



Annual Report and Financial Statements
2024-25

SOUTH BANK COLLEGES

Report and Financial Statements for the year ended 31 July 2025

Company Number 11495376

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KEY MANAGEMENT PERSONNEL, BOARD OF TRUSTEES AND PROFESSIONAL ADVISERS

Key management personnel

Four individuals (2024: five) are declared as key management personnel in 2024/25 in the financial statements - these were:

| Name | Position Held |
|---|---|
| Fiona Morey | Executive Principal |
| Monica Marongiu | Principal – Lambeth Gateway College |
| Wayne Wright (resigned 31/08/25) | Principal – London South Bank Technical College |
| Craig Hanlon-Smith (appointed 01/09/25) | Principal – London South Bank Technical College |
| Chris Knell | Vice Principal Finance and Performance |

The Accounting Officer during the year was:

| Role holder | Period |
|--|---|
| Professor David Phoenix (Vice Chancellor of London South Bank University and Group CEO) | To 30 th April 2025 |
| Professor Deborah Johnston (Interim Co-Vice Chancellor of London South Bank University and Co-Group CEO) | From 1 st May 2025 to 8 th September 2025 |
| Mr Paul Kett (Vice Chancellor of London South Bank University and Group CEO) | From 8 th September 2025 |

Board of Trustees

A full list of the Board of South Bank Colleges is given on page 14 of these financial statements.

Registered Address

South Bank Colleges registered address is 103 Borough Road, London, SE1 0AA

Professional Advisors

Solicitors

Shakespeare Martineau LLP
1 Colmore Square Birmingham
B4 6AA

Eversheds Sutherland (International) LLP
70 Great Bridgewater Street Manchester
M1 5ES

External Auditor

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

Internal Auditor

KPMG LLP
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 2025, which includes the strategic and director's' report required under the Companies Act 2006.

These financial statements are for South Bank Colleges (the College) and its dormant wholly-owned subsidiary undertakings SW4 Catering Limited (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 0AA. 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 2025 and up to the date of this report are listed on page 13. The Trustees are also directors under the Companies Act 2006.

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.

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). The members of the Governing Body, who are trustees of the charity, are disclosed on page 14.

Mission & Vision

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

College Plans & Strategy

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 2026 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 focused 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 residents
- Increase the number of adults engaged in training and upskilling and reskilling
- Provide bespoke provision tailored to meet local demand, 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 over five years ago, 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 and the merging of professional service teams where appropriate. 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.

The Group is undertaking the creation of the 2026-2030 Corporate Strategy, this is ongoing with input from SBC and publication expected to take place in early 2026.

Estates Strategy

South Bank Colleges (SBC) has embarked on a major redevelopment of its Nine Elms campus (formerly Vauxhall) as part of its long-term Estates Strategy. At the centre of this redevelopment is the creation of a Science, Technology, Engineering, Arts, and Mathematics (STEAM) Centre, designed to serve as a hub for innovation and technical excellence. The first phase of this development was successfully completed and opened in Spring 2023, part-funded through the Greater London Authority (GLA).

This redevelopment represents the first significant step in implementing the College's estate

strategy across its three main sites — Nine Elms, Clapham, and Brixton. Each campus will provide a clearly defined, distinct, and branded educational offer aligned with local “travel to learn” patterns, ensuring that learners and employers across South London can access high-quality, relevant provision.

Following the completion of the second phase, scheduled for 2029, LSBTC will comprise two buildings with a target of 10,000 learners enrolled; and is the first new comprehensive technical education college in a generation constituting a £100 million investment by LSBU Group in developing new learning pathways. Future blocks will focus on Health Science and Business specialisms. Teams at LSBTC are working closely with the University and key stakeholders on the development of the medtech provision in Lambeth.

Clapham Campus

The Gateway Centre at the Clapham Campus is the second phase of the development which will focus on Gateway provision, delivering programmes in English, Mathematics, ESOL (16-18s) and Digital Skills, alongside tailored support for entry to employment. The Centre will continue to host the College’s Special Educational Needs and Disabilities (SEND) provision, supporting students in developing employability skills and progressing to higher-level qualifications at Levels 3 and 4. Between 2019/20 and 2024/25, the College supported over 10,000 adults to complete ESOL courses, over 4,500 individuals to achieve an English qualification, and 5,500 individuals to achieve a maths qualification.

Brixton Campus

The Brixton Campus is firmly established as a Centre of Excellence for English for Speakers of Other Languages (ESOL). It provides a comprehensive offer that includes employment preparation and digital skills, supporting progression routes to the London South Bank Technical College and beyond.

Nine Elms Campus

The London South Bank Technical College, located at the Nine Elms Campus, forms the cornerstone of the College’s technical education strategy. This new institution delivers an innovative, employer-led model of further education that integrates academic learning with practical skills development. Through active collaboration with local employers, the curriculum ensures that teaching remains current, industry-informed, and directly linked to real-world applications, thereby providing clear pathways into technical and professional careers.

Situated within the Vauxhall Nine Elms Battersea Opportunity Area (OA) — which spans the boroughs of Lambeth and Wandsworth — the campus benefits from its strategic location within one of London’s most dynamic growth zones.

The masterplan, continuing to be developed in detail throughout this year, for the Nine Elms development adopts a phased approach, ultimately delivering 25,000 square metres of educational space. Together with the modernised facilities at Clapham and Brixton, this will result in a 25% reduction in gross floor space compared with the former Lambeth College estate in 2015, reflecting a more efficient, sustainable, and fit-for-purpose educational infrastructure.

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 2025 with net assets of £34.8m (2024: £37.7m). This includes net pension liability provision of £1.6m (2024 £0m). Cash reserves were £1.1m (2024: £0.1m).

The College employed 279 full time equivalent staff in 2024/25 (2024: 301). Of these, 112 were teaching staff (2024: 113). Tangible resources at 31 July 2025 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 centre, of which £7.1m is recognised as assets under construction. (2024: £5.7m).

Current performance

Student numbers and related achievements

In the year to 31 July 2025 the College recorded overall 87.8% (2024: 87.4%) achievement (completed and passed) for 17,969 qualifications (2024: 15,775). There were notable improvements in 16–18 learner achievement up to 88.1%, (2024: 82.7%) and continued success among adult learners, whose results exceed national levels by 1.7%.

Based on 2024/25 performance, coupled with the Ofsted (January 2025) inspection analysis, the college is self-assessing as Good, with outstanding for adult programmes, high needs learners, personal development and reasonable for its contribution to meeting skills needs. South Bank Colleges was judged as 'GOOD' following the Ofsted inspection in March 2025, maintaining the 'GOOD' grade it was awarded in March 2022. This consistent performance reflects effective teaching and learning strategies, robust quality assurance, and targeted intervention for underperforming courses. Apprenticeship provision at the College was 'Requires Improvement', disappointing but as expected from an earlier self-assessment exercise. This is an area of focus for the next review.

The delivery of teaching, learning and assessment has continued to improve in science and engineering resulting in improvements in achievement in excess of 94% overall. Five out of twelve vocational curriculum areas have an end of year achievement rate of above 90% for all learner groups. 16-18 achievement is above 90% in Education and Early Years, Engineering and Science, Inclusive Learning, and Health and Sport. It is 88% and 89% in Professional Services and Construction respectively and above 86% in English for Speakers of Other Languages - Education Programmes for Young People (ESOL EPYP). These are above and in some cases significantly above national averages.

However, there are notable exceptions in Creative and Digital Arts at Nine Elms, and Programmes for Apprentices both of which require improvement. These will be a focus for the SBC leadership team over the next review cycle.

The Ofsted report notes that:

“Learners from a wide range of backgrounds and circumstances feel welcomed at the college. There is a strong culture of inclusion, where learners and apprentices feel safe and valued. Staff at all levels foster an understanding of diversity, which helps learners appreciate each other’s differences. Learners respond very positively to the high ambitions that staff have for them. They understand how they can build their qualifications and experience at the college and beyond, from entry level through to level 7. Learners gain the confidence to raise their aspirations beyond their initial studies. A very high proportion move on to higher levels of study or into work”.

Ofsted January 2025

Furthermore, achievement for learners with high needs is outstanding at 5% above national averages and a 9% improvement on 2023/24.

“Teachers and support staff make good use of education and healthcare plans for learners with SEND, in order to set purposeful targets and pace them through their education. They integrate therapies effectively for those learners who need them. Learners on supported internships have very effective placements in a local hospital. They thrive in an atmosphere where staff are positive about encouraging young people with SEND to learn. In return, learners respond positively to the carefully chosen tasks that staff set for them”

Non Financial KPI's

| KPIs | 2024/25 Actual | 2024/25 targets | 2025/26 target |
|--|----------------|-----------------|----------------|
| 16- 19 year old funded learner numbers | 1,638 | 1,508 | 1,654 |
| Class size average | 14.9 | 15.0 | 18.0 |
| 16- 19 yr old predicted achievement | 85% | 84% | 86% |
| 19+ adult predicted achievement | 89% | 89% | 90% |
| Apprenticeship predicted achievement | 50% | 50% | 60% |
| Attendance | 80.5% | 90% | 83% |
| Positive Student destination | NA | 90% | 93% |

Financial Results for the Year

South Bank Colleges' performance against prior year is summarised in the table below:

| Key performance Indicator | Actual to 31 July 2025 | Previous Year 31 July 2024 |
|---|---------------------------|-------------------------------|
| (Deficit) before actuarial losses | (£2.4m) | (£2.3m) |
| EBITDA (Education Specific) | (£0.2m) | (£1.3m) |
| Staff Cost / Income ratio (excluding restructuring, FRS102 and subcontracted activity) | 61.6% | 62.6% |
| Cash at 31 July | £1.1m | £0.1m |

Total income for the year to the end of July 2025 was £32.3m (2024: £31.4m). The majority of income was from Funding Body Grants at 84.7% (2024: 83.9%). The main changes in income during the year to July 2025 reflect strong recruitment for both 16-19 and 19+ students. The College saw 13.5% growth in tuition fees and education contracts to £4.1m (2024: £3.6m) and 3.7% growth in funding body grants to £27.3m (2024: £26.4m).

Staff costs for the year to the end of July 2025 were £20.0m (2024: £19.7m), consisting of £16.8m payroll costs (2024: £16.0m) and £3.0m contracted out costs (2024: £3.5m). Given cost of living awards in the sector, applied at SBC, the limited £0.3m increase in total staff costs and a £0.5m reduction in contracted out costs reflects successful recruitment and cost control at a time of strong recruitment of students and the challenging recruitment market experienced by the sector. Contractual restructuring and redundancy costs totalled £0.2m (2024: £0.2m)

Other operating expenses for the year to the end of July 2025 were £11.4m (2024: £11.3m).

The College reports a deficit of £2.4m (2024: deficit £2.3m). The College continues to address this deficit over time through a mix of cost efficiency work and student number growth. SBC continues to grow, short term in its existing spaces but longer term is seeking to also provide additional teaching space. SBC's DfE Financial Health grade is submitted as 'Requires Improvement' with plans to achieve 'Good' in 2026/27.

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 has the objective of retaining sufficient liquid funds to operate efficiently whilst contributing to ongoing, current and past capital investments.

The College had £0.1m in net operating cash outflows in the year to 31 July 2025 (2024: £1.7m). The College spent £1.5m on investing activities (2024: £3.4m). The College ended the year with cash balances of £1.1m (2024: £0.1m).

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 £33.7m (2024: £37.7m).

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. In the year to 31 July 2025 46% (2024: 60%) of suppliers were paid within 30 days of the invoice date and 70% (2024: 67%) were paid within 60 days. The College has recently moved to a shared accounts payable service at Group level and improvements from technology and new staffing should support improvements over the next 12 months.

College Companies

The College has two subsidiary companies SW4 (Catering) Limited (09125790) and South Bank Skills Limited (13286529). As at 31st July 2025, and throughout the accounting year, both were dormant and so exempt from producing their own financial statements. SW4 (Catering) last traded in the 2022-23 financial year.

Both companies are registered at 103 Borough Road, London, England, SE1 0AA

Future prospects

The student numbers at SBC continue to grow and there are aspirations to expand further once we have delivered our multiphase estates plan. The development of the new site at Nine Elms and the opening of the London South Bank Technical College in April 2023 brought with it the opportunity to increase the provision of Level 3 and 4 courses and has seen an expansion of our 16-19 funded student numbers.

We are continuing to investigate expansion opportunities via building new spaces and provision at Nine Elms Vauxhall. There is also an aspiration to expand the range of courses at the LSBU Southwark site at Elephant & Castle beyond the current Counselling and Patisserie & Confectionery offers.

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.

Financial Plan

The financial performance of the College has seen year-on-year improvements. The SBC Board approved a budget in July 2025 that includes 10-year modelling and a return to 'Good' financial health in 2026/27. The costed curriculum plan and strong student recruitment in 2024/25 and 2025/26 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, due to open in 2027 and an additional building at the STEAM campus at Nine Elms in the later part of the decade. These will be funded by planned land sales at both sites.

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 Strategic and Directors' 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 2025.

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 sales at both Nine Elms Vauxhall and Clapham are 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.

Whilst the land sales have been delayed versus their original timeline, and there have been changes and challenges with development partners, SBC now has a plan to resolve the various sites as individual propositions. This simpler, multistage process, will allow the College to plan affordability around key disposals before investments are made back into the estates.

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 value of land sales. The development plans are being recast and the early land sale negotiations are at an advanced stage.
- Insufficient space to deliver the curriculum during the decant phase (2025-27). 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. Work is underway to see if additional spaces from wider Group estate could provide extra capacity.
- 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.
- Cyber security risks continue to be prevalent in the wider education sector. Following a minor cyber incident in November / December 2024, the College's response and resilience has been tested and the impact on educational operations was minimal.

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.

SBC 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 whole LSBU Group participate in projects to benefit residents and businesses in the borough.

External Environment

With Labour now in Government for over a year, their expectations for higher and further education are beginning to come into focus and appear to align well with many elements of LSBU Group's work. The Government's Industrial Strategy identified eight priority sectors (IS-8) that have the greatest growth potential over the next decade and have a 'critical role to play in supporting economic security and resilience, net zero and regional growth'. The sectors are: Advanced Manufacturing, Creative Industries, Clean Energy Industries, Digital and Technologies,

Professional and Business Services, Life Sciences, Financial Services and Defence.

The Government has made it clear, through numerous publications, its desire to support course provision that align to these sectors. As there is significant overlap between the IS-8 and LSBU Group's portfolio, including at SBC, this provides an opportunity for us to take advantage of new funding opportunities if and when they are announced.

The Post 16 Education and Skills White Paper, published in October 2025, includes the ambition to 'bring higher and further education providers closer together'. This will include a commitment to unifying all regulation of Level 4+ courses, which should help to reduce regulatory burden for the Group, particularly around apprenticeships and sub-degree provision.

Additionally, the Government wants to see 'making student support for level 6 degrees conditional on the inclusion of break points in degree programmes'. This should help improve awareness of sub-degree provision. Combined with the introduction of the Lifelong Learning Entitlement in January 2027 making student financing simpler, this may provide an opportunity for South Bank Colleges to increase its sub-degree provision.

Further details of the Skills and Growth Levy were included in the Post-16 White paper – including that short courses will be called 'apprenticeship units' and will be available in 'critical skills areas' from April 2026. The amount of levy an employer can use on 'apprenticeship units' and what kind of courses will be fundable is yet to be confirmed. The risk and opportunities of this proposal are therefore hard to determine.

Further details of the Lifelong Learning Entitlement have been published by the Government with learners being able to apply for LLE funding from September 2026 for courses starting from January 2027 onwards. The ability for learners to access the LLE to fund Level 4 courses at SBC's LSBTC may potentially see growth in this provision.

The Government is also developing a new devolution agenda. In London, this has seen the development of a London Growth Plan and Inclusive Talent Strategy, which will see the GLA transition from a learner-led model of commissioning adult education to an employer-led model, in addition to coordinating a 'massive investment in green skills'.

The Government will also be giving joint responsibility to Employer Representative bodies and Mayoral Combined Authorities / Strategic Authorities for the next round of Local Skills Improvement Plans, aspects of which SBC is well positioned to respond to.

The LSBU Group will remain adaptable to take advantage of these opportunities. SBC will ensure that we continue to be seen as an enterprising educational institution 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

South Bank Colleges is committed to advancing Equity, Diversity and Inclusion. This ethos is reflected in our college values. All students and staff benefit from an inclusive college community which appreciates and celebrates our different backgrounds and cultures.

SBC celebrates and values the diversity brought to its workforce and learner population by individuals and believes that the College benefits from recruiting staff from a variety of backgrounds, thus allowing it to better meet the needs of its diverse student population.

We have an effective EDI Committee, who ensure that we work towards raising awareness of our diversity, eliminating barriers and narrowing gaps in retention, achievement and development between those who have a protected characteristic and those who have not. It is our statutory duty to meet the three specific Equality Duty requirements:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- Advance equality of opportunity between people of different groups
- Foster good relations between people from different groups

The above aims are in accordance with those outlined in the general duties of the Equality Act 2010.

The College has clearly established structures, policies and procedures and monitoring arrangements in place with regard to Equity, Diversity and Inclusion (EDI). An Action Plan is in place and monitored regularly by the EDI Committee.

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.

Staff policies and practices support relevant access and adjustments to the work environment, including for those that become disabled whilst in employment and recruitment practices are in place to promote equality of opportunity for jobs at the College.

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 |
| 4 | 3.50 |

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 0 |
| 1-50% | 4 |
| 51-99% | 0 |
| 100% | 0 |

| | |
|---|-----------------|
| Total cost of facility time | £19k |
| Total pay bill | £16,750k |
| Percentage of total bill spent on facility time | 0.11% |
| Time spent on paid trade union activities as a percentage of total paid facility time | 100% |

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.

Independent Auditors

RSM UK Audit LLP will be considered for reappointment as external auditors for the 2025-26 financial year.

Approved by the Board of trustees of South Bank Colleges on 29 January 2026 and signed on its behalf by:



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 2024 to 31 July 2025 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”). Whilst not having adopted the UK Corporate Governance Code 2018 the College has due regard to its principles and guidance. 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 2025. 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 carried out an annual assessment of its effectiveness in 2024 and implemented a range of outcomes which supported the principles of good governance and effective oversight.

In February 2024, the Board agreed its annual development programme which focussed on financial sustainability, quality of education and progressing the estates plan. 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 no less than three times a year with additional meetings being convened as required. Formal agendas, papers and reports are supplied to Trustees in a timely manner, prior to Board meetings. Briefings are provided as required.

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 Committee
- Audit Committee
- Remuneration Committee

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.

The group governance office 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 Group Company Secretary, who is 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.

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 2025 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 2024 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 | 4 June 25 | Ex officio | Accounting Officer | Board 100% Remuneration 100% |
| Sue Dare | 1 Oct 18 | | 2 terms of 4 years | Independent Trustee, new Vice Chair of Board | Board 88% Quality and Improvement 100% |
| Stephen Balmont | 1 Feb 19 | | 1 term of 4 years and 2 nd term of 3 years | LSBU appointed trustee | Board 88% Audit 100% Remuneration 100% |
| Mee Ling Ng | 1 Feb 19 | 15 July 25 | 1 term of 4 years and 2 nd term of 2 years | LSBU appointed trustee | Board 75% Audit 100% |
| Nigel Duckers | 12 Apr 19 | 3 March 25 | 2 terms of 4 years | Staff Trustee | Board 75% Quality and Improvement 0% |
| Ruth Farwell | 7 May 19 | | 2 terms of 4 years | LSBU appointed trustee and Chair of the Board | Board 100% Remuneration 100% |
| Paul Kett | 8 September 2025 | | Ex officio | Accounting Officer | N/A |
| Thesia Kouloungou | 5 May 23 | 20 August 2025 | 2 terms of 4 years | Independent Trustee | Board 75% Quality and Improvement 100% |
| Issa Issa | 6 May 24 | | 2 terms of 4 years | Independent Trustee | Board 63% Quality and Improvement 33% |
| Nyla Rae Graham | 10 Oct 24 | 15 June 25 | Ex officio | Student Trustee | Board 14% Quality and Improvement 0% |
| Deborah Johnston | 1 June 25 | 8 September 2025 | Ex officio | Accounting Officer | Board 100% |
| Lydia Song | 15 July 25 | | 1 term of 4 years | Independent Trustee | Board 100% |
| Christopher French | 8 Oct 25 | | 1 term of 4 years | Independent Trustee | N/A |
| Karlene Morrison-Briscoe | 5 Nov 25 | | 1 term of 4 years | Staff Trustee | N/A |
| Sophia Okosun | 18 Oct 25 | | Ex officio | Student Trustee | N/A |

The Clerk to the Board is Samuel Curtis

Quality & Improvement Committee

The Quality & Improvement Committee comprises of 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) of LSBU attends the meetings of this Committee.

Audit Committee

The Audit Committee comprises of 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 a minimum of three times a year. The Chair of the of the Group Audit & Risk Committee is also a co-opted member of the Committee.

Remuneration Committee

The Remuneration Committee comprises of 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.

Section 172 Statement

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.

The duty to promote the success of the Group is defined in the Companies Act 2006, Section 172:

A director of a company must act in the way he/ she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. The likely consequences of any decision in the long term*
- b. The interests of the company's employees*
- c. The need to foster the company's business relationships with suppliers, customers and others*
- d. The impact of the company's operations on the community and the environment*
- e. The desirability of the company maintaining a reputation for high standards of business conduct*
- f. The need to act fairly as between members of the company.*

Section 172(f) is not relevant to LSBU as the University's Governing Body are the members of the company given that it is a company limited by guarantee.

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

- Education & Skills Funding Agency (ESFA) / Department for Education from 1 April 2025
- Office for Students (OfS)
- Department for Education (DfE)
- Greater London Authority (GLA)
- Ofsted
- FE Commissioner

- Students
- Parents, Guardians and Families
- Staff
- Local employers (with specific links) and Industry Partners
- Local Communities
- Local Authorities and the local community
- Other FE & HE institutions
- Trade unions and Professional bodies.
- Department for Work and Pensions
- Awarding and Exam Bodies
- Trade Unions (i.e. UCU and Professional Associations (i.e. AOC))

The College acknowledges the significance of maintaining effective relationships with its key stakeholders and actively engages in regular communication through scheduled meetings, collaborative initiatives, and joint activities. For example, the College holds strategic partnership meetings with local employers, local authorities, community organisations, and sector bodies to ensure that its educational provision remains responsive to local and regional workforce needs.

The College places a high value on transparent and consistent communication with its staff. To this end, it issues regular updates, including a monthly briefing from the Executive Principal during term time and a weekly newsletter, which provide information on institutional developments, policy updates, and staff achievements.

Staff and student participation in the College's decision-making processes is strongly encouraged. This is facilitated through representation on formal committees and focus groups, such as the Student Voice Meeting and the Equality, Diversity and Inclusion Committee. In addition, regular staff surveys are undertaken to gather feedback and inform continuous improvement across all areas of operation.

Furthermore, the College seeks to capture the views of both students and employers through student satisfaction and employer perception surveys, ensuring that stakeholder feedback directly informs curriculum development, quality enhancement, and strategic planning.

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 Vice Chancellor and 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 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 2025/26. Major investments also come to the Board for authority in relation to the estates development plan. In addition, there was one Board strategy day where trustees considered; governance, group integration, estates development, financial risks and 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 2025 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 to 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 2025 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 Vice Principal Finance & Performance 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 Vice Principal Finance & Performance 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 2025 meeting, the Board carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the SLT and internal audit, and taking account of events since 1 August 2024.

The Annual Internal Audit Report for 2024/25 produced by the internal auditors, KPMG, 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. The review pointed to areas for improvement on systems and processes around vacancy management being addressed by consistent use of the Group HR system and IT asset management policies being updated over the next 12 months.

Approved by the Board on 29 January 2026 and signed on its behalf by:



Ruth Farwell
Chair



Paul Kett
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 DfE and has considered its responsibility to notify DfE 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 DfE, 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 DfE.



Paul Kett
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.



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) / DfE 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 2024 to 2025 the College Accounts Direction 2024 to 2025 issued by the ESFA / DfE 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
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 subsidiary (the "Group") for the year ended 31 July 2025 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 Department for Education. 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 2025 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 Department for Education.

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 trustees 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 trustees 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 Trustees' Report 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 Trustees' Report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the Office for Students Accounts Direction

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) 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 Report of Trustees'.

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education require 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 2 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 20, the Trustees (who are also the directors and members of the college 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, Charities Act 2011 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 and reviewing income transactions to test whether these have been recognised in line with the applicable accounting policy.

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 30th January 2026

Consolidated and College Statements of Comprehensive Income and Expenditure Year ended 31 July 2025

| | Note | CONSOLIDATED | | COLLEGE | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 4,062 | 3,579 | 4,062 | 3,579 |
| Funding body grants | 2 | 27,347 | 26,367 | 27,348 | 26,367 |
| Other income | 3 | 477 | 774 | 477 | 774 |
| Interest receivable | 4 | 14 | 329 | 14 | 329 |
| Donations | 5 | 390 | 390 | 390 | 390 |
| Total income | | 32,290 | 31,439 | 32,291 | 31,439 |
| Expenditure | | | | | |
| Staff costs | 6 | 19,999 | 19,680 | 19,999 | 19,197 |
| Other operating expenses | 8 | 11,416 | 11,272 | 11,416 | 11,755 |
| Depreciation and amortisation | 11-12 | 3,250 | 2,755 | 3,250 | 2,755 |
| Interest and other finance costs | 10 | - | - | - | - |
| Total expenditure | | 34,665 | 33,707 | 34,665 | 33,707 |
| Deficit before other gains and losses | | (2,375) | (2,268) | (2,374) | (2,268) |
| Deficit before tax | | (2,375) | (2,268) | (2,374) | (2,268) |
| Taxation | | - | - | - | - |
| Deficit for the year | | (2,375) | (2,268) | (2,374) | (2,268) |
| Actuarial (loss) in respect of pension schemes and other movements | 16 | (1,681) | (5,167) | (1,681) | (5,167) |
| Total comprehensive (expenditure) for the year | | (4,056) | (7,435) | (4,055) | (7,435) |
| Represented by: | | | | | |
| Unrestricted comprehensive (expenditure) for the year | | (4,056) | (7,435) | (4,055) | (7,435) |

All items of income and expenditure relate to continuing activities

Consolidated and College Statements of Changes in Reserves

Year ended 31 July 2025

| | Income and Expenditure Reserve | Total Reserves |
|---|--------------------------------------|-------------------|
| Consolidated | £'000 | £'000 |
| Balance at 1 August 2023 | 45,178 | 45,178 |
| 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) |
| Balance at 1 August 2024 | 37,743 | 37,743 |
| Deficit from the income and expenditure statement | (2,375) | (2,375) |
| Other comprehensive expenditure | (1,681) | (1,681) |
| Total comprehensive expenditure for the year | (4,056) | (4,056) |
| Balance at 31 July 2025 | 33,687 | 33,687 |
| College | | |
| Balance at 1 August 2023 | 45,267 | 45,267 |
| 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) |
| Balance at 1 August 2024 | 37,832 | 37,832 |
| Deficit from the income and expenditure statement | (2,374) | (2,374) |
| Other comprehensive expenditure | (1,681) | (1,681) |
| Total comprehensive expenditure for the year | (4,055) | (4,055) |
| Balance at 31 July 2025 | 33,775 | 33,775 |

Consolidated and College Balance Sheets

As at 31 July 2025

| | Note | Consolidated | | College | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Non-current assets | | | | | |
| Tangible fixed assets | 11 | 109,609 | 112,077 | 109,609 | 112,077 |
| Intangible assets | 12 | 10 | 12 | 10 | 12 |
| | | <u>109,619</u> | <u>112,089</u> | <u>109,619</u> | <u>112,089</u> |
| Current assets | | | | | |
| Debtors | 13 | 3,999 | 1,276 | 4,087 | 1,351 |
| Cash and cash equivalents | 17 | 1,081 | 122 | 1,081 | 122 |
| | | 5,080 | 1,398 | 5,168 | 1,473 |
| Creditors: amounts falling due within one year | 14 | <u>(7,715)</u> | <u>(6,642)</u> | <u>(7,715)</u> | <u>(6,628)</u> |
| Net current assets / (liabilities) | | <u>(2,635)</u> | <u>(5,244)</u> | <u>(2,547)</u> | <u>(5,155)</u> |
| Total assets less current liabilities | | 106,984 | 106,845 | 107,072 | 106,934 |
| Creditors: amounts falling due after more than one year | 15 | (71,722) | (69,192) | (71,722) | (69,192) |
| Provisions | | | | | |
| Pension provisions | 16 | (1,575) | 90 | (1,575) | 90 |
| Total net assets | | <u>33,687</u> | <u>37,743</u> | <u>33,775</u> | <u>37,832</u> |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve | | <u>33,687</u> | <u>37,743</u> | <u>33,775</u> | <u>37,832</u> |
| Total Reserves | | <u>33,687</u> | <u>37,743</u> | <u>33,775</u> | <u>37,832</u> |

The financial statements were approved by the Board of Trustees on 29 January 2026 and were approved and authorised for issue on their behalf by:



Ruth Farwell (Chair)



Paul Kett (Accounting Officer)

Consolidated Statement of Cash Flows

Year ended 31 July 2025

| | Note | 2025 £'000 | 2024 £'000 |
|--|------|---------------|----------------|
| Cash flow from operating activities | | | |
| Deficit for the year | | (2,375) | (2,268) |
| Adjustment for non cash items | | | |
| Depreciation | | 3,250 | 2,755 |
| Release of government capital grant | | (1,467) | (1,742) |
| Interest payable | | - | - |
| (Increase) / Decrease in debtors | | (2,723) | 4,486 |
| Decrease / (Increase) in creditors | | 3,243 | (4,305) |
| Pension costs less contributions payable | | 122 | (166) |
| Increase in provisions | | (138) | (131) |
| Adjustment for investing or financing activities | | | |
| Investment income | | (14) | (329) |
| Net cash outflow from operating activities | | (102) | (1,700) |
| Cashflows from investing activities | | | |
| Payment to acquire tangible fixed assets | | (1,517) | (3,409) |
| Capital grant receipts | | 1,563 | 2,818 |
| Investment income | | 14 | 329 |
| | | 60 | (262) |
| Cashflows from financing activities | | | |
| Additional funding from parent undertaking | | 1,000 | 1,000 |
| | | 1,000 | 1,000 |
| Increase in cash and cash equivalents during the year | | 959 | (961) |
| Cash at bank and on deposit at the start of the year | | 122 | 1,083 |
| Cash at bank and on deposit at the end of the year | | 1,081 | 122 |

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 consolidated financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019; the College Accounts Direction 2024 to 2025; Companies Act including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 under the historical cost convention. 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 which is the functional currency of the group 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. SW4 Catering Limited was incorporated on 10th July 2014 and did not trade during the year to 31st July 2024 or the year to 31st July 2025. South Bank Skills Limited was incorporated on the 23rd March 2021 and did not trade during the year to 31st July 2024 or the year to 31st July 2025. Consolidation of subsidiaries is based on the equity method. Intra LSBU Group facilities or balances are recognised at fair value, loans within the SBC group are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. Uniform policies are used for all group members

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 Strategic and Directors' 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 2025.

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, a private company incorporated in the UK (Company number 00986761). 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 a College Financial Forecast Return to DfE which 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 (EFSA/DfE and the GLA) 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.

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.

Capital Grant Funding

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.

Post-Retirement Benefits

Defined benefit retirement provision 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).

Teachers Pensions Scheme

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme, but insufficient information is 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.

Local Government Pensions Scheme (LGPS), specifically the London Pension Fund Authority (LPFA)

The LGPS-LPFA is a funded scheme. 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 triennially 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. Actuarial gains and losses are recognised immediately in actuarial gains and losses.

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 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. Any such 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 in the course of construction are accounted for at cost, less any identified impairment loss, based on the value of Quantity Surveyors' certificates and other direct costs incurred to the end of the year. They

are not depreciated until ready/available for intended 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; or
- Substantial improvement in the quality of output or reduction in operating costs; or
- 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.

Intangible assets

Software costing less than £10,000 per individual item or group of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. All other software is capitalised as an intangible asset and amortised at 25% per annum, unless the specific asset is judged to have a longer useful life, then this is used.

Leased Assets

Operating lease rentals are charged to income in equal annual amounts over the lease term. Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The Finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

Cash flows and cash equivalents

Cash flows comprise increases or decreases in cash. Cash and cash equivalents include cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty-four hours without penalty. The College may place deposits with the LSBU parent company in line with the approved Treasury Management Policy.

Liquid resources comprise assets which in normal practice are generally convertible to cash and cash equivalents. They include term deposits held as part of the College's treasury management activities.

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 19, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Financial instruments

The College enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and potentially loans from banks or other funders.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and account receivables and payables, are initially measured at the transaction price (adjusted for transaction cost) and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. The College does not offer extended credit terms. Subsequent measurement is at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If such evidence is identified, an impairment loss is recognised in the statement of comprehensive income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. If the financial instrument has a variable interest rate the currently effective rate under the contract is used.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the College would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. At present, the College has not

offset any items.

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or
- substantially all of the risks and rewards of ownership of the financial asset have been transferred to another party; or
- when despite having retained some, but not substantially all, risks and rewards of ownership, control of the asset has been transferred to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the College derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

A financial liability is derecognised when the contract that gives rise to it is settled, sold, cancelled, or expires.

Derivatives, a non-basic financial instrument, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss within the line item the derivative relates to. Currently the College has no forward exchange contracts to cover the fluctuation in exchange rates. The College does not currently apply hedge accounting.

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 1st 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 are 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 21, 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 2025. 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.

- *Potential ex-developer partner litigation*

South Bank Colleges has received a pre-action claim for unjust enrichment 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 2024-25

Notes to the accounts
Year ended 31 July 2025

| | Consolidated | | College | |
|--|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 1. Tuition fees and education contracts | | | | |
| Adult education fees | 99 | 553 | 99 | 553 |
| Adult education fees : loan supported courses | 369 | 448 | 369 | 448 |
| Education contracts | 3,594 | 2,578 | 3,594 | 2,578 |
| | 4,062 | 3,579 | 4,062 | 3,579 |

| | Consolidated | | College | |
|---|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 2. Funding Body Grant | | | | |
| Recurrent grants | | | | |
| Education and Skills Funding Agency - adult* | 1,727 | 1,781 | 1,727 | 1,781 |
| Greater London Authority - adult funding | 10,554 | 10,612 | 10,555 | 10,612 |
| Education and Skills Funding Agency – 16 -18* | 10,519 | 9,379 | 10,519 | 9,379 |
| Education and Skills Funding Agency - apprenticeships | 1,224 | 593 | 1,224 | 593 |
| Specific grants | | | | |
| Teachers Pension Grant | 680 | 535 | 680 | 535 |
| Education Skills and Funding Agency - Other grants* | 1,176 | 1,725 | 1,176 | 1,725 |
| Releases of government capital grants | 1,467 | 1,742 | 1,467 | 1,742 |
| | 27,347 | 26,367 | 27,348 | 26,367 |

* Department of Education from 1st April 2025

| | Consolidated | | College | |
|-------------------------------|--------------|------------|------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 3. Other income | | | | |
| Residence and catering income | 225 | 249 | 225 | 249 |
| Other income | 252 | 525 | 252 | 525 |
| | 477 | 774 | 477 | 774 |

| | Consolidated | | College | |
|-------------------------------|--------------|------------|-----------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 4. Interest Receivable | | | | |
| Interest receivable | 14 | 329 | 14 | 329 |
| | 14 | 329 | 14 | 329 |

| | Consolidated | | College | |
|------------------------|--------------|-------|---------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 5. Donations | | | | |
| Unrestricted donations | 390 | 390 | 390 | 390 |

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 2024-25

Notes to the accounts
Year ended 31 July 2025

6. Staff

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

| | Consolidated | |
|--------------------|---------------------|-------------|
| | 2025 | 2024 |
| Teaching staff | 112 | 113 |
| Non teaching staff | 167 | 188 |
| | 279 | 301 |

The above numbers exclude casual staff and visiting teachers amounting to 49 (2024: 41).

| | Consolidated | | College | |
|-----------------------------------|---------------------|---------------|----------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Wages and salaries | 12,932 | 12,664 | 12,932 | 12,243 |
| Social security costs | 1,447 | 1,262 | 1,447 | 1,228 |
| Other pension costs (Note 21) | 2,371 | 2,030 | 2,371 | 2,002 |
| Payroll sub total | 16,750 | 15,956 | 16,750 | 15,473 |
| Contracted out staffing services | 3,022 | 3,544 | 3,022 | 3,544 |
| | 19,772 | 19,500 | 19,772 | 19,017 |
| Restructuring costs - contractual | 227 | 180 | 227 | 180 |
| | 19,999 | 19,680 | 19,999 | 19,197 |

The above numbers include casual staff and visting teachers

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, Principal - Lambeth Gateway College, Principal - London South Bank Technical College and the Vice-Principal Finance & Performance.

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

| | 2025 | 2024 |
|--|-------------|-------------|
| The number of key management personnel not including the Accounting Officer was: | 4 | 5 |
| The Accounting Officer role is excluded as it is not remunerated within SBC. Their substantive contract is with the LSBU Group | | |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts

Year ended 31 July 2025

The number of key management personnel and other staff who received payments under service contracts 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 | |
|----------------------|--------------|-------------|-------------|-------------|
| | 2025 No. | 2024 No. | 2025 No. | 2024 No. |
| £5,001 to £10,000 | - | - | 1 | 1 |
| £10,001 to £15,000 | - | - | 1 | - |
| £15,001 to £20,000 | - | - | 1 | - |
| £35,001 to £40,000 | - | 1 | 1 | - |
| £50,001 to £55,000 | - | - | - | 1 |
| £55,001 to £60,000 | - | - | 1 | - |
| £60,001 to £65,000 | - | - | 1 | - |
| £65,001 to £70,000 | - | - | 5 | 4 |
| £70,001 to £75,000 | - | - | 1 | 3 |
| £75,001 to £80,000 | - | - | - | 1 |
| £80,001 to £85,000 | - | - | 1 | 1 |
| £90,001 to £95,000 | - | 1 | - | - |
| £95,001 to £100,000 | 1 | - | - | - |
| £100,001 to £105,000 | 1 | 1 | - | - |
| £110,001 to £115,000 | 1 | - | - | - |
| £115,001 to £120,000 | - | 1 | - | - |
| £125,001 to £130,000 | 1 | - | - | - |
| £140,001 to £145,000 | - | 1 | - | - |
| | 4 | 5 | 13 | 11 |

FTE for key management staff is 4 (2024: 5 which includes two senior finance roles during the handover period, one serving as a consultant.)

Key management personnel compensation is made up as follows:

| | 2025 £'000 | 2024 £'000 |
|----------------------------|---------------|---------------|
| Salaries | 447 | 489 |
| Employers NI contributions | 59 | 44 |
| Pension contributions | 110 | 83 |
| | 616 | 616 |

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 role was occupied by Professor David Phoenix (Vice Chancellor of London South Bank University and Group CEO) to 30th April 2025; Professor Deborah Johnston (Interim Co-Vice Chancellor of London South Bank University and Co-Group CEO) from 1st May 2025 to 8th September 2025; and Mr Paul Kett (Vice Chancellor of London South Bank University and Group CEO) from 8th September 2025.

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts

Year ended 31 July 2025

The above compensation includes amounts paid to the Executive Principal who is the highest paid member of staff. 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 (2024: £6k).

| | 2025 | 2024 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Salary | 128 | 120 |
| Pension scheme contributions or payments in lieu of pension contributions | 38 | 31 |
| | 166 | 151 |

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

| | 2025 | 2024 |
|---|-------------|-------------|
| Executive Principal's basic salary as a multiple of the median of all staff | 4.3 | 3.6 |
| Executive Principal's total remuneration as a multiple of the median of all staff | 3.9 | 4.5 |

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 2025 2 Trustees were paid expenses totalling £1k (2024: 4 Trustees were paid £1k) for travel and subsistence.

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

| | Consolidated | | College | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 8. Other operating expenses | | | | |
| Direct Teaching costs | 5,022 | 5,466 | 5,022 | 5,466 |
| Non teaching costs | 2,728 | 3,424 | 2,728 | 3,424 |
| Premises costs | 3,666 | 2,382 | 3,666 | 2,865 |
| | 11,416 | 11,272 | 11,416 | 11,755 |

Direct teaching costs include the costs of services delivered to the College by Subcontractors and Partners of £3.4m (2024: £3.0m).

Other operating expenses are stated after charging:

| | Consolidated | | College | |
|--|--------------|-------|---------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Auditors' remuneration | | | | |
| <i>External audit</i> RSM | 123 | 80 | 123 | 75 |
| Rentals under operating leases: Plant and machinery | 36 | 82 | 36 | 82 |
| Notional rent charge matched by notional income for Brixton Campus | 390 | 325 | 390 | 390 |

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 but was dormant in 2024-25 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 | |
|---|--------------|----------|----------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| 10 Interest and other finance costs | | | | |
| Net interest on the defined benefit pension asset/liability | - | - | - | - |
| | - | - | - | - |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

11 Tangible fixed assets (Consolidated)

| | Freehold land | Freehold buildings | Long leasehold land and buildings | Fixtures, fittings and equipment | Assets in course of construction | Fixed assets total |
|--------------------------|------------------|-----------------------|--|--|--|-----------------------|
| Cost or valuation | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At August 2024 | 24,600 | 80,911 | 2,458 | 7,175 | 5,739 | 120,883 |
| Additions | - | - | - | 98 | 680 | 778 |
| Transfers | - | 1,972 | - | 1,780 | (3,752) | - |
| At 31 July 2025 | 24,600 | 82,883 | 2,458 | 9,053 | 2,667 | 121,661 |
| Depreciation | | | | | | |
| At August 2024 | - | (5,842) | (275) | (2,689) | - | (8,806) |
| Charge for the year | - | (1,667) | (50) | (1,529) | - | (3,246) |
| At 31 July 2025 | - | (7,509) | (325) | (4,218) | - | (12,052) |
| Net book value | | | | | | |
| At 31 July 2025 | 24,600 | 75,374 | 2,133 | 4,835 | 2,667 | 109,609 |
| At 31 July 2024 | 24,600 | 75,069 | 2,183 | 4,486 | 5,739 | 112,077 |

Tangible fixed assets (College)

| | Freehold land | Freehold buildings | Long leasehold land and buildings | Fixtures, fittings and equipment | Assets in course of construction | Fixed assets total |
|--------------------------|------------------|-----------------------|--|--|--|-----------------------|
| Cost or valuation | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At August 2024 | 24,600 | 80,911 | 2,458 | 7,175 | 5,739 | 120,883 |
| Additions | - | - | - | 98 | 680 | 778 |
| Transfers | - | 1,972 | - | 1,780 | (3,752) | - |
| At 31 July 2025 | 24,600 | 82,883 | 2,458 | 9,053 | 2,667 | 121,661 |
| Depreciation | | | | | | |
| At August 2024 | - | (5,842) | (275) | (2,689) | - | (8,806) |
| Charge for the year | - | (1,667) | (50) | (1,529) | - | (3,246) |
| At 31 July 2025 | - | (7,509) | (325) | (4,218) | - | (12,052) |
| Net book value | | | | | | |
| At 31 July 2025 | 24,600 | 75,374 | 2,133 | 4,835 | 2,667 | 109,609 |
| At 31 July 2024 | 24,600 | 75,069 | 2,183 | 4,486 | 5,739 | 112,077 |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

12 Intangible assets (Group and College)

| | Software | Total |
|----------------------------|-----------------|--------------|
| | £'000 | £'000 |
| Cost or valuation | | |
| At 1 August 2024 | 18 | 18 |
| At 31 July 2025 | 18 | 18 |
| Amortisation charge | | |
| At 1 August 2024 | (5) | (5) |
| Charge for the year | (4) | (4) |
| At 31 July 2025 | (9) | (9) |
| Net book value | | |
| At 31 July 2025 | 9 | 9 |
| At 31 July 2024 | 12 | 12 |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

13 Debtors: amounts falling due within one year

| | Consolidated | | College | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 1,395 | 200 | 1,395 | 200 |
| Amounts owed by parent | 2,000 | - | 2,000 | - |
| Amounts owed by group undertakings | - | - | 88 | 75 |
| Other debtors | 7 | 7 | 7 | 7 |
| Prepayments and accrued income | 597 | 1,069 | 597 | 1,069 |
| | 3,999 | 1,276 | 4,087 | 1,351 |

14 Creditors: amounts falling due within one year

| | Consolidated | | College | |
|---|--------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 1,330 | 811 | 1,330 | 811 |
| Amounts owed to parent undertakings (LSBU Creditor) | 2,774 | - | 2,774 | - |
| Other creditors | 193 | 476 | 193 | 476 |
| Social security and other taxation payable | 393 | 288 | 393 | 286 |
| Accruals and deferred income | 1,558 | 3,325 | 1,558 | 3,313 |
| Deferred income - government capital grants | 1,467 | 1,742 | 1,467 | 1,742 |
| | 7,715 | 6,642 | 7,715 | 6,628 |

15 Creditors: amounts falling due after more than one year

| | Consolidated | | College | |
|---|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Deferred income - government capital grants | 32,012 | 31,502 | 32,012 | 31,502 |
| Amounts owed to parent undertakings (LSBU Creditor) | 39,710 | 37,690 | 39,710 | 37,690 |
| | 71,722 | 69,192 | 71,722 | 69,192 |

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

| | Consolidated | | College | |
|---------------------------|--------------|--------|---------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Government capital grants | 33,479 | 33,244 | 33,479 | 3,324 |

Notes to the accounts
Year ended 31 July 2025

16. Provisions for liabilities: Consolidated and College

| | Defined benefit obligation £'000 | Enhanced pension £'000 | Total £'000 |
|---|---|------------------------------|----------------|
| Balance at 1 August 2024 | (1,384) | 1,294 | (90) |
| Utilised during the year | 60 | (76) | (16) |
| Charged to comprehensive income and expenditure | 1,667 | 14 | 1,681 |
| Balance at 31 July 2025 | 343 | 1,232 | 1,575 |

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:

| | 2025 | 2024 |
|-----------------|-------|-------|
| Price inflation | 2.70% | 2.80% |
| Discount rate | 5.50% | 5.00% |

17. Cash and cash equivalents

| | at 1 August 2024 £'000 | Cashflows £'000 | at 31 July 2025 £'000 |
|---------------------------------|------------------------------|--------------------|-----------------------------|
| Consolidated and College | | | |
| Cash at bank and on deposit | 122 | 959 | 1,081 |

18. Contingent liabilities

South Bank Colleges has received a pre-action claim from a developer seeking compensation for costs relating to the Lambeth and Vauxhall development project. At the reporting date, the Governing Body believes it is not practicable to provide an estimate of any potential financial effect due to the uncertainties surrounding the basis, quantification and timing of the claim. Legal advice has been sought on this matter. To the best of the governing body's knowledge, no reimbursement is expected in respect of this matter.

19. Lease obligations

At 31 July 2025 the College was committed to making the following future minimum lease payments in respect of non- cancellable operating leases on IT equipment

| | Consolidated and College | |
|--|--------------------------|---------------|
| | 2025 £'000 | 2024 £'000 |
| Not later than 1 year | 36 | 82 |
| Later than 1 year and not later than 5 years | 39 | - |
| | 75 | 82 |

20 Amounts disbursed as agents

| | Consolidated | | College | |
|--|---------------|---------------|---------------|---------------|
| | 2025 £'000 | 2024 £'000 | 2025 £'000 | 2024 £'000 |
| Learner support funds | | | | |
| Balance at 1 August | 231 | 393 | 231 | 393 |
| Bursaries | 1,035 | 935 | 1,035 | 935 |
| Disbursed to students | (1,368) | (1,042) | (1,368) | (1,042) |
| Administration costs | (15) | (55) | (15) | (55) |
| Balance unspent as at 31 July, included in creditors | (117) | 231 | (117) | 231 |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

21 Pension Arrangements

Different categories of staff were eligible to join one of four 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 2020 and of the LGPS 31 March 2022.

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.

| Total pension cost for the year | 2025 | | 2024 |
|---|--------------|---------------------|---------------------|
| | £'000 | | £'000 |
| Teachers Pension Scheme: contributions paid | | 1,709 | 1,336 |
| Local Government Pension Scheme: | | | |
| Contributions paid | (388) | | (499) |
| FRS 102 (28) charge | <u>762</u> | 1,047 | |
| Charge to the Statement of Comprehensive Income | | 374 | 548 |
| | | | |
| Defined Contribution Scheme | | 288 | 146 |
| | | | |
| Total Pension | | <u>2,371</u> | <u>2,030</u> |

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.

Notes to the accounts
Year ended 31 July 2025

21 Pension Arrangements Continued

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.

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 Teachers Pensions employer contribution grant to cover the additional costs during the 2023-24 academic year, and currently through to July 2026.

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 £1,709,846 (2024: £1,336,212).

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 2025 was £567,000 (2024: £697,000), of which employer's contributions totalled £388,000 (2024: £499,000) and employees' contributions totalled £179,000 (2024: £198,000). At 31 July 2025 there were 68 staff in the scheme (2024: 81). Contribution rates during the year were 10.3% - 14.3% (2024: 14.3%) for employers and range from 5.5% to 12.5% for employees, depending on salary.

Notes to the accounts
Year ended 31 July 2025

21 Pension Arrangements Continued

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).

| | Year ended 31 July 2025 | Year ended 31 July 2024 |
|--------------------------------------|------------------------------------|------------------------------------|
| Rate of increase in salaries | 3.00% | 3.05% |
| Future pensions increases | 2.80% | 2.85% |
| Discount rate for scheme liabilities | 5.70% | 5.05% |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

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Year ended 31 July 2025

21 Pension Arrangements Continued

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 2025 | Year ended 31 July 2024 |
|-----------------------------|---------|----------------------------|----------------------------|
| | | Years | Years |
| <i>Retiring today</i> | Males | 20.90 | 20.60 |
| | Females | 23.80 | 23.60 |
| <i>Retiring in 20 years</i> | Males | 22.00 | 21.60 |
| | Females | 24.70 | 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 2025 £'000 | % | Fair Value at 31 July 2024 £'000 |
|-------------------------------------|------|--|------|--|
| Equities | 57% | 34,359 | 61% | 34,553 |
| Target return portfolio | 19% | 11,204 | 16% | 9,034 |
| Infrastructure | 11% | 6,826 | 11% | 6,183 |
| Property | 9% | 5,327 | 9% | 5,110 |
| Cash | 4% | 2,387 | 4% | 2,038 |
| Total market value of assets | 100% | <u>60,103</u> | 100% | <u>56,918</u> |

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

| | 31 July 2025 £'000 | 31 July 2024 £'000 |
|---|-----------------------|-----------------------|
| Fair value of plan assets | 60,103 | 56,918 |
| Present value of plan liabilities | (44,136) | (47,235) |
| Present value of unfunded liabilities | (343) | (358) |
| Impact of asset ceiling | (15,967) | (7,941) |
| Net pensions liability (Note 16) | <u>(343)</u> | <u>1,384</u> |

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

Amounts included in staff costs

| | | |
|----------------------|------------|------------|
| Current service cost | 510 | 583 |
| | <u>510</u> | <u>583</u> |

Amounts included in investments income

| | | |
|---|-------------|--------------|
| Net interest (expense) on the defined liability | (62) | (312) |
| | <u>(62)</u> | <u>(312)</u> |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

21 Pension Arrangements Continued

| | 31 July 2025 | 31 July 2024 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Amounts recognised in other comprehensive income | | |
| Return on pension plan assets | 1,804 | 973 |
| Experience losses arising on defined benefit obligations | (452) | 214 |
| Changes in assumptions underlying the present value of plan liabilities | 4,850 | (1,030) |
| Changes in demographic assumptions | (244) | 99 |
| Changes in effect of asset ceiling | (7,625) | (5,302) |
| | <u>(1,667)</u> | <u>(5,046)</u> |

Movement in net defined benefit liability during the year

| | 31 July 2025 | 31 July 2024 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Surplus in scheme at 1 August | 1,384 | 6,202 |
| Movement in year: | | |
| Current service cost | (510) | (583) |
| Employer contributions | 388 | 499 |
| Unfunded pension payments | 33 | 33 |
| Net interest on the defined liability | 62 | 312 |
| Actuarial gain or loss | (1,667) | (5,046) |
| Settlement and curtailments | (33) | (33) |
| Net defined benefit (liability) / asset at 31 July | <u>(343)</u> | <u>1,384</u> |

Asset and Liability Reconciliation

| | 31 July 2025 | 31 July 2024 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 47,593 | 44,922 |
| Current Service cost | 510 | 539 |
| Interest cost | 2,358 | 2,294 |
| Contributions by Scheme participants | 179 | 198 |
| Changes in financial assumptions | (4,850) | 1,030 |
| Change in demographic assumptions | 244 | (99) |
| Experience loss / (gains) on defined benefit obligations | 452 | (214) |
| Estimated benefits paid | (1,974) | (1,088) |
| Past Service cost including curtailments | - | 44 |
| Unfunded pension payments | (33) | (33) |
| Defined benefit obligations at end of period | <u>44,479</u> | <u>47,593</u> |

SOUTH BANK COLLEGES ANNUAL REPORT AND FINANCIAL STATEMENTS 2024-25

Notes to the accounts
Year ended 31 July 2025

21 Pension Arrangements Continued

| Reconciliation of Assets | 31 July 2025 | 31 July 2024 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Fair value of plan assets at start of period | 56,918 | 53,634 |
| Interest on plan assets | 2,838 | 2,751 |
| Return on plan assets | 1,804 | 973 |
| Employer contributions | 388 | 499 |
| Contributions by Scheme participants | 179 | 198 |
| Estimated benefits paid | (2,007) | (1,121) |
| Administration expenses | (17) | (16) |
| Assets at end of period | 60,103 | 56,918 |
| Opening impact of asset ceiling | 7,941 | 2,510 |
| Interest on impact of asset ceiling | 401 | 129 |
| Actuarial losses | 7,625 | 5,302 |
| Closing impact of asset ceiling | 15,967 | 7,941 |

Sensitivity analysis

| | £000s | £000s | £000s | £000s | £000s |
|--|--------------|----------------|-------------|-----------------|--------------|
| Adjustment to discount rate | +0.5% | +0.1% | 0.0% | -0.1% | -0.5% |
| Present value of total obligation | 41,559 | 43,868 | 44,479 | 45,103 | 47,753 |
| Projected service cost | 353 | 400 | 412 | 425 | 482 |
| Adjustment to long term salary increases | +0.5% | +0.1% | 0.0% | -0.1% | -0.5% |
| Present value of total obligation | 44,582 | 44,499 | 44,479 | 44,458 | 44,378 |
| Projected service cost | 412 | 412 | 412 | 412 | 412 |
| Adjustment to pension increases and decreases | +0.5% | +0.1% | 0.0% | -0.1% | -0.5% |
| Present value of total obligation | 47,731 | 45,100 | 44,479 | 43,871 | 41,569 |
| Projected service cost | 485 | 426 | 412 | 399 | 350 |
| Adjustment to life expectancy assumptions | | +1 Year | None | - 1 Year | |
| Present value of total obligation | | 45,882 | 44,479 | 43,122 | |
| Projected service cost | | 426 | 412 | 399 | |

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 2025 the College Group had 502 members participating in the scheme. The College Group's contribution to the Aviva scheme for the year ending 31 July 2025 was £288,361 (2024: £146,152) and employer's contribution rates ranged from 8%-10%. Pension contributions payable at 31 July 2025 were £28,498 (2024: £11,819).

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.

Notes to the accounts
Year ended 31 July 2025

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 £0 (2024: £483,000). At the year-end SW4 owed SBC £88,000 (2024:£75,000).

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 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 £3k (2024: £213k) and there was £42,484k (2024: £37,690k) outstanding at period end as shown as amount owed to parent undertakings in note 15. During the period the College borrowed £1m (2024: £1m) from LSBU. A Governor is a Cabinet Member for Lambeth Council. During the year 2024 the College invoiced the Council £1.8m of income in relation to higher needs funding and other support.

23 South Bank College's ultimate parent company

South Bank Colleges is ultimately owned by London South Bank University (LSBU). SBC is a subsidiary of, and wholly controlled by, LSBU whose company number is 00986761.

LSBU is registered in the UK. Its registered address is 103 Borough Road, London, SE1 0AA.

LSBU is the largest Group for which group accounts are drawn up

24 Post Balance Sheet Events

SBC is in the process of seeking a disposal of vacant land at Nine Elms Vauxhall, known as 'Plot C', this land has been marketed subsequent to the balance sheet date. We are seeking a sale exchange in February 2026 and so the value of this at the signing date is unknown.

SW4 Catering Ltd, a wholly owned subsidiary of South Bank Colleges, was dissolved on 6th January 2026 following an application to Companies House by the Directors. This step was taken as South Bank Colleges no longer requires this company, having transitioned various activities to South Bank Colleges or to contracts the College holds with third parties over the past 24 months.

-- END OF NOTES --

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF SOUTH BANK COLLEGES AND THE SECRETARY OF STATE FOR EDUCATION

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 21 May 2023 and further to the requirements of the Department for Education (the "DfE") as included in the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the DfE to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by South Bank Colleges during the period 1 August 2024 to 31 July 2025 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Framework and Guide for External Auditors and Reporting Accountants of Colleges and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of the accounting officer of South Bank Colleges and Board of Trustees

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Corporation of South Bank Colleges (who are also the trustees for the purposes of charity law) are responsible for the proper conduct and financial operation of South Bank Colleges and appointment of the accounting officer.

Responsibilities of the reporting accountant

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the College Financial Handbook, the accountability agreement with the Secretary of State for Education and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise or potential impropriety, where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Tests and evidence to support conclusion on regularity' guidance in the Framework and Guide for External Auditors and Reporting Accountants of Colleges.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Board of Trustees of South Bank Colleges and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Board of Trustees of South Bank Colleges and the Secretary of State for Education those matters we are required to state in a 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 Board of Trustees of South Bank Colleges and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

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30th January 2026