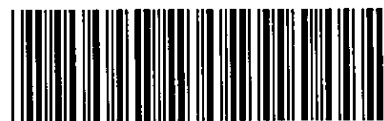


**THE GLASGOW SCHOOL OF ART  
(Company Register No.SC002271)  
ANNUAL REPORT AND ACCOUNTS  
YEAR ENDED 31 JULY 2013**

**Contents:**

Office Bearers and Governors .....	1
Directors' Report .....	2 to 9
Chair's Statement .....	3 to 6
Operating and Financial Review .....	7 to 9
Corporate Governance .....	10 to 12
Governors' Biographies .....	13 to 16
Responsibilities of the Governing Board .....	17
Independent Auditor's Report .....	18 to 19
Consolidated Income and Expenditure Account .....	20
Consolidated Statement of Historical Cost Surpluses and Deficits .....	20
Consolidated Statement of Total Recognised Gains and Losses .....	21
Consolidated and School Balance Sheets .....	22
Consolidated Cash Flow Statement .....	23
Statement of Principal Accounting Policies .....	24 to 26
Notes to Accounts .....	27 to 40

THURSDAY



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COMPANIES HOUSE

**A COMPANY LIMITED BY GUARANTEE (Company Register No.SC002271)**

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

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

## Directors' Report

### Board of Governors & Directors

#### Governors Ex Officiis

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

#### Appointed by the Governing Board

	Ms Sharon Bamford BA (Hons) MBA* (until December 2013)	
A,I,N,R	Ms Alison Lefroy Brooks BA (Hons) ACA MCT*	
B,E,I	Mr Douglas Brown BA(Hons) Dipl Arch (Oxford) FRIAS RIBA*	
A	Dr Janet Brown BSc PhD FInstP FRSE*	
B	Mr Bob Downes DipTP, B.Phil * (until June 2013)	
	Ms Roberta Doyle BA* (until April 2013)	
B,E,N,R	Ms Muriel Gray BA (Hons) (from December 2013)*	
	Dr Simon Groom MA (Hons) PhD*	
B	Mr Daniel Ibbotson BA (Hons)*	
	Mr Douglas Kinnaird BA CA*	
B,E,N	Ms Eleanor McAlister OBE MA MSc FRSA*(temporarily stood down during 2012/13)	
H,N	Mrs Linda McTavish CBE MA(Hons)*	
E	Ms Christa Reekie Mag.phil Dip Ed LLB Dip NP *	
B,E,I,N,R	Mr Philip Rodney LLB* (until December 2013)	
B	Mr Ken Ross OBE*	
A,B,I,N,R	Sir Muir Russell KCB FRSE*	
	Ms Lesley Thomson (from June 2013)*	
M,N	Professor Alison Yarrington BA(Hons) PhD FRSE FSA FRSA *	

#### Elected Members

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

#### Secretary to the Board of Governors

B,E,H,I	Mr Eliot S Leviten BSc (Hons) FCA	Secretary to the Board of Governors
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**A** – Member of Audit Committee  
**E** – Member of Estates Committee  
**I** – Member of Investment Committee  
**N** – Member of Nominations Committee

**B** – Member of Business Committee  
**H** – Member of Human Resources Committee  
**M** – Member of Museum & Archive Committee  
**R** – Member of Remuneration Committee

\* denotes Independent Board Members

## Chair's Statement

The academic year to 31 July 2013 has been marked by both continued success and anticipation, with the announcement in September 2012 that Professor Seona Reid, would be standing down as Director of the School after 14 years. Seona Reid's legacy is most visibly articulated in the first phase of the GSA's campus redevelopment and, over the past twelve months, construction of the Phase 1 building, designed by Steven Holl Architects (New York) and JM Architects (Glasgow), has progressed rapidly. The School remains on target to occupy the building during Academic Year 2013/14.

Maintaining and building on the significant achievements of the GSA during Professor Reid's tenure was a key consideration in the appointment and selection of the GSA's next Director. The GSA is widely recognised as one of Europe's pre-eminent university-level institutions for specialist practice-led, studio-based education in the visual creative disciplines. This is grounded in the substantial contribution our staff, students and graduates make to the cultural, social and economic life of Glasgow, Scotland and more widely across the UK and internationally. It is one of our unique strengths and in the undoubtedly challenging environment for higher education over the next few years, provides the foundation on which the GSA's next Director can build the School's future success.

After an extensive international search, in April 2013 the Board appointed Professor Tom Inns as the GSA's 20<sup>th</sup> Director. Professor Inns was formerly the Dean of Duncan of Jordanstone College of Art & Design. He joined GSA in September 2013. The unanimous view of the search committee was that Tom Inns was the outstanding candidate. I am sure that he will make an enormous and positive impression on GSA in years to come. I would also like to thank the search committee for the exceptional job that they performed in the recruitment process.

### Strategic Plan – GSA2025

Academic Year 2012-13 was the first year of the GSA's new strategic plan GSA2025. The plan, while setting a longer term ambition for the School to 2025, has focused the delivery of achieving the ambition to smaller Milestone Plans of 3-year duration. This allows the School to adapt and address the inevitable challenges and changes in leadership, context and operating environment that will inevitably occur to 2025.

The first Milestone Plan 2012-15 is organised around the key themes of learning and teaching, research and knowledge exchange and our contribution to the wider community, and supporting themes focusing on our people and our organisation. The Milestone Plan has four key drivers:

- The 'Distributed Academy' delivering educational programmes in partnership with others locally, nationally and internationally
- The further development of the Graduate School
- Our Research and its growing impact
- The application of, and engagement with, digital technology.

And the first Operational Plan 2012-13 has focused on a number of developmental and scoping projects to provide the foundation to deliver against these key drivers which will influence our future growth and academic direction.

### Finance

The Group made an operating surplus of £235k (£576k surplus on a historic cost basis). Capital expenditure rose from £12.2m last year to £21.0m as a consequence of moving into the final stages of the estates redevelopment project. Cash balances have increased from £5.1m to £5.9m.

### Research and knowledge transfer

Research income during the past year decreased from £2.62m to £2.38m. However, there have been some recent new contracts agreed that will give rise to an increase in this figure over the coming year.

### Student Recruitment

The trend of recent years has continued and the GSA has performed well in the recruitment and admissions cycle for entry in 2013/14, reflecting activity undertaken during the Academic Year 2012/13. In an increasingly competitive and complex higher education market we maintained and increased the growth in applications, with applications for entry in 2013 increasing by 11% in respect of undergraduate applications and 34% for postgraduate applications. Our international applications also increased by 6% and 41% respectively.

Our undergraduate applications from students from the European Union reduced by 17%, reflecting a rebalancing of the EU application market following the embedding of fees in the rest of the UK. EU postgraduate applications rose by 19%.

## **Chair's Statement continued**

2012/13 was also the second recruitment cycle for the GSA's new academic programmes delivered in Singapore in partnership with Singapore Institute of Technology and Temasek Polytechnic. Building on a very successful first recruitment cycle and first academic year, interest in the programme continues to grow with an increase in applications ensuring we will meet and exceed our Year 2 enrolment targets.

### **Quality and External Benchmarks**

During Academic Year 2011/12 the QAA confirmed that GSA's ELIR (Enhancement-Led Institutional Review) will be undertaken in Term 2 of 2014. Over the past academic year the GSA's ELIR Team consisting of senior staff and representation from across the School has focused on the development of the GSA's Reflective Analysis document, which will be submitted in Academic Year 2013/14.

Preparations for the GSA's submission to the Research Excellence Framework continued with two 'Mock REF' exercises being undertaken. These highlighted areas of strength and further development, providing the framework for the GSA final submission in November 2014.

Overall satisfaction in the Undergraduate National Student Survey 2013 improved and was the highest we have achieved, standing at 80%. Overall satisfaction has risen steadily since we first entered the NSS in 2009, reflecting the actions we have taken over the years to address the concerns which were highlighted by our students through this survey and our other feedback mechanisms. At Postgraduate level the School participated in the Postgraduate Taught Experience Survey (PTES) for the second year. Overall satisfaction increased by 9.5% to 69.7%. At both undergraduate and postgraduate levels, further improvement of our results remains a priority for GSA and the Deputy Director and Director of Academic Development continues to lead the work required for this purpose in conjunction with the Heads of School.

Our student retention remains amongst the highest in the UK. We have consistently maintained a high level of student retention and figures from the Higher Education Statistics Agency show the GSA's retention at 96.8%. Our graduate destinations continue to be varied with the success of our alumni testimony to that diversity. The annual survey of Destination of Leavers in Higher Education, conducted six months after graduation, shows that 89.8% of GSA graduates were in employment or further study.

### **Sustainability**

The staff and student-run Sustainability in Action Group is working across the School to drive forward environmental issues within the curriculum and across the School's operations. The GSA community is being encouraged to reduce energy, water and resource use, and supported to explore how Scotland's future artists, designers and architects can react to, work with and communicate climate change in a positive, creative way.

### **Real estate progress**

Our ambitious plans for the redevelopment of the Garnethill Campus were reinforced with the launch of the GSA's Development Trust in September 2012. The Trust is charged with securing philanthropic support for Phase 2 of our campus redevelopment, providing a new Graduate School and Research Building.

The first phase of the redevelopment of the Garnethill Campus is nearing completion. The Phase 1 building was formally topped out in April 2013 and is scheduled for occupation in Term 2 of 2013/14. Following discussion at the Board, the building, designed by Steven Holl Architects from New York working with Glasgow's JM Architects and Arup, will be named the Reid Building in recognition of Professor Seona Reid's significant contribution to the realisation of the Phase 1 building and her wider contribution to the School.

We continued our investment, with the support of a number of statutory bodies and charitable trusts, in the on-going maintenance and restoration of the Mackintosh Building. Work commenced on the installation of a fire suppression system and the Library windows, one of the building's most iconic elements, underwent extensive refurbishment. Both projects will be completed during the next academic year.

## Chair's Statement continued

### Student, graduate and staff successes

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

In a year of firsts for the GSA:

- the Inaugural Graduate Degree Show opened at The Lighthouse, Scotland's centre for Architecture and Design in September 2012;
- GSA's first overseas campus, GSofA Singapore launched in partnership with Singapore Institute of Technology;
- the GSA's Institute of Design Innovation was launched, reinforcing the GSA's reputation as an international centre of excellence in research and knowledge exchange; and
- the Digital Design Studio (DDS) launched its groundbreaking 3D Digital Head and Neck Platform, allowing students and clinical trainees to interact with a 3D anatomy model in real time. Commissioned by NHS Education Scotland, the Head and Neck Platform is the most accurate model of this section of the body in the world.

MFA alumni Duncan Campbell, Hayley Tompkins and Corin Sworn were chosen to represent Scotland at the Venice Biennale 2013.

BBC Imagine: a documentary featuring GSA alumni and looking at the Glasgow art scene was screened, with viewing figures of over 950,000.

The Glasgow School of Art won best Visitor Attraction at the 2013 Visit Scotland Thistle Awards.

Professor Seona Reid was a finalist in three categories and won Public Sector Director award at the Institute of Directors Scotland Awards.

GSofA Singapore tutor Chrissie Choo's film 'Silent Sins' was selected to screen at the Cannes Film Festival.

Mackintosh School of Architecture alumna Sarah Lewis was named as one of the Top Women in Sustainable Architecture and Clare Wright was nominated for the Architects' Journal's Woman Architect of the Year Award.

Communication Design alumnus Lu Sisi won the prestigious and lucrative Sky Arts Futures Fund award, securing £30,000 to develop his work.

Ian Callum, alumnus and Design Director for Jaguar, was honoured with the prestigious BritWeek Design Icon Award at the Christopher Guy Design Event in West Hollywood. Callum was recognised for his significant contributions to British design, and also picked up Interior Design of the Year at the Automotive Interiors Expo Awards.

Product Design Engineering alumnus William Mitchell of 4c Design, Glasgow has created the Queen's Baton for the Glasgow 2014 Commonwealth Games, embellished by jewellers from GSA. The baton will visit all 71 competing nations and territories and, after a tendering process that drew bids from across the world, 4c Design was chosen. The Queen's Baton serves a similar function to the Olympic torch and is taken across the Commonwealth in the run-up to the games.

Dan Watson won the international James Dyson Award 2012 for SafetyNet, created whilst a PDE student at GSA.

Student projects from GSofA Singapore won 5 awards at the Crowbar Awards, the Association of Accredited Advertising Agents, Singapore's annual platform for emerging young 'creatives'.

Fine Art Photography alumnus Jonny Barrington was nominated for a BAFTA award for Best Short Film for 'Tumult'.

Textiles alumnus and 2013 Honorary Graduate Jonathan Saunders won the Emerging Talent in Menswear award at the British Fashion Awards and Beyonce sported one of his outfits on the front cover of Vogue magazine.

Fine art alumni Hyojun Hyun, Alex Millar and Theresa Moerman Ib were featured in the Catlin Guide 2013, an annual publication celebrating just 40 of the UK's most promising art school graduates from across the UK.

Hamish Dobbie (Silversmithing and Jewellery 2013) won the Weston Beamer award at the New Designers showcase in London.

## Chair's Statement continued

Final year student Ewan Murray was one of ten artists shortlisted for the inaugural Woon Foundation Painting & Sculpture Art Prize 2012-13. The major new arts prize - worth an annual total of £40,000 - offers the winner a £20,000 bursary and a Fellowship at the BxNU Institute for Contemporary Art at BALTIC 39 in Newcastle.

MSA student David O'Reilly was the only UK winner out of seven winners of the 2013 Archiprix, generally regarded as the most prestigious architectural student award in the world.

### Board of Governors

The Board continued to offer invaluable advice and guidance to the School. In addition to overseeing the appointment of the successor to Seona Reid as Director and monitoring the construction of the School's major new building, the Board also participated in the sector-wide consultation process which led to publication of the Scottish Code of Good Practice in Higher Education Governance. Roberta Doyle and Bob Downes left the Board, having made valuable contributions to the work of the Board and its committees. Lesley Thomson (of Liddell Thomson) was appointed a Governor in April 2013 and several existing Governors were reappointed for further terms of office.

With effect from 1 December 2013, Philip Rodney stepped down as Chairman and Governor, and Muriel Gray has taken up the position. Muriel Gray is a graduate of GSA and has worked across the creative industries with great acclaim as writer and broadcaster. As such, she will be a great asset to the School in years to come.

### Staff

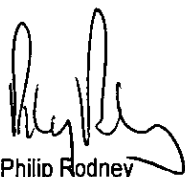
In addition to the announcement that Professor Seona Reid would be stepping down as Director after 14 years, 2012/13 also saw Professor Roger Wilson, Head of the School of Fine Art stand down and be replaced, in an acting capacity by Dr Alistair Payne, Programme Leader in Fine Art. Other appointments included Thomas Greenough, Head of International Academic Development, John Thorne, Sustainability Coordinator, Barbara Ridley, Deputy Head of the School of Design, Dr Madeline Sclater, Head of Graduate School and John Ayres, Head of Technical Services.

Our staff are one of the GSA's most valuable assets and on behalf of the student body, as well as on behalf of the Board, we would again 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 the Director and the Executive team. They have delivered a year of significant achievement, growth and progress which we are confident will be sustained going forward.

### Students

An institution such as the GSA has no relevance without its students. They impact on the School and the City in a way which is beyond their involvement or engagement as students, contributing their talent, commitment and enthusiasm. As creative people they contribute to the heartbeat which ensures that the GSA will continue to be a very special place and these assets make the School a rich and pleasurable environment and perpetuate its reputation.

But our staff and students do not contribute in isolation and are supported in this through the support of our many friends, donors and supporters. We value this partnership and the immeasurable contribution this makes to the cultural, social and economic life of not only Glasgow and Scotland, but UK-wide and, indeed, internationally.



Philip Rodney  
Chair 2012/13  
12 December 2013

## Operating and Financial Review

### Results for the year ended 31 July 2013

#### Status and Mission

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

#### Income & Expenditure Account

The Income and Expenditure Account on page 20 shows a surplus of £576k (£184k 2011/12) on a historical cost basis and a surplus of £235k (£155k deficit 2011/12) on a revaluation basis, for the year ended 31 July 2013 as commented on in the Chair's statement.

#### Balance Sheet

The total net assets of the Group increased by £21,899k to £64,144k and the cumulative Income and Expenditure Account reserve increased from £1,416k as at 31 July 2012 to £2,179k as at 31 July 2013. Cash balances have remained steady throughout the year as we continue with 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.

KPI measures	Actual 2010/11	Actual 2011/12	Actual 2012/13	Target 2012/13
Philanthropic support - cumulative	£3.2m	£3.6m	£3.6m	£4.0m
% Income non SFC	36%	40%	39%	35%
Total Research & KTP income	£2.4m	£2.6m	£2.2m	£2.5m
Value of overseas student income	£3.1m	£3.2m	£4.0m	£3.6m
% PG students***	16%	18%	19%	23%
UG Applicants:enrolments	10:1	9.5:1	9.8:1	9.4:1
% Positive student feedback NSS	73%	77%	80%	80%
% Graduates in education/working after 6 months*	****	89%	89%	89%
% Students from under-represented groups	18%	19%	19%	16%

\*\*\* Includes Diploma students

\*\*\*\* HESA did not publish a result for GSA owing to the response rate not meeting the submission threshold.

The KPIs and Targets shown above were contained in the School's 2008-2012 Strategic Plan. New KPIs and Targets for the period 2013-2015 are contained in the School's new Strategic Plan.

#### Endowment Assets

The return on Endowment asset Investments comprising dividend and bank interest, was 7.05%, compared with 7.12% last year. The market value of the total Endowment assets held by the School rose from £2,865k to £3,246k an increase of £381k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

#### Capital Projects

Capital Expenditure in the year was £21,014k, up on the previous year's figure of £12,286k. This reflects the continuing work carried out as part of the Garnethill Estates development project.



## **Operating and Financial Review – continued**

### **Cash Flow**

The Cash Flow Statement shows a net outflow of £13,064k in the financial year (2011/12 outflow £81k). This is a consequence of the SFC funded loan creditor ( £13,756k) being included as part of the net funds figure (see note 27).

### **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 2013 the School had an average of 26 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 significant sums on deposit with its main banker.

#### **Risk Register**

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

### **Future Developments**

#### **Funding**

Although the outlook for public sector funding for 2013/14 and onwards is very challenging, the School has obtained a substantial funding settlement which will secure its immediate future. The School will continue to consider a variety of funding scenarios and the associated steps necessary to ensure that the School will remain financially sustainable.

#### **Estate**

As referred to in the Chairman's Statement the £50m Scottish Funding Council funded redevelopment of the School's estate is expected to be completed during 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 second person within Knowledge Exchange; 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.

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

#### Disclosure of information to auditors

The members of the Board of Governors who held office at the date of approval of these financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the School's auditors are unaware; and each member of the Board of Governors has taken all the steps that he/she ought reasonably to have taken as a Member of the Board of Governors to make himself/herself aware of any relevant audit information and to establish that the School's auditors are aware of that information.



Professor Tom Inns  
Director

12 December 2013



Mr Eliot S Leviten  
Director of Finance and Resources

## Corporate Governance Statement

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

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

The Board of Governors comprises lay and academic persons appointed under the Statutes of the School. The majority of Governors are non-executive and independent, serving alongside ex-officio and elected staff and student Governors. Lay Governors are not remunerated. Governors are appointed for a term of office not exceeding three years, at the conclusion of which they may be reappointed for up to two further terms. 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 Board is responsible for the appointment of the Director, Deputy Director and the Director of Finance and Resources (Company Secretary).

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

The Business 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 School's estate. The Business Committee normally meets five times per annum.

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

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

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

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

The Estates Committee is responsible for overseeing the development and implementation of the School's Estate Strategy and usually meets five times per annum.

## **Corporate Governance Statement – continued**

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

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

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

### **Quality Assurance**

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

### **The Directorate**

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

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

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

The Director of Finance and Resources is responsible for financial, estates, and IT 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
	5	4	5	5
Kerry Aylin	3/5	-	-	-
Sharon Bamford	4/5	-	-	-
Alison Lefroy Brooks	4/5	4/4	-	-
Douglas Brown	5/5		5/5	5/5
Janet Brown	2/5	2/4	-	-
Bob Downes	5/5	-	-	4/5
Roberta Doyle (until April 2013)	2/4	-	-	-
Linda Drew	5/5	-	-	4/5
Simon Groom	2/5	-	-	-
Daniel Ibbotson	2/5	-	-	2/5
Douglas Kinnaird	4/5	-	-	-
Eleanor McAlister **	-	-	-	-
Linda McTavish	3/5	-	-	-
Ken Neil	5/5	-	-	-
Nicholas Oddy	3/5	-	-	-
Christa Reekie	4/5	-	4/5	-
Seona Reid	5/5	4/4*	5/5	5/5
Philip Rodney	5/5	3/4*	2/5	3/5
Ken Ross	3/5	-	-	5/5
Sir Muir Russell	5/5	4/4	-	4/5
Sam De Santis	5/5	-	5/5	5/5
Lesley Thomson (from June 2013)	1/1	-	-	-
Alison Yarrington	2/5	-	-	-
Eliot Leviten, Company Secretary	5/5	4/4*	5/5	5/5

\* denotes attendee ( not full member)

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

Ms Muriel Gray  
Chair  
12 December 2013



## Governors' Biographies

### **Mr Philip Rodney LLB**

#### **Chair (until December 2013)**

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

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

#### **Chair of the Board of Governors (from December 2013)**

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

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

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

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

#### **Director (until August 2013)**

Seona was appointed Director in 1999, having served as Director of the Scottish Arts Council for nine 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 was a member of Universities Scotland Executive Committee and is a board member of Cove Park. In April 2011 she was appointed as Deputy Chair of the National Heritage Memorial Fund / Heritage Lottery Fund and Chair of the Scottish Committee and is Scottish Commissioner to the Fulbright Commission. 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.

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

#### **Director (from September 2013)**

Professor Tom Inns studied Engineering at Bristol University and completed his Masters in Industrial Design Engineering at the Royal College of Art. In 1990 he was a co-founder of the Design Research Centre at Brunel University, becoming Director in 1996. He completed his PhD in 1998 and moved to Duncan of Jordanstone College of Art and Design (DJCAD) in Dundee as Professor of Design in 2000, becoming Head of the School of Design in 2001. In 2004 he was appointed as Director of the AHRC/EPSRC funded Designing for the 21st Century Research Initiative. Over a five-year period he led this £6.5 million initiative, co-ordinating the work of 41 design research projects in universities across the UK. In 2010 he was appointed as Dean of DJCAD, a school with 1200 students studying across the spectrum of Art & Design disciplines. He took up the post of Director at The Glasgow School of Art in September 2013.

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

#### **Vice-Chair**

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

## **Governors' Biographies continued**

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

#### **Vice-Chair**

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

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

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

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

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

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

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

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

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

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

### **Dr Janet Brown BSc PhD 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.

### **Mr Bob Downes DipTP, B.Phil. (until June 2013)**

Bob Downes is Deputy Chair of the Scottish Environmental Protection Agency, Non-Executive of Care Visions Group and works with a number of small technology businesses. Until 2011 he was a Director with BT Group where he served in a wide variety of executive roles, most recently with Openreach. Previous to 1999 he was a Director in Scottish Enterprise and before that of Conran Roche, a London based creative consultancy. He is also a member of the Advisory Board for the Adam Smith Business School at Glasgow University, Scotrail Advisory Board and the Scottish Ensemble. 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 and the Flax Trust in Belfast. Bob is a graduate of Duncan of Jordanstone College of Art.

## Governors' Biographies continued

### **Ms Roberta Doyle BA (until April 2013)**

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.

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

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

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

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

### **Mr Douglas Kinnaird BA CA**

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

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

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

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

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

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

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



## Governors' Biographies continued

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

Nicholas studied at Edinburgh College of Art and was awarded a scholarship to the Royal College of Art and Victoria & Albert Museum to study design history. He taught at Teesside and Duncan of Jordanstone before joining Glasgow School of Art in 1993 where other roles have included representative of the Design History Society and President of the GSA UCU. His research interests focus on late 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.

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

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

### **Mr Kenneth Ross OBE**

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

### **Mr. Sam De Santis BA (Hons)**

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

### **Ms Lesley Thomson**

Lesley is a founding Director of the Liddell Thomson Consultancy. She is an experienced communications professional working across the private, public and third sectors. Lesley is often commissioned to design and facilitate planning sessions for boards or executive teams seeking to develop business, communication or brand strategies. Her experience spans projects for the Scottish Government, banking and financial services, government agencies, local authorities and academia as well as major private sector-led developments. Lesley is a member of the Academy of Urbanism, Trustee of the Dewar Arts Awards and a member of the steering group of the Scotland/Pakistan Network. She is a former Trustee of Birmingham Royal Ballet and former Council member of both the CBI Scotland and Scottish Arts Council. She is a former Chair of The Arches, Vice Chair of Scottish Ballet and has served on the Board of Scottish Opera.

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

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

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

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

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

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

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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:

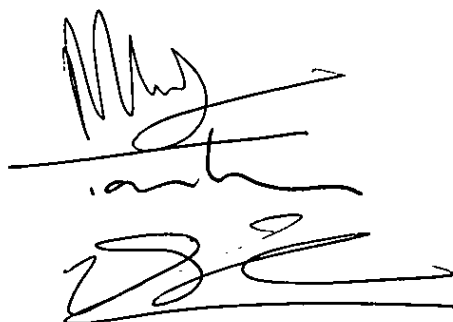
- so far as we are aware, there is no relevant audit information of which the School's auditors are unaware; and
- as Governors of the School we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the School's auditors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

By order of the Board

Ms Muriel Gray  
Chair of the Board of Governors

Professor Tom Inns  
Director

Mr Eliot S Leviten  
Director of Finance and Resources



12 December 2013

## **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 for the year ended 31 July 2013 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits, the consolidated and School's balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body, in accordance with section 44(1)c of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and under Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Board of 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 Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

A description of the scope of an audit of financial statements is provided on the 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 consolidated and School's affairs as at 31 July 2013 and of the incoming resources and application of resources, including its consolidated income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

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

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

### **Opinion on other matters**

In accordance with the Scottish Funding Council's Financial Memorandum January 2006, we are required to report to you whether, in our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation, and any other terms and conditions applied to them, and
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum and the mandatory requirements attached to the Financial Memorandum.

## 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 Charity Accounts Regulations 2006 (as amended) and the Companies Act 2006 requires us to report to you if, in our opinion:

- the School has not kept proper and adequate accounting records, 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.

Grant Thornton UK LLP

David Barnes  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

December 2013

Grant Thornton LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**THE GLASGOW SCHOOL OF ART**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
For the year ended 31 July 2013

	<i>Notes</i>	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Council Grants	1	13,078	10,511
and education contracts	2	8,036	6,803
grants and contracts	3	2,362	2,625
ne	4	3,307	3,090
and Investment income	5	371	274
		<hr/>	<hr/>
me		27,154	23,303
		<hr/>	<hr/>
EXPENDITURE			
Costs	6	15,604	13,772
of restructuring costs		-	142
valuation	6	-	290
on	12	1,959	1,824
ating expenses	8	9,021	7,360
payable	9	289	53
		<hr/>	<hr/>
Expenditure		26,873	23,441
		<hr/>	<hr/>
(deficit) on continuing operations after			
on of assets at valuation		281	(138)
		(27)	-
(deficit) on continuing operations after			
on of assets at valuation and taxation		254	(138)
ted income retained within specific endowments	19	(19)	(17)
(deficit) for the year retained within general reserves		<u>235</u>	<u>(155)</u>

ne and expenditure account is in respect of continuing activities.

**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**  
For the year ended 31 July 2013

	<i>Notes</i>	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
(deficit) on continuing operations after			
on of assets at valuation		281	(138)
se between an historical cost depreciation charge			
actual depreciation charge for the year calculated on			
lued amount	21	322	322
		<hr/>	<hr/>
cal cost surplus before taxation		603	184
		<hr/>	<hr/>
cal cost surplus after taxation		<u>576</u>	<u>184</u>

THE GLASGOW SCHOOL OF ART  
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
For the year ended 31 July 2013

	<i>Notes</i>	Year Ended 31 July 2013	Year 31 July (£)
		£000	
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and taxation		254	
Appreciation / (depreciation) of endowment asset investments	19	362	
Actuarial gain / (loss) in respect of pension scheme		2,295	
Total recognised gains / (losses) relating to the year		<u>2,911</u>	
Heritage Assets valuation incorporated	33	-	
Consolidation of subsidiary prior year reserves		-	
<b>Total recognised gains since last report</b>		<u><u>2,911</u></u>	
<b>Reconciliation of movement in funds</b>			
Opening reserves and endowments as previously stated		8,453	
Prior year adjustment		12,787	
Opening reserves and endowments as restated		<u>21,240</u>	
Total recognised gains / (losses) for the year		<u>2,911</u>	
<b>Closing reserves and endowments</b>		<u><u>24,151</u></u>	

THE GLASGOW SCHOOL OF ART  
SC002271  
BALANCE SHEETS  
As at 31 July 2013

		Consolidated	School	Consolidated	School
		2013	2013	Restated	Restated
	Notes	£000	£000	2012	2012
				£000	£000
Assets					
Assets	12	56,540	56,540	37,485	37,485
for the nation: Heritage Assets	12	12,875	12,875	12,875	12,875
at Assets	13	3,246	3,246	2,865	2,865
reater than one year	14	10,006	10,006	-	-
Assets					
		78	78	56	56
	14	8,152	7,790	2,946	2,946
nk and in hand		5,866	5,185	5,125	5,125
		<u>14,096</u>	<u>13,053</u>	<u>8,127</u>	<u>8,127</u>
amounts falling due within one year	15	(16,149)	(15,455)	(10,431)	(10,431)
at assets		<u>(2,053)</u>	<u>(2,402)</u>	<u>(2,304)</u>	<u>(2,304)</u>
ets less current liabilities		80,614	80,265	50,921	50,921
amounts falling due					
e than one year	16	(11,309)	(11,309)	(1,604)	(1,604)
s for liabilities and charges	17	(1,426)	(1,426)	(1,248)	(1,248)
s excluding pension liability		<u>67,879</u>	<u>67,530</u>	<u>48,069</u>	<u>48,069</u>
on liability	29	(3,735)	(3,735)	(5,824)	(5,824)
s including pension liability		<u>64,144</u>	<u>63,795</u>	<u>42,245</u>	<u>42,245</u>
capital grants	18	39,993	39,993	21,005	21,005
ents					
	19	2,915	2,915	2,572	2,572
	19	331	331	293	293
		<u>3,246</u>	<u>3,246</u>	<u>2,865</u>	<u>2,865</u>
on reserve	20	22,360	22,360	22,682	22,682
nd expenditure account excluding pension reserve	21	2,179	1,830	1,416	1,416
nd expenditure account departmental reserves	21	101	101	101	101
reserve	22	(3,735)	(3,735)	(5,824)	(5,824)
erves		<u>20,905</u>	<u>20,556</u>	<u>18,375</u>	<u>18,375</u>
		<u>64,144</u>	<u>63,795</u>	<u>42,245</u>	<u>42,245</u>

ompanying accounting policies and notes form part of these financial statements

ncial statements on pages 20 to 40 were approved on 12 December 2013 and signed on behalf of the Board by:



Muriel Gray Chair

Professor Tom Inns, Director



THE GLASGOW SCHOOL OF ART  
CONSOLIDATED CASH FLOW STATEMENT  
For the year ended 31 July 2013

	<i>Notes</i>	Year Ended 31 July 2013 £000	Year 31 July 2012
Cash flow from operating activities	23	(12,017)	
Returns on investments and servicing of finance	24	288	
Capital expenditure and financial investment	25	(1,186)	
Financing	26	(149)	
		<hr/>	
Increase/(decrease) in cash in the year		<u>(13,064)</u>	
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash in the period		(13,064)	
Movement in capital debt		149	
		<hr/>	
Change in net debt		(12,915)	
Net debt at 1 August		4,155	
		<hr/>	
Net funds/(debt) at 31 July	27	<u>(8,760)</u>	

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 Basis of consolidation

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

### 3 Recognition of Income

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

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

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

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

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

### 4 Pension Schemes

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

#### Strathclyde Pension Fund

The scheme is a defined benefit scheme and is accounted 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.

### 5 Land and Buildings

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

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

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

## Statement of Principal Accounting Policies continued

### 6 Assets held for the Nation: Heritage Assets

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

The carrying amount of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage. The School does not intend to dispose of heritage assets.

### 7 Investments

#### Subsidiary and associated undertakings

In the consolidated financial statements, investments in associated undertakings are stated at the School's share of their net assets. Investments in subsidiary undertakings are stated at cost less provision for impairment in the University's balance sheet.

### 8 Equipment

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

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

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

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

### 9 Leased assets

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

### 10 Investments

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

### 11 Stocks

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

### 12 Maintenance of Premises

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

### 13 Taxation Status

The School is a charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010 and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No. 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.

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

### 14 Provisions

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

## Statement of Principal Accounting Policies continued

### 15 Endowment funds

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

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

### 16 Agency arrangements

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

### 17 Foreign currencies

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

### 18 Cash flows and liquid resources

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

# NOTES TO ACCOUNTS

1 Funding Council Grants	Notes	Year Ended 31 July 2013 £000	Year 31 Ju
SFC recurrent teaching grant		7,463	
SFC research grant		1,860	
Small specialist institution grant		2,781	
Other SFC grants		545	
Deferred capital grant released in year			
Buildings	18	400	
Equipment	18	29	
		<u>13,078</u>	
2 Tuition Fees and Education Contracts		Year Ended 31 July 2013 £000	Year 31 Ju
Scottish / EU higher education students/ RUK (old fees)		2,795	
RUK students (new fees)		738	
Non EU students		4,085	
Non credit bearing courses		328	
Other contracts		90	
		<u>8,036</u>	
3 Research Grants and Contracts		Year Ended 31 July 2013 £000	Year 31 Jul
Research councils		406	
UK Charities		-	
UK governmental contracts		1,049	
Other grants and contracts		14	
UK industrial and commercial contracts		893	
		<u>2,362</u>	
4 Other Income		Year Ended 31 July 2013 £000	Year 31 July
Residences		807	
Release from deferred grants ( Non SFC)	18	479	
Other income generating activities		327	
Other income		1,694	
		<u>3,307</u>	
5 Endowment and Investment Income		Year Ended 31 July 2013 £000	Year 31 July
Income from specific endowments	19	223	
Income from general endowments	19	6	
Bank interest		142	
		<u>371</u>	

NOTES TO ACCOUNTS - continued

Staff Costs	Year Ended 31 July 2013	Year Ended 31 July 2012
The average monthly number of persons (including senior postholders) employed the School during the period, expressed as full-time equivalents, was:	Number	Number
Teaching departments	111	105
Teaching support services	79	71
Research grants and contracts	36	34
Other support services	40	36
Administration and central services	38	34
Premises	39	38
Residences	1	1
<b>Total</b>	<b>344</b>	<b>319</b>
Analysed as		
Staff on permanent contracts	323	303
Staff on temporary and other contracts	21	16
<b>Total</b>	<b>344</b>	<b>319</b>
Staff costs for the above persons:	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Wages & salaries	12,931	11,295
Social security costs	1,008	921
Pensions	1,665	1,556
	<b>15,604</b>	<b>13,772</b>
Actuarial pension revaluation	-	290
<b>Total</b>	<b>15,604</b>	<b>14,062</b>
Analysed as		
Staff on permanent contracts	14,880	13,224
Staff on temporary and other contracts	724	548
<b>Total</b>	<b>15,604</b>	<b>13,772</b>
Staff costs by activity	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Teaching departments	6,303	5,551
Teaching support services	2,573	2,250
Research grants and contracts	1,892	1,698
Other support services	1,735	1,502
Administration and central services	2,104	1,827
Premises	935	883
Residences	62	61
<b>Total</b>	<b>15,604</b>	<b>13,772</b>
The number of staff, excluding governors, who received emoluments, including pension contributions, in the following ranges was:		
£70,001 - £80,000	2	3
£80,001 - £90,000	4	2
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
	<b>10</b>	<b>8</b>

NOTES TO ACCOUNTS - continued

7 Governors' Emoluments

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

		Year Ended 31 July 2013 Number	Year 31 Ju
NIL		19	
£35,001	- £40,000	-	
£40,001	- £45,000	1	
£60,001	- £65,000	1	
£65,001	- £70,000	-	
£70,001	- £75,000	1	
£90,001	- £95,000	-	
£95,001	- £100,000	1	
£150,001	- £155,000	1	
		<u>24</u>	

The Governors' emoluments are made up as follows:

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

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

	Year Ended 31 July 2013 £000	Year 31 Ju
Highest paid Director		
The Director of the School	128	
Pension contributions	<u>25</u>	
Total	<u>153</u>	

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

NOTES TO ACCOUNTS - continued

Other Operating expenses by Activity	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
teaching departments	2,660	2,162
contracted-out lecturing services	34	10
research grants & contracts	1,128	829
teaching support services	318	300
other support services	405	480
administration and central services	1,074	681
general education	117	32
premises costs	785	719
utilities	491	490
planned maintenance	637	488
other income generating activities	135	116
catering and residence operations	557	575
operating leases	17	-
other expenses	663	478
	<u>9,021</u>	<u>7,360</u>
Other Operating expenses include:	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Auditors' remuneration:		
external audit financial statements audit	20	18
external audit other services	9	1
external audit financial statements: subsidiaries	5	5
internal audit	14	14
internal audit other services	4	4
	<u>4</u>	<u>4</u>
Interest Payable	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Mortgages and loans not repayable within five years	83	86
Net charge / (return) on pension liability	206	(33)
	<u>289</u>	<u>53</u>
Taxation	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Tax re GSofA Singapore Pte Ltd	27	-
	<u>27</u>	<u>-</u>

Surplus / (deficit) for the year

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

The School's historical cost surplus for the year was £503,000 (2011/12 £ 184,000)

NOTES TO ACCOUNTS - continued

12 a Tangible Fixed Assets

<u>Consolidated</u>	Freehold Land and Buildings £000	Asset under Construction £000	Equipment £000
<b>Valuation / Cost</b>			
At 1 August 2012	32,032	18,051	5,819
Additions at Cost	197	20,168	649
At 31 July 2013	32,229	38,219	6,468
At valuation 1995	15,889	-	-
At cost	16,340	18,051	6,468
	32,229	18,051	6,468
<b>Depreciation</b>			
At 1 August 2012	13,835	-	4,582
Charge for Year	1,435	-	524
At 31 July 2013	15,270	-	5,106
<b>Net Book Value</b>			
At 31 July 2013	16,959	38,219	1,362
At 1 August 2012	18,197	18,051	1,237
<u>School</u>	Freehold Land and Buildings £000	Asset under Construction £000	Equipment £000
<b>Valuation / Cost</b>			
At 1 August 2012	32,032	18,051	5,819
Additions at Cost	197	20,168	649
At 31 July 2013	32,229	38,219	6,468
At valuation 1995	15,889	-	-
At cost	16,340	18,051	6,468
	32,229	18,051	6,468
<b>Depreciation</b>			
At 1 August 2012	13,835	-	4,582
Charge for Year	1,435	-	524
At 31 July 2013	15,270	-	5,106
<b>Net Book Value</b>			
At 31 July 2013	16,959	38,219	1,362
At 1 August 2012	18,197	18,051	1,237

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 the continuing GSA Estates strategy which is referred to in the Chairman's statement.

Buildings with a net book value of £9,823,539 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.



NOTES TO ACCOUNTS - continued

Herited Land & Buildings

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

	2013 £000	2012 £000
Cost	15,889	15,889
Aggregate depreciation based on cost	8,157	7,751
Net book value based on cost	<u>7,732</u>	<u>8,138</u>

Assets held for the nation: Heritage Assets

	31 July 2013 £000	31 July 2012 restated £000
Valuation or cost		
Balances as at 1 August	-	-
Adjustment to valuation or cost (see note 33)	12,875	12,875
Additions	-	-
Balances as at 31 July	<u>12,875</u>	<u>12,875</u>

The heritage assets include, amongst others, the School's Charles Rennie Mackintosh furniture and art collections. It also includes the Library's rare and valuable books collection.

The valuation disclosed in the balance sheet is based on the assessment of the School's insurance replacement value for the combined collections. These insurance valuations are updated annually. In addition, individual collections are reviewed periodically to ensure the adequacy of the valuation.

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

NOTES TO ACCOUNTS - continued

13	Endowment Assets ( Consolidated and School)	31 July 2013	31 J		
		£000			
	Balances as at 1 August	2,865			
	Additions (note 25)	132			
	Disposals (note 25)	(64)			
	(Decrease) in cash balances held at fund managers	(49)			
	Appreciation of endowment asset investments	362			
	Balances as at 31 July	3,246			
	Represented by:				
	Equities (listed)	2,743			
	Bank balances (note 27)	503			
	Total	3,246			
14	Debtors	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated 31 July 2012 £000	31 Ju
	Trade debtors	353	488	562	
	Debts due from students	361	361	116	
	SFC Loan debtor within one year	3,750	3,750		
	Prepayments and accrued income	3,688	3,191	2,268	
		8,152	7,790	2,946	
	SFC Loan debtor greater than one year	10,006	10,006	-	
15	Creditors: Amounts Falling Due Within One Year	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated 31 July 2012 £000	31 Ju
	Trade creditors	2,317	1,992	1,540	
	Social security and other taxes payable	296	299	318	
	Loans (secured) (note 16)	3,820	3,820	70	
	Payments in advance	913	803	519	
	Deferred SFC funding	2,186	2,186	1,961	
	Research contracts accruals	2,735	2,735	2,779	
	Construction creditor	2,323	2,323	1,356	
	Accruals	1,559	1,297	1,888	
		16,149	15,455	10,431	

NOTES TO ACCOUNTS - continued

Debtors: Amounts Falling Due After One Year

	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated 31 July 2012 £000	School 31 July 2012 £000
Combined loan (secured)	1,296	1,296	1,439	1,439
State redevelopment loan	10,006	10,006	-	-
Construction retention	-	-	152	152
Energy efficiency loan scheme	7	7	13	13
	<u>11,309</u>	<u>11,309</u>	<u>1,604</u>	<u>1,604</u>
Instalments on the loans above are payable as follows				
Between one and two years	5,074	5,074	70	70
Between two and five years	5,406	5,406	387	387
After five years	829	829	1,147	1,147
	<u>11,309</u>	<u>11,309</u>	<u>1,604</u>	<u>1,604</u>

Details of loans:

Combined loan: Repayable by quarterly instalments until December 2026

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

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

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

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

The debtor for the future instalments receivable from them is included in debtors.

Provision for Liabilities and Charges ( Consolidated and School)

	Provision for past service pensions £000	Property lease £000	Total £000
Balances as at 1 August 2012	1,248	-	1,248
Expenditure in year	(102)	-	(102)
Provision for onerous lease	-	280	280
At 31 July 2013	<u>1,146</u>	<u>280</u>	<u>1,426</u>

The provision for past service pensions relates to unfunded enhanced early retirements given in prior years. The provision was calculated by a firm of actuaries in 2012.

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

Deferred Capital Grants ( Consolidated and School)

	Funding Council £000	Other Grants and Benefactions £000	Total £000
At 1 August 2012			
Buildings	16,064	3,896	19,960
Equipment	1,045	-	1,045
	<u>17,109</u>	<u>3,896</u>	<u>21,005</u>
Capital grants received in year			
Buildings	19,896	-	19,896
Equipment	-	-	-
	<u>19,896</u>	<u>-</u>	<u>19,896</u>
Released to Income and Expenditure			
Buildings	(400)	(479)	(879)
Equipment	(29)	-	(29)
	<u>(429)</u>	<u>(479)</u>	<u>(908)</u>
At 31 July 2013			
Buildings	35,560	3,417	38,977
Equipment	1,016	-	1,016
	<u>36,576</u>	<u>3,417</u>	<u>39,993</u>

NOTES TO ACCOUNTS - continued

19 Endowments

	Permanent £000	Expendable £000
At 1 August 2012	2,572	293
Income for year	223	6
Expenditure for year	(206)	(4)
Accumulated income retained	17	2
Appreciation of endowment asset investments	326	36
At 31 July 2013	<u>2,915</u>	<u>331</u>
Representing		
Prizes funds	2,915	-
Other funds	-	331
	<u>2,915</u>	<u>331</u>

20 Revaluation Reserve

	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated Restated 31 July 2012 £000	31 July 2012 £000
Balances as at 1 August	22,682	22,682	23,004	
Released in year to Income & Expenditure Account	(322)	(322)	(322)	
At 31 July	<u>22,360</u>	<u>22,360</u>	<u>22,682</u>	

21 Income and Expenditure Account

General Funds	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated 31 July 2012 £000	31 July 2012 £000
Balances as at 1 August	1,416	1,504	1,363	
Surplus/ (deficit) after depreciation at valuation	235	(202)	(243)	
Transfer from pension reserve	206	206	(33)	
Transfer from departmental balances	-	-	7	
Release of Revaluation Reserve	322	322	322	
At 31 July	<u>2,179</u>	<u>1,830</u>	<u>1,416</u>	
Departmental Funds	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated 31 July 2012 £000	31 July 2012 £000
Balances as at 1 August	101	101	108	
Transfer from departmental balances	-	-	(7)	
Transfer from pension reserve	101	101	101	

22 Pension reserve

	Consolidated 31 July 2013 £000	School 31 July 2013 £000	Consolidated 31 July 2012 £000	31 July 2012 £000
Balances as at 1 August	(5,824)	(5,824)	(2,692)	
Employer contributions	908	908	868	
Current service cost	(1,023)	(1,023)	(880)	
Interest cost	(1,011)	(1,011)	(1,049)	
Return on employer assets	920	920	1,094	
Actuarial gain/ (loss) in pension scheme	2,295	2,295	(3,165)	
At 31 July	<u>(3,735)</u>	<u>(3,735)</u>	<u>(5,824)</u>	

NOTES TO ACCOUNTS - continued

	Notes	31 July 2013 £000	31 July 2012 £000
Reconciliation of operating surplus/(deficit) to Net Cash Flow from Operating Activities			
Surplus/(deficit) after depreciation of assets at valuation		254	(138)
Depreciation	12	1,959	1,824
Impairment of fixed assets		-	-
Deferred grants released to income	18	(908)	(995)
Endowment & investment income		(371)	(274)
Interest payable	9	289	53
Increase in stock		(22)	27
Increase in debtors		(15,212)	(1,747)
Increase in creditors		1,816	3,033
Increase / (decrease) in provisions	17	178	189
Net cash (outflow) / inflow from operating activities		<u>(12,017)</u>	<u>1,972</u>

		Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Returns on Investments and Servicing of Finance			
Income from endowments	19	229	204
Interest received on current accounts		142	70
Interest paid on long term loans	9	(83)	(86)
Net cash inflow from returns on investments and servicing of finance		<u>288</u>	<u>188</u>

	Notes	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Capital Expenditure and Financial Investments			
Payments to acquire tangible assets	12	(21,014)	(12,286)
Payments to acquire endowment investments		(132)	(901)
Deferred capital grants received	18	19,896	10,187
Receipt from sale of endowment investments		64	835
Net cash inflow/(outflow) from capital expenditure and financial investments		<u>(1,186)</u>	<u>(2,165)</u>

		Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Financing			
Capital element of loan repayments		(149)	(76)
Net cash outflow from financing		<u>(149)</u>	<u>(76)</u>

NOTES TO ACCOUNTS - continued

27 Analysis of Changes in Net (Debt)/Funds

		As at 1 Aug 2012	Cash Flow	Other Changes	
	Notes	£ 000	£ 000	£ 000	31
Endowment Assets	13	552	(49)	-	
Cash in hand, and at bank		5,125	741	-	
		5,677	692	-	
Due within one year	15	(70)		(3,750)	
Due after one year	16	(1,452)	149	(10,006)	
<b>Total</b>		<b>4,155</b>	<b>841</b>	<b>(13,756)</b>	

28a 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 2013 the School received income from GSA Enterprises of £39,000 (2011/12 £68,000) including Gift Aid contributions

28b Subsidiary and Joint Venture Undertakings

**GSofA Singapore pte ltd**

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

Its financial results have been consolidated into the accounts for the year to 31 July 2013

The transactions between GSA and GSofA Singapore related to management costs paid from GSofA Singapore to GSA of £335k.

As at 31 July 2013, a debtor is included in the accounts of the School for this amount.

**Centre for Digital Documentation and Visualisation LLP**

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

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

The total income receivable from CDDV during the year was £593,000 (2011/12 £350,000) with £64,000 (2011/12 £37,000) included in debtors at the year end.

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

**Glasgow School of Art Development Trust**

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

29 Pensions

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

The cost of the SPF scheme was £913,000 (2011/12- £869,000) and the cost of the STSS was £747,000 (2011/12 £682,000).

**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 2013. The employer contribution rate for the period from 1 August 2012 to 31 July 2013 was 19.3% of pay. The employee contribution rate was variable during 2012-13 depending upon the individual level of remuneration. The range was from 5.5% to 10.4%. There were no outstanding pension contributions at the year end.

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

Financial assumptions	31 July 2013	31 Ju
Pension increase	2.80%	
Salary increase rate	5.10%	
Expected return on assets	5.80%	
Discount rate	4.60%	
<b>Mortality assumptions</b>		
The average future life expectancies at age 65 used to determine benefit obligations are as follows:	<b>Male</b>	
Current pensioners	21.0 years	23
Future pensioners	23.3 years	25

NOTES TO ACCOUNTS - continued

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

	2013	Value	2012	Value
	rate of return		rate of return	
	%	£000	%	£000
Equities	6.40%	17,324	5.50%	13,464
Bonds	3.80%	3,191	3.30%	2,398
Property	4.60%	1,596	3.70%	1,476
Cash	3.40%	684	2.80%	1,107
		<u>22,795</u>		<u>18,445</u>

Analysis of the amount shown in the balance sheet

	31 July 2013	31 July 2012
	£000	£000
Fair value of plan assets	22,795	18,445
Present value of funded benefit obligations	(26,530)	(24,269)
Net liability	<u>(3,735)</u>	<u>(5,824)</u>

Analysis of amount charged to operating surplus

	31 July 2013	31 July 2012
	£000	£000
Current service cost	1,023	880
Total operating charge	<u>1,023</u>	<u>880</u>

Analysis of amounts included in other finance income/costs

	31 July 2013	31 July 2012
	£000	£000
Expected return on employer assets	(920)	(1,094)
Interest cost	1,011	1,049
Net charge/(return)	<u>91</u>	<u>(45)</u>
Net income and expenditure charge	<u>1,114</u>	<u>835</u>

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

	31 July 2013	31 July 2012
	£000	£000
Actual return less expected return on pension scheme assets	2,746	(116)
Experience gains and losses arising on the scheme liabilities	-	(283)
Changes in financial assumptions underlying the present value of the scheme liabilities	(451)	(2,766)
Actuarial gain/(loss) recognised in STRGL	<u>2,295</u>	<u>(3,165)</u>

Analysis of movements in present value of the scheme liabilities

	31 July 2013	31 July 2012
	£000	£000
Opening defined benefit obligation	24,269	19,421
Current service cost	1,023	880
Interest cost	1,011	1,049
Contribution by members	337	326
Actuarial gains / (losses)	451	3,049
Benefits paid	(561)	(456)
Closing defined benefit obligation	<u>26,530</u>	<u>24,269</u>

Analysis of movements in fair value of the scheme assets

	31 July 2013	31 July 2012
	£000	£000
Opening fair value of employer assets	18,445	16,729
Expected return on assets	920	1,094
Contributions by members	337	326
Contribution by employer	908	868
Actuarial gains / (losses)	2,746	(116)
Benefits paid	(561)	(456)
Closing fair value of employer assets	<u>22,795</u>	<u>18,445</u>

The School expects to contribute approximately £990k to the Strathclyde Pension Fund in the next year.

NOTES TO ACCOUNTS - continued

History of experience gains and losses	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000	Year 31 Ju £
Difference between the expected and actual return on assets	2,746	(116)	
Value of assets	22,795	18,445	
Percentage of assets	12.0%	-0.6%	
Experience gains/(losses) on liabilities	-	(283)	
Present value of liabilities	(26,530)	(24,269)	
Percentage of the present value of liabilities	0.0%	1.2%	
Actuarial gains/ (losses) recognised in the STRGL	2,295	(3,165)	
Present value of liabilities	(26,530)	(24,269)	
Percentage of the present value of liabilities	-8.7%	13.0%	

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 2012 to 31 July 2013 was 14.9% of pay. The employee contribution rate was 6.4% during 2012/13. 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.

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

The amount above relates to a contract that the School entered into with Sir Robert Mcalpine Ltd for the construction of the first phase of the estates redevelopment project. All amounts on this contract are fully funded through the Scottish Funding Council and its loan guarantee funding

31 Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

32 Bursary and Other Student Support Funds

	Hardship	Childcare	2012 - 2013 Total	2011
	£000	£000	£000	
Balance brought forward at 1 August 2012	-	-	-	
Funds received in year	134	11	145	
Expenditure	(134)	(11)	(145)	
Balance carried forward at 31 July 2013	-	-	-	

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.



# NOTES TO ACCOUNTS - continued

## Prior Year Adjustment

As set out in our Statement of Principal Accounting Policies, the School now requires heritage assets to be carried in the balance sheet where the School has information on the cost or value. Under FRS3, a prior year adjustment is required due to a change in accounting policy.

The effect of the change in accounting policy in 2011-12 has been that heritage assets are recognised at £12.875 million on the balance sheet resulting in an increase to the reserves of £12.875million. No reliable information was available for the value of heritage assets as at 31 July 2012, therefore the valuation of heritage assets as at 31 July 2013 has been used as a proxy.

## Impact of change of accounting policy: Group and School

	cumulative prior year adjustment to 1 August 2011 £000	cumulative prior year adjustment to 31 July 2012 £000
<b>Fixed Assets: Heritage Assets</b>		
As at 31 July previously stated	-	-
Adjustment to valuation or cost	12,875	12,875
At 31 July as restated	<u>12,875</u>	<u>12,875</u>
<b>Revaluation Reserve</b>		
As at 31 July previously stated	9,807	10,129
Adjustment to valuation or cost	12,875	12,875
At 31 July as restated	<u>22,682</u>	<u>23,004</u>