



2005

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The Governors of the School would like to gratefully acknowledge the help and support received over the past year from our many alumni, friends and supporters.

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The Alma and Leslie Wolfson Charitable Trust
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Millers (The City Art Shop) Ltd
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**ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2005**

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

Patron	H.R.H. The Prince of Wales, Duke of Rothesay
Hon. President	The Lord Macfarlane of Bearsden KT
Hon. Vice President	Emeritus Professor Andrew MacMillan
Hon. Vice President	Eleanor Taffner
Chairman	Nick Kuenssberg OBE BA (Hons) FCIS CCMI FIoD FRSA
Vice Chairman	Fred Shedden MA LLB
Director	Professor Seona Reid BA (Hons) D.Arts D.Litt FRSA
Deputy Director	Professor Allan Walker MA (Hons) Dip LA
Director of Finance and Resources	Eliot S Leviten BSc. (Hons) FCA

Conveners of Committees

Audit	William J English OBE CPFA
Business	Nick Kuenssberg OBE BA (Hons) FCIS CCMI FIoD FRSA
Museums Management	Professor Alan Walker MA (Hons) Dip LA
Estates Strategy	Thomas A Elder FRIAS
Personnel	Christine Hamilton MA (Hons)

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

Prof. Seona Reid BA (Hons) D.Arts D.Litt FRSA

Director of the School

Prof. Allan Walker MA (Hons) Dip LA

Deputy Director of the School

Appointed by the Governing Board

A Jeanette Anderson BAcc. CA

A John A Batters LLB (Hons) NP

Katrina Brown MA (Hons)

Prof. Sir Graeme Davies FEng FRSE

B Roberta Doyle BA

E Thomas A Elder FRIAS

A William J English OBE CPFA

E James M Faulds

A B P Christine Hamilton MA (Hons)

B Afzal Khushi

William R Hardie MA (Hons) FSA (Scot) (retired 7 September 2004)

Professor Janice M Kirkpatrick MA (Des) BA (Des) FRSA D&AD

BE Nick Kuenssberg OBE BA (Hons) FCIS CCMI FloD FRSA

B John McCormick MA (appointed 15 December 2004)

Ros Micklem BA Hons (Oxon) Mphil (appointed 15 June 2005)

E Paul Mugnaioni BSc (Hons) Arch AA Dip MSc (Econ) (appointed 15 June 2005)

B David J B Shearer B Acc CA FRSA

A BP Fred C Shedden MA LLB

Neil Clements BA (Hons) (resigned 31 July 2005)

President of the Students' Representative Council (SRC)

Amanda Dobbratz (appointed 1 August 2005)

President of the SRC

E M Mark Baines B. Arch Dip Arch

Elected by the full-time Academic Staff

Tanya Eccleston BA MA (resigned 31 August 2005)

Appointed by the Academic Council

BEM Ian Thomson BSc (Hons)

Elected by the full-time Support Staff

Eliot S Leviten BSc (Hons) FCA

Secretary to the Board of Governors

William L Govan FCIS

Clerk to the Board of Governors

A – Member of Audit Committee

B – Member of Business Committee

E – Member of Estates Strategy Committee

M – Member of Museums Committee

P – Member of Personnel Committee

Chairman's Statement

The Glasgow School of Art has continued to deliver exceptional results and can justifiably lay claim to being a world leader in the study and advancement of art, design and architecture. This performance straddles the academic arena, the achievements of its undergraduates, post-graduates and staff, advances in the learning and research environments and financial results in line with budget.

The financials for the year ended 31 July 2005 show an increase of 10.2% in overall income with funding from SHEFC up 9.6% and that from non-SHEFC sources up 11.3%. Total income of £15,491k (£14,055k in the previous year) generated a surplus on historical cost depreciation of £441k (£414k). The surplus after depreciation of assets at valuation was £63k (£36k) and the surplus for the year retained within general reserves was £30k (£22k), enhanced by further recognised gains of £140k (£nil) to give total reserves and endowments of £15,850k (£15,647k). This demonstrates once again effective financial planning and management.

Our real estate is the critical task for the board, focused on three projects:

The £8m conservation and access project for the Mackintosh building together with enhanced exhibition space for the archive and collection and an interpretation centre had been submitted to the Heritage Lottery Fund and, as a result phase one funding of £4.466m has been earmarked.

The £7m project for the expansion and relocation of the Digital Design Studio to the Pacific Quay Digital Media Campus is currently being reviewed by Scottish Enterprise after their consultants had endorsed its world-leading status and its commercial potential.

The £70m (current costs) plans for the future Garnethill estate, developed on the basis of a detailed options study, will be incorporated into a Full Business Case to be submitted to SHEFC for decision in early 2006. Importantly the Scottish Executive and SHEFC have ensured that substantial and growing funding is to be made available to underwrite learning and teaching infrastructure capital expenditure in the higher education sector; we look forward to a positive response to our business case.

The Mackintosh building and Garnethill estate projects are important to Glasgow City Council's bid for World Heritage Site status for Charles Rennie Mackintosh while the totality of the three projects is absolutely vital to maintain the quality of The Glasgow School of Art's learning, teaching and research environment and is necessary to support its growth plans in terms of research, postgraduate and overseas students.

The board recognises the overall contribution from SHEFC, the increased research funding and the Small Specialist Institution grant. We acknowledge with gratitude the transitional help and the grants for preparatory studies to support the development of our real estate strategy. We are also pleased to see the delivery of proposals for a dedicated stream of funding to promote cultural engagement in Higher Education and support for the modernisation of our pay framework. Equally it is important to note the competitive challenges of top-up fees in England where the medium to long-term impacts on pay, infrastructure and staff/student ratios will be substantial.

We have made a number of significant appointments which will help accelerate progress in a number of key areas. Irene McAra-McWilliam has been appointed to head up the Design School while David Miller as Director of Estates Development and Jan McKenzie as Campaigns Director will help to take forward our ambitious real estate plans. A China Project co-ordinator has been appointed to ensure the success of our joint venture with the Central Academy of Fine Arts where sixty eight students have started a First Year Programme successful completion of this will enable them to progress to Year Two in Scotland where they will complete their degrees in design and architecture. We have emerged with credit from the SHEFC institutional visit and with Broad Confidence, the highest standing, from the Quality Assurance Agency enhancement led institutional review and are looking forward with greater confidence to the 2008 Research Assessment Exercise as a result of recent advances.

The GSA has received funding to undertake a feasibility study into a new inter-disciplinary research network focussing on place making - Living Cities - and has secured a grant from two UK Research Councils to develop a universal design network with the Faculty of Medicine at the University of Glasgow. The concept of a Centre for Creative Education is being developed to undertake research into creative pedagogy and explore how the unique qualities of a studio based and project led creative curriculum can enhance creativity across and beyond the education sector.

Chairman's Statement continued

Our students, who enjoy the benefit of 81 student exchange schemes, have been very successful with a disproportionate number of awards from, amongst others, the Royal Society of Arts, Royal Society of Engineering, the Scottish Institute for Enterprise and the Design Museum; textiles, visual communications, jewellery and silversmithing and product design engineering have all been outstanding in these areas. Our Master in Fine Art programme continues to make headlines internationally with exhibitions in Mexico City and Beijing. The crowning glory is the award of the 2005 Turner Prize to Simon Starling, an MFA graduate, with Jim Lambie, another GSA graduate, as runner up, to add to Douglas Gordon's prize in 1996.

Corporate governance is reviewed on an annual basis including an analysis of board effectiveness, while risk management is integral to planning. We have further enhanced the quality of the board with the appointment of John McCormick, Ros Micklem and Paul Mugnaioni, each of whom brings relevant quality skills and experience to our deliberations. I am grateful to them and indeed to all governors for their commitment to The Glasgow School of Art as we face up to major challenges and opportunities.

Finally I would like thank our Director, Professor Seona Reid, and her team of academics, management and staff for another year where their professionalism and drive have been critical to the real progress achieved.

Nick Kuenssberg
Chairman

12 December 2005

Review of the year by the Governors

Results for the year ended 31 July 2005

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

Total funding from the Scottish Higher Education Funding Council increased by £858k, compared to the previous year. Funding for teaching and research rose by £431k. The Income and Expenditure Account on page 15 shows a surplus of £441k (£414k 2003/04) on historical cost basis and a surplus of £30k (surplus £22k 2003/04) on a revaluation basis, for the year ended 31 July 2005.

Balance Sheet

The total net assets of the School increased by £25k to £17,915k. The cumulative Income and Expenditure Account reserve increased from £569k as at 31 July 2004 to £977k as at 31 July 2005. The School's cash balances at the year end have reduced by £158k from £759k to £601k.

'Financial Health' Category

The Scottish Higher Education Funding Council categorise Higher Education Institutions into three categories of Financial Health, using a scoring system, into "Very Weak", "Weak" and "Secure" categories. The School has been categorised as Secure on this basis.

Endowment Assets

The return on Endowment asset Investments, comprising dividend and bank interest, was 4.31%, compared with 5.06% last year. The market value of the total Endowment assets held by the School rose from £1,265k to £1,438k a rise of £173k.

Capital Projects

Capital Expenditure in the year was £541k. This is up on the previous year's figure of £417k.

Cash Flow

The Cash Flow Statement shows a net outflow of £63k in the financial year (inflow £173k 2003/04) .

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 2005 the School had an average of 18 days purchases outstanding in trade creditors.

Future Developments

Student Recruitment

The School continues to receive more applications than it has funded places. The School is able to attract a proportion of overseas students and it is the intention, that over the period of the five year plan, the School should increase significantly the number of full-fee paying overseas 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 economic downturn and difficulties in obtaining visas in certain countries from which we recruit on a regular basis.

Estate

The School, with the help of the Funding Council, has completed an Options Appraisal by Bond Bryan, a firm of architects. The School has now prepared a full business case for the estate redevelopment, which will be put to the funding council in the new year.

Review of the year by the Governors – continued

Small Specialist Institution Status

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

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 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.

Governors, academic and support staff are represented on the Personnel Committee together with union representatives.

Nick Kuenssberg, Chairman

12 December 2005

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 Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Whilst the School, being a company limited by guarantee with charitable status, does not fall within the regulations of the London Stock Exchange, the Board of Governors is satisfied that the School has complied throughout the period with the appropriate provisions of the Code. The purpose of the summary is to help the reader of the financial statements understand how the 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 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. 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. The roles of Chairman and Vice-Chairman 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 Higher Education 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 seven Committees, Business, Audit, Personnel, Estates Strategy, Museums, 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.

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 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 Higher Education 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 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 Personnel Committee is responsible for the preparation of policy relating to the employment of staff and the monitoring of the effective management of these affairs.

The Estates Strategy Committee is responsible for overseeing the implementation of the School's Estate Strategy.

The Remuneration Committee determines the remuneration of the most senior staff, including the Director.

The Museums Committee considers and makes recommendations on all matters relating to the Museum Collection belonging to the School, and has responsibility for the Mackintosh Building.

The Nominations Committee seeks out and recommends new independent lay governors for appointment to the Board.

Corporate Governance Statement – continued

Guide to Governing Bodies

The Guide for Members of Governing Bodies of Scottish Higher Education Institutions and Good Practice Benchmarks was issued by SHEFC in January 1999. SHEFC have requested Institutions to compare their existing governance practices with these benchmarks and indicate where they consider them to be inappropriate or impractical to follow. The Board confirms that the School complies with the 26 recommendations contained in the Guide.

Senior Management

This comprises the Director (Principal), Deputy Director and Director of Finance & Resources. They are responsible to the Board for the School's day-to-day management, policy and for the development and execution of the Strategic Plan.

The Director is the School's "Designated Officer", chairing the Executive Group and 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 and quality assurance procedures. He is chair of the Quality in Learning and Teaching and Research Committees and deputises for the Director in her absence.

The Director of Finance and Resources is responsible for financial, estates, health and safety, IT and personnel matters in support of the School's academic purposes and acts as Secretary to the Board and Company.

Nick Kuenssberg, Chairman

12 December 2005

Governors' Biographies

Nick Kuenssberg OBE, BA (Hons), FCIS, CCMI, FloD, FRSA

Chairman

Nick is a businessman with an extensive international career and experience on boards including Coats Viyella, Dynacast International, Scottish Power, Bank of Scotland (West), Standard Life and other companies. He has been a visiting professor at Strathclyde University, an external examiner at Aberdeen Business School and chairman of the Institute of Directors, Scotland, Scotland the Brand and ScotlandIS.

He is currently non-executive chairman of Iomart Group, Keronite, GAP Group, Canmore Partnership Limited and Scottish Networks International, deputy chairman of the Scottish Environment Protection Agency and a director of Chamberlin & Hill and RingProp. He is also a member of the Scottish advisory committee of the British Council and of the Scottish board of the Quality Assurance Agency.

Fred Shedden MA, LLB

Vice Chairman

Fred spent his entire professional career with McGrigor Donald (now McGrigors). He was managing partner from 1984 to 1992 and senior partner from 1993 until his retirement from the firm in April 2000. He is now non-executive chairman of Halladale Group plc and Martin Currie Japan Investment Trust plc and a non-executive director of Iomart Group plc, Murray International Trust plc and Equitable Life Assurance Society. He is also a Board member of Glasgow Housing Association Limited and The Centre for Confidence and Well-being Limited.

Janette Anderson BAcc CA

Janette is the chief executive of First Engineering Ltd (part of Babcock International Group plc). Prior to this, she worked with Network Rail (formerly Railtrack) in Scotland, for 5 years as Zone Director. Educated at Hutchesons' Grammar and the University of Glasgow, she qualified as a Chartered Accountant while working with Arthur Andersen and has worked with Price Waterhouse and Digital Technology. Outside the industry Janette is a member of the CBI Council, is married with an eleven-year old daughter and lives in Glasgow, albeit spending a lot of her time commuting throughout the UK.

Mark Baines B Arch, Dip Arch

After qualifying in 1969 Mark served his apprenticeship with Gillespie, Kidd & Coia and joined the School in 1984. He has been an architectural tutor, lecturer and practitioner at the Mackintosh School of Architecture since then and is currently a studio leader for the Stage Four architecture course.

Mark has been engaged in the restoration and conversion of the Double villa by Alexander Thomson, housing in Airdrie, the restoration of a destroyed Thomson villa and acted as a consultant in the renovation of a Thomson warehouse, leading to significant urban regeneration projects, which are currently under construction in Glasgow city centre.

His research and teaching interests have led to his current involvement in the preparation of a new monograph and a new exhibition of the work of Gillespie, Kidd & Coia.

John Batters LLB NP

Educated at Hamilton Academy and Glasgow University John is a solicitor in private practice in Glasgow. Since 1991 he has practised on his own account, specialising in the fields of licensing, betting and gaming. He is a member of the Law Society of Scotland working Party on Licensing Law, and of the Accreditation panel for licensing specialists. He is a member of the Glasgow Licensing Forum. A consultant editor of Scottish Licensing Law and Practice, he is also an occasional contributor to seminars.

John was chairman of the former Art Lovers' House Trust and has been a director of House for an Art Lover since its inception.

Katrina Brown MA (Hons), Diploma in Museum & Gallery Studies

Katrina gained an MA (Hons) in French Language & Literature at the University of Glasgow and then a Post-graduate Diploma in Museum and Gallery Studies at the University of St Andrews. Currently Curator/Deputy Director at Dundee Contemporary Arts, her earlier posts included Exhibitions Curator at the Tate, Liverpool and Exhibitions Organiser at Tramway, Glasgow. She is also an honorary lecturer at School of Fine Art, Duncan of Jordanstone.

A former Committee member of the Transmission Gallery, Glasgow, Katrina has written extensive papers, articles and reviews.

Professor Sir Graeme Davies, FREng, FRSE

Sir Graeme is currently Vice-Chancellor of the University of London, previously Principal of the University of Glasgow from 1995 to 2003, Chief Executive of the Higher Education Funding Council for England from 1991 until 1995 after being Vice-Chancellor of the University of Liverpool from 1986 to 1991 and Professor of Metallurgy in the University of Sheffield from 1977 to 1986. He was educated in the School of Engineering of the University of Auckland, New Zealand. At present he is Chairman of the Council for the Central Laboratory of the Research Councils, Universities Superannuation Scheme Ltd and of the new £75M Glasgow Science Centre.

Governors' Biographies continued

Roberta Doyle BA

Roberta graduated in Business Administration from the University of Strathclyde and has occupied senior marketing and communications' roles with Scotland's largest cultural organisations. She is currently Director of External affairs with Scottish opera. From 2000 to 2004 she was Director of Public Affairs with the National Galleries of Scotland and has held similar posts with Scottish Ballet, Glasgow City Council's Department of performing arts and venues and the Citizens' Theatre.

She is a member of Dundee Contemporary Arts' Marketing and Communications Committee and vice chair of the Tron Theatre, Glasgow. She is a board member of Theatre babel and Sweetscar Theatre. She has lectured and taught widely in the UK and abroad on strategic issues relating to arts audiences, marketing, communications, audience development and management.

Amanda Dobbartz

Amanda graduated in 2004 from the University of Wisconsin-Stout with a BFA in Fine Art, Magna Cum Laude. During her undergraduate degree, Amanda served as a teaching assistant for the ceramics department and Music Director of UW-Stout's entertainment board. In autumn 2004 she came to the Glasgow School of Art to study on the MFA and is currently taking a sabbatical year as the President of the Student representative Council. Amanda has shown work in the United States and the United Kingdom and was published in the New American painters in August 2005.

Tom Elder FRIAS

Tom studied Architecture part-time at the Glasgow School of Art from 1963-70 qualifying RIBA in 1972. He has worked in private practice in England and Scotland and with Glasgow City Council's Planning Department. In 1981 he co-founded the practice of Elder and Cannon Architect, where he takes an active involvement in all aspects of design and production and has main responsibility for the general administration of the practice and programming of projects.

The practice has received 45 awards for their work and most recently was awarded the RIAS Best Building in Scotland for a neighbouring building to the Mackintosh, The Clavius Building on Hill Street for St Aloysius College.

Tom has design tutored at both the Mackintosh School of Architecture and Strathclyde University and was an external examiner for the Interior Design degree course at Caledonian University.

He is chairman of RIAS committees and an architectural advisor to the Archdiocese of Glasgow's Ecclesiastical Buildings and Advisory Group and the Bishops Conference of Scotland on Artistic Matters.

Bill English OBE, CPFA

Bill has been a governor of GSA and chair of the Audit Committee since 1994, having retired after 20 years as director of finance of Glasgow City Council when he was closely involved in the Council's arts activities including Glasgow's year as Cultural Capital of Europe in 1990. A former member of the Scottish Arts Council, where he was chair of the strategic development committee and the audit committee, he has also served as a board member with several arts companies in Glasgow.

Currently he is a director of the House for an Art Lover and Giant Productions.

Jim Faulds

Jim founded the Faulds Group in 1985, managing it to become the UK's biggest marketing services business outside London, before selling his entire stake in the Group in December 2001.

He is currently developing a number of businesses as director and/or investor of the following companies: Dunfermline Building Society, Navy Blue Design, Newhaven Advertising, Scottish Exhibition & Conference Centre, The Listening Company and Wood Mackenzie.

Christine Hamilton MA (Hons)

Christine is the Director of the Centre for Cultural Policy Research at the University of Glasgow - which she established in 2001 prior to joining the University, she worked for 25 years in the cultural sector in areas of cultural development, policy and management. She worked for Glasgow City Council, the Scottish Arts Council and prior to that, was arts officer for the Scottish TUC. In her early career she held a range of management and administration roles in TAG Theatre Company, Glasgow Arts Centre, Third Eye Centre, 7:84 Theatre Company and the Citizens' Theatre. She is a graduate of the University of Glasgow in Drama and English and has a Diploma in Arts Administration from City University, London. Christine is also a Director of the Traverse Theatre, Edinburgh and a non-Executive Director of Scottish Television.

Afzal Khushi

Afzal is Managing Director of Jacobs and Turner Limited, the substantial international Trespass clothing business based in Glasgow and has interests in property including directorships of Khushi Estates Limited and Snowsport Industries (GB) Limited.

He is an executive member of the Scottish Council for Development and Industry and a non-executive member of the Scottish Industrial Development Advisory Board.

Governors' Biographies continued

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

Janice graduated from Glasgow School of Art winning the Newberry Medal in 1984. She continues her relationship with the School as Visiting Professor and Governor. She has been an External Examiner at institution throughout the UK. In 1986 she co-founded Graven Images design consultancy where she is a graphic designer and Director. In 2004 she co-founded Farm7 research where she is also a Director.

Janice is also a curator, writer and broadcaster and has lectured worldwide on design and creativity. She is a member of Designers and Art Directors, the Ministerial Creative Industries Strategy Group, the Scottish Executive's Creative Industries Group and the Advisory Board of the British Council's Creative Industry's Unit. She was Conran Foundation Collector in 1996 and has been a Trustee of the National Endowment for Science, Technology and the Arts where she was Chairman of the Invention & Innovation seed fund. She is currently Chairman of The Lighthouse, Scotland's Centre for Architecture, Design and the City.

John McCormick MA

John McCormick graduated MA with Honours in History and Economic History from Glasgow University in 1967 and taught in a Glasgow comprehensive school while completing an M.Ed. degree.

He joined the BBC Education Department in 1970 and BBC Scotland's management team as Secretary and Head of Corporate Affairs in 1982. In 1987 he moved to London on his appointment as The Secretary of the BBC, responsible to the Chairman and Director-General for the governance of the organisation while acting as the link with the Government sponsoring department on BBC matters.

John returned to Scotland in 1992 and served as Controller (Chief Executive) of BBC Scotland until April 2004, responsible for all BBC activities in Scotland. John is currently Chair of the Scottish Qualifications Authority and Chair of the Edinburgh International Film Festival. He is a member of the Boards of Scottish Screen, Glasgow Science Centre and Scottish Opera; he is also a Governor of the RSAMD.

He is a non-executive Director of Lloyds TSB Scotland.

John has received Honorary Degrees from The Robert Gordon University (1997); University of Strathclyde (1999); University of Glasgow (1999); and University of Paisley (2003).

He is also a Fellow of the Royal Television Society and a Fellow of the Royal Society of Edinburgh.

Ros Micklem BA Hons (Oxon) MPhil

Ros has been Principal at Cardonald College in Glasgow since 1997. Having started her career as a lecturer in English and Communications in Oxfordshire, she worked as an education officer in two local authorities before returning to college life as a manager, first in London and then in Wirral.

She was a member of the Scottish Further Education Funding Council from 2003 until its abolition in October 2005, and co-chaired the HE and FE Funding Councils' joint Learning and Teaching Committee. She has also served on the Executive of the West of Scotland Wider Access Forum, of which she was Chair in 2002/03. Ros has a particular interest in social justice and equality of opportunity and is currently on the boards of the Greater Pollok Social Inclusion Partnership, the GalGael Trust and Lead Scotland.

She was awarded the title 'Britain's Best Boss 2004' in a competition run by the Working Families charity with Lloyds TSB. This was in recognition of the college's good practice in promoting work/life balance.

Paul Mugnaioni BSc (Hons) Arch AA Dip MSc (Econ)

Paul is Chairman and Chief Executive of Quality Street. He founded the company in 1987 after five years as Director of Housing for the City of Glasgow. Also based in Glasgow, Quality Street developed, owned and managed one of the largest portfolios of quality privately rented homes in the UK. In November 1995 the European Foundation for Entrepreneurship Research designated "*Paul Mugnaioni and his Company Quality Street Limited as a member of Europe's 500 Dynamic Entrepreneurs*". In 1997 Paul sold the rental portfolio and since then Quality Street has focussed more narrowly on residential investment, creating a series of innovative developments throughout Scotland including Glasgow's award-winning *Galleria*.

Paul is a graduate of Strathclyde University, the Architectural Association School of Architecture, and University College London. He has taught a housing policy course at the AA Graduate School and held positions in the GLC architects and housing departments.

Governors' Biographies continued

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

Director

Appointed in September 1999 Seona was previously Director of the Scottish Arts Council (for 9 years), Assistant Director (Strategy and Regional Development) of Greater London Arts, Director of Shape, the pioneering arts and disability organisation; Head of press and publicity, Ballet Rambert and Northern Dance Theatre; business manager of Lincoln Theatre Royal and a freelance arts consultant working with the Arts Council of Great Britain and the London Contemporary Dance Trust.

She is currently vice chair of the Lighthouse Centre for architecture, design and the city, a member of the Scottish advisory committee of the British Council and of the nominations committee of the Arts and Humanities Research Council, chair of the Glasgow Caledonian University Arts Policy Group and on the boards of the Arches, Cove Park and Suspect Culture Theatre Company.

Seona was awarded honorary degrees of Doctor of Arts from Robert Gordon University, Aberdeen in 1995, Doctor of Letters from the University of Glasgow in 2001 for services to the Arts in Scotland and Doctor of letters from Glasgow Caledonian University in 2005. She became an honorary professor of the University of Glasgow in 1999.

David J B Shearer B Acc CA FRSA

David is a non executive director of HBOS plc and Scottish Financial Enterprise, was an Advisory Board member to Martin Currie Limited in respect of its Private Equity business until it was sold in mid 2005. He also provides board level strategic advice to companies. He was until December 2003 Senior Partner of Deloitte & Touche for Scotland & Northern Ireland and until September 2003 a UK Executive Board member. A corporate financier with over 20 year's experience, David was previously Global Director of Corporate Finance for Deloitte Touche Tohmatsu for three years, managing the strategic development of corporate finance in 25 countries around the globe. David is a graduate of Glasgow University; the Leadership Development Programme at Columbia Business School and a Chartered Accountant.

Ian Thomson BSc (Hons)

Ian graduated from Glasgow University in 1984 with a BSc (Hons) in Cell Biology. He then continued with PhD studies in the field of agricultural chemistry. After several career changes Ian entered Higher Education in 1995 as Coordinator for Glasgow School of Art's Continuing Education programmes.

In 1997 Ian was appointed as Glasgow School of Art's first international officer and became Head of Recruitment and International Officer in 1999. Ian is currently the chair of the Scottish Universities International Officers Group, is the Scottish representative of BUILA and is a member of the new International Advisory Group, a working group established by Universities Scotland.

Ian has represented the Support Staff on the Board since 1998, having just been re-elected in June of this year for his third term.

Professor Allan Walker MA (Hons) Dip LA Deputy Director and Director of Academic Development

Allan Walker joined The Glasgow School of Art in June 2004 from Wimbledon School of Art (WSA) where he was Vice Principal responsible for learning and teaching and research. He has twenty-five years experience in the fields of art, design and landscape architecture as a practitioner, researcher and lecturer. He is a member of the QAA ELIR Steering Committee, the Scottish Higher Education Enhancement Committee, a QAA appointed reviewer/auditor in Scotland and England and was formerly Director of the Board for the Centre for Learning and Teaching in Art and Design (CLTD). He is a member of the Higher Education Academy, and is a qualified Research Supervisor. Allan studied at Oxford and Edinburgh Universities before qualifying as a member of the Landscape Institute. He worked for the Exmoor National Park Authority specialising in issues of moorland conservation and management. Allan's background in landscape has informed his work as an artist which includes landscape design, the integration of drawing, print and digital technology with a strong focus on Japanese aesthetics. His work in public collections includes, The Victoria and Albert Museum, London, the Machida City Museum of Graphic Arts, Tokyo and the Brooklyn Museum of Art, New York. Allan has extensive experience of collaborative project work and was chair of the management group of the Broadband Interactive Arts Project and the Centre for Drawing at WSA. Other collaborations include the Croindene Press (1995) specialising in artist's books, and the EYECON (1999) for research in digital media and publishing, the curation of exhibitions at venues including the Victoria and Albert Museum, and with public bodies such as Visiting Arts organising opportunities for artists from Asia.

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 Higher Education 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 & 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 Higher Education 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 Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the School and prevent and detect fraud;
- secure the economical, efficient and effective management of the School's resources and expenditure.

By order of the Board

Nick Kuenssberg, Chairman

Professor Seona Reid, Director

Eliot S Leviten, Director of Finance & Resources

12 December 2005

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF GOVERNORS OF GLASGOW SCHOOL OF ART

We have audited the financial statements of the Glasgow School of Art for the year ended 31 July 2005, which comprise the principal accounting policies, the income & expenditure account, the statement of historical cost surpluses and deficits, the statement of recognised gains and losses, the balance sheet, the cashflow statement and notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of the Board of Governors, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we may state to the members of the Board those matters we are required to state to them in an auditors report and for no other purposes. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the members of the Board of Governors, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Board of Governors and Auditors

The Board of Governors is responsible for preparing the annual report. As described on page 13, this includes responsibility for preparing the accounts in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the requirements of the Scottish Higher Education Funding Council's *Code of Audit Practice* and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and the Companies Act 1985. We also report to you if, in our opinion, the Board of Governors' report is not consistent with the accounts, if the School has not kept proper accounting records, if the accounting records do not agree with the accounts or if we have not received all the information and explanations we require for our audit.

We also are required to report to you our opinion as to whether:

- funds from whatever source administered by the School for specific purposes have, in all material respects, been properly applied to those purposes and managed in accordance with any other terms and conditions attached to them; and
- income has in all material respects, been applied in accordance with relevant legislation and with the School's *Financial Memorandum*, dated 1 August 1999, with the Scottish Higher Education Funding Council.

We review whether the Corporate Governance Statement on pages 7 and 8 complies with the requirements of the Scottish Higher Education Funding Council. We report if the statement is misleading or inconsistent with the other information we are aware of from our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of Audit Opinions

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the Scottish Higher Education Funding Council's *Code of Audit Practice*. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the accounts, and of whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

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

Opinions

In our opinion:

- the accounts give a true and fair view of the state of affairs of the School as at 31 July 2005 and of its surplus of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and the Companies Act 1985;
- funds from whatever source administered by the School for specific purposes have, in all material respects, been properly applied to those purposes and managed in accordance with any other terms and conditions attached to them; and
- income has, in all material respects, been applied in accordance with relevant legislation and with the School's *Financial Memorandum*, dated 1 August 1999, with the Scottish Higher Education Funding Council.

THE GLASGOW SCHOOL OF ART
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2005

	<i>Notes</i>	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
INCOME			
Funding Council Grants	1	9,809	8,951
Tuition fees and education contracts	2	3,504	3,260
Research grants and contracts	3	802	784
Other income	4	1,234	952
Endowment and Investment income	5	142	108
Total income		<u>15,491</u>	<u>14,055</u>
EXPENDITURE			
Staff pay costs	6	9,375	8,603
Depreciation	11	912	933
Other operating expenses	8	5,033	4,332
Interest payable	9	108	151
Total expenditure		<u>15,428</u>	<u>14,019</u>
Surplus/(deficit) on continuing operations after depreciation of assets at valuation		63	36
Taxation		-	-
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and taxation		<u>63</u>	<u>36</u>
Accumulated income retained within specific endowments	18	(33)	(14)
Surplus for the year retained within general reserves		<u>30</u>	<u>22</u>

The income and expenditure account is in respect of continuing activities

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2005

	<i>Notes</i>	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
Surplus on continuing operations after depreciation of assets at valuation and taxation		63	36
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the re-valued amount	20	378	378
Historic cost surplus before and after taxation		<u>441</u>	<u>414</u>

THE GLASGOW SCHOOL OF ART

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2005

	<i>Notes</i>	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
Surplus on continuing operations after depreciation of assets at valuation and taxation		63	36
Appreciation of endowment asset investments	18	108	-
New endowments	18	32	-
Total recognised gains relating to the period		203	36
 Reconciliation			
Opening reserves and endowments		15,647	15,611
Total recognised gains/(losses) for the year		203	36
Closing reserves and endowments		15,850	15,647

THE GLASGOW SCHOOL OF ART

BALANCE SHEET
As at 31 July 2005

	<i>Notes</i>	2005 £000	2004 £000
Fixed Assets			
Tangible assets	11	19,702	20,073
Endowment Assets	12	1,438	1,265
Current Assets			
Stocks		63	74
Debtors	13	1,127	417
Cash at bank and in hand		601	759
		<hr/>	<hr/>
		1,791	1,250
Creditors: amounts falling due within one year	14	(2,040)	(1,538)
		<hr/>	<hr/>
Net current liabilities		(249)	(288)
		<hr/>	<hr/>
Total assets less current liabilities		20,891	21,050
Creditors: amounts falling due after more than one year	15	(1,855)	(1,902)
Provisions for liabilities and charges	16	(1,121)	(1,258)
		<hr/>	<hr/>
NET ASSETS		17,915	17,890
		<hr/> <hr/>	<hr/> <hr/>
Deferred capital grants	17	2,065	2,243
Endowments			
Specific	18	1,147	1,000
General	18	291	265
		<hr/>	<hr/>
		1,438	1,265
Reserves			
Revaluation reserve	19	13,435	13,813
Income and expenditure account	20	977	569
		<hr/>	<hr/>
Total reserves		14,412	14,382
		<hr/>	<hr/>
TOTAL		17,915	17,890
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 15 to 30 were approved on 12 December 2005 and signed on behalf of the Board by:

Nick Kuenssberg, Chairman

Prof. Seona Reid, Director

THE GLASGOW SCHOOL OF ART

CASH FLOW STATEMENT
For the year ended 31 July 2005

	<i>Notes</i>	2005 £000	2004 £000
Cash flow from operating activities	21	438	662
Returns on investments and servicing of finance	22	34	(3)
Capital expenditure and financial investment	23	(479)	(398)
Financing	24	(56)	(88)
		<hr/>	<hr/>
(Decrease)/ increase in cash in the year		(63)	173
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/ increase in cash in the period		(63)	173
Movement in capital debt		56	88
		<hr/>	<hr/>
Change in net debt		(7)	261
Net debt at 1 August		(732)	(993)
		<hr/>	<hr/>
Net Debt at 31 July	25	(739)	(732)
		<hr/> <hr/>	<hr/> <hr/>

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 2003 (SORP) and applicable Accounting Standards.

2 Recognition of Income

Income from the Scottish Higher Education Funding Council, research and project funds and endowment assets investments is credited to the Income and Expenditure account on a receivable basis. Income from specific endowments and donations, research and project funds is matched to the expenditure incurred during the year.

3 Pension Schemes

Members of the academic staff are covered by the Scottish Teachers' Superannuation Scheme to which the School contributes. Other staff of the School are covered by the Strathclyde Pension Fund (Local Government Superannuation Scheme). Again, the School contributes as the employer. Each of these is a defined benefits scheme for which payments are made and charged annually in the accounts as part of the employment costs. Under statute, accounts for these schemes are prepared by the relevant bodies. A small number of staff are in other pension schemes but the School would only contribute if the employee was ineligible to join one of the two main public sector schemes.

4 Land and Buildings

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

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

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 has been granted charitable status by the Inland Revenue. Irrecoverable Value Added Tax on expenditure is charged to the Income and Expenditure account or, in the case of capitalised buildings and equipment costs, in the balance sheet.

11 Provisions

Provisions are recognised when the School has a present legal or constructive obligation as a result of a past event, 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.

NOTES TO ACCOUNTS

1	Funding Council Grants		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
		<i>Notes</i>		
	SHEFC recurrent grant teaching		6,772	6,432
	Funding for increased STSS contributions		157	127
	SHEFC recurrent grant research		1,408	1,347
	SRIF grant		130	27
	Small specialist institution grant		425	266
	HR modernisation grant		140	-
	Other SHEFC grants		602	572
	Deferred capital grant released in year			
	Buildings	17	97	97
	Equipment	17	78	83
			<hr/>	<hr/>
			9,809	8,951
			<hr/> <hr/>	<hr/> <hr/>
2	Tuition Fees and Education Contracts		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
	UK higher education students		1,834	1,747
	European Union (EU) (excluding UK) students		90	91
	Non EU students		1,313	1,172
	Non vocational courses		267	250
			<hr/>	<hr/>
			3,504	3,260
			<hr/> <hr/>	<hr/> <hr/>
3	Research Grants and Contracts		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
	Research councils		90	218
	European Commission		156	37
	UK governmental contracts		236	243
	Other grants and contracts		143	180
	UK industrial and commercial contracts		177	106
			<hr/>	<hr/>
			802	784
			<hr/> <hr/>	<hr/> <hr/>
4	Other Income		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
		<i>Notes</i>		
	Residences		463	418
	Release from deferred grants (Non SHEFC)	17	3	3
	Other income generating activities		302	189
	Other income		466	342
			<hr/>	<hr/>
			1,234	952
			<hr/> <hr/>	<hr/> <hr/>
5	Endowment and Investment Income		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
	Income from specific endowments	18	51	33
	Income from general endowments	18	11	31
	Bank interest		80	44
			<hr/>	<hr/>
			142	108
			<hr/> <hr/>	<hr/> <hr/>

NOTES TO ACCOUNTS – continued

6 Staff Costs	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
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	130	121
Teaching support services	67	66
Other support services	33	34
Administration and central service	29	28
Premises	46	43
Residences	1	1
	<u>306</u>	<u>293</u>
Analysed as		
Staff on permanent contracts	251	236
Staff on temporary and other contracts	55	57
	<u>306</u>	<u>293</u>
Staff costs for the above persons		
	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
Wages & salaries	7,977	7,360
Social security costs	606	559
Pensions	792	684
	<u>9,375</u>	<u>8,603</u>
Analysed as		
Staff on permanent contracts	8,229	7,415
Staff on temporary and other contracts	1,146	1,188
	<u>9,375</u>	<u>8,603</u>
Staff costs by activity		
	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
Teaching departments	5,293	4,761
Teaching support services	1,418	1,363
Other support services	869	871
Administration and central services	1,059	950
Premises	704	630
Residences	32	28
Total	<u>9,375</u>	<u>8,603</u>
The number of staff, excluding governors, who received emoluments in the following ranges was:		
£75,001 - £80,000	2	2
	<u>2</u>	<u>2</u>

NOTES TO ACCOUNTS – continued

7 Governors' Emoluments

Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
------------------------------------	------------------------------------

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

	Number	Number
Nil	16	16
£30,001 - £35,000	-	1
£35,001 - £40,000	1	2
£40,001 - £45,000	2	1
£70,001 - £75,000	1	-
£90,001 - £95,000	-	1
£95,001 - £100,000	1	-
	<u>21</u>	<u>21</u>

The Governors' emoluments are made up as follows:

Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
------------------------------------	------------------------------------

Salaries	259	224
Pension contributions	34	25
	<u>293</u>	<u>249</u>

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

Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
------------------------------------	------------------------------------

Highest paid Director - The Director of the School		
Salary	85	82
Pension contributions	12	12
	<u>97</u>	<u>94</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 2005 £000	Year Ended 31 July 2004 £000
Teaching departments	1,802	1,269
Contracted-out lecturing services	29	23
Teaching support services	302	244
Other support services	403	363
Administration and central services	766	784
General education	39	41
Premises costs	796	650
Planned maintenance	416	285
Other income generating activities	124	205
Catering and residence operations	312	281
Other expenses	44	187
	<u>5,033</u>	<u>4,332</u>

Other operating expenses include	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
Auditors' remuneration		
External audit	12	12
External audit other services	2	3
Internal audit	11	10

9 Interest Payable	Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
Mortgages and loans not repayable within five years	108	111
Notional interest on provision for past service pension	-	40
	<u>108</u>	<u>151</u>

10 Taxation

The Board do not believe the School was liable for any Corporation Tax arising out of its activities during this period. (2003/04 – Nil)

NOTES TO ACCOUNTS – continued

11 Tangible Fixed Assets	Freehold Land & Buildings £000	Equipment £000	Total £000
Valuation / Cost			
At 1 August 2004	28,460	2,140	30,600
Additions at cost	128	413	541
	<hr/>	<hr/>	<hr/>
At 31 July 2005	28,588	2,553	31,141
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At valuation 1995	17,933	-	17,933
At cost	10,655	2,553	13,208
	<hr/>	<hr/>	<hr/>
At 31 July 2005	28,588	2,553	31,141
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 1 August 2004	9,258	1,269	10,527
Charge for Year	656	256	912
	<hr/>	<hr/>	<hr/>
At 31 July 2005	9,914	1,525	11,439
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value			
At 31 July 2005	18,674	1,028	19,702
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 August 2004	19,202	871	20,073
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

Buildings with a net book value of £14,732,458 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 Higher Education Funding Council.

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

	2005 £000
Cost	10,539
Aggregate depreciation based on cost	5,297
	<hr/>
Net book value based on cost	5,242
	<hr/> <hr/>

NOTES TO ACCOUNTS – continued

12 Endowment Assets	31 July 2005 £000	31 July 2004 £000
Balances as at 1 August 2004	1,265	1,251
Additions (note 23)	112	155
Disposals (note 23)	(142)	(174)
Increase in cash balances held at fund managers	95	33
Appreciation of endowment asset investments	108	-
	<hr/>	<hr/>
Balances as at 31 July 2005	1,438	1,265
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Fixed Interest Stocks (listed)	364	380
Equities (listed)	511	417
Bank balances (note 25)	563	468
	<hr/>	<hr/>
Total	1,438	1,265
	<hr/> <hr/>	<hr/> <hr/>
13 Debtors	31 July 2005 £000	31 July 2004 £000
Trade debtors	295	120
European funding	72	-
Debts due from students	37	24
Prepayments and accrued income	723	273
	<hr/>	<hr/>
	1,127	417
	<hr/> <hr/>	<hr/> <hr/>
Included in the above is £250k relating to the costs of preparing the GSA Estates strategy which will either be capitalised when the project proceeds or will require to be written off if the project does not proceed.		
14 Creditors: Amounts Falling Due Within One Year	31 July 2005 £000	31 July 2004 £000
Trade creditors	262	172
Social security and other taxes payable	235	222
Other creditors	50	59
Loans (secured) (note 15)	48	57
Payments in advance	131	72
Accruals and deferred income	1,314	956
	<hr/>	<hr/>
	2,040	1,538
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO ACCOUNTS – continued

15 Creditors: Amounts Falling Due After One Year		31 July 2005	31 July 2004
		£000	£000
Refectory loan (interest free) (secured)		-	12
Combined loan (secured)		1,903	1,947
		<hr/>	<hr/>
		1,903	1,959
Less: amount falling due within one year (note 14)		48	57
		<hr/>	<hr/>
		1,855	1,902
		<hr/> <hr/>	<hr/> <hr/>
Instalments on the loans above are payable as follows:			
Between one and two years		50	48
Between two and five years		169	159
After five years		1,636	1,695
		<hr/>	<hr/>
		1,855	1,902
		<hr/> <hr/>	<hr/> <hr/>
Details of loans:			
Combined loan	Loan repayable by quarterly instalments until December 2026 Loan rate 5.59% (fixed) secured on the Sir Harry Barnes Building and the Margaret McDonald House Residence		
Refectory loan	Loan repayable by monthly instalments until November 2004 Interest free (secured on the refectory equipment)		

16 Provision for Liabilities and Charges		Provision for past service pensions	Total
		£000	£000
Balances as at 1 August 2004		1,258	1,258
Expenditure in year		(137)	(137)
		<hr/>	<hr/>
As at 31 July 2005		1,121	1,121
		<hr/> <hr/>	<hr/> <hr/>

The provision for the past service pensions relates to unfunded early retrials given in prior years. The provision was calculated by a firm of actuaries in 2003 and is due to be updated in 2006.

17 Deferred Capital Grants		Funding Council	Other Grants and Benefactions	Total
		£000	£000	£000
At 1 August 2004				
Buildings		2,050	115	2,165
Equipment		78	-	78
		<hr/>	<hr/>	<hr/>
		2,128	115	2,243
		<hr/>	<hr/>	<hr/>
Released to Income and Expenditure				
Buildings		(97)	(3)	(100)
Equipment		(78)	-	(78)
		<hr/>	<hr/>	<hr/>
		(175)	(3)	(178)
		<hr/>	<hr/>	<hr/>
As at 31 July 2005				
Buildings		1,953	112	2,065
Equipment		-	-	-
		<hr/>	<hr/>	<hr/>
		1,953	112	2,065
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO ACCOUNTS – continued

18	Endowments			
		Specific £000	General £000	Total £000
	At 1 August 2004	1,000	265	1,265
	Income for the year	51	11	62
	Expenditure for year	(12)	(17)	(29)
	Accumulated income retained	39	(6)	33
	Additions	32	-	32
	Appreciation of endowment asset investments	76	32	108
	At 31 July 2005	1,147	291	1,438
	Representing			
	Prize Funds	1,147	-	1,147
	Other funds	-	291	291
		1,147	291	1,438
19	Revaluation Reserve		31 July 2005	31 July 2004
			£000	£000
	Balances as at 1 August 2004		13,813	14,191
	Released in year to Income & Expenditure		(378)	(378)
	At 31 July 2005		13,435	13,813
20	Income and Expenditure Account			
		General Funds £000	Departmental Balances £000	Total £000
	At 1 August 2004	509	60	569
	Surplus after depreciation at valuation	30	-	30
	Transfer from departmental balances	35	(35)	-
	Release of Revaluation Reserve	378	-	378
	At 31 July 2005	952	25	977
21	Reconciliation of operating surplus to Net Cash Flow from Operating Activities	<i>Notes</i>	31 July 2005	31 July 2004
			£000	£000
	Surplus/(deficit) after depreciation of assets at valuation		63	36
	Depreciation	11	912	933
	Deferred grants released to income	17	(178)	(183)
	Endowment and investment income		(142)	(108)
	Interest payable	9	108	111
	Decrease/ (increase) in stock		11	(16)
	(Increase) /decrease in debtors		(710)	126
	Increase in creditors		511	127
	Decrease in provisions	16	(137)	(364)
	Net cash inflow from operating activities		438	662

NOTES TO ACCOUNTS – continued

22	>Returns on Investments and Servicing of Finance	<i>Notes</i>		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
	Income from endowments	18		62	64
	Interest received on current accounts			80	44
	Interest paid on long term loans	9		(108)	(111)
	Net cash inflow /(outflow) from returns on investments and servicing of finance			34	(3)
23	Capital Expenditure and Financial Investments	<i>Notes</i>		Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
	Payments to acquire tangible assets	11		(541)	(417)
	Payments to acquire endowment investments			(112)	(155)
	Endowments received			32	-
	Receipt from sale of endowment investments			142	174
	Net cash (outflow) from capital expenditure and financial investments			(479)	(398)
24	Financing			Year Ended 31 July 2005 £000	Year Ended 31 July 2004 £000
	Capital element of loan repayments			(56)	(88)
	Net cash outflow from financing			(56)	(88)
25	Analysis of Changes in Net Debt				
	<i>Notes</i>	As at 1 Aug 2004 £000	Cash Flow £000	Other Changes £000	As At 31 July 2005 £000
	Endowment bank	12	468	95	-
	Cash in hand, and at bank		759	(158)	-
			1,227	(63)	-
	Due within one year	15	(57)	56	(47)
	Due after one year	15	(1,902)	-	47
	Total		(732)	(7)	-
					(739)
26	Related Party Transactions				
	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 2005 the School received income from GSA Enterprises of £90,000 including Gift Aid contributions.				

NOTES TO ACCOUNTS – continued

27 Pensions

The School presently accounts for its funded and unfunded (see note 16) pensions in accordance with Statement of Standard Accounting Practice No.24. All members of the staff are covered by two principal pension schemes, the Scottish Teachers Superannuation Scheme (STSS) for academic staff and the Strathclyde Pension Fund (SPF) for other staff. Each of these schemes is a defined benefits scheme. Under statute accounts for these schemes are prepared by the relevant bodies.

The total cost of both schemes was £792,000 (2003/04 - £684,000). The pension costs are assessed in accordance with advice of independent qualified actuaries using the projected unit method .

Strathclyde Pension Fund (SPF)

The school participates in the Strathclyde Pension Fund (SPF) scheme, which is a funded defined benefit pension scheme where contributions payable are held in a trust separately from the School. The main results and assumptions of the most recent valuation of the Local Government Pension Scheme are as follows:

Valuation Date	31 March 2002
Valuation Method	Projected unit method
Market value of assets	£5,570 million
Investment return per annum	7.4%
Salary scale increases per annum	3.9%
Pension increases per annum	2.4%

The school paid contributions of 14.6% of pensionable salaries for the accounting period as recommended by the actuary. Surpluses and deficits are spread over employees' future service lives, and the pensions charge recorded by the School was equal to the contributions payable.

The SPF is a multi employer scheme where the share of assets and liabilities applicable to each employer is not identified. The School will therefore account for its pension costs on a defined contribution basis as permitted by Financial Reporting Standard No.17 when it becomes effective for the year ended 31 July 2006.

Scottish Teachers' Superannuation Scheme (STSS)

The school participates in the STSS, which is an unfunded defined benefit scheme where contributions payable are credited to the Exchequer and a notional set of investments maintained. The pension cost is assessed every five years by the Government Actuary. The main results and assumptions of the most recent valuation of the STSS are as follows:

Valuation Date	31 March 1991
Valuation Method	Projected Unit
Market value of assets	£2,673 million
Investment return per annum	3.5%
Salary scale increases per annum	2.5%

The contributions payable by the school during the accounting period were equal to 12.5% of total pensionable salaries.

The contribution rate, and the cost of index-linked pension increases which is currently met from the Government's supplementary credit will be reviewed as part of the actuarial valuation due to be carried out as at 31 March 2001. The pensions charge recorded by the School during the accounting period was equal to the contributions payable.

The STSS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The School will therefore account for its pension costs on a defined contribution basis as permitted by FRS17.

28 Post Balance Sheet Events

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

29 Capital Commitments

Committed and contracted as at 31 July 2005

31 July 2005	31 July 2004
£000	£000

-

-

30 Contingent Liabilities

There were no contingent liabilities at the balance sheet date

NOTES TO ACCOUNTS – continued

31 Bursary and Other Student Support Funds

	Mature Students Bursary	Hardship £000	2004 – 2005 Total £000	2003 - 2004 Total £000
Balance brought forward at 1 August 2004	12	5	17	3
Funds received in year	35	34	69	62
Expenditure	(47)	(24)	(71)	(48)
Balance carried forward at 31 July 2005	<u>-</u>	<u>15</u>	<u>15</u>	<u>17</u>

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

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