

THE GLASGOW SCHOOL OF ART

ANNUAL REPORT &
ACCOUNTS 2014 - 15

YEAR TO 31 JULY 2015

SC002271



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

Patron	H.R.H. The Prince of Wales, Duke of Rothesay
Hon. President	Mr Stewart Grimshaw
Hon. Vice President	Professor Anthony Jones
Chair	Ms Muriel Gray BA (Hons)
Vice Chairs	Ms Alison Lefroy Brooks BA (Hons) ACA MCT Sir Muir Russell KCB FRSE
Director	Professor Tom Inns BEng (Hons) DIC MDes (RCA) PhD FRSA
Deputy Director	Professor Linda Drew PhD MA BA (Hons) FRSA FDRS (until January 2015)
Director of Finance and Resources	Mr Eliot S Leviten BSc. (Hons) FCA
Registrar and Secretary	Dr Craig Williamson LLB (Hons), MSc, PhD

Conveners of Committees 2014/15

Audit	Ms Alison Lefroy Brooks BA (Hons) ACA MCT
Business and Estates	Ms Muriel Gray BA (Hons)
Human Resources	Mrs Linda McTavish CBE MA (Hons)
Investment	Sir Muir Russell KCB FRSE
Mackintosh Restoration	Ms Eleanor McAllister OBE MA MSc FRSA
Museum & Archive	Professor Alison Yarrington BA (Hons) PhD FRSE FSA FRSA
Nominations	Ms Muriel Gray BA (Hons)
Occupational Health and Safety	Dr Janet Brown BSc PhD FInstP FRSE
Remuneration	Ms Alison Lefroy Brooks BA (Hons) ACA MCT

Registered Office	167 Renfrew Street, Glasgow G3 6RQ
Solicitors	McClure Naismith 292 St Vincent Street, Glasgow, G2 5TQ (until August 2015)
External Auditor	Scott Moncrieff 25 Bothwell St, Glasgow, G2 6NL
Bankers	Bank of Scotland plc 235 Sauchiehall Street, Glasgow, G2 3EY
Registered Charity Number	SCO 12490

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

Strategic Report Results for the year ended 31 July 2015

1. Status and Ambition

1.1 Status

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

1.2 Ambition

Our ambition is to be a global leader in studio-based learning and research, collaborating locally, nationally and internationally, transforming thinking by developing creative approaches with new audiences. We have the following values:

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

2. Performance in Year

2.1 Financial Performance

The Income and Expenditure Account on page 19 shows a surplus for the School of £1,927k compared with a deficit in the prior year of £154k. The main reason for this is the £3,268k of insurance monies received as a result of the Mackintosh fire which has not yet been spent. The group surplus is £2,948k against a surplus in the prior year of £11,142k. Part of this variance is due to the insurance monies as noted above but also in the current year £647k of income was received by The Glasgow School of Art Development Trust (which is consolidated within the Group results) towards its two main appeals, the Mackintosh Appeal and the Mackintosh Campus Renewal Appeal. In the prior year the income within the Trust was £10,958k which mainly consisted of a £5m pledge from the UK Government towards The Mackintosh Appeal and another £5m pledge from the UK Government for the Mackintosh Campus Renewal Appeal. These results include the consolidation of the GSA Development Trust for the first time, and the comparative figures for 2013-14 have been restated to include the Trust.

The total net assets of the Group increased by £736k to £83.7m and the cumulative Income and Expenditure Account, (excluding pension reserve), increased from £2,878k as at 31 July 2014 to £5,767k as at 31 July 2015. Cash balances have decreased slightly from £7.0m to £5.9m during the year. The group shows net current assets of £11.9m (£3.2m 2013/14). This increase is in the most part due to an increase in the debtors within the Development Trust, relating to donation monies due from the UK Government, and a reduction in creditors due to the release of insurance monies.

The return on Endowment Asset Investments comprising dividend and bank interest was 1.68%, compared with 1.89% last year. The market value of the total Endowment assets held by the School increased from £3,334k to £3,624k an increase of £290k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

The Cash Flow Statement shows a net outflow of £1,231k in the financial year (2013/14 outflow £8,484k).

2.2 Financial Objectives

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

2.3 Treasury Management, Cashflow and Liquidity

The financing and liquidity and the School's exposure to financial risk is overseen by the Board though the Audit Committee and the Business and Estates Committee. Each year, forecasts are prepared which consider the cash position of the School given the assumed operational movements and planned investment in fixed assets and working capital. This enables the Business and Estates Committee to consider any future borrowing requirements in a timely manner. The School's non-endowment cash balances are primarily held in the form of interest bearing deposits with financial institutions. These balances can be invested in major clearing banks. The investment at 31 July 2015 was £4m invested for a period of 7 months at a rate of 0.95% per annum. Interest rates have remained low for some years now, but the situation is monitored regularly.

2.4 Going Concern

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

Strategic Report – continued

2.5 Public Benefit

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

2.6 Strategic Plan

The GSA Strategic Plan 2015-18 was approved by the Board of Governors during Academic Year 2014/15. This is a high-level document setting out GSA's ambitions over the next three years. These ambitions will be achieved through a series of strategies, strategic enablers, work streams and projects. This is a step change in approach and the ambitions and key performance targets will be achieved through multiple developments and the engagement of staff across GSA. This aligns with the three-year Outcome Agreement with the Scottish Funding Council 2015-18.

2.7 Key Performance Indicators

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

KPI measures	Actual 2012/13	Actual 2013/14	Actual 2014/15	Target 2014/15
% Income non SFC *	39%	42%	36%	26%
Total Research & KTP income	£2.2m	£2.3m	£4.0m	£2.8m
Value of (non EU) overseas student income	£4.0m	£4.3m	£4.1m	£4.2m
% PG students**	18%	19%	21%	25%
UG Applicants: Enrolments	9.8:1	10.7:1	9.1:1	9.4:1
% Positive student feedback NSS	80%	78%	80%	85%
% Graduates in education/working after 6 months	89%	92%	92%	89%
% Students from under-represented groups	19%	19%	19%	18%

*excludes insurance income

** Includes Diploma students

The KPIs and Targets shown above were contained in the School's 2008-2012 Strategic Plan. Targets for 2015/16 onwards are contained within the new Strategic Plan 2015-2018.

2.8 Capital Projects

Capital Expenditure in the year was £1,423k, considerably lower than the previous year's figure of £17,731k. The work on the Reid Building was completed during the previous year and following the Mackintosh Building fire in May 2014, efforts have been concentrated on the relocation of students and staff in temporary locations in various parts of Glasgow.

2.9 Curriculum Developments

There were no major new programmes commencing in September 2015, however, there are several new Postgraduate programmes going through the approvals process currently, with a view to a commencement date of September 2016. These are in the School of Design and the Mackintosh School of Architecture.

2.10 Quality Assurance

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

GSA student participation in the National Student Survey continue to be above the UK national average (81% compared to 71%) and our overall satisfaction improved to 80% in academic session 2014/15 from 78% in the previous academic year. GSA will continue to build on the excellent student engagement evidenced by the strong response rate as we seek to further improve our NSS performance. Our student retention remains one of the UK's highest at 95.9% and in challenging economic times, our graduate destinations remain high with 92.3% of students either in employment or further study six months after leaving GSA.

Strategic Report – continued

2.11 Equality Statement

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

3. Principal Risks and Uncertainties

3.1 Key Risks

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

- The possibility of funding cuts following the Comprehensive Funding Review;
- Mitigating the financial consequences of REF 2014 whilst continuously improving research performance in preparation for REF 2020;
- Retaining, recruiting, motivating and developing the required calibre and number of staff to deliver on our ambitious strategy for growth;
- Developing and progressing an affordable Estates Strategy to fit in with GSA's academic ambitions;
- Successfully funding and restoring the Mackintosh Building;
- Ensuring that our Information Technology infrastructure keeps pace with changing academic needs and delivers operational efficiency; and
- Maintaining our international standing and achieving our internationalisation ambition, which extends our global reach and the international experience of our staff and students.

The nature of risk is such that other risks may arise, or risks not currently considered material may become so in the future. The School has reviewed its School-wide risk management process and how it identifies, evaluates and manages risk with appropriate controls and actions put in place to mitigate risks identified. The current process is outlined in the Statement of Corporate Governance with a revised process to be implemented in Academic Year 2015/16 as part of the Strategic Plan 2015-18 implementation.

3.2 Financial Risk Management

Foreign Currency Risk

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

Credit Risk

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

Liquidity Risk

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

Cash Flow Risk

The School currently has £4m on deposit with Barclays Bank. This is due to mature in January 2016, and will most likely be reinvested at that point. Interest rates remain low currently, with no indication that this will change in the near future.

3.3 Health and Safety

The Director, on behalf of the Board of Governors, is responsible for the health and safety of all staff, students and visitors to the School and for adherence to the School's Health and Safety Policy. The School employs a Health and Safety Officer, a Health and Safety Advisor and a

Strategic Report – continued

Fire Regulatory Compliance Officer to provide advice and assistance. Under the School's Health and Safety Policy, managers, staff and students all have individual responsibilities for health and safety.

4. Future Developments

4.1 Funding

The outlook for public sector funding for 2015/16 and onwards is very challenging, and there is the risk that the Scottish Funding Council will seek to reduce the teaching funding provided to HE institutions from 1 August 2016. Scenario planning is currently being undertaken to investigate various options for mitigating any reduction in core teaching and research funding.

4.2 Estate

Following the Mackintosh Building fire in May 2014, major restoration work is due to start shortly. Enabling work is nearing completion and the tender for the main contractor will be issued in February 2016, with a view to commencement of the restoration in May 2016. An Estates Strategy is currently being implemented to further improve the Garnethill Campus. The School completed a project with an external developer to provide a new student residence at Blythwood House, with 224 bed spaces created. The development was completed in August 2015, and an occupancy rate of 98% from September 2015 was achieved.

4.3 Student Recruitment

The School continues to receive many more undergraduate applications than it has funded places and it has more Scottish/EU applicants per funded place than any other Scottish higher education institution. 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, as it is not allowed to offer more undergraduate places to Scottish/EU applicants. The marketing strategy for recruitment of students is regularly reviewed, as future recruitment may be significantly affected by changes to the tuition fees systems, the state of the economy and difficulties in obtaining visas in certain countries from which the School recruits on a regular basis.

Student Fee income increased to £9.22m compared to £8.72m in the previous year, against a backdrop of increasing competition within the sector. For entry 2015/16 the School has increased both its total undergraduate and postgraduate applications, from 5,331 in entry year 2014 to 5,955 in entry year 2015. International applications have increased by 26% to 1,461 for entry 2015/16, reflecting GSA's continuing international standing and popularity against other leading international art schools. The School was ranked as one of the top ten art schools in the world in the highly influential 2015 QS World Subject Rankings.

Our fourth cycle of recruitment to our undergraduate programmes in Singapore was successfully completed. The programme, in partnership with the Singapore Institute of Technology and Temasek Polytechnic, continues to be a popular choice for students, attracting a high calibre of applicant. The second Degree Show and graduation was held in Singapore in June 2015. Interior Design students in Singapore won 8 student awards at the Singapore Design Awards 2015.

4.4 Research Excellence Framework (REF)

Despite an improved result in GSA's REF 2014, the financial consequences of improved research performance by other institutions resulted in a reduction in Scottish Funding Council allocated funding for research. GSA continues to increase both the quality of research and, in particular, the value of external research income.

4.5 Small Specialist Institution Status

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

4.6 Sustainability

The staff and student-run Sustainability in Action Group is working across the School to drive forward environmental issues within the curriculum and across the School's operations. The GSA community is being encouraged to reduce energy, water and resource use, and supported to explore how Scotland's future artists, designers and architects can react to, work with and communicate climate change in a positive, creative way. Funding was awarded from Zero Waste Scotland during 2014/15 for the Volunteer and Community Advocate Programme, which recruits champions and teams of volunteers to reduce food waste, encourage re-use and raise recycling levels. GSA demonstrated its improving sustainability credentials by moving from 91st to 32nd position out of 150 universities in the Green League.

Strategic Report – continued

5. Staff and Students

5.1 Student, graduate and staff successes

The Phoenix Bursary Programme supported 100 final year fine art students who were impacted by the fire in the Mackintosh Building to take up residencies in art schools around the world and at The Whisky Bond in Glasgow, to rebuild their practice. The programme culminated in a major show at GSA in August 2015.

MFA alumnus Duncan Campbell became the 30th winner of the Turner Prize. Campbell is the fifth GSA graduate to win the award since Douglas Gordon in 1996 and the fourth MFA graduate in the last ten years.

The Marketing and Communications team were recognised for “excellence in the face of adversity” for their response to May 2014’s events and collected the Outstanding Marketing and Communications Team Award at the Times Higher Education Leadership and Management Awards. They also won two prizes at the prestigious Heist Awards for Education Marketing – Marketing Department of the Year and Best Prospectus from a Specialist Institution.

Olivia Qi (Textiles 2015) won Designer of the Year, the top award at New Designers 2015. Silversmithing and Jewellery graduates were also successful, the Silversmithing Award was won by Karen Westland and the Jewellery Award was won by Leva Mikutaite.

Mackintosh School of Architecture alumna Clare Wright made the shortlist for Architects’ Journal Woman Architect of the Year Award 2015.

Sound for the Moving Image alumnus Kevin Walls won a BAFTA Scotland New Talent Award in the Sound category for his Master’s film “Identical”.

GSA co-hosted the European League of Institutes of the Arts (ELIA) biennial conference with the Royal Conservatoire of Scotland in November 2014.

The Alasdair Gray Season, marking GSA alumnus, writer and artist Alasdair Gray’s 80th birthday, celebrated Gray in a major series of exhibitions and events across Glasgow, venues including the Glasgow School of Art, GOMA, Kelvingrove Museum and Glasgow Print Studio.

5.2 Staff

During the year, Liz Davidson, OBE, was appointed as Senior Project Manager for the Mackintosh Restoration, along with Project Manager Sarah MacKinnon. Dr Stephen Love was recruited as a Senior Researcher in DDS. Thomas Greenhough was appointed as Interim Director at GS of A Singapore and Janet Allison was appointed as Deputy Registrar. Professor Brian Evans was awarded a personal chair in recognition of his work in the Urban Lab within the Mackintosh School of Architecture.

5.3 Board of Governors

In 2014/15, the Board continued to play a central role in supporting the Director and his Executive Group in responding to various challenges, including the School’s response to the Mackintosh Building fire of May 2014. A new Board Committee – the Mackintosh Restoration Committee – was established to oversee the restoration of the Mackintosh Building. The Board also reviewed the School’s health and safety arrangements during 2014/15 and converted the Occupational Health and Safety Committee into a full Board committee.

As mentioned elsewhere in this Report, the Board oversaw development of the School’s Strategic Plan for 2015 -18. The Board’s Statement of Corporate Governance was, as usual, revised and updated to ensure compliance with the Scottish Code of Good Practice in Higher Education Governance, as were the remits of all the Board’s various committees (see elsewhere in this report for details of the Board’s committee structure).

Professor Linda Drew, Deputy Director, left the Board in January 2015, following her appointment as Director of Ravensbourne. Daniel Ibbotson left the Board in May 2015 and Dr Simon Groom in October 2015. Will Judge served on the Board as the President of the Students’ Association in 2014/15 and was succeeded for 2015/16 by Lewis Prosser. Nicholas Oddy, Academic Staff Governor, left the Board in September 2015, having served the maximum term of office. Elections were held in the summer of 2015 for Staff Governors, with Kerry Aylin re-elected as Support Staff Governor and Dr Sarah Smith elected as Academic Staff Governor. Professor Ken Neil’s appointment as the Governor nominated by the Academic Council was renewed for a further term.

Professor Tom Inns
Director

Muriel Gray
Chair

8 December 2015

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

Governors Ex Officiis

B, MR, N	Prof. Tom Inns BEng (Hons) DIC MDes (RCA) PhD FRSA	Director of the School
B,M,N	Prof. Linda Drew PhD MA BA (Hons) FRSA FDRS	Deputy Director of the School (until January 2015)
B,MR,M,H, N, OHS	Mr Will Judge	President Students' Representative Council (until 31 st July 2015)
B,MR,M,H, N, OHS	Mr Lewis Prosser	President Students' Representative Council (from 1 st August 2015)

Appointed by the Governing Board

A,I,N,R	Ms Alison Lefroy Brooks BA (Hons) ACA MCT*
A, B, I, MRC	Mr Douglas Brown BA (Hons) Dipl Arch (Oxford) FRIAS RIBA*
A, N, OHS	Dr Janet Brown BSc PhD FInstP FRSE*
B,MRC,N,R	Ms Muriel Gray BA (Hons)*
MR	Dr Simon Groom MA (Hons) PhD* (until October 2015)
B	Mr Daniel Ibbotson BA (Hons)* (until May 2015)
	Mr Douglas Kinnaird BA CA*
B,MRC,N	Ms Eleanor McAlister OBE MA MSc FRSA*
H,N	Mrs Linda McTavish CBE MA(Hons)*
B, MRC	Ms Christa Reekie Mag.phil Dip Ed LLB Dip NP *
B, OHS	Mr Kenneth Ross OBE*
A,B,I,N,R	Sir Muir Russell KCB FRSE*
	Ms Lesley Thomson*
M,N	Professor Alison Yarrington BA (Hons) PhD FRSE FSA FRSA *

Elected Members

M	Prof. Ken Neil MA (Hons) MFA PhD PGCert FHEA	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 (until September 2015)
	Dr Sarah Smith BA MA PhD	Elected by the Academic Staff (from October 2015)

Secretary to the Board of Governors

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

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

* denotes Independent Board Members

Directors' Report - continued

Employment of Disabled Persons

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

Employee and Student Involvement

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

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

Creditor Payment Policy

It is the School's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the School and its suppliers, provided that all trading terms and conditions have been complied with. The School endorses the CBI Prompt Payment Code. At 31 July 2015 the School had an average of 27 days purchases outstanding in trade creditors. With regard to the late payment of Commercial Debts (Interest) Act 1998 there are no matters to disclose.

Disclosure of information to the auditor

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

- So far as the directors are aware, there is no relevant material audit information of which the School's auditor is unaware; and
- He/She has taken all the steps that ought reasonably to have been taken as a member of the Board, in order to make himself/ herself aware of any relevant information, and to establish that the School's auditor is aware of the information.

Statement of Primary Responsibilities

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

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

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

See later in this report for details of the School's Statement of Corporate Governance.

Responsibilities of the Board of Governors for Accounting and Financial Statements

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

Directors' Report - continued

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.

By order of the Board

Ms Muriel Gray
Chair of the Board of Governors

Professor Tom Inns
Director

8 December 2015

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. The School complies with the Scottish Code of Good HE Governance, published in July 2013. The School's own Statement of Corporate Governance (revised and approved by the Board of Governors annually) complies fully with the Scottish Code. The School also complies with the appropriate accounting standards and the Scottish Funding Council's Financial Memorandum.

Governing Body, Risk Management and Internal Controls

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

The Board of Governors comprises lay and academic persons appointed under the Statutes of the School. The majority of Governors are non-executive and independent, serving alongside ex-officio and elected staff and student Governors. Lay Governors are not remunerated. Governors are appointed for a term of office not exceeding three years, at the conclusion of which they may be reappointed for up to two further terms. The Clerk to the Board maintains a Register of Interests of members of the Board. All governors are able to take independent professional advice in furtherance of their duties at the School's expense and have access to both the Company Secretary of the School and the Registrar, who are responsible for ensuring that all applicable procedures and regulations are complied with. The Board is responsible for the appointment of the Director, Deputy Director (if applicable) and the Registrar (Secretary to the Board).

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 (including an all-day strategic meeting) and has the following committees: Business and Estates, Audit, Investment, Human Resources, Mackintosh Restoration, Museum and Archive, Occupational Health and Safety, Remuneration and Nominations. All of these committees are formally constituted with terms of reference and all are chaired by lay members of the Board.

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

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

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

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

Corporate Governance Statement – continued

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

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

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

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

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

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

Quality Assurance

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

Corporate Strategy

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

The Director

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

Going Concern

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

Corporate Governance Statement – continued

Attendance at meetings 2014/5

The attendance of the individual Governors at Board and major Committee meetings during 2014/15 was as follows:

	Board of Governors	Audit	Business & Estates
	5	4	4
Ms Kerry Aylin	5/5	-	-
Ms Alison Lefroy Brooks	5/5	4/4	-
Mr Douglas Brown	4/5	4/4	4/4
Dr Janet Brown	4/5	2/4	-
Professor Linda Drew	2/2	-	2/2
Ms Muriel Gray	5/5	3/4 *	3/4
Dr Simon Groom	3/5	-	-
Professor Tom Inns	5/5	3/4*	3/4
Mr Daniel Ibbotson**	-	-	-
Mr Will Judge	5/5	-	4/4
Mr Douglas Kinnaird	3/5	-	-
Ms Eleanor McAlister	5/5	-	4/4
Mrs Linda McTavish	2/5	-	-
Professor Ken Neil	5/5	-	-
Mr Nicholas Oddy	4/5	-	-
Ms Christa Reekie	4/5	-	2/4
Mr Ken Ross	5/5	-	2/4
Sir Muir Russell	5/5	4/4	3/4
Ms Lesley Thomson	4/5	-	-
Professor Alison Yarrington	4/5	-	-
Mr Eliot Leviten, Company Secretary	5/5*	4/4*	4/4
Dr Craig Williamson, Registrar	5/5*	4/4*	4/4*

* denotes attendee not full member

** in voluntary suspension on grounds of ill-health

Ms Muriel Gray
Chair

Professor Tom Inns
Director

8 December 2015

Governors' Biographies

Ms Muriel Gray BA (Hons)

Chair of the Board of Governors

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

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

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

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

Director

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

Ms Alison Lefroy Brooks BA (Hons) ACA MCT

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.

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 (until January 2015)

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

Governors' Biographies (continued)

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.

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.

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

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) (left the Board in May 2015)

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. Will Judge

President, Students' Association 2014/15.

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

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 and regeneration in 2007 and was awarded honorary fellowships with the Royal Society of the Arts (2008), the Royal Incorporation of Architects in Scotland (2009) and the Royal Incorporation of Chartered Surveyors (2012). She is currently a member of the Heritage Lottery Fund, Scotland Committee and the Scottish Historic Environment Forum. She is also Vice Chair of the Glasgow Film Theatre and a Director of the Workshop and Artists Studio Provision (Scotland) Ltd.

Governors' Biographies (continued)

Mrs Linda McTavish CBE BA (Hons)

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

Professor Ken Neil MA (Hons) MFA PhD PGCert FHEA

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

Mr Nicholas Oddy BA (Hons) PGDipDes MA (RCA) (left the Board in September 2015)

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

Mr Lewis Prosser

President, Students' Association 2015/16.

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

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.

Governors' Biographies (continued)

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

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

Ms Lesley Thomson

Lesley is Managing Director of the Liddell Thomson Consultancy and a Director of Spreng & Co. She is an experienced communications professional working across the private, public and third sectors. Lesley is often commissioned to design and facilitate planning sessions for boards or executive teams seeking to develop business, communication or brand strategies. Her experience spans projects for the Scottish Government, banking and financial services, food and drink, government agencies, local authorities and academia as well as major private sector-led developments. Lesley is a Trustee of the Dewar Arts Awards and a member of Entrepreneurial Scotland's Leaders Exchange.

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

Alison Yarrington is Dean of the School of the Arts, English and Drama at Loughborough University, prior to which she was Professor of Art History and Dean of the Faculty of Arts and Social Sciences at the University of Hull. Professor Yarrington, an expert in sculpture, took a foundation course at Chesterfield College of Art and Design before moving into higher education. She gained her undergraduate degree in fine art and history of art at the University of Reading before undertaking a doctorate at Darwin College, Cambridge University. Professor Yarrington was appointed to a lectureship in the history of art at the University of Leicester, promoted to a Personal Chair of Art History and then was elected Dean of the University's Faculty of Arts. She was appointed Richmond Chair and Head of the Department of Art History at the University of Glasgow in 2003, during which time she was also Honorary Keeper of Fine Art of the Hunterian Gallery and Museums. She was Chair of the Association of Art Historians 2011-14, and is a member of the Advisory Council of the Paul Mellon Centre for Studies in British Art.

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

We have audited the financial statements of The Glasgow School of Art ('the School') for the year ended 31 July 2015 which comprises the Group and School Income and Expenditure Account, the Group Statement of Historical Cost Surpluses and Deficits, the Group Statement of Total Recognised Gains and Losses, the Group and School Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

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

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

As explained more fully in the Responsibilities of the Board of Governors and Directors set out on pages 8 and 9, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the School and of the Group as at 31 July 2015 and of the surplus of the School's and the Group's income over expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the Board of Governors of Glasgow School of Art continued Opinion on other matters

In our opinion:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following:

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

Nick Bennett
Senior Statutory Auditor
For and on behalf of Scott Moncrieff
Statutory Auditor, Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL
8 December 2015

THE GLASGOW SCHOOL OF ART
GROUP AND SCHOOL INCOME AND EXPENDITURE ACCOUNTS
For the year ended 31 July 2015

	<i>Notes</i>	Group Year Ended 31 July 2015 £000	School Year Ended 31 July 2015 £000	Restated Group Year Ended 31 July 2014 £000	School Year Ended 31 July 2014 £000
INCOME					
Funding Council grants	1	14,897	14,897	13,462	13,462
Funding Council loan support grants	1	664	664	609	609
Tuition fees and education contracts	2	9,419	8,458	9,047	8,158
Research grants and contracts	3	3,959	3,959	2,325	2,325
Other income	4a	3,627	3,431	4,053	3,721
Insurance income	4b	7,609	7,609	-	-
Development Trust income	4c	647	-	10,958	-
Endowment and investment income	5	338	338	412	412
Group turnover		<u>41,160</u>	<u>39,356</u>	<u>40,866</u>	<u>28,687</u>
less : Share of joint venture's turnover		(188)	-	(266)	-
Total income		<u>40,972</u>	<u>39,356</u>	<u>40,600</u>	<u>28,687</u>
EXPENDITURE					
Staff pay costs	6	19,168	18,857	17,334	16,968
Pension revaluation	16	394	394	-	-
Depreciation	11	3,212	3,212	1,952	1,952
Other operating expenses	8	14,145	13,896	9,371	9,145
Interest payable	9	1,001	1,001	773	773
Total expenditure		<u>37,920</u>	<u>37,360</u>	<u>29,430</u>	<u>28,838</u>
Surplus/ (deficit) on continuing operations after depreciation of assets at valuation		3,052	1,996	11,170	(151)
Share of operating surplus in joint venture		1	-	11	-
Surplus on continuing operations before taxation		3,053	1,996	11,181	(151)
Taxation	10	(36)	-	(36)	-
Surplus on continuing operations after depreciation of assets at valuation and taxation		3,017	1,996	11,145	(151)
Accumulated income retained within specific endowments	18	(69)	(69)	(3)	(3)
Surplus for the year retained within general reserves		<u>2,948</u>	<u>1,927</u>	<u>11,142</u>	<u>(154)</u>

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

GROUP STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2015

	<i>Notes</i>	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Surplus/ (deficit) on continuing operations after depreciation of assets at valuation		3,052	11,170
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount	19	322	322
Historical cost surplus before taxation		<u>3,374</u>	<u>11,492</u>
Historical cost surplus after taxation		<u><u>3,338</u></u>	<u><u>11,456</u></u>

THE GLASGOW SCHOOL OF ART

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2015

	<i>Notes</i>	Year Ended 31 July 2015	Restated Year Ended 31 July 2014
		£000	£000
Surplus on continuing operations after depreciation of assets at valuation and taxation		3,017	11,145
Appreciation of endowment asset investments	18	221	85
Impairment of heritage assets	11	-	(4,048)
Actuarial loss in respect of pension scheme	29	(1,166)	(3,191)
Total recognised gains relating to the year		<u>2,072</u>	<u>3,991</u>
Total recognised gains since last report		<u>2,072</u>	<u>3,991</u>
Reconciliation of movement in funds			
Opening reserves and endowments as previously stated		28,329	24,338
Total recognised gains for the year		<u>2,072</u>	<u>3,991</u>
Closing reserves and endowments		<u>30,401</u>	<u>28,329</u>

THE GLASGOW SCHOOL OF ART
SC002271
GROUP AND SCHOOL BALANCE SHEETS
As at 31 July 2015

		Group 2015 £000	School 2015 £000	Restated Group 2014 £000	School 2014 £000
Fixed Assets					
Tangible assets	11	70,530	70,530	72,319	72,319
Assets held for the nation: Heritage Assets	11	8,827	8,827	8,827	8,827
Investments in joint ventures	11	12	-	11	-
Endowment Assets	12	3,624	3,624	3,334	3,334
Debtors greater than one year	13	11,250	11,250	21,250	16,250
Current Assets					
Stocks		68	68	75	75
Debtors	13	19,076	7,394	13,180	7,652
Cash at bank and in hand		5,850	4,677	7,019	5,789
		<u>24,994</u>	<u>12,139</u>	<u>20,274</u>	<u>13,516</u>
Creditors: amounts falling due within one year	14	<u>(13,100)</u>	<u>(13,086)</u>	<u>(17,094)</u>	<u>(17,157)</u>
Net current assets / (liabilities)		<u>11,894</u>	<u>(947)</u>	<u>3,180</u>	<u>(3,641)</u>
Total assets less current liabilities		106,137	93,284	108,921	97,089
Creditors: amounts falling due after more than one year	15	(12,576)	(12,576)	(17,709)	(17,709)
Provisions for liabilities and charges	16	(1,453)	(1,453)	(1,269)	(1,269)
Net assets excluding pension liability		<u>92,108</u>	<u>79,255</u>	<u>89,943</u>	<u>78,111</u>
Net pension liability	29	(8,440)	(8,440)	(7,011)	(7,011)
Net assets including pension liability		<u>83,668</u>	<u>70,815</u>	<u>82,932</u>	<u>71,100</u>
Deferred capital grants	17	53,267	53,267	54,603	54,603
Endowments					
Specific	18	3,265	3,265	2,993	2,993
General	18	359	359	341	341
		<u>3,624</u>	<u>3,624</u>	<u>3,334</u>	<u>3,334</u>
Reserves					
Revaluation reserve	19	17,668	17,668	17,990	17,990
Income and expenditure account excluding pension reserve	20	5,767	4,696	2,878	2,184
Restricted reserve	20	11,782	-	11,138	-
Pension reserve	21	(8,440)	(8,440)	(7,011)	(7,011)
Total reserves		<u>26,777</u>	<u>13,924</u>	<u>24,995</u>	<u>13,163</u>
Total		<u>83,668</u>	<u>70,815</u>	<u>82,932</u>	<u>71,100</u>

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

The financial statements on pages 19 to 39 were approved on 8 December 2015 and signed on behalf of the Board by:

Muriel Gray Chair

Professor Tom Inns, Director

THE GLASGOW SCHOOL OF ART
GROUP CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2015

	<i>Notes</i>	Year Ended 31 July 2015 £000	Restated Year Ended 31 July 2014 £000
Cash (outflow) / inflow from operating activities	22	(251)	2,676
Returns on investments and servicing of finance	24	264	333
Taxation	23	(36)	(36)
Capital expenditure and financial investment	25	(1,075)	(2,460)
Financing	26	(133)	207
		<hr/>	<hr/>
Decrease in cash in the year		<u>(1,231)</u>	<u>720</u>
 Reconciliation of net cash flow to movement in net (debt)			
Decrease in cash in the period		(1,231)	720
Movement in capital debt		5,133	(7,701)
		<hr/>	<hr/>
Change in net debt		3,902	(6,981)
Net debt at 1 August		(15,552)	(8,571)
		<hr/>	<hr/>
Net debt at 31 July	27	<u>(11,650)</u>	<u>(15,552)</u>

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

Statement of Principal Accounting Policies

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

1 Accounting Convention

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

2 Basis of consolidation

The group financial statements include the School and its subsidiary, GS of A Singapore Pte Ltd, and its joint venture with Historic Scotland, CDDV LLP. The group financial statements also include The Glasgow School of Art Development Trust which has been deemed as being controlled by GSA. Intra-group income and surpluses are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the GSA student union and GSA Enterprises Ltd have not been consolidated because the School does not control those activities.

3 Recognition of Income

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

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

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. All income from short term deposits is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments, not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to specific endowments.

4 Pension Schemes

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

Strathclyde Pension Fund

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

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

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

Scottish Teachers Superannuation Scheme

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

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

5 Land and Buildings

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

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

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

Statement of Principal Accounting Policies continued

6 Assets held for the Nation: Heritage Assets

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

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

7 Investments

Subsidiary undertakings

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

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

8 Equipment

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

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

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

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

9 Leased assets

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

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

10 Investments

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

11 Stocks

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

12 Maintenance of Premises

The cost of routine maintenance is charged to the income and expenditure account as incurred.

13 Taxation Status

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

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

Statement of Principal Accounting Policies continued

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.

15 Endowment funds

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

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

16 Agency arrangements

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

17 Foreign currencies

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

18 Cash flows and liquid resources

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

NOTES TO ACCOUNTS

1 Funding Council Grants	<i>Notes</i>	Group and School Year Ended 31 July 2015 £000		Group and School Year Ended 31 July 2014 £000	
SFC recurrent teaching grant			7,438		7,194
SFC research grant			2,106		2,081
Small specialist institution grant			2,820		3,079
Other SFC grants			1,364		679
Deferred capital grant released in year:					
Buildings	17		1,069		400
Equipment	17		100		29
			<u>14,897</u>		<u>13,462</u>
SFC Loan support grant			<u>664</u>		<u>609</u>
2 Tuition Fees and Education Contracts		Group Year Ended 31 July 2015 £000	School Year Ended 31 July 2015 £000	Group Year Ended 31 July 2014 £000	School Year Ended 31 July 2014 £000
Scottish / EU higher education students/ RUK (old fees)		2,600	2,600	2,770	2,770
RUK students (new fees)		2,189	2,189	1,397	1,397
Non EU students		4,117	3,156	4,267	3,378
Non credit bearing courses		313	313	283	283
Other contracts		200	200	330	330
		<u>9,419</u>	<u>8,458</u>	<u>9,047</u>	<u>8,158</u>
3 Research Grants and Contracts		Group and School Year Ended 31 July 2015 £000		Group and School Year Ended 31 July 2014 £000	
Research councils			424		355
UK Charities			140		5
UK governmental contracts			2,006		576
Other grants and contracts			112		102
UK industrial and commercial contracts			1,277		1,287
			<u>3,959</u>		<u>2,325</u>
4a Other Income		Group Year Ended 31 July 2015 £000	School Year Ended 31 July 2015 £000	Group Year Ended 31 July 2014 £000	School Year Ended 31 July 2014 £000
Residences		833	833	864	864
Release from deferred grants (Non SFC)	17	646	646	479	479
Other income generating activities		334	334	290	290
Public realm improvement grant		-	-	317	317
Share of joint venture income		188	-	266	-
Other income		1,626	1,618	1,837	1,771
		<u>3,627</u>	<u>3,431</u>	<u>4,053</u>	<u>3,721</u>

NOTES TO ACCOUNTS - continued

4b Insurance Income	Group	School	Group	School
	Year Ended	Year Ended	Year Ended	Year Ended
	31 July 2015	31 July 2015	31 July 2014	31 July 2014
	£000	£000	£000	£000
AXA Insurance claim	3,600	3,600	-	-
RSA Insurance monies	4,009	4,009	-	-
	<u>7,609</u>	<u>7,609</u>	<u>-</u>	<u>-</u>

The AXA insurance income is in relation to the heritage assets lost in the fire.

The RSA insurance income is in relation to business continuity costs as a result of the fire.

4c Development Trust Income	Group	School	Group	School
	Year Ended	Year Ended	Year Ended	Year Ended
	31 July 2015	31 July 2015	31 July 2014	31 July 2014
	£000	£000	£000	£000
Development trust income	647	-	10,958	-
	<u>647</u>	<u>-</u>	<u>10,958</u>	<u>-</u>

The Development Trust income relates to the incoming resources of The Glasgow School of Art Development Trust, a trust controlled by the School.

5 Endowment and Investment Income		Group and School	Group and School
		Year Ended	Year Ended
		31 July 2015	31 July 2014
		£000	£000
Income from specific endowments	18	289	206
Income from general endowments	18	4	6
Bank interest		45	200
		<u>338</u>	<u>412</u>

NOTES TO ACCOUNTS - continued

6 Staff Costs

	Group Year Ended 31 July 2015	School Year Ended 31 July 2015	Group Year Ended 31 July 2014	School Year Ended 31 July 2014
The average monthly number of persons (including senior postholders) employed by the School during the period, expressed as full-time equivalents, was:	Number	Number	Number	Number
Teaching departments	126	121	124	118
Teaching support services	86	86	84	84
Research grants and contracts	48	48	37	37
Other support services	44	44	43	43
Administration and central services	42	42	39	39
Premises	44	44	40	40
Residences	2	2	2	2
Total	392	387	369	363
Analysed as :Staff on permanent contracts	365	360	345	339
:Staff on temporary and other contracts	27	27	24	24
Total	392	387	369	363

Staff costs for the above persons:	Group Year Ended 31 July 2015 £000	School Year Ended 31 July 2015 £000	Group Year Ended 31 July 2014 £000	School Year Ended 31 July 2014 £000
Wages & salaries	15,682	15,382	14,323	13,957
Social security costs	1,212	1,212	1,106	1,106
Pensions	2,108	2,097	1,905	1,905
Severance and redundancy costs	166	166	-	-
Total	19,168	18,857	17,334	16,968
Staff on permanent contracts	18,236	17,925	16,505	16,139
Staff on temporary and other contracts	932	932	829	829
Total	19,168	18,857	17,334	16,968

Staff costs by activity	Group Year Ended 31 July 2015 £000	School Year Ended 31 July 2015 £000	Group Year Ended 31 July 2014 £000	School Year Ended 31 July 2014 £000
Teaching departments	7,286	6,975	7,070	6,704
Teaching support services	3,063	3,063	2,869	2,869
Research grants and contracts	2,792	2,792	2,028	2,028
Other support services	1,994	1,994	1,935	1,935
Administration and central services	2,563	2,563	2,312	2,312
Premises	1,241	1,241	1,058	1,058
Residences	63	63	62	62
Severance costs	166	166	-	-
Total	19,168	18,857	17,334	16,968

The number of senior management staff (the Executive Group), including staff governors, who received emoluments, excluding pension contributions, in the following ranges was:	Group Year Ended 31 July 2015	Group Year Ended 31 July 2014
£30,001 - £40,000	2	2
£50,001 - £60,000	1	-
£60,001 - £70,000	-	2
£70,001 - £80,000	4	3
£80,001 - £90,000	1	3
£90,001 - £100,000	2	-
£100,001 - £110,000	1	1
£110,001 - £120,000	1	2
£130,001 - £140,000	1	-
	13	13

The number of staff, excluding governors and Executive Group members, who received emoluments, excluding pension contributions, in the following ranges was:	Group Year Ended 31 July 2015	Group Year Ended 31 July 2014
£60,001 - £70,000	4	2
£70,001 - £80,000	1	1
	5	3

NOTES TO ACCOUNTS - continued

7 Governors' Emoluments

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

			Year Ended 31 July 2015 Number	Year Ended 31 July 2014 Number
NIL			19	19
£10,001	-	£15,000	-	1
£35,001	-	£40,000	2	1
£55,001	-	£60,000	1	1
£65,001	-	£70,000	1	1
£85,001	-	£90,000	-	1
£110,001	-	£115,000	-	1
£130,001	-	£135,000	1	-
			<u>24</u>	<u>25</u>

The Governors' emoluments are made up as follows:

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Salaries	338	368
Pension contributions	<u>54</u>	<u>51</u>
Total emoluments	<u>392</u>	<u>419</u>

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

			Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Highest paid Director				
The Director of the School				
Current Director	From September 2013	Salary	135	112
		Pension contributions	20	17
Former Director	Until August 2013	Salary	-	11
		Pension contributions	-	2
Total			<u>155</u>	<u>142</u>

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

NOTES TO ACCOUNTS - continued

8 Other Operating expenses by Activity

	Group Year Ended 31 July 2015 £000	School Year Ended 31 July 2015 £000	Group Year Ended 31 July 2014 £000	School Year Ended 31 July 2014 £000
Teaching departments	2,439	2,194	2,924	2,676
Contracted-out lecturing services	12	12	26	26
Research grants & contracts	1,268	1,268	785	785
Teaching support services	359	359	273	273
Other support services	512	512	460	460
Administration and central services	1,157	1,153	1,188	1,188
General education	74	74	25	25
Premises costs	1,145	1,145	1,188	1,188
Utilities	625	625	482	482
Maintenance and repairs	749	749	719	719
Insurance related expenditure (business continuity costs)	4,341	4,341	-	-
Other income generating activities	179	179	185	185
Catering and residence operations	574	574	546	546
Other expenses	711	711	570	592
	<u>14,145</u>	<u>13,896</u>	<u>9,371</u>	<u>9,145</u>

Other Operating expenses include:

	Group and School Year Ended 31 July 2015 £000	Group and School Year Ended 31 July 2014 £000
Auditor's remuneration:		
external audit financial statements audit	18	14
external audit financial statements: subsidiaries	3	3
internal audit	14	14
internal audit other services	4	4
	<u>4</u>	<u>4</u>

9 Interest Payable

	Group and School Year Ended 31 July 2015 £000	Group and School Year Ended 31 July 2014 £000
Mortgages and loans	74	79
Interest paid by SFC on loan support for Reid Building	664	609
Net charge on pension liability	263	85
	<u>1,001</u>	<u>773</u>

10 Taxation

	Group Year Ended 31 July 2015 £000	Group Year Ended 31 July 2014 £000
Tax re GSofA Singapore Pte Ltd	36	36
	<u>36</u>	<u>36</u>

NOTES TO ACCOUNTS - continued

11 a Tangible Fixed Assets

<u>Group and School</u>	Freehold Land and Buildings £000	Asset under Construction £000	Equipment £000	Total £000
Valuation / Cost				
At 1 August 2014	85,760	-	8,887	94,647
Additions at Cost	402	359	662	1,423
Disposals	(74)	-	(3,962)	(4,036)
At 31 July 2015	<u>86,088</u>	<u>359</u>	<u>5,587</u>	<u>92,034</u>
At valuation 1995	15,889	-	-	15,889
At cost	<u>70,199</u>	<u>359</u>	<u>5,587</u>	<u>76,145</u>
	<u>86,088</u>	<u>359</u>	<u>5,587</u>	<u>92,034</u>
Depreciation				
At 1 August 2014	16,733	-	5,595	22,328
Charge for Year	2,513	-	699	3,212
Disposals	(74)	-	(3,962)	(4,036)
At 31 July 2015	<u>19,172</u>	<u>-</u>	<u>2,332</u>	<u>21,504</u>
Net Book Value				
At 31 July 2015	<u>66,916</u>	<u>359</u>	<u>3,255</u>	<u>70,530</u>
At 1 August 2014	<u>69,027</u>	<u>-</u>	<u>3,292</u>	<u>72,319</u>

The School's policy is that assets are retained at either their 1995 valuation or their historical 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 historical cost and their value is deemed to be at least equal to the cost incurred.

Buildings with a net book value of £8,512,682 (2013/14: £ 9,178,610) have been funded from Treasury sources. Should these particular buildings be sold, the School would have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of £ 180,594 (2013/14 £ 243,371). The depreciation charge for the year includes £60,198 (2013/14 £ 5,158) in respect of assets leased under finance leases or under hire purchase contracts.

NOTES TO ACCOUNTS - continued

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

Land and buildings have been included at valuation with the following amounts:	31 July 2015 £000	31 July 2014 £000
Increase from valuation of inherited buildings	15,013	15,013
Increase from valuation of purchased buildings	877	877
Aggregate depreciation on revalued amount	(7,049)	(6,727)
Net book value	<u>8,841</u>	<u>9,163</u>

The inherited land and buildings concerned were all inherited prior to the 1995 valuation at nil cost. The net book value is £8,313k (2013-14 £ 8,617k)
The revalued buildings were purchased prior to the revaluation in 1995.

11 b Assets held for the nation: Heritage Assets	31 July 2015 £000	31 July 2014 £000
Valuation or cost		
Balances as at 1 August	8,827	12,875
Adjustment to valuation or cost	-	(4,048)
Balances as at 31 July	<u>8,827</u>	<u>8,827</u>

The heritage assets include, amongst others, the School's Charles Rennie Mackintosh furniture and art collections. It also includes the Library's rare and valuable books collection. In May 2014 the School's Mackintosh Building was badly damaged by a major fire. The building housed a large proportion of the heritage assets and unfortunately some of the collection was destroyed. The fall in valuation in 2013-14 is a result of the damage caused by the fire but the School is insured in respect of this loss and received £ 3,600k insurance monies in respect of this loss.

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

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

5 year Heritage asset summary

	2015 £000	2014 £000	2013 £000	2012 £000
Value of heritage assets acquired by donation	8,827	12,875	12,875	12,875
Impairment recognised in period	-	(4,048)	-	-
Balances as at 31 July	<u>8,827</u>	<u>8,827</u>	<u>12,875</u>	<u>12,875</u>

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

11 c Investments in joint ventures

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

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

Investment in joint venture	31 July 2015 £000	31 July 2014 £000
Share of gross assets	224	63
Share of gross liabilities	(212)	(52)
	<u>12</u>	<u>11</u>

NOTES TO ACCOUNTS - continued

12 Endowment Assets (Group and School)	31 July 2015 £000	31 July 2014 £000
Balances as at 1 August	3,334	3,246
Additions (note 25)	636	339
Disposals (note 25)	(505)	(92)
(Decrease) in cash balances held at fund managers	(62)	(244)
Appreciation of endowment asset investments	221	85
Balances as at 31 July	<u>3,624</u>	<u>3,334</u>
Represented by:		
Equities (listed)	3,427	3,075
Bank balances (note 27)	197	259
Total	<u>3,624</u>	<u>3,334</u>

13 Debtors	Group		Restated	
	31 July 2015 £000	31 July 2015 £000	31 July 2014 £000	31 July 2014 £000
Due in less than one year				
Trade debtors	433	433	776	776
Debts due from students	399	399	263	263
SFC Loan debtor within one year	5,000	5,000	5,000	5,000
Development funding debtor	11,062	-	5,701	-
Amounts due from related parties	461	461	320	320
Amounts due from subsidiary	-	139	-	321
Amounts due from joint venture	106	106	27	27
Prepayments and accrued income	1,615	856	1,093	945
	<u>19,076</u>	<u>7,394</u>	<u>13,180</u>	<u>7,652</u>
Due in more than one year				
Development funding debtor	-	-	5,000	-
SFC Loan debtor greater than one year	11,250	11,250	16,250	16,250
	<u>11,250</u>	<u>11,250</u>	<u>21,250</u>	<u>16,250</u>

14 Creditors: Amounts Falling Due Within One Year	Group		Restated	
	31 July 2015 £000	31 July 2015 £000	31 July 2014 £000	31 July 2014 £000
Trade creditors	573	573	700	700
Social security and other taxes payable	55	(14)	56	56
Loans (secured) (note 15)	5,070	5,070	5,070	5,070
HP creditor	51	51	51	51
Payments in advance	1,132	1,132	913	913
Deferred SFC funding	2,372	2,372	2,372	2,372
Research contracts accruals	2,721	2,801	3,547	3,681
Insurance funds received	-	-	2,470	2,470
Accruals	1,126	1,101	1,915	1,844
	<u>13,100</u>	<u>13,086</u>	<u>17,094</u>	<u>17,157</u>

As a result of the fire at the Mackintosh Building, insurance claims of £3,600,000 were received in the year to 31 July 2015. This amount has been fully released to income in the current year. The School is in on-going discussions with its insurers regarding the cost of restoring the Mackintosh Building and the value of the heritage assets destroyed in the fire, for which it is insured. This is disclosed as a contingent asset at note 31b.

NOTES TO ACCOUNTS - continued

15 Creditors: Amounts Falling Due After One Year

	Group 31 July 2015 £000	School 31 July 2015 £000	Group 31 July 2014 £000	School 31 July 2014 £000
Combined loan (secured)	1,206	1,206	1,288	1,288
Estate redevelopment loan	11,250	11,250	16,250	16,250
HP creditor	120	120	171	171
	<u>12,576</u>	<u>12,576</u>	<u>17,709</u>	<u>17,709</u>
Instalments on the loans above are payable as follows				
Between one and two years	5,138	5,138	5,131	5,131
Between two and five years	6,611	6,611	11,650	11,650
After five years	827	827	928	928
	<u>12,576</u>	<u>12,576</u>	<u>17,709</u>	<u>17,709</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

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

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

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

Obligations under finance leases and higher purchase agreements are secured by the underlying assets they relate to (see note 11a).

16 Provision for Liabilities and Charges (Group and School)

	Provision for past service pensions £000	Property lease £000	Total £000
Balances as at 1 August 2014	1,041	228	1,269
Expenditure in year	(104)	(106)	(210)
Triannual revaluation	394	-	394
At 31 July 2015	<u>1,331</u>	<u>122</u>	<u>1,453</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 July 2015.

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

17 Deferred Capital Grants (Group and School)

	Funding Council £000	Other Grants and Benefactions £000	Total £000
At 1 August 2014			
Buildings	49,407	4,209	53,616
Equipment	987	-	987
	<u>50,394</u>	<u>4,209</u>	<u>54,603</u>
Capital grants received in year			
Buildings	-	479	479
Equipment	-	-	-
	<u>-</u>	<u>479</u>	<u>479</u>
Released to Income and Expenditure			
Buildings	(1,069)	(646)	(1,715)
Equipment	(100)	-	(100)
	<u>(1,169)</u>	<u>(646)</u>	<u>(1,815)</u>
At 31 July 2015			
Buildings	48,338	4,042	52,380
Equipment	887	-	887
	<u>49,225</u>	<u>4,042</u>	<u>53,267</u>

NOTES TO ACCOUNTS - continued

18 Endowments (Group and School)

	Permanent £000	Expendable £000	Total £000
At 1 August 2014	2,993	341	3,334
Income for year	289	4	293
Expenditure for year	(223)	(1)	(224)
Accumulated income retained	66	3	69
Appreciation of endowment asset investments	206	15	221
At 31 July 2015	3,265	359	3,624
Representing			
Prizes funds	3,265	-	3,265
Other funds	-	359	359
	3,265	359	3,624

19 Revaluation Reserve

	Group 31 July 2015 £000	School 31 July 2015 £000	Group 31 July 2014 £000	School 31 July 2014 £000
Balances as at 1 August	17,990	17,990	22,360	22,360
Impairment of fixed asset value	-	-	(4,048)	(4,048)
Released in year to Income & Expenditure Account	(322)	(322)	(322)	(322)
At 31 July	17,668	17,668	17,990	17,990

20 Income and Expenditure Account

General Funds	Group 31 July 2015 £000	School 31 July 2015 £000	Group 31 July 2014 £000	School 31 July 2014 £000
Balances as at 1 August	2,878	2,184	2,280	1,931
Surplus/ (deficit) after depreciation at valuation	2,304	1,927	191	(154)
Transfer from pension reserve	263	263	85	85
Release of Revaluation Reserve	322	322	322	322
At 31 July	5,767	4,696	2,878	2,184

20 Restricted Reserve
GSA Development Trust

	Group 31 July 2015 £000	School 31 July 2015 £000	Group 31 July 2014 £000	School 31 July 2014 £000
Balances as at 1 August	11,138	-	187	-
Surplus after depreciation at valuation	644	-	10,951	-
At 31 July	11,782	-	11,138	-

21 Pension reserve

	Group 31 July 2015 £000	School 31 July 2015 £000	Group 31 July 2014 £000	School 31 July 2014 £000
Balances as at 1 August	(7,011)	(7,011)	(3,735)	(3,735)
Employer contributions	1,141	1,141	1,024	1,024
Current service cost	(1,618)	(1,618)	(1,215)	(1,215)
Interest cost	(1,306)	(1,306)	(1,242)	(1,242)
Losses on curtailment	(4)	(4)	-	-
Return on employer assets	1,524	1,524	1,348	1,348
	(263)	(263)	(85)	(85)
Actuarial (loss) in pension scheme	(1,166)	(1,166)	(3,191)	(3,191)
At 31 July	(8,440)	(8,440)	(7,011)	(7,011)

NOTES TO ACCOUNTS - continued

22 Reconciliation of operating surplus to Net Cash Flow from Operating Activities	<i>Notes</i>	31 July 2015 £000	Restated 31 July 2014 £000
Surplus after depreciation of assets at valuation		3,017	11,145
Funding council loan support grants		(664)	(609)
Depreciation	11	3,212	1,952
Deferred grants released to income	17	(1,815)	(908)
Endowment & investment income	5	(338)	(412)
Interest payable	9	1,001	773
Decrease in stock		7	3
Taxation	10	36	36
(Increase) in debtors	13	(896)	(8,778)
(Decrease) in creditors	14	(3,994)	(358)
Share of operating surplus in joint venture		(1)	(11)
Increase / (Decrease) in provisions	16	184	(157)
Net cash (outflow) from operating activities		(251)	2,676
23 Taxation		Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Tax re GSofA Singapore Pte Ltd		(36)	(36)
Net cash (outflow) from taxation		(36)	(36)
24 Returns on Investments and Servicing of Finance		Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Income from endowments	5	293	212
Interest received on current accounts	5	45	200
Interest paid on long term loans	9	(74)	(79)
Net cash outflow from returns on investments and servicing of finance		264	333
25 Capital Expenditure and Financial Investments	<i>Notes</i>	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Payments to acquire tangible assets	11	(1,423)	(17,731)
Payments to acquire endowment investments	12	(636)	(339)
Deferred capital grants received	17	479	15,518
Receipt from sale of endowment investments	12	505	92
Net cash (outflow) from capital expenditure and financial investments		(1,075)	(2,460)
26 Financing		Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Capital element of loan repayments		(51)	289
Net HP (repayment) / drawdown		(82)	(82)
Net cash outflow from financing		(133)	207

The loan repayable to Barclays during the year was fully funded and directly paid by the Scottish Funding Council. There was no cash inflow or outflow from Glasgow School of Art in respect of the Barclays loan capital repayments or loan interest. There was no cash inflow to GSA from the Scottish Funding Council in respect of the capital repayments or interest paid. Therefore these items are excluded from the Cashflow Statement.

NOTES TO ACCOUNTS - continued

27 Analysis of Changes in Net (Debt)	Notes	As at		Other Changes £ 000	As at 31 July 2015 £ 000
		1 Aug 2014 £ 000	Cash Flow £ 000		
Endowment Cash Assets	12	259	(62)	-	197
Cash in hand, and at bank		7,019	(1,169)	-	5,850
		<u>7,278</u>	<u>(1,231)</u>	-	<u>6,047</u>
Due within one year	14	(5,121)	-	-	(5,121)
Due after one year	15	(17,709)	-	5,133	(12,576)
		<u>(15,552)</u>	<u>(1,231)</u>	<u>5,133</u>	<u>(11,650)</u>
Total		(15,552)	(1,231)	5,133	(11,650)

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 and GSA Students Association has the characteristics of related parties under the Financial Reporting Standard (FRS) 8.

GSA Enterprises Ltd. (GSAE)

In the year ended 31 July 2015 the School received £22,700 from GSA Enterprises (2013/14 £7,000) including Gift Aid contributions. GSA also entered into a loan agreement with GSAE to allow GSAE to continue trading post-fire. The balance at 31 July 2015 is £230,000 (2014: £80,000) and is included in amounts owed by related parties in debtors. There were also recharges in the year with a year end debtor balance in respect of these recharges of £1,200 (2013/14: £nil)

GSA Student Association.(GSASA)

During the year to 31 July 2015 GSA advanced a further loan to GSASA to assist them following the fire and the transfer of trading operations to the new premises in the Assembly Building. The loan balance at 31 July 2015 is £230,000 (2014:£ 240,000) and is included in amounts owed by related parties in debtors.

28b Subsidiary and Joint Venture Undertakings

GSofA Singapore pte ltd

The school has a wholly owned subsidiary in Singapore. The School owns 100% of the share capital being 1SGD. Its financial results have been consolidated into the accounts for the year to 31 July 2015.

The transactions between GSA and GSofA Singapore related to management costs paid from GSofA Singapore to GSA of £139,247 (2013/14 £321,000)

As at 31 July 2015, a debtor is included in the accounts of the School for this amount.

Centre for Digital Documentation and Visualisation LLP

The School has entered into the above joint venture arrangement with Historic Scotland. This joint venture digitally documents heritage sites both in Scotland and internationally and the School undertakes work, at arms length prices, for this joint venture. Located at the School's Digital Design Studio on Pacific Quay the centre specialises in the precise documentation and 3D representation of heritage objects, architecture and environments utilising state of the art high resolution laser scanning technology and 3D visualisation software.

The share of the operating surplus was £ 1,000 (2013/14: £ 11,000).The value of the investment in the joint venture at the year end is £12,000 (2013/14: £ 11,000). £105,700 (2013/14 £27,000) is included in debtors at the year end. The accounts are made up to 31 March annually to coincide with the year end of Historic Scotland

Glasgow School of Art Development Trust

This was established in 2010 to manage the philanthropic capital appeal for the new Graduate and Research Centre. It is an independent charitable trust governed by a deed of trust and is registered with OSCR. Its financial results have been consolidated into the accounts for the year to 31 July 2015.

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 £1,141,000 (2013/14- £ 1,024,000) and the cost of the STSS was £896,000 (2013/14 £837,000). Other pension costs totalled £71,000 (2013/14: £ 44,000)

Strathclyde Pension Fund (SPF)

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions. This scheme, a multi employer defined benefits scheme, covers both past and present employees. A valuation of the School's benefit obligations has been estimated by a qualified independent actuary based on the 31 March 2011 valuation results, rolled forward into the FRS17 assumptions as at 31 July 2015. The employer contribution rate for the period from 1 August 2014 to 31 July 2015 was 19.3% of pay.

The employee contribution rate was variable during 2014-15 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 2015	31 July 2014
Pension increase	2.60%	2.70%
Salary increase rate	4.50%	5.00%
Expected return on assets	3.60%	6.00%
Discount rate	3.60%	4.00%
Mortality assumptions		
The average future life expectancies at age 65 used to determine benefit obligations are as follows:	Male	Female
Current pensioners	22.1 years	23.6 years
Future pensioners	26.3 years	26.2 years

NOTES TO ACCOUNTS - continued

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

	2015		2014	
	rate of return	Value	rate of return	Value
	%	£000	%	£000
Equities	3.60%	21,034	6.60%	19,001
Bonds	3.60%	3,366	3.50%	3,000
Property	3.60%	3,366	4.70%	1,750
Cash	3.60%	280	3.60%	1,250
		<u>28,046</u>		<u>25,001</u>

Analysis of the amount shown in the balance sheet

	31 July 2015	31 July 2014
	£000	£000
Fair value of plan assets	28,046	25,001
Present value of funded benefit obligations	(36,486)	(32,012)
Net liability	<u>(8,440)</u>	<u>(7,011)</u>

Analysis of amount charged to operating surplus

	31 July 2015	31 July 2014
Current service cost	1,618	1,215
Total operating charge	<u>1,618</u>	<u>1,215</u>

Analysis of amounts included in other finance income/costs

	31 July 2015	31 July 2014
Expected return on employer assets	(1,524)	(1,348)
Losses on curtailment	4	-
Interest cost	1,306	1,242
Net (return)	<u>(214)</u>	<u>(106)</u>
Net income and expenditure charge	<u>1,404</u>	<u>1,109</u>

Employer contributions

	(1,141)	(1,024)
Net charge on pension liability	<u>263</u>	<u>85</u>

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

	31 July 2015	31 July 2014
	£000	£000
Actual return less expected return on pension scheme assets	686	117
Changes in financial assumptions underlying the present value of the scheme liabilities	(1,852)	(3,308)
Actuarial loss recognised in STRGL	<u>(1,166)</u>	<u>(3,191)</u>

Analysis of movements in present value of the scheme liabilities

	31 July 2015	31 July 2014
	£000	£000
Opening defined benefit obligation	32,012	26,530
Current service cost	1,618	1,215
Interest cost	1,306	1,242
Contribution by members	395	361
Actuarial losses	1,852	3,308
Loss on curtailment	4	-
Benefits paid	(701)	(644)
Closing defined benefit obligation	<u>36,486</u>	<u>32,012</u>

Analysis of movements in fair value of the scheme assets

	31 July 2015	31 July 2014
	£000	£000
Opening fair value of employer assets	25,001	22,795
Expected return on assets	1,524	1,348
Contributions by members	395	361
Contribution by employer	1,141	1,024
Actuarial gains	686	117
Benefits paid	(701)	(644)
Closing fair value of employer assets	<u>28,046</u>	<u>25,001</u>

The School expects to contribute approximately £ 1,175k to the Strathclyde Pension Fund in the next year. The cumulative actuarial loss at 31 July 2015 was £4,158k (2013/14: £2,992k)

The return on the Fund in market value terms for the period to 31 July 2015 is estimated based on the actual Fund returns provided by the Administrating Authority and index returns where necessary. The actual return for the period from 1 July 2014 to 31 March 2015 was 11.3% and the estimated return for the period from 1 August 2014 to 31 July 2015 was 10.5%.

NOTES TO ACCOUNTS - continued

History of experience gains and losses	Year ended	Year ended	Year ended	Year ended	Year ended
	31 July 2015	31 July 2014	31 July 2013	31 July 2012	31 July 2011
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	686	117	2,746	(116)	595
Value of assets	28,046	25,001	22,795	18,445	16,729
Percentage of assets	2.4%	0.5%	12.0%	-0.6%	3.6%
Experience gains/(losses) on liabilities	481	8	-	(283)	-
Present value of liabilities	(36,486)	(32,012)	(26,530)	(24,269)	(19,421)
Percentage of the present value of liabilities	-1.3%	0.0%	0.0%	1.2%	0.0%
Actuarial (losses)/ gains recognised in the STRGL	(1,166)	(3,191)	2,295	(3,165)	(2,635)
Present value of liabilities	(36,486)	(32,012)	(26,530)	(24,269)	(19,421)
Percentage of the present value of liabilities	3.2%	10.0%	-8.7%	13.0%	13.6%

Scottish Teachers' Superannuation Scheme (STSS)

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

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

The employer contribution rate for the period from 1 August 2014 to 31 July 2015 was 14.9% (2013/14: 14.9%) of pay. The employee contribution rate was 6.4% during 2014/15 (2013/14: 6.4%). The scheme is an unfunded scheme and it is not intended that the scheme will have a level of financial assets which match the liabilities of the scheme. The full actuarial review of the scheme is available from the Government Actuary's Department. There were no outstanding pension contributions at the year end.

30 Capital Commitments (Group and School)	31 July 2015	31 July 2014
	£000	£000
Committed and contracted as at 31st July 2015	-	-
There are no other financial commitments (2013/14: none)		

31a Contingent Liabilities (Group and School)

There were no contingent liabilities at the balance sheet date.

31b Contingent Asset (Group and School)

GSA is currently in negotiations with its insurer regarding the basis of it funding the reinstatement of the Mackintosh building, following the fire and no agreement has yet been reached.

32 Bursary and Other Student Support Funds	2014 - 2015		2013 - 2014
	Hardship	Childcare	Total
	£000	£000	£000
Balance brought forward at 1 August 2014	-	-	-
Funds received in year	121	24	145
Expenditure	(121)	(24)	(145)
Balance carried forward at 31 July 2015	-	-	-

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.

33 Segmental Reporting

The group activities are carried out in Glasgow and Singapore.

Group Turnover for these two markets is split as:

	Year Ended	Year Ended
	31 July 2015	31 July 2014
	£000	£000
Glasgow	40,003	39,645
Singapore	969	955
Total	40,972	40,600

34 Operating Lease Commitments

	2014 - 2015		2013 - 2014
	Land and	Other	Total
	Buildings	Equipment	Total
	£	£	£
Due less than 1 year	16,583	-	16,583
Due within 2 and 5 years	853,321	-	853,321
Due greater than 5 years	-	-	-
	869,904	-	869,904
			826,822

