

**THE GLASGOW  
SCHOOL OF ART**

**09→10**

Annual Report and Accounts 2009–10 year to 31 July 2010



## LIST OF DONORS 2009-10

Roger Ackling  
Jennifer Agnes  
Amazon  
Evelyne C Anderson  
Anderson Strathern Solicitors  
Awards for All  
Kerry Aylin  
The Barns-Graham Charitable Trust  
The Bellahouston Bequest Fund  
Aileen A Biagi  
Kalman Bookman  
Tom & Ruth Boone  
Kirsty Bowie  
British Council Scotland  
Buchanan Galleries  
Christopher Carson  
Jacquie Coyle  
Ruth Cruickshank  
Deloitte  
Deutsche Bank AG London  
Dog Digital  
Miriam Dokotliver  
James & Dawn Durrant  
John & Brenda Duthie  
The DWT Cargill Fund  
Ede & Ravenscroft  
Elphinstone Group Ltd  
Barbara Floyer  
Bill Frame  
Friends of Glasgow School of Art  
The Gordon Fraser Charitable Trust  
Christine Hamilton  
Cliff Hanley  
Incorporation of Bonnetmakers & Dyers  
Incorporation of Hammermen  
Incorporation of Skinners  
Incorporation of Tailors  
Incorporation of Tailors  
The James Wood Bequest Fund  
The Japan-Scotland Society  
The John Mather Charitable Trust  
Anthony Jones  
John Kennedy  
Douglas Kinnaird  
The Leverhulme Trust  
Nigel Lowey  
Joseph Lynch  
Muriel Macaulay  
Janet P MacKay  
Mary Andrew Charitable Trust  
Ann Masood  
Ellen McAteer  
Finlay McIntosh  
Hayley Miller  
Joan M Milroy  
Morisons Solicitors  
Sandy M Mulkeen  
Museums Galleries Scotland  
Sandy Nelson  
The Norma Frame Foundation  
Claire O'Brien  
John J O'Connor  
Steve O'Rawe  
Jim & Libby Purvis  
Catherine Rennie  
Riverside Inverclyde  
Anja C Ross  
Richard Sachs  
Robert Saint-George  
The Scottish Community Foundation  
Wallace Shaw  
John Skinner  
John Roxburgh Smith  
Helen Starling  
Teknek  
Chris Tiso  
The Town House Collection  
Hannah Wardle  
Evelyn M Weir  
Mark E Weir  
P R Wilson Painters & Decorators

**ANNUAL REPORT AND ACCOUNTS  
YEAR ENDED 31 JULY 2010**

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**A COMPANY LIMITED BY GUARANTEE (Company Register No.SCO 2271)**

Patron	H.R.H. The Prince of Wales, Duke of Rothesay
Hon. President	The Lord Macfarlane of Bearsden KT
Hon. Vice President	Professor Anthony Jones
Hon. Vice President	Emeritus Professor Andrew MacMillan
Hon. Vice President	Eleanor Taffner (until September 2010 – deceased)
Chairman	Professor Nick Kuenssberg OBE BA FCIS CCMI FloD FRSA (until June 2010) Philip Rodney LLB (from June 2010)
Vice Chairs	Professor Janice M Kirkpatrick MA (Des) BA (Des) FRSA D& AD Fred Shedden OBE MA LLB
Director	Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA
Deputy Director	Professor Allan Walker MA (Hons) Dip LA
Director of Finance and Resources	Eliot S Leviten BSc. (Hons) FCA
<b>Conveners of Committees</b>	
Audit	Alison Lefroy Brooks BA (Hons) ACA MCT
Business	Professor Nick Kuenssberg OBE BA FCIS CCMI FloD FRSA (until June 2010) Philip Rodney LLB (from June 2010)
Estates	Eleanor McAlister OBE MA MSc FRSA
Human Resources	Linda McTavish CBE
Investment	Fred Shedden OBE MA LLB
Museums & Archives	Professor Pamela Robertson BA (Hons) FRSE FRSA
Nomination	Professor Nick Kuenssberg OBE BA FCIS CCMI FloD FRSA (until 2010) Philip Rodney LLB (from June 2010)
Remuneration	Fred Shedden OBE MA LLB (until June 2010) Philip Rodney LLB (from June 2010)
Registered Office	167 Renfrew Street Glasgow G3 6RQ
Solicitors	McClure Naismith 292 St Vincent Street GLASGOW G2 5TQ
External Auditor	Grant Thornton UK LLP 95 Bothwell Street GLASGOW G2 7JZ
Bankers	Royal Bank of Scotland plc 393 Sauchiehall Street GLASGOW G2 3ND
Registered Charity Number	SCO 12490

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

## Board of Governors & Directors

### Governors Ex Officiis

E,B	Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA	Director of the School
B,M	Professor Allan Walker MA (Hons) Dip LA	Deputy Director of the School

### Appointed by the Governing Board

	Sharon Bamford BA (Hons) MBA*	
A,I,N,R	Alison Lefroy Brooks BA (Hons) ACA MCT*	
A,B,E	Douglas Brown BA(Hons) Dipl Arch (Oxford) FRIAS RIBA (appointed 15 June 2009)*	
	Dr Janet Brown BSc PhD FRSE*	
B	Bob Downes BA (Hons)*	
	Roberta Doyle BA*	
E	Thomas A Elder FRIAS* (resigned 15 June 2009, re-appointed 19 October 2009)	
	Simon Groom MA (Hons) PhD* (appointed 19 October 2009)	
	Christine Hamilton MA (Hons)* (left 14 December 2009)	
A,B	Blair Jenkins OBE MA*	
	Douglas Kinnaird CA*	
E,N,R	Professor Janice M Kirkpatrick MA (Des) BA (Des) FRSA D&AD*	
B,E,I,N,R	Professor Nick Kuenssberg OBE BA FCIS CCMI FloD FRSA* (left 14 June 2010)	
B,E,N	Eleanor McAlister OBE MA MSc FRSA*	
H,N	Linda McTavish CBE MA(Hons)*	
	Christa Reekie Dip Ed LLB Dip LP (appointed 14 December 2009)	
M,N	Professor Pamela Robertson BA (Hons) FRSE FRSA*	
B,E,N,R	Philip Rodney LLB* (appointed 19 April 2010)	
B	Sir Muir Russell KCB FRSE* (appointed 19 October 2009)	
	David J B Shearer B Acc CA FRSA FloD *	
A,B,H,I,N,R	Fred Shedden OBE MA LLB *	
B,E,H	Michael White	President Students' Representative Council
A	Nicholas Oddy BA (Hons) PGDipDes MA(RCA)	Elected by the full-time Academic Staff
	Dr Tim Sharpe BSc BArch PhD ARIAS	Appointed by the Academic Council
A,H	Kerry Aylin BA (Hons) FHEA EADiM	Elected by the full-time Support Staff
I	Eliot S Leviten BSc (Hons) FCA	Secretary to the Board of Governors
	<b>A – Member of Audit Committee</b>	<b>B – Member of Business Committee</b>
	<b>E – Member of Estates Committee</b>	<b>H – Member of Human Resources Committee</b>
	<b>I – Member of Investment Committee</b>	<b>M – Member of Museums &amp; Archive Committee</b>
	<b>N – Member of Nominations Committee</b>	<b>R – Member of Remuneration Committee</b>

\* denotes Independent Board Members

## Chairman's Statement

My tenure as chairman commenced on 27 June 2010. The activities reported on therefore occurred substantially under the chairmanship of my predecessor, Professor Nick Kuenssberg.

The academic year ending 31 July 2010 has been characterised by achievement, growth and progress. The impact of the School's research and knowledge exchange has been far reaching. The quality of its learning and teaching has been acknowledged as being of an extremely high standard. Through its staff, students and graduates, the School continues to make a substantial contribution to the cultural, social and economic life of Glasgow and Scotland, and is ideally placed to play its part as the City and nation emerge from the recession. The School has also made significant advances in its campus development plans.

This success and enviable position has been built on the achievements of previous years. We have reinforced The Glasgow School of Art's position as one of Europe's preeminent higher education institutions for specialist practice-led, studio-based education in the visual creative disciplines and in the international higher education market, and believe that we are well placed to manage the challenges of the coming years.

### Strategic Plan

The Strategic Plan 2008-2012 (see [www.gsafuture.com](http://www.gsafuture.com)) continues to guide the direction and ambitions of the School. Progress continues to be made across each of the Plan's six strategic aims:

- to provide innovative, fresh, externally engaged and relevant learning and teaching;
- to achieve international excellence and recognition in research and knowledge transfer/exchange in key areas of strength;
- to create active and responsible engagement with communities, industry, professional sectors, policy makers and the city of Glasgow;
- to increase the diversity of the School in order to engender a dynamic creative environment and to support an egalitarian ethos;
- to embed an international and intercultural ethos in all aspects of the School's activities; and
- to be a transparent, responsive, courageous, confident and well-resourced organisation able to change to achieve our objectives.

### Finance

The School has achieved a break-even after replacement cost depreciation but before charging the £221k cost of restructuring during the year. Income increased by 10% to £21.4m compared to the previous year and the School achieved a surplus of £188k on an historic cost basis, after taking account of restructuring costs. Despite capital expenditure of £5.5m, mainly on developing the School's estate, cash balances remain at £2.6m, but down from £3.3m at the previous year end.

### Research and knowledge transfer

The restructuring identified in the Research and Knowledge Transfer Strategy agreed in 2008/9, was implemented over the period with a number of appointments. Professor Thomas Joshua Cooper and Professor Alastair Macdonald were appointed Senior Researchers in the Schools of Fine Art and Design, respectively. In addition, there were a number of Research Fellows appointed across the School as well as a Knowledge Transfer Manager. Further posts will be filled during 2010/11.

The new structure aims to strengthen research leadership and strategic direction in the Schools of Fine Art, Design and Architecture; make available research development funds to GSA staff; provide central support to improve our application and success rate in securing external funds; focus on the development of high quality research outputs and increase income from commercial contracts and partnerships. Research income during the past year increased by 92% to £1.84m; major projects were secured with NHS Education Scotland, Historic Scotland and the Institute of Directors. These will provide an excellent platform for future growth. As part of the partnership with Historic Scotland, the first ever 3D scan and digital model of Mount Rushmore National Memorial in the USA, was successfully completed as part of the Scottish Ten project, which will digitally preserve ten world heritage sites, five in Scotland and five internationally.

The US-UK Fulbright Commission awarded the GSA a second Distinguished Chair. The School is unique in having two Distinguished Chairs, the first in the Mackintosh School of Architecture's Glasgow Urban Lab research centre, and the second in Medical Visualisation in the Digital Design Studio. Professor Ann Markusen, Professor and Director of the Arts Economy Initiative Project on Regional and Industrial Economics at the University of Minnesota, joins the GSA's Glasgow Urban Lab in September 2010. The first appointment in Medical Visualisation will be in post in September 2011. We are delighted that the School is participating in this prestigious international network.

## Chairman's Statement continued

### Student Recruitment

Changes to the UCAS undergraduate recruitment for fine art and design programmes resulted in a significant increase in applications in these programmes, with the GSA seeing an increase of over 50% in applications for 2010/11. The increase in undergraduate applications was mirrored at postgraduate level where the introduction of new Masters programmes in Visual Communication alongside existing programmes, resulted in a doubling of application numbers. Further additions to the postgraduate portfolio in Fine Art and Product Design Engineering in the coming years will further reinforce the GSA's position as one of the largest postgraduate communities in creative disciplines in the UK.

The GSA's attractiveness to international applicants continues. International undergraduate applications grew 43% in the period. The School opened a representative office in Beijing to support its recruitment activity and to facilitate the development of academic partnerships. Alliances with the National Institute for Design and School of Planning and Architecture in India and art and design schools in Japan continued to strengthen.

### Quality and External Benchmarks

The Quality Assurance Agency (QAA) Enhancement Led Institutional Review of GSA was held in spring 2010 and resulted in a confidence judgement that the necessary processes were in place to ensure and enhance the quality of teaching and learning at the School. The School is now moving forward with implementing and addressing the recommendations of the QAA Report.

The GSA also enjoyed success in national performance indicators. The UK-wide student retention figures (Higher Education Statistics Agency 2010) confirmed the GSA as Scotland's top institution for student retention and third in the UK after the universities of Oxford and Cambridge. The HESA data on graduate first destinations, which records the levels of graduate employment six months after graduation was also pleasing, placing the GSA first in Scotland and joint sixth in the UK. Both of these results are a testimony to the quality of our staff and students. The destination figures in particular reflect the successful transition from higher education to employment made by our enterprising graduates, many of whom look beyond traditional graduate sector opportunities and create their own opportunities, building their careers around their practice and the extensive professional networks developed during their time at the GSA.

This outstanding performance was tempered by the results of the National Student Survey which seeks views from final year undergraduate students. 2009/10 was the second year of the GSA's participation and while participation was up by 9%, overall satisfaction dropped from 69% to 64%. Individual departmental satisfaction varied and the School is examining the results as a matter of priority, so as to identify areas for improvement and best practice that can be applied across the institution.

### Real estate progress

Central to the School's future sustainability is the redevelopment of the Garnethill Campus. The project has been developed over a number of years and while ambitious, is now finally being realised. A design team led by Steven Holl Architects from New York working with Glasgow's JM Architects and Arup was appointed in September 2009. Over the period, designs for the Phase 1 site were progressed with the planning application lodged in September 2010 and the full business case submitted to the Scottish Funding Council in October 2010. Pre-application public consultations commenced in June 2010 with the proposed building being positively and enthusiastically received.

As the Phase 1 development gains significant momentum, we can also reflect on the completion of two other successful development projects:

The Digital Design Studio successfully relocated to the Hub, in Glasgow's Digital Media Campus at Pacific Quay, with the first cohort of students being based there in 2009/10. The £1.8m project was completed on time and to budget. It provides the platform for the future growth of the DDS as world leaders in advanced 3D digital visualisation and interaction technologies.

The completion of Phase Three of the four phase £8.6m Mackintosh Conservation and Access Project, was celebrated in December 2009 to coincide with the 100<sup>th</sup> anniversary of the completion of the Mackintosh Building in 1909. The results of the Project, which has conserved, restored and made more accessible the Mackintosh Building and its extensive collections and archives were highlighted during five days of Centenary events and celebrations. These included the unveiling of a plaque at Charles Rennie Mackintosh's studio in Chelsea, London; an international charette with students from leading schools of architecture worldwide, a one-day international architectural symposium; the launch of the Clydesdale Bank £100 note featuring Charles Rennie Mackintosh and the Mackintosh Building; and a Civic Dinner, gifted by Glasgow's Lord Provost in recognition of the importance of both the GSA and Mackintosh to the City.

## Chairman's Statement continued

The centenary celebrations provided the opportunity to thank the public bodies, companies, trusts, foundations and individuals who supported in various ways, not only the Mackintosh Conservation and Access Project, but also a host of other improvements across the School including scholarships, equipment and widening participation initiatives. Benefactors included the Scottish Funding Council Heritage Lottery Fund, Historic Scotland, Scottish Enterprise, Glasgow City Council, the Monument and Hugh Fraser Trusts, together with a wide range of foundations, trusts and individuals to whom the board wishes to express its thanks. All of these are listed with gratitude inside the back cover of this report.

### Student, graduate and staff successes

Our staff, students and alumni continue to make significant impact which is reflected in the number of external awards and recognition they receive. Highlights over the past year include:

Richard Wright, MFA graduate, won the 2009 Turner Prize. Since 2005, when graduate Simon Starling won, 25% of shortlisted artists have been graduates of the GSA including Lucy Skaer, Cathy Wilkes, Nathan Coley and Jim Lambie.

MFA student Elizabeth McDonald won the prestigious 2010 BP Young Artist Award from a record 2,177 entrants from all over the world.

Product Design Engineering student Jude Pullen, won second prize in the James Dyson International Student Competition from over 400 entries for "Pressure Alert" a device which helps prevent damage to a patient's airway during a general anaesthetic procedure. Product Design Engineering students Samuel Smith and Andrew Morrison won the Scottish Institute for Enterprise Product Based Business of the Year award and New Ideas Competition for their innovative bike carrier and Ian Guy won the Science, Technology and Engineering Award for his device to prevent embolisms in intravenous drips.

Students from the Masters in Design Innovation programme won the 2010 Audi Sustain our Nation award.

Michael Bow from Visual Communications won the prestigious D&AD 'Best New Blood' Award, while Adam Abdirahman and Fang Zhou won the D&AD Student Awards 2010 Best in Show.

At the 2009 UK IT Industry Awards Dr Paul Chapman (Deputy Director of GSA's Digital Design Studio) and Kim Bale (Hull University) won the highly sought after Innovative Project of the Year Award.

The GSA's Learning Resources Team won the UK-wide Times Higher Education Supplement Outstanding Library Team of the Year Award 2010 and a widening participation project at the GSA – the Morisons' Portfolio Coaching in the Community - was shortlisted in both the THES Awards and the Arts and Business Scotland Award in 2010.

### Board

The diversity and commitment of the GSA's Board of Governors are major assets. The strength of the board is due in no small part to the leadership shown over the past seven years by my predecessor, Professor Nick Kuenssberg. My sincere thanks and those of the Board go to Nick for his exceptional commitment and leadership. Our thanks are also extended to Christine Hamilton who stepped down as a governor after almost twelve years of service. I am also delighted to welcome Simon Groom, Director of the Scottish National Gallery of Modern Art, Sir Muir Russell, former Principal and Vice-Chancellor of the University of Glasgow, and Christa Reekie, Commercial Director of the Scottish Futures Trust. Their experience and skills are an immense asset to the Board at this time.



## **Chairman's Statement continued**

### **Staff**

A number of new academic appointments were made over the period including Dr Charles Neames, Undergraduate Coordinator; Dr Filbert Musau, Researcher – Mackintosh Environmental Architectural Research Unit; Inga Paterson, Senior Lecturer in Digital Media Development, who will lead on the GSA's development of new undergraduate programmes in Digital Media and Mairi Mackenzie, Lecturer in Work Related Learning, leading on the GSA's employability agenda.

Appointments with the Academic Support area included Dr Craig Williamson, Head of Academic and Student Services; David Simpson, Head of Technical Services, who will lead on the implementation of the Technical Services Review and Jenny Brownrigg as Exhibitions Director, a new post created following a review of Exhibitions.

Our staff continue to be one of the GSA's most valuable assets and on behalf of the student body, as well as the Board, I would like to thank them all – academic, technical, support - for the commitment they show and the wealth of notable experience, knowledge and expertise they bring to the benefit of the School under the firm and effective leadership of our Director, Seona Reid, and her Executive team. They have delivered a year of significant achievement, growth and progress which we are confident will be sustained going forward.

### **Students**

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

Philip Rodney  
Chairman  
13 December 2010

## Operating and Financial Review

### Results for the year ended 31 July 2010

#### Status and Mission

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

#### Income & Expenditure Account

The Income and Expenditure Account on page 20 shows a surplus of £188k (£40k deficit 2008/09) on a historical cost basis and a deficit of £205k (£436k deficit 2008/09) on a revaluation basis, for the year ended 31 July 2010 as commented on in the Chairman's statement.

#### Balance Sheet

The total net assets of the School increased by £918k to £23,244k and the cumulative Income and Expenditure Account reserve increased from £1,676k as at 31 July 2009 to £1,848k as at 31 July 2010. Cash balances declined as a result of the increased capital expenditure but remain at a secure level for operating purposes.

#### 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. Although the value of overseas student income was below target by £0.1m for 2009/10, recruitment figures for 2010/11 indicate that the target of £2.8m for that year will be exceeded. The target % of postgraduate students to the total student population has not been met. The target for the % of students from under-represented groups was also not met and steps are being taken to improve this KPI by next year. The other targets have been met or exceeded, with the growth in research and KTP income being the best performance against target, with an increase in 2010/11 of 92% to £1.84m compared to the income for the previous year of £0.96m.

KPI measures	Target 2008/9	Actual 2008/9	Target 2009/10	Actual 2009/10	Target 2011/12
Philanthropic support - cumulative	£1.5m	£2.0m	£2.2m	£2.2m	£6.0m
% Income non SFC	29%	30.1%	30%	32.8%	32%
Cash generated from operations	£1.1m	£1.3m	£1.2m	£1.5m	£1.3m
Increase in research & KTP income (cumulative)	20%	68%	47%	222%	100%
Value of overseas student income	£2.30m	£2.38m	£2.60m	£2.5m	£3.00m
% PG students	7.2%	7.6%	10.0%	9.0%	20.0%
UG Applicants:enrolments	6:1	5:1	6:1	6:1	6:1
% Positive student feedback (not NSS)	88%	91%	89%	***	91%
% Graduates in education/working after 6 months	86%	92%	88%	97%	92%
% Students from under-represented groups	20%	21%	22%	17%	26%

\*\*\* No internal survey undertaken in 2009/10 pending a review of student feedback mechanisms

#### Endowment Assets

The return on Endowment asset Investments comprising dividend and bank interest, was 4.26%, compared with 3.57% last year. The market value of the total Endowment assets held by the School rose from £2,131k to £2,322k an increase of £191k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

#### Capital Projects

Capital Expenditure in the year was £5,472k, up on the previous year's figure of £2,242k. This reflects the initial work carried out as part of the Garnethill Estates development project.

## Operating and Financial Review – continued

### Cash Flow

The Cash Flow Statement shows a net outflow of £618k in the financial year (2008/09 inflow £49k)

### 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 2010 the School had an average of 20 days purchases outstanding in trade creditors. With regard to the late payment of Commercial Debts (Interest) Act 1998 there are no matters to disclose.

### Financial Risk Management

#### Foreign Currency Risk

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

#### Credit Risk

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

#### Liquidity Risk

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

#### Cash Flow Risk

The School has arranged a bank overdraft facility, which it does not currently utilise, with a floating rate of interest plus an agreed margin.

#### Risk Register

The board reviews the risk register annually and is monitored by the audit committee.

### Future Developments

#### Funding

The current outlook for public sector funding for 2011/12 and onwards is very challenging. The School continues to consider a variety of funding scenarios and the associated steps necessary to ensure that the School will remain financially sustainable.

#### Estate

As referred to in the Chairman's Statement the School has received confirmation from the Scottish Funding Council that it has accepted the School's full business case for the first phase of the redevelopment of the School's estate and is willing to commit up to £50m towards that cost. This first phase of redevelopment is expected to start in mid 2011 and be completed in time for the academic year 2013/14.

#### Student Recruitment

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

## Operating and Financial Review – continued

### Future Developments continued

#### **Research Excellence Framework (REF)**

Following the success of RAE2008, the GSA is continuing to develop the strategies, infrastructure and capabilities that reflect our position as a leading research institution in our disciplines and prepare for the Research Excellence Framework in 2014. The implementation of the Research and Knowledge Transfer Strategy 2009-2013 is bringing benefits in terms of a more strategic and targeted approach to research development and activity; increased 'seed funding' accessible to research active staff; enhanced support in the form of a new research development team to provide expertise in project and grant development; focus on knowledge exchange, with the appointment of a Knowledge Transfer Manager; and improved management information systems to meet the growing significance of impact and impact assessment. The School is preparing for REF2014 across a range of fronts, including strategic leadership, repository development, and further enhancing the quality of research in each of the GSA's schools and major academic departments.

#### **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.

### Health and Safety

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

### Employment of Disabled Persons

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

### Employee and Student Involvement

Academic employees of the School elect one Governor to the Board of Governors and through the Academic Council appoint a second Governor. Support staff elect one Governor to the Board. The Students' Representative Council plays a full role in the life of the School and the President is a full member of the Board of Governors. Lay Governors are not remunerated.

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

Professor Seona Reid  
Director

Eliot S Leviten  
Director of Finance & Resources

13 December 2010

## Corporate Governance Statement

The School is committed to employing best practice in all aspects of corporate governance. This summary describes the manner in which the School has applied the principles set out in the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003. The Board of Governors is satisfied that the School has complied throughout the period with the provisions of the Code so far as they apply to the Higher Education sector. The purpose of the summary is to help the reader of the financial statements understand how these principles have been applied.

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

The Board, through its Audit Committee, reviews and monitors its Risk Management Policy, the Risk Register and its Business Continuity Plan and complies with the control guidance published by the Turnbull Committee for identifying, evaluating and managing risks.

The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the full year and for approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors and accords with the internal control guidance for delivery on the Combined Code as amended by the British Universities Finance Directors Group.

The Board of Governors comprises lay and academic persons appointed under the Statutes of the School, the majority of whom are non-executive and independent (see page 2). Lay Governors are not remunerated. 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 the Company Secretary of the School, who is responsible for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Company Secretary are matters for the Board as a whole.

The roles of Chairman and Vice-Chairs of the Board are separated from the role of the School's chief executive, the Director. The matters specially reserved to the Board for decision are set out in the Statutes of the School, by custom and under the Financial Memorandum with the Scottish Funding Council. The Board holds to itself the responsibilities for the ongoing strategic direction of the School, approval of major developments and receipt of regular reports from Executive Officers on the day-to-day operations of its business. The Board meets at least five times a year and has eight committees, Business, Audit, Investment, Human Resources, Estates, Museums and Archives, Remuneration and Nominations. All of these Committees are formally constituted with terms of reference and comprise mainly lay members of the Board, one of whom is the chair. Members of each of the Committees are identified on pages 1 and 2.

The Business 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 Committee is 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 buildings of the School.

The School has an internal audit service, 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. Annually the Internal Auditors provide the governing body with a 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 Audit Committee is responsible for meeting with the External Auditors and Internal Auditors of the School and reviewing their findings. They consider detailed reports together with recommendations for the improvement of the School's systems of internal control and management's response and implementation plans. They also receive and consider reports from the Scottish Funding Council as they affect the School's business and monitor adherence with the regulatory requirements. The senior management team receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and are reinforced by risk awareness training. The senior management team and the Audit Committee receive regular reports from internal audit which include any recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control.

The Audit Committee's agenda includes regular consideration of risk and control and will receive reports thereon from the senior management team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Audit Committee reports annually to the Board on risk management. The Committee met on four occasions during the year.

## **Corporate Governance Statement – continued**

The Investment Committee is responsible for recommending investment strategy to the Board and for monitoring investment performance.

The Human Resources Committee is responsible for the preparation 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 met on five occasions during the year.

The Estates Committee is responsible for overseeing the development and implementation of the School's Estate Strategy and met six times during the year.

The Museums and Archives Committee considers and makes recommendations on all matters relating to the Museum Collection belonging to the School. The Committee met on four occasions during the year.

The Remuneration Committee determines the remuneration of the most senior staff, including the Director. Details of remuneration for the year ended 31 July 2010 are set out in note 7. The Committee met once during the year.

The Nominations Committee seeks out and recommends new independent lay governors for appointment to the Board. Members are appointed for a term of office not exceeding three years at the conclusion of which they may seek re-election for a further two terms.

### **Guide to Governing Bodies**

The Board confirms that the School complies with the recommendations contained within the Guide for Members of Higher Education Governing Bodies in the UK issued by the Committee of University Chairmen in 2004.

### **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, 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. A clear example of such additional School-wide activities are the briefings and discussions in preparation for the successful 2010 QAA Enhancement Led Institutional Review.

### **Senior Management**

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

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

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

The Director of Finance and Resources is responsible for financial, estates, IT and human resource matters in support of the School's academic purposes, acts as Secretary to the Board and Company and also has responsibility for reviewing the effectiveness of the system of internal control.

### **Going Concern**

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

### Corporate Governance Statement – continued

#### Attendance at meetings

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

	Board	Audit	Estates	Business
	<b>7</b>	<b>4</b>	<b>7</b>	<b>7</b>
Kerry Aylin	6/7	1/4	-	-
Sharon Bamford	4/7	-	-	-
Alison Lefroy Brooks	6/7	4/4	-	-
Douglas Brown	7/7	3/4	7/7	7/7
Janet Brown	5/7	-	-	-
Bob Downes	3/7	-	-	1/7
Roberta Doyle	5/7	-	-	-
Thomas A Elder	4/6	-	6/6	-
Simon Groom (appointed October 2009)	1/6	-	-	-
Christine Hamilton (left December 2009)	3/3	-	-	-
Blair Jenkins	6/7	3/4	-	5/7
Douglas Kinnaird	4/7	-	-	-
Janice M Kirkpatrick	4/7	-	3/7	-
Nick Kuenssberg (left June 2010)	6/6	-	5/5	5/5
Eleanor McAlister	7/7	-	6/7	6/7
Linda McTavish	3/7	-	-	-
Nicholas Oddy	6/7	3/4	-	-
Christa Reekie (appointed December 2009)	3/5	-	3/5	-
Seona Reid	6/7	-	7/7	7/7
Pamela Robertson	6/7	-	-	-
Philip Rodney (appointed April 2010)	2/2	-	3/3	3/3
Sir Muir Russell (appointed October 2009)	5/6	-	-	5/6
Tim Sharpe	4/7	-	-	-
David J B Shearer	2/7	-	-	1/7
Fred Shedden	7/7	3/4	2/2	6/7
Allan Walker	6/7	-	-	2/7
Michael White	6/7	-	7/7	7/7

Philip Rodney  
Chairman  
13 December 2010

## Governors' Biographies

### **Philip Rodney LLB**

#### **Chairman (from June 2010)**

Philip Rodney studied Law with English, Economics and Industrial Administration at the University of Strathclyde. He qualified as a solicitor in 1976, and was a Partner at Alexander Stone and Co from 1979 to 1998 before becoming a Partner at Burness LLP. He is now Chairman of Burness As a lawyer, he is singled out as a leading individual in Dispute Resolution and Media & Entertainment by *Chambers UK 2011*. Philip is a Governor of Hutchesons' Educational Trust in Glasgow.

### **Professor Nick Kuenssberg OBE, BA (Hons), FCIS, CCMI, FIoD, FRSA**

#### **Chairman (until June 2010)**

A seasoned businessman with wide-ranging experience of both private and public sectors; currently chairman mLED, VegaStream Holdings, Scott & Fyfe, Canmore Partnership, director Pitlochry Festival Theatre, honorary professor of the University of Glasgow and public interest member of Council, Institute of Chartered Accountants of Scotland. Previously director Coats Viyella, Dawson International, Scottish Power and Standard Life, chairman Dynacast International, eTourism and others, chairman IoD Scotland, Scotland IS, Scotland the Brand, Scottish Networks International and Quality Assurance Agency for Higher Education in Scotland, deputy chairman Scottish Environment Protection Agency and board member of the Scottish Legal Aid Board.

### **Professor Janice Kirkpatrick MA (Des), BA (Des), FRSA, D & AD**

#### **Vice Chair**

Janice graduated from Glasgow School of Art winning the Newberry Medal in 1984 and continues as a visiting professor. In 1986 she co-founded Graven Images design consultancy where she is designer and creative director working on projects worldwide and is a director of the workplace expert company 3FOLD and member of the advisory board Make It Kilmarnock. She is an external examiner at institutions throughout UK and a curator, writer and broadcaster. Previously she was a Conran Foundation Collector in 1996, a trustee of NESTA and chairman of The Lighthouse, Scotland's Centre for Architecture, Design and the City.

### **Fred Shedden OBE MA LLB**

#### **Vice Chair**

Fred spent his entire professional career with McGrigors. He was managing partner from 1984 to 1992 and senior partner from 1993 until his retirement from the firm in April 2000. He is currently a non-executive director of iomart Group plc and Murray International Trust plc. He is also chair of The Centre for Confidence and Well-being Limited.

### **Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA**

#### **Director**

Seona was appointed Director in 1999, having served as Director of the Scottish Arts Council for 9 years and before that as Assistant Director of Greater London Arts, Director of Shape, Head of Public Relations Ballet Rambert, Press and Publicity Officer at Northern Dance Theatre, Business Manager, Lincoln Theatre Royal and a freelance arts consultant working with the Arts Council of Great Britain and the London Contemporary Dance Trust. She is a member of the Universities UK Creative Industries Project Steering Group, of the Universities Scotland Executive Committee and a board member of Cove Park. Until recently she was a member of the Knowledge and Evaluation Committee of the Arts and Humanities Research Council, a Commissioner on the Scottish Broadcasting Commission, vice chair of the Lighthouse Centre for Architecture, Design and the City and on the boards of the Arches and Suspect Culture Theatre. She has honorary degrees from Robert Gordon University, the University of Glasgow, Glasgow Caledonian University and Strathclyde University. She is an honorary professor of the University of Glasgow and was awarded a CBE in 2008 for services to the creative industries.

### **Professor Allan Walker MA (Hons) Dip LA**

#### **Deputy Director and Director of Academic Development**

Allan joined GSA in June 2004 from Wimbledon School of Art where he was Vice Principal. He studied at Oxford and Edinburgh Universities before qualifying as a member of the Landscape Institute. He currently is a member of Scottish Higher Education Enhancement Committee, the ELIR Steering Committee, British Council Scottish Advisory Committee, AHRC Peer Review Panel and is a QAA appointed reviewer

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

Kerry graduated from The Glasgow School of Art in 1983 and has continued as a member of staff since then. Her creative work has been mostly in communication design, primarily publishing and interactive technology. Amongst her accomplishments are Scottish Design Awards, 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 (EADiM). Her work supports a range of departments as a specialist in learning support through technology and in the innovative application of technology to traditional industry techniques and stimulating divergent thinking.



## **Governors' Biographies continued**

### **Sharon Bamford BA (Hons) MBA**

Sharon is the founding CEO of the UK-India Business Council, UK's lead business organisation supporting the UK government in the promotion and facilitation of bilateral trade between the two countries. Previously she was the Chief Executive of the Scottish Institute for Enterprise, Director the Edinburgh Technopole at the University of Edinburgh and lectured in the Centre for Entrepreneurship at Robert Gordon University. Earlier roles included Managing Director, Panmure Consulting Ltd, Director of the charity Challenges Worldwide; Head of Grampian Technology Development Unit, Director of International Marketing for Drilling Systems (Rigsim) Ltd and Principal of Gateside Schools.

### **Alison Lefroy Brooks BA (Hons) ACA MCT**

Alison is a chartered accountant and worked for KPMG in London before specialising in treasury. She worked for the BOC Group plc and was Assistant Treasurer at the TPG Group NV based in the Netherlands prior to moving to Scotland to take up her current role as 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 is chair of the Scottish discussion group for the Association of Corporate Treasurers.

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

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

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

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

### **Bob Downes**

Bob Downes is Director Openreach Scotland, having been Director BT Scotland and Director BT Regions. Previous to 1999 he was a director in Scottish Enterprise and before of Conran Roche, a London based consultancy. He is also a member of the board of the Scottish Environment Protection Agency and the Scotrail Advisory Board. He served on the Carter Review on PAYE for Small Businesses, was a board member of the International Council for Urban Development (Washington DC) and of many voluntary organisations including Wise Group, Ulster Community Investment Trust, Flax Trust in Belfast and Scottish Ensemble. Bob is a graduate of Duncan of Jordanstone College of Art.

### **Roberta Doyle BA**

Roberta graduated in Business Administration from the University of Strathclyde and has held senior management roles with Scotland's largest cultural organisations. She is currently Director of External Affairs with the National Theatre of Scotland, having held a similar post with Scottish Opera. Her specialism is in strategic marketing and communications. Previous other posts include Director of Public Affairs for the National Galleries of Scotland, Director of Marketing and Press with Scottish Ballet and Head of Marketing for Glasgow's Department of Performing Arts and Venues and the Citizens' Theatre. She has lectured and taught widely in the UK and abroad on strategic issues relating to arts management, audiences, marketing, fundraising, communications, and audience development.

### **Tom Elder FRIAS**

Tom studied Architecture at the Glasgow School of Art from 1963-70. He worked in private practice in England and Scotland and was a design tutor at both the Mackintosh School of Architecture and Strathclyde University and external examiner for the Interior Design degree course at Caledonian University. In 1981 he co-founded the award-winning practice of Elder and Cannon Architects, where he has an active involvement in all aspects of design and production and the administration of the practice.

### **Simon Groom MA (Hons) PhD**

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

## Governors' Biographies continued

### **Christine Hamilton MA (Hons)**

Christine is Director, Institute for Creative Enterprise, Coventry University, having previously been Director of the Centre for Cultural Policy Research at the University of Glasgow. She worked in areas of cultural development, policy and management for Glasgow City Council and Scottish Arts Council, as arts officer for the Scottish TUC and in management and administration roles in TAG Theatre Company, Glasgow Arts Centre, Third Eye Centre, 7:84 Theatre Company and the Citizens' Theatre. She graduated from the University of Glasgow in Drama and English with a Diploma in Arts Administration from City University, London and is Vice-Chair of the Belgrade Theatre, Coventry and Chair of Untitled Projects

### **Blair Jenkins OBE MA**

Blair has recently chaired the Scottish Broadcasting Commission and is one of the most experienced figures in Scottish media. He was previously Director of Broadcasting at STV and Head of News and Current Affairs at BBC Scotland from 2000 to 2006. From 1998 to 2003 he was Chairman of BAFTA Scotland and he has also been a member of the Royal Television Society's steering group on current affairs.

### **Douglas Kinnaird CA**

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

### **Eleanor McAllister OBE MA MSc FRIAS FRSA**

An economist and town planner Eleanor McAllister has managed a number of urban regeneration projects. She is currently managing director of Clydebank re-built, designated as one of the Scottish Government's Pathfinder' urban regeneration companies. She is responsible for the master planning and partial development of 450 acres of derelict industrial land on the Clydebank riverside and for the improvement of the existing commercial areas in the town centre. She was made OBE for services to architecture in 2007 and an Honorary Fellow of the Royal Incorporation of Architects in Scotland in 2009. She is currently a member of the Heritage Lottery Fund Scotland Committee.

### **Linda McTavish CBE BA(Hons)**

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.

### **Nicholas Oddy BA (Hons) PGDipDes MA (RCA)**

Nicholas studied at Edinburgh College of Art and was awarded a scholarship to the Royal College of Art and Victoria & Albert Museum to study design history. He taught at Tees-side and Duncan of Jordanstone before joining Glasgow School of Art in 1993 where other roles include 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.

### **Christa Reekie Dip Ed LLB Dip LP**

Christa was a school teacher in Austria, moved to Scotland and re-qualified as a teacher there. She joined the University of Edinburgh as a tutor teaching German before moving into the software industry (Adobe) as a translator and later a project leader, thus funding her accelerated law degree at Edinburgh University.

She trained with Brodies in Edinburgh, became a commercial property lawyer and joined Burness in 1996 where she specialised in construction law before concentrating on PFI/PPP large infrastructure projects, becoming a partner in 2000 and was appointed as commercial director of the Scottish Futures Trust in November 2009.

## **Governors' Biographies continued**

### **Professor Pamela Robertson BA Hons FRSE FRSA**

Pamela was appointed as Senior Curator, Hunterian Art Gallery, University of Glasgow in 1998 and is responsible for the Mackintosh and Whistler Collections, having been appointed Professor of Mackintosh Studies. She has curated exhibitions including Glasgow Museums' exhibition 'Charles Rennie Mackintosh', delivered lectures worldwide and published widely on Mackintosh and his circle. She has served on a large number of committees including the Charles Rennie Mackintosh Society Council and the Historic Buildings Council and is currently a member of the Reviewing Committee for the Export of Works of Art and the National Trust for Scotland's Interiors and Collections Advisory Panel.

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

Muir was the first Permanent Secretary to the Scottish Executive following devolution and then Principal and Vice-Chancellor of the University of Glasgow from 2003 to 2009 when he was Convener, Universities Scotland, member of the boards of UUK and UCAS and trustee of USS. Currently he is chair of the Judicial Appointments Board for Scotland and of the Dunedin Concert Trust; and a board member of the Moredun Research Institute.

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.

### **Dr Tim Sharpe BSc BArch PhD ARIAS**

Tim is currently senior lecturer and research developer at the Mackintosh School of Architecture. He teaches Architectural Science, Structures and Construction and undertakes research with the Mackintosh Environmental Architecture Research Unit (MEARU). His research interests include participatory and environmental design, including passive and active energy techniques, solar strategies and building integrated wind energy. He studied at the University of Dundee/ Duncan of Jordanstone College of Art and gained a PhD from the University of Strathclyde in 1988.

### **David J B Shearer B Acc CA FRSA FIOD**

David is a Chartered Accountant and an experienced corporate financier, previously senior partner Deloitte LLP for Scotland & Northern Ireland and a UK Executive board member of Deloitte. He is deputy chairman of Aberdeen New Dawn Investment Trust plc, non executive director of Renold plc, STV Group plc, Superglass Holdings plc, Martin Currie (Holdings) Limited, Mithras Investment Trust plc and Scottish Financial Enterprise. David recently retired as chairman of Crest Nicholson plc after a successful financial restructuring and served one term as a non-executive director of HBOS plc in early 2007.

### **Michael White BA (Hons)**

Michael graduated with a BA (Hons) in Painting and Printmaking from Glasgow School of Art in 2009 and was elected as President of the Students' Association during his final year. Michael is a practising artist and was selected to show in the New Work Scotland Programme. Since graduating he has exhibited in London, Edinburgh and Glasgow

## Responsibilities of the Board of Governors

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

The Board 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 in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a 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. The Board is also responsible for the appointment of the Director, Deputy Director and the Director of Finance and Resources.

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;
- 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;
- secure the economical, efficient and effective management of the School's resources and expenditure.

In accordance with company law, as the company's Board we certify that:

- so far as we are aware, there is no relevant audit information of which the School's auditors are unaware; and
- as Governors of the School we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the School's auditors are aware of that information.

By order of the Board

Philip Rodney  
Chairman

Professor Seona Reid  
Director

Eliot S Leviten  
Director of Finance and Resources

13 December 2010

## **Report of the independent auditors to the Board of Governors of Glasgow School of Art**

We have audited the financial statements of the Glasgow School of Art (the School) for the year ended 31 July 2010 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the governing body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it 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 of Governors for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board of Governors and auditors**

The Board of Governor's responsibilities for preparing the Chairman's Statement, the Operating and Financial Review and financial statements in accordance with the Accounts Direction issued by the Scottish Funding Council, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Responsibilities of the Governing Board on page 17.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Accounts Direction and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education and have been prepared in accordance with the Companies Act 2006.

We also report to you whether income from the Scottish Funding Council, other grants and income for specific purposes and from other restricted funds administered by the School have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Scottish Funding Council.

We also report to you our opinion as to whether the information given in the Chairman's Statement and the Operating and Financial Review is consistent with the financial statements.

In addition we also report to you if, in our opinion, the School has not kept proper accounting records, if the School's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Chairman's Statement, the Operating and Financial Review, and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the School's corporate governance procedures or its risk and control procedures.

### ***Basis of opinion***

We have conducted our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in preparing the financial statements and whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

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

## Report of the independent auditors to the Board of Governors of Glasgow School of Art continued

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the School as at 31 July 2010 and of the deficit of expenditure over income for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 2006, the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- the information given in the Chairman's Statement, Operating and Financial Review and Corporate Governance Statement is consistent with the financial statements;
- in all material respects, income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the School during the year ended 31 July 2010 have been applied for the purposes for which they were received;
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the School's statutes and, where appropriate, with the financial memorandum with the Scottish Funding Council.

David Barnes FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
GLASGOW  
December 2010

THE GLASGOW SCHOOL OF ART  
INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 July 2010

	<i>Notes</i>	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
<b>INCOME</b>			
Funding Council Grants	1	10,939	10,855
Tuition fees and education contracts	2	5,825	5,270
Research grants and contracts	3	1,836	955
Other income	4	2,604	2,150
Endowment and Investment income	5	199	232
		<hr/>	<hr/>
<b>Total income</b>		<b>21,403</b>	<b>19,462</b>
<b>EXPENDITURE</b>			
Staff pay costs	6	12,435	12,191
Exceptional restructuring costs		221	216
Pension revaluation	16	-	224
Depreciation	11	2,107	1,274
Other operating expenses	8	6,738	5,878
Interest payable	9	93	97
		<hr/>	<hr/>
<b>Total expenditure</b>		<b>21,594</b>	<b>19,880</b>
(Deficit)/surplus on continuing operations after depreciation of assets at valuation		(191)	(418)
Taxation		-	-
<b>(Deficit)/surplus on continuing operations after depreciation of assets at valuation and taxation</b>		<b>(191)</b>	<b>(418)</b>
Accumulated income retained within specific endowments	18	(14)	(18)
<b>(Deficit)/surplus for the year retained within general reserves</b>		<b>(205)</b>	<b>(436)</b>

The income and expenditure account is in respect of continuing activities.

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**  
For the year ended 31 July 2010

	<i>Notes</i>	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation		(191)	(418)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount	20	379	378
		<hr/>	<hr/>
<b>Historical cost surplus/(deficit) before and after taxation</b>		<b>188</b>	<b>(40)</b>

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

THE GLASGOW SCHOOL OF ART

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
For the year ended 31 July 2010

	<i>Notes</i>	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and taxation		(191)	(418)
Appreciation / (depreciation) of endowment asset investments	18	175	(357)
New endowments	18	-	-
		<hr/>	<hr/>
<b>Total recognised losses relating to the period</b>		<u>(16)</u>	<u>(775)</u>
 <b>Reconciliation</b>			
Opening reserves and endowments		15,730	16,505
Total recognised losses for the year		(16)	(775)
		<hr/>	<hr/>
<b>Closing reserves and endowments</b>		<u>15,714</u>	<u>15,730</u>
The accompanying accounting policies and notes form part of these financial statements		-	-



THE GLASGOW SCHOOL OF ART

BALANCE SHEET  
As at 31 July 2010  
SCO 2271

	<i>Notes</i>	<b>2010</b> <b>£000</b>	<b>2009</b> <b>£000</b>
<b>Fixed Assets</b>			
Tangible assets	11	25,655	22,290
<b>Endowment Assets</b>	12	2,322	2,131
<b>Current Assets</b>			
Stocks		82	84
Debtors	13	1,709	1,635
Cash at bank and in hand		2,568	3,258
		<hr/>	<hr/>
		4,359	4,977
<b>Creditors: amounts falling due within one year</b>	14	<hr/> (6,359)	<hr/> (4,102)
<b>Net current assets</b>		<hr/> (2,000)	<hr/> 875
<b>Total assets less current liabilities</b>		25,977	25,296
<b>Creditors: amounts falling due after more than one year</b>	15	(1,575)	(1,637)
<b>Provisions for liabilities and charges</b>	16	(1,158)	(1,333)
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b><u>23,244</u></b>	<b><u>22,326</u></b>
<b>Deferred capital grants</b>	17	7,530	6,596
<b>Endowments</b>			
Specific	18	2,052	1,883
General	18	270	248
		<hr/>	<hr/>
		2,322	2,131
<b>Reserves</b>			
Revaluation reserve	19	11,544	11,923
Income and expenditure account	20	1,848	1,676
		<hr/>	<hr/>
Total reserves		13,392	13,599
<b>TOTAL</b>		<b><u>23,244</u></b>	<b><u>22,326</u></b>
		-	-

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

The financial statements on pages 20 to 36 were approved on 13 December 2010 and signed on behalf of the Board by:

Philip Rodney, Chairman

Professor Seona Reid, Director

THE GLASGOW SCHOOL OF ART

CASH FLOW STATEMENT  
For the year ended 31 July 2010

	<i>Notes</i>	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
<b>Cash flow from operating activities</b>	21	2,772	468
Returns on investments and servicing of finance	22	106	135
Capital expenditure and financial investment	23	(3,434)	(499)
Financing	24	(62)	(55)
		<hr/>	<hr/>
<b>Increase/(decrease) in cash in the year</b>		<b>(618)</b>	<b>49</b>
		<hr/> <hr/>	<hr/> <hr/>
 <b>Reconciliation of net cash flow to movement in net funds/(debt)</b>			
Increase/(decrease) in cash in the period		(618)	49
Movement in capital debt		62	55
		<hr/>	<hr/>
Change in net debt		(556)	104
Net debt at 1 August		1,757	1,653
		<hr/>	<hr/>
Net funds/(debt) at 31 July	25	<b>1,201</b>	<b>1,757</b>
		<hr/> <hr/>	<hr/> <hr/>

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

## Statement of Principal Accounting Policies

### 1 Accounting Convention

The accounts have been prepared under the historical cost convention, modified to include the revaluation of endowment asset investments and land and buildings at valuation, and in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions 2007 (SORP) and applicable Accounting Standards and the Companies Act 2006. They conform to guidance published by the Scottish Funding Council.

### 2 Recognition of Income

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

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

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

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

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

### 3 Pension Schemes

Members of the academic staff are covered by the Scottish Teachers' Superannuation Scheme to which the School contributes. Other staff of the School are covered by the Strathclyde Pension Fund (Local Government Superannuation Scheme). Again, the School contributes as the employer. Each of these is a defined benefits scheme for which payments are made and charged annually in the accounts as part of the employment costs. Both schemes are available to staff of more than one employer and it is not possible in either case to identify each participating institution's share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly, the School has utilised the provisions of FRS17 whereby the contributions to each scheme are recognised as if it were a defined contribution scheme. The cost recognised within the School's income and expenditure account will be equal to the contribution payable to the schemes for the year. Under statute, accounts for these schemes are prepared by the relevant bodies. 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.

### 4 Land and Buildings

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

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

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

### 5 Equipment

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

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

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

Where the equipment that is to be capitalised has been acquired with the aid of a specific grant, it is depreciated as above. The related grant is treated as a deferred capital grant and released to the income and expenditure account over the period stated above. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of any fixed assets may not be recoverable.

### 6 Leased assets

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

## Statement of Principal Accounting Policies continued

### 7 Investments

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

### 8 Stocks

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

### 9 Maintenance of Premises

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

### 10 Taxation Status

The School has been granted charitable status by the Inland Revenue for the purposes of Section 505 Income and Corporation Taxes Act 1988 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator under the provisions of the Charities and Trustees Investment (Scotland) Act 2005 (Charity Number SCO12490). The School receives no similar exemption in respect of Value Added Tax. Irrecoverable Value Added Tax on expenditure is charged to the Income and Expenditure account or, in the case of capitalised buildings and equipment costs, in the balance sheet.

### 11 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.

### 12 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.

### 13 Agency arrangements

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

### 14 Foreign currencies

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

### 15 Cash flows and liquid resources

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

NOTES TO ACCOUNTS

<b>1 Funding Council Grants</b>	<b>Notes</b>	<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
SFC recurrent teaching grant		7,497	7,426
Funding for increased STSS contributions		-	41
SFC research grant		1,650	1,627
Small specialist institution grant		511	501
Other SFC grants		686	977
Deferred capital grant released in year			
Buildings	17	457	145
Equipment	17	138	138
		<b>10,939</b>	<b>10,855</b>
<b>2 Tuition Fees and Education Contracts</b>		<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
UK higher education students		2,780	2,384
European Union (EU) (excluding UK) students		192	168
Non EU students		2,519	2,376
Other contracts		334	342
		<b>5,825</b>	<b>5,270</b>
<b>3 Research Grants and Contracts</b>		<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
Research councils		481	260
UK Charities		258	324
UK governmental contracts		192	-
Other grants and contracts		40	-
UK industrial and commercial contracts		865	371
		<b>1,836</b>	<b>955</b>
<b>4 Other Income</b>	<b>Notes</b>	<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
Residences		757	775
Release from deferred grants ( Non SFC)	17	451	3
Other income generating activities		312	205
Other income		1,084	1,167
		<b>2,604</b>	<b>2,150</b>
<b>5 Endowment and Investment Income</b>		<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
Income from specific endowments	18	168	66
Income from general endowments	18	6	10
Bank interest		25	156
		<b>199</b>	<b>232</b>

NOTES TO ACCOUNTS - continued

6 Staff Costs

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

	Year Ended 31 July 2010	Year Ended 31 July 2009
	Number	Number
Teaching departments	103	105
Teaching support services	61	62
Research grants and contracts	25	19
Other support services	38	38
Administration and central services	30	31
Premises	44	47
Residences	1	1
<b>Total</b>	<b>302</b>	<b>303</b>

Analysed as

Staff on permanent contracts	291	268
Staff on temporary and other contracts	11	35
<b>Total</b>	<b>302</b>	<b>303</b>

**Staff costs for the above persons:**

	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Wages & salaries	10,283	10,208
Social security costs	826	792
Pensions	1,326	1,191
	<b>12,435</b>	<b>12,191</b>
Actuarial pension revaluation	-	224
<b>Total</b>	<b>12,435</b>	<b>12,415</b>

Analysed as

Staff on permanent contracts	11,967	11,449
Staff on temporary and other contracts	468	742
<b>Total</b>	<b>12,435</b>	<b>12,191</b>

**Staff costs by activity**

	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Teaching departments	5,394	5,550
Teaching support services	1,830	1,748
Research grants and contracts	1,185	890
Other support services	1,494	1,388
Administration and central services	1,441	1,465
Premises	1,041	1,101
Residences	50	49
<b>Total</b>	<b>12,435</b>	<b>12,191</b>

The number of staff, excluding governors, who received emoluments, including pension contributions, in the following ranges was:

£70,001 - £80,000	1	2
£80,001 - £90,000	2	3
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
	<b>5</b>	<b>7</b>

NOTES TO ACCOUNTS - continued

7 Governors' Emoluments

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

		Year Ended 31 July 2010 Number	Year Ended 31 July 2009 Number
NIL		19	19
£30,001	- £35,000	1	-
£40,001	- £45,000	-	1
£50,001	- £55,000	1	1
£65,001	- £70,000	1	1
£95,001	- £100,000	1	1
£145,001	- £150,000	1	-
£155,001	- £160,000	-	1
		<u>24</u>	<u>24</u>

The Governors' emoluments are made up as follows:

	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Salaries	346	364
Pension contributions	<u>47</u>	<u>54</u>
Total emoluments	<u><u>393</u></u>	<u><u>418</u></u>

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

	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Highest paid Director		
The Director of the School	127	138
Pension contributions	<u>22</u>	<u>21</u>
<b>Total</b>	<u><u>149</u></u>	<u><u>159</u></u>

The amount for 2008-09 includes £13k in respect of back pay for 2006-07 arising from implementation of the School's New Pay Framework. The pension contributions in respect of the Director of the School and senior post holders are in respect of employer's contributions to the respective schemes and are paid at the same rate as for other employees.

NOTES TO ACCOUNTS - continued

<b>8 Other Operating expenses by Activity</b>	<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
Teaching departments	1,833	1,555
Contracted-out lecturing services	20	19
Research grants & contracts	859	165
Teaching support services	307	268
Other support services	428	409
Administration and central services	885	825
General education	34	35
Premises costs	628	385
Utilities	611	773
Planned maintenance	335	379
Other income generating activities	110	362
Catering and residence operations	518	558
Other expenses	170	145
	<hr/>	<hr/>
	<b>6,738</b>	<b>5,878</b>
	<hr/> <hr/>	<hr/> <hr/>

<b>Other Operating expenses include:</b>	<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
Auditors' remuneration		
external audit	18	18
external audit other services	5	5
internal audit	14	14
	<hr/>	<hr/>
	<b>14</b>	<b>14</b>
	<hr/> <hr/>	<hr/> <hr/>

<b>9 Interest Payable</b>	<b>Year Ended 31 July 2010 £000</b>	<b>Year Ended 31 July 2009 £000</b>
Mortgages and loans not repayable within five years	93	97
	<hr/>	<hr/>
	<b>93</b>	<b>97</b>
	<hr/> <hr/>	<hr/> <hr/>

**10 Taxation**

The Board do not believe the School was liable for any Corporation Tax arising out of its activities during this period (2008/09 Nil)



NOTES TO ACCOUNTS - continued

11 Tangible Fixed Assets

	Freehold Land and Buildings £000	Asset under Construction £000	Equipment £000	Total £000
<b>Valuation / Cost</b>				
At 1 August 2009	33,070		5,096	38,166
Additions at Cost	2,430	2,694	348	5,472
At 31 July 2010	35,500	2,694	5,444	43,638
At valuation 1995	17,933		-	17,933
At cost	17,567	2,694	5,444	25,705
	35,500	2,694	5,444	43,638
<b>Depreciation</b>				
At 1 August 2009	12,604		3,272	15,876
Charge for Year	1,443		664	2,107
At 31 July 2010	14,047	-	3,936	17,983
<b>Net Book Value</b>				
<b>At 31 July 2010</b>	<b>21,453</b>	<b>2,694</b>	<b>1,508</b>	<b>25,655</b>
At 1 August 2009	20,466	-	1,824	22,290

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.

The asset under construction is in respect of the costs of developing the GSA Estates strategy which is referred to in the Chairman's statement.

Buildings with a net book value of £13,410,410 have been funded from Treasury sources. Should these particular buildings be sold, the School would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

**Inherited Land & Buildings**

If inherited land and buildings had not been valued they would have been included at the following amounts: **2010**  
**£000**

Cost	17,568
Aggregate depreciation based on cost	7,657
Net book value based on cost	9,911

**Heritage assets:**

It is the view of the School that there is no regular and active market for the School's heritage assets and as a consequence there is insufficient reliable valuation information available to the School for it to provide a meaningful disclosure in these accounts and as such the heritage assets are excluded from the balance sheet

NOTES TO ACCOUNTS - continued

12 Endowment Assets	31 July 2010 £000	31 July 2009 £000
Balances as at 1 August 2009	2,131	2,470
Additions (note 23)	689	948
Disposals (note 23)	(747)	(965)
(Decrease) / increase in cash balances held at fund managers	72	35
Appreciation / (depreciation) of endowment asset investments	177	(357)
	<hr/>	<hr/>
Balances as at 31 July 2010	<b>2,322</b>	<b>2,131</b>
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Fixed Interest Stocks (listed)	732	944
Equities (listed)	1,322	991
Bank balances (note 25)	268	196
	<hr/>	<hr/>
Total	<b>2,322</b>	<b>2,131</b>
	<hr/> <hr/>	<hr/> <hr/>
13 Debtors	31 July 2010 £000	31 July 2009 £000
Trade debtors	428	344
Debts due from students	126	54
Prepayments and accrued income	1,155	1,237
	<hr/>	<hr/>
	<b>1,709</b>	<b>1,635</b>
	<hr/> <hr/>	<hr/> <hr/>
14 Creditors: Amounts Falling Due Within One Year	31 July 2010 £000	31 July 2009 £000
Trade creditors	675	329
Social security and other taxes payable	59	32
Other creditors	118	99
Loans (secured) (note 15)	63	60
Payments in advance	398	330
Accruals	5,046	3,252
	<hr/>	<hr/>
	<b>6,359</b>	<b>4,102</b>
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO ACCOUNTS - continued

15 Creditors: Amounts Falling Due After One Year	31 July 2010 £000	31 July 2009 £000
Combined loan (secured)	1,638	1,697
	1,638	1,697
Less: amount falling due within one year (note 14)	63	60
	<u>1,575</u>	<u>1,637</u>
Instalments on the loans above are payable as follows		
Between one and two years	63	60
Between two and five years	207	201
After five years	1,305	1,376
	<u>1,575</u>	<u>1,637</u>

Details of loans  
Combined loan

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

16 Provision for Liabilities and Charges

	Provision for past service pensions £000	Total £000
Balances as at 1 August 2009	1,333	1,333
Expenditure in year	(175)	(175)
Provision for increase in actuarial valuation of enhanced early retiral costs	-	-
<b>At 31 July 2010</b>	<u>1,158</u>	<u>1,158</u>

The provision for past service pensions relates to unfunded enhanced early retirals given in prior years. The provision was calculated by a firm of actuaries in 2009.

17 Deferred Capital Grants

	Funding Council £000	Other Grants and Benefactions £000	Total £000
At 1 August 2009			
Buildings	2,071	4,227	6,298
Equipment	298	-	298
	<u>2,369</u>	<u>4,227</u>	<u>6,596</u>
Capital grants received in year			
Buildings	1,501	364	1,865
Equipment	115	-	115
	<u>1,616</u>	<u>364</u>	<u>1,980</u>
Released to Income and Expenditure			
Buildings	(457)	(451)	(908)
Equipment	(138)	-	(138)
	<u>(595)</u>	<u>(451)</u>	<u>(1,046)</u>
<b>At 31 July 2010</b>			
Buildings	3,115	4,140	7,255
Equipment	275	-	275
	<u>3,390</u>	<u>4,140</u>	<u>7,530</u>

NOTES TO ACCOUNTS - continued

18 Endowments

	Permanent £000	Expendable £000	Total £000
At 1 August 2009	1,883	248	2,131
Income for year	168	6	174
Expenditure for year	(152)	(8)	(160)
Accumulated income retained	16	(2)	14
Additions	-	-	-
Appreciation of endowment asset investments	153	24	177
<b>At 31 July 2010</b>	<b>2,052</b>	<b>270</b>	<b>2,322</b>
<b>Representing</b>			
Prizes funds	2,052	-	2,052
Other funds	-	270	270
	<b>2,052</b>	<b>270</b>	<b>2,322</b>

19 Revaluation Reserve

	31 July 2010 £000	31 July 2009 £000
Balances as at 1 August 2009	11,923	12,301
Released in year to Income & Expenditure Account	(379)	(378)
<b>At 31 July 2010</b>	<b>11,544</b>	<b>11,923</b>

20 Income and Expenditure Account

	General Funds £000	Departmental Balances £000	Total £000
Balances as at 1 August 2009	1,644	32	1,676
Deficit after depreciation at valuation	(205)	-	(205)
Transfer from departmental balances	13	(13)	-
Release of Revaluation Reserve	377	-	377
<b>At 31 July 2010</b>	<b>1,829</b>	<b>19</b>	<b>1,848</b>

21 Reconciliation of operating surplus/(deficit) to Net Cash Flow from Operating Activities

	31 July 2010 £000	31 July 2009 £000
Surplus/(deficit) after depreciation of assets at valuation	(191)	(418)
Depreciation	11	1,274
Deferred grants released to income	17	(286)
Endowment & investment income	(199)	(232)
Interest payable	9	97
Increase in stock	2	(4)
(Increase)/decrease in debtors	(74)	(423)
Increase in creditors	2,254	276
Increase / (decrease) in provisions	16	184
<b>Net cash inflow from operating activities</b>	<b>2,772</b>	<b>468</b>

NOTES TO ACCOUNTS - continued

22 Returns on Investments and Servicing of Finance	Notes	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Income from endowments	18	174	76
Interest received on current accounts		25	156
Interest paid on long term loans	9	(93)	(97)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>106</b>	<b>135</b>

23 Capital Expenditure and Financial Investments	Notes	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Payments to acquire tangible assets	11	(5,472)	(2,242)
Payments to acquire endowment investments		(689)	(948)
Deferred capital grants received	17	1,980	1,726
Receipt from sale of endowment investments		747	965
<b>Net cash inflow/(outflow) from capital expenditure and financial investments</b>		<b>(3,434)</b>	<b>(499)</b>

24 Financing	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Capital element of loan repayments	(62)	(55)
<b>Net cash outflow from financing</b>	<b>(62)</b>	<b>(55)</b>

25 Analysis of Changes in Net (Debt)/Funds		As at 1 Aug 2009 £ 000	Cash Flow £ 000	Other Changes £ 000	As at 31 July 2010 £ 000
	Notes				
Endowment Assets	12	196	72	-	268
Cash in hand, and at bank		3,258	(690)	-	2,568
		3,454	(618)	-	2,836
Due within one year	15	(60)	-	(3)	(63)
Due after one year	15	(1,637)	62	3	(1,572)
<b>Total</b>		<b>1,757</b>	<b>(556)</b>	<b>-</b>	<b>1,201</b>

26 Related Party Transactions

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

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

**GSA Enterprises Ltd.**

In the year ended 31 July 2010 the School received income from GSA Enterprises of £77,000 (2008/09 £21,000) including Gift Aid contributions

**Centre for Digital Documentation and Visualisation LLP**

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

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

## NOTES TO ACCOUNTS - continued

### 27 Pensions

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

The total cost of both schemes was £1,326,000 (2008/09- £1,191,000).

#### Strathclyde Pension Fund (SPF)

The School have determined that, due to the uncertainty as to whether individual contributors' share of the underlying assets can be identified on a reasonable and consistent basis that is in accordance with FRS17, contributions to the scheme are accounted for as if it were a defined contribution scheme. A full actuarial valuation was carried out as at 31 March 2008. Assumptions that have the most significant effect on the valuation and other relevant data are as follows:

Valuation method	Projected unit method
Assumed rate of return on equities	7.3%
Assumed rate of return on bonds	5.3%
Assumed rate of increase in salaries	5.2%
Assumed price inflation	3.7%
Market value of assets at the date of the last valuation	£ 6,930 million
The actuarial valuation of the scheme showed a deficit of £3,741 million with fund assets equal to 65% of fund actuarial valuation.	

The employer contribution rate for the period from 1 August 2009 to 31 July 2010 was 17.6% of pay. The employee contribution rate was 6.4% during 2009-10.

#### Scottish Teachers' Superannuation Scheme (STSS)

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

Valuation date	31 March 2005
Valuation method	Prospective benefits
Investment return per annum	6.5%
Rate of real earnings growth	1.5%
Notional value of assets at date of valuation	£ 18,474 million
present value of liabilities at date of valuation	£ 19,310 million

The employer contribution rate for the period from 1 August 2009 to 31 July 2010 was 14.9% of pay. The employee contribution rate was 6.4% during 2009/10. 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.

NOTES TO ACCOUNTS - continued

28 Post Balance Sheet Events

The Board considered that there were no material post balance sheet events requiring disclosure.

29 Capital Commitments

	31 July 2010 £000	31 July 2009 £000
Committed and contracted as at 31st July 2010	<u>-</u>	<u>-</u>

30 Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

31 Bursary and Other Student Support Funds

	Hardship £000	2009 - 2010 Total £000	2008 - 2009 Total £000
Balance brought forward at 1 August 2009	(3)	(3)	2
Funds received in year	102	102	106
Expenditure	<u>(92)</u>	<u>(92)</u>	<u>(111)</u>
Balance carried forward at 31 July 2010	<u>7</u>	<u>7</u>	<u>(3)</u>

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

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Cover image, view looking west from Renfrew Street of the Glasgow School of Art's proposed new Phase 1 building designed by Steven Holl Architects, New York; due for completion in 2013' © Steven Holl Architects.