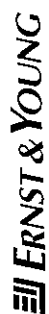


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SOUTH BANK EMPLOYERS' GROUP LIMITED

Report and Accounts

31 March 2001

 ERNST & YOUNG



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COMPANIES HOUSE

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South Bank Employers' Group Limited

(Limited by guarantee)

Registered No. 2974600

DIRECTORS

Jonathan Teckman	British Film Institute
Iain Tuckett	Coin Street Community Builders
Jonathan Michael	Guy's and St Thomas' Hospital
Geoff Glover	HM Customs and Excise
Graeme Fraser Watson	IBM UK Limited
Ian Coull	J Sainsbury plc
Barrie Morgan	King's College London
David Joy	London & Continental
Julia Barfield	London Eye Company
Anna Marie Dowling	Whitbread plc
Emma Mandley	London Weekend Television
Basil Winham	P&O Developments
John O'Brien	Railtrack
Maggie Whitlum	Royal National Theatre
Mike McCart	SBC
Robert Bourne	The Old Vic
Laurien Polder	Shell International

SECRETARY

William Hamilton	J Sainsbury plc
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AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

HSBC Bank plc
22 Stamford Street
Blackfriars
London SE1 9LJ

SOLICITORS

Denton Wilde Sapte
5 Chancery Lane
Clifford's Inn
London EC4A 1BU

REGISTERED OFFICE

33 Holborn
London EC1N 2HT

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The company has existed informally since 1991 and was incorporated on 6 October 1994. Its principal objective is to improve the local environment and infrastructure to encourage sustainable economic activity, and to enhance the quality of life for local residents and employees in the South Bank area. The South Bank is defined as the area bounded by the River Thames; Baylis Road, The Cut and Hercules Road; Lambeth Bridge; and Blackfriars Bridge.

In 1992 the company commissioned Ove Arup to study traffic and pedestrian problems and in 1993 Llewelyn-Davies and Imagination to produce an Urban Design Strategy. The South Bank Environmental Improvement report was published in 1994 and showed how ground level routes could be improved to reduce confusion and make subways and overhead walkways redundant. The report described the South Bank as "bleak, disaggregated and hostile, lacking shops and street level activity, and difficult for pedestrians to find their way around". It outlined an overall urban design strategy and a number of specific projects to assist in the realisation of the objectives of the company.

Since the original report was published the South Bank has changed dramatically. A number of projects have been, or are being, implemented, such as the Spine Route, and improvements to the riverside walkway. New attractions have opened, including the Oxo Tower Wharf, hotels and attractions at County Hall and the British Airways London Eye.

Work continued on the revised Urban Design Strategy, which aimed to re-assess the priorities for the South Bank. The draft strategy was published in April 2000 and was the subject of a wide public consultation. The draft was, on the whole, very well received and as a result of the consultation exercise, and the 1999 MORI poll of residents, the company has an increasingly clear picture of the precise needs of the residents and employers in the area. Work towards defining the final strategy is ongoing in 2001/02.

The Spine Route improvements were the first of the environmental improvements to be completed from the original Urban Design Strategy and were officially launched by the Prime Minister in July 1997. In July 1998 the scheme won the London Tourist Board Tourism and the Environment Award. Since then, the company has been working to resolve Spine Route defects, in particular problems with the granite speedtables, which were addressed in 1999/2000. The design team and contractor rectified the problems at no cost to the company, and Lambeth and Southwark's highway engineers have now formally adopted the Spine Route, and have accepted responsibility for future highway maintenance.

The South Bank Riverside Walkway was identified as a priority in the Llewelyn-Davies report. A final landscape design report was published in August 1997 which proposed an integrated phased scheme, however a reduction in Single Regeneration Budget funding resulted in the scheme being implemented progressively as funds became available. In the year under review, the company delivered the removal of old street furniture and the installation of new litterbins, cycle racks and event structures in the area and installed the SBEG signage system in the area between Westminster Bridge and Lambeth Bridge. It managed the construction of retaining walls and the levelling, re-grading and re-turfing of the grassed area at Bernie Spain Gardens North Park and funded substantial replanting in the park. The company also commissioned an evaluation of the impact of recent developments and improvements in the area, which will provide the basis for a more informed programme of improvements in future years.

During 2000/01, work commenced on the landscaped rest area at Bernie Spain Gardens South Park that will include a drinking fountain, seating and lighting and cycle racks. This project was jointly commissioned with Sustrans as part of the National Cycle Network and will be completed in 2001/02. The design, supply and installation of a digital CCTV system along the Riverside walkway (including Bernie Spain Gardens and the South Bank gateways) commenced in the year under review and is ongoing.

DIRECTORS' REPORT

Finally, work commenced on the largest single element of work to date on the riverside walkway, the upgrading of riverside walkway services and surfaces. This work involves the complete structural repair of the riverside walkway, including new substructure and surfaces, from IBM to Oxo Tower Wharf including Bernie Spain Gardens North Park.

Regular meetings took place between the company, the London Borough of Lambeth and representatives of riverside walkway landowners to address the issues presented by the huge increase in illegal trading on the riverside walkway during the year. In partnership with the landowners and the police, Lambeth invoked the Local Authority Act to designate the riverside walkway as public highway for the purposes of licensing illegal traders. In practice, this enabled the Local Authority to confiscate the equipment of illegal traders, and a number of seizures took place during the year.

Good quality management of public spaces continues to be a priority for the company. A three-year contract with South Bank Management Services was agreed in July 2000 to ensure the day to day management and maintenance of the area. Further discussions continued between the company and representatives from the London Borough of Lambeth about long-term management and maintenance strategies for the area. The possibility of a formal contract between the company and Lambeth is being considered.

The Eco-Bus project is a demonstration project for integrated public transport in London that the company is helping to deliver in partnership with the London Boroughs of Lambeth, Southwark and Tower Hamlets, the City of Westminster and the Corporation of London. The physical routeworks for the bus service commenced on site across the route during the year, and London Transport appointed First Bus as the operator. It is anticipated that the service will commence in early 2002.

£1 million was awarded to the company by the Arts Council Lottery Fund as part of the Spine Route project. This was to fund the commissioning of both temporary and permanent installations of public art work accessible to all without charge. During the year under review the company helped the Thames Festival secure funding through the Cross River Partnership. The Festival featured pyrotechnics by Christophe Berthonneau of Group F, and the "River of Life" procession and was a considerable success. Following an open competition, MacCormac Jamieson Pritchard and the artist Alberto Duman won the competition to design an art/architectural landmark at Sutton Walk and work commenced on site.

The Marketing project continues to be very successful and produced a range of publications in 2000/01. These included regular posters on free events and exhibitions, and a range of posters and a leaflet promoting shopping in the area. The South Bank News was re-launched and now focuses on three key themes to people living and working in the area: new building projects, finance and maintenance. Work commenced on developing the South Bank website, which includes details of all main venues and attractions in South Bank and Bankside with links to their websites, an interactive map of the area, a database of places to eat, drink and shop, transport details and news. The South Bank London leaflet complements the website, and was also developed during the year. In January 2001, work commenced on Walk This Way, a new campaign to encourage Londoners and visitors to explore the architecture and history of the river, which is supported by the Cross River Partnership.

During the year under review the company continued work on a social and community programme. It commissioned a study of proposals for a range of facilities and programmes aimed at supporting the residential and working communities of South Bank and Bankside. Dawn Austwick and David Powell Associates (DPA) led the consultant team, and work is ongoing in 2001/02.

DIRECTORS' REPORT

The "Supporting Local Schools" project aims to help schools raise standards and develop effective relationships with businesses and the wider community which will ultimately help open up opportunities for employment. The project will also strengthen links between local primary, secondary and further education institutions and employers. The overall aim of SBEG's education project is to enhance the employment prospects, education, motivation and skills of local people, to address social exclusion and enhance opportunities for disadvantaged people. The work undertaken in the first year of the project has identified and begun to strengthen the capacity of partners to participate in the project and to contribute towards schools' attainment of their educational objectives. This has involved ascertaining resources and needs in both the schools and SBEG members, building relationships between businesses and schools and developing a thematic action plan based on schools' priorities. This preliminary work has been essential in forming the basis of trust and partnership between all participants and further work is continuing in 2001/02.

At an extraordinary meeting of the Board in May 2000, the company discussed the bid submitted by the Waterloo Project Board for Single Regeneration Budget funding. The company supported the application to fund community and infrastructure projects, but felt that the South Bank Partnership should oversee the allocation of funds and the company's Chairman should chair the Waterloo Project Board. The Waterloo Project Board was subsequently awarded an allocation of £19 million from the Single Regeneration Budget, and the interim Board appointed the company as its Delivery Agent for the purposes of managing the programme. Development work commenced in the year under review, and the Waterloo Project Board's programme will commence in 2001/02.

RESULTS

The surplus after taxation for the year to 31 March 2001 was £nil (2000 - £nil)

DIRECTORS

Members appoint individual trustees as their nominees and these trustees are the directors of the company with the power to run the company's affairs and to delegate day to day control to an executive committee.

The directors during the year to 31 March 2001 were as follows:

Julia Barfield	
Robert Bourne	
Ian Coull	
Anna Marie Dowling	(appointed 6 September 2000)
Graeme Fraser Watson	(appointed 7 March 2001)
Geoff Glover	(appointed 7 March 2001)
David Joy	
Emma Mandley	
Tim Matthews	(resigned 6 December 2000)
Mike McCart	
Jonathan Michael	(appointed 7 March 2001)
Barrie Morgan	
Paul Neale	(resigned 6 September 2000)
John O'Brien	(appointed 1 June 2000)
Laurien Polder	
Fiona Porter	(resigned 6 September 2000)
Jonathan Teckman	
Iain Tuckett	
Maggie Whitlum	
Basil Winham	

South Bank Employers' Group Limited
(Limited by guarantee)

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



Secretary

03 DEC 2001

 ERNST & YOUNG

South Bank Employers' Group Limited
(Limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of South Bank Employers' Group Limited
(Limited by guarantee)

We have audited the accounts on pages 8 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

18 DEC 2001

South Bank Employers' Group Limited
(Limited by guarantee)

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2001

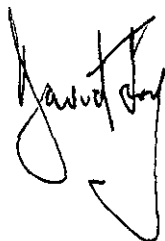
	Notes	2001 £	2000 £
INCOME	3		
Subscriptions		321,950	404,216
Other contributions from members		102,737	193,096
Single Regeneration Budget funds		1,787,436	687,181
Local authority funds		373,973	169,799
Lottery		-	203,297
Contributions from other bodies		47,602	2,916
Benefits in kind		35,783	29,779
		<u>2,669,481</u>	<u>1,690,284</u>
DIRECT COSTS			
Spine Route		9,799	279,948
RNT Ramp		(2,294)	117,781
Finger Posts		(1,000)	41,229
Public Art		30,103	214,731
Marketing		159,337	159,261
Riverside Walkway		1,330,666	463,440
Thames Festival		111,750	100,000
Eco-Bus		266,556	62,047
Hothouse		66,834	63,539
Site B		332,000	-
Supporting local schools		53,858	8,732
Waterloo Project Board		7,722	-
Waterloo Community Regeneration Trust		40,000	-
Benefits in kind		35,783	29,779
		<u>2,441,114</u>	<u>1,540,487</u>
Administrative expenses	4	243,396	199,485
		<u>2,684,510</u>	<u>1,739,972</u>
NET OPERATING DEFICIT	5	(15,029)	(49,688)
Other income	6	50,523	49,688
		<u>35,494</u>	<u>-</u>
RESULTS BEFORE TAXATION			
		35,494	-
TAXATION	7	(35,494)	-
		<u>-</u>	<u>-</u>
RESULTS FOR THE YEAR		<u>-</u>	<u>-</u>

There are no recognised gains or losses for the year.

South Bank Employers' Group Limited
(Limited by guarantee)

BALANCE SHEET
at 31 March 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Debtors	8	503,287	111,714
Cash at bank and in hand		377,564	1,016,052
		<u>880,851</u>	<u>1,127,766</u>
CREDITORS: amounts falling due within one year	9	880,851	1,127,766
		<u>-</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>-</u>
RESERVES			
Surplus for the year		-	-
		<u>-</u>	<u>-</u>



Director

03 DEC 2001

ERNST & YOUNG

South Bank Employers' Group Limited

(Limited by guarantee)

NOTES TO THE ACCOUNTS

at 31 March 2001

1. STATUS OF COMPANY

The company was incorporated on 6 October 1994 and is limited by guarantee of its members. The guarantee of each member is restricted to £1.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Under the requirements of FRS 1 (revised) the company is exempt from preparing a cash flow statement.

Income recognition

In accordance with the company's objects, income and property is to be applied solely in promoting the general benefit of the inhabitants of the South Bank of the River Thames. No part is to be paid by way of a dividend, bonus or otherwise to the members of the company. Accordingly, subscriptions, contributions from members and other bodies, central government grants received and payments from local authorities are recognised to the extent required to meet the costs of the projects being undertaken.

Accruals and deferred income

Accruals and deferred income includes contributions from members and other bodies, central government grants received and payments from local authorities which will meet the future costs of projects being, or to be, undertaken.

Pensions

The company directly contributes to certain employees' personal pension schemes. Contributions are charged in the income and expenditure account as they become payable.

3. INCOME

Income represents subscriptions, contributions from members and other bodies, central government grants received, and payments from local authorities exclusive of VAT, in respect of projects being undertaken by the company in the area known as the South Bank as defined in the Directors' Report. The company also acts as a contractor to other bodies in undertaking projects which benefit that area but will also benefit other areas as a result of its membership of the Cross River Partnership.

4. STAFF COSTS

Administrative expenses include the following staff costs:

	2001	2000
	£	£
Wages and salaries	88,649	97,436
Social security costs	8,976	9,746
Other pension costs	3,190	3,979
	<u>100,815</u>	<u>111,161</u>

South Bank Employers' Group Limited
(Limited by guarantee)

NOTES TO THE ACCOUNTS
at 31 March 2001

4. **STAFF COSTS** (continued)

Direct project costs include the following staff costs:

	2001 £	2000 £
Wages and salaries	108,609	105,807
Social security costs	10,986	10,984
Other pension costs	6,265	6,433
	<u>125,860</u>	<u>123,224</u>

The average monthly number of employees during the year was as follows:

	2001 No.	2000 No.
Administrative staff	3	4
Project staff	4	4
	<u>7</u>	<u>8</u>

No director received any remuneration during the year (2000 - £nil).

5. **OPERATING DEFICIT**

This is stated after charging:

	2001 £	2000 £
Audit fee	6,200	5,750
Payments to auditors for non audit services	14,429	10,943
	<u></u>	<u></u>

6. **OTHER INCOME**

	2001 £	2000 £
Bank interest receivable	50,523	49,688
	<u></u>	<u></u>

South Bank Employers' Group Limited
(Limited by guarantee)

NOTES TO THE ACCOUNTS
at 31 March 2001

7. TAXATION

	2001 £	2000 £
Corporation tax - current year	10,105	-
Corporation tax - prior years	25,389	-
	<u>35,494</u>	<u>-</u>

Historically, the results gave rise to a no gain/no loss position for tax purposes. The Inland Revenue has challenged this treatment, and consequently tax charges have been incurred for the current year and two years ended 31 March 2000.

8. DEBTORS

	2001 £	2000 £
Other debtors	291,986	33,398
Value added tax recoverable	211,301	78,316
	<u>503,287</u>	<u>111,714</u>

9. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Accruals and deferred income	824,475	1,026,385
Corporation tax	35,494	-
Other creditors	20,882	101,381
	<u>880,851</u>	<u>1,127,766</u>

10. SHARE CAPITAL

The company is limited by guarantee and does not have share capital.

In the event of the company being wound up, each member has agreed to contribute £1.

11. CONTINGENT LIABILITIES

Taxation

The Inspector of Taxes is querying the position for the two years ended 31 March 1997 and 1998. He is of the opinion that the interest receivable for these two years should also be taxed. If he wins this case, additional tax of £25,087 will fall due and payable (£13,188 for 1997 and £11,899 for 1998).

No provision has been made in the accounts in respect of this.

VAT

The company is in ongoing discussion with HM Customs & Excise concerning its ability to recover VAT on certain items of expenditure for the period since 1 April 2000. While the possibility of a liability arising cannot be disregarded the directors are taking professional advice on this matter and on current information consider that no amounts should be provided in the accounts.

South Bank Employers' Group Limited
(Limited by guarantee)

NOTES TO THE ACCOUNTS
at 31 March 2001

12. TRANSACTIONS WITH MEMBERS

Financial transactions with members were as follows:

Income

Contributions received were as follows:

<i>Member</i>	<i>Subscriptions</i>	<i>Spine</i>	<i>Marketing</i>	<i>Other</i>	<i>Total</i>
	£	route £	£	£	£
The British Film Institute	19,500		9,000	15,000	43,500
Coin Street Community Builders Ltd	19,500		9,000		28,500
Ernst & Young LLP	19,500				19,500
Guy's & St Thomas' Hospital	19,500				19,500
HM Customs and Excise	19,500				19,500
J Sainsbury plc	19,500		9,000		28,500
King's College London	19,500		9,000		28,500
London and Continental Railways (UK) Ltd	19,500				19,500
London Eye Company Ltd	19,500			2,737	22,237
London Weekend Television Ltd	19,500				19,500
P&O Developments Ltd	19,500				19,500
Railtrack Plc	19,500				19,500
Royal National Theatre	19,500		9,000		28,500
Shell International Ltd	19,500				19,500
South Bank Centre	19,500		9,000		28,500
The Old Vic Theatre Trust	-		6,000		6,000
Whitbread plc	19,500				19,500
	<u>312,000</u>	<u>-</u>	<u>60,000</u>	<u>17,737</u>	<u>389,737</u>
Deferred income at 31 March 2000	241,542	248,073	50,000	25,000	564,615
Income in year	312,000	-	60,000	17,737	389,737
Deferred income at 31 March 2001	(231,592)	(248,073)	(50,000)	-	(529,665)
	<u>321,950</u>	<u>-</u>	<u>60,000</u>	<u>42,737</u>	<u>424,687</u>

Expenditure

Payments to Ernst & Young LLP in respect of audit, taxation and accounting services are disclosed in note 5.

The following expenditure was charged by Coin Street Community Builders Ltd:

	<i>2001</i>	<i>2000</i>
	£	£
In respect of expenditure incurred for office services:	35,387	26,012

13. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £nil (2000 - £nil).