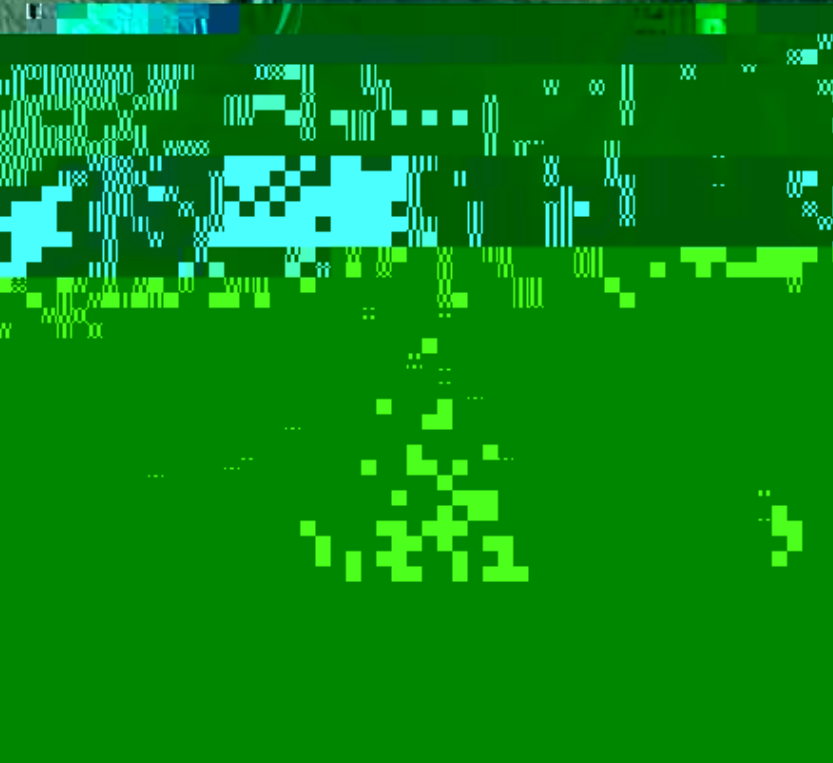




AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JU



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CHAIRMAN'S FOREWORD

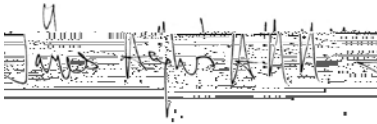
YEAR ENDED 31 JULY 2013

NEW ENDOWMENTS

£2.2m

RETURNS ON INVESTMENTS

£4.6



James Hughes-Hallet

Chairman of the Governing Board,
The Courtauld Institute of Art

The Director's Introduction notes that this is an exciting time at The Courtauld. Our Annual Report is chapter and verse as to why this is the case. I shall simply note that The Courtauld's financial performance in 2012/13 was solid, particularly in view of the continuing challenges of the external environment.

During the year to 31 July 2013 The Courtauld raised a total of £2.2 million in new endowments, and generated total returns on investments of £4.6 million. After releases, the combined portfolio has therefore grown by £5.5 million to a total of £36.5 million. The Courtauld operates a release policy that allows it to draw down up to 4% of unrestricted endowment and investment income annually, subject to a smoothing rule to ensure broad consistency from year-to-year and subject further to only taking as much as is required to break even in the Institute's management accounts.

I am therefore pleased that for the third year in succession we have been able to draw down less than the maximum amount permitted under the release policy, meaning that more funds will be available to support a range of initiatives and activities at The Courtauld in the future, including major projects such as the redevelopment of the North Block of Somerset House now under active consideration and feasibility testing. This project, when realised, will bring many benefits to staff, students and visitors. It offers the Institute the potential for sustainable growth by means of greatly improved facilities for research, teaching and The Gallery.

This year the Institute's Strategic Plan will be updated to reflect the considerable changes that are taking place in the higher education and gallery sectors. In her introduction, the Director outlines some of the ambitious goals that will underpin all of the activities carried out across The Courtauld and will see us through to our centennial and beyond. The realisation of these goals will require sound finances and adequate resources to enable continued investment in staff and facilities to strengthen The Courtauld's position as one of the world's leading centres for the understanding of art as essential to society.

With continued careful stewardship and strong strategic leadership, I am confident that The Courtauld will be better placed than most to survive and flourish in this uncertain economic environment.



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THE REDEVELOPMENT PROJECT WILL BRING MANY BENEFITS TO STAFF, STUDENTS AND VISITORS. IT



THE COURTAULD PICASSO 1911

THE COURTAULD

THE COURTAULD MUSEUM GALLERY



THE COURTAULD CONTINUES TO RECEIVE EXCELLENT REVIEWS FOR ITS EXHIBITIONS, COMPLEMENTING THE PERMANENT COLLECTION. THIS YEAR BECOMING *PICASSO: PARIS 1901* WAS RECEIVED WITH VERY HIGH CRITICAL ACCLAIM AND BROKE ALL FORMER VISITOR RECORDS WITH OVER 138,000 VISITORS



DIRECTORS AND

GOVERNING BOARD

The Courtauld Institute of Art is a company limited by guarantee (company no. 4464432) and an exempt charity for the purposes of the Charities Act 1993 under the exempt charities order 2002 No. 1626. As such the members of the Governing Board are both company directors and charity trustees. The members of the board who served during the year and up to the date of signing these financial statements were:

Ex officio

Professor Deborah Swallow
(Márit Rausing Director, The Courtauld Institute of Art) ^{1,2,3,4,5,6,9,10,11,12}
Dr James Cuno
(The President, The J Paul Getty Trust) ^{1,2,7,8}
Andrew Adcock
(The Samuel Courtauld Trust) ^{1,2}
Kate Roberts
(President, The Student Union)
(until 31 August 2013) ^{1,4,12}

Appointed Members

Professor Geoffrey Crossick ^{1,4,8}
Dr Martin Halusa ^{6,9}
Mr James Hughes-Hallett
(Chairman) ^{1,2,4,6,8,9,10,11}
Ms Daniella Luxembourg ⁶
Dr Nicholas Penny ^{4,8}
Mr Charles Sinclair ^{3,7}
Ms Anna Somers Cocks ^{6,12}
Sir Angus Stirling ^{3,4,9}

Members of the Academic Staff elected from their own number

Professor Susie Nash ¹
Professor Julian Stallabrass (to July 2013) ^{1,2}
Professor Joanna Woodall ³

Members of the Non-Academic Staff elected from their own number

Janine Catalano
Dr Barnaby Wright ⁴

Senior Management Team

The Senior Management Team (SMT) is responsible for the day to day operation of the company. The members of the SMT are as follows:

Professor Deborah Swallow,
Márit Rausing Director
Professor Caroline Arcscott,
Head of Research
Mrs Emma Davidson,
Director of Development
Mr Terence Hefford,
Director of Resources
Mr Michael Sherry,
Head of Marketing and Communications
Professor David Solkin,
Dean and Deputy Director
Dr Ernst Vegelin,
Head of The Courtauld Gallery

AUDITORS

KPMG LLP

OPERATING AND FINANCIAL REVIEW

Collecting
Gauguin

Samuel Courtauld in the '20s



OPERATING AND FINANCIAL REVIEW

Research

The Courtauld has some of the world's leading researchers in the fields of art history and conservation. Our work with students is research-led at every level. The high regard in which the Institute is held as a research community is underlined by the success of our staff and students in achieving external appointments and winning research awards. Research by faculty, curatorial staff and our research students and post-doctoral fellows reaches beyond the professional to much wider publics through The Courtauld's own exhibitions and through faculty involvement in other major exhibitions, conferences and lecture programmes, often international in their impact.

As the Director points out in her introduction, a key focus this year has been to prepare for the Research

The Research Forum is unquestionably one of The Courtauld's differentiators. It has developed activities with members of the academic staff in our Art History and Conservation departments, The Courtauld Gallery, Libraries and Public Programmes. Supported by funding from the Andrew W. Mellon Foundation, it provides an exceptionally productive, lively research environment for The Courtauld's students and faculty and offers unrivalled opportunities for conference convening, research group participation and publishing for the Institute's doctoral and postdoctoral community. It also forms a bridge into the wider academic community, drawing participants from the art history world locally, nationally and internationally. In 2012/13 over 6,500 visitors attended lectures, seminars and talks.

The ongoing collaboration between the Research Forum and the TERRA Foundation for American Art has established a Postdoctoral Teaching Fellowship and Visiting Professorships in American art. These serve to enhance the study of existing teaching and research at The Courtauld from BA to PhD, and within its faculty and wider research community. Further information on the TERRA Foundation for American Art and Andrew W. Mellon funding can be found in the Fundraising section of this Report.

Learning and teaching

The Institute attracts students from across the world and from diverse backgrounds. We aim to offer our students an excellent and unique experience that draws on the research intensive nature of the Institute.

Examination results continued to reflect the high quality of our student body. This year:

- 50 students were awarded the BA History of Art of whom 12 achieved First Class Honours
- 17 students were awarded the CGDHA (Pass), of whom 11 are eligible to go on to the MA
- 143 students were awarded the MA History of Art, of whom 63 achieved Distinctions
- 15 students were awarded the MA Curating the Art Museum of whom 4 achieved Distinctions
- 7 students were awarded the MA Conservation of Wall Painting of whom 2 achieved Distinctions
- 5 students were awarded the PG Diploma in Easels (Pass).

The Courtauld's faculty was strengthened with a number of new permanent appointments including:

D T N . . ., appointed as Lecturer in Medieval Art and Architecture. Dr Nickson holds an MA and PhD from The Courtauld (2005,2009) and subsequently held a Lectureship at the University of York where he was also Director of the Medieval Research School. His recent work interrogates the connections between art and belief in medieval Iberia, particularly within the context of encounters between the Christian, Islamic and Jewish traditions.

D G . . . V . . ., appointed as Lecturer in Buddhist Art and its Conservation. Dr Verri holds a PhD from the University of Ferrara and subsequently completed the three year MA in the Conservation of Wall Painting at The Courtauld in 2007 with distinction. Dr Verri previously held a Lectureship in Sustainable Heritage at University College London, having earlier held a post-doctoral Andrew W. Mellon Fellowship at the British Museum. In 2011, he was appointed Lecturer in Sustainable Heritage at UCL whilst also acting as external examiner for The Courtauld's MA in Conservation of Wall Paintings.

Four further permanent faculty appointments were made during the year, to start in the academic year 2013-14: Dr Guido Rebecchini, appointed to a lectureship in Italian Renaissance art ; Dr Sussan Babaie, to a lectureship in Iranian and Islamic Art; Dr Klara Kemp-Welch and Dr Robin Schuldenfrei, appointed to lectureships in 20th century Modernism.

Honorary Doctorates and Honorary Fellows

At the Presentation Ceremony in July, Professor Carlo Ginzburg, Franklin D Murphy Professor of Italian Renaissance Studies at UCLA and Professor Emeritus of the Scuola Normale Superiore, Pisa, was awarded an Honorary DLit of the University of London. Mrs Jane Ferguson and Dr David Landau were awarded Honorary Fellowships.

2012/13 total student numbers	
BA History of Art	148
Courtauld Graduate Diploma	17
PG Diploma in Conservation of Easel Painting	15
MA in Conservation of Wall Painting	7
MA History of Art	145
MA Curating the Art Museum	12
MPhil and Research	69
<hr/>	
Total	413

The Samuel Courtauld Trust

The Samuel Courtauld Trust is an independent charity that owns the collection on display in The Courtauld Gallery. Two important additions were made to their collection during the year: Ralph Holland bequeathed François D'Orbay's architectural drawing *Project for the Elevation of the Pavillions Terminating the Forecourt Wings of the Chateau of Versailles* (1671). This acquisition has considerably enriched the collection of architectural drawings, the most important group having been bequeathed by Sir Anthony Blunt in 1984. The Wyndham Lewis drawing *Portrait of Ivor Black* (1932) was given to The Courtauld in 2013 by The Estate of Patrick Back Q.C. This drawing was produced by Lewis for his *Thirty Personalities and a Self-Portrait* series. The drawing demonstrates Lewis's exceptional talents as a draughtsman and is an important addition to the collection of early 20th century British drawings. In addition to its long standing support of The Courtauld Gallery, The Samuel Courtauld Trust continued to support exhibitions and displays at other institutions through the programme of outgoing loans, administered by the Gallery. 116 artworks were loaned to 33 national and international venues.

The Courtauld Gallery

Visitor numbers rose by 10% in 2012/13 to 266,000, a new record for attendance at The Courtauld, as a result of the success of the *Becoming Picasso: Paris 1901* exhibition. Exhibitions and displays this year were:

M . . . M : M D . . T C G

Following a successful London run this exhibition transferred to the Frick Collection in New York in October 2012. The primary goal of exhibiting The Courtauld's drawings in New York was to increase awareness, enjoyment and scholarly use of this part of the collection. Over 77,000 visitors saw the exhibition and the show received an outstanding response from peers and press. A number of lectures were held by Courtauld curators and faculty and the exhibition concluded with a scholar's study day.

P L : A L V . . Peter Lely was England's leading portrait painter at the Court of Charles II. This exhibition, which attracted 48,000 visitors, explored a largely forgotten aspect of Lely's oeuvre and considered the group of so-called 'subject paintings' which he produced early in his career. The exhibition originated with The Courtauld's enigmatic painting *The Concert*. A special display entitled *The Draughtsman and His Collection* presented a selection of drawings once owned by Lely, as well as drawings by the master's own hand.

B . . . P . . : P 1901 Focussing on this single seminal year in Pablo Picasso's development, this was the year that the ambitious nineteen-year-old launched his career in Paris with an exhibition that would set him on course to become one of the greatest artists of the 20th century. *Becoming Picasso* reunited major paintings from the artist's debut exhibition with the influential dealer Ambroise Vollard and brought together a stunning group of the artist's first independent masterpieces, produced in the second half of 1901. The exhibition attracted over 138,000 visitors, the highest attendance figure ever achieved for a show at The Courtauld Gallery. *Becoming Picasso* added to The Courtauld's reputation for beautifully executed and illuminating focused shows. A drawing display *Picasso, Matisse and Maillol: The Female Model* ran concurrently with *Becoming Picasso*.

Summer 2013 saw the first presentation of a new

Immunity from seizure activity
1 August 2012 to 31 July 2013
In line with best practice, the Gallery

- To engage with the wider public through The Courtauld Gallery's outstanding collection and special exhibitions, through diverse and innovative public programmes and through the dissemination of excellent research.

In setting our objectives and planning activities, Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging. For the 2012/13 academic year, a total of 111 scholarships were awarded to 80 students in support of tuition fees and/or maintenance costs. In addition, in our Access Agreement with the Office for Fair Access (OFFA) for 2012/13 The Courtauld committed to spend 28.9% of the additional fee income it receives from undergraduate students above the basic fee on student bursaries and activities to encourage widening access to, and participation in, higher education by students from less advantaged backgrounds, a figure which is set to rise further over the next 2-3 years. In order to ensure that no one is discouraged from coming to The Courtauld Gallery as a result of the standard admission charge of £6, The Courtauld offers a number of concessionary tickets as well as offering free admission for visitors under the age of 18, full-time UK students, staff of UK universities, registered unwaged, Friends of The Courtauld and members of the National Art Fund. Disabled visitors may bring in a helper without charge. Admission is half price for all visitors on Mondays. In the year to 31 July 2013, 189,000 of the 266,000 visitors to the Gallery received free or concessionary admission.

The Courtauld recognises that its activities have an impact upon the environment at the local, regional, national and global levels and acknowledges a responsibility for the protection of the environment and the health of its members, visitors and the community. The Institute has developed its environmental policy with a view to promoting staff and student awareness of environmental issues within the Institute, including the use of energy efficient building practices, reducing the use of water and encouraging the use of public transport.

The redevelopment project will present an opportunity for The Courtauld to improve the efficiency of the North Block of Somerset House. Architects, John McAslan and Partners, have identified a range of environmental benefits including:

- Improving the control and efficiency of the heating distribution system
- Providing rooms in the Gallery with mechanical fresh-air ventilation allowing accurate control of air quality.

The Carbon Reduction Commitment came into force in April 2010. It is designed to stimulate energy efficiency across the economy, including large companies, local councils, universities and other public-sector bodies. Institutions will be obliged to join

its carbon – trading scheme, calculating their carbon emissions and then buying carbon credits against future emissions. The Courtauld falls below the 6,000Mw requirement to participate however with a usage of 2,300Mw the Institute nevertheless seeks to reduce its energy consumption and carbon emissions.

The distinctive character of The Courtauld, and its special position at the hub of a creative network of curatorship, research and teaching, enables it to contribute in important ways to the strength of museums and galleries in the UK and globally, to conservation of art worldwide, to the commercial and public art worlds with which it is able to forge powerful partnerships, and to the profession of art history itself and the public engagement with it. In so doing, The Courtauld plays a highly significant role in building and maintaining the success of the creative and cultural industries which are such an important component of the UK's economic and social strengths.

The Courtauld's greatest impact can be seen in the extraordinary track record of alumni employment and the value of its alumni in terms of their collective contribution to education, the arts, creative industries and the knowledge economy. Courtauld alumni continue to be leaders across all sectors of the art world, making major contributions to the UK's creative economy as well as finding success in other fields. The Courtauld also adds direct public value to the wider community through its gallery and collection, its lifelong learning programmes and publicly accessible research events.

Alumni contributions

Courtauld graduates are extraordinarily prominent at the top levels of this world. In the UK they include past and present Directors of the British Museum, Tate and Tate Britain, National Gallery, National Galleries of Scotland, Scottish National Portrait Gallery, Ashmolean, Sainsbury Centre, Birmingham Museums Trust, Sir John Soane Museum, Holburne Museum, Henry Moore Foundation, The Courtauld Gallery and English Heritage. Overseas they include Directors of the Metropolitan Museum of Art, the Morgan Library, Cleveland Museum of Art, Art Gallery of Ontario, Detroit Institute of Arts, the Minneapolis Museum of Art, Musée Beaux Arts de Montreal, Museo del Prado, Statens Museum für Kunst, Kunsthalle Bremen, Bibliotheca Hertziana Rome, Museum of Design and Applied Art, Iceland, LD Museum, Ahmedabad, and Christchurch Art Gallery, New Zealand.

Courtauld alumni play transformative roles

Financial Performance

A summary of the group Income and Expenditure Account is as follows:

	2013 £'000	2012 £'000
Income	13,942	12,041
Expenditure	13,512	12,687
Surplus/ (Deficit) on continuing operations	430	(646)
Transfer (to)/ from accumulated income within endowments	(326)	807
SURPLUS FOR THE YEAR RETAINED IN RESERVES	104	161

The consolidated results show a surplus of £104,000 compared to a surplus of £161,000 last year. The operating surplus for the group was £430,000 compared to an operating deficit of £646,000 last year. Included within the results is a restricted deficit of £247,000

which is the result of a timing difference on the use of restricted funds. This improvement is largely driven by the success of The Courtauld's endowment investments during the year, and the SORP treatment of releases from those funds.

Group Income

The group's income can be summarised as follows:

	2013 £'000	2012 £'000	Change %
Funding Council grants	3,130	3,289	(5%)
Tuition fees and education contracts	3,048	2,590	18%
Research grants and contracts	1,230	1,098	12%
Other income	4,828	4,546	6%
Endowment and investment income	1,706	518	229%
TOTAL INCOME	13,942	12,041	16%

Total group income for the year was £13,942,000, an increase of 16% on 2012. Funding Council grants fell by 5% during the year largely driven by changes to funding for undergraduate teaching. Tuition fees increased by 18% as a result of the new higher fee for Home and EU undergraduate students as well as increased recruitment of EU and Overseas students at postgraduate

level. Research income increased by 12%, and other income increased by 6%, due in the main to the success of the Gallery and in particular the Picasso exhibition. Income from Endowments and Investments increased by 229% as the result of a significant improvement in returns on investments during the year.

Responsibilities of the Governing Board and Structure of Corporate Governance

The Courtauld Institute of Art is committed to the highest standards of governance and continues to review its processes and effectiveness to refine its governance arrangements. In developing its approach, the Governing Board has confirmed its commitment to the Committee of University Chairs (CUC) Governance Code of Practice, subject to a number of departures from the Guide, which are fully justifiable. The major departures are identified below, with the reasons –

- The Governing Board meets formally three times a year (CUC guidance is four). The Courtauld considers that one Board meeting a term continues to work particularly well because of the committee system in place and because individual

resources needed for them; and advising the Director and the Governing Board thereon having regard at all times to the educational character and objectives of The Courtauld as determined by the Governing Board.

The Academic Promotions Committee meets twice a year and is responsible for the consideration of applications for promotion by Academic staff and recommendation to the Governing Board for the approval of any such promotions they consider to be appropriate.

Note	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
------	-------------------------------------	-------------------------------------

	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Surplus/ (Deficit) on continuing operations after depreciation on fixed assets		430	(646)
Total Returns on fixed asset investments	12	1,466	36
Total Returns on fixed asset investments released in the year	12	(359)	(432)
Total Returns on endowment asset investments	13	3,195	80
Total Returns on endowments released in the year	13	(1,308)	(80)
New endowments	21	1,873	353
TOTAL RECOGNISED GAINS/ (LOSSES)		5,297	(689)
Reconciliation			
Opening reserves and endowments		29,708	30,397
Total recognised gains/ (losses)		5,297	(689)
Closing reserves and endowments		35,005	29,708

According to the SORP, all donations that are expendable but which are restricted to a purpose specified by the donor are to be treated as expendable endowments. However due to the long term nature of The Courtauld's investment policy, the Institute has made a deliberate decision to only treat donations likely to be held for the long term as endowments. Donations due to be expended over a short term period are treated as deferred income and are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. For this purpose, long-term is taken to mean in excess of five years.

Endowments

Permanent endowments are invested on a total return basis. Returns on investments are credited to the income and expenditure account to the extent that they have been applied for the purposes intended by the donor. Returns beyond this amount are retained within the unapplied total return fund as part of the endowment until such time as they are applied by the Institute and a transfer is made to the income and expenditure account.

Expendable endowments are invested alongside permanent endowments. Returns on investments are credited to the income and expenditure account

Tangible fixed assets

a) Land and buildings

Land and buildings are stated at historical cost. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the

NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING COUNCIL GRANTS

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Recurrent grant from HEFCE	2,854	2,987
Deferred Capital Grants released	252	253
Other specific grants from HEFCE	24	49
	3,130	3,289

2. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
UK Higher Education students	1,340	1,272
European Union (EU) (excluding UK) students	239	100
Non-EU students	1,358	1,136
Total fees paid by or on behalf of individual students	2,937	2,508
Other education income	111	82
	3,048	2,590

3. RESEARCH GRANTS AND CONTRACTS

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Research councils	6	54
UK based charities	238	94
EU Charity	88	92
Other grants and contracts	898	858
	1,230	1,098

4. OTHER INCOME

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Donations	1,960	1,863
Deferred Capital Grants released	56	43
The Courtauld Gallery- admissions and events	800	606
SCT Enterprises Ltd (The Gallery Shop)	909	810
Residences and accommodation	619	583
Other income	477	641
	4,828	4,546

5. ENDOWMENT AND INVESTMENT INCOME

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Income from endowments released to I&E account (note 21)	1,308	80
Other investment income	398	438
	1,706	518

6. STAFF COSTS

The average weekly number of persons (including directors) employed by the Group during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2013 No	Year ended 31 July 2012 No
Teaching departments	31	34
Teaching support services	2	2
Gallery & Libraries	18	18
Administration and central services	51	47
Premises	5	6
Other	14	13
	121	120
	£'000	£'000

Staff costs for the above persons:

Wages and salaries	5,135	4,969
Social security costs	453	434
Pension costs	603	567
	6,191	5,970

The number of staff, including the directors, who received emoluments (excluding employers pension contributions) of more than £100,000 in the financial year was:

	Year ended 31 July 2013 No	Year ended 31 July 2012 No
£170,000- £180,000	1	1

7. SENIOR POSTHOLDERS' EMOLUMENTS

The emoluments of the Director of the Institute are as follows:

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Salary	178	174
Pension contributions	28	28
	206	202

Pension contributions are in respect of employer's contributions to the Universities Superannuation Scheme and are paid at the same rate as for other employees.

8. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Year ended 31 July 2013	Year ended 31 July 2012
	£'000	£'000	£'000	Total £'000	Total £'000
Teaching departments	2,705	1,535	-	4,240	4,339
Academic information services	508	202	-	710	650
Gallery	689	856	28	1,573	1,321
Administration and central services	1,723	1,414	290	3,427	2,944
Premises costs	-	1,582	340	1,922	2,103
Planned maintenance	-	420	-	420	233
Other income generating activities - Institute	299	183	-	482	367
Other income generating activities - subsidiaries	267	454	17	738	730
	6,191	6,646	675	13,512	12,687

Other operating expenses include:

	Year ended 31 July 2013	Year ended 31 July 2012
	Total £'000	Total £'000
Amortisation of negative goodwill	1	(51)
Auditors' remuneration		
- statutory audit	56	55
- other services	42	20
Hire of other assets	12	12
Operating Leases	606	606
Interest payable (note 9)	1	1

The external audit fee for the Institute was £52,788 inclusive of VAT (2011-12: £50,880)

9. INTEREST PAYABLE

Interest payable	Year ended 31 July 2013	Year ended 31 July 2012
	£'000	£'000
On bank loans and other loans:		
Repayable within 5 years by instalments	1	1
	1	1

10. TANGIBLE FIXED ASSETS

Institute	Leasehold land and buildings £'000	Rare books and artefacts £'000	Computer equipment £'000	General equipment £'000	Total £'000
Cost					
At 1 August 2012	3,735	853	711	1,670	6,969
Additions	122	-	230	62	414
At 31 July 2013	3,857	853	941	1,732	7,383
Depreciation					
At 1 August 2012	1,702	-	615	973	3,290
Charge for year	340	-	149	169	658
At 31 July 2013	2,042	-	764	1,142	3,948
Net book value					
At 31 July 2013	1,815	853	177	590	3,435
At 31 July 2012	2,033	853	96	697	3,679
Inherited	-	853	-	-	853
Financed by capital grant	1,643	-	-	86	1,729
Other	172	-	177	504	853
	1,815	853	177	590	3,435
Group					
	Leasehold land and buildings £'000	Rare books and artefacts £'000	Computer equipment £'000	General equipment £'000	Total £'000
Cost					
At 1 August 2012	3,735	853	718	1,806	7,112
Additions	122	-	233	72	427
At 31 July 2013	3,857	853	951	1,878	7,539
Depreciation					
At 1 August 2012	1,702	-	622	1,072	3,396
Charge for year	340	-	150	185	675
At 31 July 2013	2,042	-	772	1,257	4,071
Net book value					
At 31 July 2013	1,815	853	179	621	3,468
At 31 July 2012	2,033	853	96	734	3,716
Inherited	-	853	-	-	853
Financed by capital grant	1,643	-	-	86	1,729
Other	172	-	179	535	886
	1,815	853	179	621	3,468

11. SUBSIDIARY UNDERTAKINGS

The Institute has the following subsidiary undertaking:

Name	Ownership	Year end
SCT Enterprises Limited	100%	31 July 2013

SCT Enterprises Limited is a company registered in England and Wales and its principal activity is the sale of items related to The Courtauld Gallery and its collections.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank loan	30	30	30	30
Payments received in advance	3,159	3,236	3,159	3,236
Trade creditors	605	260	622	277
Amounts due to subsidiary undertakings	2	4	-	-
Accruals	339	186	350	218
Other taxation and social security	120	137	141	149
Other creditors	33	147	33	147
	<u>4,288</u>	<u>4,000</u>	<u>4,335</u>	<u>4,057</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Institute and Group	2013 £'000	2012 £'000
Bank loan	<u>2</u>	<u>32</u>
	<u>2</u>	<u>32</u>

18. BORROWINGS

Institute and Group	2013 £'000	2012 £'000
Loans are repayable as follows:		
In one year or less	30	30
Between one and two years	<u>2</u>	<u>32</u>
	<u>32</u>	<u>62</u>

Interest is payable on the unsecured loan from the bank at variable rates, linked to the lender bank's base rate. Interest payable on the bank loan was 1.5% throughout the year.

27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2013 £'000	2012 £'000
Purchase of tangible fixed assets	(427)	(649)
Capital grants received	93	59
Endowment income received	(326)	807
Transfers from cash to fixed asset investments	(311)	(1,314)
Net cash outflow from capital expenditure and financial investment	(971)	(1,097)

28. FINANCING

	2013 £'000	2012 £'000
Repayment of loans	(30)	(29)
	(30)	(29)

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2012 £'000	Cash flows £'000	At 31 July 2013 £'000
Cash at bank and in hand	1,083	(152)	931
Endowment asset investments (note 13)	964	2	966
Fixed Asset investments (note 12)	474	19	493
Debt due within one year	(30)	-	(30)
Debt due after more than one year	(32)	30	(2)
Total	2,459	(101)	2,358

30. PENSIONS AND SIMILAR OBLIGATIONS

University Superannuation Scheme (USS)

The Institute participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (SP2). The assets of the scheme are held in a separate administered by the trustees, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rate of increase in salary and pensions and the assumed rate of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases due to age and promotion reflecting historic scheme experience, with further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for three years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality

S1NA ["light"]

Female members' mortality

32. RELATED PARTY TRANSACTIONS

On 20 May 2003, the Institute invested £300,000 of endowment assets in SVG Capital plc (formerly Schroder Ventures International Investment Trust plc) convertible bonds. In accordance with the terms and conditions of the bonds, they were converted into ordinary shares of the company on 13 June 2006 and the Institute elected to retain the shares. At the time of the investment and the decision to convert Nicholas Ferguson served as Chairman of both The Courtauld Institute of Art and of SVG Capital plc. He has since stepped down from both roles.

During the year, the Institute paid £98,000 (2011-12 £114,000) to the University of London, of which the Institute is an independent College, for central university governance, the university Careers Group, Senate House Libraries, the University of London Union, examination services and the private housing group.

During the year the Institute acted as Custodian for the works of art displayed and stored in The Courtauld Gallery but owned by the Samuel Courtauld Trust and others.

