

Annual Report and Financial Statements



2016/17



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The Courtauld Institute of Art

Vision and mission

To open minds to the power of art as central to human experience

What we do

To advance an understanding of art through access to world-leading expertise and collections, exhibitions and debate

We are committed to

Excellence

Innovation and continuity

Fairness and inclusivity

The scope of The Courtauld Institute of Art is unique. As a college of the University of London, The Courtauld brings together exceptional teaching and research in the history and conservation of art and curating.

We have an unmatched concentration of specialisms ranging from antiquity to the present and extending across diverse cultures, from early Christian Byzantium to contemporary China. Our conservators work at heritage sites throughout the world.

Located in the heart of London, we have library and image resources of exceptional significance and care for an outstanding art collection in The Courtauld Gallery. The Courtauld Gallery encapsulates our mission to illuminate art for all.

The Courtauld benefits individuals and society by extending knowledge and informing their responses to art. It stimulates the cultural sector locally and globally by developing new ideas and expertise, and through its graduates it generates an evolving community of specialists who shape the art world. We combine this character with a commitment to extend access to the important ideas and unique experiences offered by the visual arts.

Chairman's Foreword

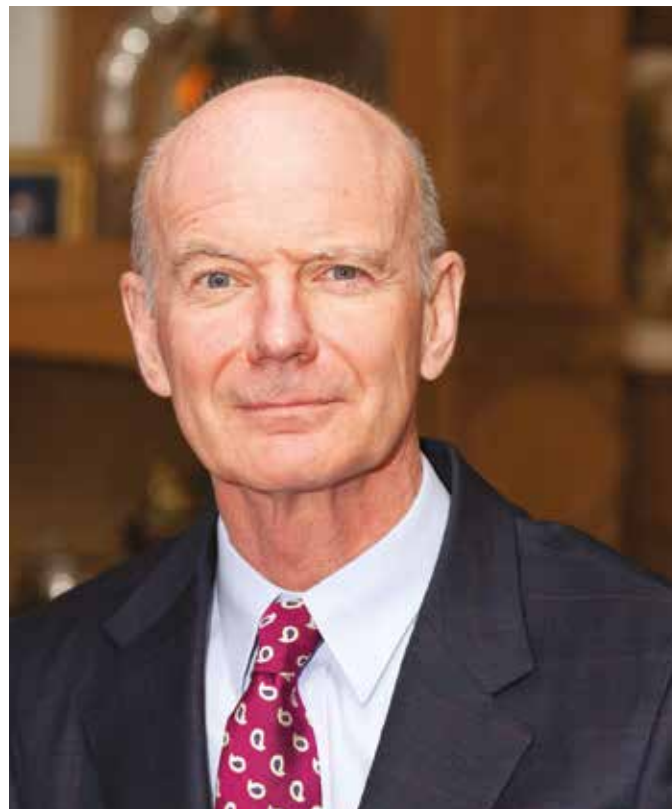
This year marks the end of my tenure as Chairman of the Governing Board. It has been an honour, an education and a joy to work with our Director, Faculty and Curatorial staff, students and members of Governing Board. Over this period The Courtauld has been preparing for a future in a rapidly, often confusingly, evolving educational, funding and political environment, and one in which the importance of higher education, particularly in the arts, appears to be insufficiently understood despite the UK's traditional role as a world leader in our sector. Despite this, over the period of this Report I believe we have made exciting progress in determining our way forward via Courtauld Connects and that this will ensure that we retain our pre-eminent position and justified reputation for academic excellence in our teaching and research and in our Gallery.

As the Director highlights in her introduction, we were delighted this year to learn that the Art History A level had been saved. A new A level in art history has been developed by the Pearson exam board for teaching from September 2017. The Courtauld argued both for the retention of an A Level and for further action to promote art history through other disciplines taught at school level, working with a consortium including the Association of Art Historians, Art History in Schools, university departments and national museum directors. Leading members of this consortium met in March 2017 at The Courtauld to agree further actions to push the art history strategy for schools forward and will continue to work together.

As you will read throughout this Report, this year our academic and curatorial staff continued to excel in their research and teaching. Our programme of exhibition and displays were very highly acclaimed. Our students once again demonstrated exceptional commitment to making the very best use of their time with us.

During the year we saw an improvement in our underlying result. This is an encouraging back-drop to our fundraising for Courtauld Connects, itself designed to safeguard our long-term sustainability.

I am looking forward to continuing to serve The Courtauld as a Governor on the Board. I am delighted that Lord Browne of Madingley has joined us as Chair of the Governing Board at a particularly exciting time for The Courtauld. His passion and commitment to the arts and deep knowledge of the museum and higher education sectors more than qualify him to lead The Courtauld through the execution of our biggest programme of development since the Institute's move to Somerset House in 1989. I look forward to working with him and the rest of the Board in delivering our ambitious plans.



A handwritten signature in dark ink, reading 'James Hughes-Hallett'.

James Hughes-Hallett
Chairman of the Governing Board,
The Courtauld Institute of Art

Märit Rausing Director's Introduction

"Facing the future" – the title of a series of fascinating recent talks hosted at The Courtauld – reflects both our mood and our work throughout this past academic and financial year. This was the year in which we reconfirmed our determination to fight actively to ensure a better understanding of the subject areas embraced by the term "art history", to expand the discipline's reach, to widen participation in these subject areas and to ensure that we play a substantial and leading role in demonstrating their deep relevance for the contemporary world. We now also fully recognise the unique opportunity which 'Courtauld Connects' presents. This exciting project, with its inevitable challenges and disruptions, will enable us to transform our wonderful eighteenth century building into a facility suitable for our evolving programmes of teaching, research, display and wide public engagement, and will secure our long-term sustainability.

Normal business of course continued throughout the year – with excellent examination results, strong performances in research, a vibrant programme of events in the Sackler Research Forum, full bookings for all Public Programmes courses, a highly applauded series of displays and exhibitions in the Courtauld Gallery and many loans of important art works to significant international and national exhibitions.

Our students continued to impress with their energy, focus, intelligence and creativity, both in their formal coursework and beyond it. The now well established annual student-run TEDxCourtauldInstitute entitled "Connections" drew on the theme of Courtauld Connects asking: "where might the ties we establish today lead us tomorrow?"

ted.com/tedx/events/20592 *Corpus: the Body Unbound*

Academic colleagues produced innovative work across a wide chronological and geographical range of reference and expanded research networks. The Sackler Research Forum continued to expand its programme in many directions, including a significant series on Art and Terror led by Professor Julian Stallabrass and ReslFest, an open day of many events across the whole institution held in March.

The Courtauld Gallery again won accolades for its exhibition and displays: *Rodin and Dance: The Essence of Movement*, which won five star reviews; *Bloomsbury Art and Design*; *A Civic Utopia*; *Reading Drawings*; and *William Henry Hunt* and extremely important work was achieved including the completion of digital records for all works in the Gallery's collection.

The increased pace of work on our visionary project 'Courtauld Connects' (see page 15) had an impact across the whole community. Significant progress was made with both building design and activity programmes and substantial consultation was carried out to ensure that adequate temporary housing would be secured for both artworks, people and activities dislocated during Phase 1. Simultaneously, in response to the need for additional space, opportunities for further long term accommodation in the near vicinity were seriously explored. A key aim of Courtauld Connects is to reach out, to open up, to make connections and form partnerships. As part of this our volunteer cohort grew substantially and several volunteers secured employment related to the field of digitisation while others secured MA places as mature students. All this work will ensure that the project will indeed make The Courtauld a local, national and international resource and inspiration.

In the autumn of 2016 we worked with a consortium including the Association of Art Historians (renamed the Association for Art History in July 2017), university departments and national museum directors in support of the national campaign to retain an A level examination in Art History, arguing both for the retention of an A-Level and for further action to promote art history through other disciplines taught at school level. We are delighted that a new A-level in art history was developed by the Pearson exam board with teaching from September 2017. The larger campaign to increase awareness of art history in schools and to embed the study of the visual within other kindred disciplines.

None of the achievements of the past year would have been possible without the generosity, dedication and hard work of many colleagues, collaborators, consultants and supporters. The staff of The Courtauld are passionately committed to this institution. Over the past year there have been more staff changes than has been typical previously and we welcomed new staff and existing staff to new roles as we thanked those who left us. I would particularly like to thank Professor John Lowden, on his retirement, for his huge contribution both to The Courtauld and to the enrichment of our understanding of the arts of the medieval world.

We remain deeply grateful to those generous friends and benefactors who have pledged and donated their resources both to our ongoing activities, to student support, to our endowment and to Courtauld Connects. We continue to be immensely fortunate in the dedicated focus of the members of our Governing Board and its Committees, of the Samuel Courtauld Trust, the Friends of The Courtauld Institute of Art, and the American Foundation for the Courtauld. We owe our gratitude to Mr Marco Grassi for all he did in our support during his tenure as Chairman of The American Foundation and wish him very well. We are also much indebted to Dr Martin Halusa, Trustee, Chair of the Audit committee and generous benefactor, and to Professor Geoffrey Crossick, Trustee and Chair of the Gallery committee, on their retirement from the Governing Board after ten years of service. We are delighted that both remain with us as Honorary Fellows.

I wish to record my own and The Courtauld's abundant appreciation of James Hughes-Hallett's commitment to our institution, as he steps down as Chair of the Governing Board. During the past five years, James has steered The Courtauld as it has made great strides into the future: from the formal beginnings of the major transformation project, Courtauld Connects (the legacy of which will be felt for decades), overseen developments of the senior management team, and monitored all our activities, ensuring that we are well equipped for the future; to the establishment of the Founders' Circle for major benefactors to The Courtauld.



A handwritten signature in black ink, which appears to read 'Deborah Swallow'.

Professor Deborah Swallow
Märit Rausing Director

Directors' Report

Directors and Officers

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^{1,3,4,7,8,9,10}
(*Märit Rausing Director, The Courtauld Institute of Art*)
Professor James Cuno^{1,2,10}
(*President and CEO, The J Paul Getty Trust*)
Mr Andrew Adcock²
(*Chair, Samuel Courtauld Trust*)
Ms Tennessee Williams^{1,3}
(*President, The Students' Union*) (until 31 July 2017)
Ms Rebecca Morris^{1,3}
(*President, The Students' Union*) (from 1 August 2017)

Appointed Members

Lord Browne of Madingley^{1,2,6,7,8,9,10}
(Chairman from 1 September 2017)
Mr Peter Budd¹
Professor Geoffrey Crossick^{1,3,6}
(until 31 July 2017)
Mr Edward Dolman
Dr Gabriele Finaldi³
Dr John Garcia^{1,7}
Dr Martin Halusa^{5,7}
(until 31 July 2017)
Mr James Hughes-Hallett^{1,2,6,7,8,9,10}
(Chairman until 31 August 2017)
Ms Daniella Luxembourg⁷

Members of the Academic Staff elected from their own number

Dr Sussan Babaie¹
Ms Pippa Balch
(from 30 November 2016)
Professor Katie Scott
Professor Antony Eastmond
(until 25 August 2016)
Dr Tom Nickson
(until 27 November 2016)

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

Dr Karen Serres
Ms Caireen McGinn
(from 30 November 2016)
Alasdair Sowerby
(until 31 October 2016)

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,
Märit Rausing Director
Professor Antony Eastmond,
Dean and Deputy Director
(from 1 September 2016)
Dr Alixe Bovey, Head of Research
Dr Stephanie Hall, Project Director,
Courtauld Connects
(from 10 November 2016)
Dr Kary Kelly, Director of Development
Mr Michael Sherry,
Head of Marketing and Communications
Mr Robert Thorpe,
Director of Operations
Dr Ernst Vegelin,
Head of The Courtauld Gallery
Professor David Solkin,
Dean and Deputy Director
(until 31 August 2016)

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 24.

Auditors

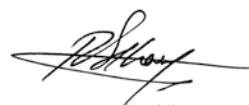
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report has been prepared in accordance with the Accounting Standards Board's 'Reporting Statement: Operating and Financial Review' (January 2006).

Approved by the Board of Directors and signed on behalf of the Board:

Robert Thorpe

Company Secretary



Registered address:
The Courtauld Institute of Art
Somerset House
Strand, London WC2R 0RN

1. Member of the Finance Committee
2. Member of the Investments Committee
3. Member of the Gallery Committee
4. Member of the Academic Promotions Committee
5. Member of the Audit Committee

6. Member of the Remuneration Committee
7. Member of the Nominations Committee
8. Member of the Honorary Degrees Committee
9. Member of the Honorary Fellows Committee
10. Member of the Executive Committee

Right: Christine Riding, Head of Arts and Curator of the Queen's House, Royal Museums Greenwich and Chair of the Association for Art Historians launches ResFest with The Courtauld's Director, Professor Deborah Swallow

Year in Review

Research

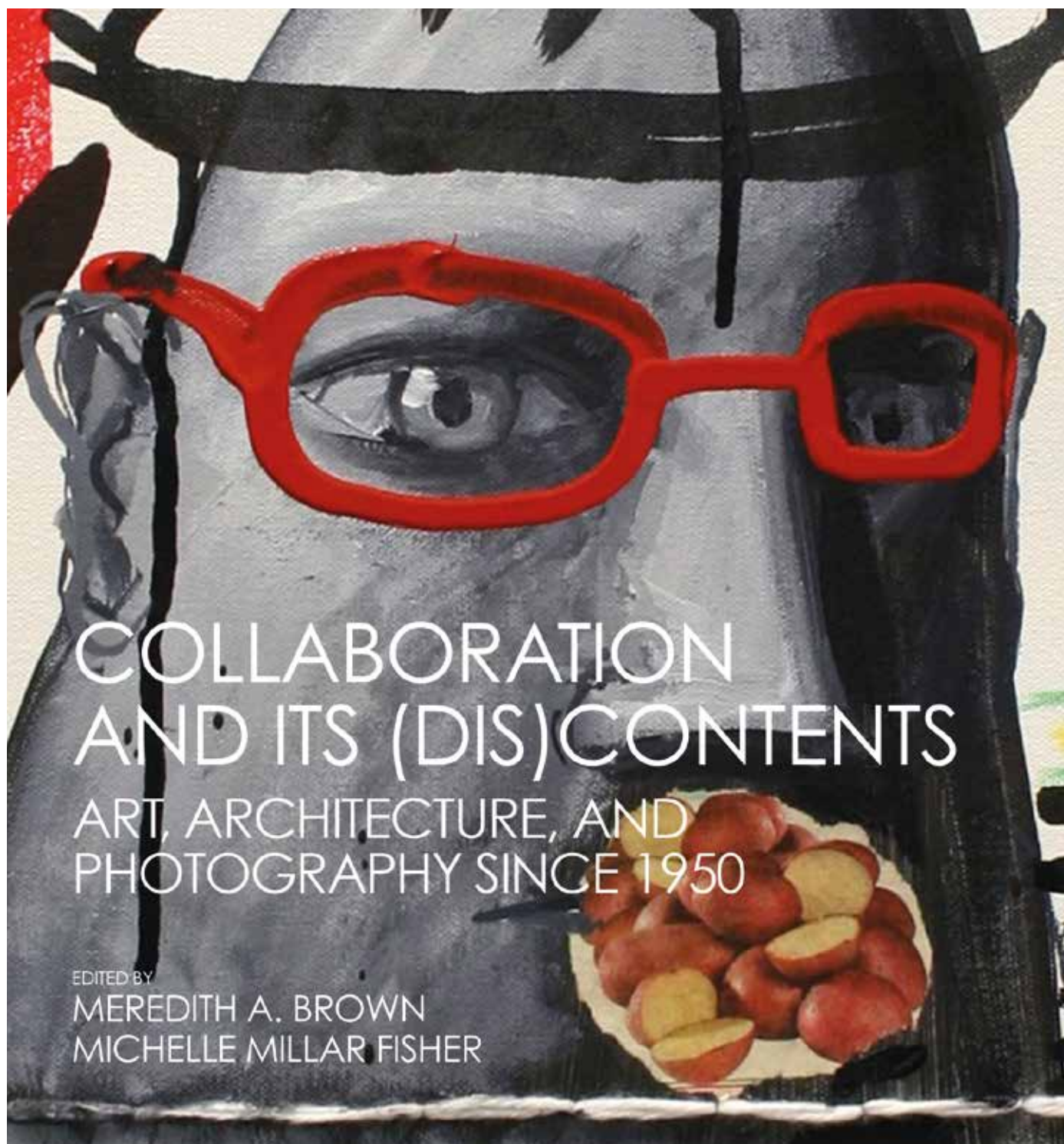
The research team's overarching goal for 2016/17 was to develop innovative ways to share the extraordinary range and dynamism of Courtauld research with a wider public. We engaged in a year of experiment, including a programme of live-streaming events, publishing recordings of events on our YouTube channel, and a revitalised approach to communications. The culmination of this effort was ReslFest, a festival of art historical research that took over the galleries, classrooms and corridors of The Courtauld for a night in March 2017. The highlights of the festival have been published on YouTube. We were delighted with the response of the audience and participants, and planning for ReslFest18 is already underway. At ReslFest, we launched Open Courtauld, a new strand of research programming that aims to bring advanced art historical research to a wide and diverse public.

Professor Caroline Arscott's AHRC funded collaborative research project on the ways the trans-Atlantic submarine telegraph fed the Victorian imagination culminated in an exhibition celebrating 150 years of the Atlantic cable: *Scrambled Messages: Victorians Decoded: Art and Telegraphy*, at the Guildhall Art Gallery, City of London from September 2016 to January 2017. In the autumn of 2016, Susie Nash, Deborah Loeb Brice Professor of Renaissance Art, embarked on a two-year Leverhulme Major Research Fellowship. During this time, Professor Nash is investigating

the history and visual culture of the courts of France during the period 1360-1422, using a remarkable group of inventories of royal material goods. Professor Antony Eastmond secured a further grant from the Getty Foundation through its Connecting Art Histories fund for the second phase of his project *Christianities, Islams and their intersections in the medieval Caucasus* which brings together emerging scholars from Turkey, Armenia, Georgia and other countries. (see the website: <https://sites.courtauld.ac.uk/crossingfrontiers/> 'Crossing Frontiers: Christians and Muslims and their Art'. Professor Aviva Burnstock undertook research on materials, methods, and meaning of the painting of the British figural artist Mark Gertler (1891-1939), supported by a British Academy Small Research Grant. The same scheme supported Dr Guido Rebecchini's project 'Contested Memory: Conflict, Identity and Heritage of the Medici Family in Early Modern Europe'. A British Academy Mid-Career fellowship supported Dr Alixe Bovey's research project 'Giants in the City: Mythic History as Material Culture in London from the Middle Ages to the 21st Century'.

All faculty research projects – past and present – are documented on The Courtauld's Research Portal (<https://courtauld.pure.elsevier.com/en/>), launched in 2016/17 as a critical part of our research infrastructure.





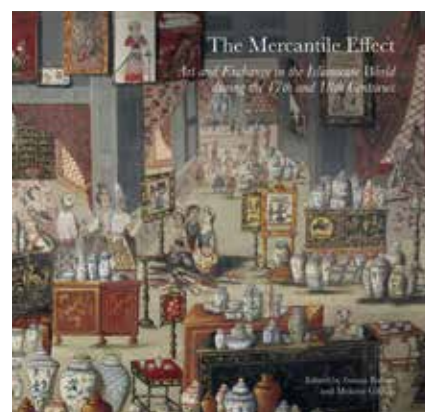
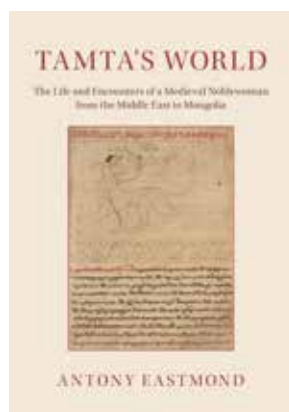
Courtauld Books Online, The Courtauld's innovative open access monograph series, published three titles in 2016/17: *Revisiting the Monument: Fifty Years since Panofsky's Tomb Sculpture* (ed. Ann Adams and Jessica Barker); *Collaboration and its (Dis)contents: Art, Architecture, and Photography since 1950* (ed. Meredith A. Brown and Michelle Millar Fisher); and *Gothic Ivory Sculpture* (ed. Catherine Yvard). All titles in this series are freely available on the Courtauld Books Online website.

The Courtauld Centre for American Art was established in the autumn of 2016 with the generous support of the Terra Foundation. Led by Professor David Peters Corbett, the Centre will provide a focus for research in American art of all periods, and in its international, transnational and global contexts. Dr Fern Insh, Mellon Digital Research Forum Project Officer, launched a Digital Art History Research Group (#DAHrg) in October 2016, which encourages the use and invention of digital tools and processes to enhance art historical research by running training workshops and lectures given by digital pioneers. The Sackler Research Forum staged a rich programme

of conferences, seminars, and workshops, and also supported a variety of specialist research groups, including the Sculptural Processes Group, Giotto's Circle, the Graphic Arts Group, Medieval Touch, and the Works on Paper Study Group. These groups incubate new research projects, and provide a context where emerging researchers and established scholars can examine works of art together and exchange ideas.

Dr Marie Collier, the Sackler Postdoctoral Fellow for 2016/17, established an Early Career Researcher Network, which provides support and training for those at the start of research careers. During her fellowship, Dr Collier ran a research project on architectural fantasy which culminated in the conference *Fantasy in Reality: Architecture, Representation, Reproduction*.

We are grateful to the Sackler Trust, the Andrew W. Mellon Foundation, the Terra Foundation and our other supporters for enabling The Courtauld's research activity, and we are excited to continue to develop Open Courtauld, ReslFest, and other initiatives in the 2017/18 year.



Publications

Faculty and Gallery publications this year included Antony Eastmond's major monograph, *Tamta's World: the Life and Encounters of a Medieval Noblewoman from the Middle East to Mongolia*, Cambridge University Press; Rebecca Arnold's *30 Second Fashion*, Ivy Press; Sussan Babaie's *The Idea of Iran: post-Mongol politics and the reinvention of Iranian identities*, I B Tauris; Alexandra Gerstein's *Rodin and Dance: the Essence of Movement*, Paul Holberton; and among the following longer list of articles and book chapters:

Classical, Byzantine and Medieval

Antony Eastmond (Ed) *The Mosaics of Thessaloniki revisited*, Kapon.

Antony Eastmond (Ed) *Byzantium's Other Empire: Trebizond*, Koç University Press.

Antony Eastmond 'Monograms and the art of unhelpful writing in Late Antiquity' in *Sign and Design (Dumbarton Oaks Symposia and Colloquia)*, J. Hamburger, & B. M. Bedos-Rezak (Eds), Dumbarton Oaks

Renaissance

Guido Rebecchini 'Agostino Veneziano's Suite of Three Women with Ancient Vases' in *Bulletin of the John Rylands Library*, Stephen Mossman and Cordelia Warr (Eds), Manchester University Press

Guido Rebecchini 'Leonardo, Mantova e il ritratto di Isabella d' Este. Indagini su un' opera contesa' in *Leonardo e gli altri*, Francesca Borgo, Rodolfo Maffei and Alessandro Nova (Eds)

Scott Nethersole 'Armeggierie, Wedding Chests and Battles' in *Fifteenth-century Florence. Renaissance Studies*.

Early Modern

Sussan Babaie 'Chasing after the muhandess: historiography and signatory marks in Iranian architecture' in *Affect, Emotion and Subjectivity in the Art and Architecture of Early Modern Muslim Empires*, K Rizvi (Ed.), Brill

Sussan Babaie 'Image Anxiety or Iconophobia and 'Islamic' arts' in *Destruction of Monuments and Memory in the Middle East*, J. Curtis, and B. Rohani (Eds), I B Tauris.

Sadish Padiyar 'Proust and Old Time: On 'Chardin' and 'Watteau' in the *Oxford Art Journal*

Katie Scott 'The Philosopher's Room: Diderot's Regrets on Parting with My Old Dressing Gown' in the *Oxford Art Journal*

Joanna Woodall 'Greater or lesser?' Tuning into the pendants of the Five Senses by Jan Brueghel the Elder and his companions' in *The Netherlands and the Fens. Cambridge and the Study of Netherlandish Art*. Turnhout, M. Hale (Ed)

Modern and Contemporary

Jo Applin 'Housework, Art Work: Feminism and Art History's New Domesticities' in *Oxford Art Journal*, J Applin and F Berry (Eds)

Jo Applin 'Yayoi Kusama: Without Beginning, Middle, or End' in *Traumata*, E Baker (Ed), Sothebys.

Rebecca Arnold 'Fashion & Trends' in *The Cambridge Companion to American Popular Culture*, J Gardner (Ed), Cambridge University Press.

Rebecca Arnold, 'The Kodak Ensemble: Fashion, Images & Materiality in 1920s America', Winterthur Portfolio.

Caroline Arcsott 'Whistler and Whiteness' in *Colours of the Past*, C Ribeyrol (Ed), Peter Lang Publishing Group

Klara Kemp-Welch 'International Relations at the Foksal Gallery' in *Galeria Foksal 1966-2016*

Gavin Parkinson 'Disenchanted Ground, or Antonin Artaud, Van Gogh and Magic in 1947' in *In Search of the Marvellous: Surrealism, Occultism, Politics*, T Bauduin, V Ferentinou, and D Zamani (Eds), Routledge

Gavin Parkinson 'From Gas to Electric: Georges Seurat, Brassai and the City of Light' *Electric Worlds. Creations, Circulations, Tensions, Transitions*, in L Laborie, A. Beltran, P Lanthier, and S Le Gallic (Eds), Peter Lang Publishing

David Peters Corbett 'Exile and Subjectivity: Words and Images in the Writings of Sadakichi Hartmann' in *The Journal of Art Historiography*

Robin Schuldenfrei 'Sober Ornament: Materiality and Luxury in German Modern Architecture and Design' in *Histories of Ornament: From Global to Local*, G Necipoğlu, and A Payne (Eds), Princeton University Press.

Wenny Teo 'The Elephant in the Church: Ai Weiwei, the Media Circus and the Global Canon'. in *Re-envisioning the Contemporary Art Canon: Perspectives in a Global World*, R. Iskin (Ed), Routledge

Wenny Teo, 'The 'pleasing', 'terrible' and 'surprising': Reimagining the Chinese garden in the global contemporary' in *Beautiful Disorder: Contemporary Chinese Art at Cass Sculpture*

C Hindle, E Liao and C Shea (Eds), Foundation Hatje Cantz Publishers

Sarah Wilson 'Writing the disaster: Trauma and reconstruction in postwar France' in *Art in Europe, 1945-1968, Facing the Future*, in E. Gillen and P Weibel (Eds), Lannoo Publishers

Conservation and Technology

Aviva Burnstock 'Water sensitivity of modern oil paint films' in *VII Congress C&C 2015 Proceedings*, J Lee, J., K Jan van den Berg and B Ormsby (Eds), 2CESMAR7 and Il Prato Publishing

Aviva Burnstock 'Making paint in the 20th Century: the Talens Archive' in *Sources in Art Technology, Back to Basics*, S Eyb-Green, J H Townshend, K Pilz, S Kroustallis, and I. van Leeuwen (Eds), Archetype

Robert H N Ho Centre for Buddhist Art and Conservation

Giovanni Verri 'Infrared reflectography of the Mughal painting Princes of the House of Timur' in the *Journal of Islamic Manuscripts*



Teaching and Learning

Students are at the heart of The Courtauld. In 2016/17, 521 students successfully completed their year of study, across the seven taught programmes and the research degree that we offer. A further nine students joined as part of a study abroad programme. The student body comprised 48 different nationalities, testimony to the international reach of the Institute. It is the objective of all teaching and support staff to offer students a consistently outstanding experience. The chronological, geographic and methodological range of the teaching staff and the depth of their expertise, as well as the concentration of excellence in curating and conservation enables The Courtauld to offer students a range of teaching across its programmes that is unmatched at other universities.

The success of our students was visible in their examination results, and in their employment record.

For students enrolled in 2016/17, the award breakdown was:

- 56 students awarded the BA History of Art, of whom 19 achieved First Class Honours (34%)
- 23 students awarded the CGDHA (Pass), of whom 14 were eligible to go on to the MA (61%)
- 161 students awarded the MA History of Art, of whom 82 achieved Distinctions (51%)
- 5 students were awarded the PG Diploma in the Conservation of Easel Paintings
- 27 students awarded the PhD

84% of our undergraduates are now in full time work or further study.

Individual students' results regularly gain further recognition: this year Gaja Golia (MA History of Art 2016) won the Association for Art Historians' postgraduate dissertation prize 2017 for her Courtauld dissertation 'Mending Walls on Shifting Grounds: Negotiating History and Identity Construction in the Works of Marjetica Potrc?', supervised by Dr Klara Kemp-Welch.

As a result of feedback from students, 2016/17 saw the introduction of a major reform to the second year of the BA degree. The goal has been to widen the number of courses available to students, and to make more lectures open to all students at the Institute. All students now have the opportunity to learn about a greater variety of periods, places, art types and approaches from our Faculty. Alongside this change, the Frameworks methodology course, which used to be compressed into one term, is now spread over the course of the year to give students more time to assimilate the ideas and theories that it introduces. The reforms will continue into 2017/18 as corresponding changes to the BA3 are introduced to increase student contact hours in the students' final year and to develop new skills. MA programmes continue to innovate. This year, the students on Dr Sussan Babaie's MA special option 'Persian Painting and Transcultural Visuality' curated two installations for a four-week run in the Gulbenkian Museum's Islamic galleries in Lisbon and Dr Babaie hosted/moderated two debates on the subject of Islamic art and the Modern Museum at the Gulbenkian and at the Goethe Institute, London. The year also saw a major reform of the MA in Buddhist Art: History and Conservation. From the 2017/18 academic year, this programme will be delivered as a two-year degree, in conjunction with the School of Oriental and African Studies in order to enable the students to gain a deeper understanding of Buddhist art and the issues involved in its conservation.



This year we welcomed Dr Sue Jones into the Art History department as a replacement for Professor Susie Nash whilst she holds a Leverhulme Major Research Fellowship. Two colleagues joined us to teach MAs in Art History: Professor David Peters Corbett as Professor of American Art, and Dr Sarah Turner, who is Deputy Director for Research at the Paul Mellon Centre for Studies in British Art, as Visiting Senior Lecturer in British Art.

Over the course of the year we made two academic appointments, to start in 2017-18: Dr Pia Gottschaler was appointed as Senior Lecturer in the Conservation and Technology Department, and Dr Emily Mann will join the Art History Department as Early Career lecturer in Early Modern Art, a three-year position to develop an emerging scholar's teaching skills.

Four colleagues left during the year: Professors David Solkin and John Lowden both retired, and Drs Satish Padiyar and Elizabeth Reissner have been pursuing new projects. The contributions of all four have been immeasurable and our gratitude to them is enormous. Their departures offer us the opportunity to think more broadly about our appointment strategy as we consider the range of the curriculum we want to offer and also debate how we can make the discipline attractive to students from new and diverse backgrounds. We continue to employ many PhD students and those who have recently gained their doctorates as Associate Lecturers, and we are developing ways to coordinate and structure their development as teachers.

This year we do not have National Student Survey statistics to report on, as the students voted to boycott the NSS because of its use in setting tuition fees. However, in conjunction with the Students' Union we conducted an internal survey of all our graduating students to understand their experience of their programmes. We are using the results of this to help inform how we support students and organise teaching.

We celebrated the success of our students at the Presentation ceremony held at St Clement Danes Church in July, and we were delighted to be able to confer the title of Doctor of Literature Honoris Causa of the University of London on Professor Boris Groys. Professor Geoffrey Crossick and Dr Martin Halusa were both awarded Honorary Fellowships in recognition of their support for The Courtauld.

Library resources

In 2016/17 we continued to find ways to make our library collections accessible to students, scholars and the public. Our Book Library is a major international collections of art historical books, periodicals and exhibition catalogues, with some 200,000 volumes. This year a philanthropically funded pilot project was undertaken as part of Courtauld Connects to digitise 280,000 images from the Witt photographic library. The Witt Library is a visual database of photographs and reproductions of Western paintings, drawings and engravings from c1200 to the present day and the first part of digitisation project (225,000 images of British art) will go online late 2017, making the collection available to everyone.

The Courtauld's 'eMuseum' contains more than 130,000 images covering painting, sculpture and architecture to illuminated manuscripts, prints and decorative arts. The Art and Architecture website features the Courtauld Gallery's complete collections of paintings and drawings, and over 40,000 images of world architecture and sculpture from our Conway Photographic Library.

The Courtauld Gallery

The Gallery welcomed a total of 181,573 visitors in 2016/17. In addition to delivering its programme of exhibitions and displays, the Gallery has continued to make important progress with key conservation, research, digitisation and cataloguing targets. The completion of a multi-year project saw the remaining number of our collection of 26,000 prints catalogued on the collection management system. The Gallery's entire collection, across all media, now has core record digital cataloguing – a major milestone for stewardship and public access. Additionally, enhanced cataloguing data for 1,345 drawings was added to the database as part of a three-year project. We were delighted to welcome Dominique Cordellier, Jessica Feather, Jennifer Tonkovich, and Peter Bower as part of the Visiting Curator programme in the drawings collection.

Working closely with the Samuel Courtauld Trust, the Gallery also successfully managed a generous programme of outgoing loans. These loans included pilot Courtauld Connects project: Manet's *Dejeuner sur l'Herbe* which travelled to the Ferens Art Gallery, a Courtauld National partner institution, as part of Hull's year as UK City of Culture. The Gallery was successful in its major application for funding to HEFCE's Museums, Galleries and Collections Fund.

A rich and engaging series of exhibitions and displays was offered across the range of the Gallery's programming platforms. These are summarised below.

Exhibitions and Displays

'One gallery that has resisted the pressure to turn art into hype is The Courtauld, a London institution with a strong commitment to serious art history – it's linked to the academic Courtauld Institute... It puts on genuinely passionate, insightful small shows that actually matter... looked at with real intelligence and above all excellent loans.' (*The Guardian*)

Georgiana Houghton: Spirit Drawings

16 June – 11 September 2016

Georgiana Houghton (1814-1884) was a spiritualist medium who, in the 1860s and '70s, produced a series of extraordinary abstract watercolours. Organised in collaboration with Monash University Art Museum, this ground-breaking exhibition brought her work to light after 150 years in obscurity. It met with acclaim in the national and international press, with the Sunday Times declaring it to be 'A crucial show... The Courtauld is re-writing art history.' (*Sunday Times, Culture*)

Rodin and Dance: The Essence of Movement

20 October 2016 – 22 January 2017

Organised in partnership with the Musée Rodin in Paris, this major exhibition was the first to explore Rodin's fascination with dance and bodies in extreme acrobatic poses. It focused on the expressive late *Dance Movement* sculptures, alongside closely associated drawings and watercolours. The exhibition presented pioneering new technical research and also involved a highly innovative programme of performance-based research with the Royal Central School of Speech and Drama.

'There are few more satisfying exhibition experiences than this: when you visit a show about a big-hitter from art history – the kind of figure about whom you imagine there is nothing left to say – and leave with your understanding of them challenged and transformed. That is the effect of The Courtauld Gallery's latest exhibition.' (*Telegraph*)

Lead supporters: Friends of The Courtauld, International Music and Art Foundation, Anonymous in memory of Melvin R. Seiden, The Daniel Katz Gallery, The Henry Moore Foundation, Stuart and Bianca Roden

Bloomsbury Art & Design

17 February – 21 September 2017

Selected from the Gallery's permanent collection, this special display presented paintings by members of the Bloomsbury Group alongside a rich selection of design drawings, furniture, ceramics and other objects made by the avant-garde Omega Workshops.

Corpus: The Body Unbound

16 June – 17 July 2017

This exhibition was organised as part of The Courtauld's MA programme Curating the Art Museum. It brought together loans from the Arts Council and works from the Gallery's own collection to explore how artists have engaged with the body.

Illuminating Objects, the Gallery's interdisciplinary Higher Education research and display programme, continued in 2016/17 with a partnership with Imperial College.

The Gilbert and Ildiko Butler Drawings Gallery

A Civic Utopia: Architecture and the City in France, 1765-1837

8 October 2016- 8 January 2017

Organised with Drawing Matter Trust, this special display presented a selection of important architectural drawings of public buildings and public spaces in Enlightenment-era France. It considered the place of architecture in establishing the notion of ordered, rational and open civic life.

Reading Drawings

21 January – 4 June 2017

Featuring works ranging from the Renaissance to the 20th century, this display drew attention to the wide variety of written inscriptions that may be found on drawings, from signatures to casual notes. The selection invited viewers to consider how inscriptions reveal essential information regarding authorship, dating, subject matter, use, purpose and history of drawings.

William Henry Hunt: Country People

24 June – 17 September 2017

With loans from public and private collections across the UK, this exhibition exemplified the mission of the Drawings Gallery to bring to light lesser-known or overlooked episodes from the history of draughtsmanship. The exhibition examined a group of works produced by Hunt in the 1820s which depict of country people in their working or living environments. Reviews noted the public benefit of this aspect of the programme.

'This is a rare opportunity to see a show not just devoted to an artist with whom you may not be wildly familiar, but of the focused kind that is increasingly being pushed out of museum schedules.' *The Times*

The programme of the Butler Drawings Gallery is generously supported by the International Music and Art Foundation. Additional support was received from the Richard McDougall Fund.

The programme of exhibitions and displays was accompanied by a rich offer of public study days and talks, educational resources and events for specialists.

THE COURTAULD GALLERY



Open daily 10.00 to 18.00
Last admission 17.30

Admission
Includes all temporary exhibitions,
the permanent collection and a
voluntary £1 donation

Adults	£9
Seniors 60+	£8
Students	£5
National Art Pass	£5
Under 18s	Free
Friends of the Courtauld	Free

Spirit Drawings



Open daily 10.00 to 18.00
Last admission 17.30

Admission
Includes all temporary exhibitions,
the permanent collection and a
voluntary £1 donation

Adults	£9
Seniors 60+	£8
Students	£5
National Art Pass	£5
Under 18s	Free
Friends of the Courtauld	Free

Spirit Drawings

Welcome Bienvenue

RODIN AND DANCE

THE
ESSENCE OF
MOVEMENT



Auguste Rodin (1818-1897) was a French sculptor who is best known for his realistic and expressive works. He was a pioneer in the use of clay and bronze, and his sculptures often depicted figures in dynamic, dancing poses. His work was characterized by a strong sense of movement and a focus on the human form.



Auguste Rodin (1818-1897) was a French sculptor who is best known for his realistic and expressive works. He was a pioneer in the use of clay and bronze, and his sculptures often depicted figures in dynamic, dancing poses. His work was characterized by a strong sense of movement and a focus on the human form.

2 Oct 2016 – 2 Jan 2017

National Gallery of Art,
Washington

3 February – 7 May 2017

Fondation Custodia, Collec-
tion Frits Lugt, Paris
*From Drawings to Paintings in
the Age of Rembrandt*

Attributed to Cornelis Bega,
*Peasant woman, turned three-
quarters to the left, holding a
glass* (D.1952.RW.2174)

Rembrandt, *Sheet with two
studies for 'Saint John the
Baptist'* (D.1978.PG.182) (2nd
venue only)

6 Oct 2016 – 15 Jan 2017

Musée national des beaux-arts
du Québec

Pierre Bonnard

Bonnard, *Landscape with
Olive Trees and a Chapel*
(P.1935.RF.34)

18 Oct 2016 – 22 Jan 2017

Museo Thyssen-Bornemisza,
Madrid

Renoir and Intimacy

Renoir, *Woman Tying her
Shoe* (P.1932.SC.341)

21 Oct 2016 – 12 Feb 2017

Middlesborough Museum of
Modern Art (Mima)

4 Mar – 4 June 2017

Djanogly Art Gallery,
Nottingham

24 June – 16 Sept 2017

Falmouth Art Gallery
Winifred Nicholson

Winifred Nicholson, *Estuary*
(P.1948.SC.288)

22 Oct 2016 – 19 Feb 2017

Pallant House Gallery,
Chichester
*The Mythic Method: Classicism
in Modern Art*

Frank Dobson, *Reclining
Nude* (S.1948.SC.202)

Wyndham Lewis, *Spartan
Portrait* (Naomi Mitchison)
(LD.2004.XX.45)

8 Nov 2016 – 5 March 2017

Dulwich Picture Gallery
*Making Discoveries: Dutch
and Flemish Masterpieces*

Rembrandt, *Study for the
painting 'A Girl at a Window'*
(D.1978.PG.192)

22 Nov 2016 – 19 Feb 2017

Museo Nacional del Prado
Ribera, Master of Drawing

Ribera, *Man tied to a tree, and
a figure resting* (D.1952.RW.2505)

1 Dec 2016 – 1 March 2017

Tate Britain, London
Tate Britain Displays

J S Copley, *Portrait of a boy*
(D.1952.RW.919);

J S Copley, *Standing figure
of a youth* (D.1952.RW.920)

2 Dec 2016 – 19 March 2017

Musée Rath, Geneva
Return of Darkness

Vernet, *Portrait of the Actor
T P Cooke* (D.1952.RW.3339)

Ruskin, *Mer de Glace,
Chamonix* (D.2001.XX.2)

Cozens, *A Ruined Fort near
Salerno* (D.2007.DS.12)

3 Feb – 4 June 2017

Herbert Art Gallery & Museum,
Coventry
Portraits

Bastiani, *Bearded man with a
falcon* p.1947.LF.22)

Devis (follower of), *Family
Group* (P.1947.LF.93)

Roger Fry, *Portrait of Nina
Hamnett* (P.1935.RF.146)

8 Feb – 9 July 2017

Davis Museum at Wellesley
College, Wellesley, MA
*Beyond Sentimentality:
Carlo Dolci and 17th century
Florence*

Dolci, *Portrait of a Woman*
(D.1952.RW.4369)

8 Feb – 4 June 2017

Dulwich Picture Gallery
Vanessa Bell (1879-1961)

Vanessa Bell, *A Conversation*
(P.1935.RF.24)

Vanessa Bell, *Arum Lilies*
(P.1935.RF.25)

**Attributed to Vanessa Bell
and Duncan Grant**, *Rug
design* (D.1958.PD.7)

**Attributed to Vanessa Bell
and Duncan Grant**, *Rug
design* (D.1958.PD.8);

Vanessa Bell, *Design for
Adam and Eve screen* (D.1958.
PD.85)

12 Feb – 7 May 2017

Saint Louis Art Museum
*Degas, Impressionism and the
Paris Millinery Trade*

Degas, *Woman adjusting her
hair* (D.1948.SC.115)

12 Mar – 11 June 2017

Meadows Museum, Dallas
Ribera, Master of Drawing

Ribera, *A seated man reading
and two cherubim* (D.1952.
RW.367)

1 April 2017 – 7 Jan 2018

Winterthur Museum, Delaware
*Treasures on Trial: The Art and
Science of Detecting Fakes*

Van Meegeren, *The Procureess*
(P.1960.XX.269)

22 April – 13 Aug 2017

Ferens Art Gallery, Hull
Skin

Manet, *Dejeuner sur l'herbe*
(P.1932.SC.232)

8 April – 8 Oct 2017

Brighton Museum & Art Gallery
Constable and Brighton

Constable, *Colliers on the
beach* (D.1952.RW.2541.4)

6 May – 3 Sept 2017

Ditchling Museum of Art + Craft
Eric Gill: The Body

Eric Gill, *Nude woman
reclining on a leopard skin*
(D.1932.SC.57)

20 May – 17 Sept 2017

Kroller-Muller Museum
Arp: The Poetry in Forms

Hans Arp, *Static Composition*
(LP.2007.XX.2)

Hans Arp, *Torso-fruit* (bronze)
(LS.2017.XX.1)

23 June 2017 – 2 Jan 2018

IWM North
Wyndham Lewis: Art, Life, War

Wyndham Lewis, *The
Betrothal of the Matador*
(LP.2008.XX.2)

Wyndham Lewis, *Red Portrait*
(Portrait of the artist's wife,
Froanna) (LP.2000.XX.1)

Wyndham Lewis, *The Tank in
the Clinic* (LP.2008.XX.4),

Wyndham Lewis, *Lebensraum
II : The Empty Tunic* (LD.2004.
XX.46)

Wyndham Lewis, *Jehovah the
Thunderer* (LD.2010.XX.8)

Wyndham Lewis, *Man and
Woman* (LD.2009.XX.1)

Wyndham Lewis, *Two nudes*
(LD.2004.XX.2)

Wyndham Lewis, *Wyndham
Lewis/Michael Ayrton, Ezra
Pound* (LD.2006.XX.4)

Wyndham Lewis, *Mother love*
(LD.2004.XX.35)

Wyndham Lewis, *Two Figures*
(LD.2010.XX.3)

Wyndham Lewis, *Armless
man on stage* (LD.2010.XX.6)

Wyndham Lewis, *Drawing for
Timon* (LD.2015.XX.8)

Wyndham Lewis, *Self-Portrait*
(D.2011.XX.1)

14 June – 8 October 2017

National Gallery, London
*Giovanni da Rimini: An Early
14th Century Masterpiece
Reunited*

Giovanni Baronzio, *Nativity
and the Adoration of the Magi*
(P.1966.GP.255)

25 June – 10 Sept 2017

Art Institute Chicago
Gauguin: Artist as Alchemist
Gauguin, *Te Rerioa* (P.1932.
SC.164)

13 July – 22 Oct 2017

National Portrait Gallery
*The Encounter: Drawings from
Leonardo to Rembrandt*
Lagneau, *Head of a man*
(D.1947.LF.142)

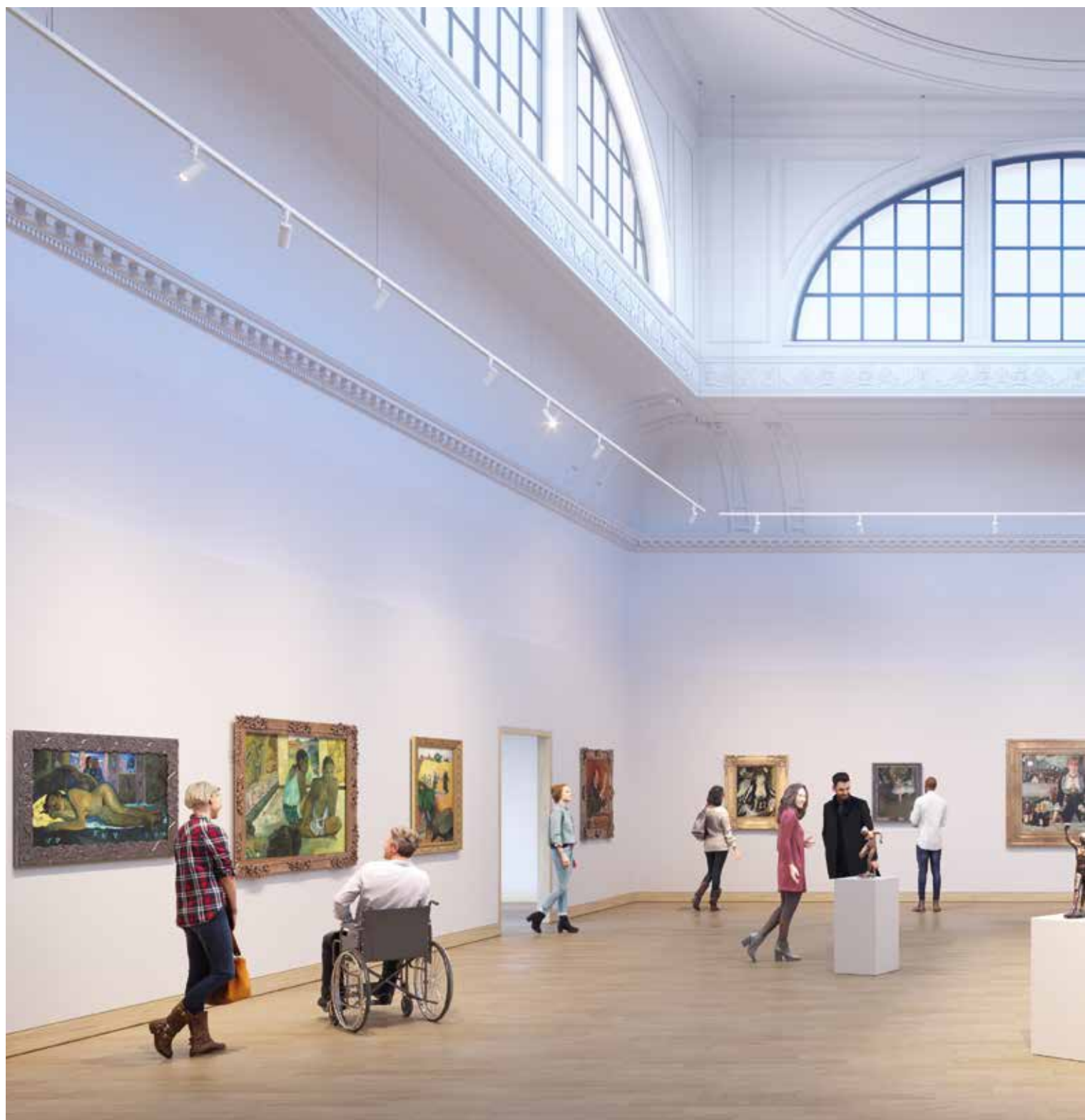
Courtauld Connects

Courtauld Connects is a visionary project to transform access to The Courtauld and its collections. This complex multi-million pound capital project will open up The Courtauld to new, wider audiences for all our programmes and activities. It will conserve, make visible our historic architecture and ensure that The Courtauld is physically operational and accessible, with facilities appropriate for teaching, research, public programmes, the interpretation, display and care of the collection and will thus ensure our long term sustainability.

A full time Project Director was appointed in November 2016 and the design and project teams further strengthened during the year, with assistance from a range of professional consultants. Design work was progressed to Stage 3, and an application for planning permission and listed building consent was submitted

to Westminster City Council (WCC) on 30 June 2017, following a regular and detailed programme of stakeholder consultation from late 2016 onwards. At the time of writing this Report, we were delighted to learn that consent had been granted by WCC with relatively few planning conditions.

The project has to date won generous support from several philanthropic foundations, from individuals and, initially for a development phase, from the Heritage Lottery Fund (HLF). Work towards submission to HLF Round 2 was significantly progressed. Pilot projects were carried out and core concepts further tested, including a national loans programme, regional and national partnerships, digitisation projects, schemes for volunteers and interns.



A key part of the Courtauld Connects project is the digitisation of our photographic collections. A Conway Library Digitisation pilot made excellent progress in 2016/17. The Courtauld's active community of 72 trained volunteers digitised and labelled around 30,000 prints, negatives and boxes from our photographic collections and participated in the creation of three public exhibitions of Conway material.

Another key part of Courtauld Connects is the development of significant new partnerships and partnership programmes with social and cultural organisations locally and across the UK. These range from our local partners in Somerset House to community and health organisations such as the Arts and Mental Health Charity CoolTan Arts. A key programme is that linking us with organisations which have a connection with Courtaulds Ltd, the textile firm that

originally generated the funds to establish The Courtauld. This will include collaboration with four museums through individually tailored programmes of loans, joint projects, events and knowledge exchange:

- The Ulster Museum, Belfast
- The Herbert Art Gallery and Museum, Coventry
- The Ferens Art Gallery, Hull
- Harris Museum and Gallery, Preston

As highlighted elsewhere in this Report, the Gallery lent Manet's *Dejeuner sur l'Herbe* to the Ferens Art Gallery, a Courtauld National partner institution, as part of Hull's year as UK City of Culture.

Further information on the project can be found at courtauld.ac.uk/connects.





Philanthropy

Philanthropy continued to play a vital role at The Courtauld in 2016/17. We are extremely grateful to the 538 donors who supported the institution between 1 August 2016 and 31 July 2017. New funds secured during this period totalled over £11.4m, an increase of 30% on 2015/16. This included several transformational pledges towards Courtauld Connects as well as support for core activity, scholarships and the endowment.

Courtauld Connects was a significant focus of fundraising activity in 2016/17 and will remain a top priority during the lifespan of the project. This dynamic initiative to transform The Courtauld's buildings and programmes for the 21st century has attracted support from a range of visionary benefactors, and we were delighted to form several key philanthropic partnerships in 2016/17.

The generosity of The Courtauld's supporters makes a direct contribution to our teaching, research and gallery, both through annual donations and endowment gifts. The Courtauld is grateful to the donors who funded key academic, curatorial and outreach posts across the organisation in 2016/17 and to those whose gifts have provided resources for students, faculty, our collections, our gallery and our programmes. This includes critical support for scholarships, which play a vital role in attracting and retaining talented and deserving students from a broad range of backgrounds.

In June, H.R.H The Princess Royal, Chancellor of the University of London, launched the Founders' Circle, a new donor recognition society to recognise the contributions of benefactors who have supported The Courtauld at a transformational level. The Founders' Circle is named in tribute to the original triumvirate of philanthropists who established The Courtauld in 1932.

Above: H.R.H The Princess Royal, Chancellor of the University of London launched the Founders' Circle, new donor recognition society, in June

The Friends of The Courtauld have provided steady support to The Courtauld for many years. 2016/17 ended with membership at nearly 2,300. The grant from the Friends of The Courtauld this year contributed towards initiatives across the organisation, including History of Art teaching and research, the *Rodin and Dance* exhibition and Scholarships. In addition to their monetary support, Friends and Samuel Courtauld Society members are valued part of the Courtauld community and engage with the institution on many levels.

Public Benefit

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 2016/17 academic year, a total of 122 scholarships were awarded to 87 students in support of tuition fees and/or maintenance costs. In addition, in our Access Agreement with the Office for Fair Access (OFFA) for 2016/17 The Courtauld committed to spend 45.1% 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.

In order to ensure that no one is discouraged from coming to The Courtauld Gallery as a result of the standard admission charge, The Courtauld offers free or concessionary admission to numerous categories of visitors, including those under the age of 18, students, registered unwaged and members of the National Art Fund. Disabled visitors may bring in a helper without charge. In the year to 31 July 2017, 123,467 of the 181,573 visitors to the Gallery received free or concessionary admission.



Public Programmes

The Courtauld's public programmes are designed to promote the understanding and enjoyment of art and art history and to engage the public with the Gallery collections as well as the academic research and conservation work carried out within The Courtauld.

The activities on offer last year fell into four key areas:

1. Gallery Learning and widening participation (WP) programmes
2. Short courses and life-long learning
3. Student talks and gallery events
4. Courtauld Connects Heritage Lottery Fund (HLF) Activity Plan

A total of 12,491 learners of all ages took part in the gallery learning and outreach programme including 8,090 pupils and teachers from schools and further education colleges (FE). These included 6,170 children, teachers and young people from state-maintained schools who took part in a range of activities including gallery visits, workshops, tours, courses and study days. 1,043 children and young people from target schools and FE colleges took part in widening participation workshops both on site at The Courtauld, in London and around the country. 600 school teachers receive our termly e-newsletter and 98 attended the over-subscribed teacher's evenings. We produced two new learning resources 'The Body in Motion' alongside the Rodin exhibition, and 'Art and Maths' which uses the Islamic metalwork and Italian Majolica collections as source material.

The Courtauld's ever-popular short courses continue to offer the public access to research and scholarship in a variety of formats ranging from weekly evening lectures to 32 summer schools and five international study trips. Following pilot projects last year the number and range of short courses increased to include extended spring and autumn schools and new thematic study days. Last year 571 adult learners from the UK and abroad participated in intensive Autumn, Spring and Summer Schools; 340 attended the

Showcasing Art History evening lectures across three terms; 60 went on Study Trips to France, Italy and Denmark, and 130 took part in Exhibition Study Days.

Courtauld students receive specialist training from Public Programmes staff on how to prepare and present public talks in the Gallery. The 115 lunchtime talks per year provide invaluable professional development for students, as well as an opportunity for visitors to engage with young art historians. Those with a particular interest in museum learning can also join the Student Ambassador scheme and become involved in education projects. The department also runs a rich programme of curator's talks in the Gallery and the Prints and Drawings study room, 50 Sunday tours and 10 music performances. During the *Rodin: Essence of Movement* exhibition Shobana Jeyasingh created a new solo dance which was performed in the gallery by dancer Nora Kela.

The Public Programmes team has also played a lead role in developing the Activity and Interpretation Plans for the Courtauld Connects project. This involved extensive planning, consultation and piloting of new programmes including outreach workshops for primary and secondary schools exploring the history of architecture in outer Boroughs of London. In partnership with the curatorial team we also developed new partnerships with seven regional museums in Coventry, Hull, Wolverhampton, Preston, Ulster, Flintshire and Braintree in Essex.

Previous spread: The Great Room will be reinstated and represented as the culmination of the visitor experience

Above: Poet James Massiah performing at ResFest



Collaborations and Public Partnerships

The Courtauld's character and position in the art and museum world mean that it has been able to build a powerful network of beneficial collaborative partnerships that provide value to the outside bodies as much as they do to The Courtauld itself, whether with the J. Paul Getty Trust, its Museum, Research and Conservation Institutes, or national and regional UK museums, galleries, and cultural centres, universities, research institutes, charitable arts foundations, and public and membership bodies. The Courtauld's distinctive integration of teaching, research, Gallery and collections provides a particularly strong context for collaboration with national and international museum and gallery exhibition projects. Both academic and Gallery staff and PhD students frequently act as curators, consultants and advisors, for example recently at the National Gallery, Royal Academy, Tate, Whitechapel, Frick, Metropolitan Museum of Art, with our regional partners through Courtauld Connects and at international biennales in both Europe and Asia.

Through its special expertise and practice The Courtauld enhances the quality of public conservation bodies and conservation in the private sector. It provides significant educational and research support to all leading UK heritage organisations and to governments and heritage institutions internationally, including China, India, Bhutan, Italy, Cyprus, Malta and Georgia.

Environmental Award

The Courtauld is committed to the protection of the environment. In 2016/17 sustainability consultants Brite Green awarded The Courtauld a Top 10 University Carbon Reduction Award for our efforts in reducing carbon emissions.

Left: Art critic and broadcaster and Courtauld alumnus Alastair Sooke

Supporting Commercial and Public Art Worlds

The distinctive character of The Courtauld, and its special position at the hub of a creative network, 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.

Courtauld alumni continue to excel in a wide range of fields and to have great collective impact across the arts, cultural and heritage sectors. Several distinguished graduates, including Nicholas Cullinan (BA 2002, MA 2003, PhD 2010), Gabriele Finaldi (BA 1987, MA 1989, PhD 1995), and Frances Morris (MA 1983) returned to The Courtauld to speak as part of the *Facing the Future* series featuring recently-appointed museum directors reflecting on the burning questions facing their institutions.

Courtauld alumni play transformative roles in the theoretical development of art history outside The Courtauld, holding positions in over 50 UK universities and many more overseas, including Cambridge, East Anglia, Edinburgh, Leeds, Manchester, Oxford, University of the Arts, UCL, York, Paris, Harvard, Berkeley and the IFA, New York.

Alumni successes this year include Jennifer Scott (BA 2001, MA 2002) appointed Director at The Dulwich Picture Gallery moving from her directorship at The Holburne Museum in Bath, David Prout (PhD 1991) appointed Pro-Vice Chancellor for Planning and Resources at the University of Oxford and Katharine Stout (BA 1995) appointed Deputy Director at Institute for Contemporary Arts.

The programmes in conservation and curating provide the cultural heritage industry with professionals whose research and practice set standards and shape the field. Of some 150 conservators who graduated in the last 20 years, 95% remain active in the profession, holding influential posts in virtually every major national museum and cultural heritage body, including the National Trust and English Heritage and more abroad. Courtauld alumni thus bring to the museum, art history and conservation worlds nationally and internationally, a benefit that is disproportionate to its size and special because of its distinctive character.

After seven years as Chair of The Courtauld Association Committee, Stuart Lochhead (BA 1994) stepped down at the end 2016/17. The Courtauld is grateful for Stuart's dedicated service to galvanise the alumni community.

Strategic Report

There are two main aspects of The Courtauld's core business – the University and the Gallery. A College of the University of London, the University focuses on teaching and research in the areas of art history, the conservation of wall and easel paintings and curating, while offering public short courses. The Gallery cares for one of the world's most famous collections of paintings, drawings, sculpture and decorative arts, ranging from the Renaissance to the 21st century. The Gallery provides valuable support for teaching and research to students and academic staff throughout the UK higher education sector. A range of facilities and services are undertaken in support of key activities.

A key focus this year has been the implementation of our Strategic Plan to 2019. The objectives of the Strategic Plan are to:

- Give all students a consistently excellent experience
- Play a leading role in developing scholarship and teaching in art history, conservation and curating, in dialogue with other fields of enquiry
- Develop our public offer at the highest level of quality that increases our reputation and builds and extends audiences
- Secure the sustainability of The Courtauld
- Take advantage of new technologies to support our Mission
- Ensure the infrastructure of the estate and its facilities are fit for The Courtauld's needs

Whilst -

- Optimising the skills and talents of our staff and promoting a collaborative culture.

Operating and Financial Review

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with the Financial Reporting Standard (FRS) 102.

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

	2017 £'000	2016 £'000
Income	19,479	18,263
Expenditure	17,422	17,046
Surplus before other gains and losses	2,057	1,217
(Loss) on disposal of fixed assets	-	(36)
Gain on investments	4,330	5,375
Taxation	(1)	(2)
Total comprehensive income for the year	6,386	6,554
Represented by		
Endowment comprehensive income for the year	3,237	5,274
Restricted comprehensive income for the year	1,135	406
Unrestricted comprehensive income for the year	2,014	874

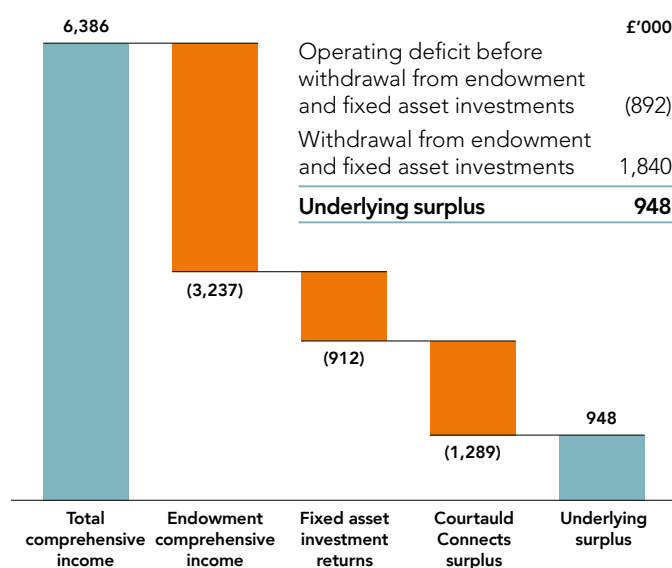
The consolidated results show a total for restricted and unrestricted comprehensive income of £3,149,000 compared to of £1,280,000 last year. This includes the change in fixed asset investments from investment income and market value gain over and above the planned redemption to support the operations of The Courtauld.

Excluding this unplanned change in fixed asset investments, the surplus for the group was £2,237,000 compared to a surplus of £399,000 in 2015/16. This surplus includes a net surplus of £1,289,000 (2015/16 £523,000) arising from fund raising and grants for the Courtauld Connects project exceeding project expenses. Most of the project costs are incurred as capital expenditure.

The increase in fixed asset investments from investment income and market value gain over and above the planned redemption to support operations is shown in note 12 to the financial statements and was £912,000, compared to £881,000 in 2015/16.

The underlying surplus was £948,000 (2015/16 £124,000 deficit) as shown in the chart and includes withdrawals from endowment and fixed asset investments of £1,840,000 (2015/16 £2,071,000). The improvement in underlying surplus is driven by higher income, particularly from funding body grants, exceeding the increase in costs.

2016/17 Underlying Surplus £'000



The endowment comprehensive income decreased to £3,237,000 from £5,274,000 in 2015/16. This includes new donations to the endowment of £327,000 (2015/16 £1,801,000) as well as investment income and market value gains in excess of withdrawals of £2,910,000 (2015/16 £3,473,000).

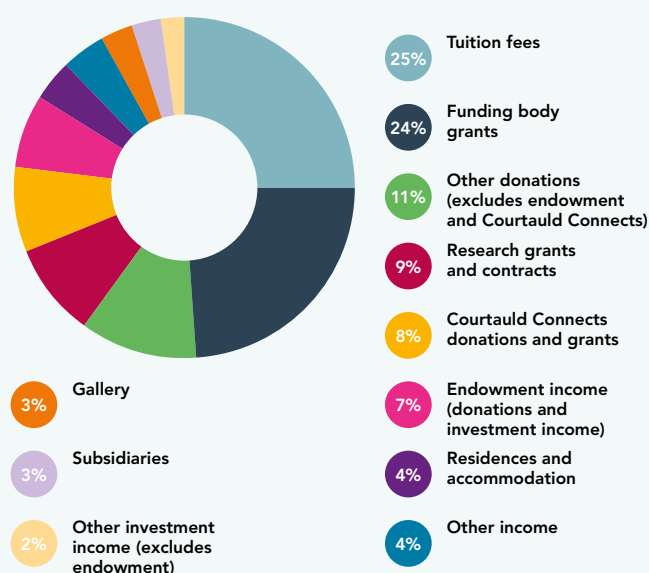
Courtauld Connects

The Courtauld Connects project received donations and grants and incurred staff and other expenses resulting in a net surplus in the year of £1,289,000 (2015/16 £523,000). The project incurred £1,410,000 of capital expenditure bringing the project related capital cost held within Fixed Assets at the balance sheet date to £2,330,000. £1,478,000 is held in restricted reserves towards future project costs.

Group Income

The Courtauld's income is derived from a range of sources, including the Higher Education Funding Council for England (HEFCE), research grants and contracts, tuition fees, philanthropic income, Gallery admissions income to the permanent collection and temporary exhibitions and displays, fees for short course and student accommodation and commercial income from accommodation, the Gallery Café, Shop and corporate hire. The Courtauld was awarded a significant increase in funding from HEFCE as a Small Specialist institution with effect from 2016/17 and to continue for four years. The HEFCE Reviewing Panel noted the 'extraordinary influence of the institution and its graduates in art history and art curation'.

2017: How the Courtauld earned its £19,479,000 income



The group's income can be summarised as follows:

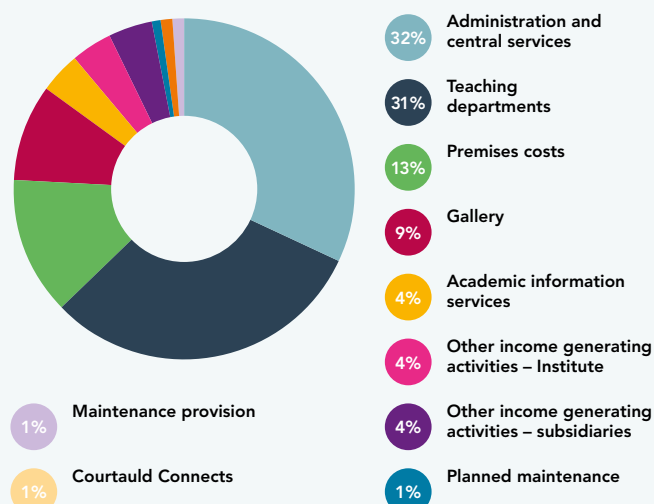
	2017 £'000	2016 £'000	Change %
Tuition fees and education contracts	4,940	4,580	8%
Funding body grants	4,756	3,279	45%
Research grants and contracts	1,727	1,654	4%
Other income	3,181	2,881	10%
Investment income	1,338	1,057	27%
Donations and endowments	3,537	4,812	(26%)
Total Income	19,479	18,263	7%

Total group income for the year was £19,479,000, an increase of 7% compared to 2015/16. Tuition fees increased by 8% due to an increase in undergraduate student numbers and increased fees for post-graduate study. Funding body grants increased by 45% through the increase in the HEFCE small specialist institution funding noted above.

Other income increased by 10% mainly due to Heritage Lottery Fund development grant funding towards the Courtauld Connects project. Income from donations and endowments decreased by 26% as donations to the endowment were lower.

Group Expenditure

2017 – How The Courtauld spent its £17,422,000 expenditure



The group's expenditure can be summarised as follows:

	2017 £'000	2016 £'000	Change %
Staff costs	8,296	7,497	11%
Other operating expenses	8,498	8,943	(5%)
Depreciation	598	574	4%
Interest and other finance costs	30	32	(6%)
Total Expenditure	17,422	17,046	2%

Total group expenditure for the year was £17,422,000, an increase of 2% compared to 2015/16. Staff costs increased by 11% driven by increases in headcount, a full year impact of increased pension contribution rates effective from April 2016 and a full year impact of the higher National Insurance rate.

Other operating expenditure decreased by 5%. The 2015/16 costs included an increase in maintenance provisions of £444,000 both for continued work following a fabric condition survey in 2014/15 and for remedial works on another part of the estate. Courtauld Connects project costs were £249,000 (2015/16 £577,000). The prior year included a one-off write off for early planning towards the Courtauld Connects project.

Gain on investments

	2017 £'000	2016 £'000	Change %
Gain on investments	4,330	5,375	(19%)

The gain on investments represents the increase in market value for the fixed asset investments and endowment assets in the year. The decrease is driven by market performance for the assets held.

Net Assets

As at 31 July 2017 the group reported net assets of £55,294,000 compared to net assets of £48,908,000 in the prior year. This increase was driven by an increase in investments of £4,149,000 from donations to the endowment, investment returns and growth in market value and by an increase in fixed assets of £908,000 mainly relating to the Courtauld Connects project.

Net current liabilities as at 31 July 2017 were £701,000, an increase of 25% from £562,000 in the prior year due mainly to lower levels of cash and receivables partly offset by lower creditors due mainly to lower levels of deferred income carried forward to future years.

The pension fund deficit obligation provision increased during the year to £1,312,000 due mainly to the impact of an update to future pay assumptions which exceeded the deficit contributions paid. The maintenance provision at 31 July 2016 of £688,000 for further work required to parts of the estate has been spent during the year and no provision is carried forward.

Investments

The Courtauld Institute of Art Investments Committee is responsible for oversight of the endowment and fixed asset investments. The Committee establishes investment objectives, asset allocation policy and investment strategies for each asset class within the portfolio. Overall investment objectives and goals are achieved by use of a diversified portfolio consistent with The Courtauld's return goals and risk tolerance. The Committee has developed an asset allocation strategy which sets minimum and maximum allocations for each asset class, a target asset allocation, and specifies benchmarks against which the performance of each asset category can be judged. While the investment horizon of The Courtauld is long-term, asset allocation is discussed at every meeting of the Committee and formally reviewed at least once per year or as a significant change in The Courtauld's operations or financial condition may require.

The Courtauld operates a 50% hedging programme against exposure to the dollar and euro in the endowment and fixed asset investments. At the year end there was an asset on the forward hedging contract of £373,000 which has been recognised in the investment assets' value. In the prior year, as a result of the significant movements in the value of sterling following the Brexit vote in June, there was a liability on the forward hedging contract of £846,000.

The primary function of the endowment is to provide enduring support for the academic mission of The Courtauld by releasing a substantial and reliable flow of funds to the operating budget, unless such a flow is not temporarily required. Maintaining the purchasing power of the Endowment to provide sustained programme support requires a disciplined spending policy to balance the demands of the present against the claims of the future. The Courtauld's spending rule uses a long-term spending rate combined with a smoothing rule that adjusts gradually to changes in endowment market value.

The movement in the value of the portfolio during the year can be summarised as follows:

	£'000
Balance brought forward at 1 August 2016	
Capital	33,521
Unapplied Total Returns	11,867
	45,388
Additions	327
Investment income	1,332
Increase in market value of investments held	4,330
Disposal/redemption of investments	(1,840)
Balance at 31 July 2017	49,537
Represented by:	
Unit Trusts and Investment Trusts	43,834
Cash balances	5,330
Forward hedging contract	373
	49,537

A more detailed analysis of the endowment funds, including a review of the most significant individual funds, can be found at notes 12 and 19 to these financial statements.

HEFCE Key Performance Indicators (KPIs)

The nature of our operating structure means that a number of the KPIs used by HEFCE to assess performance are not directly relevant to The Courtauld. However the following measures in respect of the 2016/17 financial year should be noted:

- Discretionary reserves excluding pension liability as at 31 July 2017 stood at £13,121,000 (2015/16 £10,098,000), or 67.4% (2015/16 55.3%) of total income;
- Total external borrowing as at 31 July 2017 represented just 2.4% (2015/16 3.8%) of total income; and
- Staff costs for the year represented 42.6% (2015/16 41.1%) of total income.

Principal risks and uncertainties

The framework for identifying and assessing risks, and monitoring the management of those risks is set out in detail in the Governance Statement under the heading 'Risk Management and Internal Controls' (see page 28). The process employed by The Courtauld for managing risk has been strengthened further this year. The following key risks have been identified by the Senior Management Team:

- Significant reduction/withdrawal of Government core funding in medium/long term
- Sustained and significant reduction in fee income due to fall in BA/MA/Diploma and PhD numbers
- Philanthropic donations fail to meet required targets.

The robustness of the review process has been independently audited to ensure it reflects best practice in small specialist institutions and HEFCE requirements. The Internal Auditors noted that each risk recorded in the Strategic Risk Register has clear ownership and development actions.

Longer Term Prospects

The Courtauld recognises that, if it is to maintain its position as world leader in the field of art history, it must continue to invest in its estate and facilities in order to maintain and improve its learning, teaching and research environment. In challenging economic conditions, a key objective of The Courtauld is to reduce its reliance on government funding so as to ensure that its future remains in its own hands. The Strategic Plan covering the five year period to July 2019 was approved by the Governing Board in July 2014. This plan set out The Courtauld's strategic objectives to 2019 and priority actions to support their delivery. Courtauld Connects is a major priority for the plan period and will radically transform access to The Courtauld and its collections through a programme of physical redevelopment and organisational change. In May 2016, the news that the application to the Heritage Lottery Fund for Stage I approval had been successful represented a major step towards the realisation of this project and work continued through 2016/17 to complete the development phase of the project with an ambition to move to delivery during 2018.

The Courtauld's endowment fund plays a vital role in ensuring our on-going financial sustainability and we are therefore mindful of the need to balance releases from the fund to offset revenue and capital expenditure with the need to grow the fund to support the institute in the longer term. As a result, the Courtauld operates a policy of restricting releases to meet operational need to protect the long-term value of the fund.

Approved by the Board of Directors and signed on behalf of the Board:



Robert Thorpe
Company Secretary

Governance Statement

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 ones 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 Governors have frequent interaction and dialogue with Institute officers between Board and Committee meetings. In addition to the three formal meetings each year, the Board have an annual away day which considers a single issue in much greater detail than would otherwise be possible at a general meeting.
- The normal maximum terms of office are two terms of four years (CUC guidance is three terms of three years). The longer terms of office are helpful to the Institute, given the specialist nature of its work and the need to source and retain Governors with specific expertise.
- Board vacancies are not currently widely publicised (as recommended by CUC guidance). Advertising will be considered where and when appropriate but, at this stage in The Courtauld's evolution, potential new Governors are identified from current contacts, existing Courtauld supporters or by personal knowledge. Preliminary recommendations are then considered by the Nominations Committee before being submitted to the Board for formal approval. Staff Governors are selected from staff nominations by staff votes.
- The Courtauld's Memorandum and Articles of Association are its equivalent to Standing Orders. The Memorandum is available on the website.
- The Governing Board does not consider 'terms of appointment' and 'undertakings that Governors will act responsibly' to be appropriate. The expectation that all Governors will act responsibly is inherent in the Statement of Primary Responsibilities.

In addition to the CUC guide, The Courtauld is guided by HEFCE and the British Universities Finance Directors Group (BUFDG).

Overview

The Courtauld is committed to following best practice in all aspects of corporate governance. This summary describes the manner in which The Courtauld has applied the principles set out in the HEFCE Audit Code of Practice. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The Courtauld's Governing Board is ultimately responsible for the Institute's system of internal control and for reviewing its effectiveness.

The system of internal control is based on a developing process designed:

- to identify the principal risks to the achievement of policies, aims and objectives;
- to evaluate the nature and extent of those risks; and
- to manage them effectively, efficiently and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. This process has been in place for the year ended 31 July 2017 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

Governing Board and its Committees

The Governing Board meets three times a year and has several sub-committees which are as follows: Academic Board, Academic Promotions Committee, Audit Committee, Finance Committee, Gallery and Academic Committee, Honorary Degrees Committee, Honorary Fellows Committee, Investments Committee, Nominations Committee, and Remuneration Committee. All of these Committees are formally constituted with terms of reference. In all cases, the majority of the membership is lay and each of the Committees has a lay chair. The Directors who serve on each committee are identified on page 8.

The Academic Board is the institute body set up in accordance with Article 19 of the Articles of Association of The Courtauld Institute of Art. Subject to the responsibilities of the Governing Board and of the Director, the Academic Board shall be responsible for all matters relating to the teaching, courses, scholarship and research of The Courtauld; those relating to the development of the academic activities of The Courtauld and the 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.

The Audit Committee meets twice a year and is responsible for advising the Governing Board on the appointment or dismissal of the internal and external auditors; to review the effectiveness of internal controls; to receive reports from the National Audit Office or HEFCE; to consider audit reports from the internal and external auditors and management's response to those reports; to review the arrangements for the identification and management of risk; to advise the Governing Board on accounting policies and to review the Institute's annual report and accounts before their submission to the Governing Board. The internal auditors and the external auditors attend every meeting and following the meeting which considers the annual accounts the external auditors hold a private discussion with the members of the Committee, all of whom are lay, in the absence of the officers.

The Finance Committee meets three times a year and is responsible to the Governing Board for the financial management of The Courtauld. It advises the Board of Governors on all financial matters, in particular the annual estimates and accounts, matters regarding the strategic plan and the financial forecasts; on risks to the strategic plan; and other general issues. The Gallery and Academic Committee meets three times a year and deals on the Governing Board's behalf with matters referred to the Board from the academic activities of the Institute and with the Gallery and the relationship with the Samuel Courtauld Trust.

The Honorary Degrees Committee meets annually to request, collect and consider nominations for the award of an Honorary Doctorate of the University of London by The Courtauld Institute of Art in accordance with Regulation two of the University of London and in accordance with procedures approved by the Governing Board, and to send recommendations for such awards to the Governing Board for approval. The Honorary Fellows Committee meets annually to request, collect and consider nominations for Honorary Fellows and Emeritus Professorships and to send suitable recommendations for all such awards to the Governing Board for approval.

The Investments Committee meets three times a year and is responsible for the general strategy and policy on investments held or made by or on behalf of The Courtauld and deals with all matters relating to the implementation of such strategy and policy. It reviews the investment strategy, policy and performance at least annually, and it appoints any investment advisers and managers on such terms as the Committee shall think fit.

The Nominations Committee meets at least annually. Its role is to recommend criteria to the Governing Board, for selection and de-selection to the full range of lay and honorific appointments within The Courtauld on the conditions under which such appointments might be held; and to search for those whom the Board might wish to appoint to: lay governorship, lay chairmanships and lay membership of Courtauld committees and other bodies; and such other grades of lay or honorific appointment as the Board may wish from time to time to establish (except those appointed via the Academic Board or Students' Union).

The Remuneration Committee meets at least once a year and considers and recommends the salaries of all existing professorial staff and other staff on equivalent grades; and receives reports on salaries of members of staff newly-appointed or promoted to this level. It considers and determines the honoraria of senior academic office holders. It reports to the Governing Board on policy matters relating to senior salaries and it keeps under review policies for severance payments for professorial and equivalent staff. It recommends the salary of the Director and the Director of Resources (Company Secretary).

Risk Management and Internal Controls

The Governing Board has a responsibility to ensure that The Courtauld's risk management strategy is effective throughout The Courtauld and that it is fully compliant with HEFCE's requirements relating to risk.

As highlighted in the Director of Operations' Strategic Report, this year the process for managing risk was enhanced in line with strategic objectives. The Courtauld Governing Board has taken the following actions in relation to this:

- developed and maintained a risk management policy for the Institute, setting out principles, processes, responsibilities and key risk areas;
- reviewed the strategic risk register, setting out key risks and how they are to be managed;
- received reports from the Audit Committee on the processes governing the identification and management of risk;
- assigned executive responsibility to the Director and the SMT;
- considered the actions taken to mitigate the risks identified;
- ensured consistency in the level of risk assessed, among risks having the same probability/impact assessment and
- independently audited the process for managing risk to ensure that it was in line with best practice in small specialist institutions.

The risk management policy sets out a clear framework for:

- identifying and assessing risks, as part of the corporate planning process;
- monitoring the management of risks; and
- reviewing the process.

The Board has confirmed the Audit Committee's role regarding oversight of the risk management process, clearly establishing the committee's responsibilities regarding risk and ensuring clarity between –

- the suitability of the processes in place (an Audit Committee responsibility); and
- the effectiveness of the identification and management of risk per se (ultimately a Board responsibility).

Statement of Directors' Responsibilities in respect of the Annual Report, The Strategic Report, The Directors' Report and the Financial Statements

The Governing Board (who are the Directors of the Institute company for the purposes of company law) are responsible for preparing the Annual Report, the Strategic Report, the Directors' Report and the financial statements in accordance with the Memorandum of Assurance and Accountability issued by HEFCE and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent Institute financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education* and the requirements of HEFCE's Accounts Direction to higher education institutions.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent Institute and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent Institute financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent Institute or to cease operations, or have no realistic alternative but to do so.

The Governing Board is responsible for keeping adequate accounting records that are sufficient to show and explain the parent Institute's transactions and disclose with reasonable accuracy at any time the financial position of the parent Institute and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Governing Board are also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCE may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the Institute's resources and expenditure.

The Governing Board is responsible for the maintenance and integrity of the corporate and financial information included on the Institute's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Governing Board of The Courtauld Institute of Art

Opinion

We have audited the financial statements of The Courtauld Institute of Art ("the Institute") for the year ended 31 July 2017 which comprise the Consolidated and Institute Statement of Comprehensive Income and Expenditure, the Consolidated and Institute Statement of Changes in Reserves, the Consolidated and Institute Balance Sheet, and the Consolidated Cash Flow and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Institute's affairs as at 31 July 2017, and of the Group's and the Institute's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016/17 financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Strategic Review and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Review and the Report of the Governors and Corporate Governance Statement, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion the strategic report and the directors' report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Governing Board responsibilities

As explained more fully in their statement set out on page 29, the Governing Board (who are the Directors of the Institute company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent Institute or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on the other legal and regulatory requirements

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the Institute for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Governing Board, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Governing Board for our audit work, for this report, or for the opinions we have formed.



Fleur Nieboer
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
29 November 2017

Consolidated and Institute Statement of Comprehensive Income and Expenditure

Year ended 31 July 2017

		Year ended 31 July 2017		Year ended 31 July 2016	
	Notes	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Income					
Tuition fees and education contracts	1	4,940	4,940	4,580	4,580
Funding body grants	2	4,756	4,756	3,279	3,279
Research grants and contracts	3	1,727	1,727	1,654	1,654
Other income	4	3,181	2,596	2,881	2,289
Investment income	5	1,338	1,338	1,057	1,057
Total income before endowments and donations		15,942	15,357	13,451	12,859
Donations and endowments	6	3,537	3,537	4,812	4,812
Total income		19,479	18,894	18,263	17,671
Expenditure					
Staff costs	7	8,296	7,942	7,497	7,148
Other operating expenses		8,498	8,276	8,943	8,727
Depreciation and amortisation	10/11	598	587	574	560
Interest and other finance costs	8	30	30	32	31
Total expenditure	9	17,422	16,835	17,046	16,466
Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates		2,057	2,059	1,217	1,205
Loss on disposal of fixed assets		-	-	(36)	(36)
Gain on investments		4,330	4,330	5,375	5,375
Surplus before tax		6,387	6,389	6,556	6,544
Taxation		(1)	-	(2)	-
Surplus for the year		6,386	6,389	6,554	6,544
Total comprehensive income for the year		6,386	6,389	6,554	6,544
Represented by:					
Endowment comprehensive income for the year		3,237	3,237	5,274	5,274
Restricted comprehensive income for the year		1,135	1,135	406	406
Unrestricted comprehensive income for the year		2,014	2,017	874	864
		6,386	6,389	6,554	6,544
Surplus for the year attributable to:					
Non controlling interest		-	-	-	-
Institute		6,386	6,389	6,554	6,544
Total Comprehensive income for the year attributable to					
Non controlling interest		-	-	-	-
Institute		6,386	6,389	6,554	6,544

All items of income and expenditure relate to continuing activities

Consolidated and Institute Statement of Changes in Reserves

Year ended 31 July 2017

Consolidated	Note	Income and expenditure account			Revaluation reserve	Total excluding non controlling interest	Non controlling interest	Total
		Endowment £'000	Restricted £'000	Unrestricted £'000				
Restated balance at 1 August 2015		29,120	3,959	7,046	2,229	42,354	-	42,354
Surplus/(deficit) from the income and expenditure statement		5,274	406	874	-	6,554	-	6,554
Release of restricted funds spent in year		-	(945)	945	-	-	-	-
Total comprehensive income for the year		5,274	(539)	1,819	-	6,554	-	6,554
Balance at 31 July 2016		34,394	3,420	8,865	2,229	48,908	-	48,908
Surplus/(deficit) from the income and expenditure statement		3,237	1,135	2,014	-	6,386	-	6,386
Release of restricted funds spent in year	20	-	(930)	930	-	-	-	-
Total comprehensive income for the year		3,237	205	2,944	-	6,386	-	6,386
Balance at 31 July 2017		37,631	3,625	11,809	2,229	55,294	-	55,294

Institute	Note	Income and expenditure account			Revaluation reserve	Total excluding non controlling interest	Non controlling interest	Total
		Endowment £'000	Restricted £'000	Unrestricted £'000				
Restated balance at 1 August 2015		29,120	3,959	6,949	2,229	42,257	-	42,257
Surplus/(deficit) from the income and expenditure statement		5,274	406	864	-	6,544	-	6,544
Release of restricted funds spent in year		-	(945)	945	-	-	-	-
		5,274	(539)	1,809	-	6,544	-	6,544
Balance at 31 July 2016		34,394	3,420	8,758	2,229	48,801	-	48,801
Surplus/(deficit) from the income and expenditure statement		3,237	1,135	2,017	-	6,389	-	6,389
Release of restricted funds spent in year	20	-	(930)	930	-	-	-	-
Total comprehensive income for the year		3,237	205	2,947	-	6,389	-	6,389
Balance at 31 July 2017		37,631	3,625	11,705	2,229	55,190	-	55,190

Consolidated and Institute Balance Sheet

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Non-current assets					
Intangible assets	10	173	173	-	-
Fixed assets	11	4,294	4,282	3,386	3,363
Heritage assets	11	3,532	3,532	3,082	3,082
Investments	12	49,537	49,537	45,388	45,388
		57,536	57,524	51,856	51,833
Current assets					
Stock	13	95	12	126	5
Trade and other receivables	14	867	907	962	1,041
Cash and cash equivalents	21	1,313	1,231	1,585	1,478
		2,275	2,150	2,673	2,524
Less: Creditors: amounts falling due within one year	15	(2,976)	(2,948)	(3,235)	(3,174)
Net current (liabilities)/assets		(701)	(798)	(562)	(650)
Total assets less current liabilities		56,835	56,726	51,294	51,183
Creditors: amounts falling due after more than one year	16	(224)	(224)	(461)	(461)
Provisions					
Pension provisions	17	(1,312)	(1,312)	(1,233)	(1,233)
Other provisions	17	(5)	-	(692)	(688)
Total net assets		55,294	55,190	48,908	48,801
Restricted Reserves					
Income and expenditure reserve – endowment reserve	19	37,631	37,631	34,394	34,394
Income and expenditure reserve – restricted reserve	20	3,625	3,625	3,420	3,420
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		11,809	11,705	8,865	8,758
Revaluation reserve		2,229	2,229	2,229	2,229
Total Reserves		55,294	55,190	48,908	48,801

The notes on pages 41 to 54 form part of the financial statements.

The financial statements of The Courtauld Institute of Art, registered number 04464432, were approved by the Governing Board on 29 November 2017 and were signed on its behalf by



The Lord Browne of Madingley
Chairman of the Governing Board



Professor Deborah Anne Swallow
Märit Rausing Director

Consolidated Cash Flow Statement

Year ended 31 July 2017

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Cash flow from operating activities			
Surplus for the year		6,386	6,554
Adjustment for non-cash items			
Depreciation and amortisation	10/11	598	574
Write off of Courtauld Connects work in progress		-	447
Donation of painting	11	(450)	-
Decrease/(increase) in stock	13	31	(3)
Decrease/(increase) in debtors	14	95	(191)
Increase/(decrease) in creditors	15	(259)	(298)
Increase/(decrease) in pension provision	17	58	100
Increase/(decrease) in other provisions	17	(687)	(240)
Adjustment for investing or financing activities			
Investment income	5	(1,338)	(1,057)
Interest payable	8	30	32
Gain on investments		(4,330)	(5,375)
New endowment donations	12	(327)	(1,801)
Loss on the sale of fixed assets		-	36
Net cash outflow from operating activities		(193)	(1,222)
Cash flows from investing activities			
Withdrawal of investments		1,840	2,071
Investment income	5	6	7
Payments made to acquire intangible assets	10	(198)	-
Payments made to acquire fixed assets	11	(1,481)	(837)
Transfers from cash to fixed asset investments	12	-	(63)
		167	1,178
Cash flows from financing activities			
Interest paid	8	(9)	(14)
Repayments of amounts borrowed	18	(212)	(200)
New unsecured loans	18	-	48
New finance lease obligation	24	-	50
Capital element of finance lease payments	24	(25)	-
		(246)	(116)
(Decrease)/increase in cash and cash equivalents in the year		(272)	(160)
Cash and cash equivalents at beginning of the year	21	1,585	1,745
Cash and cash equivalents at end of the year	21	1,313	1,585

Statement of Principal Accounting Policies

1. Basis of preparation

The Courtauld Institute of Art is a company registered in England and Wales and the financial statements have been properly prepared in accordance with the provisions of the Companies Act.

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. The Institute is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

2. Basis of consolidation

The consolidated financial statements include the Institute and all its subsidiaries for the financial year to 31 July 2017. Intra-group transactions are eliminated on consolidation.

The Courtauld has a wholly owned subsidiary undertaking, SCT Enterprises Limited which is a company registered in England and Wales. Its principal activity is the sale of items related to The Courtauld Gallery and its collections. The value of The Courtauld's investment in this subsidiary is £2.

The financial statements of the trading subsidiary, SCT Enterprises Limited, have been properly prepared in accordance with the provisions of the Companies Act.

The Courtauld Institute of Art Fund (CIAF) is a charity registered under the Charities Act 2011, number 288509. Its principal activity is to raise funds for the benefit of the Courtauld Institute of Art. In accordance with Section 97 of the Act, CIAF is treated as a special trust for accounting purposes and its activities and results have therefore been aggregated into the Institute's results for the year. As required by the SORP, reserves held by the CIA Fund at the Balance Sheet date are treated as either endowments (in the case of restricted reserves in CIAF) or restricted reserves (in the case of unrestricted reserves in CIAF) within the institute's accounts. The value of The Courtauld's investment in the CIAF is £nil.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the Institute does not exert control or dominant influence over policy decisions.

3. Going Concern

The company's business activities and plans for the future are set out in the Strategic Report on page 24. The directors have considered these plans and the budget for the year ahead in their assessment of adopting the going concern basis for the preparation of these financial statements.

In making this assessment the directors have produced future forecasts which show that the company will be able to manage its working capital and existing resources to enable it to meet its liabilities as they fall due. The directors acknowledge that the impact of the current economic environment is uncertain, and are managing this uncertainty and its impact on the forecasts on a regular basis.

Based on these factors, the directors have prepared these financial statements on the going concern basis.

4. Revenue recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the Institute receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the Institute where the Institute is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the Institute recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the Institute is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the Institute is entitled to the funds.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the Institute.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Institute has the power to use the capital
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.



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 in full with any unspent balances being transferred back to accumulated income within the endowment fund.

5. Capital Grants

Capital grants are recognised in income when the Institute is entitled to the funds subject to any performance related conditions being met.

6. Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

7. Pension Schemes

The Courtauld Institute of Art participates in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). The USS was a defined benefit only pension scheme which was contracted out of the State Second Pension (S2P) until 31 March 2016. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

SAUL is a centralised defined benefit scheme and was contracted out of the State Second Pension until 31 March 2016. SAUL is an independently managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits currently build up on either a final salary or a care average revalued earnings (CARE) basis. Following a consultation with members, the SAUL final salary section closed from 31 March 2016 and members build up benefits on a CARE basis from 1 April 2016.

The USS is a multi-employer scheme where the assets are not hypothecated to individual employers and a scheme-wide contribution rate is set. The employer is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. It therefore accounts for the scheme as if it were a defined contribution scheme as required by Section 28 of FRS 102 'Employee benefits'.

The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since The Courtauld has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

SAUL is also a multi-employer scheme and it is not possible to identify an individual employer's underlying assets and liabilities so it is also treated as if it were a defined contribution scheme. The Courtauld Institute of Art

is not expected to be liable to SAUL for any other current participating employers' obligations under the Rules of SAUL, but, in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

The Trustee and employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability recognised in respect of deficit contributions to SAUL is the present value of the future deficit contributions. This liability is based on a projection of salaries over the period to 31 March 2018.

SCT Enterprises Limited contributes to two defined contribution schemes on behalf of its employees. In accordance with FRS102, contributions to these schemes are included as expenditure in the period in which they are payable.

8. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Institute. Any unused benefits are accrued and measured as the additional amount The Courtauld expects to pay as a result of the unused entitlement.

9. Intangible assets updated 2017

Intangible assets comprise software and digital assets and are stated at historical cost. Intangible assets are amortised over 3 years representing the remaining estimated economic life of the assets.

10. 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 cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Leasehold Land and Buildings – 10% per annum from the year of acquisition

A review for impairment of a fixed asset is carried out annually for residential buildings and otherwise if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

b) Equipment

Equipment costing less than £2,500 per individual item or set of similar 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: General equipment – 10% per annum from the year of acquisition Computer equipment – 33% per annum from the year of acquisition

c) Rare books and artefacts

Rare books and artefacts are capitalised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Rare books are fully accessible by users of The Courtauld's book library and a detailed catalogue of the collection was completed in 2014. The last valuation of the collection took place in 2014, and future valuations will then take place every ten years. The assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material. Donated works of art are included at valuation as at the date of donation.

There are further rare books, works of art, antique furniture and a historic dress collection that are not held on the Institute's balance sheet as, given the nature of the assets and their age, a reliable valuation was not available for incorporation into the accounts. Therefore they have not been included in the assets shown in the tangible fixed assets note.

11. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

12. Finance leases

Leases in which the Institute assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

13. Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Listed assets are included in the balance sheet at market value.

Investments that form part of endowment assets are included in the balance sheet at market value.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the Institute's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

14. Stocks

Stocks are stated at the lower of their cost and net realisable value. Cost is determined on a first in first out basis.

15. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

16. Financial instruments

Financial instruments are classified and accounted for according to the substance of contractual arrangements, as either financial assets, financial liabilities or equity instruments.

17. Taxation

The Institute is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institute is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institute receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

SCT Enterprises Limited is subject to corporation tax and Value Added Tax in the same way as any commercial organisation and current tax is

provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

18. Provisions

Provisions are recognised in the financial statements when:

- (a) the Institute has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the Institute a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institute. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Institute a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institute.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

19. Derivatives

Derivatives are held on the balance sheet at fair value with movements in fair value recorded in the Surplus or Deficit.

20. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the Institute, are held as a permanently restricted fund which the Institute must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the Institute is restricted in the use of these funds.



Notes to the Financial Statements for the year ended 31 July 2017

1. Tuition fees and education contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
UK Higher Education students	2,292	2,292	2,128	2,128
European Union (EU) (excluding UK) students	759	759	643	643
Non-EU students	1,799	1,799	1,765	1,765
Other education income	90	90	44	44
	4,940	4,940	4,580	4,580

2. Funding body grants

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
HEFCE recurrent grant	4,693	4,693	3,119	3,119
Higher Education Funding Council	63	63	160	160
	4,756	4,756	3,279	3,279

3. Research grants and contracts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Research councils	587	587	564	564
UK based charities	577	577	409	409
EU Charity	202	202	232	232
Other grants and contracts	361	361	449	449
	1,727	1,727	1,654	1,654

4. Other income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Other capital grants	10	10	38	38
The Courtauld Gallery- admissions and events	623	623	750	750
SCT Enterprises Ltd (The Gallery Shop)	658	73	785	193
Residences and accommodation	695	695	652	652
Other income	1,195	1,195	656	656
	3,181	2,596	2,881	2,289

5. Investment income

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Investment income on endowments	1,010	1,010	784	784
Investment income on general reserves	322	322	266	266
Other investment income	6	6	7	7
	1,338	1,338	1,057	1,057

6. Donations and endowments

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
New endowments	327	327	1,801	1,801
Donations with restrictions	1,589	1,589	1,289	1,289
Unrestricted donations	1,621	1,621	1,722	1,722
	3,537	3,537	4,812	4,812

7. Staff costs

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Staff Costs :				
Salaries	6,617	6,324	6,048	5,742
Social security costs	686	659	556	533
Movement on USS and SAUL provision	181	181	160	160
Other pension costs	812	778	733	713
	8,296	7,942	7,497	7,148
Emoluments of the Director:	£'000	£'000	£'000	£'000
Salary	191	191	189	189
Pension contributions to USS	-	-	20	20
	191	191	209	209
Remuneration of other higher paid staff, excluding employer's pension contributions was: £130,000 to £139,999	1	1	1	1
	1	1	1	1
Average staff numbers by major category on a full-time equivalent basis :	No.	No.	No.	No.
Teaching departments	42	42	38	38
Gallery & Libraries	25	25	23	23
Administration and central services	56	56	52	52
Premises	4	4	5	5
Other	13	-	14	-
	140	127	132	118

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute. Staff costs include compensation paid to key management personnel.

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Key management personnel compensation	855	855	755	755

8. Interest and other finance costs

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Loan interest	9	9	14	13
Net charge on pension scheme	21	21	18	18
	30	30	32	31

9. Analysis of total expenditure by activity

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Teaching departments	5,385	5,385	5,515	5,515
Academic information services	734	734	647	684
Gallery	1,531	1,681	1,558	1,713
Administration and central services	5,529	5,529	4,536	4,536
Premises costs	2,320	2,320	2,270	2,270
Planned maintenance	208	208	287	287
Maintenance provision	121	121	445	445
Courtauld Connects including write-off of previously capitalised work in progress	249	249	577	577
Other income generating activities – Institute	608	608	439	439
Other income generating activities - subsidiaries	737	-	772	-
	17,422	16,835	17,046	16,466
Other operating expenses include:				
External auditors remuneration in respect of audit services	48	45	65	62
External auditors remuneration in respect of non-audit services	6	6	29	29
Land and buildings	1,083	1,083	1,073	1,073
Foreign currency exchange loss/(gain)	6	6	22	22

10. Intangible Assets

	2017 Consolidated £'000	2017 Institute £'000	2016 Consolidated £'000	2016 Institute £'000
Opening balance	-	-	-	-
Additions in the year	198	198	-	-
Amortisation charge for the year	(25)	(25)	-	-
Closing balance	173	173	-	-

The addition during the year relates to the purchase of software intangible assets.
The amortisation period is 3 years.

11. Fixed Assets and Heritage Assets

Consolidated	Leasehold land and buildings £'000	Computer equipment £'000	General equipment £'000	Total Fixed Assets £'000	Rare books and artefacts £'000
Cost or valuation					
At 31 July 2016	4,211	863	1,159	6,233	3,082
Additions	1,392	52	37	1,481	450
Disposals	-	-	-	-	-
At 31 July 2017	5,603	915	1,196	7,714	3,532
Depreciation					
At 31 July 2016	1,518	647	682	2,847	-
Charge for the year	340	128	105	573	-
Disposals	-	-	-	-	-
At 31 July 2017	1,858	775	787	3,420	-
Net book value					
At 31 July 2017	3,745	140	409	4,294	3,532
At 31 July 2016	2,693	216	477	3,386	3,082

Institute	Leasehold land and buildings £'000	Computer equipment £'000	General equipment £'000	Total Fixed Assets £'000	Rare books and artefacts £'000
Cost and valuation					
At 31 July 2016	4,211	851	981	6,043	3,082
Additions	1,392	52	37	1,481	450
Disposals	-	-	-	-	-
At 31 July 2017	5,603	903	1,018	7,524	3,532
Depreciation					
At 31 July 2016	1,518	635	527	2,680	-
Charge for the year	340	127	95	562	-
Disposals	-	-	-	-	-
At 31 July 2017	1,858	762	622	3,242	-
Net book value					
At 31 July 2017	3,745	141	396	4,282	3,532
At 31 July 2016	2,693	216	454	3,363	3,082

12. Investments

Consolidated and Institute	2017	2016
Fixed asset investments	£'000	£'000
Balance brought forward at 1 August	10,994	10,050
Transfers from cash	-	63
Investment income	322	266
Increase in market value of investments held	1,048	1,364
Disposal/redemption of investments	(458)	(749)
Balance at 31 July	11,906	10,994
Represented by:		
Unit Trusts and Investment Trusts	10,535	9,909
Cash balances	1,281	1,290
Forward hedging contract debtor/(creditor)	90	(205)
	11,906	10,994
Endowment assets		
Balance brought forward at 1 August		
Capital	24,846	22,563
Unapplied Total Returns	9,548	6,557
	34,394	29,120
Additions (note 19)	327	1,801
Investment income	1,010	784
Increase in market value of investments held	3,282	4,011
Disposal/redemption of investments	(1,382)	(1,322)
Balance at 31 July	37,631	34,394
Represented by:		
Unit Trusts and Investment Trusts	33,299	31,000
Cash balances	4,049	4,035
Forward hedging contract debtor/(creditor)	283	(641)
	37,631	34,394
Total investment assets	49,537	45,388
Represented by:		
Unit Trusts and Investment Trusts	43,834	40,909
Cash balances	5,330	5,325
Forward hedging contract debtor/(creditor)	373	(846)
	49,537	45,388

For the purpose of managing the investment portfolio and for all other management and administrative purposes, the endowment asset investments and fixed asset investments continue to be administered jointly in a single fund which was valued at £49.537m at 31 July 2017. (31 July 2016: £45.388m).

The Courtauld operates a 50% hedging programme against exposure to the dollar and euro in the endowment and fixed asset investments. At the year end date there was an asset (2016: liability) on the forward hedging contract of £373,000 (2016: liability £846,000) which has been recognised in the investment assets' value. Of this amount, £70,000 (2016: £482,000) was received in October 2017 (2016: paid in October 2016) and the balance is due for settlement in January 2018.



13. Stock

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£'000	£'000	£'000	£'000
Finished goods	95	12	126	5

14. Trade and other receivables

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade and student debtors	330	330	215	213
Amounts due from subsidiary undertakings	-	52	-	102
Taxation and VAT recoverable	63	63	153	153
Other Accrued Revenue	319	319	313	313
Other debtors	36	36	26	26
Prepayments	271	259	282	261
	1,019	1,059	989	1,068
Less provision for doubtful debts	(152)	(152)	(27)	(27)
	867	907	962	1,041

15. Creditors: amounts falling due within one year

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£'000	£'000	£'000	£'000
Bank loan	200	200	200	200
Energy efficiency loans programme	12	12	12	12
Obligations under finance leases	25	25	25	25
Trade creditors	516	506	662	627
Amounts due to subsidiary undertakings	-	2	-	6
Social security and other taxation payable	188	181	174	158
Accruals and Deferred income	2,030	2,017	2,158	2,142
Other creditors	5	5	4	4
	2,976	2,948	3,235	3,174

Accruals and Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£'000	£'000	£'000	£'000
Donations	691	691	837	837
Research grants received on account	55	55	126	126
Grant income	88	88	115	115
	834	834	1,078	1,078

16. Creditors: amounts falling due after more than one year

	2017 Consolidated	2017 Institute	2016 Consolidated	2016 Institute
	£'000	£'000	£'000	£'000
Obligations under finance leases	-	-	25	25
Unsecured Bank loan	200	200	400	400
Energy efficiency loans programme	24	24	36	36
	224	224	461	461
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 15)	212	212	212	212
Due between one and two years	212	212	212	212
Due between two and five years	12	12	224	224
Due after more than one year	224	224	436	436
Total secured and unsecured loans	436	436	648	648

17. Provisions for liabilities

Consolidated

	Obligation to fund deficit on USS & SAUL Pensions	Maintenance Provisions	Deferred tax
	£'000	£'000	£'000
At 1 August 2016	1,233	688	4
Utilised in year	(123)	(694)	-
Additions in 2016/17	181	6	1
Pension interest charge in the year	21	-	-
At 31 July 2017	1,312	-	5

Further maintenance costs of £115,000 were incurred and recharged to third parties.

Institute

	Obligation to fund deficit on USS & SAUL Pensions	Maintenance Provisions
	£'000	£'000
At 1 August 2016	1,233	688
Utilised in year	(123)	(694)
Additions in 2016/17	181	6
Pension interest charge in the year	21	-
At 31 July 2017	1,312	-

Maintenance provision

The Maintenance provision was made as a result of a condition survey that was completed in 2014/15 and was updated in 2015/16 for remaining works. A further Maintenance provision was added in 2015/16 relating to works required on another part of the building. An increase to the provision was made during 2016/17 and the balance was spent in full in the year.

Obligation to fund deficit on USS and SAUL Pensions

The obligation to fund the past deficit on the Universities' Superannuation Scheme (USS) and the Superannuation Scheme of the University of London (SAUL) arises from the contractual obligations with the pension schemes for total payments relating to benefits arising from past performance. Management has assessed future employees within the schemes and salary payment over the period of the contracted obligation in assessing the value of this provision.

18. Financial assets and liabilities

	2017			2016		
	Current £'000	Non-current £'000	Total £'000	Current £'000	Non-current £'000	Total £'000
Financial assets						
Investments	-	49,537	49,537	-	45,388	45,388
Trade and other receivables	366	-	366	241	-	367
Cash	1,313	-	1,313	1,585	-	1,585
	1,679	49,537	51,216	1,826	45,388	47,340
Financial liabilities						
Bank loan	(200)	(200)	(400)	(200)	(400)	(600)
Energy efficiency loans programme	(12)	(24)	(36)	(12)	(36)	(48)
Obligations under finance leases	(25)	-	(25)	(25)	(25)	(50)
Trade and other payables	(521)	-	(521)	(666)	-	(666)
	(758)	(224)	(982)	(903)	(461)	(1,364)
Total financial assets/(liabilities)	921	49,313	50,234	923	44,927	45,976

The bank loan is the remaining balance from a five year fixed term loan of £1,000,000 agreed on 30 June 2014. Interest is payable at a rate of 1.25% above LIBOR. The energy efficiency loans programme loan was agreed during 2015/16 to fund energy efficiency works and is interest free and repayable over 4 years.

Financial risk management objectives and policies

Market risk

The primary objective of the holding in endowment assets is to ensure that The Courtauld has ensuring support for its academic mission. Market risk arises from the endowment investment holdings. The Courtauld aims to minimise its market risk by establishing investment objectives, asset allocation policy and investment strategies for each class of asset within the portfolio. The Investment Committee reviews against these objectives and formally reviews the asset allocation at least once per year.

Foreign currency risk

As noted above the primary objective of the holding in endowment assets is to ensure that The Courtauld has ensuring support for its academic mission. The Courtauld is exposed to foreign currency risk resulting from endowment assets held in other currencies, primarily the US dollar and Euro. The Courtauld aims to reduce its exposure to foreign currency risk by hedging 50% of foreign currency exposure to the US dollar and Euro. The Investment Committee reviews the hedging approach at least once per year.

Liquidity risk

The primary objective is to ensure that The Courtauld has sufficient funds available to meet its financial obligations as they fall due. This is achieved by aligning the timing of withdrawal of investments with forecast cash flows. Cash flow forecasts are regularly reviewed to ensure continuity of funding.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to The Courtauld. Credit risk arises from exposures to trade and student debtors. The maximum credit risk is limited to the carrying value of the trade receivables above. The level of bad debt provision is less than 1% of total income before donations and endowments.

19. Endowment Reserves

Restricted net assets relating to endowments are as follows:

Endowments

Consolidated and Institute	Permanent Restricted £'000	Permanent Unrestricted £'000	Total Permanent £'000	Expendable Restricted £'000	Total 2017 £'000	Total 2016 £'000
At 1 August 2016						
Capital	11,586	7,831	19,417	5,429	24,846	22,563
Unapplied Total Returns	3,087	6,461	9,548	-	9,548	6,557
	14,673	14,292	28,965	5,429	34,394	29,120
Received in the year (note 6)	213	110	323	4	327	1,801
Investment income (note 5)	431	420	851	159	1,010	784
Gains in market value	1,402	1,363	2,765	517	3,282	4,011
Total returns transferred to income & expenditure account	(1,833)	(1,783)	(3,616)	(676)	(4,292)	(4,795)
Unapplied total returns retained in endowment reserves	1,213	1,275	2,488	422	2,910	3,473
At 31 July 2017						
Capital	11,799	7,941	19,740	5,855	25,595	24,846
Unapplied Total Returns	4,300	7,736	12,036	-	12,036	9,548
	16,099	15,677	31,776	5,855	37,631	34,394
Representing						
Fellowships and scholarships funds	465	267	732	2,156	2,888	2,771
Prizes funds	2,018	-	2,018	-	2,018	1,859
Chairs and lectureships funds	10,067	-	10,067	2,248	12,315	11,103
Other funds	3,549	15,410	18,959	1,451	20,410	18,661
	16,099	15,677	31,776	5,855	37,631	34,394

The Board has resolved that income up to a maximum of 4% of the current value of unrestricted endowments should be released to the Income and Expenditure Account, to cover any residual operating deficit of the Institute.

The Institute operates a total returns policy in respect of its endowment and fixed asset investments. Releases to the income & expenditure account and transfers to general reserves are accordingly based on income and growth realised during the year, subject to the conditions for the use of funds being met in the case of restricted funds and the limits imposed by the board in the case of unrestricted funds.

Included within the table above, the Institute holds four permanent endowments that could be considered to be material charitable funds.

The funds, each of which was given to support the long term financial sustainability of the Institute, can be analysed as follows:

	Lisbet Rausing £'000	The Garfield Weston Foundation £'000	The Deborah Loeb Brice Foundation £'000	The Robert HN Ho Family Foundation £'000
At 1 August 2016				
Capital	5,000	1,000	2,278	2,500
Unapplied Total Returns	4,601	1,079	590	262
	9,601	2,079	2,868	2,762
Additions	-	-	213	-
Investment income	281	61	85	81
Gains in market value	915	198	277	263
Total Returns transferred to income & expenditure account	(1,196)	(259)	(362)	(344)
Unapplied total returns retained in endowment reserves	842	200	263	235
At 31 July 2017				
Capital	5,000	1,000	2,491	2,500
Unapplied Total Returns	5,443	1,279	853	497
	10,443	2,279	3,344	2,997



20. Restricted Reserves

Reserves with restrictions are as follows:

	Unspent capital grants £'000	Courtauld Connects donations £'000	Donations £'000	CIAF Reserves £'000	2017 Total £'000
Balances at 1 August 2016	761	1,602	1,007	50	3,420
New grants (note 4)	10	-	-	-	10
New donations (note 6)	-	575	564	450	1,589
Capital grants and donations utilised	(231)	(699)	-	-	(930)
Expenditure	-	-	(464)	-	(464)
	(231)	(699)	(464)	-	(1,394)
At 31 July 2017	540	1,478	1,107	500	3,625

A separate category of restricted reserves for donations towards the Courtauld Connects project has been added for 2016/17 and past donations and grants for the project have been reclassified into the opening balance of this category.

	2017 Total £'000
Analysis of other restricted funds /donations by type of purpose:	
Scholarships	189
Funded Posts	67
Gallery	308
General	543
	1,107

21. Cash and cash equivalents

	At 1st August 2016 £'000	Cash Flows £'000	At 31st July 2017 £'000
Consolidated			
Cash and cash equivalents	1,585	(272)	1,313

Left: A Chaldean youth from Alqosh, an Assyrian city 50 miles north of Mosul. This photograph, taken in 1944, is from the Anthony Kersting Archive, currently being digitised by a team of volunteers as part of the HLF-funded development phase activities of Courtauld Connects

22. Capital and other commitments

Consolidated and Institute

Provision has not been made for the following capital commitments at 31 July 2017:

	2017	2016
	£'000	£'000
Commitments contracted for	33	106
	33	106

The commitment is for software purchases relating to library collections management.
The prior year commitment relates to digitisation of some of the content of the Witt Library.

23. Lease obligations

Consolidated and Institute

Total rentals payable under operating leases:

	2017	2016
	£'000	£'000
Payable during the year	1,080	1,073
Future minimum lease payments due:		
Not later than 1 year	1,105	1,096
Later than 1 year and not later than 5 years	2,237	2,161
Later than 5 years	1,485	2,009
Total lease payments due	4,827	5,266

The Institute occupies the North block of Somerset House under a lease dated 1 December 1987. The annual rent payable under the terms of the lease is subject to review every five years. The most recent review, with an effective date of June 2012, was resolved in July 2014. The current terms include a peppercorn rent on the 'fine rooms' which house the public area of The Courtauld Gallery.

In April 2009, the Institute entered into a 30 year lease (with a break clause after 15 years) with the Duchy of Lancaster for the provision of student accommodation at Duchy House.

In May 2014, the Institute entered into a 15 year lease (with a one year break clause) for a suite of rooms in the New Wing of Somerset House.

24. Finance leases

Consolidated and Institute

The lease was for the refresh of network switches carried out in 2015/16. There is an option to purchase the asset at the end of the lease for £100.

The carrying amount of the asset at 31 July 2017 was £52,000 (2016: £83,000).

The value of the future minimum lease payments is shown below:

	2017	2016
	£'000	£'000
Not later than one year	25	25
Later than one year and not later than five years	-	25
Later than five years	-	-
	25	50

25. Related party transactions

During the year, the Institute paid £138,000 (2015/16 £144,000) 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. Andrew Adcock, Professor Geoffrey Crossick and James Hughes-Hallett are also directors of the Samuel Courtauld Trust.

SCT Enterprises Limited ("SCTE") is a wholly owned subsidiary of The Courtauld Institute of Art. During the year, the Institute paid SCTE £191,056 for the provision of admissions and image services (2015/16 £191,987) and the Institute charged SCTE £65,000 for the use of space within The Courtauld and the provision of accounting services (2015/16 £65,000) of which £39,000 (2015/16 £nil) was included within the Institute debtors at the 31 July 2017. At the end of the year, SCTE accrued a gift aid payment to the Institute of £nil (2015/16 £100,000).

During the year the Institute received donations from Mr Andrew Adcock of £2,500 (2015/16 £1,000), Mr Peter Budd £100 (2015/16 £-), Professor Geoffrey Crossick of £100 (2015/16 £100), Dr Jim Cuno £- (2015/16 £1,211), Mr Edward Dolman £25,197 (2015/16 £-), Dr John Garcia of £10,000 (2015/16 £550,000), Dr Martin Halusa of £25,000 (2015/16 £5,000), Mr James Hughes-Hallett of £6,000 (2015/16 £2,000), Ms Daniella Luxembourg of £5,020 (2015-16 £5,000) and Professor Deborah Swallow of £18,400 (2015/16 £1,250). All were Directors of the Institute during the year.

No payment was made to any director for expenses relating to their role as a Director (2015/16 £Nil).

Peter Budd is a director of Ove Arup and Partners Limited. During the year the Institute paid £65,160 (2015/16 £-) to Ove Arup and Partners Limited for services provided on normal commercial terms. A further £3,000 (2015/16 £-) was payable at the year end date.

26. Controlling party

The Institute is a company limited by guarantee without any share capital and members, hence there is no controlling party.

27. Pension Schemes

The Courtauld Institute of Art participates in:

- the Universities' Superannuation Scheme (USS); and
- the Superannuation Scheme of the University of London (SAUL)

Both schemes were defined-benefit schemes contracted out of the State Second Pension (S2P) until 31 March 2016. With effect from 1 October 2016, the USS changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of both schemes are held in separate trustee administered funds.

The total cost charged to the income and expenditure account in respect of both schemes is shown below:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
USS	861	803
SAUL	119	88
	980	891

SCT Enterprises Limited contributes to defined contribution schemes administered on behalf of the company by Aviva and Royal London (formerly Scottish Life). The costs charged to expenditure in the period of £34,000 (2015/16: £20,000) represent the full amount payable for the period. Aviva is a new supplier and changed

(i) The Universities Superannuation Scheme

The USS is a multi-employer scheme where the assets are not hypothecated to individual employers and a scheme-wide contribution rate is set. The employer is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme. It therefore accounts for the scheme as if it were a defined contribution scheme as required by Section 28 of FRS 102 'Employee benefits'.

The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since The Courtauld has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, it recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since The Courtauld cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.60%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality

S1NA ("light") YoB tables – no age rating

Female members' mortality

S1NA ("light") YoB tables – rates down one year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65	24.4	24.3
Females currently aged 65	26.6	26.5
Males currently aged 45	26.5	26.4
Females currently aged 45	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

(ii) The Superannuation Arrangements of the University of London (SAUL)

SAUL is a multi-employer scheme and it is not possible to identify an individual employer's underlying assets and liabilities so it is treated as if it were a defined contribution scheme. The Courtauld Institute of Art is not expected to be liable to SAUL for any other current participating employers' obligations under the Rules of SAUL, but, in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation. The Trustee and employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability recognised in respect of deficit contributions to SAUL is the present value of the future deficit contributions. This liability is based on a projection of salaries over the period to 31 March 2018.

Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in November 2015 and are being reviewed during the process for SAUL's next formal valuation in 2017 which is underway.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions therefore increased from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

The following assumptions were used to assess the Technical Provisions

	31 March 2014
Discount rate	
Pre-retirement	5.96%
Post-retirement	3.86%
Retail Prices Index (RPI) Inflation	3.57%
Consumer Price Index (CPI) Inflation	2.72%
General salary increases	3.72%
Pension increases in payment:	
Excess over GMP	3.72%
Mortality	
Base table	S2 Pensioner (year of birth) +0.4 years mails/ -0.4 years females
Future improvements	CMI_2013 (1.5%)

28. Accounting estimates and judgements

Critical accounting judgements

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS and SAUL. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Key sources of estimation uncertainty

The liability recognised in respect of the USS is determined relying on estimates and assumptions. The pension figures are particularly sensitive to changes in assumptions for discount rates, mortality and inflation rates. Judgement was used in determining the assumptions to be adopted including taking guidance from the actuarial advisor to the British Universities Finance Directors' Group.

29. Events after the end of the reporting period

There were no events after the end of the reporting period.



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