

# 10-11



Annual Report and  
Accounts 2010-11  
year to 31 July 2011

**THE GLASGOW  
SCHOOL OF ART**

**THE GLASGOW SCHOOL OF ART  
(Company Register No.SCO 2271)  
ANNUAL REPORT AND ACCOUNTS  
YEAR ENDED 31 JULY 2011**

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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. President                    | Stewart Grimshaw (from June 2011)  |
| Hon. Vice President               | Professor Anthony Jones  |
| Hon. Vice President               | Eleanor Taffner (until September 2010 deceased)  |
| Hon. Vice President               | Emeritus Professor Andrew MacMillan  |
| Chairman                          | Philip Rodney LLB  |
| Vice Chairs                       | Professor Janice M Kirkpatrick MA (Des) BA (Des)<br>FRSA D& AD (until February 2011)<br>Fred Shedden OBE MA LLB (until February 2011)<br>Alison Lefroy Brooks BA (Hons) ACA MCT (from April 2011)<br>Sir Muir Russell KCB FRSE (from April 2011) |
| Director                          | Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA  |
| Deputy Director                   | Professor Allan Walker MA (Hons) Dip LA (until October 2011)   |
| Acting Deputy Director            | Professor Linda Drew PhD MA BA (Hons) FRSA FDRS (from October 2011)  |
| 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                          | Philip Rodney LLB  |
| Estates                           | Eleanor McAlister OBE MA MSc FRSA  |
| Human Resources                   | Linda McTavish CBE MA (Hons)   |
| Investment                        | Fred Shedden OBE MA LLB (until February 2011)<br>Sir Muir Russell KCB FRSE (from April 2011)   |
| Museums & Archives                | Professor Pamela Robertson BA (Hons) FRSE FRSA (until December 2010)<br>Professor Alison Yarrington (from February 2011)   |
| Nomination                        | Philip Rodney LLB  |
| Remuneration                      | Philip Rodney LLB  |
| Registered Office                 | 167 Renfrew Street, Glasgow G3 6RQ   |
| Solicitors                        | McClure Naismith<br>292 St Vincent Street, Glasgow, G2 5TQ   |
| External Auditor                  | Grant Thornton UK LLP<br>95 Bothwell Street, Glasgow, G2 7JZ   |
| Bankers                           | Royal Bank of Scotland plc<br>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 (until October 2011)       |
|     | Professor Linda Drew PhD MA BA(Hons) FRSA FDRS        | Acting Deputy Director of the School (from October 2011) |

### Appointed by the Governing Board

|           |   |  |
|-----------|---|--|
|           | Sharon Bamford BA (Hons) MBA*   |  |
| A,I,N,R   | Alison Lefroy Brooks BA (Hons) ACA MCT*   |  |
| A,B,E,I   | Douglas Brown BA(Hons) Dipl Arch (Oxford) FRIAS RIBA                            |  |
|           | Dr Janet Brown BSc PhD FInstP FRSE*   |  |
| B         | Bob Downes BA (Hons)*   |  |
|           | Roberta Doyle BA*   |  |
| E         | Thomas A Elder FRIAS* (left February 2011)                                      |  |
|           | Simon Groom MA (Hons) PhD*  |  |
| B         | Daniel Ibbotson BA (Hons)* (appointed February 2011)                            |  |
| A,B       | Blair Jenkins OBE MA*   |  |
|           | Douglas Kinnaird BA CA*   |  |
| E,N,R     | Professor Janice M Kirkpatrick MA (Des) BA (Des) FRSA D&AD*(left February 2011) |  |
| B,E,N     | Eleanor McAlister OBE MA MSc FRSA*  |  |
| H,N       | Linda McTavish CBE MA(Hons)*  |  |
| E         | Christa Reekie Mag.phil Dip Ed LLB Dip LP *                                     |  |
| M,N       | Professor Pamela Robertson BA (Hons) FRSE FRSA* (left December2010)             |  |
| B,E,I,N,R | Philip Rodney LLB* (appointed 19 April 2010)                                    |  |
| B         | Ken Ross OBE (appointed July 2011)  |  |
| A,B,I,N,R | Sir Muir Russell KCB FRSE*  |  |
|           | David J B Shearer B Acc CA FRSA FIoD * (left December2010)                      |  |
| A,B,I,N,R | Fred Shedden OBE MA LLB * (left February 2011)                                  |  |
| M,N       | Professor Alison Yarrington* (appointed February 2011)                          |  |
| 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               |
| B,E,H,    | 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

Despite the external challenges, the academic year ended 31 July 2011 has been characterised by continuing achievement, growth and progress. Research and knowledge exchange have been important drivers of our success. The high standard of the School's learning and teaching has been repeatedly acknowledged. 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. The School continues also to make significant advances in its campus redevelopment plans.

The Glasgow School of Art's reputation, as one of Europe's preeminent higher education institutions for specialist practice-led, studio-based education in the visual creative disciplines is growing. Its profile in the international higher education market has increased. Further challenges undoubtedly lie ahead. But these strengths will assist us in our development.

### 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;
- 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.

The School is in the process of developing its next strategic plan. We have decided to take a longer-term view, setting an ambitious vision for the School for 2025, supported by 4 three year strategic plans, which will form the milestones to achieve this vision. Our aim is for the process to be as inclusive and consultative as possible. We have engaged the School's Design Innovation Studio to work with us in facilitating this process.

### Finance

The School made a small operating surplus, before FRS17 adoption, of £22k (£400k surplus on a historic cost basis). However, there have been three other factors which have led to a deficit for the year of £812k. The School incurred £181k of re-structuring costs. It wrote off the value of the buildings being demolished to make way for the new Phase 1 building. This gave rise to an impairment charge of £596k. The adoption of FRS17 for the reporting of pension liabilities increased our deficit by a further £57k. Despite capital expenditure of £6.6m, mainly on developing the School's estate, cash balances doubled to £5.2m.

### Research and knowledge transfer

Research income during the past year increased by a further 24% to £2.27m, following the 92% increase last year; major projects were secured with Highlands and Islands Enterprise and Historic Scotland. As part of the partnership with Historic Scotland, the School is continuing its development of the Scottish Ten project which will digitally preserve ten world heritage sites, five in Scotland and five internationally.

The School is unique in having been offered from the Fulbright Commission, 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, joined the GSA's Glasgow Urban Lab in September 2010 for six months. The first appointment in Medical Visualisation will be in 2012. We are delighted that the School is participating in this prestigious international network.

## Chairman's Statement continued

### Student Recruitment

Following the changes to undergraduate recruitment referred to in my statement last year, the School continues to be a popular choice for Home and European students, with European applications increasing by 27.5% and Home applications up 5.5%.

Undergraduate international applications fell but this was offset by an increase in international postgraduate applications. Overall, despite a challenging economic backdrop and the changes being implemented by UKBA, international applications increased by 18.2%. This has been translated into enrolments for the 2011/12 academic year and allowed us to maintain an upward growth, specifically within international postgraduate, which has increased by 31%.

The School has recently reached agreement to deliver the final two years of two of its undergraduate design programmes in Singapore.

### Quality and External Benchmarks

Following GSA's successful QAA Enhancement-Led Intuition Review in 2010, substantial and productive work was undertaken to address development recommendations in the ELIR Report and to build upon the existing good practice recognised. The QAA have endorsed the work subsequently undertaken, which is detailed in the GSA ELIR Response and Follow-Up Report submitted to the Scottish Funding Council and publicly available on the QAA website.

The GSA again enjoyed success in national performance indicators. The most recent Higher Education Statistic Agency Performance Indicators on new entrant retention placed GSA top in Scotland. This retention rate of 96.7% also ranked it seventh in the UK.

Following a disappointing performance in National Student Survey 2010 results, appropriate action was taken to address the concerns which were identified. The 2011 results showed improvement in many areas of GSA - the overall satisfaction rose from 65% to 73%. However, further improvement of our results in this survey remains a priority for GSA. The Acting Deputy Director and Director of Academic Development is leading the work required for this purpose in conjunction with the Heads of Schools.

### Real estate progress

I am delighted to be able to report that our ambitious plans for the redevelopment of the Garnethill Campus are now underway with contractors on site. The project has been developed by a design team led by Steven Holl Architects from New York working with Glasgow's JM Architects and Arup over a number of years. The new Phase 1 building should be ready to be occupied in Autumn 2013.

### 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 Jack Hudspith (Architecture) who won the RIBA President's Bronze Medal, the RIBA's top undergraduate prize open to students studying architecture world-wide.

Lu Si Si a visual communications student and one of the first students to progress to the GSA from our innovate partnership with the Central Academy of Fine Arts in Beijing, won the Best Video in the Budget Category at the prestigious New York TV Program and Film festival. Si Si beat off competition from international TV and film companies including CNN, HBO and ESPN to win the award and his work was displayed at Degree Show 2011.

## Chairman's Statement continued

Degree Show 2011 was as ever the culmination of a successful academic year and in a review of UK Degree Shows by The Guardian they named the GSA show as "the most enjoyable and gripping."

Product Design graduate Dan Watson, winner of a Design Innovation Plastics award for his sustainable fishing net, first demonstrated at his Degree Show in 2009.

The Digital Design Studio and Historic Scotland began a pioneering project to digitally record Rani Ki Vav Stepwell – known as the Queen's Step Well from India's pre-colonial days - which is considered to be at risk from erosion and decay, as part of the Scottish 10 project.

Charlotte Hess, an international student who graduated from the GSA's Masters in Textiles as Fashion won the Emerging Designer Award at Charleston Fashion Week.

Jonathan Saunders is crowned Scottish Designer of the Year for second year running and Mhairi McNicol and Chloe Patience of Bebaroque win Accessory Designer of the Year at the Scottish Fashion Awards.

Alumnus Liz Lochhead was appointed Scotland's Makar and Professor Seona Reid, Director, was appointed Trustee for Scotland, and Deputy Chair of the National Heritage Memorial Fund.

Following the success of recent years in the Turner Prize, the UK's leading contemporary art prize, graduates Karla Black and Martin Boyce were shortlisted. GSA alumni have comprised 28% of Turner Prize shortlists since 2005 including two winners, Simon Starling and Richard Wright. The winner of the Turner Prize 2011 is announced in December.

Karla Black was also selected to represent Scotland in the 2011 Venice Biennale. Since 2003, GSA Fine Art alumni have dominated Scotland's independent presence at the Biennale with nearly all the artists chosen to represent the nation being GSA trained artists who continue to live and work in Scotland.

### Board

The diversity and commitment of the GSA's Board of Governors are major assets. Our board was supplemented this year by some new members - Daniel Ibbotson founder and director of Graphical House, Alison Yarrington, Dean of the Faculty of Arts and Social Sciences at the University of Hull, and Ken Ross OBE who is actively involved in the property, arts, social and educational sectors in Scotland. Sir Muir Russell and Alison Lefroy Brooks were appointed as Vice Chairs. Their experience and skills are an immense asset to the Board at this time. The year also saw the departures of our two vice chairs, Fred Shedden and Janice Kirkpatrick and also Tom Elder, Professor Allan Walker and David Shearer. Michael White demitted the office of President of the Students' Association to be replaced by Sinead Dunn. We thank all our departing governors for their substantial contributions.

### Staff

A number of new academic appointments were made over the period including Linda Drew, acting Deputy Director; Christopher Platt, Head of Mackintosh School of Architecture; Timothy Collins, acting Head of Research and the Graduate School; Catherine Docherty, Research Fellow Design Innovation and Eunice Ma, Programme Leader Digital Design Studio. In the Academic Support area Brian McGeough, Business Development Manager, Digital Design Studio joined during the year.

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.

## Chairman's Statement continued

### Students

For the second year in succession the GSA is ranked top in Scotland for student retention, with a dropout rate of 3.3% - significantly lower than the Scottish average of 9.3% and UK average of 7.9%. GSA position places the School in the top 10 of UK institutions along with Oxford, Cambridge universities and the Royal College and Royal Academy of Music. The GSA is the UK's only visual creative arts institution in the top 20.

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 involvement. 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  
19 December 2011



## Operating and Financial Review

### Results for the year ended 31 July 2011

#### 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 deficit of £425k (£188k surplus 2009/10) on a historical cost basis and a deficit of £812k (£205k deficit 2009/10) on a revaluation basis, for the year ended 31 July 2011 as commented on in the Chairman's statement. This is after a staff restructuring charge of £181k, a charge of £57k on the adoption of FRS17 pension accounting and a £596k impairment charge on our fixed assets that are subject to demolition as part of Phase 1 of our estate redevelopment plan. Without these adjustments the school would have shown a surplus of £22k on revaluation basis.

#### Balance Sheet

The total net assets of the School increased by £313k to £23,557k and the cumulative Income and Expenditure Account reserve decreased from £1,848k as at 31 July 2010 to £1,471k as at 31 July 2011. Cash balances have increased significantly as a result of the funds retained for use in the second phase of our estate redevelopment project.

#### 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. The amount received for philanthropic support is in excess of the target set as part of the Development Strategy approved by the Board in June 2010. 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 33% to £2.45m compared to the income for the previous year of £1.84m.

| KPI measures                                     | Actual<br>2008/9 | Actual<br>2009/10 | Actual<br>2010/11 | Target<br>2010/11 | Target<br>2011/12 |
|--|------------------|-------------------|-------------------|-------------------|-------------------|
| Philanthropic support - cumulative               | £2.0m            | £2.2m             | £3.2m             | £2.8m             | £3.6m             |
| % Income non SFC                                 | 30.1%            | 32.8%             | 36.3%             | 31%               | 32%               |
| Cash generated from operations                   | £1.3m            | £1.5m             | £1.4m             | £1.3m             | £1.3m             |
| Increase in research & KTP income (cumulative)   | 68%              | 222%              | 330%              | 73%               | 100%              |
| Value of overseas student income                 | £2.38m           | £2.5m             | £3.1m             | £2.8m             | £3.00m            |
| % PG students                                    | 7.6%             | 9.0%              | 9.7%              | 13.5%             | 20.0%             |
| UG Applicants:enrolments                         | 5:1              | 6:1               | 10:1              | 6:1               | 6:1               |
| % Positive student feedback (not NSS)            | 91%              | ***               | ***               | 90%               | 91%               |
| % Graduates in education/working after 6 months* | 92%              | 97%               | ****              | 90%               | 92%               |
| % Students from under-represented groups         | 21%              | 17%               | 18%               | 24%               | 26%               |

\*\*\* No internal survey undertaken in 2009/10 pending a review of student feedback mechanisms. The review resulted in a significant change to the methodology which makes comparison with the previous years' data inappropriate. Results from the new methodology correlate with external survey reports.

\*\*\*\* HESA did not publish a result for GSA owing to the response rate not meeting the submission threshold. We are taking steps to seek to ensure an increased response rate for 2011/12.

#### Endowment Assets

The return on Endowment asset Investments comprising dividend and bank interest, was 5.57%, compared with 4.26% last year. The market value of the total Endowment assets held by the School rose from £2,322k to £2,836k an increase of £514k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

#### Capital Projects

Capital Expenditure in the year was £5,663k, up on the previous year's figure of £5,472k. 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 inflow of £2,915k in the financial year (2009/10 outflow £618k). This is a consequence of funds being retained for the next phase of the Estates development project

### 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 2011 the School had an average of 10 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 2012/13 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 first phase of the £50m Scottish Funding Council funded redevelopment of the School's estate has now commenced and is expected to 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

19 December 2011

## 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 2011 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 |
|---|-------|-------|---------|----------|
|   | 6     | 4     | 5       | 5        |
| Kerry Aylin                                 | 6/6   | 2/4   | -       | -        |
| Sharon Bamford                              | 3/6   | -     | -       | -        |
| Alison Lefroy Brooks                        | 3/6   | 4/4   | -       | -        |
| Douglas Brown                               | 6/6   | 3/4   | 4/5     | 4/5      |
| Janet Brown                                 | 2/6   | -     | -       | -        |
| Bob Downes (absent by arrangement)          | 0/6   | -     | -       | -        |
| Roberta Doyle                               | 4/6   | -     | -       | -        |
| Thomas A Elder (left February 2011)         | 3/4   | -     | 3/3     | -        |
| Simon Groom                                 | 2/6   | -     | -       | -        |
| Daniel Ibbotson (appointed February 2011)   | 2/2   | -     | -       | 2/2      |
| Blair Jenkins                               | 4/6   | 0/4   | -       | 3/5      |
| Douglas Kinnaird                            | 3/6   | -     | -       | -        |
| Janice M Kirkpatrick (left February 2011)   | 2/4   | -     | 2/3     | -        |
| Eleanor McAlister                           | 5/6   | -     | 5/5     | 4/5      |
| Linda McTavish                              | 3/6   | -     | -       | -        |
| Nicholas Oddy                               | 6/6   | 1/4   | -       | -        |
| Christa Reekie                              | 4/6   | -     | 3/5     | -        |
| Seona Reid                                  | 6/6   | 4/4*  | 5/5     | 5/5      |
| Pamela Robertson                            | 3/3   | -     | -       | -        |
| Philip Rodney                               | 6/6   | -     | 3/5     | 4/5      |
| Sir Muir Russell                            | 5/6   | -     | -       | 4/5      |
| Tim Sharpe                                  | 6/6   | -     | -       | -        |
| David J B Shearer (left December 2010)      | 0/3   | -     | -       | -        |
| Fred Shedden (left February 2011)           | 4/4   | 2/2   | -       | 3/3      |
| Allan Walker                                | 6/6   | -     | -       | 3/5      |
| Michael White                               | 6/6   | -     | 5/5     | 5/5      |
| Alison Yarrington (appointed February 2011) | 1/2   | -     | -       | -        |
| Eliot Leviten, Company Secretary            | 6/6   | 4/4*  | 5/5     | 5/5      |

Philip Rodney  
Chairman  
19 December 2011

## Governors' Biographies

### **Philip Rodney LLB**

#### **Chairman**

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 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 Universities Scotland Executive Committee and a board member of Cove Park. In April 2011 she was appointed as Deputy Chair of the National Heritage Memorial Fund (NHMF) and Chair of the Scottish Committee of the Heritage Lottery Fund. In recent years, 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.

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

#### **Vice-Chair (from April 2011)**

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

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

#### **Vice Chair (until February 2011)**

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.

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

#### **Vice-Chair (from April 2011)**

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.

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

#### **Vice Chair (until February 2011)**

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 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

## Governors' Biographies continued

### **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.

### **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.

### **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.

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

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

### **Bob Downes BA (Hons)**

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.

### **Professor Linda Drew PhD MA BA(Hons) FRSA FDRS**

Acting Deputy Director and Director of Academic Development, Linda joined the GSA in August 2011. She was formerly Dean of the Graduate School for Camberwell, Chelsea and Wimbledon at the University of the Arts London (UAL). She is a member of the Singapore British Business Council and an External Quality Reviewer for arts higher education at the Singapore Ministry of Education.

Prof Drew also held the position of Head of College at Chelsea College of Art and Design (UAL, acting 2006-2007). Before joining the University of the Arts as Dean of Academic Development in 2003, Prof Drew was Co-Director of the Art, Design and Communication subject centre based at the University of Brighton. She is editor of the peer-reviewed journal Art, Design and Communication in Higher Education published by Intellect books and is Vice Chair of the Group for Learning in Art & Design. Linda is an alumna of Saint Martins School of Art, a Fellow of the Design Research Society (FDRS) and a Fellow of the Royal Society of the Arts (FRSA).



## Governors' Biographies continued

### **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

### **Daniel Ibbotson BA (Hons)**

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

### **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. He is a Fellow of the Carnegie UK Trust and a Visiting Professor of Journalism at the University of Strathclyde.

### **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 McAlister 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, and a Board member of the West Hub Territory Programme Board.

### **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.

## Governors' Biographies continued

### **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.

### **Kenneth Ross OBE**

Ken currently has property interests in land, commercial and residential property and recently became Chairman of a renewable energy company operating throughout Scotland. He graduated in 1970 and qualified as a Surveyor in 1972. He was President of the Scottish Housebuilders Association in 1987/1988 and was a founding Director when Homes for Scotland was formed. He went on to become Chairman of the Scottish Property Federation during 2007. In 2006, he was appointed to the Regeneration Board advising the Executive and Scottish Ministers on matters relating to regeneration in Scotland.

He was a member of the Climate Change Business Delivery Group. In 2007, Ken was a member of the Sullivan Committee advising the Scottish Ministers on a low carbon strategy for Scotland and is now a Member of the 2020 Group actively involved in sustainability and renewable projects throughout Scotland. In 2008, he was invited to join the National Economic Forum and in 2009 was invited to become a Member of the Housing Supply Task Force. In 2010, he was appointed to the Housing Policy Advisory Board, advising Scottish Minister on housing matters in Scotland. Ken is a Member of the Executive Committee of SCDI and continues to chair the Building Standards and Sustainability Committee for the SPF. He is also actively involved in projects involving the arts, social and educational sectors in Scotland.

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

Tim is currently head of Architectural Technology, and Director of the Mackintosh Environmental Architecture Research Unit (MEARU) at Mackintosh School of Architecture. He teaches Environmental Design, Structures and Construction and undertakes research with MEARU into low energy, sustainable 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

### **Professor Alison Yarrington**

Alison Yarrington is Dean of the Faculty of Arts and Social Sciences at the University of Hull. Professor Yarrington, an expert in sculpture, took a foundation course at Chesterfield College of Art and Design before moving into higher education. She gained her undergraduate degree in fine art and history of art at the University of Reading before undertaking a doctorate at Darwin College, Cambridge. Professor Yarrington was appointed to a lectureship in the history of art at the University of Leicester and rose to become Dean of the Faculty of Arts. She was appointed Richmond Chair and Head of the Department of Art History at the University of Glasgow in 2003, where she was also Honorary Keeper of Fine Art for the Hunterian Gallery and Museums.

## 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

19 December 2011

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

We have audited the financial statements of Glasgow School of Art ('the School') for the year ended 31 July 2011 which comprise the income and expenditure account, the statement of total recognised gains and losses, the statement of historical cost surpluses and deficits, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body, in accordance with paragraph Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the School's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and its governors, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Responsibilities of the Governing Board set out on page 17, the Board of Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We also report to you whether income from the Scottish Funding Council, 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 respect, income has been applied in accordance with the financial memorandum with the Scottish Funding Council.

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 institution's corporate governance procedures or its risk and control procedures.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 July 2011 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters**

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 2011 have been applied for the purposes for which they were received; and
- in all material aspects, income during the year ended 31 July 2011 has been applied in accordance with the School's statutes and, where appropriate, with the financial memorandum with the Scottish Funding Council.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Chairman's Statement, the Operating and Financial Review and the Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

David Barnes FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
GLASGOW  
December 2011

THE GLASGOW SCHOOL OF ART  
INCOME AND EXPENDITURE ACCOUNT  
For the year ended 31 July 2011

|  | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|--|--------------|------------------------------------|------------------------------------|
| <b>INCOME</b>  |              |                                    |                                    |
| Funding Council Grants   | 1            | 11,008                             | 10,939                             |
| Tuition fees and education contracts   | 2            | 6,306                              | 5,825                              |
| Research grants and contracts  | 3            | 2,451                              | 1,836                              |
| Other income   | 4            | 2,613                              | 2,604                              |
| Endowment and Investment income  | 5            | 166                                | 199                                |
|  |              | <hr/>                              | <hr/>                              |
| <b>Total income</b>  |              | <b>22,544</b>                      | <b>21,403</b>                      |
| <b>EXPENDITURE</b>   |              |                                    |                                    |
| Staff pay costs  | 6            | 13,335                             | 12,435                             |
| Exceptional restructuring costs  |              | 181                                | 221                                |
| Depreciation   | 11           | 2,057                              | 2,107                              |
| Other operating expenses   | 8            | 7,031                              | 6,738                              |
| Interest payable   | 9            | 147                                | 93                                 |
|  |              | <hr/>                              | <hr/>                              |
| <b>Total expenditure</b>   |              | <b>22,751</b>                      | <b>21,594</b>                      |
| (Deficit)/surplus on continuing operations after depreciation of assets at valuation                     |              | (207)                              | (191)                              |
| (Loss) on impairment on demolition of assets   | 11           | (596)                              | -                                  |
| Taxation   |              | -                                  | -                                  |
| <b>(Deficit)/surplus on continuing operations after depreciation of assets at valuation and taxation</b> |              | <b>(803)</b>                       | <b>(191)</b>                       |
| Accumulated income retained within specific endowments   | 18           | (9)                                | (14)                               |
| <b>(Deficit)/surplus for the year retained within general reserves</b>                                   |              | <b>(812)</b>                       | <b>(205)</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 2011

|  | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|--|--------------|------------------------------------|------------------------------------|
| (Deficit)/surplus on continuing operations after depreciation of assets at valuation   |              | (803)                              | (191)                              |
| Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount | 20           | 378                                | 379                                |
|  |              | <hr/>                              | <hr/>                              |
| <b>Historical cost surplus/(deficit) before and after taxation</b>   |              | <b>(425)</b>                       | <b>188</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 2011

|   | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|---|--------------|------------------------------------|------------------------------------|
| (Deficit)/surplus on continuing operations after depreciation of assets at valuation and taxation |              | (803)                              | (191)                              |
| Appreciation / (depreciation) of endowment asset investments                                      | 18           | 140                                | 175                                |
| Actuarial gain / loss in respect of pension scheme  |              | (2,635)                            | -                                  |
| Reduction in asset valuation on disposal  |              | (1,037)                            | -                                  |
| New endowments  | 18           | 365                                | -                                  |
| <b>Total recognised losses relating to the period</b>   |              | <u><u>(3,970)</u></u>              | <u><u>(16)</u></u>                 |
| <br><b>Reconciliation</b>   |              |                                    |                                    |
| Opening reserves and endowments   |              | 15,714                             | 15,730                             |
| Total recognised losses for the year  |              | <u>(3,970)</u>                     | <u>(16)</u>                        |
| <b>Closing reserves and endowments</b>  |              | <u><u>11,744</u></u>               | <u><u>15,714</u></u>               |
| The accompanying accounting policies and notes form part of these financial statements            |              | -                                  | -                                  |

THE GLASGOW SCHOOL OF ART

BALANCE SHEET  
As at 31 July 2011  
SCO 2271

|  | <i>Notes</i> | 2011<br>£000   | 2010<br>£000   |
|--|--------------|----------------|----------------|
| <b>Fixed Assets</b>  |              |                |                |
| Tangible assets  | 11           | 27,023         | 25,655         |
| <b>Endowment Assets</b>  | 12           | 2,836          | 2,322          |
| <b>Current Assets</b>  |              |                |                |
| Stocks   |              | 83             | 82             |
| Debtors  | 13           | 1,199          | 1,709          |
| Cash at bank and in hand                                       |              | 5,150          | 2,568          |
|  |              | <u>6,432</u>   | <u>4,359</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 14           | <u>(7,455)</u> | <u>(6,359)</u> |
| <b>Net current assets</b>                                      |              | <u>(1,023)</u> | <u>(2,000)</u> |
| <b>Total assets less current liabilities</b>                   |              | 28,836         | 25,977         |
| <b>Creditors: amounts falling due after more than one year</b> | 15           | (1,528)        | (1,575)        |
| <b>Provisions for liabilities and charges</b>                  | 16           | (1,059)        | (1,158)        |
|  |              | <u>26,249</u>  | <u>23,244</u>  |
| <b>Net assets excluding pension liability</b>                  |              | 26,249         | 23,244         |
| Net pension liability  | 28           | (2,692)        | -              |
| <b>Net assets including pension liability</b>                  |              | <u>23,557</u>  | <u>23,244</u>  |
| <b>Deferred capital grants</b>                                 | 17           | 11,813         | 7,530          |
| <b>Endowments</b>  |              |                |                |
| Specific   | 18           | 2,543          | 2,052          |
| General  | 18           | 293            | 270            |
|  |              | <u>2,836</u>   | <u>2,322</u>   |
| <b>Reserves</b>  |              |                |                |
| Revaluation reserve  | 19           | 10,129         | 11,544         |
| Income and expenditure account excluding pension reserve       | 20           | 1,471          | 1,848          |
| Pension reserve  | 21           | (2,692)        | -              |
|  |              | <u>8,908</u>   | <u>13,392</u>  |
| <b>Total reserves</b>  |              | <u>8,908</u>   | <u>13,392</u>  |
| <b>Total</b>   |              | <u>23,557</u>  | <u>23,244</u>  |

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

The financial statements on pages 20 to 37 were approved on 19 December 2011 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 2011

|  | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|--|--------------|------------------------------------|------------------------------------|
| Cash flow from operating activities  | 22           | 2,278                              | 2,772                              |
| Returns on investments and servicing of finance                            | 23           | 76                                 | 106                                |
| Capital expenditure and financial investment                               | 24           | 605                                | (3,434)                            |
| Financing  | 25           | (44)                               | (62)                               |
|  |              | <hr/>                              | <hr/>                              |
| <b>Increase/(decrease) in cash in the year</b>                             |              | <b><u>2,915</u></b>                | <b><u>(618)</u></b>                |
| <br><b>Reconciliation of net cash flow to movement in net funds/(debt)</b> |              |                                    |                                    |
| Increase/(decrease) in cash in the period                                  |              | 2,915                              | (618)                              |
| Movement in capital debt   |              | 44                                 | 62                                 |
|  |              | <hr/>                              | <hr/>                              |
| Change in net debt   |              | 2,959                              | (556)                              |
| Net debt at 1 August   |              | 1,201                              | 1,757                              |
|  |              | <hr/>                              | <hr/>                              |
| Net funds/(debt) at 31 July  | 26           | <b><u>4,160</u></b>                | <b><u>1,201</u></b>                |

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

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

#### Strathclyde Pension Fund

The scheme is a defined benefit scheme and is accounted for under Financial Reporting Standard 17, Retirement Benefits (FRS17). In prior years, 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 FRS 17, contributions to the scheme were accounted for as if it were a defined contribution scheme. From 2010-11, sufficient information has been supplied by the Fund's actuaries to allow the scheme to be accounted for as a defined benefit scheme.

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

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

#### Scottish Teachers Superannuation Scheme

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

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

### 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.

## Statement of Principal Accounting Policies continued

### 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.

### 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 is a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. SCO2271). Accordingly, the School is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The School receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

### 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

| 1 Funding Council Grants                    | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|---|--------------|------------------------------------|------------------------------------|
| SFC recurrent teaching grant                |              | 7,535                              | 7,497                              |
| SFC research grant                          |              | 1,631                              | 1,650                              |
| Small specialist institution grant          |              | 511                                | 511                                |
| Other SFC grants                            |              | 726                                | 686                                |
| Deferred capital grant released in year     |              |                                    |                                    |
| Buildings                                   | 17           | 484                                | 457                                |
| Equipment                                   | 17           | 121                                | 138                                |
|   |              | <u>11,008</u>                      | <u>10,939</u>                      |
|   |              |                                    |                                    |
| 2 Tuition Fees and Education Contracts      |              | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
| UK higher education students                |              | 2,618                              | 2,780                              |
| European Union (EU) (excluding UK) students |              | 243                                | 192                                |
| Non EU students                             |              | 3,102                              | 2,519                              |
| Other contracts                             |              | 343                                | 334                                |
|   |              | <u>6,306</u>                       | <u>5,825</u>                       |
|   |              |                                    |                                    |
| 3 Research Grants and Contracts             |              | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
| Research councils                           |              | 391                                | 481                                |
| UK Charities                                |              | 46                                 | 258                                |
| UK governmental contracts                   |              | 273                                | 192                                |
| Other grants and contracts                  |              | 479                                | 40                                 |
| UK industrial and commercial contracts      |              | 1,262                              | 865                                |
|   |              | <u>2,451</u>                       | <u>1,836</u>                       |
|   |              |                                    |                                    |
| 4 Other Income                              | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
| Residences                                  |              | 776                                | 757                                |
| Release from deferred grants ( Non SFC)     | 17           | 451                                | 451                                |
| Other income generating activities          |              | 306                                | 312                                |
| Other income                                |              | 1,080                              | 1,084                              |
|   |              | <u>2,613</u>                       | <u>2,604</u>                       |
|   |              |                                    |                                    |
| 5 Endowment and Investment Income           |              | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
| Income from specific endowments             | 18           | 152                                | 168                                |
| Income from general endowments              | 18           | 6                                  | 6                                  |
| Bank interest                               |              | 8                                  | 25                                 |
|   |              | <u>166</u>                         | <u>199</u>                         |

NOTES TO ACCOUNTS - continued

6 Staff Costs

Year Ended  
31 July 2011

Year Ended  
31 July 2010

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

|                                     | Number     | Number     |
|-------------------------------------|------------|------------|
| Teaching departments                | 100        | 103        |
| Teaching support services           | 68         | 61         |
| Research grants and contracts       | 38         | 25         |
| Other support services              | 39         | 38         |
| Administration and central services | 32         | 30         |
| Premises                            | 39         | 44         |
| Residences                          | 1          | 1          |
| <b>Total</b>                        | <b>317</b> | <b>302</b> |

Analysed as

|  |            |            |
|--|------------|------------|
| Staff on permanent contracts           | 317        | 291        |
| Staff on temporary and other contracts | -          | 11         |
| <b>Total</b>                           | <b>317</b> | <b>302</b> |

Staff costs for the above persons:

Year Ended  
31 July 2011  
£000

Year Ended  
31 July 2010  
£000

|                               |               |               |
|-------------------------------|---------------|---------------|
| Wages & salaries              | 10,949        | 10,283        |
| Social security costs         | 899           | 826           |
| Pensions                      | 1,487         | 1,326         |
|                               | <b>13,335</b> | <b>12,435</b> |
| Actuarial pension revaluation | -             | -             |
| <b>Total</b>                  | <b>13,335</b> | <b>12,435</b> |

Analysed as

|  |               |               |
|--|---------------|---------------|
| Staff on permanent contracts           | 13,335        | 11,967        |
| Staff on temporary and other contracts | -             | 468           |
| <b>Total</b>                           | <b>13,335</b> | <b>12,435</b> |

Staff costs by activity

Year Ended  
31 July 2011  
£000

Year Ended  
31 July 2010  
£000

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Teaching departments                | 5,189         | 5,394         |
| Teaching support services           | 2,144         | 1,830         |
| Research grants and contracts       | 1,805         | 1,185         |
| Other support services              | 1,590         | 1,494         |
| Administration and central services | 1,673         | 1,441         |
| Premises                            | 881           | 1,041         |
| Residences                          | 53            | 50            |
| <b>Total</b>                        | <b>13,335</b> | <b>12,435</b> |

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

|                     |          |          |
|---------------------|----------|----------|
| £70,001 - £80,000   | 4        | 1        |
| £80,001 - £90,000   | 1        | 2        |
| £90,001 - £100,000  | 1        | 1        |
| £100,001 - £110,000 | 2        | 1        |
|                     | <b>8</b> | <b>5</b> |

NOTES TO ACCOUNTS - continued

7 Governors' Emoluments

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

|          |            | Year Ended<br>31 July 2011<br>Number | Year Ended<br>31 July 2010<br>Number |
|----------|------------|--------------------------------------|--------------------------------------|
| NIL      |            | 19                                   | 19                                   |
| £30,001  | - £35,000  | 1                                    | 1                                    |
| £40,001  | - £45,000  | -                                    | -                                    |
| £50,001  | - £55,000  | -                                    | 1                                    |
| £55,001  | - £60,000  | 1                                    | -                                    |
| £60,001  | - £65,000  | 1                                    | 1                                    |
| £65,001  | - £70,000  | -                                    | -                                    |
| £95,001  | - £100,000 | 1                                    | 1                                    |
| £145,001 | - £150,000 | -                                    | 1                                    |
| £150,001 | - £155,000 | 1                                    | -                                    |
|          |            | <u>24</u>                            | <u>24</u>                            |

The Governors' emoluments are made up as follows:

|                       | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|-----------------------|------------------------------------|------------------------------------|
| Salaries              | 351                                | 346                                |
| Pension contributions | <u>52</u>                          | <u>47</u>                          |
| Total emoluments      | <u>403</u>                         | <u>393</u>                         |

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

|                            | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|----------------------------|------------------------------------|------------------------------------|
| Highest paid Director      |                                    |                                    |
| The Director of the School | 127                                | 127                                |
| Pension contributions      | <u>24</u>                          | <u>22</u>                          |
| <b>Total</b>               | <u>151</u>                         | <u>149</u>                         |

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

NOTES TO ACCOUNTS - continued

| 8 Other Operating expenses by Activity | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|--|------------------------------------|------------------------------------|
| Teaching departments                   | 1,913                              | 1,833                              |
| Contracted-out lecturing services      | 22                                 | 20                                 |
| Research grants & contracts            | 1,114                              | 859                                |
| Teaching support services              | 287                                | 307                                |
| Other support services                 | 487                                | 428                                |
| Administration and central services    | 792                                | 885                                |
| General education                      | 33                                 | 34                                 |
| Premises costs                         | 586                                | 628                                |
| Utilities                              | 584                                | 611                                |
| Planned maintenance                    | 321                                | 335                                |
| Other income generating activities     | 140                                | 110                                |
| Catering and residence operations      | 588                                | 518                                |
| Other expenses                         | 164                                | 170                                |
|  | <u>7,031</u>                       | <u>6,738</u>                       |

| Other Operating expenses include: | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|-----------------------------------|------------------------------------|------------------------------------|
| Auditors' remuneration            |                                    |                                    |
| external audit                    | 18                                 | 18                                 |
| external audit other services     | 1                                  | 5                                  |
| internal audit                    | 14                                 | 14                                 |
| internal audit other services     | 4                                  | -                                  |
|                                   | <u>4</u>                           | <u>-</u>                           |

| 9 Interest Payable                                  | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|---|------------------------------------|------------------------------------|
| Mortgages and loans not repayable within five years | 90                                 | 93                                 |
| Net return on pension liability                     | 57                                 | -                                  |
|   | <u>147</u>                         | <u>93</u>                          |

10 Taxation

The Board do not believe the School was liable for any Corporation Tax arising out of its activities during this period (2009/10 Nil)

NOTES TO ACCOUNTS - continued

11 Tangible Fixed Assets

|                         | Freehold<br>Land and<br>Buildings<br>£000 | Asset<br>under<br>Construction<br>£000 | Equipment<br>£000 | Total<br>£000 |
|-------------------------|---|--|-------------------|---------------|
| <b>Valuation / Cost</b> |   |  |                   |               |
| At 1 August 2010        | 35,500                                    | 2,694                                  | 5,444             | 43,638        |
| Additions at Cost       | 387                                       | 5,045                                  | 393               | 5,825         |
| Impairment              | (5,360)                                   |  | (104)             | (5,464)       |
| At 31 July 2011         | <u>30,527</u>                             | <u>7,739</u>                           | <u>5,733</u>      | <u>43,999</u> |
| At valuation 1995       | 17,933                                    |  | -                 | 17,933        |
| At cost                 | 12,594                                    | 7,552                                  | 5,733             | 25,879        |
|                         | <u>30,527</u>                             | <u>7,552</u>                           | <u>5,733</u>      | <u>43,812</u> |
| <b>Depreciation</b>     |   |  |                   |               |
| At 1 August 2010        | 14,047                                    |  | 3,936             | 17,983        |
| Charge for Year         | 1,477                                     | -                                      | 580               | 2,057         |
| Disposals               | (2,976)                                   |  | (88)              | (3,064)       |
| At 31 July 2011         | <u>12,548</u>                             | <u>-</u>                               | <u>4,428</u>      | <u>16,976</u> |
| <b>Net Book Value</b>   |   |  |                   |               |
| At 31 July 2011         | <u>17,979</u>                             | <u>7,739</u>                           | <u>1,305</u>      | <u>27,023</u> |
| At 1 August 2010        | <u>21,453</u>                             | <u>2,694</u>                           | <u>1,508</u>      | <u>25,655</u> |

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 £10,818,258 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: | <b>2011</b>  |
|   | <b>£000</b>  |
| Cost  | 15,454       |
| Aggregate depreciation based on cost  | <u>6,766</u> |
| Net book value based on cost  | <u>8,688</u> |

**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. The heritage assets include amongst others the School's furniture and art collections



NOTES TO ACCOUNTS - continued

11 Tangible Fixed Assets

**Impairment**

The charge for impairment relates to the Newberry, Foulis and Assembly Buildings which are being demolished to facilitate the redevelopment of the Garnethill campus.

| 12 Endowment Assets  | 31 July 2011<br>£000 | 31 July 2010<br>£000 |
|--|----------------------|----------------------|
| Balances as at 1 August 2010                                 | 2,322                | 2,131                |
| Additions (note 23)  | 700                  | 689                  |
| Disposals (note 23)  | (659)                | (747)                |
| (Decrease) / increase in cash balances held at fund managers | 333                  | 72                   |
| Appreciation / (depreciation) of endowment asset investments | 140                  | 177                  |
|  | <u>2,836</u>         | <u>2,322</u>         |
| Balances as at 31 July 2011                                  | <u>2,836</u>         | <u>2,322</u>         |
| Represented by:  |                      |                      |
| Fixed Interest Stocks (listed)                               | 179                  | 732                  |
| Equities (listed)  | 2,056                | 1,322                |
| Bank balances (note 25)                                      | 601                  | 268                  |
|  | <u>2,836</u>         | <u>2,322</u>         |
| Total  | <u>2,836</u>         | <u>2,322</u>         |

| 13 Debtors                     | 31 July 2011<br>£000 | 31 July 2010<br>£000 |
|--------------------------------|----------------------|----------------------|
| Trade debtors                  | 370                  | 428                  |
| Debts due from students        | 167                  | 126                  |
| Prepayments and accrued income | 662                  | 1,155                |
|                                | <u>1,199</u>         | <u>1,709</u>         |
|                                | <u>1,199</u>         | <u>1,709</u>         |

| 14 Creditors: Amounts Falling Due Within One Year | 31 July 2011<br>£000 | 31 July 2010<br>£000 |
|---|----------------------|----------------------|
| Trade creditors                                   | 141                  | 675                  |
| Social security and other taxes payable           | 377                  | 59                   |
| Other creditors                                   | 155                  | 118                  |
| Loans (secured) (note 15)                         | 63                   | 63                   |
| Payments in advance                               | 459                  | 398                  |
| Accruals  | 6,260                | 5,046                |
|   | <u>7,455</u>         | <u>6,359</u>         |
|   | <u>7,455</u>         | <u>6,359</u>         |

NOTES TO ACCOUNTS - continued

| 15 Creditors: Amounts Falling Due After One Year   | 31 July 2011<br>£000 | 31 July 2010<br>£000 |
|--|----------------------|----------------------|
| Combined loan (secured)  | 1,573                | 1,638                |
| Energy efficiency loan scheme  | 18                   | -                    |
|  | <u>1,591</u>         | <u>1,638</u>         |
| Less: amount falling due within one year (note 14)   | 63                   | 63                   |
|  | <u><u>1,528</u></u>  | <u><u>1,575</u></u>  |
| Instalments on the loans above are payable as follows  |                      |                      |
| Between one and two years  | 63                   | 63                   |
| Between two and five years   | 207                  | 207                  |
| After five years   | 1,258                | 1,305                |
|  | <u>1,528</u>         | <u>1,575</u>         |
| Details of loans:  |                      |                      |
| Combined loan: Repayable by quarterly instalments until December 2026  |                      |                      |
| Loan rate 5.59 % (fixed) secured on the Sir Harry Barnes Building and the Margaret MacDonald House Residence |                      |                      |
| Energy efficiency loan: Interest free loan repayable in six-monthly instalments until September 2014         |                      |                      |

16 Provision for Liabilities and Charges

|  | Provision for<br>past service<br>pensions<br>£000 | Total<br>£000       |
|--|---|---------------------|
| Balances as at 1 August 2010   | 1,158   | 1,158               |
| Expenditure in year  | (99)  | (99)                |
| Provision for increase in actuarial valuation<br>of enhanced early retiral costs | -   | -                   |
| <b>At 31 July 2011</b>   | <u><u>1,059</u></u>                               | <u><u>1,059</u></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<br>Council<br>£000 | Other Grants<br>and Benefactions<br>£000 | Total<br>£000        |
|------------------------------------|----------------------------|--|----------------------|
| At 1 August 2010                   |                            |  |                      |
| Buildings                          | 3,115                      | 4,140                                    | 7,255                |
| Equipment                          | 275                        | -  | 275                  |
|                                    | <u>3,390</u>               | <u>4,140</u>                             | <u>7,530</u>         |
| Capital grants received in year    |                            |  |                      |
| Buildings                          | 4,808                      | 298                                      | 5,106                |
| Equipment                          | 1,000                      | -  | 1,000                |
|                                    | <u>5,808</u>               | <u>298</u>                               | <u>6,106</u>         |
| Disposals                          |                            |  |                      |
| Buildings                          | (743)                      | (11)                                     | (754)                |
| Equipment                          | (13)                       | -  | (13)                 |
|                                    | <u>(756)</u>               | <u>(11)</u>                              | <u>(767)</u>         |
| Released to Income and Expenditure |                            |  |                      |
| Buildings                          | (484)                      | (451)                                    | (935)                |
| Equipment                          | (121)                      | -  | (121)                |
|                                    | <u>(605)</u>               | <u>(451)</u>                             | <u>(1,056)</u>       |
| <b>At 31 July 2011</b>             |                            |  |                      |
| Buildings                          | 6,696                      | 3,976                                    | 10,672               |
| Equipment                          | 1,141                      | -  | 1,141                |
|                                    | <u><u>7,837</u></u>        | <u><u>3,976</u></u>                      | <u><u>11,813</u></u> |

NOTES TO ACCOUNTS - continued

18 Endowments

|   | Permanent<br>£000 | Expendable<br>£000 | Total<br>£000 |
|---|-------------------|--------------------|---------------|
| At 1 August 2010                            | 2,052             | 270                | 2,322         |
| Income for year                             | 152               | 6                  | 158           |
| Expenditure for year                        | (145)             | (4)                | (149)         |
| Accumulated income retained                 | 7                 | 2                  | 9             |
| Additions                                   | 365               | -                  | 365           |
| Appreciation of endowment asset investments | 119               | 21                 | 140           |
| <b>At 31 July 2011</b>                      | <b>2,543</b>      | <b>293</b>         | <b>2,836</b>  |
| <b>Representing</b>                         |                   |                    |               |
| Prizes funds                                | 2,543             | -                  | 2,543         |
| Other funds                                 | -                 | 293                | 293           |
|   | <b>2,543</b>      | <b>293</b>         | <b>2,836</b>  |

19 Revaluation Reserve

|  | 31 July 2011<br>£000 | 31 July 2010<br>£000 |
|--|----------------------|----------------------|
| Balances as at 1 August 2010                     | 11,544               | 11,923               |
| Impairment of fixed asset value                  | (1,037)              | -                    |
| Released in year to Income & Expenditure Account | (378)                | (379)                |
| <b>At 31 July 2011</b>                           | <b>10,129</b>        | <b>11,544</b>        |

20 Income and Expenditure Account

|   | General<br>Funds<br>£000 | Departmental<br>Balances<br>£000 | Total<br>£000 |
|---|--------------------------|----------------------------------|---------------|
| Balances as at 1 August 2010            | 1,829                    | 19                               | 1,848         |
| Deficit after depreciation at valuation | (812)                    | -                                | (812)         |
| Transfer from pension reserve           | 57                       | -                                | 57            |
| Transfer from departmental balances     | (89)                     | 89                               | -             |
| Release of Revaluation Reserve          | 378                      | -                                | 378           |
| <b>At 31 July 2011</b>                  | <b>1,363</b>             | <b>108</b>                       | <b>1,471</b>  |

21 Pension reserve

|  | £000    | £000           | Total<br>£000  |
|--|---------|----------------|----------------|
| Balances as at 1 August 2010             | -       | (3,704)        | (3,704)        |
| Employer contributions                   | 817     | -              | 817            |
| Current service cost                     | (851)   | -              | (851)          |
| Interest cost                            | (1,004) | -              | (1,004)        |
| Return on employer assets                | 981     | (57)           | (57)           |
| Actuarial gain/ (loss) in pension scheme | -       | 1,069          | 1,069          |
|  |         | <b>(2,692)</b> | <b>(2,692)</b> |

NOTES TO ACCOUNTS - continued

| 22 Reconciliation of operating surplus/(deficit) to Net Cash Flow from Operating Activities | <i>Notes</i> | 31 July 2011<br>£000 | 31 July 2010<br>£000 |
|---|--------------|----------------------|----------------------|
| Surplus/(deficit) after depreciation of assets at valuation                                 |              | (803)                | (191)                |
| Depreciation  | 11           | 2,057                | 2,107                |
| Impairment of fixed assets  |              | 596                  | -                    |
| Deferred grants released to income  | 17           | (1,056)              | (1,046)              |
| Endowment & investment income   |              | (166)                | (199)                |
| Interest payable  | 9            | 147                  | 93                   |
| Increase in stock   |              | (1)                  | 2                    |
| (Increase)/decrease in debtors  |              | 510                  | (74)                 |
| Increase in creditors   |              | 1,096                | 2,254                |
| Increase / (decrease) in provisions   | 16           | (102)                | (174)                |
| <b>Net cash inflow from operating activities</b>  |              | <b>2,278</b>         | <b>2,772</b>         |

  

| 23 Returns on Investments and Servicing of Finance                          |    | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|---|----|------------------------------------|------------------------------------|
| Income from endowments  | 18 | 158                                | 174                                |
| Interest received on current accounts                                       |    | 8                                  | 25                                 |
| Interest paid on long term loans  | 9  | (90)                               | (93)                               |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |    | <b>76</b>                          | <b>106</b>                         |

  

| 24 Capital Expenditure and Financial Investments                                    | <i>Notes</i> | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|---|--------------|------------------------------------|------------------------------------|
| Payments to acquire tangible assets   | 11           | (5,825)                            | (5,472)                            |
| Payments to acquire endowment investments   |              | (700)                              | (689)                              |
| Deferred capital grants received  | 17           | 6,106                              | 1,980                              |
| Receipt from sale of endowment investments  |              | 659                                | 747                                |
| Endowments received in year   |              | 365                                | -                                  |
| <b>Net cash inflow/(outflow) from capital expenditure and financial investments</b> |              | <b>605</b>                         | <b>(3,434)</b>                     |

  

| 25 Financing                           |  | Year Ended<br>31 July 2011<br>£000 | Year Ended<br>31 July 2010<br>£000 |
|--|--|------------------------------------|------------------------------------|
| Capital element of loan repayments     |  | (44)                               | (62)                               |
| <b>Net cash outflow from financing</b> |  | <b>(44)</b>                        | <b>(62)</b>                        |

NOTES TO ACCOUNTS - continued

26 Analysis of Changes in Net (Debt)/Funds

|                           | <i>Notes</i> | As at<br>1 Aug 2010<br>£ 000 | Cash Flow<br>£ 000 | Other<br>Changes<br>£ 000 | As at<br>31 July 2011<br>£ 000 |
|---------------------------|--------------|------------------------------|--------------------|---------------------------|--------------------------------|
| Endowment Assets          | 12           | 268                          | 333                | -                         | 601                            |
| Cash in hand, and at bank |              | 2,568                        | 2,582              | -                         | 5,150                          |
|                           |              | 2,836                        | 2,915              | -                         | 5,751                          |
| Due within one year       | 15           | (63)                         | -                  | -                         | (63)                           |
| Due after one year        | 15           | (1,572)                      | 44                 | -                         | (1,528)                        |
| <b>Total</b>              |              | <b>1,201</b>                 | <b>2,959</b>       | <b>-</b>                  | <b>4,160</b>                   |

27 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 2011 the School received income from GSA Enterprises of £73,000 (2009/10 £77,000) 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

The total income receivable from CDDV during the year was £377,000 (2009/10 £Nil) with £291,000 (2009/10 £Nil) included in debtors at the year end.

28 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 cost of the SPF scheme was £817,000 (2009/10- £718,000) and the cost of the STSS was £669,000 (2009/10 £607,000).

**Strathclyde Pension Fund (SPF)**

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

A valuation of the School's benefit obligations in respect of its members has been estimated by a qualified independent actuary based on the 31st March 2008 valuation results, rolled forward into the FRS17 assumptions as at 31 July 2011. The employer contribution rate for the period from 1 August 2010 to 31 July 2011 was 18.5% of pay. The employee contribution rate was variable during 2010-11 depending upon the individual level of remuneration. The range was from 5.5% to 10.4%. There were no outstanding pension contributions at the year end.

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

| <b>Financial assumptions</b> | <b>31 July 2011</b> | <b>31 July 2010</b> |
|------------------------------|---------------------|---------------------|
| Pension increase             | 2.70%               | 2.90%               |
| Salary increase rate         | 5.00%               | 4.90%               |
| Expected return on assets    | 6.40%               | 6.60%               |
| Discount rate                | 5.30%               | 5.40%               |

**Mortality assumptions**

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

|                    | <b>Male</b> | <b>Female</b> |
|--------------------|-------------|---------------|
| Current pensioners | 20.6 years  | 23.9 years    |
| Future pensioners  | 22.6 years  | 26.0 years    |

NOTES TO ACCOUNTS - continued

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

|          | 2011           | Value         | 2010           | Value         |
|----------|----------------|---------------|----------------|---------------|
|          | rate of return | £000          | rate of return | £000          |
|          | %              |               | %              |               |
| Equities | 7.00%          | 12,714        | 7.20%          | 10,944        |
| Bonds    | 4.70%          | 2,175         | 4.80%          | 2,043         |
| Property | 5.10%          | 1,004         | 5.30%          | 1,021         |
| Cash     | 4.00%          | 836           | 4.40%          | 584           |
|          |                | <u>16,729</u> |                | <u>14,592</u> |

History of plan

|   | 31 July 2011   |
|---|----------------|
|   | £000           |
| Fair value of plan assets                   | 16,729         |
| Present value of funded benefit obligations | (19,421)       |
| Net liability                               | <u>(2,692)</u> |

Movements in fair value of plan assets

|                                       | 31 July 2011  |
|---------------------------------------|---------------|
|                                       | £000          |
| Opening value                         | 14,592        |
| Expected return on assets             | 981           |
| Contributions by members              | 321           |
| Contribution by employer              | 817           |
| Actuarial gains / (losses)            | 595           |
| Benefits paid                         | (577)         |
| Closing fair value of employer assets | <u>16,729</u> |

Movements in present value of defined benefit obligation

|                                       | 31 July 2011  |
|---------------------------------------|---------------|
|                                       | £000          |
| Opening value                         | 18,296        |
| Current service cost                  | 851           |
| Interest cost                         | 1,004         |
| Contribution by members               | 321           |
| Actuarial gains / (losses)            | (474)         |
| Benefits paid                         | (577)         |
| Closing fair value of employer assets | <u>19,421</u> |

Recognition in the income and expenditure

|                                    | 31 July 2011 |
|------------------------------------|--------------|
|                                    | £000         |
| Current service cost               | 851          |
| Interest cost                      | 1,004        |
| Expected return on employer assets | (981)        |
| Total pension cost recognised      | <u>874</u>   |

The School expects to contribute approximately £886k to the Strathclyde Pension Fund in the next financial year.

NOTES TO ACCOUNTS - continued

|   |                       |
|---|-----------------------|
| Recognition in the statement of recognised gains and losses (STRGL) | 31 July 2011<br>£000  |
| Actuarial gains / (losses) on asset fair value                      | 595                   |
| Actuarial gains / (losses) on defined benefit obligation            | 474                   |
| Pension liability opening balance 1st August 2010                   | (3,704)               |
| <b>Total recognised in STRGL</b>                                    | <b><u>(2,635)</u></b> |

The cumulative amount of actuarial losses recognised in the STRGL is £1,069,000

**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 2010 to 31 July 2011 was 14.9% of pay. The employee contribution rate was 6.4% during 2010/11. The scheme is an unfunded scheme and it is not intended that the scheme will have a level of financial assets which match the liabilities of the scheme. The full actuarial review of the scheme is available from the Government Actuary's Department. There were no outstanding pension contributions at the year end.

**29 Post Balance Sheet Events**

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

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| <b>30 Capital Commitments</b>                 | <b>31 July 2011</b><br>£000 | <b>31 July 2010</b><br>£000 |
| Committed and contracted as at 31st July 2011 | <u>-</u>                    | <u>-</u>                    |

**31 Contingent Liabilities**

There were no contingent liabilities at the balance sheet date.

**32 Bursary and Other Student Support Funds**

|  | Hardship | Childcare | 2010 - 2011<br>Total | 2009 - 2010<br>Total |
|--|----------|-----------|----------------------|----------------------|
|  | £000     | £000      | £000                 | £000                 |
| Balance brought forward at 1 August 2010 | 7        | -         | 7                    | (3)                  |
| Funds received in year                   | 111      | 21        | 132                  | 102                  |
| Expenditure                              | (115)    | (21)      | (136)                | (92)                 |
| Balance carried forward at 31 July 2011  | <u>3</u> | <u>-</u>  | <u>3</u>             | <u>7</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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