

# Annual Report

and Financial Statements  
for the year ended 31 July 2016





**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.**

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#### **Vision and mission**

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

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.

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#### **What we do**

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

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.

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#### **We are committed to**

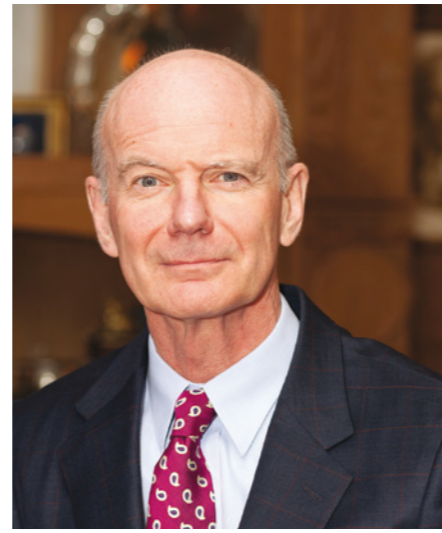
Excellence  
Innovation and continuity  
Fairness and inclusivity

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.

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# Chairman's Foreword



## Courtauld Connects sets out our plans to redevelop our home at Somerset House and reconstruct our business model to secure a sustainable future for The Courtauld

As evidenced in our Director's Introduction, and indeed throughout this Report, this year has been exceptionally busy for The Courtauld with significant successes achieved against a back-drop of actual and potential challenge for the arts and education sectors.

The academic year started with the admission of our largest student intake ever and ended with strong student degree results; our exhibitions and displays received excellent reviews for, as ever, their academic excellence and imaginative choice of content; our alumni continued to achieve significant successes in the art world and beyond.

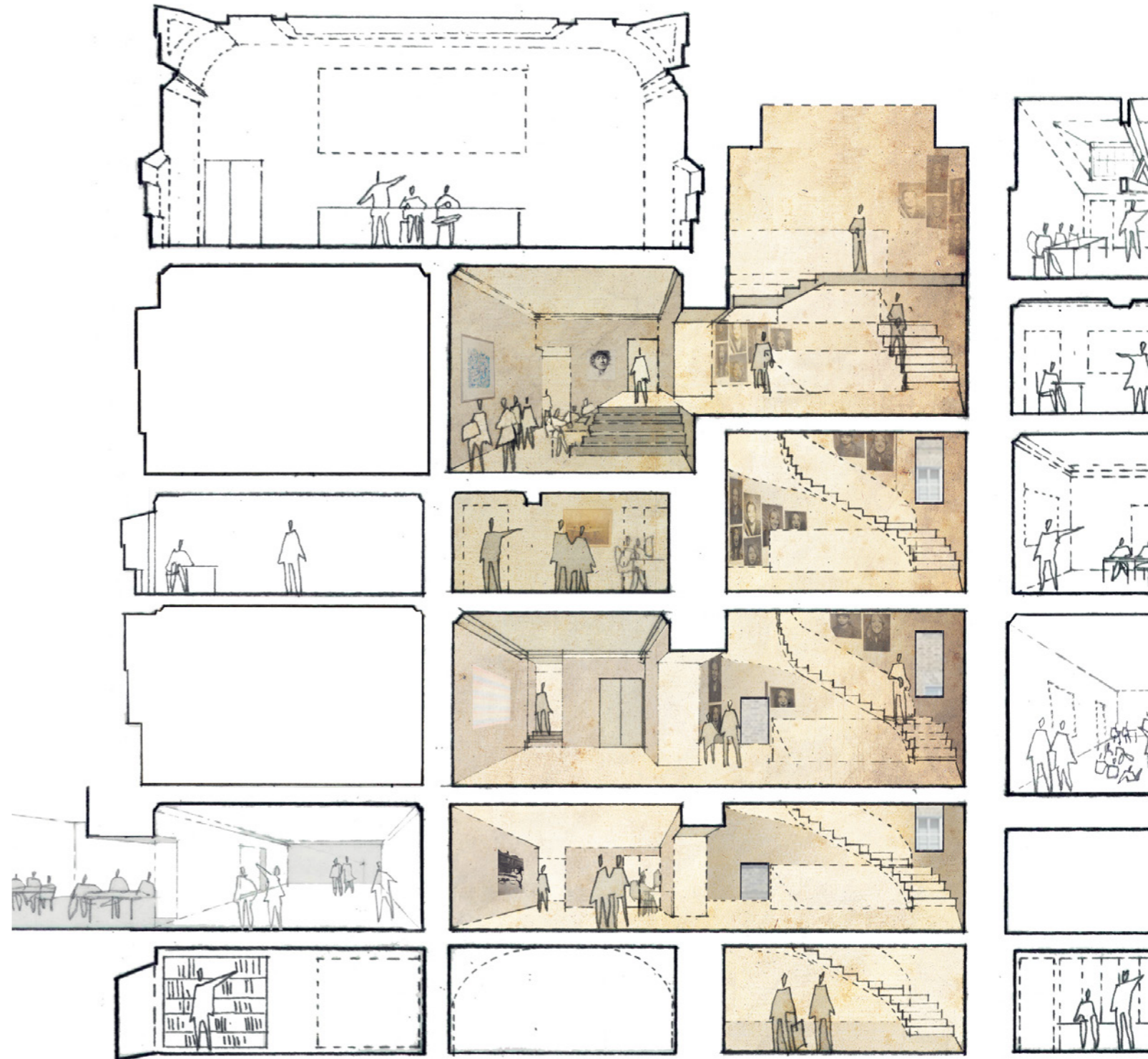
Capital fundraising continued apace for the Courtauld Connects project. Courtauld Connects sets out our plans to redevelop our home at Somerset House and reconstruct our business model to secure a sustainable future for The Courtauld, greatly improved accessibility and delivery of an Art for All model of engagement. We were delighted to receive a pledge of £3m from the Weston Foundation towards the project; this initial pledge then helped secure perhaps the most significant success of the year – the award of up to £9.4m from the Heritage Lottery Fund (HLF) towards the £30m required for the first phase of Courtauld Connects. The HLF award brought total funding raised for the project to £18.4m at year-end. Further information on the Courtauld Connects project can be found throughout this Report.

During the year to 31 July 2016 we received £1.8m in new endowment funds, and generated total returns on investment of £6.4m. After draw-down the combined portfolio has increased from £39.2m in 2014/15 to £45.4m.

The period under review saw the appointment of two new members of the Governing Board: Peter Budd and Edward Dolman joined the Board in July and I would like to thank them both for the contributions they have already made to the strategic development of The Courtauld. We end the year at a time of significant and challenging changes in the higher education sector: The Government has proposed a series of changes to the governance of higher education with the restructuring of the Higher Education Funding Council for England (HEFCE); we must also be armed to respond to the consequences for the UK arts and education sectors of the Brexit referendum vote, which remain uncertain as to their nature but seem most likely to be inimical to our mission to one degree or another; the recent announcement of the intended cessation of the History of Art A-Level is a most disappointing and short-sighted change in policy for a sector that represents one of the UK's most undoubted sources of internationally preeminent excellence.

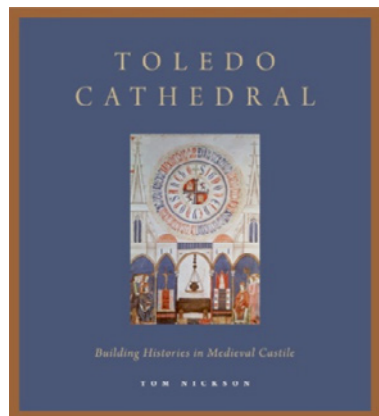
Today The Courtauld continues to blend this intriguing and serious confluence of past and present achievement with an acute and pragmatic approach to future great opportunity and challenge. This Report demonstrates the considerable range of excellent and ambitious activities undertaken by our staff and volunteers, with the support of so many generous and committed supporters and sponsors. With my fellow members of the Governing Board, I would like to thank you all for your commitment to the continuing success of The Courtauld. I am confident that with the development and implementation of Courtauld Connects, the best is yet to come.

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



# Director's Introduction

The Courtauld has enjoyed what I believe will prove to have been one of the most significant years in its history – a year in which The Courtauld signalled its larger vision and ambitions for the future. The award of a major grant from the Heritage Lottery Fund (HLF) in May for our transformational Courtauld Connects project, gave tremendous momentum to our planning and fundraising for the project. This Report highlights the energy, innovation and progress with Courtauld Connects and across all of our activities – our scholarly output, our teaching and the experience we offer students, our academic lectures, seminars and events, our exhibitions and displays, our public programmes and our wider engagement with ever more diverse audiences.



As a specialist University, The Courtauld continued to excel in the research it produced. Academic and curatorial colleagues worked on research projects crossing all periods and many geographies, publishing widely and engaging with individual and institutional partners both in the UK and worldwide. *Toledo Cathedral; Building Histories in Medieval Castile*, by Tom Nickson (published by Pennsylvania State University Press) was winner of the 2016 Eleanor Tufts Award from the American Society for Hispanic Art Historical Studies. 'A masterly exploration and minute analysis of a soaring masterpiece, Tom Nickson's revelatory study directs new and penetrating light onto the social importance and architectural significance of his subject,' wrote Dr Peter Linehan of Cambridge University. A fuller list of the year's activities and publications can be found on page 10.

The Sackler Research Forum, The Courtauld's centre for research communication and collaboration, continued to flourish with a rich programme of events. Established in 2003 with a generous grant from the Andrew W. Mellon Foundation, and now supported primarily by the generosity of the Sackler Foundation, it held a total of 150 events during 2015/16 which were attended by members of the academic community and the wider public. This year's highlights included a major conference on "Art and Terrorism" and a series of lectures inspired by the 500th anniversary of Thomas More's *Utopia*, which was the focus of a Somerset House site-wide programmatic collaboration this year. Further information on all our research activities can be found on page 9.

As the largest university centre for teaching art history we pay great attention to the quality both of our teaching and of our students' overall experience. This year saw the retirement, after 30 years' service to The Courtauld, of Professor David Solkin our Dean and Deputy Director, the role responsible for this aspect of our work. I would like to take this opportunity to thank Professor Solkin for the immense contribution he has made to both teaching and research at The Courtauld



as well as his contribution to our overall strategic development. In this final year of service, Professor Solkin oversaw a number of changes which will ensure greater efficiency in taking forward our academic strategy while ensuring that our students have an excellent experience. We strengthened our Academic and Student Services, and invested further in student support and counselling.

We were therefore very pleased that our students once again praised the quality of our teaching and the engaging way Courtauld faculty approach their classes in the 2016 National Student Survey. We were ranked 4th nationally for overall satisfaction. This excellent result is testament to the enormous hard work by all our teaching and support staff – indeed all whom students encounter at The Courtauld. We were also delighted that this quality was recognised by HEFCE's review of specialist institutions which resulted in a significant increase in our teaching grant for the coming year. 'Innovative practice was cited in the new programmed and approaches to cross-disciplinary studies which are continuously being developed (including embracing new technologies and digital media). Movement into new areas (e.g. Buddhist art) was noted to be of particular importance of the institution's case for continuing and profound influence on the world stage.'

Our students themselves continued to excel in all that they did. A wonderful example is the work of PhD student Costanza Beltrami. Her book, *Building a Crossing Tower: a design for Rouen Cathedral of 1516*, was published by Paul Holberton Publishing. Originally written as an assessed essay for a Courtauld MA, this is a study of a unique large-scale drawing discovered by Sam Fogg (Courtauld alumnus and dealer), which was also shown at Frieze Masters in October 2015.

The year also saw a rich array of student activities. The twelfth East Wing Biennial, *Artificial Realities*, a student-organised contemporary art exhibition included generous loans from 31 artists including



**Students once again praised the quality of our teaching and the engaging way Courtauld faculty approach their classes**

2016 National Student Survey

Tracey Emin, Antony Gormley, Rachel Whiteread and Edmund de Waal. The third student organised TEDxCourtauldInstitute conference, *Artificial Realities*, took its inspiration from the Somerset House Utopia project and was entitled *Utopia - Breaking the Rules*. A wide range of speakers included spoken-word poet Jack Flash; academic Anne Phillips; musician Marie Naffah; beatboxer Schlomo; and Jane Powell, of the Campaign Against Living Miserably. All reflected on what it meant to dare to do something differently, and to dream of change – an appropriate message in this year of declared institutional ambition.

The Courtauld Gallery's programme of exhibitions was once again very highly acclaimed and achieved five star press reviews. *Botticelli and Treasures from the Hamilton Collection* was given five stars by The Telegraph and Time Out and described as 'pure bliss' by The Independent and the summer's exhibition, *Georgiana Houghton: Spirit Drawings*, was described as 'a crucial show' by The Sunday Times. This year also saw a full programme of displays in the Ildiko and Gilbert Butler Drawings Gallery which opened in 2015. Our pilot project *Degas' Dancers: A Courtauld Masterpiece* had an extremely successful run at the Herbert Museum and Art Gallery in Coventry (see page 14). This pilot project is part of the programme of partnerships with regional museums and galleries which forms an important component of Courtauld Connects. To our delight, visitor figures to the Herbert increased by 22% as result of the exhibition.

The impact of Courtauld Connects is now visible in our integrated thinking about the areas where we can deliver significant public benefit, using our art collection, our location in Somerset House, Courtaulds' manufacturing and philanthropic history, and key parts of the photographic collection as inter-related strands. The project demonstrates how we will add benefit locally, regionally and nationally, creating partnerships with lead museums in Coventry, Hull, Preston and Belfast, and smaller museums, FE colleges and other institutions in nine other centres, as well as expanding our reach across greater London. The project involves increased engagement with volunteers, skills exchange and development, and aims to widen of our audience base. Critical, of course, to that is our central role as a centre for teaching and scholarship of the highest standard.



This is a turbulent time for the higher education and arts sectors. Changes in higher education governance and the political and economic uncertainty following Brexit have meant that the focus of The Courtauld's Senior Management Team this year has been to ensure the engagement of staff in finding coherent and creative solutions to the challenges we face in order to secure our sustainability. As a result of everyone's hard work and dedication, The Courtauld is well placed to meet these challenges. The ongoing work on the activities prioritised in our Strategic Plan (see page 8), with its direct relationship to Courtauld Connects, sits at the heart of everything that we do. It gives me great pleasure and pride to thank all our staff, volunteers, supporters and sponsors for their commitment to a most exciting future for us all.

**Professor Deborah Swallow**  
Märit Rausing Director

# 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 <sup>1,2,3,4,5,6,9,10,11,12</sup>  
(Märit Rausing Director, The Courtauld Institute of Art)  
Dr James Cuno <sup>1,2,8</sup>  
(President, The J Paul Getty Trust)  
Andrew Adcock <sup>1,2,4</sup>  
(Chair, Samuel Courtauld Trust)  
Gregory Wilkinson <sup>1,4,12</sup>  
(President, The Students' Union) (until 31 July 2016)  
Tennessee Williams <sup>1,4</sup>  
(President, The Students' Union) (from 1 August 2016)

## Appointed Members

Mr Peter Budd (from 9 July 2015)  
Professor Geoffrey Crossick <sup>1,4,8</sup>  
Mr Ed Dolman (from 9 July 2015)  
Dr John Garcia  
Dr Martin Halusa <sup>7,9</sup>  
Mr James Hughes-Hallett <sup>1,2,4,6,8,9,10,11</sup>  
(Chairman)  
Ms Daniella Luxembourg <sup>6</sup>

## Members of the Academic Staff elected from their own number

Dr Sussan Babaie <sup>1</sup> (from 9 July 2015)  
Dr Tom Nickson <sup>12</sup>  
Professor Antony Eastmond <sup>1</sup>

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

Dr Karen Serres  
Alasdair Sowerby

## 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  
Dr Alixe Bovey,  
Head of Research  
Dr Kary Kelly,  
Director of Development (from October 2015)  
Ms Hannah Joyce,  
Acting Director of Development (until September 2015)  
Mr Michael Sherry,  
Head of Marketing and Communications  
Professor David Solkin,  
Dean and Deputy Director  
Mr Robert Thorpe,  
Director of Operations  
Dr Ernst Vegelin,  
Head of The Courtauld Gallery

## Auditors

KPMG LLP

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

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|---|--|
| 1. Member of the Finance Committee                | 7. Member of the Audit Committee                         |
| 2. Member of the Investments Committee            | 8. Member of the Remuneration Committee                  |
| 3. Member of the Estates Committee                | 9. Member of the Nominations Committee                   |
| 4. Member of the Gallery and Academic Committee   | 10. Member of the Honorary Degrees Committee             |
| 5. Member of the Academic Promotions Committee    | 11. Member of the Honorary Fellows Committee             |
| 6. Member of the Development and Alumni Committee | 12. Member of the Marketing and Communications Committee |



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.

As the Chairman and Director note at the start of this Annual Report, this has been an exceptionally busy year for The Courtauld. Our outstanding performance in the 2016 National Student Survey (NSS) was matched by our performance in the university league tables, when we were ranked first for Art History in the 2017 Guardian University Guide and in the media coverage of our exhibitions and displays.

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.

The achievements summarised in this Report demonstrate the excellent progress that has been made this year towards the delivery of these objectives.

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, 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. As the Director highlights in her Introduction, this year we were awarded a significant increase in funding from HEFCE as a Small Specialist institution (to start in 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'.

The Courtauld's single most significant source of overall funding is philanthropic income. Its endowment fund plays a key role in supporting on-going financial sustainability and it actively balances releases from the fund to offset revenue and capital expenditure with the need to grow the fund to support longer term ambitions and sustainability. As a result, it employs a policy of restricting releases to no more than the amount required to maintain operations so as to protect the long-term value of the fund.

The consolidated results for the group this year show total comprehensive income for the year of £6.6m compared to £3.9m last year. This includes endowment comprehensive income of £5.3m (£3.7m in 2014/15) from donations and investment income and gains in excess of withdrawals. Restricted and unrestricted comprehensive income was £1.3m (£0.1m in 2014/15). 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 change in fixed asset investments, the underlying operating surplus for the group was £399,000 compared to an operating surplus of £1,281,000 in 2014/15.

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 2015/16 financial year should be noted:

- Discretionary reserves excluding pension liability as at 31 July 2016 stood at £10,098m, or 55.3% of total income;
- Total external borrowing as at 31 July 2016 represent just 3.8% of total income; and
- Staff costs for the year represented 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 23). 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 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.

#### Courtauld Connects

As highlighted in the Chairman's Foreword, a key initiative of the Strategic Plan is a visionary project to transform access to The Courtauld and its collections: the 'Courtauld Connects' Project. The award by HLF of up to £9.4m towards Phase 1 of this project reflects a belief in its transformational power which will enable The Courtauld to significantly improve its estate, widen and extend its audience and build a business model that secures a sustainable future for the Institute.

**Robert Thorpe**  
Company Secretary

Since its formation in 1932, The Courtauld Institute of Art has striven to advance knowledge and understanding of art history, conservation and curating through its teaching and research. The Courtauld believes passionately in promoting and leading global public education in its areas of expertise, both in the United Kingdom and around the world. The Courtauld does this in many ways and below are just some of the highlights and key activities from 2015/16.

## Research

The Courtauld has a rich and dynamic research culture with a Faculty that includes some of the world's leading researchers in the fields of art history and conservation. We were ranked first for art history in the latest (2014) Research Excellent Framework, the Government's peer review of the quality of research at UK universities. This year we continued to build on that success, working collaboratively with senior academic partners across the world to further develop our research profile.

One example of this is a project led by Professor Antony Eastmond entitled 'Crossing Frontiers'. Funded by The Getty Foundation, Professor Eastmond organised two research expeditions to Eastern Turkey and Armenia this year bringing together scholars from across the region, including Turkey, Georgia, Armenia, Iran and Turkmenistan to explore the movement of art and ideas between the different religions, cultures, languages and peoples that have lived there. Professor Eastmond also curated an exhibition on the 'Empire of Trebizond in Istanbul' at Anamed the Research Centre for Anatolian Civilisations.

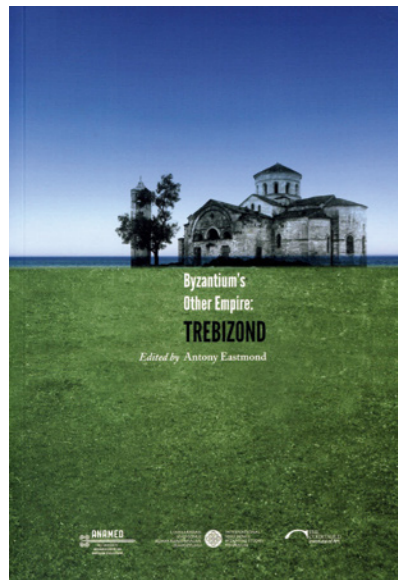
Other projects developed this year included Dr Wenny Teo's exhibition 'A Beautiful Disorder' in the grounds and galleries of the Cass Sculpture Foundation in Goodwood, West Sussex and Professor Caroline Arscott's exhibition 'Victorians Decoded: Art and Telegraphy' at the Guildhall Art Gallery, London. Professor Arscott's exhibition was a result of a four-year collaborative AHRC-funded project entitled 'Scrambled Messages: The Telegraphic Imaginary 1857-1900'. Professor Arscott was the Principal Investigator along with co-investigators Professor Clare Pettitt (King's College London) and Professor Mark Miodownik (University College London).

The high regard in which The Courtauld's research community is held is underlined by the success of our staff and students in winning research awards. Research awards secured in 2015/16 included over £91,000 from the Leverhulme Trust to Professor Susie Nash for a project entitled 'Making Lists: Inventories and Objects at the Courts of France'. The Leverhulme Trust also awarded Dr Guido Rebecchini funding for a project entitled 'Contested Memory: Conflict, Identity and Heritage of the Medici Family in Early Modern Europe'.

At the heart of The Courtauld is the Sackler Research Forum, The Courtauld's centre for research communication and collaboration. This was an extremely busy year for events and activities in support of research initiatives. In February, The Courtauld's Professor Julian Stallabrass organised a major conference on 'Art and Terrorism'. The conference, which was organised in collaboration with the Association for Research into Crimes against Art, was a sell out and attracted much media attention.

Another highlight this year was a conference on 'Medieval Art, Architecture, and Archaeology' in honour of Dr Richard K Morris. Dr Morris (1943-2015) lectured at the University of Warwick for 27 years during which time he taught countless students and demonstrated his breadth of knowledge in architectural analysis. He is best known for his work on the Middle Ages and his creation of the unique 10,000 item strong mouldings archive. The conference was organised by The Courtauld's Head of Research, Dr Alixe Bovey in collaboration with The British Archaeological Association and The Ancient Monuments Society.

As the Director notes in her Introduction to this Report, Professor David Solkin retired as Dean and Deputy Director of The Courtauld at the end of the 2015/16 academic year.



Professor Solkin is one of the world's leading authorities on the history of British Art and in November, Yale University Press published his book *Art in Britain 1660–1815*, the first social history of British art from the period known as the long 18th century. In July, The Courtauld's Professor Katie Scott organised a packed conference to celebrate Professor Solkin's work, entitled 'Making Britain Modern'.

'Politics Over the Public: The Role of Museums Museum Debates' was the title of a lecture organised by The Courtauld's Martin Caiger-Smith and his MA Curating students. This lecture was part of a series of events organised to attract a wider range of audiences to The Courtauld in the context of the Courtauld Connects project. Other events included a lecture by former Director of the National Gallery and Courtauld alumnus, Sir Nicholas Penny, on 'Worrying About Giorgione'.

The 2016 Spring Courtauld Friends Lecture Series was entitled '*Utopia: Constructed*'. The series was part of a rich programme of public events inspired by the 500th anniversary of Thomas More's *Utopia* taking place at Somerset House.

#### Research Grants

Professor Susie Nash was awarded £91,980 this year by the Leverhulme Trust for a project entitled 'Making Lists: Inventories and Objects at the Courts of France'. The Leverhulme Trust also awarded Dr Guido Rebecchini funding for a project entitled 'Contested Memory: Conflict, Identity and Heritage of the Medici Family in Early Modern Europe'.

#### Publications

Faculty and Gallery publications this year included:

#### Classical, Byzantine and Medieval

Antony Eastmond  
*Viewing Inscriptions in the Late Antique and Medieval World*  
Antony Eastmond (ed)  
Cambridge University Press, 2015

Byzantium's Other Empire: Trebizond, edited Antony Eastmond (ed)  
Koç University Press, 2016

'On Diversity in Southern Italy', in *The Salerno Ivories: Objects, Histories, Contexts*, A. Cutler et al (eds)  
Antony Eastmond  
Reimer Verlag-Gebr. Mann, 2015

'The Heavenly Court, Courtly Ceremony, and the Great Byzantine Ivory Triptychs of the Tenth Century', in *Dumbarton Oaks Papers*, 69, 2015  
Antony Eastmond

'Other Encounters: Popular belief and cultural convergence in Anatolia and the Caucasus', in *Islam and Christianity in Anatolia and the Caucasus*, A. C. S. Peacock et al (eds)  
Antony Eastmond  
Ashgate, 2015

Tom Nickson  
*Toledo Cathedral: Building Histories in Medieval Castile*  
Tom Nickson  
Penn State University Press, 2015

'Vox Domini Sonat: Conquest, Change & Continuity in Medieval Iberia', in *Resounding Images: Medieval Intersections of Art, Music and Sound*, S. Boynton and D. O'Reilly (eds)  
Tom Nickson  
Michigan University Press, 2015

'Remembering Fernando. Multi-lingual inscriptions in medieval Iberia', in *Viewing Inscriptions in the Late Antique and Medieval World*, A. Eastmond (ed)  
Tom Nickson  
Cambridge University Press, 2015  
"'Sovereignty belongs to God": Text, Ornament and Magic in Islamic and Christian Seville', in *Art History*, 38:5, 2015  
Tom Nickson

'Texts and Talismans in Medieval Castile', in *Art in Translation*, Volume 7, Issue 1, 2015  
Tom Nickson

Simulacra and Seriality in Spanish Renaissance Sculpture  
Tom Nickson, J. Schrader, and M. Trusted (eds)  
Special 2015 edition of the Hispanic Research Journal, 16:5

#### Renaissance

Susie Nash  
*Late Medieval Panel Paintings II: Materials, Methods, Meanings*  
Susie Nash  
Sam Fogg, 2015

#### Early Modern

David Solkin  
*Art in Britain 1660-1815*  
David Solkin  
Pelican, 2015

'The English Revolution and the Revolution of History Painting: the Bowles Brothers' *Life of Charles I*', in *Court, Country, City: British Architecture, 1660-1735*, M. Hallett, N. Llewellyn, and M. Myrone (eds)  
David Solkin  
Yale University Press, 2016

Christine Stevenson  
'Making empire visible at the second Royal Exchange, London', in *Court, Country, City: British Art and Architecture, 1660-1735*, M. Hallett, N. Llewellyn, and M. Myrone (eds)  
Christine Stevenson  
Yale University Press, 2016

#### Modern and Contemporary

Rebecca Arnold  
'Le Style Americaine' in *Sport et Mode*, Laurene Rolland-Bertrand (ed)  
Musee National du Sport, 2015  
Caroline Arscott  
'Whistler and Whiteness' in *Colours of the Past*, C. Ribeyrol (ed)  
Peter Lang Publishing Group, 2016

Gavin Parkinson  
'Surrealism and Everyday Magic in the 1950s: Between the Paranormal and "Fantastic Realism"' in *Papers of Surrealism*, 11, 2015  
Gavin Parkinson

'From Gas to Electric: Georges Seurat, Brassai and the City of Light' in *Electric Worlds: Creations, Circulations, Tensions, Transitions*, Léonard Laborie (ed),  
Gavin Parkinson  
Peter Lang, 2016

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)  
Robin Schuldenfrei  
Princeton University Press, 2016  
'Subjektive Objekte: Geschichtlichkeit und das Design von Konstantin Grcic', in *Konstantin Grcic: Abbildungen*, F. Meschede (ed)  
Robin Schuldenfrei  
Lars Müller, 2016

Julian Stallabrass  
'Nosepaint Remembered', in *Beaconsfield: Chronic Epoch*, M. Garlake (ed)  
Julian Stallabrass  
Black Dog Publishing, 2015

Sarah Wilson  
Amrita Sher-Gil & Boris Taslitzky. *Passions, Portraits, Fictions*  
Sarah Wilson  
Sotheby's Publications, 2015

'Writing the disaster: Trauma and reconstruction in postwar France', in *Art in Europe, 1945-1968, Facing the Future*, E. Gillen and P. Weibel (eds)  
Giovanni Verri  
Lannoo Publishers, 2016

#### Conservation and Technology

Aviva Burnstock  
'Technical Examination and Conservation of *The Triumph of David*, by Nicholas Poussin', Aviva Burnstock with S. Plender, in *Kermes: Rivista del Restauro*, 2015  
'André Derain *Trees by a Lake: Le Parc de Carrières-Saint-Denis* Cleo Niss', Aviva Burnstock with F. Whitlum-Cooper, in *Art Matters*, 2015

Christina Young  
'The effects of strain rate and temperature on commercial acrylic artist paints aged one year to decades' in *Applied Physics*, 2015  
Christina Young with E. Hagan, M. Charalambides and T. Learner

#### Robert H N Ho Centre for Buddhist Art and Conservation

Giovanni Verri  
*Organic Materials in Wall Paintings*, Giovanni Verri with F. Piqué, Getty Conservation Institute, 2015  
'Infrared reflectography of the Mughal painting *Princes of the House of Timur*' Giovanni Verri with L. Parodi, in *Journal of Islamic Manuscripts*, 7: 1, 2016

'The Triumph of Forces: Fernand Léger and the Popular Front', in *Fernand Léger: Painting in Space*, Hirmer Editions, 2016  
'"Genius loci" czy europejski humanista? "Władysław Hasiór: genius loci or European Humanist?"', in *Władysław Hasiór*, Tatra Muzeum, 2015  
'Kovácsnai today' preface, in *Kovácsnai, a Cold War Artist. Animation. Painting. Freedom*, Giovanni Verri and Brigitta Iványi-Bitter (eds), Kovácsnai Research Center Foundation, 2016

#### Courtauld Gallery publications

Karen Serres  
Bronze, Boxwood and Ivory in the Robert H. Smith Collection of Renaissance Sculpture. A Second Supplement to the Catalogue Volume 'Art of the Renaissance Bronze 1500-1650', with E. D. Schmidt et al,  
Karen Serres  
London (The Burlington Magazine), 2016

Barnaby Wright  
*Jasper Johns: Regrets*, exhibition catalogue

Barnaby Wright  
The Courtauld Gallery, 2015

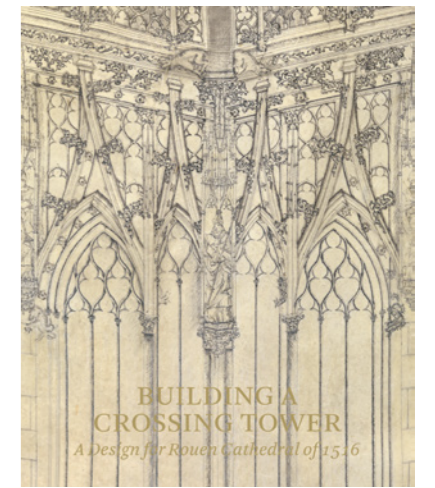
#### Courtauld Books Online

Courtauld Books Online is a series of open access collections of essays. Peer review is rigorous and the series as a whole benefits from advice and input from distinguished Advisory Editors including Professor Paul Binski (University of Cambridge), Professor Michael Ann Holly (Sterling and Francine Clark Art Institute) and Professor Thomas Crow (Institute of Fine Arts, New York University).

This year, Professor Joanna Woodall and Dr Stephanie Porras published *Picturing the Netherlandish Canon* to coincide with the launch with The Courtauld's new website in August 2015. In October Dr Ayla Lepine's *Revival: Utopia, Identity, Memory* was published.

#### Student publications

Student publications this year included Costanza Beltrami's *Building a Crossing Tower: a design for Rouen Cathedral of 1516* published by Paul Holberton. Further information on this volume can be found in the Director's Introduction.



Building a Crossing Tower: a design for Rouen Cathedral of 1516



## Learning and Teaching

A key objective of the Strategic Plan to 2019 is for The Courtauld to give all its students a consistently excellent experience. Our superb performance in the 2016 NSS and the increase in our teaching grant from HEFCE demonstrate that we are making excellent progress towards the delivery of this objective. The Courtauld attracts students from across the world and from diverse backgrounds. We aim to offer our students an excellent and unique experience that draws on the research intensive nature of The Courtauld. Examination results continued to reflect the high quality of our student body and external examiners were full of praise for the teaching on all programmes. This year:

- 49 students were awarded the BA History of Art of whom 20 achieved First Class Honours
- 27 students were awarded the Graduate Diploma in the History of Art (Pass), of whom 20 were eligible to go on to the MA
- 175 students were awarded the MA History of Art, of whom 81 achieved Distinctions.
- 12 students were awarded the MA Curating the Art Museum of whom 2 achieved Distinctions
- 5 students were awarded the Postgraduate Diploma in the Conservation of Easel Paintings
- 6 students were awarded the MA Buddhist Art: History and Conservation
- 7 students were awarded the MA Conservation of Wall Painting
- 22 students were awarded PhDs

### 2015/16 total student numbers

BA History of Art	178
Courtauld Graduate Diploma	29
PG Diploma in Conservation of Easel Painting	15
MA in Conservation of Wall Painting	7
MA History of Art	186
MA Curating the Art Museum	12
MA Buddhist Art	8
MPhil and Research	125
Study Abroad	5
Occasional	4

**Total** **569**

### Faculty Appointments

The Courtauld's faculty was strengthened with new appointments including Professor Beáta Hock (Marie-Louise von Motesiczky Visiting Professor) and Alison Stock (Junior Clothworkers Fellow, Conservation and Technology), Dr Anna Kim (AW Mellon/Research Forum Postdoctoral), Dr Irene Noy (Sackler Research Forum Postdoctoral Fellow) and Dr Federica Pich (Mellon MA Visiting Professor).

### Honorary Doctorates and Honorary Fellow

At the Presentation Ceremony in July, Professor Thomas Crow and Jo Kirby Atkinson were awarded Doctor of Literature Honoris Causa of the University of London. Walter Feilchenfeldt was awarded an Honorary Fellowship.

The Courtauld Gallery has seen a number of notable achievements as well as good progress with individual strategic objectives this year. The Gallery presented an especially rich programme of exhibitions and special displays.

## The Courtauld Gallery

### Exhibitions and displays

#### **Bridget Riley: Learning from Seurat**

(17 September 2015 – 17 January 2016)

In 1959 Bridget Riley painted a copy of Georges Seurat's *Bridge at Courbevoie*, one of the highlights of The Courtauld Gallery. This experience represented a significant breakthrough for Riley, offering her a new understanding of colour and perception. The lessons she took from Seurat emboldened her to strike out into the realm of pure abstraction and over the following few years she produced the first major abstract paintings based upon repeated geometric patterns for which she is today famed. This seminal moment of artistic discovery was the springboard for a special display which brought Seurat's *Bridge at Courbevoie* with a selection of seven early works by Riley.

#### **Soaring Flight: Peter Lanyon's Gliding Paintings**

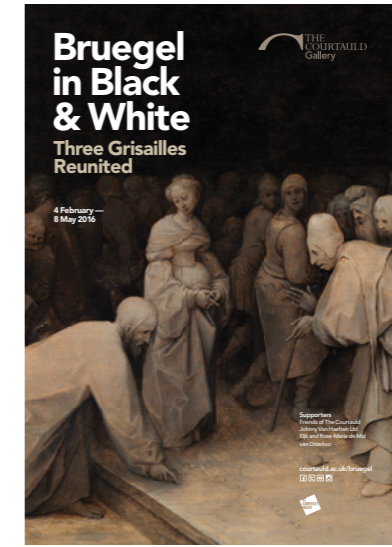
(15 October 2015 – 17 January 2016)

This major exhibition explored a remarkable and unprecedented series of paintings by Peter Lanyon, one of Britain's most important and original Post-War artists. Lanyon (1918-64) sought to create a new vision of landscape painting for the modern era that could express both sensory experience and a profound understanding of our fragile existence within the world. During the 1950s, he produced radical, near-abstract paintings of the tough coastal landscape of his native West Cornwall inspired by his experience of gliding.

#### **Bruegel in Black and White: Three Grisailles Reunited**

(4 February – 8 May 2016)

Curated by Dr Karen Serres, this exhibition brought together for the first time Pieter Bruegel the Elder's only three surviving grisaille paintings: the Trust's *Christ and the Woman taken in Adultery*; the *Death of the Virgin* (which once belonged to Lord Lee) from Upton House; and *Three Soldiers* from the Frick Collection in New York. Remarkably,



these panels appear to be the earliest surviving examples of the use of the grisaille technique for independent works of art in Northern Europe. The exhibition included carefully selected comparative material. The Trust's *Woman taken in Adultery* was inherited by Jan Bruegel the Elder, whose fine copy of it was borrowed from the Alte Pinakothek in Munich. Jan Bruegel in turn bequeathed it to his patron, Cardinal Borromeo in Milan. Before returning the original to the Bruegel family, Borromeo had a copy made, and that too featured in the exhibition which received warm response from visitors and in the press, including reviews in *The Guardian* and *The Telegraph*.

### **Botticelli and Treasures from the Hamilton Collection**

(18 February – 15 May 2016)

This exhibition was a collaboration between The Courtauld Gallery and the Kupferstichkabinett in Berlin. The exhibition brought back to the UK some of the greatest treasures from the fabled library of the Dukes of Hamilton, sensationally sold to the German state in 1882. At its heart was a selection of 30 extraordinary drawings by Botticelli illustrating Dante's epic poem, the *Divine Comedy*. The exhibition featured outstanding illuminated manuscripts, including the great 'Hamilton bible', which had not been seen in the UK since the 1882 sale. The Botticelli drawings in particular are regarded as amongst the very greatest treasures of the Berlin State Museum Service and to be able to show such a wonderful group at The Courtauld was in every respect exceptional. The exhibition coincided with Botticelli Reimagined at the V&A, which also originated in Berlin. It received glowing reviews:

*At the Courtauld pure bliss beckons* (Independent)

\*\*\*\*\* *A revelation* (Telegraph)

\*\*\*\*\* *A rapturous exhibition at the ever-excellent Courtauld... Some of the most staggeringly detailed, spellbindingly beautiful images ever created* (Time Out)



**Special displays****Bruegel/Not Bruegel**

(16 January – 17 April 2016)

This special display in the Gilbert and Ildiko Butler Drawings Gallery was curated by Rosamund Garrett (doctoral student and temporary curatorial assistant) with support from Dr Karen Serres. It was designed to complement *Bruegel in Black and White*. The display presented the Trust's wonderful collection of drawings and prints by Bruegel with works previously attributed to him. The selection included a series of fine late-16th century drawings by the Master of the Mountain Landscapes which were long considered to be autograph. A further group of landscape drawings, by Jacob Savery (around 1565-1603), are signed 'Bruegel' and backdated. These are deliberate early forgeries, made to meet market demand for the master's work. Jacob's brother Roelandt's striking *naer het leven* or 'from life' drawings were also long thought to be by Pieter Bruegel the Elder but were most likely made in Prague when Savery was working for Emperor Rudolf II.

**Ornament by Design**

(23 April – 12 June 2016)

This display was part of a strand of programming designed specifically to increase student and faculty engagement at The Courtauld. It was organised as part of Professor Katie Scott's MA course, and involved her students working with PhD student Camilla Pietrabissa. The display presented a range of 17th and 18th century French drawings of architecture and ornament selected from the permanent collection and the holdings of the Drawing Matter Trust – a distinguished private collection of architectural drawings with which the Gallery has an established relationship. It was accompanied by an extensive online catalogue and other online resources.

**Regarding Trees**

(18 June – 25 September 2016)

'It is no exaggerated praise to call a tree the grandest, and most beautiful of all the productions of the earth.' With these words, the artist and theorist William Gilpin (1724-1804) opened his influential treatise *Remarks on Forest Scenery and other Woodland Views* (1791). This display of drawings, drawn from The Courtauld Gallery's collection, explored artists' enduring fascination with the tree. Ranging from the early sixteenth to the mid nineteenth centuries and including works by Fra Bartolommeo, Jan van Goyen, Claude Lorrain and John Constable, among others, it took the framework of Gilpin's treatise as its starting point, moving from portraits of individual trees to depictions of trees within landscapes and concluding with a selection of forest scenes.

**Confusion of Tongues: Art and the limits of Language**

(16 June – 17 July 2016)

Every year, students on The Courtauld Institute of Art's MA programme Curating the Art Museum curate an exhibition at The Courtauld Gallery, working together on all aspects of exhibition-making –

research, budget planning, interpretation and promotion. This year the exhibition in rooms 11, 11b, and 12 has been organised by students of the MA in Curating the Art Museum programme, with support from Gallery staff. It is conceived of in response to the programme of events and exhibitions in Somerset House marking the 500th anniversary of the publication of Thomas More's *Utopia*.

**Courtauld Coventry: Regional Partnerships Pilot Project**

**Degas' Dancers: A Courtauld Masterpiece** ran at the Herbert Museum and Art Gallery in Coventry from 11 March – 19 June. As the Director reports in her Introduction, this exhibition was the pilot project for the programme of partnerships with regional museums and galleries which forms an important component of Courtauld Connects. Four of these partnerships will involve loans (Coventry, Preston, Hull and Belfast). A second strand, *People and Places*, will focus on local history societies, smaller museums and FE colleges and will not principally involve loans.

*Degas' Dancers* presented the artist's 1874 masterpiece *Two dancers on a stage* alongside a large charcoal drawing from the collection and two sculptures, also of dancers. The display was arranged at one end of the Herbert's principal fine art gallery. The Herbert saw a 22% increase in visitors as a result of the exhibition. The Herbert also organised an impressive public and education programme around the project, including for families and schools. These include a 'Degas Day' and a project with Birmingham Royal Ballet.

In January the Gallery initiated a three-year cataloguing project in the drawings collection, funded by the International Music and Art Foundation (IMAF). The aims is to add new data on individual drawings to the Collections Management System, including provenance, watermarks, collectors' stamps, inscriptions, literature and exhibition history. In 2015/16 enhanced information was added for 1,290 drawings. This will be made available online as part of our primary aim to significantly extend access to the collection at a range of different levels. A digital strategy is currently being drafted for The Courtauld, of which this project will be a central plank.

**The Samuel Courtauld Trust**

The Samuel Courtauld Trust is an independent charity that owns the collection on display in The Courtauld Gallery. This year saw the gift of a suite of prints by Jasper Johns known as 'The Seasons' made between 1984 and 1991 as well as the acquisition of a rare and important group of works by Helen Saunders.

Arranged through the American Foundation for the Courtauld Institute of Art, the Jasper Johns gift comes from Barbara Bertozzi Castelli, widow of Leo Castelli, the legendary New York dealer who discovered Johns in the 1950s. This is the only set in the UK and has the particular distinction of have being presented

by Johns to Castelli and dedicated - 'To Leo' - in pencil on each sheet.

Helen Saunders (1885-1963) was at the heart of avant-garde art in London in the turbulent years before and during the First World War. As a member of the Vorticist Group, between 1912 and 1915, Saunders produced geometrically stylised and abstract works that count among the most radical and experimental made anywhere in Europe at that time. The acquisition includes ten of Saunders' Vorticist sheets – the largest surviving group anywhere.

**Immunity from seizure activity 1 August 2015 to 31 July 2016**

In January 2010, the Secretary of State granted The Courtauld Gallery approved status under Part 6 of the Tribunals Courts and Enforcement Act 2007 (for the protection of cultural objects on loan) allowing us – where necessary – to apply for immunity from seizure for objects on loan.

We have been granted protection for the following exhibition loan:

**Soaring Flight: Peter Lanyon's Gliding Paintings**

15 October 2015 – 17 January 2016

Immunity from seizure was requested for one painting by the lender, which had a fully dated history of ownership and which was produced after 1945.

It was deemed that the risk of third party claims to the works was extremely low. The research into the provenance of these works was thorough and the exhibition curator and Head of Gallery were confident that the documented provenance provided was of no cause for concern.

Therefore in keeping with our Due Diligence Policy we requested immunity from seizure for this work and the details of the work was published on the Gallery's website in accordance with the legislation.

No enquiries or claims were received about this work.

**Loans out during the period 1 August 2015 to 31 July 2016**

1 April – 13 September 2015

National Gallery, London  
*Frames in Focus: The Sansovino Frame*  
PF.1978.PG.10 Italy 16th century, Sansovino frame

6 May – 13 September 2015  
Hotel de Caumont, Aix en Provence  
*Canaletto and the Conquest of Light*  
**Canaletto**, *View from Somerset Gardens looking towards London Bridge* (D.1978.PG.131)

25 June – 26 September 2015  
Sir John Soane's Museum, London  
*In Pursuit of the Classical Ideal: Artists and the Antique*

**Natoire** *Life class at the Royal Academy of Painting and Sculpture* (D.1952.RW.3973)

30 June – 15 November 2015  
Galeria Palatina di Palazzi Pitti, Florence  
**Carlo Dolci** – *Firenze 1616-1686*  
**Dolci**, *Portrait of a Woman* (D.1952.RW.4369)

2 July – 2 November 2015  
Apsley House, London  
*Titian at Apsley House*  
**Attributed to Zelotti (after Titian)**, *Toilet of Venus* (P.1947.LF.477)

4 July - 4 Oct 2015  
Pallant House Gallery, Chichester  
*Sickert in Dieppe*  
**Sickert**, *View of Dieppe with Eglise du Pollet* (P.1982.LB.401)

16 July – 4 October 2015  
Ashmolean Museum, Oxford  
*An Elegant Society: Adam Buck, Artist in the Age of Jane Austen*  
**Buck**, *Portrait heads of three boys* (D.1952.RW.4137.1)  
**Buck**, *Two young ladies on a terrace* (D.1952.RW.3763)

1 November 2015 – 31 October 2018  
Victoria & Albert Museum, London  
Long term loan to Medieval and Renaissance Galleries  
**Master of Baroncelli Portraits**, *Saint Catherine of Bologna with three donors* (P.1947.LF.249)

22 September 2015 – 17 January 2016  
Musée d'Orsay, Paris  
19 February – 19 June 2016  
Van Gogh Museum, Amsterdam  
*Easy Virtue, Prostitution in French Art, 1850-1910*  
**Toulouse-Lautrec**, *In a Private Dining Room (At the Rat Mort)* (P.1948.SC.466)

25 September 2015 – 24 January 2016  
Gemäldegalerie, Berlin  
5 March – 10 July 2016  
Victoria & Albert Museum, London  
*The Botticelli Renaissance*  
**Giunti**, *Virgin and Child* (P.1947.LF.40)

1 October 2015 – 24 January 2016  
Capitoline Museums, Palazzo Caffarelli, Rome  
*Raphael, Parmigianino, Barocci: Dialects of the Gaze and Metaphors of Vision*  
**Parmigianino**, *Woman seated on the ground* (D.1978.PG.96)

7 October 2015 - 10 January 2016  
National Gallery, London  
*Goya: The Portraits*  
**Goya**, *Portrait of Francesco de Saavedra* (P.1947.LF.180)

11 October 2015 – 3 January 2016  
Cleveland Museum of Art  
30 January – 10 April 2016  
Royal Academy of Arts  
*Painting the Modern Garden: Monet to Matisse*  
**Bonnard**, *Blue Balcony* (P.1932.SC.33)

18 November 2015 – 3 April 2016  
Belvedere, Vienna

**Gerhard Frankl**: *Restless Frankl*, Sketch for 'View of Vienna' (D.1978.PG.293)

**Frankl**, Sketch for 'View of Vienna' (D.1978.PG.294)

18 March – 4 September 2016  
The Met Breuer, New York  
*Unfinished: Thoughts Left Visible*.  
**Perino del Vaga**, *Holy Family with Saint John the Baptist* (P.1932.XX.311)

11 March - 19 June 2016  
Herbert Art Gallery & Museum, Coventry  
*Degas' Dancers*  
**Degas**, *Two Dancers on a Stage* (P.1934.SC.89)  
**Degas**, *Dancer ready to dance, right foot forward* (S.2006.LB.1)  
**Degas**, *Dancer looking at the sole of her right foot* (S.2010.XX.1)  
**Degas**, *Two seated dancers* (D.1982.LB.14)

12 March – 5 June 2016  
Royal Academy of Arts  
*In the Age of Giorgione*  
**Attributed to Lotto**, *Portrait of a young man* (D.1978.PG.90)

18 March – 26 June 2016  
Galerie Belvedere, Winter Palace, Vienna  
*Princely Splendour: European Baroque Galleries and the Art of Order*  
**Teniers (Studio of)**, after Giovanni Battista Moroni, *Portrait of a Sculptor* (Alessandro Vittoria) (P.1978.PG.437)  
**Teniers**, after Mantegna, *Saint Sebastian* (P.1978.PG.441)  
**Teniers**, after Guido Reni, *Susannah and the Elders* (P.1978.PG.442)

26 March – 24 July 2016  
MoMA, New York  
*Edgar Degas: A Strange New Beauty*  
**Degas**, *Lady with a Parasol* (P.1978.PG.87)

24 March – 20 June 2016  
Musée du Louvre, Paris  
*A l'ombre des frondaisons d'Arcueil*  
**Oudry**, *Gardens at Arcueil* (D.1957.WF.4656)

13 May - 28 August 2016  
Tyrolean State Museum Ferdinandeum in Innsbruck  
*Only Faces? Portraits of the Renaissance*  
**Attributed to Marx Reichlich**, *Portrait of a Woman holding a Lily-of-the-Valley and a Pansy* (P.1947.LF.248)

23 May – 24 June 2016  
Daniel Katz Gallery, London  
*True and Pure - Dobson and Gill drawing from life*  
**Dobson**, *Reclining Nude* (S.1948.SC.202)

15 June – 30 September 2016  
Waddesdon Manor, The National Trust  
*Abundant Invention: Drawings by Oppenord and Meissonnier*  
**Oppenord**, *Two alternative designs for a mirror with mascarons* (D.1952.RW.3305)

11 June - 4 September 2016  
Victoria Art Gallery, Bath  
*Bloomsbury Rooms*  
**Nina Hamnett**, *Omega interior* (D.1958.PD.81)

**Duncan Grant**, *Four fold screen with Lily pond design* (F.1961.XX.1)

15 June – 30 October 2016  
Waddesdon Manor

*Abundant Invention: Drawings by Oppenord and Meissonnier*

**Oppenord**, *Two alternative designs for a mirror with mascarons* (D.1952.RW.3305)

1 July – 2 October 2016

Inigo Rooms, Somerset House

*Paths to Utopia: In Our Hands*

**Attributed to Duncan Grant/Roger Fry**, Collage (D.1958.PD.37)

**Attributed to Roger Fry**, Design with confronted peacocks (D.1958.PD.14)

Luba Dancing Mask (O.1935.RF.119)

**Omega Workshops**, Plate with overglaze geometric design (O.1958.PD.258)

**Attributed to Roger Fry**, Rug design (D.1958.PD.30)

**Roger Fry**, Self-Portrait (P.1994.XX.1)

**Roger Fry**, Still life with candle and earthenware pots (P.1958.PD.147)

**West Africa (possibly Bijogo People)**,

Wooden bowl with conical stand and handle (O.1935.RF.117)

12 July – 3 October 2016

The Frick Collection, New York

*Watteau's Soldiers: Scenes of Military Life in Eighteenth century France*

**Watteau**, *Three studies of a soldier* (D.1978.PG.217)

#### List of acquisitions for the period 1 August 2015 to 31 July 2016

##### May 2015

*Théophile Alexandre Steinlen (1859 - 1923)*,

*Portrait of Jehan Rictus, 1914 (etching)*

Gift of Dr Donato Esposito, May 2015

##### September 2015

Guercino (1591 - 1666), *Study of a Man*, c. 1635-45, pen and iron gall ink with areas of brown wash on paper

Gift of Lowell Libson in honour of Dr Stephanie Buck

##### February 2016

John Cousen (1804 - 1880) (after J M W

Turner), *St Michael's Mount, Cornwall, 1859-61*, etching and engraving

Gift of Dr Donato Esposito, February 2016

##### May 2016

Jasper Johns (b.1930), *The Seasons (Spring)*, 1987, intaglio print

Jasper Johns (b.1930), *The Seasons (Summer)*, 1987, intaglio print

Jasper Johns (b.1930), *The Seasons (Fall)*, 1987, intaglio print

Jasper Johns (b.1930), *The Seasons (Winter)*, 1987, intaglio print

Jasper Johns (b.1930), *The Seasons*, 1989, intaglio print

Jasper Johns (b.1930), *The Seasons*, 1989, intaglio print

Jasper Johns (b.1930), *Winter*, 1989, intaglio print

Jasper Johns (b.1930), *The Seasons*, 1990, intaglio print

Jasper Johns (b.1930), *Summer (Blue)*, 1991, intaglio print

Gift of Barbara Castelli via the American Friends of the Courtauld Institute of Art

##### June 2016

Helen Saunders (1885 - 1963), *Canal*, c.1913, ink on paper

Helen Saunders (1885 - 1963), *Tree*, c.1913, Watercolour, ink on paper

Helen Saunders (1885 - 1963), *Head of Blanche*, c.1913, Pencil, ink on paper

Helen Saunders (1885 - 1963), *Untitled*, c.1913, Ink and watercolour on paper

Helen Saunders (1885 - 1963), *Untitled*, c.1913, Ink and watercolour on paper

Helen Saunders (1885 - 1963), *Hammock*, c.1913-14, Black and coloured ink on paper

Helen Saunders (1885 - 1963), *Cabaret*, c.1913-14, Pencil, watercolour, gouache on paper

Helen Saunders (1885 - 1963), *Vorticist composition with bending figure*, c. 1914, Pencil and watercolour on paper

Helen Saunders (1885 - 1963), *Mother and Child with Elephant (1)*, c.1914-18, Pencil, ink on paper

Helen Saunders (1885 - 1963), *Mother and Child with Elephant (2)*, c.1914-18, Pencil, ink on paper

Helen Saunders (1885 - 1963), *Black and Khaki (?)*, (Formerly 'Study for Cannon'), c.1915, Pencil, ink, watercolour, gouache on paper

Helen Saunders (1885 - 1963), *Vorticist Composition, Yellow and Green*, c.1915, Pencil, watercolour, gouache on paper

Helen Saunders (1885 - 1963), *Vorticist Composition, Black and White*, c.1915, Ink on paper

Helen Saunders (1885 - 1963), *Black and Khaki (?)*, (Formerly 'Study for Cannon'), c.1915, Pencil, ink, watercolour, gouache on paper

Helen Saunders (1885 - 1963), *Vorticist Composition, Yellow and Green*, c.1915, Pencil, watercolour, gouache on paper

Helen Saunders (1885 - 1963), *Vorticist Composition, Black and White*, c.1915, Ink on paper

Helen Saunders (1885 - 1963), *Vorticist Composition, Blue and Green*, c.1915, Pencil, watercolour, gouache on paper

Helen Saunders (1885 - 1963), *View of L'Estaque*, c.1920s, Pencil, watercolour on paper

Helen Saunders (1885 - 1963), *Viaduct at L'Estaque*, c.1920s, Pencil, watercolour on paper

Helen Saunders (1885 - 1963), *Cement Factory at L'Estaque*, c.1920s, Pencil, watercolour on paper

Helen Saunders (1885 - 1963), *Cement Factory at L'Estaque*, c.1920s, Pencil on paper

Helen Saunders (1885 - 1963), *Cézanne's House, L'Estaque*, c.1920s, Pencil, watercolour on paper

Gift of Brigid Peppin, June 2016

Helen Saunders (1885-1963), *Vorticist Composition with Figures, Black and White*, c.1915

Purchased from Brigid Peppin by the Samuel Courtauld Trust, June 2016

#### Commercial Activities

Samuel Courtauld Trust Enterprises Limited (SCTE) operates a retail shop linked to The Courtauld Gallery. During 2015/16 the operating profit was £89,435 on turnover of £821,759. SCTE is a wholly owned subsidiary of The Courtauld and its results have been included in the consolidated financial statements for the year.

#### Philanthropy

The Courtauld is grateful to the hundreds of donors who made new philanthropic commitments in 2015/16. New gifts and pledges totalling over £8.7m were received between 1 August 2015 and 31 July. This generosity marks an increase of 40% on 2014/15 and The Courtauld is extremely grateful for this tremendous support.

Top fundraising priorities for 2015/16 included the Courtauld Connects capital project, budget-relieving support for core activities, and scholarships. Steady progress was made across each of these areas and The Courtauld's ambitions for philanthropic income will continue to expand in 2016/17. In addition to existing fundraising priorities, building the endowment will become a more overt fundraising priority from next year. This broad range of fundraising priorities will create more opportunities for the Courtauld to engage potential supporters.

2015/16 was a year of considerable transition for Development in terms of strategy, focus, personnel and team structure. As The Courtauld's ambitions for fundraising and external engagement have increased given the significant aspirations for Courtauld Connects and building the endowment, the emphasis will be on delivering an enhanced major gifts programme and driving forward more strategic alumni relations and membership programmes.

#### Public Benefit

The Courtauld 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. It is an exempt charity within the meaning of Schedule two of the Charities Act 1993 and as such is a charity within the meaning of paragraph one of Schedule six to the Finance Act 2010. It is not required to be registered as a charity with the Charity Commission but is subject to regulation by HEFCE.

The core charitable activities applied for the public benefit by The Courtauld Institute of Art are to carry out teaching, curating and research in the areas of art history and the conservation of wall and easel paintings, to operate an art gallery and to provide and maintain facilities and services in support of the principal activities.

Our strategic objectives are set out in the new Strategic Plan to 2019 and can be found on page x of this Annual Report.

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 2015/16 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 2015/16 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 2016, 138,247 of the 201,103 visitors to the Gallery received free or concessionary admission.

The BBC once again this year sought the advice and expertise of The Courtauld's Professor Aviva Burnstock, Head of the Department of Conservation and Technology, for its latest series of Fake or Fortune.

#### 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 historical research and conservation work carried out within The Courtauld.

The courses and projects on offer last year fell into four key areas:

1. Gallery Learning
2. Young People's Projects
3. Life-long Learning and Short Courses
4. Gallery Talks and Events

By building up the programme strategically over the last seven years the Public Programmes Department has developed key partnerships with schools, teachers, communities and individuals across the UK to widen participation and raise awareness of The Courtauld and its resources. Participants, students and teachers from all backgrounds tell us that The Courtauld learning programmes are unique amongst museums and galleries in London. They particularly value the scholarship and quality which underpins every level of activity and report a genuine sense of inclusion and mutual respect between participants and staff at every level.

As the leading institution for the discipline in the UK, and as one uniquely able to span and integrate all dimensions of the subject, The Courtauld has developed a specific and distinctive leadership role in addressing the poor record of widening participation in art history, a subject rarely taught in state schools. We bridge the gap between museums and higher education, raising awareness of the subject as a valuable humanities discipline, with innovative and collaborative projects and, resources for young people currently excluded from the subject.

This year 7,704 pupils visited the Gallery through our learning programme and we worked with 1,995 individuals through outreach projects in state-maintained schools and FE colleges within London and in 9 towns across the country. We also welcomed 3097 HEI students from other

universities for gallery tours

It is also worth noting that all of our short courses and study trips were oversubscribed including:

- Summer School (437 students)
- Showcasing Art History (346 students)
- Introduction to Art History & Ideas on Art (130 students)
- Study Trips (48 students)
- Exhibition Study Days (98 students)

In addition to these contributions to public value, The Courtauld also communicates and shares its distinctive qualities directly with wider audiences through the Gallery and public programmes – particularly by means of interpreted displays, temporary exhibitions, publications, events, lectures, short courses, talks and tours.

#### Courtauld 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, Morgan and 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, Georgia, Jordan and the USA.

#### 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. The Courtauld also adds direct public value to the wider community through its Gallery and collection, its lifelong learning programmes and publicly accessible research events.

#### Alumni contributions

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

Courtauld alumni play transformative roles 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.

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.

Alumni successes this year include Frances Morris (MA 1983) appointed as Director of Tate Modern, Bruce Boucher (MA 1974, PhD 1987) appointed Director of Sir John Soane's Museum and Dr Antonia Boström (BA 1979, PhD 1996) as Keeper of Sculpture, Metal, Ceramics and Glass at the V&A.

#### Environmental Policy

The Courtauld recognises that its activities have an impact upon the environment at the local, regional, national and global levels and acknowledges a responsibility for the protection of the environment and the health of its staff, students, visitors and the community. The Courtauld has developed its Environmental Policy with a view to promoting staff and student awareness of environmental issues within the Institute, including the use of energy efficient building practices, reducing the use of water and encouraging the use of public transport. The Courtauld Connects project will present an opportunity for The Courtauld to improve the efficiency of the North Block of Somerset House. Architects, Witherford Watson Mann have identified a range of environmental benefits for development.

The Carbon Reduction Commitment came into force in April 2010. It is designed to stimulate energy efficiency across the economy, including large companies, local councils, universities and other public-sector bodies. Institutions will be obliged to join its carbon – trading scheme, calculating their carbon emissions and then buying carbon credits against future emissions. The Courtauld falls below the 6,000Mw requirement to participate however with a usage of 2,300Mw. The Courtauld nevertheless seeks to reduce its energy consumption and carbon emissions. The Courtauld is committed to reducing carbon emissions and improving energy efficiency throughout its operations. The Institute has acknowledged that it needs to minimise its impacts whilst protecting the environment. This year The Courtauld worked with resource efficiency experts Sustain Ltd to develop a robust Carbon Management Plan. Sustain undertook a detailed site energy audit to identify and propose a series of carbon reduction measures. The measures detailed in the Carbon Management Plan will account for a total carbon reduction of 230 tonnes per year.

# Operating and Financial Review

#### Financial Performance

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 new Financial Reporting Standard (FRS) 102 for the first time this year. The comparative information presented for the year ended 31 July 2015 has been restated.

The main changes were the recognition of The Courtauld's share of the USS and SAUL pension deficits, recognition of grant and donation income previously deferred, recognition of previously deferred capital grants and presentational changes to movements on endowment and fixed asset investments. Details of the transition adjustments are shown in Note 29 to the financial statements.

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

	2016 £'000	Restated 2015 £'000
Income	18,263	19,260
Expenditure	17,046	16,852
Surplus before other gains and losses	1,217	2,408
(Loss) on disposal of fixed assets	(36)	-
Gain on investments	5,375	1,501
Taxation	(2)	(25)
<b>Total comprehensive income for the year</b>	<b>6,554</b>	<b>3,884</b>
Represented by		
Endowment comprehensive income for the year	5,274	3,745
Restricted comprehensive income for the year	406	2,839
Unrestricted comprehensive income for the year	874	(2,700)

The consolidated results show a total of restricted and unrestricted comprehensive income of £1,280,000 compared to of £139,000 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 underlying operating surplus for the group was £399,000 compared to an operating surplus of £1,281,000 in 2014/15.

The increase in fixed asset investments from investment income and market value gain over and above the planned redemption to support operations was £881,000, compared to a decrease of £1,142,000 in 2014/15. This was due to the higher withdrawals planned in 2014/15 to support cash flow needs and the Courtauld Connects project.

The endowment comprehensive income increased to £5,274,000 from £3,745,000 in 2014/15. This includes new donations to the endowment of £1,801,000 (2014/15 £2,507,000) as well as investment income and market value gains in excess of withdrawals of £3,473,000 (2014/15 £1,238,000).

#### Group Income

The group's income can be summarised as follows:

	2016 £'000	Restated 2015 £'000	Change %
Tuition fees and education contracts	4,580	4,031	14%
Funding body grants	3,279	2,630	25%
Research grants and contracts	1,654	949	74%
Other income	2,881	6,213	(54%)
Investment income	1,057	958	10%
Donations and endowments	4,812	4,479	7%
<b>Total income</b>	<b>18,263</b>	<b>19,260</b>	<b>(5%)</b>

Total group income for the year was £18,263,000, a decrease of 5% compared to 2014/15. Tuition fees increased by 14% due to increased fees for post-graduate study and an increase in student numbers across both undergraduate and postgraduate courses. Funding body grants increased by 25% through an increase in the HEFCE recurrent research grant following the outstanding performance in the 2014 REF. Research income increased by 74%, arising from new research grants both for academic study and to fund research project work.

Other income decreased by 54% largely due to a high level of capital grants and donations in the prior year for Courtauld Connects including a £1,000,000 agreed withdrawal from fixed asset investments. Income from the Gallery and the Gallery shop reduced compared to 2014/15 which reflected particularly popular exhibitions.

Income from donations and investments increased by 7% including donations to the endowment as noted above and an increase in other donations of 53% to £3,011,000 (2014/15 £1,972,000).

**Group Expenditure**

The group's expenditure can be summarised as follows:

	2016 £'000	Restated 2015 £'000	Change %
Staff costs	7,497	7,296	3%
Other operating expenses	8,943	8,807	2%
Depreciation	574	711	(19%)
Interest and other finance costs	32	38	(16%)
<b>Total expenditure</b>	<b>17,046</b>	<b>16,852</b>	<b>1%</b>

Total group expenditure for the year was £17,046,000, an increase of 1% compared to 2014/15. Staff costs increased by 3% driven mainly by increases in headcount. This was partially offset by a lower increase on the USS and SAUL pension liability compared to the 2014/15 charge, which reflected a step-change for the higher future deficit payments following the 2014 actuarial valuation.

Other operating expenditure remained broadly flat. In 2014/15 a provision of £928,000 was made for maintenance arising from a fabric condition survey. The 2015/16

costs included an increase in maintenance provisions of £444,000 both for continued work following the fabric condition survey and for recently identified remedial works on another part of the estate. There was also a one-off write off of £447,000 for early planning towards the Courtauld Connects project, which has now been superseded as revised plans have developed. There has been substantial progress made on the project in 2015/16 and there is greater certainty regarding the scheme design and project implementation programme.

**Gain on investments**

	2016 £'000	Restated 2015 £'000	Change %
Gain on investments	5,375	1,501	258%

The gain on investments represents the increase in market value for the fixed asset investments and endowment assets in

the year. The increase is driven by market performance for the assets held.

**Net Assets**

As at 31 July 2016 the group reported net assets of £48,908,000 compared to net assets of £42,354,000 in the prior year. This increase was driven by an increase in investments of £6,218,000 driven by donations to the endowment, investment returns and growth in market value.

Net current liabilities as at 31 July 2016 were £562,000, a reduction of 34% from £857,000 in the prior year due mainly to lower levels of deferred income carried forward to future years.

A pension fund deficit obligation provision was created on transition to FRS102 to represent The Courtauld's share of the USS and SAUL pension deficits. This represents the present value of future deficit payments and has increased during the year to £1,233,000 due to changes in market conditions. The maintenance provision made at 31 July 2015 was partially utilised during the year but has been increased at 31 July 2016 to £688,000 for further work required as noted above.

**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% passive hedging programme against exposure to the dollar and euro in the endowment and fixed asset investments. At the year end, 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 which has been recognised in the investment assets' value.

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
<b>Balance brought forward at 1 August 2015</b>	
Capital	31,175
Unapplied Total Returns	7,995
	<u>39,170</u>
Additions	1,801
Transfer from cash	63
Investment income	1,050
Increase in market value of investments held	5,375
Disposal/redemption of investments	(2,071)
Balance at 31 July	<u>45,388</u>
Represented by:	
Unit Trusts and Investments Trusts	40,909
Cash balances	5,325
Forward hedging contract creditor	(846)
	<u>45,388</u>

A more detailed analysis of the endowment funds, including a review of the most significant individual funds, can be found at notes 11 and 18 to these financial statements.

**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 our first round application to Heritage Lottery Fund had been successful, represented a major step towards the realisation of this project.

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.

**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.

**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

# 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 (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 has 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 five 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 currently being reviewed and changed; once this process is complete, a summary will be made 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 2016 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,

Marketing and Communications 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 7.

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 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 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 (ultimately a Board responsibility).

### Statement of primary responsibilities and internal financial controls

The primary responsibilities of the Governing Board are derived from the Memorandum of Assurance and Accountability with HEFCE dated July 2014 and Memorandum and Articles of Association of The Courtauld Institute of Art.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period.

In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Companies Act 2006 the Board, as directors of The Courtauld Institute of Art, are responsible for the administration and management of The Courtauld and are required to present audited financial statements for each financial year.

In addition, the terms and conditions of a Financial Memorandum between the Higher Education Funding Council for England and the Board of The Courtauld, through its designated officer, require the Institute to prepare financial statements for each financial year, which give a true and fair view of the financial position of The Courtauld and of the surplus or deficit and cash flows for that year. The designated officer for this purpose is the Director.

The directors are responsible for ensuring that income from the Higher Education Funding Council for England and grants and income for specific purposes and from other restricted funds administered by the Institute are applied for the purposes for which they were received to ensure that income has been applied, where appropriate, in accordance with the Financial Memorandum with the Higher Education Funding Council for England.

The directors are also responsible for:

1. approving and measuring progress on achieving the mission and strategy of The Courtauld Institute of Art, its long-term academic and business plans and establishing and reviewing high-level key performance indicators (KPIs).
2. delegating authority to the Director of The Courtauld for the academic, corporate, financial, estate and human resources management of the Institute; and for establishing and keeping under regular review the policies and procedures for, including any limits to be applied to, the exercise of such management functions as shall be undertaken by and under the authority of the Director.

3. ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and management, and procedures for handling internal grievances and for managing conflicts of interest.
4. ensuring that processes are in place to monitor and evaluate the performance and effectiveness of The Courtauld against plans and KPIs.
5. establishing processes to monitor and evaluate the performance and effectiveness of the Governing Board itself.
6. conducting its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. safeguarding the good name and values of the Institute.
8. appointing the Chairman of the Governing Board and its sub-committees in accordance with the terms of office established in the Memorandum.
9. appointing the Director of The Courtauld Institute of Art.
10. making such provision as it sees fit for the general welfare of the Institute's students, in consultation as appropriate with the Academic Board.
11. ensuring The Courtauld's Memorandum and Articles of Association are followed at all times and that appropriate advice is available to enable this to happen.
12. the maintenance and integrity of the Corporate and financial information included on the company's website.

# Independent Auditor's Report to the Governing Board of The Courtauld Institute of Art

(Company Registration Number: 04464432)

We have audited the financial statements of The Courtauld Institute of Art for the year ended 31 July 2016 set out on pages 26 to 49. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 it 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 Governing Board for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Governing Board and auditor

As explained more fully in the Governance Statement set out on page 22, the Governing Board (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Institute's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing

Board and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

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 2016 and of the Group's and the Institute's income and expenditure, gains and losses, changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) 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;
- 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; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

The maintenance and integrity of The Courtauld Institute of Art website is the responsibility of the Governing Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Fleur Nieboer  
**(Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP,**  
**Statutory Auditor**  
 Chartered Accountants  
 15 Canada Square  
 Canary Wharf  
 London E14 5GL  
 30 November 2016

# Consolidated and Institute Statement of Comprehensive Income and Expenditure

Year ended 31 July 2016

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 (restated)	
		Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
<b>Income</b>					
Tuition fees and education contracts	1	4,580	4,580	4,031	4,031
Funding body grants	2	3,279	3,279	2,630	2,630
Research grants and contracts	3	1,654	1,654	949	949
Other income	4	2,881	2,289	6,213	5,414
Investment income	5	1,057	1,057	958	958
<b>Total income before endowments and donations</b>		<b>13,451</b>	<b>12,859</b>	<b>14,781</b>	<b>13,982</b>
Donations and endowments	6	4,812	4,812	4,479	4,479
<b>Total income</b>		<b>18,263</b>	<b>17,671</b>	<b>19,260</b>	<b>18,461</b>
<b>Expenditure</b>					
Staff costs	7	7,497	7,148	7,296	7,003
Other operating expenses		8,943	8,727	8,807	8,440
Depreciation	10	574	560	711	696
Interest and other finance costs	8	32	31	38	38
<b>Total expenditure</b>	9	<b>17,046</b>	<b>16,466</b>	<b>16,852</b>	<b>16,177</b>
<b>Surplus before other gains, losses and share of operating surplus/deficit of joint ventures and associates.</b>		<b>1,217</b>	<b>1,205</b>	<b>2,408</b>	<b>2,284</b>
Loss on disposal of fixed assets		(36)	(36)	-	-
Gain on investments		5,375	5,375	1,501	1,501
<b>Surplus before tax</b>		<b>6,556</b>	<b>6,544</b>	<b>3,909</b>	<b>3,785</b>
Taxation		(2)	-	(25)	-
<b>Surplus for the year</b>		<b>6,554</b>	<b>6,544</b>	<b>3,884</b>	<b>3,785</b>
<b>Total comprehensive income for the year</b>		<b>6,554</b>	<b>6,544</b>	<b>3,884</b>	<b>3,785</b>
Represented by:					
Endowment comprehensive income for the year		5,274	5,274	3,745	3,745
Restricted comprehensive income for the year		406	406	2,839	2,839
Unrestricted comprehensive income for the year		874	864	(2,700)	(2,799)
		<b>6,554</b>	<b>6,544</b>	<b>3,884</b>	<b>3,785</b>
<b>Surplus for the year attributable to:</b>					
Non controlling interest		-	-	-	-
Institute		6,554	6,544	3,884	3,785
<b>Total Comprehensive income for the year attributable to:</b>					
Non controlling interest		-	-	-	-
Institute		6,554	6,544	3,884	3,785

All items of income and expenditure relate to continuing activities

# Consolidated and Institute Statement of Changes in Reserves

Year ended 31 July 2016

Consolidated	Notes	Income and expenditure account			Revaluation reserve £'000	Total excluding Non Controlling Interest £'000	Non controlling interest £'000	Total £'000
		Endowment £'000	Restricted £'000	Unrestricted £'000				
<b>Restated balance at 1 August 2014</b>	29	<b>25,375</b>	<b>1,120</b>	<b>9,746</b>	<b>2,229</b>	<b>38,470</b>	-	<b>38,470</b>
Surplus/(deficit) from the income and expenditure statement		3,745	2,839	(2,700)	-	3,884	-	3,884
Total comprehensive income for the year		3,745	2,839	(2,700)	-	3,884	-	3,884
<b>Restated balance at 31 July 2015</b>		<b>29,120</b>	<b>3,959</b>	<b>7,046</b>	<b>2,229</b>	<b>42,354</b>	-	<b>42,354</b>
Surplus/(deficit) from the income and expenditure statement		5,274	406	874	-	6,554	-	6,554
Release of restricted funds spent in year	19	-	(945)	945	-	-	-	-
Total comprehensive income for the year		5,274	(539)	1,819	-	6,554	-	6,554
<b>Balance at 31 July 2016</b>		<b>34,394</b>	<b>3,420</b>	<b>8,865</b>	<b>2,229</b>	<b>48,908</b>	-	<b>48,908</b>
<b>Institute</b>								
	Notes	Income and expenditure account	Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total		
		Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000	£'000	£'000
<b>Restated balance at 1 August 2014</b>	29	<b>25,375</b>	<b>1,120</b>	<b>9,748</b>	<b>2,229</b>	<b>38,472</b>	-	<b>38,472</b>
Surplus/(deficit) from the income and expenditure statement		3,745	2,839	(2,799)	-	3,785	-	3,785
		3,745	2,839	(2,799)	-	3,785	-	3,785
<b>Restated balance at 31 July 2015</b>		<b>29,120</b>	<b>3,959</b>	<b>6,949</b>	<b>2,229</b>	<b>42,257</b>	-	<b>42,257</b>
Surplus/(deficit) from the income and expenditure statement		5,274	406	864	-	6,544	-	6,544
Release of restricted funds spent in year	19	-	(945)	945	-	-	-	-
Total comprehensive income for the year		5,274	(539)	1,809	-	6,544	-	6,544
<b>Balance at 31 July 2016</b>		<b>34,394</b>	<b>3,420</b>	<b>8,758</b>	<b>2,229</b>	<b>48,801</b>	-	<b>48,801</b>

# Consolidated and Institute Balance Sheet

As at 31 July 2016

	Notes	As at 31 July 2016		As at 31 July 2015 (restated)	
		Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
<b>Non-current assets</b>					
Fixed assets	10	6,468	6,445	6,688	6,653
Investments	11	45,388	45,388	39,170	39,170
		<b>51,856</b>	<b>51,833</b>	<b>45,858</b>	<b>45,823</b>
<b>Current assets</b>					
Stock	12	126	5	123	1
Trade and other receivables	13	962	1,041	771	896
Cash and cash equivalents	20	1,585	1,478	1,745	1,610
		<b>2,673</b>	<b>2,524</b>	<b>2,639</b>	<b>2,507</b>
Less: Creditors: amounts falling due within one year	14	(3,235)	(3,174)	(3,496)	(3,430)
<b>Net current (liabilities)/assets</b>		<b>(562)</b>	<b>(650)</b>	<b>(857)</b>	<b>(923)</b>
<b>Total assets less current liabilities</b>		<b>51,294</b>	<b>51,183</b>	<b>45,001</b>	<b>44,900</b>
Creditors: amounts falling due after more than one year	15	(461)	(461)	(600)	(600)
<b>Provisions</b>					
Pension provisions	16	(1,233)	(1,233)	(1,115)	(1,115)
Other provisions	16	(692)	(688)	(932)	(928)
<b>Total net assets</b>		<b>48,908</b>	<b>48,801</b>	<b>42,354</b>	<b>42,257</b>
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment reserve	18	34,394	34,394	29,120	29,120
Income and expenditure reserve – restricted reserve	19	3,420	3,420	3,959	3,959
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		8,865	8,758	7,046	6,949
Revaluation reserve		2,229	2,229	2,229	2,229
<b>Total reserves</b>		<b>48,908</b>	<b>48,801</b>	<b>42,354</b>	<b>42,257</b>

The notes on pages 35 to 49 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 30 November 2016 and were signed on its behalf by



James Hughes-Hallett  
Chairman of the Governing Board



Professor Deborah Anne Swallow  
Marit Rausing Director

# Consolidated Cash Flow

Year ended 31 July 2016

Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 (restated) £'000
<b>Cash flow from operating activities</b>		
Surplus for the year	<b>6,556</b>	<b>3,909</b>
<b>Adjustment for non-cash items</b>		
Depreciation	10	574
Write off of Courtauld Connects work in progress	10	447
Decrease/(increase) in stock	12	(3)
Decrease/(increase) in debtors	13	(191)
Increase/(decrease) in creditors	14	(300)
Increase/(decrease) in pension provision	16	100
Increase/(decrease) in other provisions	16	(240)
<b>Adjustment for investing or financing activities</b>		
Investment income	5	(1,057)
Interest payable	8	32
Gain on investments		(5,375)
New endowment donations	11	(1,801)
Loss on the sale of fixed assets		36
<b>Net cash inflow from operating activities</b>	<b>(1,222)</b>	<b>(148)</b>
<b>Cash flows from investing activities</b>		
Withdrawal of investments		2,071
Investment income	5	7
Payments made to acquire fixed assets	10	(837)
Transfers from cash to fixed asset investments	11	(63)
		<b>1,178</b>
<b>Cash flows from financing activities</b>		
Interest paid	8	(14)
Repayments of amounts borrowed	17	(200)
New unsecured loans	17	48
New finance lease obligation	23	50
		<b>(116)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	<b>(160)</b>	<b>450</b>
<b>Cash and cash equivalents at beginning of the year</b>	20	1,745
<b>Cash and cash equivalents at end of the year</b>	20	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 2016. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

Associated companies and joint ventures are accounted for using the equity method.

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 Institute's business activities and plans for the future are set out in the Strategic Report on page 8. 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 Institute 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 Income and Comprehensive 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.

Grants (including research grants) from non-government sources are recognised in income when the Institute is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

#### 5. 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 reserve until such time as they are applied by the Institute and a transfer is made to unrestricted reserves.

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 retained within the endowment reserve.

#### 6. Capital Grants

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

#### 7. 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.

#### 8. Pension Schemes

The Courtauld Institute of Art participates in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London ("SAUL").

Throughout the current and preceding periods, the USS was a defined benefit only pension scheme which was contracted out of the State Second Pension (S2P) until 31 March 2016. 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 career 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. 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 Institute has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution 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.

#### 9. 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 Institute expects to pay as a result of the unused entitlement.

#### 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.

Land and buildings are depreciated over their useful economic life as follows:

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 valued at £3,082,000 are capitalised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. All such assets 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.

#### 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.

#### 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.

**21. Transition to 2015 SORP**

The Institute is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the Institute is provided in note 29.

# Notes to the Financial Statements

**1. Tuition fees and education contracts**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
UK Higher Education students	2,128	2,128	2,050	2,050
European Union (EU) (excluding UK) students	643	643	373	373
Non-EU students	1,765	1,765	1,545	1,545
Other education income	44	44	63	63
	<b>4,580</b>	<b>4,580</b>	<b>4,031</b>	<b>4,031</b>

**2. Funding body grants**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
HEFCE recurrent grants	3,119	3,119	2,575	2,575
Higher Education Funding Council other grants	160	160	55	55
	<b>3,279</b>	<b>3,279</b>	<b>2,630</b>	<b>2,630</b>

**3. Research grants and contracts**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Research Councils	564	564	197	197
UK based charities	409	409	125	125
EU Charity	232	232	64	64
Other grants and contracts	449	449	563	563
	<b>1,654</b>	<b>1,654</b>	<b>949</b>	<b>949</b>

**4. Other income**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Other capital grants	38	38	2,717	2,717
The Courtauld Gallery- admissions and events	750	750	1,057	1,057
SCT Enterprises Ltd (The Gallery Shop)	785	193	1,063	264
Residences and accommodation	652	652	666	666
Other income	656	656	710	710
	<b>2,881</b>	<b>2,289</b>	<b>6,213</b>	<b>5,414</b>

**5. Investment income**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Investments income on endowments	784	784	673	673
Investment income on general reserves	266	266	282	282
Other investment income	7	7	3	3
Net return on investments	<b>1,057</b>	<b>1,057</b>	<b>958</b>	<b>958</b>

The investment income on general reserves in 2014/15 excludes £1m released from fixed asset investments as a capital grant for the Courtauld Connects project and included within Other capital grants in Note 4.

## 6. Donations and endowments

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
New endowments	1,801	1,801	2,507	2,507
Donations with restrictions	1,289	1,289	777	777
Unrestricted donations	1,722	1,722	1,195	1,195
	4,812	4,812	4,479	4,479

## 7. Staff costs

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Salaries	6,048	5,742	5,671	5,410
Social security costs	556	533	504	485
Movement on USS and SAUL provision	160	160	494	494
Other pension costs	733	713	627	614
	7,497	7,148	7,296	7,003

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Emoluments of the Director:				
Salary	189	189	187	187
Pension contributions to USS	20	20	30	30
	209	209	217	217

Remuneration of other higher paid staff, excluding employer's pension contributions was:

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated No	Institute No	Consolidated No	Institute No
£120,000 to £129,999	0	0	1	1
£130,000 to £139,999	1	1	0	0
£180,000 to £189,999	1	1	1	1
	2	2	2	2

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated No	Institute No	Consolidated No	Institute No
Teaching departments	38	38	34	34
Gallery & Libraries	23	23	21	21
Administration and central services	52	52	50	50
Premises	5	5	5	5
Other	14	-	14	-
	132	118	124	110

## 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 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Key management personnel compensation	755	755	844	844

## 8. Interest and other finance costs

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Loan interest	14	13	17	17
Net charge on pension scheme	18	18	21	21
	32	31	38	38

## 9. Analysis of total expenditure by activity

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
Teaching departments	5,515	5,515	5,016	5,016
Academic information services	647	684	689	689
Gallery	1,558	1,713	1,778	1,778
Administration and central services	4,536	4,536	4,519	4,519
Premises costs	2,270	2,270	2,216	2,216
Planned maintenance	287	287	431	431
Maintenance provision	445	445	928	928
Courtauld Connects including write-off of previously capitalised work in progress	577	577	-	-
Other income generating activities - Institute	439	439	600	600
Other income generating activities - subsidiaries	772	-	675	-
	17,046	16,466	16,852	16,177

Other operating expenses include:

External auditors remuneration in respect of audit services	65	47
External auditors remuneration in respect of non-audit services	29	3
Operating lease rentals		
Land and buildings	1,073	1,001
Foreign currency exchange loss/(gain)	22	(29)

**10 Fixed Assets**

Consolidated	Leasehold land and buildings	Rare books and artefacts	Computer equipment	General equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 31 July 2015	5,676	3,082	1,201	2,135	12,094
Additions	640	-	127	70	837
Write off of Courtauld Connects work in progress	(447)	-	-	-	(447)
Disposals	(1,658)	-	(465)	(1,046)	(3,169)
At 31 July 2016	4,211	3,082	863	1,159	9,315
<b>Depreciation</b>					
At 31 July 2015	2,803	-	1,013	1,590	5,406
Charge for the year	342	-	98	134	574
Disposals	(1,627)	-	(464)	(1,042)	(3,133)
At 31 July 2016	1,518	-	647	682	2,847
<b>Net book value</b>					
At 31 July 2016	2,693	3,082	216	477	6,468
At 31 July 2015	2,873	3,082	188	545	6,688
Institute	Leasehold land and buildings	Rare books and artefacts	Computer equipment	General equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost and valuation</b>					
At 31 July 2015	5,676	3,082	1,188	1,960	11,906
Additions	640	-	127	67	834
Write off of Courtauld Connects work in progress	(447)	-	-	-	(447)
Disposals	(1,658)	-	(464)	(1,046)	(3,168)
At 31 July 2016	4,211	3,082	851	981	9,125
<b>Depreciation</b>					
At 31 July 2015	2,803	-	1,003	1,447	5,253
Charge for the year	342	-	96	122	560
Disposals	(1,627)	-	(464)	(1,042)	(3,133)
At 31 July 2016	1,518	-	635	527	2,680
<b>Net book value</b>					
At 31 July 2016	2,693	3,082	216	454	6,445
At 31 July 2015	2,873	3,082	185	513	6,653

**11. Investments**

Consolidated and Institute	2016 £'000	2015 £'000
<b>Fixed asset investments</b>		
Balance brought forward at 1 August	10,050	11,192
Transfers from cash	63	-
Investment income	266	282
Increase in market value of investments held	1,364	740
Disposal/redemption of investments	(749)	(2,164)
Balance at 31 July	10,994	10,050
<b>Represented by:</b>		
Unit Trusts and Investment Trusts	9,909	9,062
Cash balances	1,290	988
Forward hedging contract creditor	(205)	-
	10,994	10,050
<b>Endowment assets</b>		
Balance brought forward at 1 August		
Capital	22,563	19,341
Unapplied Total Returns	6,557	6,034
	29,120	25,375
Additions (note 18)	1,801	2,601
Movement on CIA Fund restricted reserves	-	(94)
Investment income	784	673
Increase in market value of investments held	4,011	1,761
Disposal/redemption of investments	(1,322)	(1,196)
Balance at 31 July	34,394	29,120
<b>Represented by:</b>		
Unit Trusts and Investment Trusts	31,000	26,258
Cash balances	4,035	2,862
Forward hedging contract creditor	(641)	-
	34,394	29,120
<b>Total investment assets</b>		
	45,388	39,170
<b>Represented by:</b>		
Unit Trusts and Investment Trusts	40,909	35,321
Cash balances	5,325	3,849
Forward hedging contract creditor	(846)	-
	45,388	39,170

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 £45.388m at 31 July 2016. (31 July 2015: £39.170m).

The Courtauld operates a passive 50% hedging programme against exposure to the dollar and euro in the endowment and fixed asset investments. At the year end date there was a liability on the forward hedging contract of £846,000 which has been recognised in the investment assets' value. Of the liability, £485,000 was settled in October 2016 and the balance is due for settlement in January 2017.

**12. Stock**

	2016 Consolidated £'000	2016 Institute £'000	2015 Consolidated £'000	2015 Institute £'000
Finished goods	126	5	123	1

**13. Trade and other receivables**

	2016 Consolidated £'000	2016 Institute £'000	2015 Consolidated £'000	2015 Institute £'000
Amounts falling due within one year:				
Trade and student debtors	215	213	268	263
Amounts due from subsidiary undertakings	-	102	-	150
Taxation and VAT recoverable	153	153	110	110
Other accrued revenue	313	313	242	228
Other debtors	26	26	27	26
Prepayments	282	261	134	129
	989	1,068	781	906
Less provision for doubtful debts	(27)	(27)	(10)	(10)
	962	1,041	771	896

**14. Creditors: amounts falling due within one year**

	2016 Consolidated £'000	2016 Institute £'000	2015 Consolidated £'000	2015 Institute £'000
Bank loan	200	200	200	200
Energy efficiency loans programme	12	12	-	-
Obligations under finance leases	25	25	-	-
Trade creditors	662	627	484	480
Amounts due to subsidiary undertakings	-	6	-	1
Social security and other taxation payable	174	158	183	142
Accruals and deferred income	2,158	2,142	2,626	2,604
Other creditors	4	4	3	3
	3,235	3,174	3,496	3,430

**Accruals and Deferred income**

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

	2016 Consolidated £'000	2016 Institute £'000	2015 Consolidated £'000	2015 Institute £'000
Donations	837	837	1,125	1,125
Research grants received on account	126	126	185	185
Grant income	115	115	264	264
	1,078	1,078	1,574	1,574

**15. Creditors: amounts falling due after more than one year**

	2016 Consolidated £'000	2016 Institute £'000	2015 Consolidated £'000	2015 Institute £'000
Obligations under finance leases	25	25	-	-
Unsecured Bank loan	400	400	600	600
Energy efficiency loans programme	36	36	-	-
	461	461	600	600
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 14)	212	212	200	200
Due between one and two years	212	212	200	200
Due between two and five years	224	224	400	400
Due after more than one year	436	436	600	600
Total secured and unsecured loans	648	648	800	800

**16. Provisions for liabilities**

Consolidated	Obligation to fund deficit on USS & SAUL Pensions £'000	Maintenance Provisions £'000	Deferred tax £'000
At 1 August 2015	1,115	928	4
Utilised in year	(60)	(684)	-
Additions in 2015-16	160	444	-
Pension interest charge in the year	18	-	-
At 31 July 2016	<b>1,233</b>	<b>688</b>	<b>4</b>
Institute	Obligation to fund deficit on USS & SAUL Pensions £'000	Maintenance Provisions £'000	
At 1 August 2015	1,115	928	
Utilised in year	(60)	(684)	
Additions in 2015-16	160	444	
Pension interest charge in the year	18	-	
At 31 July 2016	<b>1,233</b>	<b>688</b>	

**Maintenance provision**

The Maintenance provision was made as a result of a condition survey that was completed in 2014/15 and has been updated in 2015/16 for remaining works. A further Maintenance provision has been added in 2015/16 relating to works required on another part of the estate. An insurance claim for lost rental income due to the maintenance required was settled after the year end at £44,000. £29,000 was recognised as income in the year ended 31 July 2016 for the element of the claim related to that period.

**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 service. 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.

## 17. Financial assets and liabilities

	2016			2015		
	Current	Non-current	Total	Current	Non-current	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>						
Investments	-	45,388	45,388	-	39,170	39,170
Trade and other receivables	367	-	367	378	-	378
Cash	1,585	-	1,585	1,745	-	1,745
	<u>1,952</u>	<u>45,388</u>	<u>47,340</u>	<u>2,123</u>	<u>39,170</u>	<u>41,293</u>
<b>Financial liabilities</b>						
Bank loan	(200)	(400)	(600)	(200)	(600)	(800)
Energy efficiency loans programme	(12)	(36)	(48)	-	-	-
Obligations under finance leases	(25)	(25)	(50)	-	-	-
Trade and other payables	(488)	-	(488)	(302)	-	(302)
	<u>(725)</u>	<u>(461)</u>	<u>(1,186)</u>	<u>(502)</u>	<u>(600)</u>	<u>(1,102)</u>
<b>Total financial assets/(liabilities)</b>	<u>1,227</u>	<u>44,927</u>	<u>46,154</u>	<u>1,621</u>	<u>38,570</u>	<u>40,191</u>

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 the year 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 enduring 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 Investments 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 enduring 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 Investments 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.

## 18. Endowment Reserves

Consolidated and Institute	Permanent Restricted	Permanent Unrestricted	Total Permanent	Total Expendable Restricted	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2015						
Capital	9,876	7,831	17,707	4,856	22,563	19,919
Unapplied Total Returns	1,685	4,872	6,557	-	6,557	5,456
	<u>11,561</u>	<u>12,703</u>	<u>24,264</u>	<u>4,856</u>	<u>29,120</u>	<u>25,375</u>
Received in the year (note 6)	1,710	-	1,710	91	1,801	2,601
Movement on CIA Fund Restricted Reserves	-	-	-	-	-	(94)
Investment income	318	337	655	129	784	673
Gains in market value	1,629	1,723	3,352	659	4,011	1,761
Total returns transferred to income & expenditure account	(1,947)	(2,060)	(4,007)	(788)	(4,795)	(2,434)
Unapplied total returns retained in endowment reserves	1,402	1,589	2,991	482	3,473	1,238
	<u>14,405</u>	<u>14,602</u>	<u>29,007</u>	<u>5,374</u>	<u>34,381</u>	<u>26,612</u>
At 31 July 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
	<u>14,673</u>	<u>14,292</u>	<u>28,965</u>	<u>5,429</u>	<u>34,394</u>	<u>29,120</u>
<b>Representing</b>						
Fellowships and scholarships funds	465	248	713	2,058	2,771	2,488
Prizes funds	1,859	-	1,859	-	1,859	1,694
Chairs and lectureships funds	9,058	-	9,058	2,045	11,103	8,402
Other funds	3,291	14,044	17,335	1,326	18,661	16,536
	<u>14,673</u>	<u>14,292</u>	<u>28,965</u>	<u>5,429</u>	<u>34,394</u>	<u>29,120</u>

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 & Expenditure Account, to cover any residual operating deficit of the Institute.

The Institute operates a total returns policy in respect of its permanent endowment. 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 unrestricted 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	The Garfield Weston Foundation	The Deborah Loeb Brice Foundation	The Robert HN Ho Family Foundation
	£'000	£'000	£'000	£'000
At 1 August 2015				
Capital	5,000	1,000	2,026	1,876
Unapplied Total Returns	3,554	810	293	(2)
	<u>8,554</u>	<u>1,810</u>	<u>2,319</u>	<u>1,874</u>
Additions	-	-	252	625
Investment income	227	48	63	57
Gains in market value	1,160	246	321	290
Total Returns transferred to income & expenditure account	(227)	(48)	(63)	(57)
Unapplied total returns retained in endowment reserves	(114)	23	(28)	(27)
	<u>9,590</u>	<u>2,079</u>	<u>2,861</u>	<u>2,715</u>
At 31 July 2016				
Capital	5,000	1,000	2,278	2,501
Unapplied Total Returns	3,440	833	265	(29)
	<u>8,440</u>	<u>1,833</u>	<u>2,543</u>	<u>2,472</u>

**19. Restricted Reserves**

	Unspent capital grants £'000	Donations £'000	CIAF Reserves £'000	2016 Total £'000
Balances at 1 August 2015	2,770	1,139	50	3,959
New grants	38	-	-	38
New donations	-	1,289	-	1,289
Investment income				
Capital grants utilised	(945)	-	-	(945)
Expenditure	-	(921)	-	(921)
	(945)	(921)	-	(1,866)
At 31 July 2016	1,863	1,507	50	3,420

	2016 Total £'000
<b>Analysis of other restricted funds / donations by type of purpose:</b>	
Scholarships	160
Funded Posts	14
Gallery	377
General	956
	1,507

**20. Cash and cash equivalents**

Consolidated	At 1st August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
Cash and cash equivalents	1,745	(160)	1,585

**21. Capital and other commitments**

Consolidated and Institute	2016 £'000	2015 £'000
Provision has not been made for the following capital commitments at 31 July 2016:		
Commitments contracted for	106	-
	106	-

The commitment relates to digitisation of some of the content of the Witt Library.

**22. Lease obligations**

Consolidated and Institute	2016 £'000	2015 £'000
Total rentals payable under operating leases:		
Payable during the year	1,073	1,001
Future minimum lease payments due:		
Not later than one year	1,096	1,073
Later than one year and not later than five years	2,161	2,079
Later than five years	2,009	2,533
Total lease payments due	5,266	5,685

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.

**23. Finance leases**

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 2016 was £83,000.

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

Consolidated and Institute	2016 £'000	2015 £'000
Not later than one year	25	-
Later than one year and not later than five years	25	-
Later than five years	-	-
	50	-

**24. Related party transactions**

During the year, the Institute paid £144,000 (2014-15 £148,000) 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 £191,987 for the provision of admissions and image services (2014/15 £135,771) and SCTE paid the Institute £65,000 for the use of space within The Courtauld and the provision of accounting services (2014/15 £65,000). At the end of the year, SCTE accrued a gift aid payment to the Institute of £100,000 (2014/15 £100,000).

During the year the Institute received donations from Andrew Adcock of £1,000 (2014/15 £500), Professor Geoffrey Crossick of £100 (2014/15 £-), Dr James Cuno £1,211 (2014-15 £-), Dr John Garcia of £550,000 (2014/15 £-) Dr Martin Halusa of £5,000 (2014/15 £1,095,000), James Hughes-Hallett of £2,000 (2014/15 £7,250), Daniella Luxembourg of £5,000 (2014/15 £-) and Professor Deborah Swallow of £1,250 (2014/15 £27,762). 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 (2014/15: £Nil).

**25. Controlling party**

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



## 26. 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 are defined-benefit schemes contracted out of the State Second Pension (S2P) until 31 March 2016, the assets of which 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 2016 £'000	Year Ended 31 July 2015 £'000
USS	785	986
SAUL	88	122
	873	1,108

SCT Enterprises Limited contributes to defined contribution schemes administered on behalf of the company by Halifax Life and Scottish Life. The costs charged to expenditure in the period of £20,000 (2015: £13,000) represent the full amount payable for the period.

### (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), the institution 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.

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:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

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:

	2016	2015
Males currently aged 65	24.3	24.2
Females currently aged 65	26.5	26.4
Males currently aged 45	26.4	26.3
Females currently aged 45	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

### (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 due to be reviewed at SAUL's next formal valuation in 2017.

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:

	<b>31 March 2014</b>
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 males/-0.4 years females
Future improvements	CMI_2013 (1.5%)

## 27. 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.

## 28. Events after the end of the reporting period

The Courtauld operates a 50% passive hedging programme against exposure to the dollar and euro in the endowment and fixed asset investments. At the year end date there was a liability on the forward hedging contract of £846,000 which has been recognised in the investment assets' value. Of this liability, £485,000 was settled in October 2016 and the balance is due for settlement in January 2017. Since the year end the value of sterling against the dollar has declined and consequently the hedge liability has moved significantly and the balance due for settlement in January 2017 has increased to £707,000 as at 18 November 2016. It should be noted that this is a 50% passive hedging programme and that the currency gains on the underlying assets will be greater than the increase in the hedge liability.

## 29. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the Institute's first financial statements prepared in accordance with FRS 102 and the 2015 SORP. The accounting policies set out on pages 31-34 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2015. In preparing its FRS 102, SORP based Statement of Financial Position, the Institute has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the Institute's financial position, financial performance and cash flows is set out in the following tables.

Restatement of opening financial position	1 August 2014		31 July 2015	
	Consolidated £'000	Institute £'000	Consolidated £'000	Institute £'000
<b>Total reserves under 2007 SORP</b>	38,375	38,372	42,650	42,549
Recognise USS and SAUL pension provision	i	(698)	(698)	(1,115)
Recognise deferred income	iii	1,173	1,173	1,256
Spread lease rentals over the life of the lease	iv	(273)	(273)	(328)
Employee leave accrual	v	(102)	(102)	(105)
Recognise additional deferred tax liability	vi	(5)	-	(4)
<b>Total effect of transition to FRS 102</b>		95	100	(296)
<b>Total reserves under 2015 SORP at 1 August 2014 and 1 August 2015</b>		38,470	38,472	42,354
				42,257

Financial performance	Year ended 31 July 2015	
	Consolidated £'000	Institute £'000
<b>Deficit for the year retained under 2007 SORP</b>	469	370
Recognise additional USS and SAUL pension provision	i	(396)
Recognise USS and SAUL interest charge for the year	i	(21)
Deferred capital grants released to restricted and unrestricted reserves	ii	2,442
Recognise deferred income	iii	83
Spread lease rentals over the life of the lease	iv	(55)
Employee leave accrual	v	(3)
Movement on revaluation of fixed asset investments previously taken through revaluation reserve	vi	(1,142)
Donations to endowment previously taken through endowment reserves	vi	2,507
<b>Total effect of transition to FRS 102</b>	3,415	3,415
<b>Total comprehensive income for the year under 2015 SORP</b>	3,884	3,785

There is no impact of the transition to FRS 102 on the cash flows of the Institute or the Group.

### FRS 102 adjustments

- The pension liability, interest and actuarial losses have been recognised for the multi-employer schemes, USS and SAUL, in which The Courtauld participates.
- Deferred capital grants have been released to restricted or unrestricted reserves in line with the terms of the grant.
- Deferred income has been recognised to the income statement where no performance conditions exist.
- A lease rental charge has been adjusted to the average annual rental over the 15 year period to the break clause and a liability has been recognised to reflect that the charges in the early years are lower than those in the later years.
- An annual leave accrual has been recognised to reflect the liability for outstanding annual leave earned but not taken by employees at the year end date.
- These changes are presentational as the revaluation of fixed asset investments and donations to the endowment are recognised in the total comprehensive income under the 2015 SORP but were previously taken directly to reserves.

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