail Sales and Space Rental	20	22
Fundraising	12	15
Performing arts	65	76
Hayward Gallery	40	52
Management and administration	50	61
Site Project Team	2	2
	<u>388</u>	<u>457</u>

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

	2016 No.	2015 No.
£60,000 - £69,999	6	5
£70,000 - £79,999	2	3
£80,000 - £89,999	2	4
£90,000 - £99,999	1	1
£100,000 - £119,999	1	-
£120,000 - £129,999	1	-
£130,000 - £139,999	1	-
£140,000 - £149,999	-	1
£150,000 - £159,999	-	1
£220,000 - £229,000	1	-
£230,000 - £239,999	-	1
	<u>15</u>	<u>16</u>

Of these 15 employees, Southbank Centre paid pension contributions of £96,800 (2015: £56,985) for 10 employees (2015: 10 employees) who were members of the defined contribution section of the pension scheme. Southbank Centre also paid contributions for 3 employees (2015: 3 employees) who were members of the defined benefit section of the pension scheme and £6,154 for 1 employee (2015: 1 employee) who was a member of a personal pension plan. £548 was paid for 2 members of the auto-enrolment pension scheme.

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

9 TOTAL RESOURCES EXPENDED

Group	Direct costs	Support costs	Total	
	£'000	£'000	2016 £'000	2015 £'000
Costs of raising funds	603	429	1,032	7,120
Expenditure on charitable activities	13,712	26,577	40,289	43,034
Other	3,671	4,098	7,769	346
	<u>17,986</u>	<u>31,104</u>	<u>49,090</u>	<u>50,500</u>

10 SUMMARY ANALYSIS OF EXPENDITURE AND RELATED INCOME FOR CHARITABLE ACTIVITIES

	Total	
	2016 £'000	2015 £'000
Income from charitable activities		
Own promotions	5,460	5,897
Artistic rentals	1,842	2,139
Other income	1,183	2,045
	8,484	10,081
Cost of charitable activities		
Artistic activities	(13,712)	(15,206)
Construction and refurbishment	-	(80)
	(13,712)	(15,286)
Total (deficit) from charitable activities	(5,228)	(5,205)

11 ALLOCATION OF SUPPORT COSTS

Group	Management and Administration	Marketing and Communications	Human Resources	Operations	Depreciation and disposals	Total	
	£'000	£'000	£'000	£'000	£'000	2016 £'000	2015 £'000
Costs of raising funds	1,038	750	96	1,631	751	4,266	3,587
Expenditure on charitable activities	3,426	2,474	584	13,757	6,336	26,577	27,748
Other	49	35	7	169	-	261	222
Total Support costs	<u>4,513</u>	<u>3,259</u>	<u>687</u>	<u>15,557</u>	<u>7,087</u>	<u>31,104</u>	<u>31,557</u>

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

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

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

	2016 £'000	2015 £'000
Internal audit	43	56
External audit	62	60
Governors' indemnity insurance	11	9
Apportionment of staff costs	261	222
	<u>377</u>	<u>347</u>

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE ASSETS

Group and charity	Land and Buildings (Artistic) £'000	Land and Buildings (Other) £'000	Assets under Construction £'000	Fixtures and Fittings £'000	Plant and Machinery £'000	Motor Vehicles £'000	Total £'000
<i>Cost</i>							
At 1 April 2015	210,747	27,136	8,092	7,460	8,431	230	262,096
Additions	-	22	4,177	668	542	-	5,409
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	(395)	(228)	-	(623)
At 31 March 2016	210,747	27,158	12,269	7,733	8,745	230	266,882
<i>Accumulated depreciation</i>							
At 1 April 2015	9,946	6,291	-	4,517	6,667	132	27,553
Charge in year	4,973	639	-	697	762	18	7,089
On disposals	-	-	-	(380)	(228)	(0)	(608)
At 31 March 2016	14,919	6,930	-	4,834	7,201	150	34,034
<i>Net Book Value</i>							
At 31 March 2016	195,828	20,228	12,269	2,899	1,544	80	232,848
At 31 March 2015	200,801	20,845	8,092	2,943	1,764	98	234,543

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

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

The extension building for the Royal Festival Hall was completed in March 2006. It provides office space for staff, technical facilities and retail and catering outlets. It was funded by means of a £4m award from the London Development Agency supplemented by a bank loan from AIB Group (UK) plc which has taken a charge over the building.

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

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

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

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.

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

Poetry Library

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

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

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

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

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

14 INTEREST RECEIVABLE

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Interest receivable on bank deposits	1	7	1	6
	<u>1</u>	<u>7</u>	<u>1</u>	<u>6</u>

15 DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	1,901	1,080	676	493
Amounts owed by group undertakings	-	-	319	3
Other debtors	820	1,179	820	1,169
Prepayments and accrued income	1,696	1,957	1,127	1,705
	<u>4,417</u>	<u>4,216</u>	<u>2,942</u>	<u>3,370</u>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loans and overdrafts	1,676	484	1,676	484
Trade creditors	1,641	4,237	1,641	4,237
Advanced ticket sales	3,150	2,748	3,150	2,748
Accruals & Deferred income	5,953	5,430	5,444	5,055
Total creditors due within one year	<u>12,420</u>	<u>12,899</u>	<u>11,911</u>	<u>12,524</u>

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

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

17 DEFERRED INCOME

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Deferred income brought forward	2,470	3,227	2,456	2,987
Released in the year	(2,241)	(6,620)	(2,226)	(6,379)
Deferred in the year	2,849	5,863	2,128	5,848
Deferred income carried forward	<u>3,078</u>	<u>2,470</u>	<u>2,358</u>	<u>2,456</u>

18 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loans and overdrafts	14,126	14,634	14,126	14,634
Trade creditors	280	-	280	-
Derivative financial instrument	3,502	3,571	3,502	3,571
Deferred income	<u>563</u>	<u>819</u>	<u>443</u>	<u>798</u>
	<u>18,471</u>	<u>19,024</u>	<u>18,351</u>	<u>19,003</u>

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

Within one year	509	484	509	484
Within two to five years	2,433	2,260	2,433	2,260
After five years	11,692	12,374	11,692	12,374
	<u>14,634</u>	<u>15,118</u>	<u>14,634</u>	<u>15,118</u>

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

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

A £12m three-year revolving loan finance agreement was entered into in May 2016 to part fund the Festival Wing refurbishment project.

19 GROUP & CHARITY RESERVES

	Pre-Transition Balances as at 1 April 2015 £'000	Adjustment £'000	Balances as at 1 April 2015 £'000	Movements in resources		Other Gains & Losses £'000	Transfers in/(out) £'000	Balances as at 31 March 2016 £'000
				Incoming £'000	Outgoing £'000			
<i>Unrestricted funds</i>								
General Reserve	2,582	(160)	2,422	43,730	(42,180)	-	(1,550)	2,422
<i>Designated funds</i>								
Strategic Reserve	260	-	260	-	-	-	-	260
Designated Capital Reserve	40,426	(3,572)	36,854	-	(5,403)	69	3,157	34,677
Revaluation Reserve (Restated)	169,405	-	169,405	-	-	-	-	169,405
Hayward Gallery Prints Fund	4	-	4	3	-	-	-	7
Pension Plan Reserve (note 24)	(6,451)	-	(6,451)	128	-	2,546	-	(3,777)
Total unrestricted funds	206,226	(3,732)	202,494	43,861	(47,583)	2,615	1,607	202,994
<i>Restricted funds</i>								
Restricted Capital Reserve	-	-	-	1,607	-	-	(1,607)	-
Projects Fund	395	-	395	1,231	(1,506)	-	-	120
Total restricted funds	395	-	395	2,838	(1,506)	-	(1,607)	120
TOTAL funds (2016)	206,621	(3,732)	202,889	46,699	(49,089)	2,615	-	203,114
TOTAL funds (2015)	213,856	-	211,112	46,842	(50,500)	(4,564)	-	202,890

The unrestricted General Reserve of Southbank Centre charity (excluding Southbank Centre Enterprises Limited) is £1,458k at 31 March 2016. The remaining £963k of the group General Reserve at this date is retained in Southbank Centre Enterprises Limited (see Note 25) and will be donated to the charity under gift aid in July 2016.

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

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

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

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

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

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

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

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

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

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

Transfers in the year

£1.6m was transferred to the Unrestricted Designated Capital Reserve from the General Reserve in the year to reflect funding received for the Festival Wing refurbishment project.

£1.6m was transferred in the year from the Restricted Capital Reserve to the Unrestricted Designated Capital Reserve reflecting grant income and Arts Council England capital funding received where the restricted purpose has been fulfilled.

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

19 GROUP & CHARITY RESERVES - CONTINUED

Analysis of net assets between funds

	Restricted funds £'000	Unrestricted funds £'000	Total funds 2016 £'000	2015 £'000
Tangible fixed assets	-	232,848	232,848	234,543
Current assets	120	4,814	4,934	6,721
Current liabilities	-	(12,420)	(12,420)	(12,899)
Creditors falling due after one year	-	(18,471)	(18,471)	(19,024)
Pension plan liability	-	(3,777)	(3,777)	(6,451)
	<u>120</u>	<u>202,994</u>	<u>203,114</u>	<u>202,890</u>

20 CAPITAL COMMITMENTS

<i>Group and charity</i>	2016 £'000	2015 £'000
Authorised and contracted	<u>29,071</u>	<u>2,426</u>

Capital commitments relate to Festival Wing commitments, Film installation and Pit Rail Capital project

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:

	2016 £'000	2015 £'000
Payments due		
Not later than one year	113	110
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>113</u>	<u>110</u>

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:

	2016 £'000	2015 £'000
Receipts due	39,820	36,978
Not later than one year	3,496	2,935
Later than one year and not later than five years	15,850	13,926
Later than five years	<u>20,473</u>	<u>20,116</u>

SOUTHBANK CENTRE
NOTES TO THE FINANCIAL STATEMENTS

23 FINANCIAL INSTRUMENTS

	Note	2016 £'000	2015 £'000
Financial Assets		-	-
Financial assets measured at fair value through profit or loss		-	-
Financial assets measured at amortised cost			
Trade debtors	15	1,901	1,080
Other debtors	15	820	1,179
		<u>2,721</u>	<u>2,259</u>
Cash at bank and in hand		-	2,144
Financial Liabilities			
Financial assets measured at fair value through profit or loss			
Derivative financial instruments	18	3,502	3,571
Financial assets measured at amortised cost			
Bank loans and overdrafts (current)	16	1,677	484
Bank loans and overdrafts (non-current)	18	14,126	14,634
Trade creditors	16	1,641	4,237
		<u>17,444</u>	<u>19,355</u>

As part of Southbank Centre's risk mitigation strategy the organisation has entered into interest rate swap arrangements in January 2008. At 31 March 2016 the fair value of contracts outstanding was £3,502k (2015: £3,571k).

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.

24 PENSION COSTS

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

The amount recognised in the profit and loss account is as follows:

	2016	2015
Defined benefit scheme		
Current service cost	247	212
Defined contribution scheme	701	659
Total charge in operating profit	948	871
Defined benefit scheme		
Net interest expense	209	156
Total charge	1,157	1,027

(a) Defined benefit scheme

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

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

A comprehensive actuarial valuation of the Southbank Centre pension scheme, using the projected unit credit method, was carried out at 31 March 2016 by Kerr Henderson, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2016	2015
Expected rate of salary increase	3.40%	3.30%
Expected rate of increase of pensions i	3.20%	3.20%
Discount rate	3.80%	3.40%
Rate of inflation	3.40%	3.30%

The mortality assumptions used were as follows:

	2016	2015
	years	years
Longevity at age 65 for current pensioners		
Men	23.3	23.3
Women	25.5	25.5
Longevity at age 65 for future pensioners		
Men	25.1	25.1
Women	27.4	27.4

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
At 1 April 2015	48,492	(54,943)	(6,451)
Benefits paid	(1,205)	1,205	-
Employer contributions	610	(26)	584
Current Service cost		(247)	(247)
Interest income/ (expense)	1,639	(1,848)	(209)
Remeasurement gains / (losses)			
Actuarial losses		3,520	3,520
Return on plan assets	(974)		(974)
As at 31 March 2016	48,562	(52,339)	(3,777)

Total cost recognised as an expense:

	2016	2015
Current service cost	247	207
Interest cost	1,848	2,048
	2,095	2,255

No amounts (2014: £nil) were included in the cost of assets.

24 PENSION COSTS - CONTINUED

The fair value of the plan assets was:

	2015
Equities	28,207
Bonds	10,710
Property	1,706
Cash	81
London Eye Asset	7,788
Market value of Defined Contribution as	7,124
	<u>55,616</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:

	2015
Interest income	1,887
Return on plan assets less interest inco	5,996
	<u>7,883</u>

(b) Defined contribution scheme

Southbank Centre provides a defined contribution scheme for its employees.

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

	2015
Current period contributions	659
	<u>659</u>

Southbank Centre had no post employment benefits as at 31 March 2016 (2015: £nil)

25 SUBSIDIARIES

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

i) *South Bank Foundation Limited*

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

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

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

	2016 £'000	2015 £'000
Turnover	8,706	8,416
Cost of sales	(1,437)	(936)
Administrative expenses	(2,107)	(1,857)
Operating profit	<u>5,162</u>	<u>5,623</u>
Interest receivable	0	1
Net result	<u>5,162</u>	<u>5,624</u>
Gift aid due to parent company	-	(4,322)
Retained in the subsidiary	<u>5,162</u>	<u>1,302</u>

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

	2016 £	2015 £
Current assets	1,909	1,840
Creditors: amount falling due within one year	(826)	(517)
Net current assets	<u>1,083</u>	<u>1,323</u>
Creditors: amounts falling due after one year	(119)	(21)
Total net assets	<u>964</u>	<u>1,302</u>
Represented by:		
Profit and loss account	<u>964</u>	<u>1,302</u>

26 CONTINGENT LIABILITIES

Group and charity

Legal actions

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

Capital grant funding

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

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

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

27 RELATED PARTIES

The Charity has taken advantage of the exemptions available in 33.1A of FRS 102 'Related party disclosures' and has not disclosed transactions with entities which are part of the group in these financial statements.

Rick Haythornthwaite (Chairman of Southbank Centre until 14th January 2016) is Chairman of MasterCard and Chairman of the World Wide Web Foundation. During the financial year Southbank Centre received corporate sponsorship payments from MasterCard of £450,000 (2015: £600,000).

Southbank Centre is a trustee of the Jubilee Gardens Charitable Trust which maintains Jubilee Gardens. Southbank Centre does not have significant influence or control over the Trust. Southbank Centre paid a subscription of £21,000 (2015: £21,000) a repairing contribution of £57,784 (2015:£57,784) and event-related costs of £Nil (2015: £Nil) to Jubilee Gardens Charitable Trust during the year.

The American Fund for Southbank Centre Inc. ("American Fund") provides a tax efficient method for Southbank Centre to receive donations from US based donors. Donations received are transferred to Southbank Centre and recognised by Southbank Centre on a cash basis. During the year, Southbank Centre received USD 0 (2015: USD 39,528) from the American Fund. The American Fund had USD 93,065 (2015: USD 33,946) in cash balances available to transfer to Southbank Centre at 31 March 2016.

Cornelius Medvei (Governor) is Chair of Trustees of Cockpit Arts, a social enterprise that on occasion sells work through Southbank Centre's shops, and a Trustee of Whitechapel Gallery. Southbank Centre paid commission of £Nil (2015: £Nil) to Cockpit Arts during the financial year and £550 (2015: £550) to Whitechapel Gallery for a trade stand at the London Art Book Fair and provision of catering.

Jamie Ritblat (Governor) is Chief Executive of Delancey Real Estate Asset Management Limited ("Delancey"). During the year, Southbank Centre received free professional advice from Delancey which has not been recognised in these financial statements because it was not able to be measured or valued with sufficient reliability.

Robin Woodhead (Governor) is Chairman of Sotheby's International. Southbank Centre stages exhibitions which may incidentally enhance the value of works which may subsequently be offered for sale by Sotheby's on behalf of vendors. During the course of the year neither Southbank Centre nor Mr Woodhead were aware of any material case where this might have arisen. Mr Woodhead has no day to day involvement in deciding which exhibitions or works should be shown at Southbank Centre. Southbank Centre received £Nil (2015: £10,000) from Sotheby's during the financial year for corporate membership.

Southbank Centre paid Nihal Arthanayake (Governor) £nil (2015: £nil).

27 RELATED PARTIES - CONTINUED

Southbank Centre, as sponsoring employer, has agreed to pay for the expenses of the Southbank Centre Retirement Plan. These expenses were £279,005 (2015: £311,904) for the year ended 31 March 2016.

Southbank Centre is a trustee of Topolski Memoir Limited, which rents studio and storage space from Southbank Centre for a peppercorn rent. Southbank Centre is also party to an agreement with Topolski Memoir Limited and Public Restaurant Partner Limited (t/a Company of Cooks) to use artwork owned by Topolski Memoir Limited in a bar/cafe space rented by Company of Cooks from Southbank Centre. Payments of £41,001 (2015: £26,836) were made by Southbank Centre to Topolski Memoir Limited during the financial year for the use of these artworks.

Ursula Owen (Governor) is a Director of Carcanet Press Limited. During the financial year Southbank Centre paid Carcanet Press £500 (2015: £612) for advertising.

Maggie Semple OBE (Governor) is a Non-Executive Director of the British Library. During the financial year Southbank Centre paid the British Library £143 (2015: £27) for an inter-library transfer.

Molly Jackson (Deputy Chief Executive) is an Advisor for the London Transport Museum. During the year Southbank Centre paid £150 (2015: £200) for fabric for the Learning and Participation team.

Chris Denton, a member of the Executive team of Southbank Centre, is closely related to a director of Jane Denton Creative Services Limited. During the course of the year Southbank Centre paid Jane Denton Creative Services Limited £6,070 (2015: £425) for editing and proofing services. Chris Denton was not involved in the decision to engage the company for these services.

28 TRANSITION TO FRS 102

This is the first year that the Group and Charity has presented its results under FRS 102. The last financial statement prepared under UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 is 1 April 2014. In preparing the financial statements, the trustees have considered whether applying the accounting policies required by FRS 102 and Charities SORP (FRS 102) required a restatement of comparative items. Set out below are the changes in accounting policies which reconcile income/(expenditure) for the financial year ended 31 March 2015 and the total funds as at 1 April 2014 and 31 March 2015 between FRS102 previously reported under UK GAAP.

Transition exemption

The Group and Charity has taken not taken any transition exemption available under FRS 102 in preparing its first financial statements under FRS 102.

Reconciliation

In accordance with the requirements of FRS 102 a reconciliation of the net movements in funds and total charity funds is shown below:

Reconciliation of (expenditure) for the year		2015
		£'000
Net (expenditure) for the year ended 31 March 2015 as previously reported under UK GAAP and as reported under FRS 102		(3,658)
Reconciliation of other comprehensive expense for the year		2015
		£'000
Other comprehensive expense for the year ended 31 March 2015 as previously reported under UK GAAP		(3,577)
Loss from increase in value of derivative financial instrument in 2014/15		(987)
Other comprehensive expense for the year ended 31 March 2015 as reported under FRS 102		<u>(4,564)</u>
Reconciliation of total charities funds as at 1 April 2014	GROUP	CHARITY
	£'000	£'000
Total charities funds as previously reported under UK GAAP	213,856	213,856
Inclusion of derivative financial instrument at 1 April 2014	(2,584)	(2,584)
Inclusion of accrued annual leave liability at 1 April 2014	(160)	(160)
Change of property asset accounting policy from valuation to cost methodology	-	-
Total charities fund as reported under FRS 102	<u>211,112</u>	<u>211,112</u>
Reconciliation of total charities funds as at 31 March 2015	GROUP	CHARITY
	£'000	£'000
Total charities funds as previously reported under UK GAAP	206,621	205,319
Inclusion of derivative financial instrument at 1 April 2014	(2,584)	(2,584)
Inclusion of accrued annual leave liability at 1 April 2014	(160)	(160)
Loss from increase in value of derivative financial instrument in 2014/15	(987)	(987)
Net movements in total charities fund as reported under FRS 102	<u>202,890</u>	<u>201,588</u>

Other adjustments arising on transition to FRS 102

The Group's and Charity statement of cash flows reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the statement of cash flows reconciled to cash and cash equivalents where as under previous UK GAAP the statement of cash flows reconcile to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value, whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand. The FRS 1 definition is more restrictive.

29 FULL PRIOR YEAR DISCLOSURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds Operations £'000	Designated £'000	Restricted funds Projects £'000	Capital £'000	Total funds 2016 £'000	Unrestricted funds Operations £'000	Designated £'000	Restricted funds Projects £'000	Capital £'000	Total funds 2015 £'000
INCOME FROM:											
Donations and legacies	2	21,055	-	1,231	1,607	23,893	19,604	-	1,484	2,600	23,688
Charitable activities	3	8,484	131	0	0	8,615	9,307	774	0	0	10,081
Other trading activities	4	14,190	0	0	0	14,190	13,066	0	0	0	13,066
Investments	5	1	-	-	-	1	7	-	-	-	7
Total		43,730	131	1,231	1,607	46,699	41,984	774	1,484	2,600	46,842
EXPENDITURE ON:											
Raising funds	9	1,000	32	-	-	1,032	882	27	-	-	909
Charitable activities	9	33,953	4,830	1,506	-	40,289	36,845	4,998	1,191	-	43,034
Other trading activities	9	6,851	541	-	-	7,391	5,753	458	-	-	6,211
Governance costs	9	377	-	-	-	377	346	-	-	-	346
Total		42,181	5,403	1,506	-	49,090	43,826	5,483	1,191	-	50,500
Net income/(expenditure) before transfers		1,549	(5,272)	(275)	1,607	(2,391)	(1,842)	(4,709)	283	2,600	(3,658)
Transfers	19	-	1,607	-	(1,607)	-	1,842	756	-	(2,600)	-
Other recognised gains/(losses)		-	-	-	-	-	-	-	-	-	-
Actuarial losses on defined benefit pension schemes	24	-	2,546	-	-	2,546	-	(3,577)	-	-	(3,577)
Gain/(loss) on derivative financial instrument		-	69	-	-	69	-	(987)	-	-	(987)
Net movement in funds		1,549	(1,050)	(275)	-	224	-	(8,516)	293	0	(8,222)

All of the above results are derived from continuing activities

This statement incorporates the Statement of Total Realised Gains and Losses required by FRS 3 for the financial years stated above

The Movements on Reserves are also described in note 19

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

Southbank Centre's (excluding Southbank Centre Enterprises Limited) gross income for the year was £43,575k (2015: £46,437k) Southbank Centre's (excluding Southbank Centre Enterprises Limited) net expenditure for the year was £4,960k (2015: £2,951k)