



**THE GLASGOW
SCHOOL OF ART**

ANNUAL REPORT &
ACCOUNTS 2013-14
YEAR TO 31 JULY 2014

OFFICE BEARERS AND GOVERNORS
A COMPANY LIMITED BY GUARANTEE (Company Register No.SC002271)

Patron	H.R.H. The Prince of Wales, Duke of Rothesay
Hon. President	Mr Stewart Grimshaw
Hon. Vice President	Professor Anthony Jones
Hon. Vice President	Emeritus Professor Andrew MacMillan (until August 2014)
Chair	Mr Philip Rodney LLB (until December 2013) Ms Muriel Gray BA (Hons) (from December 2013)
Vice Chairs	Ms Alison Lefroy Brooks BA (Hons) ACA MCT Sir Muir Russell KCB FRSE
Director	Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA (until 31 August 2013) Professor Tom Inns BEng(Hons) DIC MDes(RCA) PhD FRSA (from September 2013)
Deputy Director	Professor Linda Drew PhD MA BA (Hons) FRSA FDRS
Director of Finance and Resources	Mr Eliot S Leviten BSc. (Hons) FCA
Conveners of Committees 2013/14	
Audit	Ms Alison Lefroy Brooks BA (Hons) ACA MCT
Business	Mr Philip Rodney LLB (until December 2013) Ms Muriel Gray BA (Hons) (from December 2013)
Estates	Mr Douglas Brown BA(Hons) Dipl Arch (Oxford) FRIAS RIBA
Human Resources	Mrs Linda McTavish CBE MA (Hons)
Investment	Sir Muir Russell KCB FRSE
Museum & Archive	Professor Alison Yarrington BA(Hons) PhD FRSE FSA FRSA
Nominations	Mr Philip Rodney LLB (until December 2013) Ms Muriel Gray BA (Hons) (from December 2013)
Remuneration	Mr Philip Rodney LLB (until October 2013) Ms Alison Lefroy Brooks BA (Hons) ACA MCT (from October 2013)
Registered Office	167 Renfrew Street, Glasgow G3 6RQ
Company Secretary	Mr Eliot S Leviten BSc. (Hons) FCA
Solicitors	McClure Naismith 292 St Vincent Street, Glasgow, G2 5TQ
External Auditor	Grant Thornton UK LLP (until April 2014) 95 Bothwell Street, Glasgow, G2 7JZ Scott Moncrieff (from May 2014) 25 Bothwell St, Glasgow, G2 6NL
Bankers	Royal Bank of Scotland plc 393 Sauchiehall Street, Glasgow, G2 3ND
Registered Charity Number	SCO 12490

Copies of these accounts can be obtained by contacting the registered office

Chair's Statement

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us.

Dickens's opening paragraph from his 1859 novel *A Tale of Two Cities* resonates as we review the Academic Year 2013/14. 2013/14 was for The Glasgow School of Art the best of times as we welcomed a new Director, embarked on the development of a new and ambitious strategy, moved in to and formally opened the Reid Building and held our first graduation in Singapore.

But it was also without doubt the worst of times.

At 12.27 on the 23rd May 2014 a fire broke out in the Mackintosh Building. We, the city and indeed the world looked on in disbelief. It will be hard to forget such a day of darkness and despair. We felt our previously bright future crumble before us as images of Mackintosh's iconic art school engulfed by fire, were broadcast around the world.

During those dark hours when we thought we had nothing before us, we slowly realised that all was far from lost on discovering how much of the Mackintosh and its archives and collections had been saved. This was due to the skill and bravery of the Scottish Fire and Rescue Service and we and future generations will remain in their debt.

It was the worst of times but it was one point in an academic year which saw the GSA make significant progress, progress which will provide the foundations for our recovery from the Mackintosh fire and to realising our revised ambition to 2018; to be a global leader in studio-based learning and research, collaborating locally, nationally and internationally, transforming thinking by developing creative approaches with new audiences.

Setting our new Strategic Direction

With the appointment of Professor Tom Inns, the School embarked on a review of its strategic ambition for the period 2015/16 to 2017/2018. This has built on the contextual analysis work which had been produced as part of GSA2025 and seeks to reaffirm the GSA's international position as a specialist studio-based institution for the visual creative disciplines. Key drivers to achieve this include increasing student numbers, new programme developments and enhanced student experience, expanded research activity, further investment in our estate and achieving operating efficiency through new ways of working.

The new strategic plan with specific operating plans and work-streams will be finalised in Academic Year 2014/15 to align with a new three-year Outcome Agreement for the Scottish Funding Council.

Campus Development

The significant progress made on our estates strategy was marred by the Mackintosh Building fire. The building will be fully out of commission until at least Academic Year 2017/18 while a full restoration and refurbishment is undertaken. The fire extensively damaged the 1907-1909 section of the building with the original 1897-1899 section surviving relatively unscathed. However we are taking the opportunity to refurbish the entire building, securing Mackintosh's masterpiece for future generations of students.

The response of staff in the immediate aftermath of the fire and the following months ensure that the GSA could continue to operate and deliver its academic programme. This was helped in part by the support of Glasgow City Council who released the McLellan Galleries to the School immediately after the fire and have provided decant accommodation for the School of Fine Art in the Tontine Building in the Merchant City. On behalf of the Board I would like to express our thanks to the City Council for their continued support.

In a year when the Trustees of the GSA Development Trust were making continued progress towards their £10m fundraising target for our campus development plans, we are grateful that they chose, in addition, to take responsibility for raising the £20m from philanthropic sources that we believe will be required to enable the GSA to recover from the impact of the Mackintosh Fire. They have achieved considerable success to date, and the GSA community is very grateful for their efforts and the efforts of the Ambassador's Committee that supports them.

Chair's Statement - continued

Student, graduate and staff successes

Our staff, students and alumni continue to make significant impact, reflected in the number of external awards and recognition they receive.

In a year of firsts for GSA:

- The inaugural GS of A Singapore Degree Show opened, showcasing the work of the first cohort of Communications Design and Interior Design Students;
- The Reid Building won the AJ100 Building of the Year Award 2014;
- Excerpts from the Digital Design Studio recreated the sounds of a WW1 battle for the BBC documentary "Pipers of the Trenches";and
- A new piece by the Turner Prize winning artist Martin Boyce was revealed as the feature artwork in the entrance to the Reid Building, echoing Charles Rennie Mackintosh's use of stained glass in the Mackintosh Building.

Three GSA graduates, Tris Vonn Michell (Fine Art Photography, 2005), Ciara Phillips (MFA, 2004) and Duncan Campbell (MFA, 1998) were nominated for the 2014 Turner Prize. 30% of Turner Prize nominees since 2005 have been GSA graduates, with four winners overall.

Professor Thomas Joshua Cooper was elected a Fellow of the Royal Society of Edinburgh.

Alumnus and Silversmithing and Jewellery tutor Jonathan Boyd designed the iconic medals for the Glasgow 2014 Commonwealth Games.

Dr Helen McCormack of the Forum for Critical Inquiry was awarded a Visiting Scholar Award at Yale Centre for British Art.

Mackintosh School of Architecture lecturer James Mitchell won the 2013 Royal Scottish Medal for Architecture for his ongoing work with Orkidstudio, the humanitarian architectural charity he founded as a student.

2013 Painting and Printmaking alumni Glenn Kennedy and Rosie O'Grady were two of only four finalists in the 2013 Saatchi Online New Sensations competition, one of the most important UK art competitions for recent graduates.

GSA alumni were successful at the Scottish Fashion Awards 2013, Alice Palmer winning Scottish Textile Brand/Designer of the Year, Louise Gray the Scottish Fashion Innovator of the Year, and Pam Hogg a Creative Excellence Award.

Communications Design graduates Ross Hogg, was nominated for a Scottish BAFTA in the Animation category for his Degree Show film, "The Man Who Mistook His Wife for a Hat". Ross also won Best Animation at the BAFTA in Scotland New Talent Awards, for his film "Spectators", feature in the Degree Show 2013.

GSA Singapore student Siow Hansheng's Communication Design projects, "Resident/Tourist" and "The Survival Cook Book" won two Singapore Good Design Mark Awards.

A project by GSA Singapore Interior Design students was selected as one of the top 15 in the Fentress Global Challenge 2014: Upcycle Architecture competition.

Mackintosh School of Architecture student Jamie Sneddon received a place on a Fulbright Summer Institute to study at Indiana University on one of the most prestigious and selective summer scholarship programmes.

Fine Art Photography alumni Cara Connolly and Martin Clark presented the short film "Exchange and Mart" at the Sundance Film Festival – one of only two Scottish films to screen at the 2014 festival.

Stephen Murray (MFA, 2013) was the first recipient of the Axisweb MA stars Film Prize, selected by Andrea Kusel, Curator of Art at the Paisley Museum.

Corin Sworn (MFA, 2009) was the fifth winner of the prestigious Max Mara Art Prize for Women, the only visual art prize for women in the UK.

Oscar-winning director, actor and GSA graphic design alumnus Peter Capaldi was announced as the 12th actor to play the part of the titular Timelord in BBC's Doctor Who.

Chair's Statement - continued

Board of Governors

In 2013/14, the Board played a central role in supporting the new Director and his Executive Group in responding to various challenges, notably the Mackintosh Building fire in May 2014. The Board is also overseeing the development of the School's next Strategic Plan and its Outcome Agreements with the Scottish Funding Council. The Board's Statement of Corporate Governance was revised and updated to ensure compliance with the Scottish Code of Good Practice in Higher Education Governance, as were the remits of the Board's various committees.

Philip Rodney stepped down as Chair of the Board in December 2013 and was succeeded by Muriel Gray, a GSA alumnus with extensive experience in the media and creative industries and in corporate and educational governance. The Board's lay membership was otherwise relatively stable during 2013/14, with only one other departure, Sharon Bamford in December 2013. Sam De Santis, Student President, stepped down from the Board at the end of 2013/14, having served the maximum term of two years, and was replaced for 2014/15 by Will Judge.

Staff

Being Chair of The Glasgow School of Art is an immense honour and I would like to thank the Board for their continued support, advice and guidance to the School during a year that will be viewed as one of the most challenging and emotional in its history. I would also like to thank my predecessor Philip Rodney for his service to the School as Chair.

In addition to the appointment of Professor Tom Inns as Director, Professor Ken Neil was appointed as Head of Research and Dr Alistair Payne was appointed as Head of the School of Fine Art. Other appointments included Vicky Gunn, Head of Learning and Teaching, David Dalziel, Head of HR, Daniel Livingstone, Programme Leader in DDS and Elizabeth Brooks, Design Director. Tim Sharpe was appointed to a personal professorship in recognition of his work at the Mackintosh Environmental Architecture Research Unit.

As the School recovers from the Mackintosh fire and implements its next strategic plan focused on academic and financial sustainability and organisational robustness we can be confident in the staff's ability to deliver. They remain one of the GSA's most valuable assets and under the leadership of Professor Tom Inns I am confident the success, achievement and commitment of our staff will be sustained going forward. I would also like to thank the staff who have retired over the past academic year for their commitment and contribution and would like to welcome new staff.

Students

A school such as the GSA has no relevance without its students. Undoubtedly, in these uncertain times there have been and will continue to be challenges for them, which must be acknowledged. We are privileged that our students have elected to develop their education with us rather than elsewhere. As such, they have an impact on the School, way beyond their involvement. We continue to celebrate their talent, commitment and enthusiasm, without which the School would not be the rich and pleasurable environment it is so rightly famous for, and its profile and reputation would not be perpetuated.

This has been an unforgettable year, but the following generations who come through our doors will hopefully regard the sorrowful events as having added to the rich history of our school, as we move forward into what continues to be an exciting future for us all.

Muriel Gray
Chair

8 December 2014

Strategic Report

Results for the year ended 31 July 2014

1. Status and Mission

The School was incorporated as a company limited by guarantee and has charitable status. The School is committed to being a world leader in the study and advancement of Architecture, Design and Fine Arts. The School aims to produce creative, confident, highly motivated graduates able to flourish in their chosen field, whilst ensuring that the School and its graduates play a leading role in the cultural, economic, social and educational life of the city, the nation and beyond.

2. Performance in Year

2.1 Financial Performance

The Income and Expenditure Account on page 20 shows a surplus of £191k (£235k surplus 2012/13) on a revaluation basis, for the year ended 31 July 2014.

The total net assets of the Group increased by £7,650k to £71,794k and the cumulative Income and Expenditure Account account, (excluding pension reserve), increased from £2,179k as at 31 July 2013 to £2,721k as at 31 July 2014. Cash balances have increased from £5.9m to £6.6m during the year. The group shows net current liabilities of £2,958k (£2,053k 2012/13) a consequence of retained funds relating to the next phase of the estates strategy and the insurance monies received after the fire. These items will reduce in future years in line with planned activity.

The return on Endowment Asset Investments comprising dividend and bank interest, was 6.36%, compared with 7.05% last year. The market value of the total Endowment assets held by the School increased slightly from £3,246k to £3,334k an increase of £88k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

The Cash Flow Statement shows a net outflow of £8,484k in the financial year (2012/13 outflow £13,064k).

2.2 Key Performance Indicators

The Board is presented annually with Key Performance Indicators compared to targets covering a series of areas, the principal indicators being detailed below.

KPI measures	Actual 2011/12	Actual 2012/13	Actual 2013/14	Target 2013/14
% Income non SFC	40%	39%	42%	35%
Total Research & KTP income	£2.6m	£2.2m	£2.3m	£2.5m
Value of (non EU) overseas student income	£3.2m	£4.0m	£4.3m	£4.2m
% PG students*	18%	18%	19%	23%
UG Applicants: Enrolments	9.5:1	9.8:1	10.7:1	9.4:1
% Positive student feedback NSS	77%	80%	78%	80%
% Graduates in education/working after 6 months	89%	89%	92%	89%
% Students from under-represented groups	19%	19%	19%	16%

* Includes Diploma students

The KPIs and Targets shown above were contained in the School's 2008-2012 Strategic Plan. Revised targets will be included in the new strategic plans which will be finalised in the year 2014/15.

2.3 Capital Projects

Capital Expenditure in the year was £17,731k, slightly lower than the previous year's figure of £21,014k. This reflects the completion of the work on the Reid Building in December 2013. The £50m Scottish Funding Council funded redevelopment of the School's estate was completed during academic year 2013/14. The Reid Building, named after former Director Professor Seona Reid (1999 – 2013), was occupied on 6 January 2014. Formally opened on the 9th April the building was named the Architects' Journal Building of the Year at a dinner on 22nd May. Achieving critical acclaim the building has shown itself to be remarkably resilient in the aftermath of the Mackintosh Building Fire, proving to be both adaptable and flexible, accommodating a number of departments decanted from the Mackintosh Building. Refurbishments and enhancements to the Haldane Building and Library were also completed during the year. While not on the scale of the Reid Building, these improvements have been welcomed by students and staff and demonstrate progress in our estates enhancement plans.

Following the fire, large numbers of staff and students have been relocated, with the majority of The School of Fine Art students moving to the Tontine Building in Glasgow City Centre. Other staff and students have been relocated within the vicinity of Garnethill.

Strategic Report – continued

2.4 Curriculum Developments

A new post-graduate course was introduced for September 2014, the Master of Letters in Curatorial Practice (Contemporary Art), a Masters programme offered jointly with the University of Glasgow. This one year course offers students an opportunity to study curatorial practice in the heart of Glasgow.

2.5 Quality Assurance

The Quality Assurance Agency for Higher Education undertook an Enhancement-Led Institutional Review in 2014 and concluded that the GSA has effective arrangements for managing academic standards and the student learning experience. This is the most positive judgement they can deliver, and provides an excellent basis on which to develop our academic portfolio.

GSA student participation in the National Student Survey continued to be above the UK national average (77% compared to 71%) although our overall satisfaction dropped slightly compared to Academic Year 2012/13 (78% compared to 80%). GSA will continue to build on the excellent student engagement evidenced by the strong response rate as we seek to improve our NSS performance.

Our student retention remains one of the UK's highest at 94.9% and in challenging economic times, our graduate destinations remain high at 92.1% of students either in employment or further study.

3. Principal Risks and Uncertainties

3.1 Key Risks

The Board have identified a number of risks which could materially affect the GSA's reputation, income resources and its ambitions. In general while the School aims to minimise its exposure to risk, we recognise that to achieve its objectives, a degree of risk should be accepted and managed appropriately. Specifically, the Board have identified significant risks faced by the School relating to:

- Developing our academic portfolio to achieve recruitment and enrolment targets which allow growth while maintaining our specialist traditions and high academic standards.
- Maximising the results of REF2014 to manage the impact on the reputation, finances and research capacity of the School.
- Retaining, recruiting, motivating and developing the required calibre and number of staff to deliver on our ambitious strategy for growth.
- Ensuring that major physical infrastructure projects, particularly the restoration of the Mackintosh Building, are effectively delivered.
- Ensuring that Information Technology infrastructure and functionality keeps pace with changing academic needs and exploits the potential for operational efficiency.
- Maintaining our international standing and achieving our internationalisation ambition which extends our global reach and the international experience of our staff and students.

The nature of risk is such that other risks may arise, or risks not currently considered material may become so in the future. The School is reviewing its School-wide risk management process and how it identifies, evaluates and manages risk with appropriate controls and actions put in place to mitigate risks identified. The current process is outlined in the Statement of Corporate Governance with a revised process expected to be implemented in Academic Year 2014/15.

3.2 Financial Risk Management

Foreign Currency Risk

The School does not enter into any significant foreign currency transactions. The Governors therefore consider the School is not exposed to any material foreign currency movement risk.

Credit Risk

The School is exposed to credit related losses in the event of non-performance by transaction counterparties but mitigates such risk by selecting only counterparties with high credit ratings.

Liquidity Risk

Operations are financed by SFC grants, student fees, research and consultancy contracts and bank balances. In addition the School has an overdraft facility which it has not utilised. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the School.

Cash Flow Risk

The School has significant sums on deposit with its main banker.

3.3 Health and Safety

The Director, on behalf of the Board of Governors, is responsible for the health and safety of all staff, students and visitors to the School and for adherence to the School's Health and Safety Policy. The School employs a full time Health and Safety Officer to provide advice and assistance. Under the School's Health and Safety Policy, managers, staff and students all have individual responsibilities for health and safety.

Strategic Report – continued

4. Future Developments

4.1 Funding

Although the outlook for public sector funding for 2014/15 and onwards is very challenging, the School has obtained a substantial funding settlement which will secure its immediate future. The School will continue to consider a variety of funding scenarios and the associated steps necessary to ensure that the School will remain financially sustainable.

4.2 Estate

Following the recent fire, major restoration work is starting in the Mackintosh Building, as referred to in the Chair's Statement. An Estates Strategy is currently being developed to look at other areas of the Garnethill Campus. The School has signed a lease in respect of student residential accommodation in Blythswood Square, close to the Garnethill Campus, and it is currently anticipated that the first students will occupy the new residences in September 2015.

4.3 Student Recruitment

The School continues to receive more applications than it has funded places. The School is able to attract a significant proportion of overseas students and it is the School's intention to increase the number of full-fee paying overseas students as well as the number of Home/EU PG students. The marketing strategy for recruitment of students is regularly reviewed as future recruitment may be significantly affected by changes to the tuition fees systems, the state of the economy and difficulties in obtaining visas in certain countries from which we recruit on a regular basis.

Student Fee income increased to £8.72m compared to £7.95m in the previous year, against a backdrop of an increasingly competitive higher education market, with the market becoming increasingly competitive for UK domiciled students in architecture and across our postgraduate portfolio. For entry 2014/15 we have maintained our total undergraduate applications at 3,784 and continued to increase postgraduate applications. International applications have remained largely unchanged for entry 2014/15 reflecting the GSA's continuing international standing and popularity against leading international schools.

Our third cycle of recruitment to our undergraduate programmes in Singapore was successfully completed. The programme, in partnership with Singapore Institute of Technology and Temasek Polytechnic, continues to be a popular choice for students, attracting a high calibre of applicant. The first Degree Show and graduation was held in Singapore in June.

4.4 Research Excellence Framework (REF)

We successfully submitted our Research Excellence Framework 2014 (REF2014) assessment in December 2013. Our submission focused on the GSA's research themes of excellence which reinforces both the specialist and inter-disciplinary nature of research inquiry in the School. The result of REF2014 will be announced in December 2014 and will have an, as yet unknown, impact on research funding moving forward. In preparation for this we have continued to pursue our strategy of securing external research grants maintaining research income at £2.33m in Academic Year 2013/14 (£2.36m in Academic Year 2012/13).

4.5 Small Specialist Institution Status

The School has been designated by SFC as a Small Specialist Institution (SSI) which has led to additional funding to compensate for recognised diseconomies of scale.

4.6 Sustainability

The staff and student-run Sustainability in Action Group is working across the School to drive forward environmental issues within the curriculum and across the School's operations. The GSA community is being encouraged to reduce energy, water and resource use, and supported to explore how Scotland's future artists, designers and architects can react to, work with and communicate climate change in a positive, creative way. Funding was awarded from the Climate Challenge Fund during 2013/14 for the project "Artists using Resources in the Community", which will allow us to better understand how students and local artists could adapt their practice to be less damaging to the environment.

Professor Tom Inns
Director

Muriel Gray
Chair

8 December 2014

Directors' Report
(incorporating the Responsibilities of the Board Of Governors)

Board of Governors & Directors

Governors Ex Officiis

E,B	Dame Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA	Director of the School (until August 2013)
E,B	Prof. Tom Inns BEng (Hons) DIC MDes (RCA) PhD FRSA	Director of the School (from September 2013)
B,M	Prof.Linda Drew PhD MA BA (Hons) FRSA FDRS	Deputy Director of the School
B,E,H	Mr Sam De Santis BA (Hons)	President Students' Representative Council (until 31 st July 2014)
	Mr Will Judge	President Students' Representative Council (from 1 st August 2014)

Appointed by the Governing Board

	Ms Sharon Bamford BA (Hons) MBA* (until December 2013)
A,I,N,R	Ms Alison Lefroy Brooks BA (Hons) ACA MCT*
B,E,I,MR	Mr Douglas Brown BA(Hons) Dipl Arch (Oxford) FRIAS RIBA*
A	Dr Janet Brown BSc PhD FInstP FRSE*
B,MR,N,R	Ms Muriel Gray BA (Hons) (from December 2013)*
MR	Dr Simon Groom MA (Hons) PhD*
B	Mr Daniel Ibbotson BA (Hons)* Mr Douglas Kinnaird BA CA*
B,MR,N	Ms Eleanor McAlister OBE MA MSc FRSA*
H,N	Mrs Linda McTavish CBE MA(Hons)*
MR	Ms Christa Reekie Mag.phil Dip Ed LLB Dip NP * Mr Philip Rodney LLB* (until December 2013)
B	Mr Ken Ross OBE*
A,B,I,N,R	Sir Muir Russell KCB FRSE* Ms Lesley Thomson*
M,N	Professor Alison Yarrington BA (Hons) PhD FRSE FSA FRSA *

Elected Members

	Dr Ken Neil MA (Hons) MFA PhD PGCert FHEA	Appointed by the Academic Council
H	Ms Kerry Aylin BA (Hons) FHEA EADiM	Elected by the Support Staff
	Mr Nicholas Oddy BA (Hons) PGDipDes MA(RCA)	Elected by the Academic Staff

Secretary to the Board of Governors

B,MR,H,I	Mr Eliot S Leviten BSc (Hons) FCA (until October 2014)
B,MR,H,	Dr Craig Williamson LLB (Hons), MSc, PhD (Registrar) (from October 2014)

A – Member of Audit Committee

MR – Member of Mackintosh Restoration Committee

I – Member of Investment Committee

N – Member of Nominations Committee

B – Member of Business & Estates Committee

H – Member of Human Resources Committee

M– Member of Museum & Archive Committee

R – Member of Remuneration Committee

* denotes Independent Board Members

Directors' Report - continued

Employment of Disabled Persons

People with disabilities are offered equal opportunities to enter employment and progress within the School. The School follows procedures designed to provide for fair consideration and selection of disabled applicants and to support their training and career development needs.

Employee and Student Involvement

Academic employees of the School elect one Governor to the Board of Governors and through the Academic Council appoint a second Governor. Support staff elect one Governor to the Board. The Students' Representative Council plays a full role in the life of the School and the President is a full member of the Board of Governors.

Governors, academic and support staff and students are represented on the Human Resources Committee, together with trade union representatives.

Creditor Payment Policy

It is the School's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the School and its suppliers, provided that all trading terms and conditions have been complied with. The School endorses the CBI Prompt Payment Code. At 31 July 2014 the School had an average of 27 days purchases outstanding in trade creditors. With regard to the late payment of Commercial Debts (Interest) Act 1998 there are no matters to disclose.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

-So far as the directors are aware, there is no relevant material audit information of which the School's auditor is unaware; and

-He/She has taken all the steps that ought reasonably to have been taken as a member of the Board, in order to make himself/ herself aware of any relevant information, and to establish that the School's auditor is aware of the information.

Responsibilities of the Board of Governors for Accounting and Financial Statements

In accordance with the School's Memorandum and Articles of Association, the Board of Governors is responsible for the administration and management of the affairs of the School and is required to present audited accounts for each financial year.

The Board are responsible for preparing the operating and financial review (incorporating the Chair's Statement, the Strategic Report and the Directors' Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). The financial statements must also be prepared in accordance with the School's Memorandum and Articles of Association and the Financial Memorandum agreed between the Scottish Funding Council and the Board of Governors.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the School for that period and of the surplus or deficit for that period. In preparing these financial statements, the directors are required to ensure that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates made are reasonable and prudent;
- applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the School will continue in operation.

Directors' Report - continued

The Board has taken all reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the School and prevent and detect fraud; and
- secure the economical, efficient and effective management of the School's resources and expenditure.

By order of the Board

Ms Muriel Gray
Chair of the Board of Governors

Professor Tom Inns
Director

8 December 2014

Corporate Governance Statement

The Glasgow School of Art's governance arrangements are defined through an Order of Council (Scottish Statutory Instrument) derived from the Further and Higher Education (Scotland) Act 1992. The School is also a Company Limited by Guarantee. The School is committed to employing best practice in all aspects of corporate governance. Up to (and including) 2012/13, the School applied the principles set out in the revised Combined Code on Corporate Governance (issued by the Financial Reporting Council in July 2003) and in the CUC Guide for Members of Higher Education Governing Bodies in the UK. From 2013/14 onwards, the School complies with the Scottish Code of Good HE Governance, published in July 2013 and the principles of the UK Corporate Governance Code (2010) in so far as they apply to education institutions. The School's own Statement of Corporate Governance (revised and approved by the Board of Governors annually) complies fully with the Scottish Code. The School also complies with the appropriate accounting standards and the Scottish Funding Council's Financial Memorandum.

The School's Board of Governors is responsible for the School's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The process for reviewing the effectiveness of the system of internal control is through management reports to the various committees and, in particular, the Audit Committee, including scrutiny of the School's Risk Register and Business Continuity plans.

The Board of Governors comprises lay and academic persons appointed under the Statutes of the School. The majority of Governors are non-executive and independent, serving alongside ex-officio and elected staff and student Governors. Lay Governors are not remunerated. Governors are appointed for a term of office not exceeding three years, at the conclusion of which they may be reappointed for up to two further terms. New Governors are provided with a thorough induction process, and all Governors are offered the opportunity to take advantage of suitable training and awareness opportunities, e.g. the courses and seminars offered by the Leadership Foundation for Higher Education. The Clerk to the Board maintains a Register of Interests of members of the Board. All governors are able to take independent professional advice in furtherance of their duties at the School's expense and have access to both the Company Secretary of the School and the Registrar, who are responsible for ensuring that all applicable procedures and regulations are complied with. The Board is responsible for the appointment of the Director, Deputy Director and the Director of Finance and Resources (Company Secretary).

The roles of Chair and Vice-Chairs of the Board are separated from the role of the School's chief executive, the Director. The matters specially reserved to the Board for decision are set out in the Statutes of the School, by custom and under the Financial Memorandum with the Scottish Funding Council. The Board holds to itself the responsibilities for the ongoing strategic direction of the School, approval of major developments, and receipt of regular reports from Executive Officers on the day-to-day operations of its business. The Board meets at least five times a year and has the following committees: Business and Estates (which merged with the Estates Committee to become the Business and Estates Committee as of the 2014/15 year), Audit, Investment, Human Resources, Estates (up to the end of 2013/14), Mackintosh Restoration (from 2014/15), Museum and Archive, Remuneration and Nominations. All of these committees are formally constituted with terms of reference and all are chaired by lay members of the Board.

The Business and Estates Committee, inter alia, recommends to the Board the School's annual revenue and capital budgets and monitors performance in relation to the approved budgets, together with the Audit Committee. It also recommends to the Board the Annual Accounts for approval. The Business and Estates Committee is also responsible for the preparation of policy for the adequate provision of space to meet the requirements of the strategic plan and the monitoring of the effective management of the School's estate. The Business and Estates Committee normally meets four times per annum.

The Audit Committee is responsible for meeting with the External Auditors and Internal Auditors of the School and reviewing their findings. They consider detailed reports together with recommendations for the improvement of the School's systems of internal control and management's response and implementation plans. They also receive and consider reports from the Scottish Funding Council (SFC) as they affect the School's business and monitor adherence with the regulatory requirements. The Audit Committee usually meets four times per annum.

The School's Internal Audit service is outsourced to a professional firm of auditors, which operates in accordance with the requirements of the Scottish Funding Council's Financial Memorandum. The work of the internal audit service is informed by an analysis of the risks to which the School is exposed, and annual audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the Audit Committee. The Internal Auditor provides the governing body with an annual report on internal audit activity in the School. The report includes their independent opinion on the adequacy and effectiveness of the School's system of risk management, controls and governance processes.

The Investment Committee is responsible for recommending investment strategy to the Board and for monitoring investment performance, including oversight of the School's ethical investment policy.

Corporate Governance Statement – continued

The Human Resources Committee is responsible for the review of policy relating to the employment of staff and the monitoring of the effective management of these affairs and recommending policy to the Board. The School is responsible for ensuring that appropriate training is provided as required.

The Mackintosh Restoration Committee is responsible for the oversight of the process of restoring the Mackintosh Building following the major fire of May 2014. The Committee meets as and when required.

The Museum and Archive Committee considers and makes recommendations on all matters relating to the School's Museum and Archive Collections. The Committee usually meets five times per annum.

The Remuneration Committee determines the remuneration of the most senior staff, including the Director. Details of remuneration for the year under review are specified in this report.

The Nominations Committee oversees and recommends to the Board the appointment and renewal of independent lay governors, and the appointment of Board office-holders.

Quality Assurance

Formal and informal mechanisms enable the Board to ensure that its strategic responsibilities for quality are discharged effectively; that the School continues to maintain a high quality learning experience for its students; and that both students and external agencies are satisfied with the quality of education provided. These mechanisms, which exercise delegated powers of the Board, include the responsibilities of the Director, formal reports to the Academic Council, the Annual Report to the SFC on Institution-led Review of Quality, an Annual Report to the Senate of the University of Glasgow, and the annual monitoring of Key Performance Indicators, all of which are reported to the Board on a regular basis. They are supplemented by active student and staff participation and engagement, as demonstrated in the School's submissions to QAA Enhancement-Led Institutional Reviews.

The Directorate

This comprises the Director, Deputy Director and Director of Finance and Resources. The Director is responsible to the Board for the School's day-to-day management, policy, and the development and execution of the School's Strategic Plan. In respect of its strategic direction and responsibilities, the Board receives recommendations and advice from the Director.

The Director is the School's Chief Accountable Officer, is responsible for the proper use of funds received from the SFC, and has responsibility for reviewing the effectiveness of the system of internal control. The Director chairs the Directorate, the School's Executive Group and the Academic Council. The Director represents the School on Universities Scotland and other external bodies. Academic policy is devolved by the Board to the Director, as advised by the Academic Council.

The Deputy Director has responsibility for overseeing the School's academic development, quality enhancement and research. She is chair of the Learning & Teaching and Research Committees and deputises for the Director in his absence.

The Director of Finance and Resources is responsible for the School's finances and estate, in support of the School's academic purposes, and also has responsibility for reviewing the effectiveness of the system of internal control.

Going Concern

The Board considers that the School has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Corporate Governance Statement – continued

Attendance at meetings 2013/14

The attendance of the individual Governors at Board and major Committee meetings during 2013/14 was as follows:

	Board	Audit	Estates	Business
	6*	4	5	5
Kerry Aylin	5/6	-	-	-
Sharon Bamford (left December 2013)	1/2	-	-	-
Alison Lefroy Brooks	6/6	4/4	-	-
Douglas Brown	5/6	1/2	5/5	5/5
Janet Brown	4/6	4/4	-	-
Linda Drew	5/6	1/1**	-	4/5
Muriel Gray	5/5	1/2**	3/3	3/3
Simon Groom	4/6	-	-	-
Tom Inns	6/6	3/3**	5/5	5/5
Daniel Ibbotson	4/6	-	-	1/1
Douglas Kinnaird	6/6	-	-	-
Eleanor McAlister ***	2/3	-	-	-
Linda McTavish	4/6	-	-	-
Ken Neil	5/6	-	-	-
Nicholas Oddy	6/6	-	-	-
Christa Reekie	3/6	-	4/5	-
Philip Rodney (left December 2013)	1/1	2/2**	2/2	2/2
Ken Ross	6/6	-	-	-
Sir Muir Russell	6/6	3/4	-	5/5
Sam De Santis	6/6	-	5/5	5/5
Lesley Thomson	3/6	-	-	-
Alison Yarrington	4/6	-	-	-
Eliot Leviten, Company Secretary	6/6**	4/4**	5/5	5/5

* includes emergency meeting after the Mackintosh Building fire May 2014

** denotes attendee(not full member)

*** Stood down temporarily as a Governor to avoid conflict of interest

Ms Muriel Gray
Chair of the Board of Governors

Professor Tom Inns
Director

8 December 2014

Governors' Biographies

Mr Philip Rodney LLB

Chair of the Board of Governors (until December 2013)

Philip Rodney studied Law with English, Economics and Industrial Administration at the University of Strathclyde. He qualified as a solicitor in 1976, and was a Partner at Alexander Stone and Co from 1979 to 1998 before becoming a Partner at Burness LLP. He is now Chairman of Burness Paull. As a lawyer, he is singled out as a leading individual in Dispute Resolution, Defamation and Media & Entertainment by *Chambers UK 2013*. Philip is a Governor of Hutchesons' Educational Trust in Glasgow.

Ms Muriel Gray BA (Hons)

Chair of the Board of Governors (from December 2013)

Muriel Gray is a graduate of GSA and worked as a professional illustrator before joining the National Museum of Antiquities in Edinburgh as assistant head of design. A full time career spanning over two decades in the media followed, from presenting many diverse network radio and television programmes, to producing and directing, and then founding her own award winning production company which grew into the largest in Scotland. She is also known as a political opinion writer in many publications and continues to contribute regularly to The Guardian. She has won several prizes for journalism including columnist of the year at the Scottish press awards.

She is the author of five books, three novels and two nonfiction, and many short stories and essays. Two of her books have been shortlisted for the prestigious British Fantasy Award. She was the chair of the judges for the 2007 Orange Prize for Fiction, and serves annually on both BAFTA and the Royal Television Society Awards juries.

Muriel is a former rector of Edinburgh University, still the only woman to have held this post, and has been awarded honorary degrees from the University of Abertay, The Glasgow School of Art and Glasgow University. She has served as a trustee on the boards of Lomond Shores, Event Scotland, The Lighthouse, The Glasgow Science Centre, The National Maritime Museum, The Children's Parliament, and the GSA Development Trust. She is a working patron of Trees for Life, The Craighalbert Centre, and the Scottish Additional Needs Mediation Forum.

Dame Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA

Director (until August 2013)

Seona Reid retired as Director of the Glasgow School of Art in August 2013, having served for 14 years since September 1999. Previous executive positions included Director of the Scottish Arts Council, Assistant Director of Greater London Arts, Director of Shape, Head of Public Relations for Ballet Rambert and for Northern Dance Theatre and Business Manager of Lincoln Theatre Royal

Having held many positions in public life, she is currently Deputy Chair of the Heritage Lottery Fund and Chair of its Scottish Committee; Scottish Commissioner to the Fulbright Commission; Chair of the National Theatre of Scotland; Chair of Cove Park, an artist residency centre in Argyll; and a Trustee of the Tate.

Seona has honorary degrees from Robert Gordon, Glasgow, Glasgow Caledonian, and Strathclyde Universities, was awarded a CBE in 2008 and a DBE in 2013, all for services to the arts and creative industries.

Professor Tom Inns BEng (Hons) DIC MDes (RCA) PhD, FRSA

Director (from September 2013)

Tom Inns took up the post of Director of the Glasgow School of Art in September 2013. Tom studied Engineering at the University of Bristol and Design at the Royal College of Art. In 1990 he cofounded the Design Research Centre at Brunel University, becoming Director in 1996. His PhD explored the impact of design on innovation in small companies. In 2000 he moved to the University of Dundee, becoming Head of Design at Duncan of Jordanstone College of Art & Design (DJCAD) and then Dean. Between 2005-2010 he was Programme Director for the AHRC/EPSRC funded Designing for the 21st Century Initiative. Tom has an active interest in how strategic design can apply principles of traditional design to society's systemic challenges. He regularly designs and facilitates knowledge sharing workshops with innovation agencies across Europe, working with organisations such as NESTA, UK Design Council, ARDI Rhone Alps, UKERC, Swedish Industrial Design Foundation, South West Screen, PopVox, VINNOVA and Guimaraes 2012. In September 2014, Tom was appointed as a Council Member of the Arts & Humanities Research Council.

Ms Alison Lefroy Brooks BA (Hons) ACA MCT

Vice-Chair

Alison is a chartered accountant and worked for KPMG in London before specialising in treasury. She worked for the BOC Group plc and was Assistant Treasurer at the TPG Group NV, based in the Netherlands. She moved to Scotland in 2001 and until 2013 was Group Treasurer for Aggreko plc, the global leader in the rental of power, temperature control and oil-free compressed air systems to customers around the world. She was previously chair of the Scottish discussion group for the Association of Corporate Treasurers.

Governors' Biographies continued

Sir Muir Russell KCB FRSE

Vice-Chair

Muir was the first Permanent Secretary to the Scottish Executive following devolution and then Principal and Vice-Chancellor of the University of Glasgow from 2003 to 2009, when he was Convener, Universities Scotland, member of the boards of UUK and UCAS and trustee of USS. Currently he chairs the Judicial Appointments Board for Scotland, the Board of Trustees of the Royal Botanic Garden Edinburgh and the Dunedin Concert Trust; and is a board member of the Moredun Research Institute. He is a member of the board of NHBC (the National House-Building Council) and chairs its Scottish Committee. He is also a member of the Council of the Royal Society of Edinburgh. A graduate of the University of Glasgow in Natural Philosophy, Muir was created KCB in 2001 and FRSE in 2000 and given honorary degrees by the Universities of Strathclyde, Glasgow and Edinburgh.

Professor Linda Drew BA (Hons) MA PhD FRSA FDRS

Deputy Director and Director of Academic Development

Linda joined the GSA in August 2011 from the University of the Arts London (UAL) where she was Dean of the Graduate School for Camberwell, Chelsea and Wimbledon. She is currently the Chair of CHEAD (Council for Higher Education in Art and Design) and is an associate member of the Associate Parliamentary Design and Innovation Group. She is also an External Quality Reviewer for arts higher education at the Singapore Ministry of Education. Linda was Head of College at Chelsea College of Art and Design (UAL 2006-7). Before joining the University of the Arts as Dean at Chelsea in 2003, she was Co-Director of the Art, Design and Communication subject centre based at the University of Brighton. She is founding editor of the highly regarded peer-reviewed research journal Art, Design and Communication in Higher Education, published by Intellect books for over 12 years. Linda is an alumna of Saint Martins School of Art, a Fellow of the Design Research Society (FDRS) and a Fellow of the Royal Society of the Arts (FRSA). Linda will leave GSA in early 2015 to take up the post of Director of Ravensbourne College.

Ms Kerry Aylin BA (Hons) FHEA EADiM

Kerry graduated from The Glasgow School of Art in 1983. After 11 years in industry, she returned to GSA as a member of staff. She has been running her own design business since 1994, where her creative work has been mostly in communication design, primarily publishing and interactive technology. Amongst her accomplishments are a Scottish Design Award, Europrix winner, Prix Mobius shortlist and British Interactive Media Awards finalist. She is a Fellow of the Higher Education Academy and member of European Academy of Digital Media. At GSA, Kerry supports all schools as a specialist in assistive technologies and in the innovative application of technology to traditional industry techniques and divergent thinking. Kerry has been an Adobe Education Leader and contact for the Adobe Partnership for a number of years.

Ms Sharon Bamford BA (Hons) MBA (until December 2013)

Sharon was Chief Executive of the Association of MBAs until August 2012. Previously she was CEO of the UK-India Business Council, Chief Executive of the Scottish Institute for Enterprise, Director of the Edinburgh Technopole at the University of Edinburgh and lectured in the Centre for Entrepreneurship at Robert Gordon University. Earlier roles included Managing Director, Panmure Consulting Ltd, Director of the charity Challenges Worldwide; Head of Grampian Technology Development Unit, Director of International Marketing for Drilling Systems (Rigsim) Ltd and Principal of Gateside Schools.

Mr Douglas Brown BA (Hons) Dipl Arch (Oxford) FRIAS RIBA

Douglas Brown is a chartered architect who spent most of his professional career with international strategic design consultancy DEGWA, a firm whose reputation was built on innovation in workplace, research and learning environments. From 2001 to 2008 he was Group Managing Director of DEGWA Plc with responsibility for leading growth and managing the performance of the firm's worldwide operations from 14 offices in 9 countries across Europe, Asia and North America. He left the firm in February 2009. From 1998 to 2001 Douglas was also a partner at Dutch Management Consultancy Twynstra Gudde Group. He is a past Board Member of the British Council of Offices.

Dr Janet Brown BSc PhD FInstP FRSE

Janet is Chief Executive of the Scottish Qualifications Authority, having previously been Managing Director of Industries at Scottish Enterprise. Prior to this she spent 19 years working in the private sector in the United States and has extensive experience in science, research and technology as well as business management. A graduate of the University of Birmingham, with a BSc in Physics and a PhD in Physical Metallurgy and Materials Science, Janet is also a Fellow of the Royal Society of Edinburgh and a Fellow of the Institute of Physics.

Dr Simon Groom MA (Hons) PhD

Simon has been Director of the Scottish National Gallery of Modern Art, Edinburgh since November 2007. He graduated in English Literature from Edinburgh University before spending a year in Japan and three years in Italy. In 1994 he returned to London to complete an MA and a Doctorate in Art History at the Courtauld Institute. For three years he worked as the curator at Kettle's Yard, Cambridge before being appointed Head of Exhibitions at Tate Liverpool, where he curated numerous exhibitions of modern and contemporary international art, including "The Real Thing: Contemporary Art from China" in 2007 as well as leading the Tate's acquisition strategy in Asia.

Governors' Biographies continued

Mr Daniel Ibbotson BA (Hons)

Daniel graduated in Fine Art Photography at Glasgow School of Art in 1996. After six years working within the creative community in Scotland he cofounded Graphical House design consultancy, where he works as a designer and director. In 2006 he was awarded the Scottish Design Awards Designer of the Year title. Between 2004 and 2007 Daniel was a member of the UK Design Skills Advisory Panel, formed by The Design Council and Creative and Cultural Skills in order to develop 'The Creative Blueprint' sector skills agreement. He now sits on the UK Design Alliance Scotland panel, a partnership of regional design organisations working together to strengthen the sector.

Mr Douglas Kinnaird BA CA

Douglas is a business graduate from Strathclyde University and a Chartered Accountant. He runs MacDonald Kinnaird which has the reputation of recruiting for many of the major roles in Scotland's public and private sectors and is founder and deputy chairman of Scotland International. In 2004 he bought the former Lady Artists Society building in Blythswood Square, whose door and entrance is featured in every Charles Rennie Mackintosh book in the world. He occasionally returns to Strathclyde to lecture in Marketing, was on Cancer Research UK's Scottish Council, a Director of Scotland the Brand and a governor of Hutchesons' School.

Ms Eleanor McAllister OBE MA MSc Hon FRIAS FRICS FRSA

An economist and town planner, Eleanor McAllister has managed a number of urban regeneration projects throughout her career. She retired in March 2012 from her most recent post as managing director of Clydebank re-built, designated as one of the Scottish Government's Pathfinder urban regeneration companies. She was made OBE for services to architecture in 2007 and was awarded honorary fellowships with both the Royal Incorporation of Architects in Scotland (2009) and the Royal Incorporation of Chartered Surveyors (2012). She is currently a member of the Heritage Lottery Fund, Scotland Committee and a member of the Advisory Committee for Historic Scotland.

Mrs Linda McTavish CBE BA (Hons)

Former Principal of Anniesland College, Linda studied at Strathclyde University, followed by research at Edinburgh University and TQFE at Jordanhill College. She taught at Cardonald College and Langside College before becoming Depute Principal at Anniesland in 1993 and Principal in 1997. She has been a SQA assessor/verifier, member of Scottish Executive Lifelong Forum, New Deal Taskforce, Scottish Refugee Integration Forum, SE Glasgow, Community Learning Scotland and the Glasgow Economic Forum and is currently a member of the Education Commission for Glasgow. Linda was awarded the Lord Provost's Medal for education, a CBE for services to further education and a Fellowship of the SQA.

Professor Ken Neil MA (Hons) MFA PhD PGCert FHEA

Ken Neil studied Painting and the History and Philosophy of Art at Edinburgh University as an undergraduate, before achieving an MFA in Painting from Edinburgh College of Art in 1995. He completed a PhD in art theory in 2003, while teaching Humanities and History of Art at ECA and the Universities of Edinburgh and Glasgow. From 1999 he was lecturer in Contextual and Critical Studies at Gray's School of Art, taking on the Headship of Fine Art and Fine Art Critical Studies in 2002. In 2005 he led a new MFA in Critical Social Art Practice for Gray's before being appointed Head of Historical and Critical Studies at The Glasgow School of Art in 2006. His research relates to three fields: contemporary art and art theory; issues around access, inclusion and tradition in creative education; and theories of the real and the everyday. Since joining GSA he has been a Sector Lead for creative and cultural practice disciplines for the Scottish Enhancement Theme 'Research-Teaching Linkages' and has served on the AHRC Fellowships Review Panel. Ken is on the Editorial Board of the journal 'Art & Research' and is a member of the AHRC Peer Review College and a Fellow of the Higher Education Academy. In April 2012, Ken took on the role of Acting Head of Research for GSA. From January 2014, he was appointed a Trustee of the UK Association of Art Historians, and currently chairs the Association's Further and Higher Education Special Interest Group. Ken was awarded a Personal Professorship in Art and Design in July 2014, and was formally appointed as GSA's Head of Research in August 2014.

Mr Nicholas Oddy BA (Hons) PGDipDes MA (RCA)

Nicholas studied at Edinburgh College of Art and was awarded a scholarship to the Royal College of Art and Victoria & Albert Museum to study design history. He taught at Teesside and Duncan of Jordanstone before joining Glasgow School of Art in 1993 where other roles have included representative of the Design History Society and President of the GSA UCU. His research interests focus on late 19th and 20th century mass manufactures, particularly the cycle and toy industries; he is chair of the Cycle Touring and Countryside Trust and advises auction rooms for specialist sales of cycles and cycling memorabilia and collectors' items.

Ms Christa Reekie Mag.phil. Dip Ed LLB NP

Christa was a school teacher in Austria, moved to Scotland and re-qualified as a teacher there. She joined the University of Edinburgh as a tutor teaching German before moving into the software industry (Adobe) as a translator and later a project leader, thus funding her accelerated law degree at Edinburgh University. She trained with Brodies in Edinburgh, became a commercial property lawyer and joined Burness in 1996, where she specialised in construction law before concentrating on PFI/PPP large infrastructure projects, becoming a partner in 2000. She was appointed as commercial director of Scottish Futures Trust Limited in November 2009.

Governors' Biographies continued

Mr Kenneth Ross OBE

Ken currently has property interests in land, commercial and residential property and recently became Chairman of a renewable energy company operating throughout Scotland. He graduated in 1970 and qualified as a Surveyor in 1972. He was President of the Scottish Housebuilders Association in 1987/1988 and was a founding Director when Homes for Scotland was formed. He went on to become Chairman of the Scottish Property Federation during 2007. In 2006, he was appointed to the Regeneration Board advising the Executive and Scottish Ministers on matters relating to regeneration in Scotland. He was a member of the Climate Change Business Delivery Group. In 2007, Ken was a member of the Sullivan Committee advising the Scottish Ministers on a low carbon strategy for Scotland and is now a Member of the 2020 Group actively involved in sustainability and renewable projects throughout Scotland. In 2008, he was invited to join the National Economic Forum and in 2009 was invited to become a Member of the Housing Supply Task Force. In 2010, he was appointed to the Housing Policy Advisory Board, advising Scottish Ministers on housing matters in Scotland. Ken is a Member of the Executive Committee of SCDI and continues to chair the Building Standards and Sustainability Committee for the SPF. He is also actively involved in projects involving the arts, social and educational sectors in Scotland.

Mr. Sam De Santis BA (Hons)

Sam studied fine art photography at the Glasgow School of Art from 2008 to 2012. During this time he was awarded the Royal Glasgow institute of Fine art Undergraduate award and has had his work exhibited across the UK with shows in Glasgow, Manchester and London. His work 'hand compacted sphere' was chosen to represent the Glasgow School of Art 2012 Degree show, being reproduced all over Scotland in a variety of formats. During his time as a student Sam was an active member of both the Student Representative Council (SRC) and the Student Staff Consultancy Committee (SSCC) and he was elected to the position of President of the SRC just prior to his graduation in May 2012.

Ms Lesley Thomson

Lesley is Managing Director of the Liddell Thomson Consultancy and a Director of Spreng & Co. She is an experienced communications professional working across the private, public and third sectors. Lesley is often commissioned to design and facilitate planning sessions for boards or executive teams seeking to develop business, communication or brand strategies. Her experience spans projects for the Scottish Government, banking and financial services, government agencies, local authorities and academia as well as major private sector-led developments. Lesley is a member of the Academy of Urbanism, Trustee of the Dewar Arts Awards and a Board member of Horsecross (Perth Theatre and Perth Concert Hall).

Professor Alison Yarrington BA (Hons), PhD, FRSE, FSA, FRSA

Alison Yarrington is Dean of the School of the Arts, English and Drama at the University of Loughborough, prior to which she was Professor of Art History and Dean of the Faculty of Arts and Social Sciences at the University of Hull. Professor Yarrington, an expert in sculpture, took a foundation course at Chesterfield College of Art and Design before moving into higher education. She gained her undergraduate degree in fine art and history of art at the University of Reading before undertaking a doctorate at Darwin College, Cambridge. Professor Yarrington was appointed to a lectureship in the history of art at the University of Leicester, promoted to a Personal Chair of Art History and then was elected Dean of the Faculty of Arts. She was appointed Richmond Chair and Head of the Department of Art History at the University of Glasgow in 2003, where she was also Honorary Keeper of Fine Art for the Hunterian Gallery and Museums. She is currently Chair of the Association of Art Historians and a member of the Advisory Council of the Paul Mellon Centre for Studies in British Art.

Independent auditor's report to the Board of Governors of Glasgow School of Art

We have audited the financial statements of The Glasgow School of Art ('the School') for the year ended 31 July 2014 which comprises the Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses and Deficits, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and School Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Board of Governors and Directors, as a body, in accordance with the Financial Memorandum of the School; and in accordance with section 44(1)c of the Charities and Trustee Investment (Scotland) Act 2005, regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and under Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of The Board of Governors and Directors and the auditor

As explained more fully in the Responsibilities of the Board of Governors and Directors set out on page 9, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Financial Memorandum of the School, section 44(1)c of the Charities and Trustee Investment (Scotland) Act 2005 and also under the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

We are also required to report to you whether, in our opinion, funds, from whatever source, administered by the School for specific purposes have, in all material respects, been properly applied to those purposes and managed in accordance with the terms and conditions attached to them and whether income has, in all material respects, been applied in accordance with the relevant legislation and with the Financial Memorandum with the Scottish Funding Council.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the School and of the Group as at 31 July 2014 and of the surplus of the Group's income over expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the Board of Governors of Glasgow School of Art continued

Opinion on other matters

In our opinion:

- funds from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the School have, in all material respects, been applied only for the purposes for which they were received; and
- income has, in all material respects, been applied in accordance with the Further and Higher Education (Scotland) Act 1992, and, where appropriate, with the Financial Memorandum with the Scottish Funding Council.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006 required us to report to you if, in our opinion:

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

Nick Bennett
Senior Statutory Auditor
For and on behalf of Scott Moncrieff
Statutory Auditor, Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

December 2014

THE GLASGOW SCHOOL OF ART
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2014

	<i>Notes</i>	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
INCOME (Group and share of joint venture)			
Funding Council Grants	1	13,462	13,078
Funding Council Loan Support Grants	1	609	-
Tuition fees and education contracts	2	9,047	8,036
Research grants and contracts	3	2,325	2,362
Other income	4	4,053	3,603
Endowment and Investment income	5	412	371
Group turnover		<u>29,908</u>	<u>27,450</u>
less : Share of joint venture's turnover		(266)	(296)
Total income		<u>29,642</u>	<u>27,154</u>
EXPENDITURE			
Staff pay costs	6	17,334	15,604
Depreciation	12	1,952	1,959
Other operating expenses	8	9,364	9,021
Interest payable	9	773	289
Total expenditure		<u>29,423</u>	<u>26,873</u>
Surplus on continuing operations after depreciation of assets at valuation		219	281
Share of operating surplus in joint venture	12	11	-
Surplus on continuing operations before taxation		230	281
Taxation	10	(36)	(27)
Surplus on continuing operations after depreciation of assets at valuation and taxation		194	254
Accumulated income retained within specific endowments	19	(3)	(19)
Surplus for the year retained within general reserves		<u>191</u>	<u>235</u>
The income and expenditure account is in respect of continuing activities.			

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2014

	<i>Notes</i>	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Surplus on continuing operations after depreciation of assets at valuation		219	281
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount	21	322	322
Historical cost surplus before taxation		<u>541</u>	<u>603</u>
Historical cost surplus after taxation		<u>505</u>	<u>576</u>

THE GLASGOW SCHOOL OF ART

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2014

	<i>Notes</i>	Year Ended 31 July 2014	Year Ended 31 July 2013
		£000	£000
Surplus on continuing operations after depreciation of assets at valuation and taxation		194	254
Appreciation of endowment asset investments	19	85	362
Impairment of heritage assets	12	(4,048)	-
Actuarial (loss) / gain in respect of pension scheme	30	(3,191)	2,295
Total recognised (losses) / gains relating to the year		<u>(6,960)</u>	<u>2,911</u>
Total recognised (losses) / gains since last report		<u><u>(6,960)</u></u>	<u><u>2,911</u></u>
Reconciliation of movement in funds			
Opening reserves and endowments as previously stated		24,151	21,240
Total recognised (losses) / gains for the year		<u>(6,960)</u>	<u>2,911</u>
Closing reserves and endowments		<u><u>17,191</u></u>	<u><u>24,151</u></u>

THE GLASGOW SCHOOL OF ART
SC002271
BALANCE SHEETS
As at 31 July 2014

		Consolidated 2014 £000	School 2014 £000	Consolidated 2013 £000	School 2013 £000
Fixed Assets					
Tangible assets	12	72,319	72,319	56,540	56,540
Assets held for the nation: Heritage Assets	12	8,827	8,827	12,875	12,875
Investments in joint ventures	12	11	-	-	-
Endowment Assets	13	3,334	3,334	3,246	3,246
Debtors greater than one year	14	16,250	16,250	10,006	10,006
Current Assets					
Stocks		75	75	78	78
Debtors	14	7,479	7,652	8,152	7,790
Cash at bank and in hand		6,577	5,789	5,866	5,185
		<u>14,131</u>	<u>13,516</u>	<u>14,096</u>	<u>13,053</u>
Creditors: amounts falling due within one year	15	<u>(17,089)</u>	<u>(17,157)</u>	<u>(16,149)</u>	<u>(15,455)</u>
Net current liabilities		<u>(2,958)</u>	<u>(3,641)</u>	<u>(2,053)</u>	<u>(2,402)</u>
Total assets less current liabilities		97,783	97,089	80,614	80,265
Creditors: amounts falling due after more than one year	16	(17,709)	(17,709)	(11,309)	(11,309)
Provisions for liabilities and charges	17	(1,269)	(1,269)	(1,426)	(1,426)
Net assets excluding pension liability		<u>78,805</u>	<u>78,111</u>	<u>67,879</u>	<u>67,530</u>
Net pension liability	30	(7,011)	(7,011)	(3,735)	(3,735)
Net assets including pension liability		<u>71,794</u>	<u>71,100</u>	<u>64,144</u>	<u>63,795</u>
Deferred capital grants	18	54,603	54,603	39,993	39,993
Endowments					
Specific	19	2,993	2,993	2,915	2,915
General	19	341	341	331	331
		<u>3,334</u>	<u>3,334</u>	<u>3,246</u>	<u>3,246</u>
Reserves					
Revaluation reserve	20	17,990	17,990	22,360	22,360
Income and expenditure account excluding pension reserve	21	2,721	2,027	2,179	1,830
Income and expenditure account departmental reserves	21	157	157	101	101
Pension reserve	22	(7,011)	(7,011)	(3,735)	(3,735)
Total reserves		<u>13,857</u>	<u>13,163</u>	<u>20,905</u>	<u>20,556</u>
Total		<u>71,794</u>	<u>71,100</u>	<u>64,144</u>	<u>63,795</u>

The accompanying accounting policies and notes form part of these financial statements

The financial statements on pages 20 to 39 were approved on 8 December 2014 and signed on behalf of the Board by:

Muriel Gray Chair

Professor Tom Inns, Director

THE GLASGOW SCHOOL OF ART
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2014

	<i>Notes</i>	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Cash flow from operating activities	23	(4,462)	(11,990)
Returns on investments and servicing of finance	25	(276)	288
Taxation	24	(36)	(27)
Capital expenditure and financial investment	26	(2,460)	(1,186)
Financing	27	(1,250)	(149)
		<hr/>	<hr/>
Decrease in cash in the year		<u>(8,484)</u>	<u>(13,064)</u>
 Reconciliation of net cash flow to movement in net (debt)			
Decrease in cash in the period		(8,484)	(13,064)
Movement in capital debt		1,250	149
		<hr/>	<hr/>
Change in net debt		(7,234)	(12,915)
Net debt at 1 August		(8,760)	4,155
		<hr/>	<hr/>
Net debt at 31 July	28	<u>(15,994)</u>	<u>(8,760)</u>

The accompanying accounting policies and notes form part of these financial statements

Statement of Principal Accounting Policies

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

1 Accounting Convention

The accounts have been prepared under the historical cost convention, modified to include the revaluation of endowment asset investments and land and buildings at valuation, and in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP), the Accounts Direction issued by the Scottish Funding Council and applicable Accounting Standards and relevant legislation. They conform to guidance published by the Scottish Funding Council.

2 Basis of consolidation

The consolidated financial statements include the School and its subsidiary, GS of A Singapore Pte Ltd, and its joint venture with Historic Scotland, CDDV LLP. Intra-group income and surpluses are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because the School does not control those activities.

3 Recognition of Income

Recurrent grants from the Scottish Funding Council (SFC) represents the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non-recurrent grants from the SFC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments, not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to specific endowments.

4 Pension Schemes

The School participates in two pension schemes providing benefits based on final pensionable pay, the Scottish Teachers Superannuation Scheme (STSS) and the Strathclyde Pension Fund (SPF). All schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of the School. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries.

Strathclyde Pension Fund

The scheme is a defined benefit scheme and is accounted as a defined benefit scheme under Financial Reporting Standard 17, Retirement Benefits (FRS17).

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between the income and expenditure account and, in the statement of total recognised gains and losses, in respect of actuarial gains and losses.

Scottish Teachers Superannuation Scheme

Members of the academic staff are covered by the Scottish Teachers' Superannuation Scheme to which the School contributes. The scheme is available to staff of more than one employer and it is not possible in either case to identify each participating institution's share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly, the School has utilised the provisions of FRS17 whereby the contributions to the scheme are recognised as if it were a defined contribution scheme. The cost recognised within the School's income and expenditure account will be equal to the contribution payable to the scheme for the year. Under statute, accounts for this scheme are prepared by the relevant body.

A small number of staff are in other pension schemes but the School would only contribute if the employee was ineligible to join one of the two main public sector schemes.

5 Land and Buildings

Tangible Fixed Assets land and buildings are stated at cost or valuation, less a provision for depreciation. The basis of the valuation is depreciated replacement cost. The last valuation was carried out on 31 July 1995 by Grimleys, Chartered Surveyors. All additions since that date have been included at historic cost and their value is deemed to be at least equal to the cost incurred. Buildings are depreciated over their expected useful lives of up to 50 years.

Costs incurred in increasing the value of a building are capitalised if the cost of the improvement is over £5,000. If the cost incurred is over £5,000, but not considered to increase the value of the building, it will be written off in the year it is incurred. Where the property improvement cost that is to be capitalised has been incurred with the aid of a specific grant, it is depreciated as above. The related grant is treated as a deferred capital grant and released to the income and expenditure account over the period stated above.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Statement of Principal Accounting Policies continued

6 Assets held for the Nation: Heritage Assets

The School holds and conserves heritage assets for future generations. As a general policy, heritage assets are recognised in the Balance Sheet where the School has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset is not recognised on the balance sheet.

The carrying amount of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage. The School does not intend to dispose of heritage assets. The carrying value is based on the insurance value as at 31 July 2014 and was carried out by Axa Art, independent valuers.

7 Investments

Subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment in the University's balance sheet.

The joint venture with Historic Scotland, CDDV LLP, is accounted for under the gross equity method.

8 Equipment

All equipment and minor building improvements costing less than £5,000 for an individual item, or group of related items, is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its useful economic life as follows:

Telephone equipment	10 years	straight line
Other IT equipment and software	4 years	straight line
Furniture, fittings and minor building improvements	10 years	straight line
Other equipment	5 years	straight line

Where the equipment that is to be capitalised has been acquired with the aid of a specific grant, it is depreciated as above. The related grant is treated as a deferred capital grant and released to the income and expenditure account over the period stated above. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of any fixed assets may not be recoverable. No depreciation is charged in the year of purchase.

9 Leased assets

Operating leases and the total payments made under them are charged to the income and expenditure account on a straight line basis over the lease term.

10 Investments

Endowment Asset Investments are included in the balance sheet at market value as at the year-end.

11 Stocks

Stocks are stated at the lower of cost or net realisable value.

12 Maintenance of Premises

The cost of routine maintenance is charged to the Income and Expenditure account as incurred.

13 Taxation Status

The School is a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SC012490). Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The School receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The School's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organization.

14 Provisions

Provisions are recognised when the School has a present legal or constructive obligation as a result of a past event, and if it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

Statement of Principal Accounting Policies continued

15 Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

- Restricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
- Unrestricted permanent endowment – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the School.
- Restricted expendable endowment – the donor has specified a particular objective and the School can convert the endowed capital into income.

16 Agency arrangements

Funds the School receives and disburses as a paying agent on behalf of a funding body or other body, where the School is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure account.

17 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. The resulting exchange differences are taken to the income and expenditure account in the year.

18 Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the School's treasury management activities. They exclude any such assets held as endowment asset investments.

NOTES TO ACCOUNTS

1 Funding Council Grants	<i>Notes</i>	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
SFC recurrent teaching grant		7,194	7,463
SFC research grant		2,081	1,860
Small specialist institution grant		3,079	2,781
Other SFC grants		679	545
Deferred capital grant released in year:			
Buildings	18	400	400
Equipment	18	29	29
		<u>13,462</u>	<u>13,078</u>
SFC Loan support grant		<u>609</u>	<u>-</u>
2 Tuition Fees and Education Contracts		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Scottish / EU higher education students/ RUK (old fees)		2,770	2,795
RUK students (new fees)		1,397	738
Non EU students		4,267	4,085
Non credit bearing courses		283	328
Other contracts		330	90
		<u>9,047</u>	<u>8,036</u>
3 Research Grants and Contracts		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Research councils		355	406
UK Charities		5	-
UK governmental contracts		576	1,049
Other grants and contracts		102	14
UK industrial and commercial contracts		1,287	893
		<u>2,325</u>	<u>2,362</u>
4 Other Income		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Residences		864	807
Release from deferred grants (Non SFC)	18	479	479
Other income generating activities		290	327
Public realm improvement grant		317	-
Share of joint venture income		266	296
Other income		1,837	1,694
		<u>4,053</u>	<u>3,603</u>
5 Endowment and Investment Income		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Income from specific endowments	19	206	223
Income from general endowments	19	6	6
Bank interest		200	142
		<u>412</u>	<u>371</u>

NOTES TO ACCOUNTS - continued

6 Staff Costs

Year Ended
31 July 2014

Year Ended
31 July 2013

The average monthly number of persons (including senior postholders) employed by the School during the period, expressed as full-time equivalents, was:

Number

Number

Teaching departments	124	111
Teaching support services	84	79
Research grants and contracts	37	36
Other support services	43	40
Administration and central services	39	38
Premises	40	39
Residences	2	1
Total	369	344

Analysed as

Staff on permanent contracts	345	323
Staff on temporary and other contracts	24	21
Total	369	344

Staff costs for the above persons:

Year Ended
31 July 2014

Year Ended
31 July 2013

£000

£000

Wages & salaries	14,323	12,931
Social security costs	1,106	1,008
Pensions	1,905	1,665
Total	17,334	15,604

Analysed as

Staff on permanent contracts	16,505	14,880
Staff on temporary and other contracts	829	724
Total	17,334	15,604

Staff costs by activity

Year Ended
31 July 2014

Year Ended
31 July 2013

£000

£000

Teaching departments	7,070	6,303
Teaching support services	2,869	2,573
Research grants and contracts	2,028	1,892
Other support services	1,935	1,735
Administration and central services	2,312	2,104
Premises	1,058	935
Residences	62	62
Total	17,334	15,604

The number of senior management staff (the Executive Group), including staff governors, who received emoluments, excluding pension contributions, in the following ranges was:

£60,001 - £70,000	2	3
£70,001 - £80,000	3	2
£80,001 - £90,000	3	3
£90,001 - £100,000	-	1
£110,001 - £120,000	2	-
£120,001 - £130,000	-	1
	10	10

The number of staff, excluding governors and Executive Group members, who received emoluments, excluding pension contributions, in the following ranges was:

£70,001 - £80,000	1	1
£100,001 - £110,000	1	1
	2	2

NOTES TO ACCOUNTS - continued

7 Governors' Emoluments

The emoluments of the Governors, excluding pension contributions, fall into the following bands:

			Year Ended 31 July 2014 Number	Year Ended 31 July 2013 Number
NIL			19	19
£10,001	-	£15,000	1	-
£30,001	-	£35,000	-	1
£35,001	-	£40,000	1	-
£50,001	-	£55,000	-	1
£55,001	-	£60,000	1	-
£60,001	-	£65,000	-	1
£65,001	-	£70,000	1	-
£85,001	-	£90,000	1	1
£110,001	-	£115,000	1	-
£125,001	-	£130,000	-	1
			<u>25</u>	<u>24</u>

The Governors' emoluments are made up as follows:

	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Salaries	368	368
Pension contributions	51	62
Total emoluments	<u>419</u>	<u>430</u>

The above emoluments include amounts payable to the Director (who is also the highest paid post-holder) of:

			Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Highest paid Director				
The Director of the School				
Former Director	Until August 2013	Salary	11	128
		Pension contributions	2	25
Current Director	From September 2013	Salary	112	-
		Pension contributions	17	-
Total			<u>142</u>	<u>153</u>

The pension contributions in respect of the Director of the School and senior post holders are in respect of employer's contributions to the respective schemes and are paid at the same rate as for other employees.

NOTES TO ACCOUNTS - continued

8 Other Operating expenses by Activity	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Teaching departments	2,924	2,660
Contracted-out lecturing services	26	34
Research grants & contracts	785	1,128
Teaching support services	273	318
Other support services	460	405
Administration and central services	1,188	1,074
General education	25	117
Premises costs	1,188	785
Utilities	482	491
Planned maintenance	719	637
Other income generating activities	185	135
Catering and residence operations	546	557
Operating leases	-	17
Other expenses	563	663
	<u>9,364</u>	<u>9,021</u>
Other Operating expenses include:	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Auditor's remuneration:		
external audit financial statements audit	14	20
external audit other services	-	9
external audit financial statements: subsidiaries	3	5
internal audit	14	14
internal audit other services	4	4
	<u>4</u>	<u>4</u>
9 Interest Payable	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Mortgages and loans not repayable within five years	79	83
Interest paid by SFC on loan support for Reid Building	609	-
Net charge on pension liability	85	206
	<u>773</u>	<u>289</u>
10 Taxation	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Tax re GSofA Singapore Pte Ltd	36	27
	<u>36</u>	<u>27</u>
11 Surplus for the year		

As permitted by section 408(3) of the Companies Act 2006, the income and expenditure account of the School (the holding company) has not been shown separately in these accounts.

NOTES TO ACCOUNTS - continued

12 a Tangible Fixed Assets

<u>Consolidated and School</u>	Freehold Land and Buildings £000	Asset under Construction £000	Equipment £000	Total £000
Valuation / Cost				
At 1 August 2013	32,229	38,219	6,468	76,916
Additions at Cost	2,749	12,563	2,419	17,731
Asset completion	50,782	(50,782)		
At 31 July 2014	<u>85,760</u>	<u>-</u>	<u>8,887</u>	<u>94,647</u>
At valuation 1995	15,889	-	-	15,889
At cost	<u>69,871</u>	<u>-</u>	<u>8,887</u>	<u>78,758</u>
	<u>85,760</u>	<u>-</u>	<u>8,887</u>	<u>94,647</u>
Depreciation				
At 1 August 2013	15,270	-	5,106	20,376
Charge for Year	1,463	-	489	1,952
At 31 July 2014	<u>16,733</u>	<u>-</u>	<u>5,595</u>	<u>22,328</u>
Net Book Value				
At 31 July 2014	<u>69,027</u>	<u>-</u>	<u>3,292</u>	<u>72,319</u>
At 1 August 2013	<u>16,959</u>	<u>38,219</u>	<u>1,362</u>	<u>56,540</u>

In May 2014 the School's Mackintosh Building was badly damaged by a major fire. A valuation of the building obtained after the fire valued the building considerably in excess of the depreciated figure used in these accounts. Accordingly it was deemed that, in this circumstance, that it was satisfactory not to impair the Mackintosh Building.

The School's policy is that assets are retained at either their 1995 valuation or their historic cost for additions since that date.

Land and Buildings were valued in 1995 by a firm of independent chartered surveyors on a depreciated replacement cost basis.

All additions since that date have been included at historic cost and their value is deemed to be at least equal to the cost incurred.

Buildings with a net book value of £9,178,610 (2012/13: £ 9,823,539) have been funded from Treasury sources. Should these particular buildings be sold, the School would have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of £ 243,371 (2012/13 £ 7,738).

The depreciation charge for the year includes £5,158 (2012/13 £ 5,158) in respect of assets leased under finance leases or under hire purchase contracts.

NOTES TO ACCOUNTS - continued

Inherited Land & Buildings

Inherited land and buildings have been included at valuation with the following amounts:

	31 July 2014 £000	31 July 2013 £000
Valuation	15,013	15,013
Aggregate depreciation	6,396	6,105
Net book value	<u>8,617</u>	<u>8,908</u>

The land and buildings concerned were all inherited prior to the 1995 valuation at nil cost.

12 b Assets held for the nation: Heritage Assets

	31 July 2014 £000	31 July 2013 £000
Valuation or cost		
Balances as at 1 August	12,875	12,875
Adjustment to valuation or cost	(4,048)	-
Balances as at 31 July	<u>8,827</u>	<u>12,875</u>

The heritage assets include, amongst others, the School's Charles Rennie Mackintosh furniture and art collections. It also includes the Library's rare and valuable books collection. In May 2014 the School's Mackintosh Building was badly damaged by a major fire. The building housed a large proportion of the heritage assets and unfortunately some of the collection was destroyed. The fall in valuation this year is a result of the damage caused by the fire but the School is insured in respect of this loss.

The valuation disclosed in the balance sheet is based on the assessment of the School's insurance replacement value for the combined collections. These insurance valuations are updated annually and the most recent valuation was performed at 31 July 2014 by Axa Art, independent valuers who are appropriately qualified to perform the valuation. In addition, individual collections are reviewed periodically to ensure the adequacy of the valuation.

Further information about the School's collections is publicly available on the School's website.

5 year Heritage asset summary

	2014 £000	2013 £000	2012 £000
Value of heritage assets acquired by donation	12,875	12,875	12,875
Impairment recognised in period	(4,048)	-	-
Balances as at 31 July	<u>8,827</u>	<u>12,875</u>	<u>12,875</u>

It is not practical to provide analysis of a full 5 year period as 2012 was the first year that FRS30 was applied. No comparative figures are available for periods prior to July 2012.

12 c Investments in joint ventures

The school has a 50% interest in The Centre for Digital Documentation and Visualisation LLP. This is a joint venture arrangement with Historic Scotland. This joint venture digitally documents heritage sites both in Scotland and internationally and the School undertakes work, at arms length prices for this joint venture

Located at the School's Digital Design Studio on Pacific Quay the Centre specialises in the precise documentation and 3D representation of heritage objects, architecture and environments utilising state of the art high resolution laser scanning technology and 3D visualisation software.

	31 July 2014 £000	31 July 2013 £000
Investment in joint venture		
Share of gross assets	63	142
Share of gross liabilities	(52)	(142)
	<u>11</u>	<u>-</u>

NOTES TO ACCOUNTS - continued

13 Endowment Assets (Consolidated and School)	31 July 2014		31 July 2013	
	£000		£000	
Balances as at 1 August		3,246		2,865
Additions (note 25)		339		132
Disposals (note 25)		(92)		(64)
(Decrease) in cash balances held at fund managers		(244)		(49)
Appreciation of endowment asset investments		85		362
		<u>3,334</u>		<u>3,246</u>
Represented by:				
Equities (listed)		3,075		2,743
Bank balances (note 27)		259		503
Total		<u>3,334</u>		<u>3,246</u>
14 Debtors	Consolidated	School	Consolidated	School
	31 July 2014	31 July 2014	31 July 2013	31 July 2013
	£000	£000	£000	£000
Trade debtors	483	803	353	488
Debts due from students	263	263	361	361
SFC Loan debtor within one year	5,000	5,000	3,750	3,750
Prepayments and accrued income	1,733	1,586	3,688	3,191
	<u>7,479</u>	<u>7,652</u>	<u>8,152</u>	<u>7,790</u>
SFC Loan debtor greater than one year	<u>16,250</u>	<u>16,250</u>	<u>10,006</u>	<u>10,006</u>
15 Creditors: Amounts Falling Due Within One Year	Consolidated	School	Consolidated	School
	31 July 2014	31 July 2014	31 July 2013	31 July 2013
	£000	£000	£000	£000
Trade creditors	700	700	2,317	1,992
Social security and other taxes payable	56	56	296	299
Loans (secured) (note 16)	5,121	5,121	3,820	3,820
Payments in advance	913	913	913	803
Deferred SFC funding	2,372	2,372	2,186	2,186
Research contracts accruals	3,547	3,681	2,735	2,735
Insurance funds received	2,470	2,470	-	-
Construction creditor	-	-	2,323	2,323
Accruals	1,910	1,844	1,559	1,297
	<u>17,089</u>	<u>17,157</u>	<u>16,149</u>	<u>15,455</u>

As a result of the fire at the Mackintosh Building, initial insurance claims of £2,750,000 were received in the year to 31 July 2014. £280,000 of this insurance claim was spent in the year and is therefore included within income as this funding was used to cover increased operating costs arising because of the fire. The unspent balance of £2,470,000 is included within creditors as this will be used in 2014/15 towards the cost of the restoration project. The School is in on-going discussions with its insurers regarding the cost of restoring the Mackintosh Building and the value of the heritage assets destroyed in the fire, for which it is insured.

NOTES TO ACCOUNTS - continued

16 Creditors: Amounts Falling Due After One Year

	Consolidated 31 July 2014 £000	School 31 July 2014 £000	Consolidated 31 July 2013 £000	School 31 July 2013 £000
Combined loan (secured)	1,288	1,288	1,296	1,296
Estate redevelopment loan	16,250	16,250	10,006	10,006
HP creditor	171	171	-	-
Energy efficiency loan scheme	-	-	7	7
	<u>17,709</u>	<u>17,709</u>	<u>11,309</u>	<u>11,309</u>
Instalments on the loans above are payable as follows				
Between one and two years	5,131	5,131	5,074	5,074
Between two and five years	11,650	11,650	5,406	5,406
After five years	928	928	829	829
	<u>17,709</u>	<u>17,709</u>	<u>11,309</u>	<u>11,309</u>

Details of loans:

Combined loan: Repayable by quarterly instalments until December 2026

Loan rate 5.59 % (fixed) secured on the Sir Harry Barnes Building and the Margaret MacDonald House Residence

Energy efficiency loan: Interest free loan repayable in six-monthly instalments until September 2014

The School entered into a loan funding arrangement with the SFC for the Garnethill Estate redevelopment on 23 October 2012. This loan facility has been arranged with Barclays for £25.0m. The SFC have given a guarantee to the bank to cover all costs associated with the loan, negating any risk to the School.

The interest rate on the loan is fixed at 3.44% p.a. Repayments are quarterly and are due to finish on 23rd October 2018.

A debtor for the future instalments receivable from SFC is included in debtors.

Obligations under finance leases and higher purchase agreements are secured by the underlying assets they relate to (see note 12).

17 Provision for Liabilities and Charges (Consolidated and School)

	Provision for past service pensions £000	Property lease £000	Total £000
Balances as at 1 August 2013	1,146	280	1,426
Expenditure in year	(105)	(52)	(157)
At 31 July 2014	<u>1,041</u>	<u>228</u>	<u>1,269</u>

The provision for past service pensions relates to unfunded enhanced early retirements given in prior years. The provision was calculated by a firm of actuaries in 2012 and will be revalued in July 2015 by an independent valuer.

The onerous lease provision relates to the lease for the former Students Union premises on Sauchiehall Street and was calculated over a period of 32 months.

18 Deferred Capital Grants (Consolidated and School)

	Funding Council £000	Other Grants and Benefactions £000	Total £000
At 1 August 2013			
Buildings	35,560	3,417	38,977
Equipment	1,016	-	1,016
	<u>36,576</u>	<u>3,417</u>	<u>39,993</u>
Capital grants received in year			
Buildings	15,518	-	15,518
Equipment	-	-	-
	<u>15,518</u>	<u>-</u>	<u>15,518</u>
Released to Income and Expenditure			
Buildings	(400)	(479)	(879)
Equipment	(29)	-	(29)
	<u>(429)</u>	<u>(479)</u>	<u>(908)</u>
At 31 July 2014			
Buildings	50,678	2,938	53,616
Equipment	987	-	987
	<u>51,665</u>	<u>2,938</u>	<u>54,603</u>

NOTES TO ACCOUNTS - continued

19 Endowments

	Permanent £000	Expendable £000	Total £000
At 1 August 2013	2,915	331	3,246
Income for year	206	6	212
Expenditure for year	(205)	(4)	(209)
Accumulated income retained	1	2	3
Appreciation of endowment asset investments	77	8	85
At 31 July 2014	2,993	341	3,334
Representing			
Prizes funds	2,993	-	2,993
Other funds	-	341	341
	2,993	341	3,334

20 Revaluation Reserve

	Consolidated 31 July 2014 £000	School 31 July 2014 £000	Consolidated 31 July 2013 £000	School 31 July 2013 £000
Balances as at 1 August	22,360	22,360	22,682	22,682
Impairment of fixed asset value	(4,048)	(4,048)	-	-
Released in year to Income & Expenditure Account	(322)	(322)	(322)	(322)
At 31 July	17,990	17,990	22,360	22,360

21 Income and Expenditure Account

General Funds	Consolidated 31 July 2014 £000	School 31 July 2014 £000	Consolidated 31 July 2013 £000	School 31 July 2013 £000
Balances as at 1 August	2,179	1,830	1,416	1,504
Surplus/ (deficit) after depreciation at valuation	191	(154)	235	(202)
Transfer from pension reserve	85	85	206	206
Transfer to departmental balances	(56)	(56)	-	-
Release of Revaluation Reserve	322	322	322	322
At 31 July	2,721	2,027	2,179	1,830
Departmental Funds	Consolidated 31 July 2014 £000	School 31 July 2014 £000	Consolidated 31 July 2013 £000	School 31 July 2013 £000
Balances as at 1 August	101	101	101	101
Transfer from departmental balances	56	56	-	-
At 31 July	157	157	101	101

22 Pension reserve

	Consolidated 31 July 2014 £000	School 31 July 2014 £000	Consolidated 31 July 2013 £000	School 31 July 2013 £000
Balances as at 1 August	(3,735)	(3,735)	(5,824)	(5,824)
Employer contributions	1,024	1,024	908	908
Current service cost	(1,215)	(1,215)	(1,023)	(1,023)
Interest cost	(1,242)	(1,242)	(1,011)	(1,011)
Return on employer assets	1,348	1,348	920	920
Actuarial (loss) / gain in pension scheme	(85)	(85)	(206)	(206)
	(3,191)	(3,191)	2,295	2,295
At 31 July	(7,011)	(7,011)	(3,735)	(3,735)

NOTES TO ACCOUNTS - continued

23 Reconciliation of operating surplus to Net Cash Flow from Operating Activities	<i>Notes</i>	31 July 2014 £000	31 July 2013 £000
Surplus after depreciation of assets at valuation		194	254
Depreciation	12	1,952	1,959
Deferred grants released to income	18	(908)	(908)
Endowment & investment income	5	(412)	(371)
Interest payable	9	773	289
Decrease / (increase) in stock		3	(22)
Taxation	10	36	27
(Increase) in debtors	14	(5,571)	(15,212)
(Decrease) / increase in creditors	15	(361)	1,816
Share of operating surplus in joint venture	12	(11)	-
(Decrease) / increase in provisions	17	(157)	178
		<u>(4,462)</u>	<u>(11,990)</u>
Net cash (outflow) from operating activities		(4,462)	(11,990)
24 Taxation		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Tax re GSofA Singapore Pte Ltd		(36)	(27)
Net cash (outflow) from taxation		<u>(36)</u>	<u>(27)</u>
25 Returns on Investments and Servicing of Finance		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Income from endowments	5	212	229
Interest received on current accounts	5	200	142
Interest paid on long term loans	9	(688)	(83)
Net cash inflow from returns on investments and servicing of finance		<u>(276)</u>	<u>288</u>
26 Capital Expenditure and Financial Investments	<i>Notes</i>	Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Payments to acquire tangible assets	12	(17,731)	(21,014)
Payments to acquire endowment investments		(339)	(132)
Deferred capital grants received	18	15,518	19,896
Receipt from sale of endowment investments		92	64
Net cash (outflow) from capital expenditure and financial investments		<u>(2,460)</u>	<u>(1,186)</u>
27 Financing		Year Ended 31 July 2014 £000	Year Ended 31 July 2013 £000
Capital element of loan repayments		(1,250)	(149)
Net cash outflow from financing		<u>(1,250)</u>	<u>(149)</u>

NOTES TO ACCOUNTS - continued

28 Analysis of Changes in Net (Debt)	Notes	As at		Other Changes £ 000	As at 31 July 2014 £ 000
		1 Aug 2013 £ 000	Cash Flow £ 000		
Endowment Assets	13	503	(244)	-	259
Cash in hand, and at bank		5,866	711	-	6,577
		6,369	467	-	6,836
Due within one year	15	(3,820)	1,250	(2,551)	(5,121)
Due after one year	16	(11,309)	-	(6,400)	(17,709)
Total		(8,760)	1,717	(8,951)	(15,994)

29a Related Party Transactions

Due to the nature of the School's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a Governor may have an interest. All transactions involving organisations in which a Governor may have an interest are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

The Board of Governors consider the relationships that the School has with GSA Enterprises Ltd has the characteristics of related parties under the Financial Reporting Standard (FRS) 8.

GSA Enterprises Ltd.

In the year ended 31 July 2014 the School received income from GSA Enterprises of £7,000 (2012/13 £39,000) including Gift Aid contributions.

29b Subsidiary and Joint Venture Undertakings

GSofA Singapore pte ltd

The school has a wholly owned subsidiary in Singapore. The School owns 100% of the share capital being 1SGD

Its financial results have been consolidated into the accounts for the year to 31 July 2014.

The transactions between GSA and GSofA Singapore related to management costs paid from GSofA Singapore to GSA of £321,000 (2012/13 £335,000)

As at 31 July 2014, a debtor is included in the accounts of the School for this amount.

Centre for Digital Documentation and Visualisation LLP

The School has entered into the above joint venture arrangement with Historic Scotland. This joint venture digitally documents heritage sites both in Scotland and internationally and the School undertakes work, at arms length prices, for this joint venture.

Located at the School's Digital Design Studio on Pacific Quay the Centre specialises in the precise documentation and 3D representation of heritage objects, architecture and environments utilising state of the art high resolution laser scanning technology and 3D visualisation software.

The share of the operating surplus was £ 11,000 (2012/13: £ nil). The value of the investment in the joint venture at the year end is £11,000 (2012/13: £ nil).

£27,000 (2012/13 £64,000) is included in debtors at the year end.

The accounts are made up to 31 March annually to coincide with the year end of Historic Scotland.

Glasgow School of Art Development Trust

This was established in 2010 to manage the philanthropic capital appeal for the new Graduate and Research Centre. It is an independent charitable trust governed by a deed of trust and is registered with OSCR. The trust prepares separate accounts which are not consolidated into the accounts of the School as the impact is considered to be immaterial.

30 Pensions

The School's employees belong to two principal pension schemes; the Scottish Teachers' Superannuation Scheme (STSS) and a Local Government Pension Scheme administered by the Strathclyde Pension Fund (SPF) which are of the defined benefit type.

The cost of the SPF scheme was £1,026,000 (2012/13- £913,000) and the cost of the STSS was £837,000 (2012/13 £747,000). Other pension costs totalled £42,000 (2012/13: £ 5,000)

Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions. This scheme, a multi employer defined benefits scheme, covers both past and present employees.

A valuation of the School's benefit obligations in respect of its members has been estimated by a qualified independent actuary based on the 31st March 2011 valuation results, rolled forward into the FRS17 assumptions as at 31 July 2014. The employer contribution rate for the period from 1 August 2013 to 31 July 2014 was 19.3% of pay. The employee contribution rate was variable during 2013-14 depending upon the individual level of remuneration. The range was from 5.5% to 10.4%. There were no outstanding pension contributions at the year end.

Principal actuarial assumptions (expressed as weighted averages) at the end of the year were as follows:

Financial assumptions	31 July 2014	31 July 2013
Pension increase	2.70%	2.80%
Salary increase rate	5.00%	5.10%
Expected return on assets	6.00%	5.80%
Discount rate	4.00%	4.60%
Mortality assumptions		
The average future life expectancies at age 65 used to determine benefit obligations are as follows:	Male	Female
Current pensioners	21.0 years	23.4 years
Future pensioners	23.3 years	25.3 years

NOTES TO ACCOUNTS - continued

Fair value of the plan assets and the return on those assets were as follows:

	2014		2013	
	rate of return	Value	rate of return	Value
	%	£000	%	£000
Equities	6.60%	19,001	6.40%	17,324
Bonds	3.50%	3,000	3.80%	3,191
Property	4.70%	1,750	4.60%	1,596
Cash	3.60%	1,250	3.40%	684
		<u>25,001</u>		<u>22,795</u>

Analysis of the amount shown in the balance sheet

	31 July 2014	31 July 2013
	£000	£000
Fair value of plan assets	25,001	22,795
Present value of funded benefit obligations	(32,012)	(26,530)
Net liability	<u>(7,011)</u>	<u>(3,735)</u>

Analysis of amount charged to operating surplus

	31 July 2014	31 July 2013
	£000	£000
Current service cost	1,215	1,023
Total operating charge	<u>1,215</u>	<u>1,023</u>

Analysis of amounts included in other finance income/costs

	31 July 2014	31 July 2013
	£000	£000
Expected return on employer assets	(1,348)	(920)
Interest cost	1,242	1,011
Net (return)/charge	<u>(106)</u>	<u>91</u>
Net income and expenditure charge	<u>1,109</u>	<u>1,114</u>

Employer contributions

	1,024	908
Net charge on pension liability	<u>85</u>	<u>206</u>

Analysis of amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	31 July 2014	31 July 2013
	£000	£000
Actual return less expected return on pension scheme assets	117	2,746
Changes in financial assumptions underlying the present value of the scheme liabilities	(3,308)	(451)
Actuarial (loss)/gain recognised in STRGL	<u>(3,191)</u>	<u>2,295</u>

Analysis of movements in present value of the scheme liabilities

	31 July 2014	31 July 2013
	£000	£000
Opening defined benefit obligation	26,530	24,269
Current service cost	1,215	1,023
Interest cost	1,242	1,011
Contribution by members	361	337
Actuarial losses	3,308	451
Benefits paid	(644)	(561)
Closing defined benefit obligation	<u>32,012</u>	<u>26,530</u>

Analysis of movements in fair value of the scheme assets

	31 July 2014	31 July 2013
	£000	£000
Opening fair value of employer assets	22,795	18,445
Expected return on assets	1,348	920
Contributions by members	361	337
Contribution by employer	1,024	908
Actuarial gains	117	2,746
Benefits paid	(644)	(561)
Closing fair value of employer assets	<u>25,001</u>	<u>22,795</u>

The School expects to contribute approximately £ 1,040k to the Strathclyde Pension Fund in the next year. The cumulative actuarial loss at 31 July 2014 was £2,992k (2012/13: gain of £199k). The return on the Fund in market value terms for the period to 31 July 2014 is estimated based on the actual Fund returns provided by the Administrating Authority and index returns where necessary. The actual return for the period from 1 July 2013 to 31 March 2014 was 7.3% and the estimated return for the period from 1 August 2013 to 31 July 2014 was 6.3%.

NOTES TO ACCOUNTS - continued

History of experience gains and losses	Year ended	Year ended	Year ended	Year ended
	31 July 2014	31 July 2013	31 July 2012	31 July 2011
	£000	£000	£000	£000
Difference between the expected and actual return on assets	117	2,746	(116)	595
Value of assets	25,001	22,795	18,445	16,729
Percentage of assets	0.5%	12.0%	-0.6%	3.6%
Experience gains/(losses) on liabilities	8	-	(283)	-
Present value of liabilities	(32,012)	(26,530)	(24,269)	(19,421)
Percentage of the present value of liabilities	0.0%	0.0%	1.2%	0.0%
Actuarial (losses)/ gains recognised in the STRGL	(3,191)	2,295	(3,165)	(2,635)
Present value of liabilities	(32,012)	(26,530)	(24,269)	(19,421)
Percentage of the present value of liabilities	10.0%	-8.7%	13.0%	13.6%

Scottish Teachers' Superannuation Scheme (STSS)

The scheme is an unfunded multi employer defined benefit scheme. Contributions, on a pay as you go basis, are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates. Under the definitions set out in the Financial Reporting Standard 17 'Retirement Benefits', the STSS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly the School has accounted for its contributions as if it were a defined contribution scheme. The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows :-

Valuation date	31 March 2010
Valuation method	Prospective benefits
Investment return per annum	4.6%
Rate of real earnings growth	1.5%
Present value of liabilities at date of valuation	£ 24.37 million
Pension increases per annum	2.8%

The employer contribution rate for the period from 1 August 2013 to 31 July 2014 was 14.9% of pay. The employee contribution rate was 6.4% during 2013/14. The scheme is an unfunded scheme and it is not intended that the scheme will have a level of financial assets which match the liabilities of the scheme. The full actuarial review of the scheme is available from the Government Actuary's Department. There were no outstanding pension contributions at the year end.

31 Capital Commitments	31 July 2014	31 July 2013
	£000	£000
Committed and contracted as at 31st July 2014	-	11,243

The amount above related to a contract that the School entered into with Sir Robert McAlpine Ltd for the construction of the Reid Building. All amounts on this contract are fully funded through the Scottish Funding Council and its loan guarantee funding. There are no other financial commitments (2012/13: none)

32 Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

33 Bursary and Other Student Support Funds

	2013 - 2014		2012 - 2013
	Hardship	Childcare	Total
	£000	£000	£000
Balance brought forward at 1 August 2013	-	-	-
Funds received in year	116	21	145
Expenditure	(116)	(21)	(145)
Balance carried forward at 31 July 2014	-	-	-

Grants are available solely for students; the School acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

34 Segmental Reporting

The group activities are carried out in Glasgow and Singapore. Group Turnover for these two markets is split as:	Year Ended	Year Ended
	31 July 2014	31 July 2013
	£000	£000
Glasgow	28,687	26,306
Singapore	955	848
Total	29,642	27,154



**THE GLASGOW
SCHOOL OF ART**

WWW.GSA.AC.UK