

**THE GLASGOW  
SCHOOL OF ART**

**ANNUAL REPORT &  
ACCOUNTS 2015-16**

**YEAR TO 31 JULY 2016**

SC002271



**THE GLASGOW SCHOOL OF ART**  
**(Company Register No.SC002271)**  
**Annual Report and Financial Statements**  
**Year Ended 31 July 2016**

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**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   |
| Chair                             | Ms Muriel Gray BA (Hons)  |
| Vice Chair                        | Sir Muir Russell KCB FRSE<br>Ms Alison Lefroy Brooks BA (Hons) ACA MCT (until February 2016)                      |
| Director                          | Professor Tom Inns BEng (Hons) DIC MDes (RCA) PhD FRSA  |
| Deputy Director                   | Professor Ken Neil MA (Hons) MFA PhD PGCert FHEA FRSA<br>(from September 2016)                                    |
| Director of Finance and Resources | Mr Eliot S Leviten BSc. (Hons) FCA (until 31 December 2016)<br>Mr Alastair Milloy BAcc FCCA (from 1 January 2017) |
| Registrar and Secretary           | Dr Craig Williamson LLB (Hons), MSc, PhD  |

**Chairs of Committees 2015/16 (and early 2016/17)**

|                                |   |
|--------------------------------|---|
| Audit                          | Ms Alison Lefroy Brooks BA (Hons) ACA MCT (until February 2016)<br>Sir Muir Russell KCB FRSE (interim Chair until November 2016)<br>Mr Charles Beattie FCCA (from November 2016)        |
| Business and Estates           | Ms Muriel Gray BA (Hons)  |
| Human Resources                | Mrs Linda McTavish CBE MA (Hons)  |
| Investment                     | Sir Muir Russell KCB FRSE   |
| Mackintosh Restoration         | Ms Eleanor McAllister OBE MA MSc FRSA   |
| Museum & Archive               | Professor Alison Yarrington BA (Hons) PhD FRSE FSA FRSA   |
| Nominations                    | Ms Muriel Gray BA (Hons)  |
| Occupational Health and Safety | Dr Janet Brown BSc PhD FInstP FRSA FRSE   |
| Remuneration                   | Ms Alison Lefroy Brooks BA (Hons) ACA MCT (until February 2016)<br>Sir Muir Russell KCB FRSE (interim Chair until October 2016)<br>Mrs Linda McTavish CBE MA (Hons) (from October 2016) |

|                           |   |
|---------------------------|---|
| Registered Office         | 167 Renfrew Street, Glasgow G3 6RQ                                    |
| Solicitors                | Thorntons Law LLP<br>Whitehall House, 33 Yeaman Shore, Dundee DD1 4BJ |
| External Auditor          | Scott Moncrieff<br>25 Bothwell St, Glasgow, G2 6NL                    |
| Internal Auditor          | BDO LLP<br>70 York Street, Glasgow, G2 8JX                            |
| Principal Bankers         | Bank of Scotland plc<br>235 Sauchiehall Street, Glasgow, G2 3EY       |
| Registered Charity Number | SCO 12490   |

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

# Strategic Report

## 1. Status and Ambition

### 1.1 Status

The Glasgow School of Art holds a unique and enviable position within UK higher education. We are Scotland's specialist university-level institution for the visual creative disciplines and through the success of our graduates, the quality of our teaching and research and our heritage inextricably rooted in the work of Charles Rennie Mackintosh, we enjoy both global significance and influence as one of Europe's leading Centres for studio-based learning and research. Alongside our global position is our place within Glasgow and Scotland and the role we have played in the economic and cultural renaissance of the City.

### 1.2 Ambition

Our ambition is 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. We have the following values:

- Disruption - encouraging critical thinking and experimentation;
- Diversity - in our students and staff, thought and outlook;
- Responsibility - to our planet, each other and those we work with;
- Place - our heritage, traditions and our locations; and
- Collaboration – with our students, colleagues and external parties

## 2. Performance in Year

### 2.1 Financial Performance

The Group Statement of Comprehensive Income on page 21 shows a group trading surplus of £36,035k (£1,844k restated surplus 2014-15) and total comprehensive income of £36,398k (£1,441k restated 2014/15). The large increase in trading surplus is due mainly to the increase in insurance monies received during the year.

The total net assets of the Group increased by £36.6m to £59.4m and the cumulative Income and Expenditure Account, (excluding pension reserve), increased from £8.7m (restated) as at 31 July 2015 to £45.3m as at 31 July 2016. Cash and deposit balances have increased from £5.9m to £42.1m during the year due to the insurance monies received and not yet spent. These have been placed on 1-12 month deposit. The group shows net current assets of £35.3m (£4.5m restated 2014/15).

During the year, the School negotiated a settlement on the insurance monies payable following the significant fire in the Mackintosh Building in 2014. The final settlement was £45m in total, covering both business interruption costs for GSA and the reinstatement costs of restoring the fire damage to the Mackintosh Building. GSA anticipates that the total cost of business interruption and full restoration and upgrading of the Mackintosh Building will be over £60m. £41,715k of insurance monies was received in the year compared with £7,609 in 2014-15, an increase of £34,106k. In accordance with FRS102, these insurance monies have been recognised in income in the year.

The return on Endowment Asset Investments comprising dividend and bank interest was 1.51%, compared with 1.68% last year. The market value of the total Endowment assets held by the School increased from £3,624k to £3,719k an increase of £95k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

The Group Statement of Cash Flow shows a net inflow of £36,277k in the financial year (2014/15 outflow £1,169).

## Strategic Report (continued)

The Group results include items of an exceptional nature in terms of the Group's day to day trading activities. The reconciliation below, removes these items from the group's surplus:

|   | 2016         | 2015         |
|---|--------------|--------------|
|   | £000s        | £000s        |
| Surplus per accounts                              | 36,035       | 1,844        |
| Deduct: Insurance income                          | (41,715)     | (7,609)      |
| Deduct: Development Trust surplus                 | (792)        | (142)        |
| Add back: Mackintosh restoration expenditure      | 4,994        | 4,341        |
| Add back: Actuarial pension adjustments           | 865          | 771          |
| Add back: Pension revaluation                     | -            | 394          |
| Add back: Severance costs                         | 214          | 166          |
| Add back: Bad debt provision re related companies | 295          | -            |
|   | <u>(104)</u> | <u>(235)</u> |

Please note that prior to the introduction of Financial Reporting Standard 102 (FRS 102) and the new HE/FE Statement of Recommended Practice, non-Government capital grants were amortised to the Statement of Comprehensive Income over the useful life of the asset for which the grant funding was received. However, under FRS 102 and the new SORP, non-Government capital grants are recognized as revenue as soon as any performance conditions (usually being the purchase of the asset) have been met. On transition to FRS 102 and the new SORP the historic Non-Government Grants as at 1 August 2014 (the transition date) were recognised as revenue within Revenue Reserves as all performance conditions had been met.

As a consequence of this change in accounting policy there was no release of this historic non-Government capital grants included in income within the 2016 and 2015 financial results. Under the previous accounting policy (pre FRS 102 and the new SORP) a release of £560K (2014/15 £560K) would have been credited to income. This would have had the effect of increasing the reconciled surplus in the table above to £456K (2014/15 £325K).

### 2.2 Financial Objectives

The financial sustainability of GSA is as important as its academic sustainability and between 2015/16 and 2017/18 the School seeks to move towards an annual Core Operating Surplus of 5% of income, a financial objective that will be achieved through growth across GSA's entire portfolio including student numbers, diversification of research income, efficiencies through harmonisation of academic programme and academic school structures, more efficient use of GSA's estate, improved environmental sustainability, procurement, and the highest levels of Governance.

### 2.3 Treasury Management, Cashflow and Liquidity

The financing and liquidity and the School's exposure to financial risk is overseen by the Board through the Audit Committee and the Business and Estates Committee. Each year, forecasts are prepared which consider the cash position of the School given the assumed operational movements and planned investment in fixed assets and working capital. This enables the Business and Estates Committee to consider any future borrowing requirements in a timely manner. The School's non-endowment cash balances are primarily held in the form of interest bearing deposits with financial institutions. These balances can be invested in major clearing banks. The investment at 31 July 2016 was £30m deposited for a period of 12 months at rates of 0.60% - 1.2% per annum and £4m invested in a 32 day notice account at 0.7% per annum. Interest rates have remained low for some years now, but the situation is monitored regularly.

### 2.4 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.

### 2.5 Public Benefit

The School has charitable purposes that are only for the public benefit, as defined by Charities Legislation. These purposes must be carried out for the public benefit, which is an integral part of the purpose of the School. It is the opinion of the Board that the School has met its charitable objectives.

## Strategic Report (continued)

### 2.6 Strategic Plan

The GSA Strategic Plan 2015-18 was approved by the Board of Governors during Academic Year 2014/15. This is a high-level document setting out GSA's ambitions over the next three years and aligns with the three-year outcome agreement with the Scottish Funding Council 2015-18.

These ambitions will be achieved through a series of strategies, strategic enablers, work streams and projects and during academic year 2015-16, the School has made substantial progress across each of the key strategic areas. Developments include new programme developments, the launch of Open Studio, the development of a new approach to admissions, the first formal articulation through associated student route, increased research income and significant progress on our campus masterplan with the purchase of the Stow College site.

### 2.7 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<br>2013/14 | Actual<br>2014/15 | Actual<br>2015/16 | Target<br>2015/16 |
|---|-------------------|-------------------|-------------------|-------------------|
| % School Income non SFC *                       | 42%               | 36%               | 42%               | 40%               |
| Total Research & KTP income                     | £2.3m             | £4.0m             | £4.1m             | £2.5m             |
| Value of (non EU) overseas student income       | £4.3m             | £4.1m             | £5.5m             | £5.6m             |
| % PG students**                                 | 19%               | 21%               | 26%               | >21%              |
| % Positive student feedback NSS                 | 78%               | 80%               | 74%               | 80%               |
| % Graduates in education/working after 6 months | 92%               | 92%               | 93%               | 94%               |
| Number of Students from MD20*** classification  | 19                | 19                | 30                | 30                |

\*excludes insurance income \*\* Includes Diploma students \*\*\* Areas of Multiple Deprivation

The KPIs shown above were contained in the School's Strategic Plan 2015-2018.

### 2.8 Capital Projects

Capital Expenditure in the year was £8.4m, considerably higher than the previous year's figure of £1.4m. The purchase of the former Stow College was completed in July 2016 at a cost of £6m. Total costs of the project to date are £6,232k which is included in Assets under Construction, along with £77k in respect of the conversion of the basement of Blythwood House. The restoration work on the Mackintosh Building has commenced. As the first stage of this project is to restore the building to its previous state, the costs incurred to date have been expensed. Improvements will be made as part of the project and these costs will be capitalised.

### 2.9 Curriculum Developments

The Post graduate portfolio within the School of Design was reviewed and new variations on the courses were introduced in September 2016. These include MDes in Design Innovation and Environmental Design and MDes in Design Innovation and Service Design. The

Mackintosh School of Architecture launched the new MSc in Environmental Architecture. There are validated plans for two undergraduate courses within the renamed School of Simulation and Visualisation (formerly DDS), with a view to commencing in 2018. The School of Fine Art progressed plans through first stage validation for a new postgraduate taught programme in Art Writing for entry 2018.

### 2.10 Quality Assurance

Subsequent to GSA's 2014 ELIR Review, which found that GSA had effective arrangements for managing academic standards and the student learning experience and that these arrangements are likely to continue to be effective in the future, on 24 August 2015 the Follow-Up Report was submitted to QAA Scotland.

GSA student participation in the National Student Survey continues to be above the UK national average (81% compared to 71%). Overall satisfaction was lower than expected this year at 74% and GSA has instituted a process of coordinated actions to identify and resolve the causes related to the drop in satisfaction. GSA will continue to build on the excellent student engagement evidenced by the strong response rate as we seek to further improve our NSS performance.

## Strategic Report (continued)

Our student retention remains one of the UK's highest at 97.9% and in challenging economic times, our graduate destinations as demonstrated in the DHLE remain strong: GSA achieved a response rate of 90.3% in the DHLE 2014-15 return. This is well above the UK and Scottish average of 82.8% and 80.6%. GSA's employment indicator (EI) for 2014-15 is 93.3%. This is 1% higher than last year's GSA EI performance and 0.6% below the UK average and 1.8% lower than the Scottish average of 95.1%.

### 2.11 Equality Statement

Working with difference and promoting equality underpins our ambition and purpose. Our studio based learning, research and collaboration transforms thinking and our individual and collective contributions influence the day to day lives of people across local and global communities. As a community we are committed to creating and sustaining learning and working environments where difference is respected and the widest possible range of cultural and social perspectives are valued. We treat each other fairly, according to need, and minimise barriers to participation for all. By fostering environments in which difference nourishes new questions and possibilities and where respect is a catalyst for the removal of barriers, we support the learning and development of individuals and our collective contribution to the common good.

## 3. Principal Risks and Uncertainties

### 3.1 Key Risks

The GSA has an agreed Risk Management Framework which sets out how risk is identified, assessed and reported. Risk leadership is established through the GSA Executive Group and GSA Planning Group with quarterly reports to the Audit Committee and Board identifying changes in risk profile, the impact of our mitigation activities and shifts in the ranking of risks.

The School has 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 School, approved by the Audit Committee and the Board has identified significant risks faced by the School relating to:

- The impact of the UK referendum outcome to leave the European Union;
- The impact of the Teaching Quality Framework
- Retaining, recruiting, motivating and developing the required caliber and number of staff to deliver on our ambitious strategy for growth;
- Delivering the GSA's estates strategy including the restoration of the Mackintosh building and associated philanthropic fundraising;
- Ensuring that our Information Technology infrastructure keeps pace with changing academic needs and delivers operational efficiency; and
- Maintaining our international standing and achieving our internationalisation ambition, which extends our global reach and the international experience of our staff and students.

The Internal Auditors have reviewed the 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. There was broad confidence in the approach and improvements are being actioned. The current process is outlined in the Statement of Corporate Governance.

### 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.

## Strategic Report (continued)

### Cash Flow Risk

Following receipt of the insurance settlement monies, the School currently has £10m on deposit with each of Santander, Barclays and Bank of Scotland, each with a term of 12 months, with interest rates of 1.0% - 1.3%. These are due to mature in December 2016, and the majority of these funds will be reinvested at that point. In addition, there is £4m on 32 day notice at a rate of 0.7%. Interest rates remain low currently, with no indication that this will change in the near future.

### 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 Health and Safety Officer, a Health and Safety Advisor and a Fire Regulatory Compliance 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.

## 4. Future Developments

### 4.1 Funding

The outlook for public sector funding for 2016/17 and onwards is very challenging, and there is the risk that the Scottish Funding Council will seek to further reduce the teaching funding provided to HE institutions from 1 August 2017. Scenario planning is currently being undertaken to investigate various options for mitigating any reduction in core teaching and research funding.

### 4.2 Estate

Work has commenced on the restoration of the Mackintosh Building, with Kier Construction being appointed as the main contractor, starting on site in July 2016. Work is also starting on the appointment of contractors for some of the more intricate items, e.g. the Mackintosh light fittings, and the furniture for the library.

GSA purchased the former Stow College Building on West Graham Street in July 2016. Work is commencing in November 2016 to refurbish this building for use by the School of Fine Art. There are two phases to the project; the first is to refurbish floors 0-3 with a target occupancy date of September 2017. The second phase will be to remodel the top two floors for occupancy in September 2018.

The basement of the Blythwood Residences is currently being converted to open plan office space for use by the Director of Marketing and Strategy and his staff. Completion is expected in December 2016.

### 4.3 Student Recruitment

The School continues to receive many more undergraduate applications than it has funded places and continues to enjoy a very high conversion rate between offers and enrolments. 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 RUK and Home/EU PG students, as it is not allowed to offer more undergraduate places to Scottish/EU applicants. 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 the School recruits on a regular basis.

Student Fee income increased to £12.0m compared to £9.4m in the previous year, against a backdrop of increasing competition within the sector. For entry 2016/17 the School has increased both its total undergraduate and postgraduate applications, from 5,955 in entry year 2015 to 6,148 in entry year 2016. International applications have increased by 17% to 1,585 for entry 2016/17, reflecting GSA's continuing international standing and popularity against other leading international art schools. The School was ranked as one of the top twenty art schools in the world in the highly influential 2016 QS World Subject Rankings.

Our fifth cycle of recruitment to our undergraduate programmes in Singapore was successfully completed. The programme, in partnership with the Singapore Institute of Technology and Temasek Polytechnic, continues to be a popular choice for students, attracting a high calibre of applicant. The third Degree Show and graduation was held in Singapore in June 2016. Seven Interior Design students engaged in a live project with Kwong Wai Shiu Hospital to develop spatial narratives and potential products for a rehabilitation unit.

### 4.4 Research Excellence Framework (REF)

GSA Research Office has overseen in 2015-16 a record year for research income at just over £4m. This is progress on the baseline in our Strategic Plan of £2,325k. European funding is increasingly challenging to secure, but the ambition is to maintain this level of RI for the institution.

### 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.



## Strategic Report (continued)

### 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 supports Scotland's future artists, designers and architects to help them react to, work with and communicate climate change in a positive, creative way. In 2014, £120,000 of funding was awarded from Zero Waste Scotland for the Radial Project, a two year programme to deliver on resource reduction, food waste reduction and to encourage more re-use and recycling, working with the Volunteer and Community Advocate Programme. We are applying for continuation funding to extend this programme into 2018. In November the Radial Project won the EAUC's prestigious Green Gown award for student engagement

In 2015 GSA demonstrated its improving sustainability credentials by moving from 91<sup>st</sup> to 32<sup>nd</sup> position out of 150 universities in the Green League. SiAG continues to engage hundreds of students across the curriculum, assists with student led groups such as the beekeepers and food surplus society ThrowAwayGourmet, and supports departments to work more ethically, environmentally friendly and with a greater social awareness.

## 5. Staff and Students

### 5.1 Student, graduate and staff successes

Acclaimed film director Bill Forsyth, donated Fake Ophelia, a work by the late Steven Campbell, to the GSA.

16 GSA Singapore alumni and students were shortlisted for the Crowbar Awards 2015.

The Battle of Bannockburn centre, co-created with the GSA School of Simulation and Visualisation, won two Discover Heritage Awards.

MSA student Finn Wilkie's DipArch project "The Heteroglossic City" won the RIBA Silver Medal, arguable the most prestigious student architectural prize in the world.

Alumna Liz Lochhead was awarded the Queen's Gold Medal for Poetry.

Alumna Pam Hogg designed the 2016 Brit Awards statuettes and received a GSA honorary doctorate at the 2016 GSA graduation ceremony.

Students from The University of Glasgow, The Glasgow School of Art and the Royal Conservatoire of Scotland joined forces with the musicians of the BBC Scottish Symphony Orchestra to create Dream On! inspired by A Midsummer's Night Dream, in celebration of Shakespeare 100.

Textile Design student Rosie Jack won the UK public vote in the International Bemz Design Award 2016.

Fine Art Photography graduate Jack McCombe won the 2016 Newbery Medal.

Deputy Director (Innovation) Irene McAra McWilliam received an OBE for services to design, innovation and higher education.

Stage 3 Architecture student Maelys Garruae won two of the five prestigious RIAS – A&DS student awards.

A Singapore Communication Design alumna won Singapore's first Gold in the Cyber category at the Cannes Young Lions Competition in France, June 2016. A platform for women to report sexual violence, the 12-hour on-site brief was a collaboration with a copywriter colleague at DDB Singapore, where she has worked as a Junior Art Director since graduation in 2015.

### 5.2 Staff

During the year, Professor Ken Neil was appointed as Deputy Director (Academic) of GSA, and Professor Irene McAra McWilliam was appointed Deputy Director (Innovation). Barbara Ridley is Acting Director of the School of Design. Within InDI, Dr Gordon Hush has been appointed as Deputy Director (Academic) and Marianne McInnes as Director of Operations. Gordon also continues in his role as Head of Product Design.

Mr Chris Hand was appointed as Director of GS of A Singapore Pte Ltd. Mr Alastair Milloy was appointed as Director of Finance and Resources and commences work on 7 December 2016.

Dr Gina Wall was recruited to the position of Deputy Head of the School of Fine Art. David Miller was appointed to the post of Estates Development Senior Project Manager, and is joined currently on the Stow Project by Paul Cosgrove who is seconded from Sculpture and Environmental Art. Paul's role as Head of SEA has been filled temporarily by Justin Carter.

### 5.3 Board of Governors

In 2015/16, the Board continued to play a central role in supporting the Director and his Executive Group in responding to various challenges, including the restoration of the Mackintosh Building (following the fire of May 2014) and other estates developments. The Board's newest Committees – the Mackintosh Restoration Committee and the extended Occupational Health and Safety Committee – worked well within the Board committee structure (see elsewhere in this report for details of the Board's committees).

As usual, the Board oversaw progress relating to, inter alia, the School's Strategic Plan, Risk Register, estates development, financial position, Students' Association, and compliance with relevant legislation. The Board's Statement of Corporate Governance was, as usual, revised and updated to ensure continuing compliance with the Scottish Code of Good Practice in Higher Education Governance – the Board

## Strategic Report (continued)

also monitored the introduction by the Scottish Parliament of the *Higher Education Governance (Scotland) Bill* in March 2016, and will now consider the steps necessary for implementation of the measures introduced by this legislation.

Dr Simon Groom left the Board in October 2015 and Ms Alison Lefroy-Brooks left in February 2016, the latter having also served as Chair of the Audit Committee since 2007. Mr Douglas Kinnaird also left the Board in October 2016, having served the maximum term of office. Mr Lewis Prosser served on the Board as the President of the Students' Association in 2015/16 and was succeeded for 2016/17 by Ms Laura Glennie. Mr Nicholas Oddy, Academic Staff Governor, left the Board in September 2015, having served the maximum term of office, and was succeeded (after an election) by Dr Sarah Smith. Professor Ken Neil was appointed Deputy Director of the School in September 2016 and remains a member of the Board in that capacity, having previously been the Academic Council representative. Four new Governors were appointed to the Board after public advertisement and formal interviews – Mr Charles Beattie and Dr Susie Mitchell joined in March 2016, followed by Professor Nora Kearney and Mr Andrew Sutherland in October 2016.

Professor Tom Inns  
Director

Muriel Gray  
Chair

12 December 2016

**Directors' Report  
(Incorporating the Responsibilities of the Board of Governors)**

**Governors Ex Officiis**

|                     |  |  |
|---------------------|--|--|
| B, MR, N            | Prof. Tom Inns BEng (Hons) DIC MDes (RCA) PhD FRSA | Director of the School   |
| M                   | Prof. Ken Neil MA (Hons) MFA PhD PGCert FHEA FRSA  | Deputy Director (from September 2016)                              |
| B,MR,M,H,<br>N, OHS | Mr Lewis Prosser                                   | President Students' Representative Council<br>(until 31 July 2016) |
| B,MR,M,H,<br>N, OHS | Ms Laura Glennie                                   | President Students' Representative Council<br>(from 1 August 2016) |

**Appointed by the Board of Governors**

|           |   |
|-----------|---|
| A,N       | Mr Charles Beattie FCCA* (from March 2016)  |
| A,I,N,R   | Ms Alison Lefroy Brooks BA (Hons) ACA MCT* (until February 2016)  |
| B, I, MRC | Mr Douglas Brown BA (Hons) Dipl Arch (Oxford) FRIAS RIBA*   |
| A, N, OHS | Dr Janet Brown BSc PhD FInstP FRSA FRSE*  |
| B,MRC,N,R | Ms Muriel Gray BA (Hons)*   |
| MR        | Dr Simon Groom MA (Hons) PhD* (until October 2015)  |
| H         | Professor Nora Kearney RGN, MSc* (from October 2016)<br>Mr Douglas Kinnaird BA CA* (until October 2016)     |
| B,MRC,N   | Ms Eleanor McAlister OBE MA MSc FRSA*   |
| H,N,R     | Mrs Linda McTavish CBE MA(Hons)*  |
| A         | Dr Susie Mitchell PhD* (from March 2016)  |
| B, MRC    | Ms Christa Reekie Mag.phil Dip Ed LLB Dip NP *  |
| B, OHS    | Mr Kenneth Ross OBE*  |
| A,B,I,N,R | Sir Muir Russell KCB FRSE*<br>Mr Andrew Sutherland BAcc CA MCICM* (from October 2016)<br>Ms Lesley Thomson* |
| M,N       | Professor Alison Yarrington BA (Hons) PhD FRSE FSA FRSA *   |

**Elected Members**

|   |   |  |
|---|---|--|
| M | Prof. Ken Neil MA (Hons) MFA PhD PGCert FHEA FRSA | Appointed by the Academic Council<br>(until September 2016, when Professor Neil was appointed Deputy Director. A replacement Academic Council representative will be appointed in early 2016/17) |
| H | Ms Kerry Aylin BA (Hons) FHEA EADiM               | Elected by the Professional Support Staff  |
|   | Mr Nicholas Oddy BA (Hons) PGDipDes MA(RCA)       | Elected by the Academic Staff<br>(until September 2015)  |
|   | Dr Sarah Smith BA MA PhD                          | Elected by the Academic Staff (from October 2015)  |

**Secretary to the Board of Governors**

|       |  |
|-------|--|
| H,OHS | Dr Craig Williamson LLB (Hons), MSc, PhD (Registrar and Secretary) |
|-------|--|

**Directors' Report (continued)**  
**(Incorporating the Responsibilities of the Board of Governors)**

|  |  |
|--|--|
| A – Member of Audit Committee                          | B – Member of Business & Estates Committee |
| MRC– Member of Mackintosh Restoration Committee        | H – Member of Human Resources Committee    |
| I – Member of Investment Committee                     | M– Member of Museum & Archive Committee    |
| N – Member of Nominations Committee                    | R – Member of Remuneration Committee       |
| OHS – Member of Occupational Health & Safety Committee |  |

\* denotes Independent Board Members

### **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. Professional support staff elect one Governor to the Board. The Students' Association 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 2016 the School had an average of 9 days (2015: 27) 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.

### **Statement of Primary Responsibilities**

The following statement is an extract from the Scottish Code of good Higher Education Governance:

*The governing body shall adopt a Statement of Primary Responsibilities which shall include provisions relating to:*

- *approving the mission and strategic vision of the Institution, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring that these have due regard to the interests of stakeholders;*
- *appointing the Head of the Institution (the Director) as chief executive officer of the Institution and putting in place suitable arrangements for monitoring his/her performance. Both the appointment and the monitoring of performance of the Director shall include consultation with all members of the governing body;*
- *ensuring the quality of Institutional educational provision;*
- *ensuring adherence to the funding requirements specified by the Scottish Funding Council in its Financial Memorandum and other funding documents;*
- *ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and "whistleblowing" complaints, and for managing conflicts of interest; and*
- *monitoring institutional performance against plans and approved KPIs which, where possible and appropriate, should be benchmarked against other comparable institutions*

**Directors' Report (continued)**  
**(Incorporating the Responsibilities of the Board of Governors)**

**Responsibilities of the Board of Governors for Accounting and the Financial Statements**

In accordance with the School's formal governance arrangements, 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 considers that the School has adequate resources to continue its operations for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and to enable it to ensure that the accounts are prepared in accordance with the School's Memorandum and Articles of Association, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the Board of Governors, the Board, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit and cash flows for that year.

In causing the accounts to be prepared, the Board has ensured that:

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

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

12 December 2016

## Statement of Corporate Governance and Internal Control

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. The School complies with the Scottish Code of Good HE Governance, published in July 2013. 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 appropriate accounting standards and the Scottish Funding Council's Financial Memorandum.

### **Governing Body, Risk Management and Internal Controls**

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 and reports from the internal auditor 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 of three years. 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 and Secretary, 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 Registrar and Secretary (Secretary to the Board).

The roles of Chair and Vice-Chair(s) 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 (including an all-day strategic meeting) and has the following committees: Business and Estates, Audit, Investment, Human Resources, Mackintosh Restoration, Museum and Archive, Occupational Health and Safety, 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 Auditor and Internal Auditor 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. The Committee usually meets twice per annum.

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 Committee usually meets four times per annum.

## Statement of Corporate Governance and Internal Control (continued)

The Mackintosh Restoration Committee is responsible for 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 four 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 Committee also oversees severance payments made by the School. The Committee meets as and when required.

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

The Occupational Health and Safety Committee reviews and monitors various aspects of health and safety management. The Committee meets at least four times each year.

In conclusion, the Board is satisfied with the corporate governance and internal control arrangements in place.

### 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 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.

### Corporate Strategy

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

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 Academic Council.

### 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.

## Statement of Corporate Governance and Internal Control (continued)

### Attendance at meetings 2015/16

The attendance of the individual Governors at Board and major Committee meetings during 2015/16 was as follows:

|                                     | Board of<br>Governors | Audit | Business &<br>Estates |
|-------------------------------------|-----------------------|-------|-----------------------|
|                                     | 5                     | 4     | 4                     |
| Ms Kerry Aylin                      | 5/5                   | -     | -                     |
| Mr Charles Beattie                  | 1/2                   | 1/1   | -                     |
| Ms Alison Lefroy Brooks             | 3/3                   | 3/3   | -                     |
| Mr Douglas Brown                    | 4/5                   | 3/4   | 4/4                   |
| Dr Janet Brown                      | 3/5                   | 3/4   | -                     |
| Ms Muriel Gray                      | 5/5                   | 4/4 * | 4/4                   |
| Dr Simon Groom                      | 0/1                   | -     | -                     |
| Professor Tom Inns                  | 5/5                   | 4/4*  | 4/4                   |
| Mr Douglas Kinnaird                 | 5/5                   | -     | -                     |
| Ms Eleanor McAlister                | 5/5                   | -     | 3/4                   |
| Mrs Linda McTavish                  | 5/5                   | -     | -                     |
| Dr Susie Mitchell                   | 2/2                   | -     | -                     |
| Professor Ken Neil                  | 5/5                   | -     | -                     |
| Mr Lewis Prosser                    | 5/5                   | -     | 4/4                   |
| Ms Christa Reekie                   | 3/5                   | -     | 2/4                   |
| Mr Ken Ross                         | 5/5                   | -     | 4/4                   |
| Sir Muir Russell                    | 5/5                   | 4/4   | 3/4                   |
| Dr Sarah Smith                      | 4/5                   | -     | -                     |
| Ms Lesley Thomson                   | 5/5                   | -     | -                     |
| Professor Alison Yarrington         | 4/5                   | -     | -                     |
|                                     |                       |       |                       |
| Dr Craig Williamson, Registrar      | 5/5*                  | 4/4*  | 3/4                   |
| Mr Eliot Leviten, Company Secretary | 5/5*                  | 4/4*# | 4/4#                  |

\* denotes attendee not full member

# includes one attendance by Conference Call

Ms Muriel Gray  
Chair  
12 December 2016

Professor Tom Inns  
Director



## Governors' Biographies

### **Ms Muriel Gray BA (Hons)**

#### **Chair of the Board of Governors**

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, 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.

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

#### **Director**

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 (term of office expired February 2016)**

#### **Vice-Chair**

Alison Lefroy Brooks 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.

### **Sir Muir Russell KCB FRSE**

#### **Vice-Chair**

Muir Russell 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. He chaired the Judicial Appointments Board for Scotland for 8 years until September 2016, and is currently chair of the Board of Trustees of the Royal Botanic Garden Edinburgh and the Dunedin Concert Trust and 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 was a member of the Council of the Royal Society of Edinburgh from 2012 to 2016. 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.

### **Ms Kerry Aylin BA (Hons) FHEA EADiM**

Kerry Aylin 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.

## Governors' Biographies (continued)

### **Mr Charles Beattie FCCA**

Charles Beattie is a qualified accountant, having trained with KPMG before moving into the banking and financial services sector where he held both finance and non-finance roles. In addition Charles has held senior positions in the not for profit sector and was previously a member of the Audit & Risk Committee of the 2014 Commonwealth Games. He is currently Chief Operating Officer at Maclay Murray & Spens and a Board member of Women's Enterprise Scotland. He is Captain of Strathaven Golf Club and Chair of Strathaven Academy Parent Council.

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

Douglas Brown is a chartered architect who spent most of his professional career (from 1987) with international strategic design consultancy DEGW, a firm whose reputation was built on innovation in workplace, research and learning environments. From 2001 to 2008 he was Group Managing Director of DEGW Plc having 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 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. In 2010 Douglas and his wife founded the multi-award winning Humble Pie Bakery to which he provides management and development support. He is also principal of property company Glenalmond Estates Ltd.

### **Dr Janet Brown BSc PhD FInstP FRSA FRSE**

Janet Brown 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.

### **Ms Laura Glennie**

President, Students' Association 2016/17.

### **Dr Simon Groom MA (Hons) PhD (term of office expired October 2015)**

Simon Groom 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.

### **Professor Nora Kearney RGN, MSc (joined the Board in October 2016)**

Nora Kearney has had an extensive career in healthcare both clinically and academically. She has recently demitted the roles of Head of School and Professor of Cancer Care in the School of Health Sciences at the University of Surrey and previous to this she was Professor of Cancer Care and Dean of Research in the School of Nursing and Midwifery at the University of Dundee and the Dundee Cancer Centre, where she led research in cancer care. In addition she led work with multiple public and corporate partners across Dundee to tackle inequalities in the city. Nora was previously the Director of the Cancer Care Research Centre (CCRC) that she established in 2003 at the University of Stirling, having developed the concept of the CCRC from her clinical experience of working closely with people affected by cancer. Nora has a long clinical career in cancer nursing and previous academic positions at the Universities of Glasgow and Edinburgh. She has an international reputation as a leader in cancer care research, having led a number of national and international multi-centre research projects in the areas of patient experience and symptom improvement in cancer care. In particular she has pioneered the innovative use of technological solutions to provide supportive care to people with cancer. She has published over 140 academic papers and secured over £14.5 million in research income and has contributed to policy development in health care in the UK and Europe. She is a Non-Executive Director for Central Surrey Health and a Visiting Professor at University College Dublin.

### **Mr Douglas Kinnaird BA CA (term of office expired October 2016)**

Douglas Kinnaird 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 University to lecture in Marketing, was on Cancer Research UK's Scottish Council, a Director of Scotland the Brand and a governor of Hutchesons' School.

## Governors' Biographies (continued)

### **Ms Eleanor McAllister OBE MA MSc Hon FRIAS FRICS FRSA**

Eleanor McAllister is an economist and town planner, and 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 and regeneration in 2007 and was awarded honorary fellowships with the Royal Society of the Arts (2008), the Royal Incorporation of Architects in Scotland (2009) and the Royal Incorporation of Chartered Surveyors (2012). She is a member of the Scottish Historic Environment Forum, Vice Chair of the Glasgow Film Theatre, Director of St Peter Kilmahew, and a Director of the Workshop and Artists Studio Provision (Scotland) Ltd.

### **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.

### **Dr Susie Mitchell PhD**

Dr Susie Mitchell has a passion for science and innovation - nurtured through a 20 year career spanning laboratory research, R&D and IP commercialisation, policy development and equality work. She was awarded a Ph.D. in cancer research from the University of Glasgow's Beatson Institute for Cancer Research in 2000, for which she received the John Paul Award for Research Excellence. She has worked in a variety of settings within the public sector (including the NHS and national government) and the private sector (including the Glasgow 2014 Commonwealth Games Organising Committee and a global sustainability consultancy). Susie is now Programme Director for Glasgow City of Science, based at Glasgow Science Centre. Glasgow City of Science is a pioneering initiative of 90 multi-sector organisations (from government, the Glasgow School of Art and Scottish Opera to global innovation businesses) that have pledged to work in partnership to leverage the City region's science and innovation for sustainable economic growth. Outside work, Susie is a keen session singer and songwriter as well as a contributor and presenter for music and science factual output on BBC Scotland and the BBC World Service. Susie is also a Trustee of the James Clerk Maxwell Foundation.

### **Professor Ken Neil MA (Hons) MFA PhD PGCert FHEA FRSA**

Ken Neil is Deputy Director (Academic) at The Glasgow School of Art. Ken 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. Since joining GSA he has been a National 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 has also served on the Editorial Board of the journal 'Art & Research' and the AHRC Peer Review College. From January 2014, he was appointed a Trustee of the UK Association of Art Historians, and chaired 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. In August 2016 he was appointed GSA's Deputy Director (Academic). Ken is a Fellow of the Higher Education Academy, and a Fellow of the Royal Society for the encouragement of the Arts. Ken has recently been appointed to the Board of Trustees of community arts organisation, Impact Arts. His research and writing relate to three fields: contemporary art and art theory; issues for creative education; and the visual culture of the everyday.

### **Mr Nicholas Oddy BA (Hons) PGDipDes MA (RCA) (term of office expired in September 2015)**

Nicholas Oddy 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 19<sup>th</sup> and 20<sup>th</sup> 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.

### **Mr Lewis Prosser**

President, Students' Association 2015/16.

## Governors' Biographies (continued)

### **Ms Christa Reekie Mag.phil. Dip Ed LLB NP**

Christa Reekie was a school teacher in Austria, before moving to Scotland and re-qualifying as a teacher. 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 the Scottish Futures Trust Limited in November 2009. Christa is involved in most of SFT's activities, but in particular leads on SFT's innovative affordable housing models.

### **Mr Kenneth Ross OBE**

Ken Ross 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 2007, Ken was a member of the Sullivan Committee advising the Scottish Ministers on a low carbon strategy for Scotland and is now actively involved in sustainability and renewable projects throughout Scotland. In 2008, he was invited to join the National Economic Forum. 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. He is also actively involved in projects involving affordable housing, renewable energy, and the arts, social and educational sectors in Scotland.

### **Dr Sarah Smith, BA, MA, PhD (joined the Board from October 2015)**

Sarah Smith has a BA in Fine Art Painting from the National College of Art and Design (NCAD), Dublin (1994), an MA in Film Studies from University College Dublin (UCD), (1995) and a PhD in Artists' Films from University of Glasgow (2007). Early appointments included Education Assistant at the Irish Film Institute (1995-97), Lecturer in Film Studies at UCD (1995-98), Adviser of Studies at University of Glasgow (2000-2002) and Researcher in Lifelong Learning, The Lighthouse (1999-2001). She was appointed Lecturer in Historical and Critical Studies at GSA in 2002, taking up the role of Joint Acting Head of the Forum for Critical Inquiry from 2012 until 2015, at which point she became Joint Head of Department as well as Head of the newly forming Department of Art Context and Theory (ACT) within the School of Fine Art (SoFA). Sarah is a member of a number of professional organisations such as the British Association of Irish Studies (BAIS) and the Media, Communication and Cultural Studies Association (MeCCSA). She is currently the only European member of College Art Association's (CAA) International Committee and is also a member of the Advisory Board of the peer-reviewed journals: *Screen Bodies* and *Visual Culture in Britain*.

### **Mr Andrew Sutherland BAcc CA MCICM (joined the Board in October 2016)**

Andrew Sutherland is a Chartered Accountant and a member of the Chartered Institute of Credit Management. After completing his CA training with Grant Thornton, Andrew joined Keyline and then Slater Hogg and Howison where his roles included Company Secretary and Finance Director. After 15 years in industry, Andrew started his own business in October 2000. Trading as ACS Consultancy, Andrew has built a small group of regular clients including part-time and non-executive directorships, alongside long and short-term consultancy roles. He has previously been a non-executive director of a large Scottish charity and of a company delivering post-graduate education. His current roles include being a consultant to Page \ Park Ltd and a director of Graven Images Ltd.

### **Ms Lesley Thomson**

Lesley Thomson is Managing Director of Spreng Thomson. 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, food and drink, government agencies, local authorities and academia as well as major private sector-led developments. Lesley is a Trustee of the Dewar Arts Awards and a member of Entrepreneurial Scotland.

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

Alison Yarrington is Dean of the School of the Arts, English and Drama at Loughborough University, 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 University. 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 University's Faculty of Arts. She was appointed Richmond Chair and Head of the Department of Art History at the University of Glasgow in 2003, during which time she was also Honorary Keeper of Fine Art of the Hunterian Gallery and Museums. She was Chair of the Association of Art Historians 2011-14, and is 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 and Directors 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 2016 which comprise the Group and School Statement of Comprehensive Income, the Group and School Statement of Changes in Reserves, the Group and School Balance Sheet, the Group Statement of Cash Flows, the Statement of Principal Accounting Policies and Estimation Techniques 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), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Accounts Direction issued by the Scottish Funding Council and the 2014 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 10, 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](http://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.

In addition to our audit of the financial statements, the Board have engaged us to review their Corporate Governance Statement. We review whether the Corporate Governance Statement reflects the group's compliance with the 2013 Scottish Code of Good HE Governance specified for our review by those rules, and we report if it does not.

### **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 2016 and of the surplus of the School's and 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 2014 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 requires 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.

We have nothing to report in respect of the following:

The part of the Corporate Governance Statement relating to the group's compliance with the provision of the 2013 Scottish Code of Good HE Governance specific for our review.

Nick Bennett  
Senior Statutory Auditor  
For and on behalf of Scott Moncrieff  
Statutory Auditor, Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL  
12 December 2016

## Group and School Statement of Comprehensive Income

### Year Ended 31 July 2016

|   | Notes | Year ended 31 July 2016 |               | Year ended 31 July 2015<br>(as restated) |               |
|---|-------|-------------------------|---------------|--|---------------|
|   |       | Consolidated            | School        | Consolidated                             | School        |
|   |       | £'000                   | £'000         | £'000                                    | £'000         |
| <b>Income</b>   |       |                         |               |  |               |
| Tuition fees and education contracts  | 1     | 12,020                  | 10,991        | 9,419                                    | 8,458         |
| Funding body grants   | 2     | 14,669                  | 14,669        | 15,561                                   | 15,561        |
| Research grants and contracts   | 3     | 4,069                   | 4,069         | 3,959                                    | 3,959         |
| Other income  | 4     | 3,362                   | 4,336         | 3,202                                    | 3,195         |
| Insurance income  | 4     | 41,715                  | 41,715        | 7,609                                    | 7,609         |
| Development Trust income  | 4     | 1,005                   | -             | 146                                      | -             |
| Investment income   | 5     | 475                     | 475           | 338                                      | 338           |
| <b>Total income</b>   |       | <b>77,315</b>           | <b>76,255</b> | <b>40,234</b>                            | <b>39,120</b> |
| <b>Expenditure</b>  |       |                         |               |  |               |
| Staff costs   | 7     | 20,687                  | 20,212        | 18,992                                   | 18,681        |
| Pension revaluation   |       | -                       | -             | 394                                      | 394           |
| Other operating expenses  | 8     | 10,709                  | 10,371        | 9,942                                    | 9,693         |
| Campus redevelopment expenditure  | 9     | 4,994                   | 4,994         | 4,341                                    | 4,341         |
| Depreciation  | 13    | 3,458                   | 3,458         | 3,212                                    | 3,212         |
| Interest and other finance costs  | 10    | 1,432                   | 1,432         | 1,509                                    | 1,509         |
| <b>Total expenditure</b>  |       | <b>41,280</b>           | <b>40,467</b> | <b>38,390</b>                            | <b>37,830</b> |
| <b>Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates.</b> | 11    | <b>36,035</b>           | <b>35,788</b> | <b>1,844</b>                             | <b>1,290</b>  |
| Share of operating surplus in joint venture   | 16    | 22                      | -             | 1  | -             |
| Accumulated income retained within specific endowments  | 15    | (35)                    | (35)          | 69                                       | 69            |
| Gain on investments - appreciation of endowment assets  | 15    | 130                     | 130           | 221                                      | 221           |
| <b>Surplus before tax</b>   |       | <b>36,152</b>           | <b>35,883</b> | <b>2,135</b>                             | <b>1,580</b>  |
| Taxation  | 12    | (54)                    | -             | (36)                                     | -             |
| <b>Surplus for the year</b>   |       | <b>36,098</b>           | <b>35,883</b> | <b>2,099</b>                             | <b>1,580</b>  |
| Actuarial (loss) in respect of pension schemes  | 32    | (1,607)                 | (1,607)       | (658)                                    | (658)         |
| Unrealised surplus on revaluation of heritage assets  | 14    | 1,907                   | 1,907         | -  | -             |
| <b>Total comprehensive income for the year</b>  |       | <b>36,398</b>           | <b>36,183</b> | <b>1,441</b>                             | <b>922</b>    |
| Represented by:   |       |                         |               |  |               |
| Endowment comprehensive income for the year   |       | 95                      | 95            | 290                                      | 290           |
| Restricted comprehensive income for the year  |       | 792                     | -             | 142                                      | -             |
| Unrestricted comprehensive income for the year  |       | 33,604                  | 34,181        | 1,009                                    | 632           |
| Revaluation reserve comprehensive income for the year   |       | 1,907                   | 1,907         | -  | -             |
|   |       | <b>36,398</b>           | <b>36,183</b> | <b>1,441</b>                             | <b>922</b>    |
| <b>Surplus for the year attributable to:</b>  |       |                         |               |  |               |
| School  |       | 36,398                  | 36,183        | 1,441                                    | 922           |

All items of income and expenditure relate to continuing activities

## Group and School Statement of Changes in Reserves

Year ended 31 July 2016

| Consolidated   | Income and expenditure account |                     |                      | Revaluation reserve  | Total                |
|--|--------------------------------|---------------------|----------------------|----------------------|----------------------|
|  | <i>Endowment</i>               | <i>Restricted</i>   | <i>Unrestricted</i>  |                      |                      |
|  | £'000                          | £'000               | £'000                | £'000                | £'000                |
| <b>Balance at 1 August 2014 as restated</b>                      | <b>3,334</b>                   | <b>1,138</b>        | <b>(1,061)</b>       | <b>17,990</b>        | <b>21,401</b>        |
| Total comprehensive income                                       | 290                            | 142                 | 1,009                | -                    | 1,441                |
| Transfers between revaluation and income and expenditure reserve | -                              | -                   | 322                  | (322)                | -                    |
|  | <u>290</u>                     | <u>142</u>          | <u>1,331</u>         | <u>(322)</u>         | <u>1,441</u>         |
| <b>Balance at 1 August 2015 as restated</b>                      | <b>3,624</b>                   | <b>1,280</b>        | <b>270</b>           | <b>17,668</b>        | <b>22,842</b>        |
| Total comprehensive income                                       | 95                             | 792                 | 33,604               | 1,907                | 36,398               |
| Subsidiary reserves exchange rate adjustment                     | -                              | -                   | 158                  | -                    | 158                  |
| Transfers between revaluation and income and expenditure reserve | -                              | -                   | 322                  | (322)                | -                    |
|  | <u>95</u>                      | <u>792</u>          | <u>34,084</u>        | <u>1,585</u>         | <u>36,556</u>        |
| <b>Balance at 31 July 2016</b>                                   | <b><u>3,719</u></b>            | <b><u>2,072</u></b> | <b><u>34,354</u></b> | <b><u>19,253</u></b> | <b><u>59,398</u></b> |
| <br>   |                                |                     |                      |                      |                      |
| School   | Income and expenditure account |                     |                      | Revaluation reserve  | Total                |
|  | <i>Endowment</i>               | <i>Restricted</i>   | <i>Unrestricted</i>  |                      |                      |
|  | £'000                          | £'000               | £'000                | £'000                | £'000                |
| <b>Balance at 1 August 2014</b>                                  | <b>3,334</b>                   | <b>-</b>            | <b>(1,755)</b>       | <b>17,990</b>        | <b>19,569</b>        |
| Total comprehensive income                                       | 290                            | -                   | 632                  | -                    | 922                  |
| Transfers between revaluation and income and expenditure reserve | -                              | -                   | 322                  | (322)                | -                    |
|  | <u>290</u>                     | <u>-</u>            | <u>954</u>           | <u>(322)</u>         | <u>922</u>           |
| <b>Balance at 1 August 2015</b>                                  | <b>3,624</b>                   | <b>-</b>            | <b>(801)</b>         | <b>17,668</b>        | <b>20,491</b>        |
| Total comprehensive income                                       | 95                             | -                   | 34,181               | 1,907                | 36,183               |
| Transfers between revaluation and income and expenditure reserve | -                              | -                   | 322                  | (322)                | -                    |
|  | <u>95</u>                      | <u>-</u>            | <u>34,503</u>        | <u>1,585</u>         | <u>36,183</u>        |
| <b>Balance at 31 July 2016</b>                                   | <b><u>3,719</u></b>            | <b><u>-</u></b>     | <b><u>33,702</u></b> | <b><u>19,253</u></b> | <b><u>56,674</u></b> |



# Group and School Balance Sheet

## Year ended 31 July 2016

|   | Notes | As at 31 July 2016    |                 | As at 31 July 2015 (as restated) |                 |
|---|-------|-----------------------|-----------------|----------------------------------|-----------------|
|   |       | Consolidated<br>£'000 | School<br>£'000 | Consolidated<br>£'000            | School<br>£'000 |
| <b>Non-current assets</b>                               |       |                       |                 |                                  |                 |
| Fixed assets  | 13    | 75,452                | 75,452          | 70,530                           | 70,530          |
| Heritage assets   | 14    | 10,784                | 10,734          | 8,827                            | 8,827           |
| Investments   | 15    | 3,719                 | 3,719           | 3,624                            | 3,624           |
| Investment in joint venture                             | 16    | 34                    | -               | 12                               | -               |
|   |       | <u>89,989</u>         | <u>89,905</u>   | <u>82,993</u>                    | <u>82,981</u>   |
| Debtors greater than one year                           | 18    | 12,704                | 6,250           | 16,752                           | 11,250          |
| <b>Current assets</b>                                   |       |                       |                 |                                  |                 |
| Stock   | 17    | 74                    | 74              | 68                               | 68              |
| Trade and other receivables                             | 18    | 8,683                 | 8,954           | 13,574                           | 7,394           |
| Cash and cash equivalents                               | 20a   | 8,086                 | 5,078           | 5,850                            | 4,677           |
| Current asset investments - bank deposits               | 20b   | 34,041                | 34,041          | -                                | -               |
|   |       | <u>50,884</u>         | <u>48,147</u>   | <u>19,492</u>                    | <u>12,139</u>   |
| Less: Creditors: amounts falling due within one year    | 21    | (15,570)              | (15,473)        | (15,005)                         | (14,991)        |
| <b>Net current assets</b>                               |       | <b>35,314</b>         | <b>32,674</b>   | <b>4,487</b>                     | <b>(2,852)</b>  |
| <b>Total assets less current liabilities</b>            |       | <b>138,007</b>        | <b>128,829</b>  | <b>104,232</b>                   | <b>91,379</b>   |
| Creditors: amounts falling due after more than one year | 22    | (66,450)              | (59,996)        | (71,497)                         | (60,995)        |
| <b>Provisions</b>                                       |       |                       |                 |                                  |                 |
| Pension provisions                                      | 24    | (12,144)              | (12,144)        | (9,771)                          | (9,771)         |
| Other provisions  | 24    | (15)                  | (15)            | (122)                            | (122)           |
| <b>Total net assets</b>                                 |       | <b>59,398</b>         | <b>56,674</b>   | <b>22,842</b>                    | <b>20,491</b>   |
| <b>Restricted Reserves</b>                              |       |                       |                 |                                  |                 |
| Endowment reserve                                       | 25    | 3,719                 | 3,719           | 3,624                            | 3,624           |
| Restricted reserve                                      | 26    | 2,072                 | -               | 1,280                            | -               |
| <b>Unrestricted Reserves</b>                            |       |                       |                 |                                  |                 |
| Income and expenditure reserve - unrestricted           |       | 45,266                | 44,614          | 8,710                            | 7,639           |
| Pension reserve   |       | (10,912)              | (10,912)        | (8,440)                          | (8,440)         |
| Revaluation reserve                                     |       | 19,253                | 19,253          | 17,668                           | 17,668          |
| <b>Total Reserves</b>                                   |       | <b>59,398</b>         | <b>56,674</b>   | <b>22,842</b>                    | <b>20,491</b>   |

The financial statements were approved by the Board of Governors on 12 December 2016 and were signed on its behalf on that date by:

Tom Inns, Director

Muriel Gray, Chair

# Group Statement of Cash Flows

## Year ended 31 July 2016

|   | Notes | 31 July 2016   | 31 July 2015<br>(as restated) |
|---|-------|----------------|-------------------------------|
|   |       | £'000          | £'000                         |
| <b>Cash flow from operating activities</b>                            |       |                |                               |
| Surplus for the year  |       | 36,098         | 2,099                         |
| <b>Adjustment for non-cash items</b>                                  |       |                |                               |
| Depreciation  | 13    | 3,458          | 3,212                         |
| (Increase)/decrease in stock  | 17    | (6)            | 7                             |
| Decrease/(increase) in debtors  | 20    | 3,939          | (896)                         |
| Increase/(decrease) in creditors                                      | 22    | 558            | (3,635)                       |
| (Decrease)/increase in pension provision                              | 24    | (99)           | -                             |
| (Decrease)/increase in other provisions                               | 24    | (107)          | 184                           |
| Taxation  |       | 54             | 36                            |
| Share of operating (surplus)/deficit in joint venture                 | 17    | (22)           | (1)                           |
| <b>Adjustment for investing or financing activities</b>               |       |                |                               |
| Gain on investments   | 25    | (130)          | (221)                         |
| Accumulated income of endowment investments                           |       | 35             | (69)                          |
| Investment income   | 5     | (475)          | (338)                         |
| Interest payable  | 10    | 1,432          | 1,509                         |
| Funding council loan support grants                                   | 2     | (497)          | (664)                         |
| Capital grant income  |       | (1,285)        | (1,579)                       |
| <b>Net cash inflow from operating activities</b>                      |       | <b>42,953</b>  | <b>(356)</b>                  |
| <b>Cash flows from investing activities</b>                           |       |                |                               |
| Capital grants receipts   |       | 1,246          | 479                           |
| Investment income   | 5     | 475            | 338                           |
| Payments made to acquire fixed assets                                 |       | (8,380)        | (1,423)                       |
|   |       | <b>(6,659)</b> | <b>(606)</b>                  |
| <b>Cash flows from financing activities</b>                           |       |                |                               |
| Interest paid   |       | (70)           | (74)                          |
| New finance leases  |       | 246            | -                             |
| Repayments of amounts borrowed  |       | (87)           | (82)                          |
| Capital element of finance lease and service concession payments      |       | (106)          | (51)                          |
|   |       | <b>(17)</b>    | <b>(207)</b>                  |
| <b>Increase / (decrease) in cash and cash equivalents in the year</b> |       | <b>36,277</b>  | <b>(1,169)</b>                |
| less: deposits made   |       | (34,041)       | -                             |
|   |       | <b>2,236</b>   | <b>(1,169)</b>                |
| Cash and cash equivalents at beginning of the year                    | 20    | 5,850          | 7,019                         |
| Cash and cash equivalents at end of the year                          | 20    | 8,086          | 5,850                         |
| <b>Increase / (decrease)</b>  |       | <b>2,236</b>   | <b>(1,169)</b>                |

# Statement of Principal Accounting Policies and Estimation Techniques

Year ended 31 July 2016

## 1 General information

The School is registered under The Further and Higher Education (Scotland) Act 1992. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Policies (UK GAAP), including Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Accounts Direction issued by the Scottish Funding Council and the Statement of Recommended Practice: Accounting for Further and Higher Education.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the School's accounting policies (see note 3).

The presentation currency is pound sterling and the financial statements are rounded to the nearest £000. These financial statements comprise the results of the School and of its Group.

The Group consists of The Glasgow School of Art, the Glasgow School of Art Development Trust, GsofA Singapore pte and the School's joint venture, The Centre for Digital Documentation and Visualisation LLP. The School is defined as a public benefit entity and thus the School complies with all disclosure requirements relating to public benefit entities. The School is a registered company and its registered number is SC002271. The School is a registered charity in Scotland and its registered number is SC012490. The registered address is 167 Renfrew Street, Glasgow, G3 6RQ.

## 2 Accounting policies

### Introduction and accounting basis

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 July 2016, which occurred before the date of approval of the financial statements by the Board of Governors have been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 July 2016 and of the results for the year ended on that date. The accounting policies of the School are set out below.

This is the first year the financial statements have been prepared under FRS 102 and the new SORP. The impact of this transition is detailed in note 33.

### Basis of consolidation

The group financial statements include the School and its subsidiary, GS of A Singapore Pte Ltd, and its joint venture with Historic Environment Scotland, CDDV LLP. The group financial statements also include The Glasgow School of Art Development Trust which has been deemed as being controlled by GSA. Intra-group transactions and balances are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 102, the activities of the GSA student union and GSA Enterprises Ltd have not been consolidated because the School does not control those activities.

### Going concern

The financial statements have been prepared on the going concern basis of accounting.

### 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 Statement of Comprehensive Income in the year.

### Cash and cash equivalents

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.

### Current asset investments

These 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.

# Statement of Principal Accounting Policies and Estimation Techniques

Year ended 31 July 2016

## Recognition of Income

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the School recognises the related costs for which the grant is intended to compensate in line with the accruals model. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

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

Non government revenue and capital grants are recognised as income once any performance conditions have been met.

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 Statement of Comprehensive 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.

In the Glasgow School of Art Development Trust's financial statements, the pledges from the UK Government and the matched funding pledge from the Scottish Government are shown as incoming reserves. At group level these pledges are in substance deferred Government capital grants and have been treated as such within the Group figures.

## Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

## Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## 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 102.

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 recognised in the Statement of Comprehensive Income.

## Scottish Teachers Superannuation Scheme

Members of the academic staff are covered by the Scottish Teachers' Superannuation Scheme to which the School contributes. It is not possible 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 FRS102 whereby the contributions to the scheme are recognised as if it were a defined contribution scheme. The cost recognised within the School's Statement of Comprehensive Income 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.

# Statement of Principal Accounting Policies and Estimation Techniques

Year ended 31 July 2016

## 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 historical 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, with subsequent improvements to buildings depreciated over their useful lives of 10 or 20 years depending upon whether the improvement is classed as minor (10 years) or major (20 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 Government grant, it is depreciated as above. The related Government grant is treated as a deferred capital grant and released to the Statement of Comprehensive income 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.

## 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 2016 and was carried out by Axa Art, independent valuers.

## Investments

### Subsidiary undertakings

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

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

## 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 Statement of Comprehensive Income 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 Government grant, it is depreciated as above. The related grant is treated as a deferred capital grant and released to the Statement of Comprehensive income 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. Depreciation is charged from the date of acquisition.

Non-government grants received to fund a capital asset are recognised as income when any performance conditions have been met.

# Statement of Principal Accounting Policies and Estimation Techniques

Year ended 31 July 2016

## Leased assets

Operating leases and the total payments made under them are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Leases agreements which transfer to the School substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the Statement of Comprehensive Income in a straight line basis over the term of the lease. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

## Investments

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

## Stocks

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

## Debtors

Short term debtors are measured at the transaction price, less any impairment.

## Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## Government capital grants

Government Capital Grants, at amounts approved by The UK Government, The Scottish Government, Glasgow City Council or any other government agency, are treated as a deferred capital grant and are released to income in accordance with the accrual model over the useful life of the asset it relates. The accrual model requires the School to recognise income on a systematic basis over the period in which the School recognises the related costs for which the grant is intended to compensate.

## Government revenue grants

Government revenue grants are recognised using the accrual model which means the School recognises the grant in income on a systematic basis over the period in which the School recognises the related costs for which the grant is intended to compensate.

## Non-government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

## 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.

## 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 Statement of Comprehensive Income.

# Statement of Principal Accounting Policies and Estimation Techniques

Year ended 31 July 2016

## Financial instruments

The School only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the School has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

## Maintenance of Premises

The cost of routine maintenance is charged to the Statement of Comprehensive Income as incurred.

## 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 commercial company is subject to corporation tax and VAT in the same way as any commercial organisation.

Revaluation gains relate to charitable activities and as such no deferred tax is recognised in respect of these unrealised gains.

## 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.

## Statement of Cash Flows

The exemption from including a Statement of Cash Flows for the School, the parent entity, allowed by the SORP (3.3) has been taken.

# Statement of Principal Accounting Policies and Estimation Techniques

Year ended 31 July 2016

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Governors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

### **Useful lives of property, plant and equipment**

The useful lives of property, plant and equipment are based on the knowledge of the senior management team with respect to expected life cycles.

### **Recoverability of debtors**

Bad debt provisions are incorporated where deemed necessary base on the senior management team's knowledge of the transactions and payment history of the debtor.

### **Obligations under the Strathclyde Pension Scheme and pension enhancements on early retirement**

This has relied on the actuarial assumptions of the qualified actuary which have been reviewed and are considered appropriate.

### **The valuation of the heritage assets**

The heritage assets have been valued by an appropriately qualified expert valuer, Axa Art.



**Notes to the Financial Statements**  
Year ended 31 July 2016

|   | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|---|-------------------------|-----------------|-------------------------|-----------------|
|   | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>1 Tuition fees and education contracts</b> |                         |                 |                         |                 |
| Scotland and EU fees                          | 2,880                   | 2,880           | 2,600                   | 2,600           |
| RUK fees                                      | 2,936                   | 2,936           | 2,189                   | 2,189           |
| Non EU fees                                   | 5,542                   | 4,513           | 4,117                   | 3,156           |
| Non credit bearing course fees                | 418                     | 418             | 313                     | 313             |
| Education contracts                           | 244                     | 244             | 200                     | 200             |
|   | <b>12,020</b>           | <b>10,991</b>   | <b>9,419</b>            | <b>8,458</b>    |

|  | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>2 Funding Council grants</b>                |                         |                 |                         |                 |
| General fund - Teaching                        | 7,389                   | 7,389           | 7,438                   | 7,438           |
| General fund - Research and Knowledge Exchange | 1,714                   | 1,714           | 2,106                   | 2,106           |
| Small specialist institution grant             | 2,820                   | 2,820           | 2,820                   | 2,820           |
| Other SFC grants                               | 1,080                   | 1,080           | 1,364                   | 1,364           |
| Deferred capital grants released in year       |                         |                 |                         |                 |
| Buildings                                      | 1,069                   | 1,069           | 1,069                   | 1,069           |
| Equipment                                      | 100                     | 100             | 100                     | 100             |
| SFC Loan support grant                         | 497                     | 497             | 664                     | 664             |
|  | <b>14,669</b>           | <b>14,669</b>   | <b>15,561</b>           | <b>15,561</b>   |

|  | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>3 Research grants and contracts</b> |                         |                 |                         |                 |
| Research councils                      | 409                     | 409             | 424                     | 424             |
| Research charities                     | 306                     | 306             | 140                     | 140             |
| Government (UK and overseas)           | 2,869                   | 2,869           | 2,006                   | 2,006           |
| Industry and commerce                  | 477                     | 477             | 1,277                   | 1,277           |
| Other                                  | 8                       | 8               | 112                     | 112             |
|  | <b>4,069</b>            | <b>4,069</b>    | <b>3,959</b>            | <b>3,959</b>    |

|   | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015<br>(as restated) |                 |
|---|-------------------------|-----------------|--|-----------------|
|   | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000                    | School<br>£'000 |
| <b>4 Other income</b>                   |                         |                 |  |                 |
| Residences                              | 1,520                   | 1,520           | 833                                      | 833             |
| Release from deferred grants ( Non SFC) | 116                     | 116             | 410                                      | 410             |
| Other income generating activities      | 289                     | 289             | 334                                      | 334             |
| Dividend due from GSoA Singapore pte    | -                       | 1,014           | -  | -               |
| Other income                            | 1,437                   | 1,397           | 1,625                                    | 1,618           |
|   | <b>3,362</b>            | <b>4,336</b>    | <b>3,202</b>                             | <b>3,195</b>    |

**Insurance income**

|                      |               |               |              |              |
|----------------------|---------------|---------------|--------------|--------------|
| AXA Insurance claim  | 715           | 715           | 3,600        | 3,600        |
| RSA Insurance monies | 41,000        | 41,000        | 4,009        | 4,009        |
|                      | <b>41,715</b> | <b>41,715</b> | <b>7,609</b> | <b>7,609</b> |

The AXA income is in relation to the heritage assets lost in the fire. The RSA income is in relation to business continuity costs as a result of the fire.

**Development Trust income**

|                          |              |          |            |          |
|--------------------------|--------------|----------|------------|----------|
| Development Trust income | 1,005        | -        | 146        | -        |
|                          | <b>1,005</b> | <b>-</b> | <b>146</b> | <b>-</b> |

|                                 | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|---------------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                                 | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>5 Investment income</b>      |                         |                 |                         |                 |
| Investment income on endowments | 198                     | 198             | 293                     | 293             |
| Other investment income         | 277                     | 277             | 45                      | 45              |
|                                 | <b>475</b>              | <b>475</b>      | <b>338</b>              | <b>338</b>      |

**6 Segmental Reporting**

The group activities are carried out in Glasgow and Singapore.  
Group Turnover for these two markets is split as:

|           | 2016<br>Consolidated<br>£'000 | 2015<br>Consolidated<br>£'000 |
|-----------|-------------------------------|-------------------------------|
| Glasgow   | 76,246                        | 39,265                        |
| Singapore | 1,069                         | 969                           |
|           | <b>77,315</b>                 | <b>40,234</b>                 |

£952k (2015: £502k) of Scottish Government matched funding has been recognised in the financial statements of the Glasgow School of Art Development Trust as incoming resources. At group level the funding is a deferred Government capital grant and thus a consolidation adjustment has been made to reallocate this income to deferred Government capital grants in the group figures.

## Notes to the Financial Statements

### Year ended 31 July 2016

|                                | Year Ended<br>31 July 2016 |                 | Year Ended<br>31 July 2015 |                 |
|--------------------------------|----------------------------|-----------------|----------------------------|-----------------|
|                                | Consolidated<br>£'000      | School<br>£'000 | Consolidated<br>£'000      | School<br>£'000 |
| <b>7 Staff costs</b>           |                            |                 |                            |                 |
| Salaries                       | 16,661                     | 16,186          | 15,506                     | 15,206          |
| Social security costs          | 1,383                      | 1,383           | 1,212                      | 1,212           |
| Pensions                       | 2,428                      | 2,428           | 2,108                      | 2,097           |
| Severance and redundancy costs | 215                        | 215             | 166                        | 166             |
| Total                          | <b>20,687</b>              | <b>20,212</b>   | 18,992                     | 18,681          |

|                            | £'000      | £'000      |
|----------------------------|------------|------------|
| Emoluments of the Director |            |            |
| Salary                     | 136        | 135        |
| Pension contributions      | 20         | 20         |
|                            | <b>156</b> | <b>155</b> |

#### Key management personnel

The emoluments ,excluding pension contributions, of the senior management staff group (the Executive Group) including staff Governors, in the following ranges, was:

|                      | No.       | No.       |
|----------------------|-----------|-----------|
| £70,001 to £80,000   | 5         | 4         |
| £80,001 to £90,000   | -         | 1         |
| £90,001 to £100,000  | 2         | 2         |
| £100,001 to £110,000 | 1         | 1         |
| £110,001 to £120,000 | 1         | 1         |
| £130,000 to £140,000 | 1         | 1         |
| £200,000 to £210,000 | 1         | -         |
|                      | <b>11</b> | <b>10</b> |

The Key management personnel emoluments are made up as follows:

|                                 | Year Ended<br>2016<br>£000 | Year Ended<br>2015<br>£000 |
|---------------------------------|----------------------------|----------------------------|
| Salaries                        | 1,000                      | 1,031                      |
| Pension contributions           | 155                        | 160                        |
| Compensation for loss of office | 112                        | -                          |
| Total emoluments                | <b>1,267</b>               | <b>1,191</b>               |

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

|                    | No.      | No.      |
|--------------------|----------|----------|
| £60,001 to £70,000 | 5        | 4        |
| £70,001 to £80,000 | 1        | 1        |
|                    | <b>6</b> | <b>5</b> |

The number of directors receiving benefits under defined benefit schemes:

|  |   |   |
|--|---|---|
|  | 4 | 5 |
|--|---|---|

The average number of staff employed by the School expresses as full time equivalents was:

|                            |            |            |
|----------------------------|------------|------------|
| Academic                   | 126        | 126        |
| Academic support           | 91         | 86         |
| Research                   | 49         | 48         |
| Other support              | 36         | 44         |
| Admin and central services | 47         | 42         |
| Premises                   | 48         | 44         |
| Residences                 | 1          | 2          |
|                            | <b>398</b> | <b>392</b> |

## Notes to the Financial Statements

### Year ended 31 July 2016

#### 7 Staff costs (continued)

| Compensation for loss of office payable to a senior post-holder: | 2016<br>£'000 | 2015<br>£'000 |
|--|---------------|---------------|
| Compensation payable recorded within staff costs                 | 112           | -             |
| Salary costs for the post holder during year                     | 90            | -             |
|  | <u>202</u>    | <u>-</u>      |

The costs recorded above relate to one senior post holder. The combined compensation and salary figure is also disclosed within the senior management salary brackets data

#### Governors emoluments

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

|                     | Year Ended<br>2016<br>Number | Year Ended<br>2015<br>Number |
|---------------------|------------------------------|------------------------------|
| NIL                 | 19                           | 19                           |
| £35,001 - £40,000   | 1                            | 2                            |
| £55,001 - £60,000   | 1                            | 1                            |
| £65,001 - £70,000   | 1                            | 1                            |
| £130,001 - £135,000 | -                            | 1                            |
| £135,001 - £140,000 | 1                            | -                            |
|                     | <u>23</u>                    | <u>24</u>                    |

The Governors' emoluments are made up as follows:

|                       | Year Ended<br>2016<br>£000 | Year Ended<br>2015<br>£000 |
|-----------------------|----------------------------|----------------------------|
| Salaries              | 301                        | 338                        |
| Pension contributions | 46                         | 54                         |
| Total emoluments      | <u>347</u>                 | <u>392</u>                 |

#### 8 Other operating expenses

|  | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| Academic and related expenditure               | 2,173                   | 2,048           | 2,439                   | 2,194           |
| Administration and central services            | 1,382                   | 1,382           | 1,153                   | 1,153           |
| Premises                                       | 2,296                   | 2,296           | 2,519                   | 2,519           |
| Residences, catering and conferences           | 1,131                   | 1,131           | 574                     | 574             |
| Dev Trust expenditure                          | 213                     | -               | 4                       | -               |
| Research grants and contracts                  | 1,329                   | 1,329           | 1,268                   | 1,268           |
| Bad debt provision- loans with related parties | 295                     | 295             | -                       | -               |
| Other expenses                                 | 1,890                   | 1,890           | 1,985                   | 1,985           |
|  | <u>10,709</u>           | <u>10,371</u>   | <u>9,942</u>            | <u>9,693</u>    |

#### 9 Campus redevelopment expenditure

|   | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|---|-------------------------|-----------------|-------------------------|-----------------|
|   | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| Mackintosh refurbishment and campus redevelopment costs | 4,994                   | 4,994           | 4,341                   | 4,341           |
|   | <u>4,994</u>            | <u>4,994</u>    | <u>4,341</u>            | <u>4,341</u>    |

## Notes to the Financial Statements

Year ended 31 July 2016

| Notes  | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>10 Interest and other finance costs</b>             |                         |                 |                         |                 |
| Mortgage and loan interest                             | 70                      | 70              | 74                      | 74              |
| Interest paid by SFC on loan support for Reid building | 22 497                  | 497             | 664                     | 664             |
| Net charge on pension scheme                           | 32 865                  | 865             | 771                     | 771             |
|  | <b>1,432</b>            | <b>1,432</b>    | <b>1,509</b>            | <b>1,509</b>    |

|  | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>11 Surplus</b>  |                         |                 |                         |                 |
| The surplus is stated after charging for:  |                         |                 |                         |                 |
| External auditors remuneration in respect of the audit of the financial statements | 20                      | 20              | 18                      | 18              |
| External auditors remuneration : subsidiaries                                      | 6                       | -               | 6                       | -               |
| External auditors remuneration : corporate tax work                                | 5                       | 5               | -                       | -               |
| External auditors remuneration : other audit work                                  | 10                      | 10              | 10                      | 10              |
| Internal auditors remuneration in respect of audit services                        | 32                      | 32              | 14                      | 14              |
| Internal auditors remuneration other services                                      | 8                       | -               | 4                       | -               |
| Depreciation - owned assets  | 3,365                   | 3,365           | 3,152                   | 3,152           |
| Depreciation - financed assets   | 93                      | 93              | 60                      | 60              |
| Operating leases - land and buildings  | 2,152                   | 2,152           | 1,485                   | 1,485           |

|  | Year Ended 31 July 2016 |                 | Year Ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>12 Taxation</b>   |                         |                 |                         |                 |
| <b>Recognised in the statement of comprehensive income</b> |                         |                 |                         |                 |
| <b>Current tax</b>   |                         |                 |                         |                 |
| School   | -                       | -               | -                       | -               |
| Tax re GSofA Singapore Pte Ltd                             | 54                      | -               | 36                      | -               |
| <b>Total tax expense</b>                                   | <b>54</b>               | <b>-</b>        | <b>36</b>               | <b>-</b>        |

No corporation tax was due on the activities of the School ( 2015: nil )

**Notes to the Financial Statements**  
Year ended 31 July 2016

| 13 Fixed Assets                       |                                | Assets in the |                           |       |                |
|---------------------------------------|--------------------------------|---------------|---------------------------|-------|----------------|
|                                       | Freehold Land<br>and Buildings | Equipment     | Course of<br>Construction | Total |                |
|                                       | £'000                          | £'000         | £'000                     | £'000 | £'000          |
| <b>Cost / valuation</b>               |                                |               |                           |       |                |
| At 1 August 2015                      | 86,088                         | 5,587         | 359                       |       | 92,034         |
| Additions                             | 841                            | 1,230         | 6,309                     |       | 8,380          |
| Transfers                             | 359                            | -             | (359)                     |       | 0              |
| Surplus on revaluation                | 0                              | -             | -                         |       | 0              |
| Disposals                             | 0                              | -             | -                         |       | 0              |
| <b>At 31 July 2016</b>                | <b>87,288</b>                  | <b>6,817</b>  | <b>6,309</b>              |       | <b>100,414</b> |
| <b>Consisting of valuation as at:</b> |                                |               |                           |       |                |
| 1 July 1995                           | 15,889                         | -             | -                         |       | 15,889         |
| Cost                                  | 71,399                         | 6,817         | 6,309                     |       | 84,525         |
|                                       | <b>87,288</b>                  | <b>6,817</b>  | <b>6,309</b>              |       | <b>100,414</b> |
| <b>Depreciation</b>                   |                                |               |                           |       |                |
| At 1 August 2015                      | 19,172                         | 2,332         | -                         |       | 21,504         |
| Charge for the year                   | 2,493                          | 965           | -                         |       | 3,458          |
| <b>At 31 July 2016</b>                | <b>21,665</b>                  | <b>3,297</b>  | <b>-</b>                  |       | <b>24,962</b>  |
| <b>Net book value</b>                 |                                |               |                           |       |                |
| <b>At 31 July 2016</b>                | <b>65,623</b>                  | <b>3,520</b>  | <b>6,309</b>              |       | <b>75,452</b>  |
| At 31 July 2015                       | 66,916                         | 3,255         | 359                       |       | 70,530         |
| <b>Leased assets included above:</b>  |                                |               |                           |       |                |
| <b>Net Book Value:</b>                |                                |               |                           |       |                |
| <b>At 31 July 2016</b>                | <b>293</b>                     |               |                           |       |                |
| At 31 July 2015                       | 183                            |               |                           |       |                |

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

|                          | Year Ended<br>31 July 2016 | Year Ended<br>31 July 2015 |
|--------------------------|----------------------------|----------------------------|
|                          | £'000                      | £'000                      |
| Cost                     | 446                        | 246                        |
| Accumulated depreciation | (60)                       | (5)                        |
| Charge for year          | (93)                       | (60)                       |
| <b>Net book value</b>    | <b>293</b>                 | <b>181</b>                 |

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 £7,860,754 (2014/15: £8,512,682) 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.

**Valuation of Land & Buildings (Including Inherited Land & Buildings)**

| Land and buildings have been included at valuation with the following amounts: | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Increase from valuation of inherited buildings                                 | 15,013       | 15,013       |
| Increase from valuation of purchased buildings                                 | 877          | 877          |
| Aggregate depreciation on revalued amount                                      | (7,371)      | (7,049)      |
| <b>Net book value</b>  | <b>8,519</b> | <b>8,841</b> |

The inherited land and buildings concerned were all inherited prior to the 1995 valuation at nil cost. The net book value is £8,007k (2014-15 £ 8,313k). The revalued buildings were purchased prior to the revaluation in 1995.

## Notes to the Financial Statements

### Year ended 31 July 2016

#### 14 Heritage assets

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 in 2014 was as a result of the damage caused by the fire but the School was 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 6th June 2016 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.

| <b>School</b>                                  | <b>2016</b>   | <b>2015</b>  | <b>2014</b>  | <b>2013</b>   | <b>2012</b>   |
|--|---------------|--------------|--------------|---------------|---------------|
|  | <b>£'000</b>  | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>  | <b>£'000</b>  |
| Value of heritage assets acquired by donation  | 8,827         | 8,827        | 12,875       | 12,875        | 12,875        |
| Adjustments to valuation or cost               | 1,907         | -            | (4,048)      | -             | -             |
| Balances as at 31 July                         | <u>10,734</u> | <u>8,827</u> | <u>8,827</u> | <u>12,875</u> | <u>12,875</u> |
| <b>Glasgow School of Art Development Trust</b> |               |              |              |               |               |
| Value of heritage assets acquired by donation  | 50            | -            | -            | -             | -             |
| Group Total                                    | <u>10,784</u> | <u>8,827</u> | <u>8,827</u> | <u>12,875</u> | <u>12,875</u> |

#### 15 Endowments

|  | <b>2016</b>         | <b>2015</b>         |
|--|---------------------|---------------------|
|  | <b>£'000</b>        | <b>£'000</b>        |
| <b>At 1 August 2015</b>                                      | 3,624               | 3,334               |
| Additions  | -                   | 636                 |
| Disposals  | (100)               | (505)               |
| Increase / (decrease) in cash balances held at fund managers | 65                  | (62)                |
| Appreciation of endowment asset investments in year          | 130                 | 221                 |
| <b>At 31 July 2016</b>                                       | <u><u>3,719</u></u> | <u><u>3,624</u></u> |

## Notes to the Financial Statements

### Year ended 31 July 2016

#### 16 Investment in joint venture

The School holds a 50% share of The Centre for Digital Documentation and Visualisation LLP (CDDV). This is a joint venture owned equally by the School and Historic Environment Scotland. The arrangement is treated as a joint venture and is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the School and 50% of its net income is reported in the School's consolidated income and expenditure account.

|   | Year ended 31 July 2016 |                  | Year ended 31 July 2015 |                  |
|---|-------------------------|------------------|-------------------------|------------------|
|   | £'000                   | £'000            | £'000                   | £'000            |
| <b>Income and expenditure account</b>           |                         |                  |                         |                  |
| Net income                                      |                         | <u>22</u>        |                         | <u>1</u>         |
| <b>Balance sheet</b>                            |                         |                  |                         |                  |
| Fixed assets                                    | 0                       |                  | 0                       |                  |
| Current assets                                  | <u>185</u>              | <u>185</u>       | <u>98</u>               | <u>98</u>        |
| Creditors: amounts due within one year          | 0                       |                  | 0                       |                  |
| Creditors: amounts due after more than one year | <u>(151)</u>            | <u>(151)</u>     | <u>(86)</u>             | <u>(86)</u>      |
| <b>Share of net assets</b>                      |                         | <u><u>34</u></u> |                         | <u><u>12</u></u> |

## Notes to the Financial Statements

### Year ended 31 July 2016

#### 17 Stock

|                     | Year ended 31 July 2016 |                 | Year ended 31 July 2015 |                 |
|---------------------|-------------------------|-----------------|-------------------------|-----------------|
|                     | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| General consumables | <u>74</u>               | <u>74</u>       | <u>68</u>               | <u>68</u>       |
|                     | <u>74</u>               | <u>74</u>       | <u>68</u>               | <u>68</u>       |

#### 18 Debtors

|  | Year ended 31 July 2016 |                 | Year ended 31 July 2015<br>(as restated) |                 |
|--|-------------------------|-----------------|--|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000                    | School<br>£'000 |
| Amounts falling due within one year:       |                         |                 |  |                 |
| Trade debtors                              | 715                     | 669             | 433                                      | 433             |
| Debts due from students                    | 501                     | 501             | 399                                      | 399             |
| SFC Loan debtor within one year            | 5,000                   | 5,000           | 5,000                                    | 5,000           |
| Development funding debtor                 | 655                     | -               | 5,560                                    | -               |
| Amounts due from subsidiary companies      | -                       | 1,244           | -  | 139             |
| Amounts due from related parties           | 295                     | 295             | 460                                      | 460             |
| Amounts due from joint venture             | 0                       | 46              | 106                                      | 106             |
| Prepayments and accrued income             | 1,517                   | 1,199           | 1,616                                    | 857             |
|  | <u>8,683</u>            | <u>8,954</u>    | <u>13,574</u>                            | <u>7,394</u>    |
| Amounts falling due in more than one year: |                         |                 |  |                 |
| SFC Loan debtor greater than one year      | 6,250                   | 6,250           | 11,250                                   | 11,250          |
| Development funding debtor                 | 6,454                   | 0               | 5,502                                    | 0               |
|  | <u>12,704</u>           | <u>6,250</u>    | <u>16,752</u>                            | <u>11,250</u>   |

#### 19 Financial Instruments

|  | Year ended 31 July 2016 |                 | Year ended 31 July 2015 |                 |
|--|-------------------------|-----------------|-------------------------|-----------------|
|  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| <b>Financial Assets</b>                          |                         |                 |                         |                 |
| Cash and cash equivalents                        | 8,086                   | 5,078           | 5,850                   | 4,677           |
| Bank deposits                                    | 34,041                  | 34,041          | -                       | -               |
| Financial assets measured at amortised cost      | 20,982                  | 14,799          | 30,060                  | 18,378          |
|  | <u>63,109</u>           | <u>53,918</u>   | <u>35,910</u>           | <u>23,055</u>   |
| <b>Financial Liabilities</b>                     |                         |                 |                         |                 |
| Financial liabilities measured at amortised cost | 19,227                  | 19,383          | 23,832                  | 23,925          |
|  | <u>19,227</u>           | <u>19,383</u>   | <u>23,832</u>           | <u>23,925</u>   |

Financial assets measured at amortised cost comprise trade debtors, debts due from students, SFC loan debtor, development funding debtor, amounts due from subsidiary companies, amounts due from related parties, amounts due from joint venture and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, secured loans, obligations under finance leases, payments in advance, research contracts accrual, accruals and deferred income, combined loan and estate redevelopment loan.

#### 20 Cash and cash equivalents

|                           | Year ended 31 July 2016 |                 | Year ended 31 July 2015 |                 |
|---------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                           | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| Cash and cash equivalents | <u>8,086</u>            | <u>5,078</u>    | <u>5,850</u>            | <u>4,677</u>    |
|                           | <u>8,086</u>            | <u>5,078</u>    | <u>5,850</u>            | <u>4,677</u>    |

#### 20b Current asset investments

|               | Year ended 31 July 2016 |                 | Year ended 31 July 2015 |                 |
|---------------|-------------------------|-----------------|-------------------------|-----------------|
|               | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| Bank deposits | 34,041                  | 34,041          | -                       | -               |
|               | <u>34,041</u>           | <u>34,041</u>   | <u>-</u>                | <u>-</u>        |

#### 21 Creditors : amounts falling due within one year

|                                  | Year ended 31 July 2016 |                 | Year ended 31 July 2015 |                 |
|----------------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                                  | Consolidated<br>£'000   | School<br>£'000 | Consolidated<br>£'000   | School<br>£'000 |
| Trade creditors                  | 403                     | 403             | 573                     | 573             |
| Secured loans                    | 5,070                   | 5,070           | 5,070                   | 5,070           |
| Obligations under finance leases | 112                     | 112             | 51                      | 51              |
| Payments in advance              | 1,402                   | 1,402           | 1,132                   | 1,132           |
| Deferred SFC funding             | 2,372                   | 2,372           | 2,372                   | 2,372           |
| Deferred capital grants          | 1,286                   | 1,286           | 1,286                   | 1,286           |
| Taxation and social security     | 199                     | 122             | 55                      | -14             |
| Research contracts accrual       | 2,257                   | 2,257           | 2,721                   | 2,801           |
| Corporate tax                    | 54                      | -               | 36                      | -               |
| Accruals and deferred income     | 2,415                   | 2,449           | 1,709                   | 1,720           |
|                                  | <u>15,570</u>           | <u>15,473</u>   | <u>15,005</u>           | <u>14,991</u>   |



## Notes to the Financial Statements

### Year ended 31 July 2016

#### 22 Creditors : amounts falling due after more than one year

|   | Year ended 31 July 2016 |               | Year ended 31 July 2015<br>(as restated) |               |
|---|-------------------------|---------------|--|---------------|
|   | Consolidated            | School        | Consolidated                             | School        |
|   | £'000                   | £'000         | £'000                                    | £'000         |
| Combined loan                                     | 1,119                   | 1,119         | 1,206                                    | 1,206         |
| Estate redevelopment loan                         | 6,250                   | 6,250         | 11,250                                   | 11,250        |
| Deferred capital grants                           | 58,882                  | 52,428        | 58,921                                   | 48,419        |
| Obligations under finance lease                   | 199                     | 199           | 120                                      | 120           |
|   | <u>66,450</u>           | <u>59,996</u> | <u>71,497</u>                            | <u>60,995</u> |
| Analysis of secured and unsecured loans:          |                         |               |  |               |
| <b>Due within one year or on demand (Note 22)</b> | <b>5,182</b>            | <b>5,182</b>  | <b>5,121</b>                             | <b>5,121</b>  |
| Due between one and two years                     | 5,387                   | 5,387         | 5,138                                    | 5,138         |
| Due between two and five years                    | 1,577                   | 1,577         | 6,611                                    | 6,611         |
| Due in five years or more                         | 604                     | 604           | 827                                      | 827           |
| <b>Due after more than one year</b>               | <b>7,568</b>            | <b>7,568</b>  | <b>12,576</b>                            | <b>12,576</b> |
| <b>Total secured and unsecured loans</b>          | <b>12,750</b>           | <b>12,750</b> | <b>17,697</b>                            | <b>17,697</b> |
| Secured loans repayable by 2026                   | 12,439                  | 12,439        | 17,526                                   | 17,526        |
| Finance leases                                    | 311                     | 311           | 171                                      | 171           |
|   | <u>12,750</u>           | <u>12,750</u> | <u>17,697</u>                            | <u>17,697</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

**Estate redevelopment loan:**

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.

| Lender   | Amount<br>£'000 | Term | Interest rate<br>% | Borrower |
|----------|-----------------|------|--------------------|----------|
| Barclays | 11,250          | 2018 | 3.44               | School   |
| Barclays | 1,189           | 2026 | 5.59               | School   |
| Total    | <u>12,439</u>   |      |                    |          |

#### Deferred Capital Grants ( Group and School)

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

| Group                              | Funding          | Other Grant             | Total<br>£'000 |
|------------------------------------|------------------|-------------------------|----------------|
|                                    | Council<br>£'000 | & Benefactions<br>£'000 |                |
| As at 1 August 2015 As restated    |                  |                         |                |
| Buildings                          | 58,840           | 467                     | 59,307         |
| Equipment                          | 900              | -                       | 900            |
|                                    | <u>59,740</u>    | <u>467</u>              | <u>60,207</u>  |
| Capital grants received in year    |                  |                         |                |
| Buildings                          | 951              | 295                     | 1,246          |
| Equipment                          | -                | -                       | -              |
|                                    | <u>951</u>       | <u>295</u>              | <u>1,246</u>   |
| Released to Income and Expenditure |                  |                         |                |
| Buildings                          | (1,069)          | (116)                   | (1,185)        |
| Equipment                          | (100)            | -                       | (100)          |
|                                    | <u>(1,169)</u>   | <u>(116)</u>            | <u>(1,285)</u> |
| <b>As at 31 July 2016</b>          |                  |                         |                |
| Buildings                          | 58,722           | 646                     | 59,368         |
| Equipment                          | 800              | -                       | 800            |
|                                    | <u>59,522</u>    | <u>646</u>              | <u>60,168</u>  |
| <b>School</b>                      |                  |                         |                |
| As at 1 August 2015 As restated    |                  |                         |                |
| Buildings                          | 48,337           | 467                     | 48,804         |
| Equipment                          | 900              | -                       | 900            |
|                                    | <u>49,237</u>    | <u>467</u>              | <u>49,704</u>  |
| Capital grants received in year    |                  |                         |                |
| Buildings                          | 5,000            | 295                     | 5,295          |
| Equipment                          | -                | -                       | -              |
|                                    | <u>5,000</u>     | <u>295</u>              | <u>5,295</u>   |
| Released to Income and Expenditure |                  |                         |                |
| Buildings                          | (1,069)          | (116)                   | (1,185)        |
| Equipment                          | (100)            | -                       | (100)          |
|                                    | <u>(1,169)</u>   | <u>(116)</u>            | <u>(1,285)</u> |
| <b>As at 31 July 2016</b>          |                  |                         |                |
| Buildings                          | 52,268           | 646                     | 52,914         |
| Equipment                          | 800              | -                       | 800            |
|                                    | <u>53,068</u>    | <u>646</u>              | <u>53,714</u>  |

#### 23 Obligations under finance leases

|  | Year ended 31 July 2016 |            | Year ended 31 July 2015 |            |
|--|-------------------------|------------|-------------------------|------------|
|  | Consolidated            | School     | Consolidated            | School     |
|  | £'000                   | £'000      | £'000                   | £'000      |
| Due within one year                      | 112                     | 112        | 51                      | 51         |
| Due between one and five years           | 199                     | 199        | 120                     | 120        |
| Due in five years or more                | -                       | -          | 0                       | 0          |
| <b>Total secured and unsecured loans</b> | <b>311</b>              | <b>311</b> | <b>171</b>              | <b>171</b> |

The finance leases relate to the lease of equipment. There are no unusual terms or conditions.

The net book value of the secured assets are £293k (2014/15: £181k)

# Notes to the Financial Statements

## Year ended 31 July 2016

### 24 Provisions for liabilities

| Consolidated and School | Pension        | Defined Benefit | Total         |           | Total<br>Other<br>£'000 |
|-------------------------|----------------|-----------------|---------------|-----------|-------------------------|
|                         | enhancements   | Obligations     | Pensions      | Onerous   |                         |
|                         | on termination | (Note 35)       | Provisions    | lease     |                         |
|                         | £'000          | £'000           | £'000         | £'000     | £'000                   |
| At 1 August 2015        | 1,331          | 8,440           | 9,771         | 122       | 122                     |
| Utilised in year        | (99)           | 2,472           | 2,373         | (107)     | (107)                   |
| <b>At 31 July 2016</b>  | <b>1,232</b>   | <b>10,912</b>   | <b>12,144</b> | <b>15</b> | <b>15</b>               |

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 July 2015 and this valuation was amended for movements in the year.

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.

### 25 Endowment Reserves

Restricted net assets relating to endowments are as follows:

|  | Restricted permanent endowments | Expendable endowments | 2016           | 2015           |
|--|---------------------------------|-----------------------|----------------|----------------|
|  | £'000                           | £'000                 | Total<br>£'000 | Total<br>£'000 |
| <b>Balances at 1 August 2015</b>                         |                                 |                       |                |                |
| Capital  | 3,265                           | 359                   | 3,624          | 3,334          |
| Accumulated income                                       | -                               | -                     | -              | -              |
|  | 3,265                           | 359                   | 3,624          | 3,334          |
| New endowments   | -                               | -                     | -              | -              |
| Investment income  | 198                             | -                     | 198            | 293            |
| Expenditure  | (233)                           | -                     | (233)          | (224)          |
| (Decrease) / increase in market value of investments     | 130                             | -                     | 130            | 221            |
| <b>Total endowment comprehensive income for the year</b> | 95                              | -                     | 95             | 290            |
| <b>At 31 July 2016</b>                                   | <b>3,360</b>                    | <b>359</b>            | <b>3,719</b>   | <b>3,624</b>   |
| <b>Represented by:</b>                                   |                                 |                       |                |                |
| Capital  | 130                             | 359                   | 489            | 3,624          |
| Accumulated income                                       | (35)                            | -                     | (35)           | -              |
|  | 95                              | 359                   | 454            | 3,624          |
| <b>Analysis by type of purpose:</b>                      |                                 |                       |                |                |
| Prize funds  | 3,360                           | -                     | 3,360          | 3,265          |
| General  | -                               | 359                   | 359            | 359            |
|  | 3,360                           | 359                   | 3,719          | 3,624          |
| <b>Analysis by asset</b>                                 |                                 |                       |                |                |
| Current and non-current asset investments                |                                 |                       | 3,457          | 3,427          |
| Cash & cash equivalents                                  |                                 |                       | 262            | 197            |
|  |                                 |                       | <b>3,719</b>   | <b>3,624</b>   |

Restricted permanent endowments are where the donor has specified the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Expendable endowments are where the School is free to convert the capital to income and apply it to an appropriate objective as it sees fit.

### 26 Restricted Reserves

Reserves with restrictions are as follows:

| GSA Development Trust  | Donations    | 2016         | 2015         |
|--|--------------|--------------|--------------|
|  | £'000        | £'000        | £'000        |
| <b>Balances at 1 August 2015 as restated</b>                             | <b>1,280</b> | <b>1,280</b> | <b>1,138</b> |
| New donations  | 1,005        | 1,005        | 146          |
| Expenditure  | (213)        | (213)        | (4)          |
| <b>Total restricted comprehensive income for the year</b>                | <b>792</b>   | <b>792</b>   | <b>142</b>   |
| <b>At 31 July 2016</b>   | <b>2,072</b> | <b>2,072</b> | <b>1,280</b> |
|  |              | <b>2016</b>  | <b>2015</b>  |
| <b>Analysis of other restricted funds /donations by type of purpose:</b> |              | <b>Total</b> | <b>Total</b> |
|  |              | <b>£'000</b> | <b>£'000</b> |
| Campus redevelopment (including Mackintosh restoration)                  |              | 2,072        | 1,280        |
|  |              | <b>2,072</b> | <b>1,280</b> |

# Notes to the Financial Statements

## Year ended 31 July 2016

### 27 Capital and other commitments

During the year the School committed to undertaking a repair and refit of the Mackintosh Building following the damage sustained in the fire of May 2014. The costs committed to are approximately £40m (excluding VAT) and this will be split between revenue (repair and restoration) and capital (improvement) once the split of repair and upgrade work is finalised.

No contract was entered into in respect of the Stow College building refurbishment at 31 July 2016

### 28 Contingent liabilities

There were no contingent liabilities at the balance sheet date.

### 29 Lease obligations

Total rentals payable under operating leases:

|  | 31 July 2016                   |                                 |                       | Total<br>£'000 | 31 July 2015<br>£'000 |
|--|--------------------------------|---------------------------------|-----------------------|----------------|-----------------------|
|  | Land and<br>Buildings<br>£'000 | Plant and<br>Machinery<br>£'000 | Other leases<br>£'000 |                |                       |
| <b>Future minimum lease payments due:</b>    |                                |                                 |                       |                |                       |
| Not later than 1 year                        | 1,724                          | -                               | -                     | 1,724          | 870                   |
| Later than 1 year and not later than 5 years | 5,176                          | -                               | -                     | 5,176          | 1,890                 |
| Later than 5 years                           | 19,033                         | -                               | -                     | 19,033         | 1,080                 |
| <b>Total lease payments due</b>              | <b>25,933</b>                  | <b>-</b>                        | <b>-</b>              | <b>25,933</b>  | <b>3,840</b>          |

# Notes to the Financial Statements

Year ended 31 July 2016

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## 30 Subsidiary and Joint Venture undertakings

### **GSofA Singapore pte**

The school has a wholly owned subsidiary incorporated 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 2016.

The transactions between GSA and GSofA Singapore related to management costs paid from GSofA Singapore to GSA of £229,471 (2014/15: £139,247). A dividend of £1,014k (2015: £nil) was declared by GSofA Singapore pte in 2015/16. This has still to be paid to GSA at 31 July 2016. As at 31 July 2016, a debtor of £1,244k is included in the accounts of the School for these amounts.

### **Centre for Digital Documentation and Visualisation LLP**

The School has entered into the above joint venture arrangement with Historic Environment 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 £22,000 (2014/15: £1,000). The value of the investment in the joint venture at the year end is £34,000 (2014/15: £12,000); £45,566 (2014/15 £105,700) 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 Environment 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.

Its financial results have been consolidated into the accounts for the year to 31 July 2016.

## 31 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 and GSA Students Association has the characteristics of related parties under the Financial Reporting Standard (FRS) 102.

### **GSA Enterprises Ltd. (GSAE)**

In the year ended 31 July 2016 the School received nil from GSA Enterprises (2014/15 £22,700) including Gift Aid contributions. GSA has also entered into a loan agreement with GSAE to allow GSAE to continue trading post-fire. The balance at 31 July 2016 is £310,000 (2015: £230,000). A bad debt provision of £155,000 (2015: £nil) has been made in respect of this loan to leave a net balance of £155,000 (2015: £230,000) which is included in amounts owed by related parties in debtors. There were also recharges in the year with a year end debtor balance in respect of these recharges of nil (2014/15: £1,200).

### **GSA Student Association.(GSASA)**

The School has also entered into a loan agreement with GSASA to assist them following the fire and the transfer of trading operations to the new premises in the Assembly Building.

The loan balance at 31 July 2015 is £280,000 (2015:£ 230,000). A bad debt provision of £140,000 (2015: £nil) has been made in respect of this loan to leave a net balance of £140,000 (2015: £230,000) which is included in amounts owed by related parties in debtors.

# Notes to the Financial Statements

## Year ended 31 July 2016

### 32 Pension Schemes

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 £1,255,000 (2014/15- £ 1,141,000) and the cost of the STSS was £1,117,000 (2014/15 £896,000).

Other pension costs totalled £56,000 (2014/15: £ 71,000)

#### 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 has been estimated by a qualified independent actuary based on the 31 March 2011 valuation results, rolled forward into the FRS17 assumptions as at 31 July 2016. The employer contribution rate for the period from 1 August 2015 to 31 July 2016 was 19.3% of pay.

The employee contribution rate was variable during 2015-16 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:

| <b>Financial assumptions</b> | <b>2016</b> | <b>2015</b> |
|------------------------------|-------------|-------------|
| Pension increase             | 1.90%       | 2.60%       |
| Salary increase rate         | 3.90%       | 4.50%       |
| Discount rate                | 2.40%       | 3.60%       |

#### Mortality assumptions

The average future life expectancies at age 65 used to determine benefit obligations are as follows:

|                    | <b>Male</b> | <b>Female</b> |
|--------------------|-------------|---------------|
| Current pensioners | 22.1 years  | 23.6 years    |
| Future pensioners  | 24.8 years  | 26.2 years    |

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

|          | <b>2016</b>   | <b>2015</b>   |
|----------|---------------|---------------|
|          | <b>£000</b>   | <b>£000</b>   |
| Equities | 24,206        | 21,034        |
| Bonds    | 5,305         | 3,366         |
| Property | 3,648         | 3,366         |
| Cash     | -             | 280           |
|          | <u>33,159</u> | <u>28,046</u> |

#### Analysis of the amount shown in the balance sheet

|   | <b>2016</b>     | <b>2015</b>    |
|---|-----------------|----------------|
|   | <b>£000</b>     | <b>£000</b>    |
| Fair value of plan assets                   | 33,159          | 28,046         |
| Present value of funded benefit obligations | (44,071)        | (36,486)       |
| Pension liability                           | <u>(10,912)</u> | <u>(8,440)</u> |

# Notes to the Financial Statements

## Year ended 31 July 2016

| Analysis of amounts included in other finance income/costs                              | 2016           | 2015           |
|---|----------------|----------------|
| <b>Service costs</b>  | <b>1,819</b>   | <b>1,622</b>   |
| Interest on plan assets   | (1,027)        | (1,016)        |
| Interest cost on defined benefit obligation   | 1,340          | 1,306          |
| <b>Net interest</b>   | <b>313</b>     | <b>290</b>     |
|   | <b>2,132</b>   | <b>1,912</b>   |
| <b>Employer contributions</b>   | <b>(1,267)</b> | <b>(1,141)</b> |
| <b>Net charge on pension liability</b>  | <b>865</b>     | <b>771</b>     |
| <b>Analysis of amount recognised in Other Comprehensive Income</b>                      | <b>2016</b>    | <b>2015</b>    |
|   | <b>£000</b>    | <b>£000</b>    |
| Actual return less expected return on pension scheme assets                             | 3,135          | 1,194          |
| Experience gains and losses arising on the scheme liabilities                           | 330            | 481            |
| Changes in financial assumptions underlying the present value of the scheme liabilities | (5,072)        | (2,333)        |
| <b>Actuarial loss recognised in OCI</b>   | <b>(1,607)</b> | <b>(658)</b>   |
| <b>Analysis of movements in present value of the scheme liabilities</b>                 | <b>2016</b>    | <b>2015</b>    |
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Opening defined benefit obligation</b>   | <b>36,486</b>  | <b>32,012</b>  |
| Current service cost  | 1,819          | 1,618          |
| Interest cost   | 1,340          | 1,306          |
| Contribution by members   | 442            | 395            |
| Actuarial losses  | 4,742          | 1,852          |
| Loss on curtailment   | -              | 4              |
| Benefits paid   | (758)          | (701)          |
| <b>Closing defined benefit obligation</b>   | <b>44,071</b>  | <b>36,486</b>  |
| <b>Analysis of movements in fair value of the scheme assets</b>                         | <b>2016</b>    | <b>2015</b>    |
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Opening fair value of employer assets</b>  | <b>28,046</b>  | <b>25,001</b>  |
| Expected return on assets   | 1,027          | 1,016          |
| Contributions by members  | 442            | 395            |
| Contribution by employer  | 1,267          | 1,141          |
| Actuarial gains   | 3,135          | 1,194          |
| Benefits paid   | (758)          | (701)          |
| <b>Closing fair value of employer assets</b>  | <b>33,159</b>  | <b>28,046</b>  |

The School expects to contribute approximately £ 1,267k to the Strathclyde Pension Fund in the next year.

The cumulative actuarial loss at 31 July 2016 was £5,765k (2014/15: £4,158k)

# Notes to the Financial Statements

## Year ended 31 July 2016

### 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 pension 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 2015 to 31 July 2016 was 16.8% (2014/15: 14.9%) of pay.

The employee contribution rate was 6.4% during 2015/16 (2014/15: 6.4%).

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.

### 33 Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the School's first financial statements prepared in accordance with FRS 102 and the SORP.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014.

In preparing its FRS102, SORP based Statement of Financial position, the School has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the School's financial position, financial performance and cash flows is set out in the following tables.

| Financial position                           | 1 August 2015         |                      | 31 July 2014          |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Consolidated<br>£'000 | School<br>£'000      | Consolidated<br>£'000 | School<br>£'000      |
| <b>Total reserves under 2007 SORP</b>        | 30,401                | 17,548               | 28,329                | 16,497               |
| less prior year adjustment (note 35)         | <u>(10,502)</u>       | <u>-</u>             | <u>(10,000)</u>       | <u>-</u>             |
|  | 19,899                | 17,548               | 18,329                | 16,497               |
| Deferred grants adjustment 1                 | 3,562                 | 3,562                | 3,798                 | 3,798                |
| Holiday pay accrual 2                        | (619)                 | (619)                | (795)                 | (795)                |
| <b>Total effect of transition to FRS 102</b> | <b>2,943</b>          | <b>2,943</b>         | <b>3,003</b>          | <b>3,003</b>         |
| <b>Total reserves under 2015 SORP</b>        | <b><u>22,842</u></b>  | <b><u>20,491</u></b> | <b><u>21,332</u></b>  | <b><u>19,500</u></b> |

| Financial performance                        | Year ended 31 July 2015 |                     |
|--|-------------------------|---------------------|
|  | Consolidated<br>£'000   | School<br>£'000     |
| <b>Surplus for the year under 2007 SORP</b>  | <b>2,948</b>            | <b>1,927</b>        |
| Prior year adjustment (note 35)              | (502)                   | -                   |
| Deferred grants adjustment                   | (236)                   | (236)               |
| Holiday pay accrual                          | 176                     | 176                 |
| Endowment movement into SOCI                 | 221                     | 221                 |
| Deferred benefit pension scheme 4            | <u>(508)</u>            | <u>(508)</u>        |
| <b>Total effect of transition to FRS 102</b> | <b>(347)</b>            | <b>(347)</b>        |
| <b>Surplus for the year under 2015 SORP</b>  | <b><u>2,099</u></b>     | <b><u>1,580</u></b> |

1 Non-government grants have now been recognised under the performance model and thus where the performance conditions have been met, the non-government grant has been recognised as income.

2 A Holiday pay accrual has been recognised for the cost of holidays employees were entitled to at the year end which had not been taken.

3 In line with the SORP, the gain or loss on investments held by in endowments is recorded within the Statement of Comprehensive Income under the gain or loss on investments.

4 Due to changes in how the actuarial valuation is calculated under FRS102, £508k of the 2015 pension movement previously included within the actuarial movement is now included within the net pension charge which is included within interest and other finance costs. The net impact on the reserves at 1 August 2014 and 31 July 2015 is £nil.

## Notes to the Financial Statements

### Year ended 31 July 2016

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#### 34 Bursary and Other Student Support Funds

|  | Hardship<br>£000 | Childcare<br>£000 | 2015 - 2016<br>Total<br>£000 | 2014 - 2015<br>Total<br>£000 |
|--|------------------|-------------------|------------------------------|------------------------------|
| Balance brought forward at 1 August 2015 | -                | -                 | -                            | -                            |
| Funds received in year                   | 121              | 24                | 145                          | 145                          |
| Expenditure                              | (121)            | (24)              | (145)                        | (145)                        |
| Balance carried forward at 31 July 2016  | -                | -                 | -                            | -                            |

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

#### 35 Prior year restatement

In the 2014 group results £10m of a pledged donation from the UK Government to the Glasgow School of Art Trust as a contribution to the Mackintosh Campus Appeal was recognised as income. In substance this £10m is a deferred Government Capital grant at group level. In addition to this £502k of matched Scottish Government funding was recognised as income in 2014/15. A prior year consolidation adjustment has been made to reduce the Group's opening reserves at 1 August 2014 by £10m and increase the Group's deferred capital Government grants at 1 August 2014 by £10m.

A further prior year adjustment has been made to reduce the 2014/15 group surplus and group reserves by £502k and increase the group's deferred capital Government grants at 31 July 2015 by £502k.

#### 36 Contingent asset

The School has submitted a reclaim of VAT to HMRC in respect of the Reid Building for £501k. This has not been recognised as a debtor as discussions with HMRC are ongoing regarding the payment of this reclaim.