

Company Registration No. 04464432

COURTAULD INSTITUTE OF ART

Report and Financial Statements 31 July 2010

(- 22/11/2010)

COURTAULD INSTITUTE OF ART

Report and Financial Statements 31 July 2010

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COURTAULD INSTITUTE OF ART

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 July 2010.

ACTIVITIES

The principal activities of the Institute are to carry out teaching, curating and research in the areas of art

maintain facilities and services in support of the principal activities. The Institute is a company limited by guarantee (company no. 1164122) and an exempt charity for the purposes of the Charities Act 1993

DIRECTORS' REPORT (continued)

RESOURCES, RISKS AND RELATIONSHIPS

Introduction

The Courtauld became an independent college of the University of London in 2002. All staff, under the leadership of the Director and the Council, have worked hard to ensure that the College is well resourced and well positioned to meet the challenges of the future.

COURTAULD INSTITUTE OF ART

DIRECTORS' REPORT (continued)

The high regard in which the Institute is held as a research community is underlined by the success of our

- Professor Mignon Nixon was awarded Fellowships at both the Getty Research Institute and at the Radcliffe Institute for Advanced Study for the academic year 2010-11 and accepted the latter;
- Professor David Solkin was awarded a Fellowship at the Paul Mellon Centre for British Art for the academic year 2010-11;
- Dr Sarah Wilson held a fellowship at the Centre National de la Recherche Scientifique, Paris in the spring term 2010 and was awarded a Residency at Dora Maar House (under Brown Foundation Fellows Program) for the academic year 2010-11;

DIRECTORS' REPORT (continued)

involvement in other major exhibitions, conferences and lecture programmes, often international in their

- *Turner and the Masters*, curated by David Solkin: at Tate Britain, 23 September 2009 to 31 January 2010; Grand Palais, Paris, 22 February to 24 May, 2010 and The Museo Nacional del Prado, Madrid, 22 June to 19 September 2010. The exhibition had outstanding reviews and attracted over 840,000 visitors in Britain, France and Spain.
- *The Artist's Studio*, exhibition and catalogue by Giles Waterfield: Compton Verney, 26 September – 13 December 2009 and at The Sainsbury Centre, University of East Anglia, 2

DIRECTORS' REPORT (continued)

The Research Forum sits at the heart of the Courtauld Institute and has developed activities with

members of the Academic Staff in Art History, Conservation Departments, Courtauld Gallery, Development, Libraries and Public Programmes. It provides an exceptionally productive, lively research environment for The Courtauld's students and offers unrivalled opportunities for conference sessions

DIRECTORS' REPORT (continued)

COURTAULD INSTITUTE OF ART

DIRECTORS' REPORT (continued)

lease with the Duchy of Lancaster for the provision of a further 67 student rooms in Duchy House, equally

completed in Spring 2010. The rooms were then used as residential accommodation for students of the

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The Yellow presented a series of exhibitions nationally and internationally with the following:

DIRECTORS' REPORT (continued)

COURTAULD INSTITUTE OF ART

DIRECTORS' REPORT (continued)

Intercollegiate Halls. The ability to offer such accommodations to students from other institutions is limited by the

of such facilities can impact negatively on recruitment and might detract from the student experience. The

COURTAULD INSTITUTE OF ART

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Courtauld's Principles of Governance

The Courtauld Institute of Art has adopted the UK Corporate Governance Code (the Code) for the financial year ending 31 July 2009.

meeting in July 2009 and confirmed its commitment to the Code, subject to a number of departures from the Code which are set out below. The departures are set out in the table below.

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Investments Committee meets three times a year and is responsible for the general strategy and

Risk

The Governing Board formally accepted responsibility for the system of internal control at its

July 2004 meeting and took steps to ensure that its risk management strategy was effective throughout the Institute and that from 1 August 2004 the Institute was fully compliant with the

COURTAULD INSTITUTE OF ART

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

STATEMENT OF PRIMARY RESPONSIBILITIES OF THE GOVERNING BOARD

The primary responsibilities of the Governing Board are:

(continued)

3. ensuring the establishment and monitoring of systems of control and accountability,

DIRECTORS OF COURTAULD INSTITUTE OF ART

We have audited the financial statements of The Courtauld Institute of Art for the year ended 31 July 2010 which comprise the Consolidated Income and Expenditure Account, the Consolidated and Institute Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the information given in the Director's Report for the financial year for which the

COURTAULD INSTITUTE OF ART

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT

Year ended 31 July 2010

	Note	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000
INCOME			
Funding Council grants	2	4,391	3,462
Tuition fees and education contracts	3	2,085	1,904
Business fees and contracts		500	4,050
Other income	5	3,228	2,861
Endowment and investment income	6	1,360	548
TOTAL INCOME		11,884	10,431
EXPENDITURE			
Staff costs	7	5,849	5,730
Other operating expenses	9	4,892	5,093
Depreciation	12	444	439
TOTAL EXPENDITURE		11,189	11,282
SURPLUS /(DEFICIT) ON CONTINUING			

COURTAULD INSTITUTE OF ART

Year ended 31 July 2010

Note	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000
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Surplus/ (Deficit) on continuing operations

695

(851)

COURTAULD INSTITUTE OF ART

INSTITUTE BALANCE SHEET

As at 31 July 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Intangible assets	11	(115)	(179)
Tangible assets	12	3,281	3,400
Investments	14	6,951	6,183
		<u>10,117</u>	<u>9,404</u>
ENDOWMENT ASSETS			
	15	18,285	15,832
CURRENT ASSETS			
Stocks	16	-	-
Debtors	17	2,307	1,304
		<u>2,307</u>	<u>1,304</u>
TOTAL CURRENT ASSETS		<u>3,492</u>	<u>2,592</u>
CREDITORS: amounts falling due within one year	18	(3,711)	(3,538)
NET CURRENT LIABILITIES		<u>(219)</u>	<u>(946)</u>

COURTAULD INSTITUTE OF ART

CONSOLIDATED BALANCE SHEET

As at 31 July 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Intangible assets	11	(115)	(179)
Tangible assets	12	3,300	3,431
Fixed asset investments	14	6,051	6,182
		10,136	9,435
ENDOWMENT ASSETS	15	18,285	15,832
CURRENT ASSETS			
Stocks	16	105	88
Debtors	17	2,175	4,215
		1,232	1,212
Cash at bank and in hand		1,232	1,212
		(3,727)	(3,598)
CREDITORS: amounts falling due within one year	18	(3,727)	(3,598)
NET CURRENT LIABILITIES		(2,495)	(2,386)

COURTAULD INSTITUTE OF ART

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000
Cash flow from operating activities	25	(625)	(1,636)

finance

Capital expenditure and financial investment	27	(342)	615
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Year ended 31 July 2010

1. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

Basis of accounting

The financial statements have been prepared on the historical cost convention modified by the provisions of the Financial Reporting Act 2001.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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

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.

Any increase in value arising on the revaluation of fixed asset investments is credited as a credit to

COURTAULD INSTITUTE OF ART

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2010

1. STATEMENT OF ACCOUNTING POLICIES (continued)

b) Equipment

Equipment costing less than €10,000 per individual item or set of similar items is written off to the

Taxation

The Institute is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act

2 FUNDING COUNCIL GRANTS

Year ended Year ended

	£'000	£'000
Recurrent grant from HEFCE	3,012	2,476

Deferred Capital Grants released	137	137
Other specific grants from HEFCE	354	129
	<u>4,391</u>	<u>3,462</u>

3 THROUGH FEES AND EDUCATIONAL CONTRACTS

Year ended Year ended

UK Higher Education students	942	843
European Union (EU) (excluding UK)	162	131
Non-EU students	<u>891</u>	<u>880</u>

7 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 2010	Year ended 31 July 2009
	No	No
Teaching departments	36	37
Teaching support services	2	2
Gallery & Libraries	20	22
Administration and central services	43	44
Premises	4	4
Other	13	12
	<u>118</u>	<u>121</u>
Staff costs for the above persons:	£'000	£'000
Wages and salaries	4,867	4,781
Social security costs	423	425
Pension costs	559	524

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 2010	Year ended 31 July 2009
	No	No
£170,000- £180,000	<u>1</u>	<u>-</u>

8 SENIOR POST HOLDER'S EMOLUMENTS

The emoluments of the Director of the institute are as follows –

	Year ended 31 July 2010	Year ended 31 July 2009
	£'000	£'000
Salary	173	171
Pension contributions	27	24
	<u>200</u>	<u>195</u>

9	ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)	Year ended 31 July 2010	Year ended 31 July 2009
		Total	Total
		£'000	£'000

Other operating expenses include:

Auditors' remuneration			
- statutory audit		42	57
- other services		-	29
Hire of other assets		13	22
Operating leases		207	223

The external audit fee for the Institute was £39,000 (2008-09: £50,000)

10	INTEREST PAYABLE	Year ended 31 July 2010	Year ended 31 July 2009
		£'000	£'000
	On bank loans and other loans:		
	Repayable within 5 years by instalments	4	20
		4	20

11	INTANGIBLE FIXED ASSETS		
	Negative goodwill	Institute	Group
		£'000	£'000
	Cost		
	At 1 August 2009 and 31 July 2010	(599)	(1,080)
	Amortisation		
	At 1 August 2009	420	901
	Released in the year	64	64
	At 31 July 2010	484	965
		(115)	(115)
	At 31 July 2009	(179)	(179)

Negative goodwill for the Institute relates to the difference between the value of assets acquired on independence from the University of London and the amount paid for those assets. Negative goodwill for the Group additionally includes the difference between the value of assets acquired on the takeover of SCT Enterprises Ltd and the price paid for those assets.

12	TANGIBLE FIXED ASSETS					
	Institute	Leasehold land and buildings	Rare books and artefacts	Computer equipment	General equipment	Total
		£'000	£'000	£'000	£'000	£'000

Cost

Group	Leasehold		Rare books		Total
	buildings	artefacts	equipment	equipment	
Cost					
At 1 August 2009	2,523	853	479	1,393	5,248
Additions	130	-	29	154	313
At 31 July 2010	2,653	853	508	1,547	5,561
Net book value					
At 1 August 2009	832	-	424	561	1,817
Charge for year	237	-	43	164	444
At 31 July 2010	1,069	-	467	725	2,261
At 31 July 2010	1,584	853	41	822	3,300
At 31 July 2009	1,691	853	55	832	3,431
Inherited	-	853	-	-	853
Financed by capital grant	1,393	-	-	50	1,443
Other	191	-	41	772	1,004
	1,584	853	41	822	3,300

16 STOCKS

Institute Group

Finished goods	-	-	105	88
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17 DEBTORS

	Institute		Group	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000

Trade and student debtors	52	73	55	75
Amounts due from subsidiary undertakings	148	103	-	-
Taxation and VAT recoverable	58	49	58	49
HEFCE Match Funding Grants	1,249	787	1,249	787

Other Accrued Revenue	524	223	524	243
Other debtors	16	17	16	17
Prepayments	163	119	176	131
	<u>2,307</u>	<u>1,304</u>	<u>2,175</u>	<u>1,235</u>

HEFCE Match funding is paid according to a profile determined by HEFCE, with the final payment due in February 2012.

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Institute		Group	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000

Loan from University of London	-	472	-	472
Bank loan	30	30	30	30
Payments received in advance	2,922	1,898	2,922	1,898

Amounts due to subsidiary undertakings	26	-	-	-
Accruals	193	660	201	703

21 PROVISIONS FOR LIABILITIES AND CHARGES
Institute and Group

Dilapidations
£'000

At 1 August 2009

1,089

Utilised in year

(27)

At 31 July 2010

1,287

The dilapidations provision relates to costs to be incurred in returning the premises licensed from Somerset House

For further information see note 20

	2009 £'000	year £'000	year £'000	July 2010 £'000
HEFCE- Leasehold land and buildings	(1,285)	(293)	133	(1,445)
HEFCE- General Equipment	(21)		4	(17)

At 1 August 2009	5,524	5,552
Surplus retained for the year	646	642
Transfers to accumulated income within endowments	(167)	(167)

Institute and Group	Year ended 31 July 2010 £'000
At 1 August 2009	41
CIAF surplus retained for the year	53
At 31 July 2010	94

24b MOVEMENT ON REVALUATION RESERVES
 Institute and Group

	Year ended 31 July 2010 £'000
At 1 August 2009	60
Total Returns on fixed asset investments	660
Income received transferred to income &	

30 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2009	Cash flows	At 31 July 2010
	£'000	£'000	£'000
Cash at bank and in hand	1,346	(113)	1,233
Fixed Asset investments (note 14)	(68)	556	488
Debt due within one year	(502)	472	(30)
Debt due after more than one year	(121)	30	(91)
Correction to balances brought forward at 1 August 2007	16	-	16
Total	497	2,391	2,888

31 PENSION AND SIMILAR OBLIGATIONS

University Superannuation Scheme (USS)

The Institute participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is a member of the State Second Pension (S2P). The assets of the scheme are held in a separate trust.

Year ended 31 July 2010

31 PENSION AND SIMILAR OBLIGATIONS (continued)

USS the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer

will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and The Courtauld had 64 active members participating in the scheme.

The total pension cost for the institution was £458,000 (2009: £410,000). The contribution rate payable by the institution is 0% of pensionable salary.