



**THE GLASGOW
SCHOOL OF ART**

11-12

Annual Report and
Accounts 2011-12
year to 31 July 2012

**THE GLASGOW SCHOOL OF ART
(Company Register No.SCO 2271)
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2012**

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

Patron	H.R.H. The Prince of Wales, Duke of Rothesay
Hon. President	Mr Stewart Grimshaw
Hon. Vice President	Professor Anthony Jones
Hon. Vice President	Emeritus Professor Andrew MacMillan
Chairman	Mr Philip Rodney LLB
Vice Chairs	Ms Alison Lefroy Brooks BA (Hons) ACA MCT Sir Muir Russell KCB FRSE
Director	Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA
Deputy Director	Professor Allan Walker MA (Hons) Dip LA (until September 2011) Professor Linda Drew PhD MA BA (Hons) FRSA FDRS (from October 2011)
Director of Finance and Resources	Mr Eliot S Leviten BSc. (Hons) FCA
	Conveners of Committees
Audit	Ms Alison Lefroy Brooks BA (Hons) ACA MCT
Business	Mr Philip Rodney LLB
Estates	Ms Eleanor McAlister OBE MA MSc FRSA (until January 2012) Mr Douglas Brown BA(Hons) Dipl Arch (Oxford) FRIAS RIBA (from March 2012)
Human Resources	Mrs Linda McTavish CBE MA (Hons)
Investment	Sir Muir Russell KCB FRSE
Museums & Archives	Professor Alison Yarrington BA(Hons) PhD FRSE FSA FRSA
Nomination	Mr Philip Rodney LLB
Remuneration	Mr Philip Rodney LLB
Registered Office	167 Renfrew Street, Glasgow G3 6RQ
Solicitors	McClure Naismith 292 St Vincent Street, Glasgow, G2 5TQ
External Auditor	Grant Thornton UK LLP 95 Bothwell Street, Glasgow, G2 7JZ
Bankers	Royal Bank of Scotland plc 393 Sauchiehall Street, Glasgow, G2 3ND
Registered Charity Number	SCO 12490

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

Board of Governors & Directors

Governors Ex Officiis

E,B	Professor Seona Reid CBE BA (Hons) D.Arts D.Litt FRSA	Director of the School
B,M	Professor Linda Drew PhD MA BA(Hons) FRSA FDRS	Deputy Director of the School (from October 2011)
B,M	Professor Allan Walker MA (Hons) Dip LA	Deputy Director of the School (until September 2011)
B,E,H	Ms Sinead Dunn BA (Hons)	President Students' Representative Council (until July 2012)
B,E,H	Mr Sam De Santis BA (Hons)	President Students' Representative Council (from August 2012)

Appointed by the Governing Board

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

Elected Members

	Dr Tim Sharpe BSc BArch PhD FHEA	Appointed by the Academic Council (until December 2011)
	Dr Ken Neil MA (Hons) MFA PhD PGCert FHEA	Appointed by the Academic Council (from February 2012)
A,H	Ms Kerry Aylin BA (Hons) FHEA EADiM	Elected by the full-time Support Staff
A	Mr Nicholas Oddy BA (Hons) PGDipDes MA(RCA)	Elected by the full-time Academic Staff

Secretary to the Board of Governors

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

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

* denotes Independent Board Members

Chairman's Statement

Despite the continued challenging economic environment and significant change in our operating environment, academic year 31 July 2012 has been transformational with significant progress on our ambitious campus redevelopment. Construction commenced on the Phase 1 building, designed by Steven Holl Architects (New York) and JM Architects (Glasgow), opposite the Mackintosh Building and for the first time in the School's history, we occupied three sites within Glasgow at Garnethill, Pacific Quay and, temporarily, at Skypark at Finnieston, home to the School of Design during the Phase 1 redevelopment.

Phase 1 represents a £50 million investment in the future of the GSA. A major undertaking for the School, it is being delivered alongside continued growth and success in our research and knowledge exchange activities and learning and teaching which continues to produce high calibre graduates and remains hugely attractive to prospective applicants.

Our reputation as one of Europe's pre-eminent university-level institutions for specialist practice-led, studio-based education in the visual creative discipline is grounded in the substantial contribution our staff, students and graduates make to the cultural, social and economic life of Glasgow, Scotland and more widely across the UK and internationally. It is one of our unique strengths and in the undoubtedly challenging environment for higher education over the next few years, provides the foundation on which the GSA can continue to grow.

Our Future – GSA2025

The GSA has concluded the development of its new strategic plan - GSA2025. GSA2025 takes a longer term perspective, setting an ambition for the GSA in 2025, achieved through four three-year Milestone Plans. The shorter, more focused Milestone Plans are designed to allow the School to adapt and address the inevitable challenges and changes in context and operating environment that will occur over the next 12 years ensuring that we remain responsive and relevant in achieving our ambition.

In developing our Milestone Plan 2012-15, four drivers emerged as key in achieving our ambition for GSA2025 and these underpin all of our ambitions over the next three years:

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

Our plans are focused around the key areas of what we do – learning and teaching, research and knowledge exchange and our contribution to the wider community and the realisation of our plans in each of these areas is supported by our people and our organisation. All our plans are guided and underpinned by our shared purpose and ethos and were developed in an inclusive way involving extensive consultation with a range of staff, students, governors and external stakeholders.

GSA2025 builds on the significant progress achieved through the last strategic plan, GSAfuture (strategic plan 2008-2012) and was developed using a design innovation process, led by researchers from the GSA's Institute of Design Innovation.

Finance

The School made an operating surplus, before exceptional items, of £277k (£599k surplus on a historic cost basis). However, there have been two other factors which have led to a deficit for the year of £155k (£184k surplus on a historic cost basis). The School incurred £142k of re-structuring costs and an actuarial pension revaluation, which is undertaken every three years, delivered a cost of £290k. Despite capital expenditure of £10.9m, mainly on developing the School's estate, cash balances were maintained at £5.1m.

Research and knowledge transfer

While research income during the past year increased marginally from £2.45m to £2.62m the breadth and impact of our research and knowledge exchange activity increased significantly.

The School of Fine Art, in partnership with the Centre for Contemporary Art in Glasgow, was awarded a significant grant by the Arts and Humanities Research Council for a speculative research project that will open up previously inaccessible archive material to assist research and reflection on the causes and conditions which encouraged the renaissance of the visual arts in Glasgow since the late 1970s, known as "the Glasgow Miracle".

Design Innovation applies design thinking and practices to structured creativity to share ideas and fold in multiple areas of extreme expertise and is an emergent research and knowledge exchange centre within the School of Design. With a range of projects and partners

Chairman's Statement continued

including Creating Cultures of Innovation in partnership with the Institute of Directors, the Technology Strategy Board funded¹ DALLAS – Delivering Assisted Living Lifestyles at Scale project.

The Mackintosh School of Architecture Environmental Architectural Research Unit also secured funding from the Technology Strategy Board to undertake a building performance evaluation of four house types built as part of the Scottish Housing Expo in Inverness. The Technology Strategy Board also funded MEARU to undertake post occupancy evaluation of The Glasgow House, built by Glasgow Housing Association to explore the future of social and low cost housing in the city.

The Mackintosh School of Architecture also welcomed its second US UK Fulbright Scotland Visiting Professor during academic year 2011/12, Professor Julianna Maantay, Professor of Urban and Environmental Geography at City University of New York. She builds on the success of our first Visiting Professor, Ann Markusen, Professor and Director of the Arts Economy Initiative Project on Regional and Industrial Economics at the University of Minnesota.

The Digital Design Studio, working with Historic Scotland, is continuing to develop the Scottish Ten project, which will digitally preserve ten world heritage sites, five in Scotland and five internationally. One of a number of projects currently underway at the DDS, research is focussed on exploiting the interface between science, technology and the arts to explore imaginative and novel uses of advanced 3D visualisation and interaction technologies.

Student Recruitment

In comparison to the sector, the GSA performed well in the recruitment and admissions cycle 2012/13 achieving growth in International and EU applications which offset the anticipated reductions in applications from Scottish and RUK students following the introduction of increased tuition fees for English students, greater competition for students and more stringent UKBA requirements placed on international students.

Overall applications (UG and PG) grew by 0.5%. At undergraduate level, applications were relatively flat (c. 1%) which was expected as a result of the fee changes in the rest of the UK and reflects a decline in the number of applicants from the rest of the UK. EU applications grew by 67% and international applications by 52%.

At postgraduate level, overall applications increased by 2% which represented slower growth than previous years. This is due to the fact that this was the first cycle for a number of years where we had no new taught postgraduate programmes, the increased competitiveness of the postgraduate market and a decline in the number of applications from Scottish and RUK students. This was however off-set by significant increases in EU applications (493%) and a growth in international applications (9%).

2011/12 was the first recruitment cycle for the GSA's new academic programmes delivered in Singapore in partnership with Singapore Institute of Technology and Temasek Polytechnic. The recruitment cycle was very successful and achieved the planned enrolment targets. This provides a firm foundation for the further development of GSoFA Singapore and our wider ambitions to develop a "Distributed Academy".

Quality and External Benchmarks

The QAA have confirmed that GSA's ELIR (Enhancement-Led Institutional Review) will be undertaken in Term 2 of 2014. GSA has formed an ELIR Team consisting of senior staff and representation from across the School to lead preparations. This work will build on the successful foundations established as part of the extensive ELIR 2010 follow-up actions.

The School complied with the UK-wide requirement to introduce Key Information Sets. A new initiative Key Information Sets (KIS) aggregate, by academic programme, a range of performance indicators including student retention and graduate employment, where the GSA performs well. The most recent Higher Education Statistic Agency Performance Indicators on new entrant retention at 96.9%, places the GSA 2nd in Scotland and 6th in the UK, along with our graduate employability, six months after graduation, with 89% of students either in employment or future study.

Overall satisfaction in the National Student Survey 2012 improved and was the highest since we entered the NSS in 2009 and now stands at 77%, rising from 65% in 2010 and 73% in 2011. This reflects the actions taken over the period to address the concerns which were identified. However, further improvement of our results in this survey remains a priority for GSA and the Deputy Director and Director of Academic Development is leading the work required for this purpose in conjunction with the Heads of School.

¹ Other DALLAS funders include National Institute for Health Research, Scottish Government, Highlands and Island Enterprise and Scottish Enterprise

Chairman's Statement continued

Real estate progress

Our ambitious plans for the redevelopment of the Garnethill Campus are now well underway with the building well above ground level. The project has been developed by a design team led by Steven Holl Architects from New York working with Glasgow's JM Architects and Arup over a number of years. The new Phase 1 building should be ready to be occupied by the end of 2013.

The Phase 1 building is the first in our plan to create the UK's premier campus for the visual creative disciplines. To achieve this, the Glasgow School of Art Development Trust was established in 2012 charged with raising £10m to enable further phases to be achieved including a new building for the Graduate School and research centres. The Trust and the campaign for Phase 2 were launched in September 2012.

Student, graduate and staff successes

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

The School of Design's Alastair MacDonald and Dr. David Loudon received the 2011 Nexus Innovation Award.

Dr David Loudon, Research Fellow on the Design School's Medical Research Council funded Envisage Project was the recipient of one of 30 Scottish Crucible Award for career researchers for 2012 funded by NESTA.

GSA research team led by Francis McKee and Ross Sinclair awarded £123k AHRC grant to investigate the "Glasgow Miracle " in partnership with the Centre of Contemporary Arts, one of the largest ever grants of its type.

Fine Art Photography department was selected by Hasselblad Foundation's prestigious educational fellowships in photography, the Victor Fellowships, as an alternative choice for their Bachelor Victor Fellow.

A team of students from GSA's Product Design Department led by Institute of Design Innovation's Jeni Lennox beat 150 other entrants to be the only students amongst the five winners in the Design Council and Department of Health competition on designing for dementia. Their Dementia Dog project which was a partnership with Alzheimers Scotland, teamed dogs up with people suffering from dementia, and earned the GSA team £52,000.

Scottish First Minister announced signing of cultural agreements with China to allow specialists from Historic Scotland and the Digital Design Studio (DDS) to digitally map one of China's ancient monuments – the Eastern Qing Tombs – as part of the Scottish Ten project. Over the year DDS completed their first digital scans of Mount Rushmore, Edinburgh Old Town and Rani Ki Vav, India.

The Digital Design Studio (DDS) was commissioned to develop the innovative animated digital interpretation of the Battle of Bannockburn for the new Bannockburn Centre due to open in June 2014. The contract was worth £340k.

Gareth Hoskins Architects won the 2011 RIAS Andrew Doolan award for the National Gallery of Scotland, named the best building in Scotland.

Environmental Art alumnus Martin Boyce became the fourth GSA graduate to win the Turner Prize.

Fashion designer and textiles alumnus Jonathan Saunders won the 2012 British Fashion Council/Vogue Fashion Fund.

Design company Snook, founded by GSA alumnus Sarah Drummond won the Young Scot National Award for Enterprise.

MFA alumni Sarah Forrest and Stephen Sutcliffe won the Glasgow Film Festival's Margaret Tait Award.

Communication Design student Fraser Clark won the inaugural Scottish Album of the Year art commission for his Mona Lisa flipbook.

Silversmithing student Ruth Leslie won Grant First Prize for Excellence from the Worshipful Company of Founders for her medal *Kenenisa Bekole* Student Medal Project.

GSA Undergraduate Magazine won Gold for the best prospectus from a specialist institution and Bronze for the best website at the Heist Awards, the magazine also won Best Publication at both the Scottish Design Awards and the Scottish Creative Awards 2012.

Chairman's Statement continued

The "Farewell to the Newbery and Foulis" alumni event won a commendation for Best Educational Event at the Scottish Event Awards 2012.

Gabriella Boyd (Painting and Printmaking 2011) was selected for the Saatchi New Sensations Exhibition from 20 shortlisted UK graduates.

Three GSA alumni are to represent Scotland at the 2013 Venice Biennale.

Florian Urban, Head of Architectural History was awarded this year's prize for the "most innovative book on planning history written in English and based on research" for his book "Tower and Slab – Global Histories of Mass Housing" by the International Planning History Society.

MSA tutors, Charlie Hussey and Charlie Sutherland were commissioned to design a new gallery in Shanghai and their Edinburgh Sculpture Workshop was recently opened by the Scottish Government Cabinet Secretary for Culture.

GSA alumni were the focus of an Imagine BBC1 documentary "Glasgow: The Grit and the Glamour", attracting 950,000 viewers.

Former Newbery Award winner Zara Idelson (Painting and Printmaking 2011) won abstract critical's first ever Newcomer Award, winning £5,000.

Board

The diversity and commitment of the GSA's Board of Governors are major assets. Professor Linda Drew, the School's new Deputy Director, joined the Board and Dr. Ken Neil replaced Dr. Tim Sharpe as the Academic Council's representative on the Board. Ms Kerry Aylin and Mr Nicholas Oddy were re-elected for further terms as support staff and academic staff representatives respectively. Sinead Dunn demitted the office of President of the Students' Association to be replaced by Sam DeSantis. Blair Jenkins also left the Board, having made a significant contribution to the Board and two of its Committees. We thank all our departing governors for their substantial contributions.

Staff

A number of new appointments were made over the period, including Alistair Payne, Programme Leader, Fine Art; Ken Neil, Acting Head of Research and Graduate School; Gordon McLoughlin, Director of IT; Janet Allison, Head of Student Records and Systems; Sandi Galbraith, Deputy Director of Finance and Resources.

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

At the end of academic year 2011/12, Professor Seona Reid announced her intention to retire at the end of academic year 2012/13 and the Board is currently actively seeking a new Director to continue to lead our institution. Seona has made a huge contribution to the School since her appointment in 1999 and much of the progress made can be attributed to her leadership for which we thank her.

Students

A school such as the GSA has no relevance without its students. There have been and will continue to be challenges for them. We are privileged that our students have elected to develop their education with us rather than elsewhere. As such, they will have an impact on the School, way beyond their involvement. They contribute to the heartbeat which ensures that the GSA will continue to be a very special place. Despite these uncertain times, they continue to contribute their talent, commitment and enthusiasm. These assets make the School a rich and pleasurable environment and perpetuate its reputation.

Our staff, students and alumni make an immeasurable contribution to the cultural, social and economic life of not only Glasgow and Scotland but UK-wide and indeed internationally. We value the contribution to the GSA by our many friends, donors and partners.

Philip Rodney
Chairman
17 December 2012

Operating and Financial Review

Results for the year ended 31 July 2012

Status and Mission

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

Income & Expenditure Account

The Income and Expenditure Account on page 20 shows a surplus of £184k (£425k deficit 2010/11) on a historical cost basis and a deficit of £155k (£812k deficit 2010/11) on a revaluation basis, for the year ended 31 July 2012 as commented on in the Chairman's statement. This is after a staff restructuring charge of £142k and an unfunded pension liability revaluation charge of £290k. Without these adjustments the school would have shown a surplus of £277k on revaluation basis.

Balance Sheet

The total net assets of the School increased by £5,901k to £29,458k and the cumulative Income and Expenditure Account reserve increased from £1,471k as at 31 July 2011 to £1,605k as at 31 July 2012. Cash balances have remained steady throughout the year as we continue with our estate redevelopment project.

Key Performance Indicators

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

KPI measures	Actual 2009/10	Actual 2010/11	Actual 2011/12	Target 2011/12
Philanthropic support - cumulative	£2.2m	£3.2m	£3.6m	£3.6m
% Income non SFC	32.8%	36.3%	40.3%	32%
Cash generated from operations	£1.5m	£1.4m	£2.1m	£1.3m
Increase in research & KTP income (cumulative)	222%	330%	341%	100%
Value of overseas student income	£2.5m	£3.1m	£3.2m	£3.00m
% PG students	9.0%	9.7%	13.7%	20.0%
UG Applicants:enrolments	6:1	10:1	9.5:1	6:1
% Positive student feedback NSS	65%	73%	77%	78%
% Graduates in education/working after 6 months*	97%	****	89%	92%
% Students from under-represented groups	17%	18%	19%	26%

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

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

Endowment Assets

The return on Endowment asset Investments comprising dividend and bank interest, was 7.12%, compared with 5.57% last year. The market value of the total Endowment assets held by the School rose from £2,836k to £2,865k an increase of £29k. The Board appointed Investment Committee oversees execution of appropriate investment strategies and monitors performance.

Capital Projects

Capital Expenditure in the year was £12,286k, up on the previous year's figure of £5,663k. This reflects the continuing work carried out as part of the Garnethill Estates development project.

Operating and Financial Review – continued

Cash Flow

The Cash Flow Statement shows a net outflow of £72k in the financial year (2010/11 inflow £2,915k). This is a consequence of funds being expended on the next phase of the Estates development project.

Creditor Payment Policy

It is the School's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the School and its suppliers, provided that all trading terms and conditions have been complied with. The School endorses the CBI Prompt Payment Code. At 31 July 2012 the School had an average of 13 days purchases outstanding in trade creditors. With regard to the late payment of Commercial Debts (Interest) Act 1998 there are no matters to disclose.

Financial Risk Management

Foreign Currency Risk

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

Credit Risk

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

Liquidity Risk

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

Cash Flow Risk

The School has significant sums on long term deposit with our main banker.

Risk Register

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

Future Developments

Funding

Although the outlook for public sector funding for 2012/13 and onwards is very challenging the School has obtained a substantial funding settlement which will secure its immediate future. The School will continue to consider a variety of funding scenarios and the associated steps necessary to ensure that the School will remain financially sustainable.

Estate

As referred to in the Chairman's Statement the first phase of the £50m Scottish Funding Council funded redevelopment of the School's estate has now commenced and is expected to be completed in time for the academic year 2013/14.

Student Recruitment

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

Operating and Financial Review – continued

Future Developments continued

Research Excellence Framework (REF)

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

Small Specialist Institution Status

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

Health and Safety

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

Employment of Disabled Persons

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

Employee and Student Involvement

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

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

Professor Seona Reid
Director

Mr Eliot S Leviten
Director of Finance & Resources

17 December 2012

Corporate Governance Statement

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

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

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

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

The Board of Governors comprises lay and academic persons appointed under the Statutes of the School, the majority of whom are non-executive and independent (see page 2). Lay Governors are not remunerated. The Clerk to the Board maintains a Register of Interests of members of the Board. All governors are able to take independent professional advice in furtherance of their duties at the School's expense and have access to the Company Secretary of the School, who is responsible for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Company Secretary are matters for the Board as a whole.

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

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

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

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

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

Corporate Governance Statement – continued

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

The Human Resources Committee is responsible for the preparation of policy relating to the employment of staff and the monitoring of the effective management of these affairs and recommending policy to the Board. The School is responsible for ensuring that appropriate training is provided as required. The Committee met on five occasions during the year.

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

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

The Remuneration Committee determines the remuneration of the most senior staff, including the Director. Details of remuneration for the year ended 31 July 2012 are set out in note 7. The Committee met once during the year.

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

Guide to Governing Bodies

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

Quality assurance

Formal and informal mechanisms enable the Board to ensure that its strategic responsibilities for quality are discharged effectively; that the School continues to maintain a high quality learning experience for its students; and that both students and external agencies are satisfied with the quality of education provided.

These mechanisms, which exercise delegated powers of the Board, include the responsibilities of the Director, formal reports to the Academic Council, an Annual Report to the Senate of the University of Glasgow, and the annual monitoring of Key Performance Indicators. All of which are reported to the Board on a regular basis.

They are supplemented by active student and staff participation and engagement. A clear example of such additional School-wide activities are the briefings and discussions in preparation for the successful 2010 QAA Enhancement Led Institutional Review.

Senior Management

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

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

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

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

Going Concern

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

Corporate Governance Statement – continued

Attendance at meetings

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

	Board	Audit	Estates	Business
	5	4	5	5
Kerry Aylin	5/5	3/4	-	-
Sharon Bamford	2/5	-	-	-
Alison Lefroy Brooks	4/5	4/4	-	-
Douglas Brown	4/5		4/5	4/5
Janet Brown	3/5	1/4	-	-
Bob Downes	2/5	-	-	3/5
Roberta Doyle	4/5	-	-	-
Linda Drew	4/5	-	3/5	-
Sinead Dunn	5/5		5/5	5/5
Simon Groom	2/5	-	-	-
Daniel Ibbotson	4/5	-	-	3/5
Blair Jenkins	3/5	3/4	-	3/5
Douglas Kinnaird	5/5	-	-	-
Eleanor McAlister **	1/5	-	5/5	3/5
Ken Neil (appointed February 2012)	2/5			
Linda McTavish	2/5	-	-	-
Nicholas Oddy	4/5	4/4	-	-
Christa Reekie	2/5	-	5/5	-
Seona Reid	5/5	4/4*	5/5	5/5
Ken Ross	4/5	-	-	4/5
Philip Rodney	5/5	2/4*	5/5	5/5
Sir Muir Russell	5/5	3/4	-	3/5
Tim Sharpe (left December 2011)	2/5	-	-	-
Alison Yarrington	4/5	-	-	-
Eliot Leviten, Company Secretary	5/5	4/4*	5/5	5/5

* denotes attendee (not full member)

** Board membership temporarily suspended from February 2012 to avoid conflict of interest

Mr Philip Rodney
Chairman
17 December 2012

Governors' Biographies

Mr Philip Rodney LLB

Chair

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

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

Director

Seona was appointed Director in 1999, having served as Director of the Scottish Arts Council for nine years and before that as Assistant Director of Greater London Arts, Director of Shape, Head of Public Relations Ballet Rambert, Press and Publicity Officer at Northern Dance Theatre, Business Manager, Lincoln Theatre Royal and a freelance arts consultant working with the Arts Council of Great Britain and the London Contemporary Dance Trust. She is a member of Universities Scotland Executive Committee and a board member of Cove Park. In April 2011 she was appointed as Deputy Chair of the National Heritage Memorial Fund / Heritage Lottery Fund and Chair of the Scottish Committee and is Scottish Commissioner to the Fulbright Commission. In recent years, she was a member of the Knowledge and Evaluation Committee of the Arts and Humanities Research Council, a Commissioner on the Scottish Broadcasting Commission, vice chair of the Lighthouse Centre for Architecture, Design and the City and on the boards of the Arches and Suspect Culture Theatre. She has honorary degrees from Robert Gordon University, the University of Glasgow, Glasgow Caledonian University and Strathclyde University. She is an honorary professor of the University of Glasgow and was awarded a CBE in 2008 for services to the creative industries.

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 prior to moving to Scotland to take up the role of Group Treasurer for Aggreko plc, the global leader in the rental of power, temperature control and oil-free compressed air systems to customers around the world. She is chair of the Scottish discussion group for the Association of Corporate Treasurers.

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 (from October 2011)

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 a member of the Design Commission, an industry-led research group, which sits alongside the Associate Parliamentary Design and Innovation Group. She is also a member of the Singapore British Business Council and 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 10 years. Linda is an alumna of Saint Martins School of Art, a Fellow of the Design Research Society (FDRS) and a Fellow of the Royal Society of the Arts (FRSA).

Ms Kerry Aylin BA (Hons) FHEA EADiM

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

Governors' Biographies continued

Ms Sharon Bamford BA (Hons) MBA

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

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

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

Dr Janet Brown BSc PhD FInstP FRSE

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

Mr Bob Downes DipTP, B.Phil.

Bob Downes is Deputy Chair of the Scottish Environmental Protection Agency, Non-Executive of Care Visions Group and works with a number of small technology businesses. Until 2011 he was a Director with BT Group where he served in a wide variety of executive roles, most recently with Openreach. Previous to 1999 he was a Director in Scottish Enterprise and before that of Conran Roche, a London based creative consultancy. He is also a member of the Advisory Board for the Adam Smith Business School at Glasgow University, Scotrail Advisory Board and the Scottish Ensemble. He served on the Carter Review on PAYE for Small Businesses, was a board member of the International Council for Urban Development (Washington DC) and of many voluntary organisations including Wise Group, Ulster Community Investment Trust and the Flax Trust in Belfast. Bob is a graduate of Duncan of Jordanstone College of Art.

Ms Roberta Doyle BA

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

Dr Simon Groom MA (Hons) PhD

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

Mr Daniel Ibbotson BA (Hons)

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

Mr Blair Jenkins OBE MA (left the Board in June 2012)

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

Governors' Biographies continued

Mr Douglas Kinnaird BA CA

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

Ms Eleanor McAllister OBE MA MSc Hon FRIAS FRICS FRSA

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

Mrs Linda McTavish CBE BA (Hons)

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. She is Chair of the Glasgow Colleges Strategic Partnership and has also been appointed as Regional Lead for Further Education in Lanarkshire.

Dr Ken Neil MA (Hons) MFA PhD PGCert FHEA

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

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

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

Ms Christa Reekie Mag.phil. Dip Ed LLB NP

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

Governors' Biographies continued

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 Minister on housing matters in Scotland. Ken is a Member of the Executive Committee of SCDI and continues to chair the Building Standards and Sustainability Committee for the SPF. He is also actively involved in projects involving the arts, social and educational sectors in Scotland.

Mr. Sam De Santis BA (Hons)

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

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

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

Responsibilities of the Board of Governors

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

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

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

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

The Board has taken all reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the School and prevent and detect fraud;
- secure the economical, efficient and effective management of the School's resources and expenditure.

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

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

By order of the Board

Mr Philip Rodney
Chairman

Professor Seona Reid
Director

Mr Eliot S Leviten
Director of Finance and Resources

17 December 2012

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

We have audited the financial statements of Glasgow School of Art ('the School') for the year ended 31 July 2012 which comprise the income and expenditure account, the statement of total recognised gains and losses, the statement of historical cost surpluses and deficits, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Accounts Direction issued by the Scottish Funding Council and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the School's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and its governors, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

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

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 July 2012 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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, regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

Opinion on other matters

In all material respects:

- income from the Scottish Funding Council, grants and income for specific purposes and from other restricted funds administered by the School during the year ended 31 July 2012 have been applied for the purposes for which they were received; and
- in all material aspects, income during the year ended 31 July 2012 has been applied in accordance with the School's statutes and, where appropriate, with the financial memorandum with the Scottish Funding Council.

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

December 2012

THE GLASGOW SCHOOL OF ART
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2012

	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
INCOME			
Funding Council Grants	1	10,511	11,008
Tuition fees and education contracts	2	6,803	6,306
Research grants and contracts	3	2,625	2,451
Other income	4	3,090	2,613
Endowment and Investment income	5	274	166
		<hr/>	<hr/>
Total income		23,303	22,544
EXPENDITURE			
Staff pay costs	6	13,772	13,335
Exceptional restructuring costs		142	181
Pension revaluation	16	290	-
Depreciation	11	1,824	2,057
Other operating expenses	8	7,360	7,031
Interest payable	9	53	147
		<hr/>	<hr/>
Total expenditure		23,441	22,751
(Deficit)/surplus on continuing operations after depreciation of assets at valuation		(138)	(207)
(Loss) on impairment on demolition of assets	11	-	(596)
Taxation		-	-
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and taxation		(138)	(803)
Accumulated income retained within specific endowments	18	(17)	(9)
(Deficit)/surplus for the year retained within general reserves		(155)	(812)

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

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2012

	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation		(138)	(803)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount	20	322	378
		<hr/>	<hr/>
Historical cost surplus/(deficit) before and after taxation		184	(425)

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

THE GLASGOW SCHOOL OF ART

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2012

	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and taxation		(138)	(803)
Appreciation / (depreciation) of endowment asset investments	18	11	140
Actuarial gain / loss in respect of pension scheme		(3,164)	(2,635)
Reduction in asset valuation on disposal		-	(1,037)
New endowments	18	-	365
Total recognised losses relating to the period		<u><u>(3,291)</u></u>	<u><u>(3,970)</u></u>
 Reconciliation			
Opening reserves and endowments		11,744	15,714
Total recognised losses for the year		<u>(3,291)</u>	<u>(3,970)</u>
Closing reserves and endowments		<u><u>8,453</u></u>	<u><u>11,744</u></u>

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

THE GLASGOW SCHOOL OF ART

BALANCE SHEET
As at 31 July 2012
SCO 2271

	<i>Notes</i>	2012 £000	2011 £000
Fixed Assets			
Tangible assets	11	37,485	27,023
Endowment Assets	12	2,865	2,836
Current Assets			
Stocks		56	83
Debtors	13	2,946	1,199
Cash at bank and in hand		5,125	5,150
		<u>8,127</u>	<u>6,432</u>
Creditors: amounts falling due within one year	14	<u>(10,343)</u>	<u>(7,455)</u>
Net current assets		<u>(2,216)</u>	<u>(1,023)</u>
Total assets less current liabilities		38,134	28,836
Creditors: amounts falling due after more than one year	15	(1,604)	(1,528)
Provisions for liabilities and charges	16	(1,248)	(1,059)
		<u>35,282</u>	<u>26,249</u>
Net assets excluding pension liability		35,282	26,249
Net pension liability	28	(5,824)	(2,692)
Net assets including pension liability		<u>29,458</u>	<u>23,557</u>
Deferred capital grants	17	21,005	11,813
Endowments			
Specific	18	2,572	2,543
General	18	293	293
		<u>2,865</u>	<u>2,836</u>
Reserves			
Revaluation reserve	19	9,807	10,129
Income and expenditure account excluding pension reserve	20	1,605	1,471
Pension reserve	21	(5,824)	(2,692)
		<u>5,588</u>	<u>8,908</u>
Total reserves		<u>5,588</u>	<u>8,908</u>
Total		<u>29,458</u>	<u>23,557</u>

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

The financial statements on pages 20 to 37 were approved on 17 December 2012 and signed on behalf of the Board by:

Philip Rodney, Chairman

Professor Seona Reid, Director

THE GLASGOW SCHOOL OF ART

CASH FLOW STATEMENT
For the year ended 31 July 2012

	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Cash flow from operating activities	22	1,972	2,278
Returns on investments and servicing of finance	23	188	76
Capital expenditure and financial investment	24	(2,165)	605
Financing	25	(76)	(44)
		<hr/>	<hr/>
Increase/(decrease) in cash in the year		<u>(81)</u>	<u>2,915</u>
 Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash in the period		(81)	2,915
Movement in capital debt		76	44
		<hr/>	<hr/>
Change in net debt		(5)	2,959
Net debt at 1 August		4,160	1,201
		<hr/>	<hr/>
Net funds/(debt) at 31 July	26	<u>4,155</u>	<u>4,160</u>

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

Statement of Principal Accounting Policies

1 Accounting Convention

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

2 Recognition of Income

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

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

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

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

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

3 Pension Schemes

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

Strathclyde Pension Fund

The scheme is a defined benefit scheme and is accounted for under Financial Reporting Standard 17, Retirement Benefits (FRS17). In prior years, due to the uncertainty as to whether individual contributors' share of the underlying assets can be identified on a reasonable and consistent basis that is in accordance with FRS 17, contributions to the scheme were accounted for as if it were a defined contribution scheme. From 2010-11, sufficient information has been supplied by the Fund's actuaries to allow the scheme to be accounted for as a defined benefit scheme.

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

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

Scottish Teachers Superannuation Scheme

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

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

4 Land and Buildings

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

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

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

Statement of Principal Accounting Policies continued

5 Equipment

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

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

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

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

6 Leased assets

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

7 Investments

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

8 Stocks

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

9 Maintenance of Premises

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

10 Taxation Status

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

11 Provisions

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

12 Endowment funds

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

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

13 Agency arrangements

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

14 Foreign currencies

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

15 Cash flows and liquid resources

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

NOTES TO ACCOUNTS

1 Funding Council Grants	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
SFC recurrent teaching grant		7,109	7,535
SFC research grant		1,590	1,631
Small specialist institution grant		511	511
Other SFC grants		784	726
Deferred capital grant released in year			
Buildings	17	421	484
Equipment	17	96	121
		<u>10,511</u>	<u>11,008</u>
2 Tuition Fees and Education Contracts		Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
UK higher education students		2,900	2,498
European Union (EU) (excluding UK) students		-	243
Non EU students		3,466	3,102
Other contracts		437	463
		<u>6,803</u>	<u>6,306</u>
3 Research Grants and Contracts		Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Research councils		362	391
UK Charities		15	46
UK governmental contracts		615	273
Other grants and contracts		456	479
UK industrial and commercial contracts		1,177	1,262
		<u>2,625</u>	<u>2,451</u>
4 Other Income	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Residences		820	776
Release from deferred grants (Non SFC)	17	478	451
Other income generating activities		356	306
Other income		1,436	1,080
		<u>3,090</u>	<u>2,613</u>
5 Endowment and Investment Income		Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Income from specific endowments	18	199	152
Income from general endowments	18	5	6
Bank interest		70	8
		<u>274</u>	<u>166</u>

NOTES TO ACCOUNTS - continued

6 Staff Costs

	Year Ended 31 July 2012	Year Ended 31 July 2011
The average monthly number of persons (including senior postholders) employed by the School during the period, expressed as full-time equivalents, was:		
	Number	Number
Teaching departments	105	100
Teaching support services	71	68
Research grants and contracts	34	38
Other support services	36	39
Administration and central services	34	32
Premises	38	39
Residences	1	1
Total	319	317
Analysed as		
Staff on permanent contracts	319	317
Staff on temporary and other contracts	-	-
Total	319	317
Staff costs for the above persons:		
	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Wages & salaries	11,295	10,949
Social security costs	921	899
Pensions	1,556	1,487
	13,772	13,335
Actuarial pension revaluation	290	-
Total	14,062	13,335
Analysed as		
Staff on permanent contracts	13,772	13,335
Staff on temporary and other contracts	-	-
Total	13,772	13,335
Staff costs by activity		
	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Teaching departments	5,551	5,189
Teaching support services	2,250	2,144
Research grants and contracts	1,698	1,805
Other support services	1,502	1,590
Administration and central services	1,827	1,673
Premises	883	881
Residences	61	53
Total	13,772	13,335
The number of staff, excluding governors, who received emoluments, including pension contributions, in the following ranges was:		
£70,001 - £80,000	3	4
£80,001 - £90,000	2	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
	8	8

NOTES TO ACCOUNTS - continued

7 Governors' Emoluments

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

		Year Ended 31 July 2012 Number	Year Ended 31 July 2011 Number
NIL		19	19
£30,001	- £35,000	-	1
£35,001	- £40,000	1	-
£55,001	- £60,000	-	1
£60,001	- £65,000	1	1
£65,001	- £70,000	1	-
£90,001	- £95,000	1	-
£95,001	- £100,000	-	1
£145,001	- £150,000	-	-
£150,001	- £155,000	1	1
		<u>24</u>	<u>24</u>

The Governors' emoluments are made up as follows:

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Salaries	419	351
Pension contributions	<u>74</u>	<u>52</u>
Total emoluments	<u><u>493</u></u>	<u><u>403</u></u>

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

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Highest paid Director		
The Director of the School	127	127
Pension contributions	<u>25</u>	<u>24</u>
Total	<u><u>152</u></u>	<u><u>151</u></u>

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

NOTES TO ACCOUNTS - continued

8 Other Operating expenses by Activity	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Teaching departments	2,162	1,913
Contracted-out lecturing services	10	22
Research grants & contracts	829	1,114
Teaching support services	300	287
Other support services	480	487
Administration and central services	681	792
General education	32	33
Premises costs	719	586
Utilities	490	584
Planned maintenance	488	321
Other income generating activities	116	140
Catering and residence operations	805	588
Other expenses	248	164
	<hr/>	<hr/>
	<u>7,360</u>	<u>7,031</u>

Other Operating expenses include:	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Auditors' remuneration		
external audit	18	18
external audit other services	1	1
internal audit	14	14
internal audit other services	4	4
	<hr/>	<hr/>
	<u>4</u>	<u>4</u>

9 Interest Payable	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Mortgages and loans not repayable within five years	86	90
Net return on pension liability	(33)	57
	<hr/>	<hr/>
	<u>53</u>	<u>147</u>

10 Taxation

The Board do not believe the School was liable for any Corporation Tax arising out of its activities during this period (2010/11 Nil)

NOTES TO ACCOUNTS - continued

11 Tangible Fixed Assets

	Freehold Land and Buildings £000	Asset under Construction £000	Equipment £000	Total £000
Valuation / Cost				
At 1 August 2011	30,527	7,739	5,733	43,999
Additions at Cost	1,505	10,312	469	12,286
Disposals			(383)	(383)
At 31 July 2012	<u>32,032</u>	<u>18,051</u>	<u>5,819</u>	<u>55,902</u>
At valuation 1995	15,889		-	15,889
At cost	16,143	18,051	5,819	40,013
	<u>32,032</u>	<u>18,051</u>	<u>5,819</u>	<u>55,902</u>
Depreciation				
At 1 August 2011	12,548		4,428	16,976
Charge for Year	1,287	-	537	1,824
Disposals	-		(383)	(383)
At 31 July 2012	<u>13,835</u>	<u>-</u>	<u>4,582</u>	<u>18,417</u>
Net Book Value				
At 31 July 2012	<u>18,197</u>	<u>18,051</u>	<u>1,237</u>	<u>37,485</u>
At 1 August 2011	<u>17,979</u>	<u>7,739</u>	<u>1,305</u>	<u>27,023</u>

The School's policy is that assets are retained at either their 1995 valuation or their historic cost for additions since that date. Land and Buildings were valued in 1995 by a firm of independent chartered surveyors on a depreciated replacement cost basis. All additions since that date have been included at historic cost and their value is deemed to be at least equal to the cost incurred.

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

Buildings with a net book value of £10,489,467 have been funded from Treasury sources. Should these particular buildings be sold, the School would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Scottish Funding Council.

Inherited Land & Buildings

If inherited land and buildings had not been valued they would have been included at the following amounts:	2012
	£000
Cost	15,889
Aggregate depreciation based on cost	<u>7,751</u>
Net book value based on cost	<u>8,138</u>

Heritage assets:

It is the view of the School that there is no regular and active market for the School's heritage assets and as a consequence there is insufficient reliable valuation information available to the School for it to provide a meaningful disclosure in these accounts and as such the heritage assets are excluded from the balance sheet. The heritage assets include amongst others the School's Charles Rennie Mackintosh furniture and art collections.

NOTES TO ACCOUNTS - continued

12 Endowment Assets	31 July 2012 £000	31 July 2011 £000
Balances as at 1 August 2011	2,836	2,322
Additions (note 24)	901	700
Disposals (note 24)	(835)	(659)
(Decrease) / increase in cash balances held at fund managers	(48)	333
Appreciation / (depreciation) of endowment asset investments	11	140
Balances as at 31 July 2012	<u>2,865</u>	<u>2,836</u>
Represented by:		
Fixed Interest Stocks (listed)	-	179
Equities (listed)	2,313	2,056
Bank balances (note 25)	552	601
Total	<u>2,865</u>	<u>2,836</u>
13 Debtors	31 July 2012 £000	31 July 2011 £000
Trade debtors	562	370
Debts due from students	116	167
Prepayments and accrued income	2,268	662
	<u>2,946</u>	<u>1,199</u>
14 Creditors: Amounts Falling Due Within One Year	31 July 2012 £000	31 July 2011 £000
Trade creditors	1,540	141
Social security and other taxes payable	318	377
Other creditors	70	155
Loans (secured) (note 15)	519	63
Payments in advance	7,896	459
Accruals	10,343	6,260
	<u>10,343</u>	<u>7,455</u>

NOTES TO ACCOUNTS - continued

15 Creditors: Amounts Falling Due After One Year	31 July 2012 £000	31 July 2011 £000
Combined loan (secured)	1,509	1,573
Construction retention	152	
Energy efficiency loan scheme	13	18
	<u>1,674</u>	<u>1,591</u>
Less: amount falling due within one year (note 14)	70	63
	<u><u>1,604</u></u>	<u><u>1,528</u></u>
Instalments on the loans above are payable as follows		
Between one and two years	70	63
Between two and five years	387	207
After five years	1,147	1,258
	<u><u>1,604</u></u>	<u><u>1,528</u></u>
Details of loans:		
Combined loan: Repayable by quarterly instalments until December 2026		
Loan rate 5.59 % (fixed) secured on the Sir Harry Barnes Building and the Margaret MacDonald House Residence		
Energy efficiency loan: Interest free loan repayable in six-monthly instalments until September 2014		

16 Provision for Liabilities and Charges

	Provision for past service pensions £000	Total £000
Balances as at 1 August 2011	1,059	1,059
Expenditure in year	(101)	(101)
Provision for increase in actuarial valuation of enhanced early retiral costs	290	290
At 31 July 2012	<u><u>1,248</u></u>	<u><u>1,248</u></u>

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

17 Deferred Capital Grants

	Funding Council £000	Other Grants and Benefactions £000	Total £000
At 1 August 2011			
Buildings	6,696	3,976	10,672
Equipment	1,141	-	1,141
	<u>7,837</u>	<u>3,976</u>	<u>11,813</u>
Capital grants received in year			
Buildings	9,789	398	10,187
Equipment	-	-	-
	<u>9,789</u>	<u>398</u>	<u>10,187</u>
Disposals			
Buildings	-	-	-
Equipment	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Released to Income and Expenditure			
Buildings	(421)	(478)	(899)
Equipment	(96)	-	(96)
	<u>(517)</u>	<u>(478)</u>	<u>(995)</u>
At 31 July 2012			
Buildings	16,064	3,896	19,960
Equipment	1,045	-	1,045
	<u><u>17,109</u></u>	<u><u>3,896</u></u>	<u><u>21,005</u></u>

NOTES TO ACCOUNTS - continued

18 Endowments

	Permanent £000	Expendable £000	Total £000
At 1 August 2011	2,543	293	2,836
Income for year	199	5	204
Expenditure for year	(183)	(3)	(186)
Accumulated income retained	16	2	18
Additions	-	-	-
Appreciation of endowment asset investments	13	(2)	11
At 31 July 2012	2,572	293	2,865
Representing			
Prizes funds	2,572	-	2,572
Other funds	-	293	293
	2,572	293	2,865

19 Revaluation Reserve

	31 July 2012 £000	31 July 2011 £000
Balances as at 1 August 2011	10,129	11,544
Impairment of fixed asset value	-	(1,037)
Released in year to Income & Expenditure Account	(322)	(378)
At 31 July 2012	9,807	10,129

20 Income and Expenditure Account

	General Funds £000	Departmental Balances £000	Total £000
Balances as at 1 August 2011	1,363	108	1,471
Surplus/ (deficit) after depreciation at valuation	(155)	-	(155)
Transfer from pension reserve	(33)	-	(33)
Transfer from departmental balances	7	(7)	-
Release of Revaluation Reserve	322	-	322
At 31 July 2012	1,504	101	1,605

21 Pension reserve

	£000	£000	Total £000
Balances as at 1 August 2011		(2,692)	(2,692)
Employer contributions	868		
Current service cost	(880)		
Interest cost	(1,049)		
Return on employer assets	1,094	33	33
Actuarial gain/ (loss) in pension scheme		(3,165)	(3,165)
		(5,824)	(5,824)

NOTES TO ACCOUNTS - continued

22 Reconciliation of operating surplus/(deficit) to Net Cash Flow from Operating Activities	<i>Notes</i>	31 July 2012 £000	31 July 2011 £000
Surplus/(deficit) after depreciation of assets at valuation		(138)	(803)
Depreciation	11	1,824	2,057
Impairment of fixed assets		-	596
Deferred grants released to income	17	(995)	(1,056)
Endowment & investment income		(274)	(166)
Interest payable	9	53	147
Increase in stock		27	(1)
(Increase)/decrease in debtors		(1,747)	510
Increase in creditors		3,033	1,096
Increase / (decrease) in provisions	16	189	(102)
Net cash inflow from operating activities		1,972	2,278
23 Returns on Investments and Servicing of Finance		Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Income from endowments	18	204	158
Interest received on current accounts		70	8
Interest paid on long term loans	9	(86)	(90)
Net cash inflow from returns on investments and servicing of finance		188	76
24 Capital Expenditure and Financial Investments	<i>Notes</i>	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Payments to acquire tangible assets	11	(12,286)	(5,825)
Payments to acquire endowment investments		(901)	(700)
Deferred capital grants received	17	10,187	6,106
Receipt from sale of endowment investments		835	659
Endowments received in year		-	365
Net cash inflow/(outflow) from capital expenditure and financial investments		(2,165)	605
25 Financing		Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Capital element of loan repayments		(76)	(44)
Net cash outflow from financing		(76)	(44)

NOTES TO ACCOUNTS - continued

26 Analysis of Changes in Net (Debt)/Funds

	Notes	As at 1 Aug 2011 £ 000	Cash Flow £ 000	Other Changes £ 000	As at 31 July 2012 £ 000
Endowment Assets	12	601	(49)	-	552
Cash in hand, and at bank		5,150	(25)	-	5,125
		5,751	(74)	-	5,677
Due within one year	15	(63)	(7)	-	(70)
Due after one year	15	(1,528)	76	-	(1,452)
Total		4,160	(5)	-	4,155

27a Related Party Transactions

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

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

GSA Enterprises Ltd.

In the year ended 31 July 2012 the School received income from GSA Enterprises of £68,000 (2010/11 £73,000) including Gift Aid contributions

27b Subsidiary and Joint Venture Undertakings

GSofA Singapore pte ltd

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

The accounts for the first period were made up to 31 July 2012. These have not been consolidated into the accounts as the impact is not considered to be material. There is no impact on Net Assets or the deficit in the year.

The transactions between GSA and GSA Singapore related to management costs paid from GSA Singapore to GSA of £145k.

As at 31 July 2012, a debtor is included in the accounts of GSA for this amount.

Centre for Digital Documentation and Visualisation LLP

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

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

The total income receivable from CDDV during the year was £350,000 (2010/11 £377,000) with £37,000 (2010/11 £291,000) included in debtors at the year end.

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

28 Pensions

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

The cost of the SPF scheme was £869,000 (2010/11- £817,000) and the cost of the STSS was £682,000 (2010/11 £669,000).

Strathclyde Pension Fund (SPF)

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

A valuation of the School's benefit obligations in respect of its members has been estimated by a qualified independent actuary based on the 31st March 2008 valuation results, rolled forward into the FRS17 assumptions as at 31 July 2011. The employer contribution rate for the period from 1 August 2011 to 31 July 2012 was 19.3% of pay. The employee contribution rate was variable during 2010-11 depending upon the individual level of remuneration. The range was from 5.5% to 10.4%. There were no outstanding pension contributions at the year end.

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

Financial assumptions	31 July 2012	31 July 2011
Pension increase	2.20%	2.70%
Salary increase rate	4.50%	5.00%
Expected return on assets	4.90%	6.40%
Discount rate	4.10%	5.30%

Mortality assumptions

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

	Male	Female
Current pensioners	21.0 years	23.4 years
Future pensioners	23.3 years	25.3 years

NOTES TO ACCOUNTS - continued

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

	2012		2011	
	rate of return	Value	rate of return	Value
	%	£000	%	£000
Equities	5.50%	13,464	7.00%	12,714
Bonds	3.30%	2,398	4.70%	2,175
Property	3.70%	1,476	5.10%	1,004
Cash	2.80%	1,107	4.00%	836
		<u>18,445</u>		<u>16,729</u>

History of plan

	31 July 2012	31 July 2011
	£000	£000
Fair value of plan assets	18,445	16,729
Present value of funded benefit obligations	(24,269)	(19,421)
Net liability	<u>(5,824)</u>	<u>(2,692)</u>

Movements in fair value of plan assets

	31 July 2012	31 July 2011
	£000	£000
Opening value	16,729	14,592
Expected return on assets	1,094	981
Contributions by members	326	321
Contribution by employer	868	817
Actuarial gains / (losses)	(116)	595
Benefits paid	(456)	(577)
Closing fair value of employer assets	<u>18,445</u>	<u>16,729</u>

Movements in present value of defined benefit obligation

	31 July 2012	31 July 2011
	£000	£000
Opening value	19,421	18,296
Current service cost	880	851
Interest cost	1,049	1,004
Contribution by members	326	321
Actuarial gains / (losses)	3,049	(474)
Benefits paid	(456)	(577)
Closing fair value of employer assets	<u>24,269</u>	<u>19,421</u>

Recognition in the income and expenditure

	31 July 2012	31 July 2011
	£000	£000
Current service cost	880	851
Interest cost	1,049	1,004
Expected return on employer assets	(1,094)	(981)
Total pension cost recognised	<u>835</u>	<u>874</u>

The School expects to contribute approximately £892k to the Strathclyde Pension Fund in the next financial year.

NOTES TO ACCOUNTS - continued

Recognition in the statement of recognised gains and losses (STRGL)	31 July 2012 £000	31 July 2011 £000
Actuarial gains / (losses) on asset fair value	(116)	595
Actuarial gains / (losses) on defined benefit obligation	(3,049)	474
Pension liability opening balance 1st August 2010	-	(3,704)
Total recognised in STRGL	<u>(3,165)</u>	<u>(2,635)</u>

The cumulative amount of actuarial losses recognised in the STRGL is £2,096,000

Scottish Teachers' Superannuation Scheme (STSS)

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

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

The employer contribution rate for the period from 1 August 2011 to 31 July 2012 was 14.9% of pay. The employee contribution rate was 6.4% during 2011/12. The scheme is an unfunded scheme and it is not intended that the scheme will have a level of financial assets which match the liabilities of the scheme. The full actuarial review of the scheme is available from the Government Actuary's Department. There were no outstanding pension contributions at the year end.

29 Post Balance Sheet Events

The School has entered into a loan fund 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% Repayments are quarterly and are due to finish on 23rd October 2018.

30 Capital Commitments	31 July 2012 £000	31 July 2011 £000
Committed and contracted as at 31st July 2012	<u>25,541</u>	<u>-</u>

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

31 Contingent Liabilities

There were no contingent liabilities at the balance sheet date.

32 Bursary and Other Student Support Funds

	Hardship £000	Childcare £000	2011 - 2012 Total £000	2010 - 2011 Total £000
Balance brought forward at 1 August 2011	3	-	3	7
Funds received in year	114	25	139	132
Expenditure	(117)	(25)	(142)	(136)
Balance carried forward at 31 July 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>

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