

# **SOUTH BANK SB COLLEGES**

Part of **LSBU** | GROUP

## **Annual Report and Financial Statements 2023-24**

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

### SOUTH BANK COLLEGES

#### Report and Financial Statements for the year ended 31 July 2024

Company Number 11495376

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## KEY MANAGEMENT PERSONNEL, BOARD OF TRUSTEES AND PROFESSIONAL ADVISERS

### Key management personnel

Seven individuals are declared as key management personnel in 2023/24 in the financial statements - these were:

Name	Position Held
Fiona Morey	Executive Principal
Monica Marongiu	Principal – Lambeth Gateway College
Wayne Wright	Principal – London South Bank Technical College
Ian Rule (to June 2024)	Interim Chief Financial Officer
Chris Knell (from June 2024)	Vice Principal Finance and Performance

The Accounting Officer is Professor David Phoenix, the Vice Chancellor of London South Bank University and Group CEO.

### Board of Trustees

A full list of the Board of South Bank Colleges is given on page 13 of these financial statements.

### Professional Advisors

#### External Auditor

RSM UK AUDIT LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

#### Internal Auditor

BDO LLP (to 31 July 2024)  
Arcadia House  
Maritime Walk – Ocean Village  
Southampton  
SO14 3TL  
KPMG LLP (from 1 August 2024)  
15 Canada Square  
London  
E14 5GL

#### Bankers

Barclays  
Level 12  
One Churchill Place  
London E14 5HP

## **TRUSTEES' REPORT**

The Trustees present their report and the audited financial statements for the year ended 31 July 2024, which includes the strategic report required under the Companies Act 2006.

These financial statements are for South Bank Colleges (the College) and its wholly-owned subsidiary SW4 Catering Ltd (together, the Group).

### **Legal status**

South Bank Colleges (SBC) was incorporated on 1 August 2018 and acquired the assets and liabilities of Lambeth College Corporation on 31 January 2019. It is registered at Companies House under number 11495376 and its registered address is 103 Borough Road, London, SE1 OAA. SBC is a company limited by guarantee and has no share capital. SBC is a subsidiary of, and wholly controlled by, London South Bank University (LSBU). The Company is an exempt charity within the meaning of the Charities Act 2011 applying in England and Wales and its principal regulator is the Office for Students (OfS).

As an exempt charity, the governing body is the Board of Trustees which is responsible for the effective stewardship of the College and has control of the revenue and the property of the College. The company's corporate governance arrangements are described on pages 12-14 and the Trustees who served during the year ended 31 July 2024 and up to the date of this report are listed on page 13. The Trustees are also directors under the Companies Act 2006.

### **Mission**

To transform lives, communities, businesses and society through applied education and insight.

### **Public Benefit**

In setting and reviewing the company's strategic objectives, the Board has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the company provides the following identifiable public benefits through the advancement of education:

- Widening participation and tackling social exclusion
- Good progression record for students
- Strong student support systems
- Links with employers, industry and commerce.

### **College Plans**

South Bank Colleges has a mission closely aligned with LSBU and the rest of the LSBU Group. It focuses on employability and has strong industry links. It offers excellent personal and learning support to ensure students of all ages fulfil their potential. Together, we provide students with accessible, high quality education across a range of levels and types, offering a genuine choice between technical, vocational and academic pathways. This enables us to focus on individual students, ensuring that each one can build the portfolio of skills, experience and qualifications required to meet their needs and achieve their ambitions. The group structure is born out of a recommitment to our original civic mission. It enables us to create strategies and pathways by which people of all characteristics and talents can be supported through the education system to achieve their full potential, and so contribute their skills, energies and commitment to society

throughout their lives.

The College has developed a clear strategic plan running from 2020 to 2025 as part of an integrated Group strategy of development and governance. The 6-year strategic plan supports a vision, having community, diversity, social inclusion and economic prosperity at its heart, and will focus on learner success, careers focus and financial sustainability.

**Access to Opportunity:** Through local and global partnerships, we will create opportunities for individuals, businesses and society and seek to remove barriers to opportunity and success.

**Student Success:** We will be recognised for our inclusive, high-quality teaching and learning and the support we provide to students that enables them to be successful.

**Real World Impact:** As an anchor organisation in South London we embrace our civic responsibilities to those that live, work and learn in the area and our duty to have a positive economic impact on individuals, communities and businesses in the region.

**Fit for the Future:** Establishing a sustainable, responsive model for further education, with high quality physical and digital learning environments and a highly skilled and inclusive workforce.

In particular, the College's ambition is to:

- Increase the number of young people accessing level 3 technical education
- Establish clear occupational progression pipelines that support young people and adults to undertake level 2-4 technical education
- Engage directly with employers in the design and delivery of our offer
- Increase the take-up of apprenticeships by local residents
- Increase the number of adults engaged in training and upskilling and reskilling
- Provide bespoke provision tailored to meet local demand, in particular addressing the needs of those at risk of becoming NEET (Not in Education, Employment or Training) and/or excluded from education and/or the workplace
- Increase the number of adults and young people achieving English, Maths and Digital Skills as Gateway qualifications.

Since Lambeth College joined LSBU Group as part of South Bank Colleges, we have continued to integrate the organisations wherever appropriate. This has involved initiatives to stimulate and facilitate general collaboration and joint working on specific areas of activity. LSBU has brought key corporate resources to bear to help facilitate integration with the College. Communication and governance structures have been adapted to support a Group approach, including Group wide fora, communications, strategies and management bodies.

## **Estates Strategy**

SBC has committed to a major redevelopment of the Nine Elms (formerly Vauxhall) campus to include a Science, Technology, Engineering, Arts and Maths (STEAM) Centre at the heart of the campus. The first building opened in the Spring of 2023, having been part funded through the GLA.

This project is the first that moves to deliver the College's estate strategy for its three sites. At each of its three centres, South Bank Colleges will provide learners and employers with a clearly defined and branded offer aligned to local travel to learn patterns.

**Clapham Campus:** The Gateway Centre at the Clapham Campus will focus on Gateway provision, delivering English, Maths and Digital skills and support for entry to employment. The centre will continue to be home to our SEND provision supporting students to develop their entry to employment skills and supporting more young people and adults to progress to level 3 and 4 qualifications.

**Brixton Campus:** The Brixton Campus is well established as a Centre of Excellence for ESOL, including provision of employment and digital skills, and will support progression to London South Bank Technical College.

**Nine Elms Campus:** The new London South Bank Technical College is the heart of a ground-breaking technical further education offer. Our innovative delivery model featuring local employers integrates education and skills, ensuring the education is current and delivered in the context of application in the workplace, giving leavers a clear route into their chosen careers.

London South Bank Technical College is situated in the Vauxhall Nine Elms Battersea Opportunity Area (OA), which straddles the boroughs of Lambeth and Wandsworth.

Innovative space enables more efficient educational delivery. The phased masterplan for Nine Elms is intended to provide 25,000m<sup>2</sup> of floor space. With the revised facilities at Clapham and Brixton, this amounts to a reduction of 25% of the gross floor space of the former Lambeth College as it stood in 2015.

## Resources

The College has various resources which it can deploy in pursuit of its strategic objectives.

After taking account of deferred capital grants and pension liabilities the College finished the period to 31 July 2024 with net assets of £38.6m (2023 £45.2m). This includes net pension assets of £0m (2023: £5.0m). Cash reserves were £0.1m (2023 £1.1m).

The College employed 301 full time equivalent staff in 2023/24 (2023: 303)

Tangible resources at 31 July 2024 included the two main College sites at Nine Elms and Clapham and the right to occupy part of the Brixton site on Brixton Hill. The Nine Elms site includes the construction of further development for the new STEAM (Science, Technology, Engineering, Arts and Maths) centre, of which £5.7m is recognised as assets under construction. (2023: £2.0m).

## Stakeholder Relationships

In line with other colleges and with universities, SBC has many stakeholders. These include:

- Education and Skills Funding Agency (ESFA)
- Office for Students (OfS)
- Department for Education (DfE)
- Greater London Authority (GLA)
- Ofsted
- FE Commissioner
- Students
- Staff
- Local employers (with specific links)
- Local Authorities and the local community
- Other FE & HE institutions
- Trade unions and Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with these stakeholders through meetings and joint activities.

The College considers good communication with its staff to be very important and to this end publishes regular updates including a monthly staff briefing from the Executive Principal during term time for all staff and a weekly newsletter.

The College encourages staff and student involvement through the membership of formal

committees, sub-committees and focus groups and regular staff surveys. The College also undertakes annual course reviews where the input of students is a requirement and encourages student and sponsor views of the College through regular student and employer perception surveys.

## **Current and future development and performance**

### **Student numbers and achievements**

In the year to 31 July 2024 the College recorded 82.7% achievement for 4,371 qualifications undertaken by 16-18 year old students (2023: 80.1% for 2,2925) as well as 86.4% achievement for 12,973 qualifications undertaken by 19+ year old students (2023: 86.0% for 13,112).

Overall, the College delivered 17,334 qualifications, up from 16,037 and improved achievement to 85.5% from 84.9%.

Students continue to prosper at the College. The College's Ofsted grading from the 2022 inspection is 'Good'.

- Overall effectiveness Good
- The quality of education Good
- Behaviour and attitudes Good
- Personal development Good
- Leadership and management Good
- Education programmes for young people Good
- Adult learning programmes Good
- Apprenticeships Requires improvement
- Provision for learners with high needs Good

The report notes that

- 'Learners describe Lambeth College as a family of which they are privileged to be a part' and that learners are ambitious to achieve well in their studies'
- Leaders have high expectations of their learners. Learners are well behaved and in the main they are ambitious to achieve well in their studies. As a result, learners in a very diverse area of London are respectful of the views of their peers and they work well together in lessons
- Leaders have selected a curriculum which meets well the needs of the community that they serve. They have a strong focus on providing an education which will enable learners to gain employment
- Teachers know their subject well and bring lessons to life and how they make skilful use of a range of strategies to teach learners.'

For 2023/24, the College has self-assessed the quality of its curriculum provision as good. This is in line with the last Ofsted inspection, which took place in March 2022 which also judged the college to be good and is also the same self-assessment grade given in 2021/22.

## Financial Objectives and Results for the Year

South Bank Colleges' performance against its financial objectives is summarised in the table below:

Key performance Indicator	Actual to 31 July 2024	Previous Year 2022-23
Surplus/(deficit)	(£2.3m)	(£2.2m)
EBITDA (Education Specific)	(£1.3m)	(£1.1m)
Staff Cost / Income ratio (excluding restructuring, FRS102 and subcontracted activity)	65.58%	77.5%
Cash at 31 July	£0.1m *see treasury policies and objectives	£1.1m

Total income for the year to the end of July 2024 was £31.4m (2023: £26.8m). The main changes in income during the year to July 2024 reflect strong recruitment for both 16-19 and 19+ students. The College saw 24.5% growth in tuition fees and education contracts to £3.6m (2023: £2.9m) and 15.8% growth in funding body grants to £26.4m (2023: £22.5m).

Staff costs for the year to the end of July 2024 were £19.7m (2023: £16.9m), consisting of £16.0m payroll costs (2023: £14.2m) and £3.7m contracted out and restructuring costs (2023: £2.8m). This increase reflects the strong recruitment of students and the challenging recruitment market experienced by the sector.

Other operating expenses for the year to the end of July 2024 were £11.3m (2023: £10.3m).

Depreciation rose to £2.8m (2023: £1.5m) and cashflow payments to acquire tangible fixed assets were £3.4m (2023: £10.3m), reflecting the significant investments in new student facilities including the new STEAM centre for the London South Bank Technical College at Nine Elms.

The College reports a deficit of £2.3m (2023: deficit £2.2m). Financial health 'Requires Improvement' to achieve planned 'Good' financial health in 2024/25.

### Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College operates under the Group treasury management policy. All borrowing is authorised by the Accounting Officer and the University as the College's parent organisation. All borrowing shall comply with the requirements of the funding agreement.

The College had £1.7m in net operating cash outflows in the year to 31 July 2024 (2023: £1.4m). The College spent £3.4m on investing activities (2023: £10.3m). The College ended the year with cash balances of £0.1m (2023: £1.1m). However on 31<sup>st</sup> July 2024, one of the College accounts was overdrawn while the overall position with the bank was in surplus and a further £0.9m of College cash was held in the LSBU group accounts, these funds cleared to the College's accounts in August 2024. The underlying position is that the College held £1.0m in cash, minimal change to the £1.1m in the previous year.



## Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation. As at the balance sheet date the Income and Expenditure reserve stands at a positive figure of £37.8m (2023: £45.2m).

## Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998 requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During 2023/24 60% (2023: 32%) of suppliers were paid within 30 days of the invoice date and 67% (2023: 88%) were paid within 60 days.

## College Companies

The College has two subsidiary companies SW4 (Catering) Limited (09125790) and South Bank Skills Limited (13286529). As at 31<sup>st</sup> July 2024 South Bank Skills Limited is dormant.

## Future prospects

The development of the new site at Nine Elms and the opening of the London South Bank Technical College in April 2023 brings with it the opportunity to increase the provision of Level 3 and 4 courses, with a planned roll out of HNC from September 2023. In July 2021 the College received approval from the DfE to deliver its first tranche of T levels from September 2023 and this will be the first step in positioning the Technical College as a lead provider of T levels for South London. South Bank Colleges has ambitious plans for growth in classroom based and apprenticeship provision and is uniquely placed to benefit from being a member of the LSBU group, where progression pathways for educational development can be offered from Level 1 through to Level 8 within the Group. There is focus on rapidly expanding apprenticeship numbers to meet Group targets and student number targets as part of the conditions of the restructuring grant awarded by the Department for Education.

## Financial Plan

The financial performance of the College has seen year-on-year improvements. The SBC Board approved a budget in July 2024 that includes 10-year modelling and a return to 'Good' financial health in 2024/25. The costed curriculum plan and strong recruitment in 2023/24 and 2024/25 provides the basis for a sustainable financial model to ensure the Colleges meets its key strategic objective of 'Fit for the Future'.

Alongside the revenue performance, the group continues to invest in specialist educational environments that foster learning and innovation. Phase 2 of the estate's strategy includes building a new Gateway campus at Clapham and an additional building at the STEAM campus at Nine Elms.

## Going Concern Assumption

The Group's activities, together with the factors likely to affect its future development, performance and position of the Group are set out in the Annual Report. The financial position of the Group, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. As reflected in these financial statements, the Group has recorded a deficit for the year ended 31 July 2024.

Trustees consider that the use of the Going Concern basis for the preparation of these financial statements is appropriate for the following reasons.

South Bank Colleges is a company limited by guarantee and a subsidiary by virtue of control by London South Bank University. The College has prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements.

These forecasts are dependent on LSBU Group maintaining the existing funding support until the proposed land sale is achieved during that period. LSBU Group has indicated its intention to make available such funds as are needed by the Group and the College for the period covered by the forecasts, but for clarity, no additional funds are forecast to be required, subject to the land sale proceeding. As with any entity placing reliance on other group entities for funding support, the Trustees acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

After reviewing these forecasts in addition to current financing and taking into account the letter of support from the LSBU Group, the College is of the opinion that, taking account of severe but plausible downsides, the Group and the College will have sufficient funds to meet their liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

### **Principal Risks and Uncertainties**

The College Board has arrangements for managing risk and uncertainty. The College's Senior Leadership Team (SLT) also considers risks which are identified during the year. A risk register is maintained at the College level which is reviewed termly by the Audit Committee and by the SLT. The risk register identifies significant risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The key risks and uncertainties for the Group are as follows:

- The remaining estates strategy being unaffordable, due to cost inflation and/or issues with the land sale. The development plans are being recast and the land sale negotiations are at an advanced stage.
- Insufficient space to deliver the curriculum during the decant phase (2024-26). Growth in student numbers has meant that space at Clapham in particular, may be constrained and limit the delivery of certain curriculum unless additional space is made available.
- Failure to recruit or retain key staff – with the rate of funding failing to keep pace with inflation, it is increasingly difficult to attract and retain key staff. This is understood to be an issue across the FE sector.

### **Local Stakeholders**

As part of the wider LSBU Group (LSBU), SBC plays a key role in the community, working closely with borough councils, schools, businesses, and other organisations to provide local residents and employers with the education, skills, and knowledge they need. LSBU also supports its local communities across many other areas including health and wellbeing, legal advice, business growth and secondary education.

LSBU has Memorandums of Understanding (MOUs) with its three local boroughs: the London Borough of Southwark (signed 2014, renewed June 2021); the London Borough of Lambeth (signed 2016, renewed October 2020); and the London Borough of Lewisham (signed 2019). LSBU's revised MOU with Lambeth Council commits the two organisations to work in partnership to deal with the effects of the COVID-19 pandemic, particularly for young people, and to stimulate

recovery across the borough. It is hoped that it will help to provide greater opportunities for local residents to learn new skills through the LSBU Group; that LSBU research and insight can be used to help Lambeth businesses grow; and that together we can support the Council's target to be carbon neutral by 2030. With Southwark, the new MOU commits LSBU to increase the number of training and development opportunities for residents, as well as making Southwark a leading London borough for health and life sciences.

LSBU, SBC and SBA are also members of an MOU with the Lambeth Council Climate Action Partnership, a group established to oversee the implementation of the Council's Climate Action Plan. Along with other signatories of the MOU based in Lambeth, the LSBU Group participates in projects to benefit residents and businesses in the borough.

## **External Environment**

In October 2022, the OfS (principal regulator for LSBU Group including SBC) introduced the B3 Ongoing Condition of Registration, which imposes absolute targets for continuation, completion and progression into professional/managerial employment or further study. Providers failing to meet these targets may be subject to investigation by the OfS and, depending on the outcome, face penalties including fines, the cessation of recruitment to certain courses and, in extreme cases, removal from the Higher Education Providers Register. LSBU has been making targeted investments to ensure that courses meet their designated thresholds.

In addition to the B3 conditions the OfS has introduced a revised exercise of the Teaching Excellence and Student Outcomes Framework (TEF), for which LSBU made a submission in January 2023.

The government remains on track to introduce the Lifelong Loan Entitlement in 2025; and has confirmed that both full-time and part-time students studying Level 4 and 5 higher technical qualifications at FE Colleges will have access to both tuition fee and maintenance loans. With the introduction of nine Level 4 courses at LSBTC in September 2023, this could create an important new income stream for SBC and a strong advanced-entry recruitment pathway for LSBU as well as supporting access to increased participation in Level 4 and 5 work-related qualifications.

The LSBU Group will remain adaptable to take advantage of these opportunities. The Group will also continue to differentiate itself by providing a high quality and truly applied academic environment linked to employers and ensure that it carries on being seen as an enterprising group of educational institutions that addresses real world challenges and transforms lives, communities, and businesses.

## **Beneficiaries**

In carrying out our objects, the College benefits our students and future students through teaching and learning activities.

The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at SBC are open to anyone whom it believes has the potential to succeed. Throughout our history, SBC has enabled wider access to education. Our 2020-2026 Strategy sets clear targets to focus on three key areas, all directly related to providing public benefit: student success; real world impact; and access to opportunity. The fourth key area, fit for the future, recognises the need for the College to adapt to the digital world, our new organisational structure and changing stakeholder expectations.

Like other colleges, SBC must charge tuition fees for certain courses. However, tuition fee loans are available to qualifying students for funding via Student Finance England. In addition, the college offers financial assistance in the form of bursaries to students in need.

**Equality**

SBC celebrates and values the diversity brought to its workforce and learner population by individuals and believes that the College will benefit from recruiting staff from a variety of backgrounds, thus allowing it to better meet the needs of its diverse student population. We are committed to demonstrating behaviours that support **FREDIE** values:

**FAIRNESS:** Fairness for all is a reality, regardless of background or circumstances.

**RESPECT:** Respect for all is the norm and we will not tolerate any form of discrimination against students or colleagues.

**EQUALITY:** Equality of opportunity is embedded in the decisions we take and everything that we do.

**DIVERSITY:** Diversity is celebrated and our colleagues and students feel that they belong

**INCLUSION:** Inclusion is widely understood, where all colleagues are committed to inclusive behaviours and policies and where students and colleagues feel valued and listened to.

**ENGAGEMENT:** Engagement where there is a positive emotional attachment between our colleagues and their work; where our students are consulted and play a key role in shaping our work.

The College’s Single Equality Scheme covers the rights and responsibilities of trustees, staff, students and any visitors or contractors to its sites. It includes an Action Plan to assist in the monitoring and reviewing of the progress made to address equality and diversity issues across protected characteristics: age, disability, gender, transgender, race, religion or belief, sexual orientation, marriage and civil partnerships and pregnancy and maternity.

**Disability statement**

SBC is committed to helping all staff and learners with learning difficulties and/or disabilities achieve their personal goals by adopting a model of 'inclusivity'. It provides specialist advice, guidance, assessments and where needed resources and additional support to improve access for those with learning difficulties and/or disabilities to curriculum areas and College services. Learners who have Education Health Care Plans (EHCPs) will have their specific needs met.

College facilities have lifts, ramps and hoists and specialist equipment to ensure that buildings are accessible to people with disabilities. Over 95% of the College's estate is fully accessible to people with disabilities. The College also has a qualified team of student support assistants to help those who need this level of assistance. The College's arrangements for people with disabilities are detailed in the Disability Statement which is updated annually in line with requirements.

**Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Numbers of employees who were Trade Union officials during the relevant period	FTE employee number
<b>5</b>	<b>4.67</b>

Percentage of time	Number of employees
0%	<b>0</b>
1-50%	<b>5</b>
51-99%	<b>0</b>
100%	<b>0</b>

Total cost of facility time	<b>£21k</b>
Total pay bill	<b>£15,956k</b>
Percentage of total bill spent on facility time	<b>0.13%</b>
Time spent on paid trade union activities as a percentage of total paid facility time	<b>100%</b>

### Energy and Carbon Usage

South Bank Colleges has not reported on its own Energy and Carbon usage as this is included within the usage of the London South Bank University group, of which SBC is a member, and disclosed in the financial statements of London South Bank University.

### Disclosure of information to auditors

The trustees who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each trustee has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

**Approved by the Board of trustees of South Bank Colleges on 15 January 2025 and signed on its behalf by:**

*Ruth Farwell*

01 February 2025

**Ruth Farwell  
Chair**

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of South Bank Colleges to obtain a better understanding of its governance and legal structure.

This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

The SBC Board endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and has adopted the Code of good Governance for English Colleges (“the Code”). In the opinion of the Trustees, the Board acts with due regard to the provisions of the Code and has done so for the year ended 31 July 2024. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Board carries out an annual assessment of its effectiveness and during 2023/24 engaged an external review of governance. It agreed an action plan to address the areas for development which is published on the website.

In February 2023, the Board agreed its annual development programme which focussed on the delivery of the NESC project (Block A), ensuring the successful opening of the new LSBTC and its operations along with delivering the agreed 2022/23 budget. Trustees also attended various AoC development events throughout the year.

It is the Board’s responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board meets on a regular basis.

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board.

These committees are:

- Quality & Improvement
- Audit
- Remuneration

Full minutes of all Board meetings except those minutes deemed to be confidential by the Board, are available on the College’s website at [southbankcolleges.ac.uk](http://southbankcolleges.ac.uk).

The Clerk maintains a register of financial and personal interests of the Trustees. The register is published on the College’s website and also available for inspection at the above address.

All Trustees are able to take independent professional advice in furtherance of their duties at SBC’s expense and have access to the Clerk and Company Secretary, who are responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Company Secretary are matters for the Board as a whole. Formal agendas, papers and reports are supplied to Trustees in a timely manner, prior to Board meetings. Briefings are provided as required.

Under the articles the Board is composed of the Accountable Officer, four trustees appointed by London South Bank University, three independent trustees appointed by the Board, one student trustee and one staff trustee. The Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its members, except the Accountable Officer, is independent of management and free

from any business or other relationship which could materially interfere with the exercise of their independent judgement. During the year ending 31 July 2024 two trustees were also directors of SBC's parent company, London South Bank University.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

### South Bank Colleges Board

Since 1 August 2023 the following have been members of the South Bank Colleges Board:

Name	Appointed	End of Office	Term	Role	Committees (attendance)
David Phoenix	1 Aug 18		Ex officio	Accounting Officer	Board (88%)
Sue Dare	1 Oct 18		2 terms of 4 years	Independent Trustee, new Vice Chair of Board	Quality & Improvement (Chair) (100%) Board (88%)
Andrew Owen	1 Feb 19	31 July 2024 (Retired)	1 term of 4 years and 2 <sup>nd</sup> term of 18 months	LSBU appointed trustee, Vice Chair of the Board	Audit (Chair) (100%) Board (50%)
Stephen Balmont	1 Feb 19		1 term of 4 years and 2 <sup>nd</sup> term of 3 years	LSBU appointed trustee	Audit (100%) Remuneration (100%) Board (75%)
Mee Ling Ng	1 Feb 19		1 term of 4 years and 2 <sup>nd</sup> term of 2 years	LSBU appointed trustee	Audit (100%) Board (88%)
Nigel Duckers	12 Apr 19		2 terms of 4 years	Staff Trustee	Quality & Improvement (100%) Board (75%)
Ruth Farwell	7 May 19		2 terms of 4 years	LSBU appointed trustee and Chair of the Board	Remuneration (100%) Board (100%)
Moriam Folawiyo	10 Jun 21	10 Sep 23	Ex officio	Student Trustee	
Jacqui Dyer	6 May 20	5 May 2024 (Retired)	2 terms of 4 years	Independent Trustee	Board (25%)
Thesia Kouloungou	5 May 23		2 terms of 4 years	Independent Trustee	Quality & Improvement (50%) Board (38%)
Mario Meizah	11 Sep 23	1 Sep 24	Ex officio	Student Trustee	Quality & Improvement (75%) Board (63%)
Issa Issa	6 May 24		2 terms of 4 years	Independent Trustee	Quality & Improvement (100%) Board (100%)
Nyla Rae Graham	10 Oct 24		Ex officio	Student Trustee	

The Clerk to the Board is Jacqueline Mutibwa.

### **Quality & Improvement Committee**

The Quality & Improvement Committee comprises four members of the Board. The Committee operates in accordance with written terms of reference approved by the Board and available on the SBC website. The Quality & Improvement Committee has overall responsibility delegated to it by the Board for monitoring and reviewing the quality of education provided by the College. It meets four times a year. The Deputy Vice-Chancellor (Academic Framework) attends the meetings of this Committee.

### **Audit Committee**

The Audit Committee comprises three members of the Board and does not include the Accounting Officer or the Chair. The Committee operates in accordance with written terms of reference approved by the Board and available on the SBC website. The Audit Committee reviews the effectiveness of the systems of control in place across the College. It meets three times a year.

### **Remuneration Committee**

The Remuneration Committee comprises two members of the Board. The Committee operates in accordance with written terms of reference approved by the Board and available on the SBC website. It meets once a year.

In accordance with section 172 of the Companies Act 2006 Trustees, both individually and collectively, act in the way that they consider, in good faith, would most likely promote the success of the College. Trustees have regard to the:

- likely consequences of any decisions in the interests of both students and colleagues (as set out throughout this report);
- public benefit of the work we do and the need to ensure that funds, including public funds, are properly managed (as set out on page 2);
- impact of the College's operations on communities and the environment (as set out on pages 8-10);
- need to foster the College's business relationships with suppliers, customers and other key stakeholders (as set out on page 4);
- curriculum and how the provision meets local needs (as set out on pages 2-11); and
- desirability of the College in maintaining a reputation for high standards of conduct (as set out on page 14).

The Board of Trustees and its committees consider the potential consequences of its decisions on its key stakeholders, taking into account a wide range of factors, as set out below. The Board believes that the College will be successful by having regard to the views and needs of its stakeholders. Decisions made by the Board are informed by the College's mission, vision and values.

The Board meetings include strategic presentations and reports with regular updates on progress against corporate strategy and key performance indicators. The Group CEO is a trustee and provides a formal report at every meeting. The Board includes a student and a staff governor who are able to give the benefit of their experience as part of the Board's decision-making.

During the year, the Board considered, inter alia, the following key matters: annual self assessment report, annual quality improvement plan, EDI, and health & safety reports, corporate risk, KPIs, and approved the budget for 2024/25. Major investments also come to the Board for authority in relation to Phase 2 estates development. In addition, there was one Board strategy day where trustees considered the estates development, financial risks, quality of teaching and learning.

In considering this wide range of strategic matters, the Board has been able to balance the needs of the College's many stakeholders.



## **Internal Control**

### ***Scope of responsibility***

The SBC Board is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The SBC Board delegated the day-to-day responsibility to the Executive Principal, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between SBC and the funding bodies. She is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

### ***The purpose of the system of internal control***

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in SBC for the period ended 31 July 2024 and up to the date of approval of the annual report and accounts.

### ***Capacity to handle risk***

The SBC Board has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

### ***The risk and control framework***

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- budgeting systems with an annual budget, which is reviewed and agreed by the Board
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines and
- the adoption of formal project management disciplines, where appropriate.

The College has engaged the delivery of an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the audit committee. At a minimum, annually, the Internal Audit Service provides the audit committee and the Board with a report on internal audit activity in the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### ***Review of effectiveness***

The Chief Finance Officer has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements and regularity assurance auditors in their management letters and other reports.

The Chief Finance Officer has reported the result of the review of the effectiveness of the system of internal control to the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The College's Senior Leadership Team (SLT) receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded throughout the College. The SLT and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The SBC Board's business cycle includes a regular report for consideration of risk and control. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2024 meeting, the Board carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the SLT and internal audit, and taking account of events since 1 August 2024.

The Annual Internal Audit Report for 2022/23 produced by the internal auditors concluded that the College's risk management, control and governance processes and its arrangements for economy, efficiency and effectiveness are generally satisfactory with improvements required in some areas.

**Approved by the Board on 15 January 2025 and signed on its behalf by:**



01 February 2025



31 January 2025

**Ruth Farwell**  
**Chair**

**Professor David Phoenix**  
**Accounting Officer**

**Statement of Regularity, Propriety and Compliance**

As accounting officer, I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am capable of identifying any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



31 January 2025

**Professor David Phoenix**  
**Accounting Officer**

**Statement of the Chair of the Board of Trustees**

On behalf of the Board, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



01 February 2025

**Ruth Farwell**  
**Chair**

## STATEMENT OF THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' REPORT AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Trustees' Report and the Statement of Governance and Internal Control and the financial statements in accordance with the College's Financial Memorandum with the Education and Skills Funding Agency (ESFA) and applicable law and regulations.

The Trustees are required to prepare the Group and parent College financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education. It is further required to prepare the financial statements in accordance with the Post-16 Audit Code of Practice 2023 to 2024 the College Accounts Direction 2023 to 2024 issued by the ESFA and the terms and conditions of funding.

The Trustees are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent College and of their income and expenditure, gains and losses and changes in reserves, and of its cash flows for that period. In preparing each of the Group and parent College financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the parent College or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent College's transactions and disclose with reasonable accuracy at any time the financial position of the parent College. They are responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Trustees are also responsible for ensuring that:

- funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the College's resources and expenditure.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on its behalf by:

*Ruth Farwell*

01 February 2025

**Ruth Farwell**  
**Chair**

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SOUTH BANK COLLEGES

### Opinion

We have audited the financial statements of South Bank Colleges (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2024 which comprise the statement of consolidated and college statement of comprehensive income and expenditure, consolidated and college statement of changes in reserves, consolidated and college balance sheets, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2024 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency and Office for Students requirements.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees' which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Report of the Governing Body have been prepared in accordance with applicable legal requirements.

### **Opinion on other matters prescribed by the Office for Students**

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the College and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the College, or returns adequate for our audit have not been received from branches not visited by us; or;
- the college financial statements are not in agreement with the accounting records; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 36 to the accounts, has been materially misstated.

### **Responsibilities of the Trustees of South Bank Colleges**

As explained more fully in the Statement of the Trustees' Responsibilities set out on page 18, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and College operates in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Companies Act 2006, Accounts Direction published by the Office for Students and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating statutory tax information prepared by the company's tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The Group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

**Use of our report**

This report is made solely to the Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trustees, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

*HCatchpool***HANNAH CATCHPOOL (Senior Statutory Auditor)**

For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date 3rd February 2025



## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

#### Statement of Accounting Policies

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

#### Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction 2023 to 2024 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Accounts are prepared in Sterling and rounded to the nearest thousand pounds.

#### Consolidation of accounts

The financial statements incorporate the financial statements of South Bank Colleges and its subsidiary undertakings SW4 Catering Limited and South Bank Skills Limited. South Bank Skills Limited was incorporated on the 23rd March 2021 and did not trade during the year to 31st July 2023 or the year to 31<sup>st</sup> July 2024. Consolidation of subsidiaries is based on the equity method. Intragroup loans or balances are recognised at fair value.

#### Going Concern

The Group's activities, together with the factors likely to affect its future development, performance and position of the Group are set out in the Annual Report. The financial position of the Group, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. As reflected in these financial statements, the Group has recorded a deficit for the year ended 31 July 2024.

Trustees consider that the use of the Going Concern basis for the preparation of these financial statements is appropriate for the following reasons.

South Bank Colleges is a company limited by guarantee and a subsidiary by virtue of control by London South Bank University. The College has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, specifically in CFFR cashflow covers a 10 year period.

These forecasts are dependent on LSBU Group providing funding support during that period. LSBU Group has indicated its intention to make available such funds as are needed by the College for the period covered by the forecasts. As with any entity placing reliance on other group entities for funding support, the Trustees acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

After reviewing these forecasts in addition to current financing and taking into account the letter of support from the LSBU Group, the Trustees are of the opinion that, taking account of severe but plausible downsides, the Group and the College will have sufficient funds to meet their liabilities as they fall due over the period of at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

#### Recognition of Income

The recurrent grants from the funding bodies represent the funding allocations attributable to the current financial year and are credited to the income and expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable

and depend on the particular income stream involved. Any under achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process and the results of any funding audit. 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets. Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors e.g. employers. Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

### **Post-Retirement Benefits**

Defined contribution retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) which is managed by the London Pensions Fund Authority (LPFA). These are defined benefit pension schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

For the LGPS, the College's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the College. The College recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The College has a defined contribution pension scheme for employees of the subsidiary company SW4 Catering Ltd and for professional services staff who joined the College after April 2021, since when new staff are enrolled into the LPFA pension scheme only in exceptional circumstances. The College pays contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### **Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

### **Enhanced Pensions**

Under the TPS, the actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet in line with guidance issued by the funding bodies.

The same arrangements pertained to the LGPS until autumn 2005. Thereafter under the LGPS, a payment to cover the expected future cost of any enhancement to the ongoing pension of a former member of staff is made in full to the LPFA and is charged in full to the College's income and expenditure account in the year that the member of staff retires. No provision is therefore created.

### **Non-current assets - Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE/HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

#### *Land and Buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of the assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 10 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

The College followed the transitional provision to retain the book value of land and buildings, which were valued in 1994, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment.

#### *Assets under Construction*

Assets under construction are included at cost, based on the value of architects' certificates and other direct costs, incurred to the period end. They are not depreciated until they are brought into use.

#### *Subsequent Expenditure on existing Fixed Assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

Market value of the fixed asset has subsequently moved;

- Asset capacity increases;
- Substantial improvement in the quality of output or reduction in operating costs;
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

#### *Equipment*

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

Motor Vehicles	20%
General Equipment	20%
Computer Equipment	20%

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment on a basis consistent with the depreciation policy. All fully depreciated equipment has been written out of the financial statements.

### **Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. The capital element is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding bodies' capital equipment grants, the associated assets are designated as grant-funded assets.

### **Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### **Taxation**

The College is considered to pass the test set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax 2010 or Section 256 of the Taxation of Chargeable Gains Acts 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The College is partially exempt in respect of Value Added Tax, so it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### **Liquid Resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies.

### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

### **Agency Arrangements**

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 20, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

As of 1<sup>st</sup> February 2019, South Bank Colleges acquired the assets and liabilities of Lambeth College. In line with FRS102 and buildings were revalued to fair value using indices as used by professional valuers. These assets will be held at deemed costs and depreciated over their useful economic life in line with the accounting policy for fixed assets.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate, salary pension and price increases. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

## Consolidated and College Statements of Comprehensive Income and Expenditure

### Year ended 31 July 2024

	Note	CONSOLIDATED		COLLEGE	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Income</b>					
Tuition fees and education contracts	1	3,579	2,875	3,579	2,875
Funding body grants	2	26,367	22,540	26,367	22,540
Other income	3	774	795	774	795
Interest receivable	4	329	89	329	89
Donations	5	390	540	390	540
<b>Total income</b>		<b>31,439</b>	<b>26,839</b>	<b>31,439</b>	<b>26,839</b>
<b>Expenditure</b>					
Staff costs	6	19,680	16,938	19,197	16,456
Other operating expenses	8	11,272	10,345	11,755	10,827
Depreciation	11-12	2,755	1,522	2,755	1,522
Interest and other finance costs	10	-	223	-	223
<b>Total expenditure</b>		<b>33,707</b>	<b>29,028</b>	<b>33,707</b>	<b>29,028</b>
<b>Deficit before other gains and losses</b>		<b>(2,268)</b>	<b>(2,189)</b>	<b>(2,268)</b>	<b>(2,189)</b>
<b>Deficit before tax</b>		<b>(2,268)</b>	<b>(2,189)</b>	<b>(2,268)</b>	<b>(2,189)</b>
Taxation		-	-	-	-
<b>Deficit for the year</b>		<b>(2,268)</b>	<b>(2,189)</b>	<b>(2,268)</b>	<b>(2,189)</b>
Actuarial (loss)/gain in respect of pension schemes and other movement	16	(5,167)	11,608	(5,167)	11,608
<b>Total comprehensive income/(expenditure)for the year</b>		<b>(7,435)</b>	<b>9,419</b>	<b>(7,435)</b>	<b>9,419</b>
<b>Represented by:</b>					
Unrestricted comprehensive income for the year		<b>(7,435)</b>	<b>9,419</b>	<b>(7,435)</b>	<b>9,419</b>

All activities consist of continuing operations

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

## Consolidated and College Statements of Changes in Reserves

### Year ended 31 July 2024

<b>Consolidated</b>	<b>Income and Expenditure Reserve</b>	<b>Total Reserves</b>
	£'000	£'000
<b>Balance at 1 August 2022</b>	<b>35,759</b>	<b>35,759</b>
Deficit from the income and expenditure statement	(2,189)	(2,189)
Other comprehensive income	11,608	11,608
Total comprehensive income for the year	9,419	9,419
<b>Balance at 1 August 2023</b>	<b>45,178</b>	<b>45,178</b>
Deficit from the income and expenditure statement	(2,268)	(2,268)
Other comprehensive expenditure	(5,167)	(5,167)
Total comprehensive expenditure for the year	(7,435)	(7,435)
<b>Balance at 31 July 2024</b>	<b>37,743</b>	<b>37,743</b>
<b>College</b>		
<b>Balance at 1 August 2022</b>	<b>35,848</b>	<b>35,848</b>
Deficit from the income and expenditure statement	(2,189)	(2,189)
Other comprehensive income	11,608	11,608
Total comprehensive income for the year	9,419	9,419
<b>Balance at 1 August 2023</b>	<b>45,267</b>	<b>45,267</b>
Deficit from the income and expenditure statement	(2,268)	(2,268)
Other comprehensive expenditure	(5,167)	(5,167)
Total comprehensive expenditure for the year	(7,435)	(7,435)
<b>Balance at 31 July 2024</b>	<b>37,832</b>	<b>37,832</b>

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

**Consolidated and College Balance Sheets  
As at 31 July 2024**

	Note	Consolidated		College	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Non-current assets</b>					
Tangible fixed assets	11	112,077	111,069	112,077	111,069
Intangible assets	12	12	17	12	17
		<u>112,089</u>	<u>111,086</u>	<u>112,089</u>	<u>111,086</u>
<b>Current assets</b>					
Debtors	13	1,276	3,263	1,351	3,336
Cash and cash equivalents	17	122	1,083	122	1,083
		1,398	4,346	1,473	4,419
Creditors: amounts falling due within one year	14	<u>(6,642)</u>	<u>(5,903)</u>	<u>(6,628)</u>	<u>(5,887)</u>
<b>Net current liabilities</b>		<b><u>(5,244)</u></b>	<b><u>(1,557)</u></b>	<b><u>(5,155)</u></b>	<b><u>(1,468)</u></b>
<b>Total assets less current liabilities</b>		<b>106,845</b>	<b>109,529</b>	<b>106,934</b>	<b>109,618</b>
Creditors: amounts falling due after more than one year	15	(69,192)	(69,311)	(69,192)	(69,311)
<b>Provisions</b>					
Pension provisions	16	90	4,960	90	4,960
<b>Total net assets</b>		<b><u>37,743</u></b>	<b><u>45,178</u></b>	<b><u>37,832</u></b>	<b><u>45,267</u></b>
<b>Unrestricted Reserves</b>					
Income and expenditure reserve		37,743	45,178	37,832	45,267
<b>Total Reserves</b>		<b><u>37,743</u></b>	<b><u>45,178</u></b>	<b><u>37,832</u></b>	<b><u>45,267</u></b>

The financial statements on pages 28 to 31 were approved by the Board of Trustees on 15 January and were approved and authorised for issue on their behalf by:

*Ruth Farwell*

01 February 2025

Ruth Farwell (Chair)

*DA Phoenix*

31 January 2025

Professor David Phoenix (Accounting Officer)



## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

## Consolidated Statement of Cash Flows

### Year ended 31 July 2024

	Note	2024 £'000	2023 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(2,268)	(2,189)
<b>Adjustment for non cash items</b>			
Depreciation	11-12	2,755	1,522
Release of government capital grant		(1,742)	(513)
Interest payable		-	223
Decrease in debtors		4,486	7,851
Decrease in creditors		(4,305)	(8,655)
Pension costs less contributions payable		(166)	562
Increase in provisions		(131)	(123)
<b>Adjustment for investing or financing activities</b>			
Investment income		(329)	(89)
<b>Net cash inflow outflow from operating activities</b>		<b><u>(1,700)</u></b>	<b><u>(1,411)</u></b>
<b>Cashflows from investing activities</b>			
Payment to acquire tangible fixed assets		(3,409)	(10,322)
Capital grant receipts		2,818	8,551
Investment income		329	89
		<b><u>(262)</u></b>	<b><u>(1,682)</u></b>
<b>Cashflows from financing activities</b>			
Additional funding from parent undertaking		1,000	4,000
		<b><u>1,000</u></b>	<b><u>4,000</u></b>
<b>(Decrease)/Increase in cash and cash equivalents during the year</b>		<b><u>(961)</u></b>	<b><u>907</u></b>
Cash at bank and on deposit at the start of the year		1,083	176
Cash at bank and on deposit at the end of the year		<u>122</u>	<u>1,083</u>

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

	Consolidated		College	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<b>1. Tuition fees and education contracts</b>				
Adult education fees	553	511	553	511
Adult education fees : loan supported courses	448	502	448	502
Education contracts	<u>2,578</u>	<u>1,862</u>	<u>2,578</u>	<u>1,862</u>
	<b>3,579</b>	<b>2,875</b>	<b>3,579</b>	<b>2,875</b>
<b>2. Funding Body Grant</b>				
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	1,781	1,412	1,781	1,412
Greater London Authority - adult funding	10,612	11,110	10,612	11,110
Education and Skills Funding Agency – 16 -18	9,379	7,092	9,379	7,092
Education and Skills Funding Agency - apprenticeships	593	281	593	281
<b>Specific grants</b>				
Teachers Pension Grant	535	457	535	457
Education Skills and Funding Agency - Other grants	1,725	1,675	1,725	1,675
Releases of government capital grants	<u>1,742</u>	<u>513</u>	<u>1,742</u>	<u>513</u>
	<b>26,367</b>	<b>22,540</b>	<b>26,367</b>	<b>22,540</b>
<b>3. Other income</b>				
Residence and catering income	249	31	249	31
Other income	<u>525</u>	<u>764</u>	<u>525</u>	<u>764</u>
	<b>774</b>	<b>795</b>	<b>774</b>	<b>795</b>
<b>4. Interest Receivable</b>				
Interest receivable	<u>329</u>	<u>89</u>	<u>329</u>	<u>89</u>
	<b>329</b>	<b>89</b>	<b>329</b>	<b>89</b>
<b>5. Donations</b>				
Unrestricted donations	<u>390</u>	<u>540</u>	<u>390</u>	<u>540</u>
	<b>390</b>	<b>540</b>	<b>390</b>	<b>540</b>

Donations include the estimated market value of SBC's rent free occupations of its premises in Brixton

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

**6. Staff**

The average number of persons (including key management personnel) employed by the Group during the year was:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
Teaching staff	113	126
Non teaching staff	188	177
	<u>301</u>	<u>303</u>

*The above numbers exclude casual staff and visiting teachers amounting to 41 (2023: 42)*

	<b>Consolidated</b>		<b>College</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	12,664	10,821	12,243	10,398
Social security costs	1,262	1,084	1,228	1,052
Other pension costs	<u>2,030</u>	<u>2,245</u>	<u>2,002</u>	<u>2,218</u>
<b>Payroll sub total</b>	<b>15,956</b>	<b>14,150</b>	<b>15,473</b>	<b>13,668</b>
Contracted out staffing services	<u>3,544</u>	<u>2,702</u>	<u>3,544</u>	<u>2,704</u>
	19,500	16,854	19,017	16,372
Fundamental restructuring costs contractual	<u>180</u>	<u>82</u>	<u>180</u>	<u>84</u>
	<b>19,680</b>	<b>16,938</b>	<b>19,197</b>	<b>16,456</b>

**7. Remuneration of Board of Trustees and higher paid employees****Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Accounting Officer and Senior Leadership Team which comprises the Executive Principal, Chief Financial Officer, Principal - Lambeth Gateway College, Principal - London South Bank Technical College.

**Determining pay of senior staff**

The pay of the Executive Principal is set by the London South Bank University Remuneration Committee which meets annually in November to determine the remuneration of the London South Bank University group Executive. As part of its decisions on pay and performance related pay award of the Executive Principal the committee considers a recommendation from the Group Chief Executive Officer who consults with the Chair of the South Bank Colleges Board and the South Bank Colleges lead Trustee for Remuneration. This process includes consideration of performance related areas and responsibilities at College and Group level which includes Chief Executive of South Bank Academies Multi Academy Trust. All other South Bank Colleges staff are engaged on main pay scale rates.

Severance payments for senior staff are determined by the Executive Principal and by the Group Chief Executive Officer in consultation with the South Bank Colleges Chair.

**Emoluments of Key management personnel and other higher paid staff**

	<b>2024</b>	<b>2023</b>
The number of key management personnel not including the Accounting Officer was:	5	4

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

## Notes to the accounts

## Year ended 31 July 2024

The number of key management personnel and other staff who received payments under service contract or annual emoluments, excluding irrecoverable VAT, pension and employer's national insurance contributions but including benefits in kind, in the following ranges was:

	Senior Staff		Other staff	
	2024 No.	2023 No.	2024 No.	2023 No.
£5,000 to £10,000	-	-	1	-
£35,000 to £40,000	1	-	-	1
£50,000 to £55,000	-	-	1	-
£55,000 to £60,000	-	-	-	1
£60,000 to £65,000	-	-	-	4
£65,000 to £70,000	-	-	4	5
£70,000 to £75,000	-	-	3	1
£75,000 to £80,000	-	-	1	-
£80,000 to £85,000	-	-	1	-
£85,000 to £90,000	-	1	-	-
£90,000 to £95,000	1	1	-	-
£100,000 to £105,000	1	-	-	-
£115,000 to £120,000	1	1	-	-
£140,000 to £145,000	1	-	-	-
£145,000 to £150,000	-	1	-	-
	<u>5</u>	<u>4</u>	<u>11</u>	<u>12</u>

FTE for key management staff is 5 (2023: 4), which includes two CFOs during the handover period, one serving as a consultant.

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Salaries	489	450
Employers NI contributions	44	39
Pension contributions	<u>83</u>	<u>7</u>
	<b>616</b>	<b>562</b>

The Accounting Officer draws no salary from the College. There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above compensation includes amount paid to the Executive Principal who is the highest paid member of staff and includes the CFO who provides his services under a service contract.

Compensation paid to the Executive Principal of South Bank Colleges is as follows. Remuneration of £6k was also received in their role of PVC Education at London South Bank University (2023: £6k).

	2024 £'000	2023 £'000
Salary	120	120
Pension scheme contributions or payments in lieu of pension contributions	<u>31</u>	<u>3</u>
	<b>151</b>	<b>150</b>

Relationship of Executive Principal pay and remuneration expressed as a multiple:

	2024	2023
Executive Principal's basic salary as a multiple of the median of all staff	3.6	3.7
Executive Principal's total remuneration as a multiple of the median of all staff	4.5	4.0

The Trustees of the College, other than staff Trustees, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. In 2024 4 Trustees were paid expenses totalling £1k (2023:1 Trustee was paid £0.6k) for travel and subsistence.

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

	Consolidated		College	
	2024	2023	2024	2023
<b>8. Other operating expenses</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Direct Teaching costs	5,466	5,234	5,466	5,234
Non teaching costs	3,424	3,259	3,424	3,256
Premises costs	<u>2,382</u>	<u>1,852</u>	<u>2,865</u>	<u>2,337</u>
	<b>11,272</b>	<b>10,345</b>	<b>11,755</b>	<b>10,827</b>

*Direct teaching costs include the costs of services delivered to the College by Subcontractors and Partners of £3.0m (2023: £3.5m).*

Other operating expenses are stated after charging:

	Consolidated		College	
	2024	2023	2024	2023
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration				
<i>External audit</i> RSM	80	72	75	68
Depreciation	2,751	1,522	2,751	1,522
Rentals under operating leases: Plant and machinery	82	95	82	95
Notional rent charge matched by notional income for Brixton Campus	<u>325</u>	<u>540</u>	<u>390</u>	<u>540</u>

## 9. Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during either the current or prior year.

The College holds 100% of the issued £1 ordinary shares in SW4 Catering Ltd (incorporated on 10 July 2014, Company Number 09125790) whose principal business activities are catering, cleaning and security. The company has been trading since August 2014 and is consolidated within these financial statements. The subsidiary company was incorporated in England and Wales and the shares were purchased at par and are carried at cost. Total cost of shares held is £1.

Any profits made by the subsidiary are donated to the College and would attract no corporation tax.

	Consolidated		College	
	2024	2023	2024	2023
<b>10 Interest and other finance costs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net interest on the defined benefit pension asset/liability	-	<u>223</u>	-	<u>223</u>
	-	<b>223</b>	-	<b>223</b>

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

**11 Tangible fixed assets (Consolidated)**

	Freehold land £'000	Freehold buildings £'000	Long leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets in course of construction £'000	Fixed assets total £'000
<b>Cost or valuation</b>						
At August 2023	24,600	80,911	2,458	7,135	2,020	117,124
Additions	-	-	-	40	3,719	3,759
Transfers	-	-	-	-	-	-
At 31 July 2024	24,600	80,911	2,458	7,175	5,739	120,883
<b>Depreciation</b>						
At August 2023	-	(4,215)	(225)	(1,615)	-	(6,055)
Charge for the year	-	(1,627)	(50)	(1,074)	-	(2,751)
At 31 July 2024	-	(5,842)	(275)	(2,689)	-	(8,806)
<b>Net book value</b>						
At 31 July 2024	24,600	75,069	2,183	4,486	5,739	112,077
At 31 July 2023	24,600	76,696	2,233	5,520	2,020	111,069

**Tangible fixed assets (College)**

	Freehold land £'000	Freehold buildings £'000	Long leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets in course of construction £'000	Fixed assets total £'000
<b>Cost or valuation</b>						
At August 2023	24,600	80,911	2,458	7,135	2,020	117,124
Additions	-	-	-	40	3,719	3,759
Transfers	-	-	-	-	-	-
At 31 July 2024	24,600	80,911	2,458	7,175	5,739	120,883
<b>Depreciation</b>						
At August 2023	-	(4,215)	(225)	(1,615)	-	(6,055)
Charge for the year	-	(1,627)	(50)	(1,074)	-	(2,751)
At 31 July 2024	-	(5,842)	(275)	(2,689)	-	(8,806)
<b>Net book value</b>						
At 31 July 2024	24,600	75,069	2,183	4,486	5,739	112,077
At 31 July 2023	24,600	76,696	2,233	5,520	2,020	111,069

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

**12 Intangible assets (Consolidation)**

	<b>Software</b>	<b>Total</b>
<b>Cost or valuation</b>		
	£'000	£'000
<b>At 1 August 2023</b>	<b>18</b>	<b>18</b>
At 31 July 2024	<u>18</u>	<u>18</u>
<b>Amortisation charge</b>		
At 1 August 2023	<b>(1)</b>	<b>(1)</b>
Charge for the year	<b>(4)</b>	<b>(4)</b>
At 31 July 2024	<u>(5)</u>	<u>(5)</u>
<b>Net book value</b>		
At 31 July 2024	<u>12</u>	<u>12</u>
At 31 July 2023	<u>17</u>	<u>17</u>

**Intangible assets (College)**

<b>Software</b>	<b>Software</b>	<b>Total</b>
<b>Cost or valuation</b>	£'000	£'000
<b>At 1 August 2023</b>	<b>18</b>	<b>18</b>
At 31 July 2024	<u>18</u>	<u>18</u>
<b>Amortisation charge</b>		
At 1 August 2023	<b>(1)</b>	<b>(1)</b>
Charge for the year	<b>(4)</b>	<b>(4)</b>
At 31 July 2024	<u>(5)</u>	<u>(5)</u>
<b>Net book value</b>		
At 31 July 2024	<u>12</u>	<u>12</u>
At 31 July 2023	<u>17</u>	<u>17</u>

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

**13 Debtors: amounts falling due within one year**

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	200	412	200	412
Amounts owed by group undertakings	-	-	75	73
Other debtors	7	3	7	3
Prepayments and accrued income	1,069	2,848	1,069	2,848
	<b>1,276</b>	<b>3,263</b>	<b>1,351</b>	<b>3,336</b>

**14 Creditors: amounts falling due within one year**

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade creditors	811	334	811	334
Other creditors	476	627	476	623
Social security and other taxation payable	288	264	286	256
Accruals and deferred income	3,325	4,165	3,313	4,161
Deferred income - government capital grants	1,742	513	1,742	513
	<b>6,642</b>	<b>5,903</b>	<b>6,628</b>	<b>5,887</b>

**15 Creditors: amounts falling due after more than one year**

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Deferred income - government capital grants	31,502	32,603	31,502	32,603
Amounts owed to parent undertakings (LSBU Creditor)	37,690	36,708	37,690	36,708
	<b>69,192</b>	<b>69,311</b>	<b>69,192</b>	<b>69,311</b>

Included within deferred income are items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		College	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Government capital grants	33,244	33,116	33,244	33,116



SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

**16. Provisions for liabilities: Consolidated and College**

	<b>Defined benefit obligation</b>	<b>Enhanced pension</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 August 2023	(6,202)	1,242	(4,960)
Utilised during the year	(228)	(69)	(297)
Charged to comprehensive income and expenditure	5,046	121	5,167
Balance at 31 July 2024	<b>(1,384)</b>	<b>1,294</b>	<b>(90)</b>

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 21.

The enhanced pension provision related to the cost of staff who retired with enhanced pension provision between 1995/96 and 2006/07. the value of the provision is calculated in accordance with guidance issued by the Association of Colleges.

The principal assumptions for this calculation are:

	<b>2024</b>	<b>2023</b>
Price inflation	2.80%	2.80%
Discount rate	5.00%	5.00%

**17. Cash and cash equivalents**

	<b>at 1 August 2023</b>	<b>Cashflows</b>	<b>at 31 July 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Consolidated and College</b>			
Cash at bank and on deposit	1,083	(961)	122

**18. Contingent liabilities**

Funds amounting to £4.1m received from the Education and Skills Funding Agency (ESFA) are subject to conditions linked to future estates development for SBC to deliver a viable, sustainable, high quality, relevant and diverse offer from Level 1 to Level 6 learners and employers across the local area with a college presence in Brixton and Clapham and/or Vauxhall without a requirement for government funding to support operating losses.

South Bank Colleges has received a pre-action claim for reimbursement of costs by a developer in respect of the Lambeth and Vauxhall development project. The governing body believes that any claim is unlikely to succeed and cannot be financially quantified at the date of signing, and to the best of its knowledge and belief it is satisfied that no provision is necessary in respect of this claim.

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

**19. Lease obligations**

At 31 July 2024 the College was committed to making the following future minimum lease payments in respect of non- cancellable operating leases on IT equipment

	<b>Consolidated and College</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Expiring within one year	-	18
	<u>-</u>	<u>18</u>

**20. Amounts disbursed as agents**

	<b>Consolidated</b>		<b>College</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Learner support funds</b>				
Balance at 1 August	393	323	393	323
Busaries	935	948	935	948
Disbursed to students	(1,042)	(836)	(1,042)	(836)
Administration costs	(55)	(42)	(55)	(42)
Balance unspent as at 31 July, included in creditors	<u>231</u>	<u>393</u>	<u>231</u>	<u>393</u>

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

### 21 Pension Arrangements

Different categories of staff were eligible to join one of three different schemes:

- Teachers' Pension Scheme (TPS)
- London Pension Fund Authority (LPFA) Pension Fund
- National Employment Savings Trust (NEST)
- Aviva

The TPS and LGPS are multi employer defined benefit plans and these pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2016 and of the LGPS 31 March 2019.

The College is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

<b>Total pension cost for the year</b>	<b>2024</b>		<b>2023</b>
	<b>£'000</b>		<b>£'000</b>
Teachers Pension Scheme: contributions paid		1,336	1,036
Local Government Pension Scheme:			
Contributions paid	(499)		(586)
FRS 102 (28) charge	<u>1,047</u>		<u>1,699</u>
Charge to the Statement of Comprehensive Income		548	1,113
Defined Contribution Scheme		146	96
<b>Total Pension Cost</b>		<b><u>2,030</u></b>	<b><u>2,245</u></b>

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

### Notes to the accounts

#### Year ended 31 July 2024

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) on 26 October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £39.8 billion (2016: £22 billion).

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the period amounted to £1,336,212 (2023: £1,035,671).

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Pensions Fund Authority. The total contribution made for the year ended 31 July 2024 was £697,000 (2023: £794,000), of which employer's contributions totalled £499,000 (2023: £586,000) and employees' contributions totalled £198,000 (2023: £208,000). At 31 July 2024 there were 81 staff in the scheme (2023: 92). Contribution rates during the year were **16.3%** (2023: 16.3% until 31st March 2020 then 16.30% from 1st April 2020) for employers and range from 5.5% to 12.5% for employees, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

For UK DB pension schemes it is common to set long term RPI inflation based on long term gilt market-implied expectations (known as "break even RPI"), often less an inflation risk premium to allow for supply/demand factors, and for long term CPI inflation to be set with reference to RPI inflation less a "wedge" reflecting established differences in index construction, as there is no deep-market in CPI-linked instruments. On 4 September 2019, the UK Chancellor and the UK Statistics Authority jointly published correspondence confirming that: a public consultation to amend the flawed RPI index would start in January 2020 (subsequently postponed to March 2020 and ended on 21 August 2020), there would be no change to RPI until 2025 at the earliest, and The UK Statistics Authority could change RPI from 2030 without government consent, and their intention is to align RPI to CPIH (CPIH is CPI with allowance for housing costs; the two are assumed to be similar over the long term). Following these announcements the derivation of the CPI assumption has changed at 31 July 2020. Based on the sensitivity information provided by Fund Actuary, the impact of the changes on approach when setting the CPI assumption is expected to have a £2,777k increase in the DBO (made up on a reduction of £3,325k from the change in IRP and an increase of £6,102k from the change in RCP-CPI wedge).

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

### Notes to the accounts Year ended 31 July 2024

	Year ended 31 July 2024	Year ended 31 July 2023
Rate of increase in salaries	3.05%	3.00%
Future pensions increases	2.85%	2.80%
Discount rate for scheme liabilities	5.05%	5.15%

#### Life expectancy

The scheme actuaries have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables have been based on Club Vita analysis. These base tables are then projected using the CMI\_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

		Year ended 31 July 2024 Years	Year ended 31 July 2023 Years
<i>Retiring today</i>	Males	20.60	20.60
	Females	23.60	23.60
<i>Retiring in 20 years</i>	Males	21.60	21.70
	Females	24.60	24.60

The College's estimated share of the assets in the plan and the expected rates of return were:

	%	Fair Value at 31 July 2024 £'000	%	Fair Value at 31 July 2023 £'000
Equities	61%	34,553	59%	31,499
Target return portfolio	16%	9,034	18%	9,556
Infrastructure	11%	6,183	12%	6,698
Property	9%	5,110	9%	5,073
Cash	4%	2,038	2%	808
<b>Total market value of assets</b>	100%	<b><u>56,918</u></b>	100%	<b><u>53,634</u></b>

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	31 July 2024 £'000	31 July 2023 £'000
Fair value of plan assets	56,918	53,634
Present value of plan liabilities	(47,235)	(44,548)
Present value of unfunded liabilities	(358)	(374)
Impact of asset ceiling	<u>(7,941)</u>	<u>(2,510)</u>
<b>Net pensions asset (Note 16)</b>	<b><u>1,384</u></b>	<b><u>6,202</u></b>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

#### Amounts included in staff costs

Current service cost	<u>583</u>	<u>1,148</u>
	<u>583</u>	<u>1,148</u>

#### Amounts included in investments income

Net interest (expense)/ income on the defined liability	<u>(312)</u>	<u>175</u>
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## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

Notes to the accounts  
Year ended 31 July 2024

	31 July 2024 £'000	31 July 2023 £'000
<b>Amounts recognised in other comprehensive income</b>		
Return on pension plan assets	973	(227)
Other actuarial gains/(losses) on assets	-	128
Experience losses arising on defined benefit obligations	214	(2,891)
Changes in assumptions underlying the present value of plan liabilities	(1,030)	14,485
Changes in demographic assumptions	99	2,489
Changes in effect of asset ceiling	(5,302)	(2,510)
	<u>(5,046)</u>	<u>11,474</u>

**Movement in net defined benefit liability during the year**

	31 July 2024 £'000	31 July 2023 £'000
Surplus/(deficit) in scheme at 1 August	6,202	(4,535)
Movement in year:		
Current service cost	(583)	(1,148)
Employer contributions	499	586
Unfunded pension payments	33	33
Net interest on the defined liability	312	(175)
Actuarial gain or loss	(5,046)	11,474
Settlement and curtailments	(33)	(33)
<b>Net defined benefit asset at 31 July</b>	<u>1,384</u>	<u>6,202</u>

**Asset and Liability Reconciliation****Changes in the present value of defined benefit obligations**

	31 July 2024 £'000	31 July 2023 £'000
<b>Defined benefit obligations at start of period</b>	44,922	57,835
Current Service cost	539	1,043
Interest cost	2,294	1,938
Contributions by Scheme participants	198	208
Changes in financial assumptions	1,030	(14,485)
Change in demographic assumptions	(99)	(2,489)
Experience (gains)/loss on defined benefit obligations	(214)	2,891
Estimated benefits paid	(1,088)	(2,091)
Past Service cost including curtailments	44	105
Unfunded pension payments	(33)	(33)
<b>Defined benefit obligations at end of period</b>	<u>47,593</u>	<u>44,922</u>

**Reconciliation of Assets**

<b>Fair value of plan assets at start of period</b>	53,634	53,300
Interest on plan assets	2,751	1,790
Return on plan assets	973	(227)
Other actuarial gains/(losses)	-	128
Employer contributions	499	586
Contributions by Scheme participants	198	208
Estimated benefits paid	(1,121)	(2,124)
Administration expenses	(16)	(27)
<b>Assets at end of period</b>	<u>56,918</u>	<u>53,634</u>

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<b>Opening impact of asset ceiling</b>	2,510	-
Interest on impact of asset ceiling	129	-
Actuarial losses / (gains)	<u>5,302</u>	<u>2,510</u>
<b>Closing impact of asset ceiling</b>	<b>7,941</b>	<b>2,510</b>

**Sensitivity analysis**

	£000s	£000s	£000s	£000s	£000s
<b>Adjustment to discount rate</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>
Present value of total obligatio	44,272	46,897	47,593	48,306	51,340
Projected service cost	482	546	564	582	659
<b>Adjustment to long term salary increas</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>
Present value of total obligatio	47,717	47,618	47,593	47,569	47,472
Projected service cost	564	564	564	564	564
<b>Adjustment to pension increases and d</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>
Present value of total obligatio	51,282	48,296	47,593	46,906	44,310
Projected service cost	662	582	564	546	479
<b>Adjustment to life expectancy assumptions</b>		<b>+1 Year</b>	<b>None</b>	<b>- 1 Year</b>	
Present value of total obligation		49,229	47,593	46,016	
Projected service cost		584	564	544	

**AVIVA**

London South Bank University Group Defined Contribution Scheme: The College provides a defined contribution pension scheme, through Aviva, for employees of SW4 Catering Ltd and, from 1st April 2021, for new professional services staff employed by South Bank Colleges. At 31 July 2024 the College Group had 60 members participating in the scheme. The College Group's contribution to the Aviva scheme for the year ending 31 July 2024 was £146,152 (2023: £96,424) and employer's contribution rates ranged from 8%-10%. Pension contributions payable at 31 July 2024 were £11,819(2023: £14,061).

**NEST**

NEST is a multi-employer defined contribution pension scheme available to a very small number of eligible employees. Pension contributions are not material to these Financial Statements.

## SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2023-24

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**22 Related party transactions**

The accounts of SW4 Catering Limited, a wholly owned subsidiary, are incorporated into these financial statements. During the year intercompany trading amounted to £483,000 (2023: £485,000). At the year-end SW4 owed SBC £75,000 (2023:£73,000).

Owing to the nature of the College's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

During the year, two Trustees were also Trustees of London South Bank University, of which South Bank Colleges is a subsidiary. Purchase transactions in commercial terms for the period amounted to £213k (2023: £220k) and there was £37,690k (2023: £36,708k) outstanding at period end as shown as amount owed to parent undertakings in note 15. During the period the College borrowed £1m (2023: £4m) from LSBU. A Governor is a Cabinet Member for Lambeth Council. During the year the College invoiced the Council £1.4m of income in relation to higher needs funding and other support.

-- END OF NOTES --