

The Association of Commonwealth Universities

Annual report and financial statements

31 July 2010

Charity Registration No. 314137

The Association of Commonwealth Universities
Annual report and financial statements 2010

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The Association of Commonwealth Universities

Officers and professional advisers

Council members

Chair:	Dr Theuns Eloff (North-West University, South Africa) *
Vice-Chair:	Professor Eon Nigel Harris (University of the West Indies) *
Honorary Treasurer:	Professor James McWha (University of Adelaide, Australia) *
Other members:	Professor N M Bhebe (Midlands State University, Zimbabwe) Baroness Tessa Blackstone (University of Greenwich, UK) Professor Peter Coaldrake (Queensland University of Technology, Australia) Professor Pran Gopal Datta (Sheikh Mujib Medical University, Bangladesh) Sir Graeme Davies (University of London, UK) Dr H M Desai (Dharmsinh Desai University, India) Professor Dzulkifli Abdul Razak (University of Science, Malaysia) Professor Roger Field (Lincoln University, New Zealand) Professor Dr. Saeeda Asadullah Khan (Fatima Jinnah Women University, Pakistan) Professor Malik Ranasinghe (University of Moratuwa, Sri Lanka) Dr G Subramanyam (Sri Venkateswara Institute of Medical Sciences) Professor M D Tiwari (Indian Institute of Information Technology, India) Professor Lap-Chee Tsui (University of Hong Kong)

Remuneration Committee members are indicated * above

Audit Committee members

Chair:	Sir Graeme Davies (University of London, UK)
Other members:	Mr Dick Coldwell (independent member) Professor Dr Saeeda Asadullah Khan (Fatima Jinnah Women University, Pakistan)

The above lists are as at 16 November 2010.

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Officers and professional advisers - continued

Secretary General

Professor John Tarrant DL (to 30 June 2010)
Professor John Wood CBE FREng (from 1 July 2010)

Principal place of business

Woburn House
20-24 Tavistock Square
London WC1H 9HF

Bankers

National Westminster Bank plc
PO Box 83
Tavistock House
Tavistock Square
London WC1H 9XA

Investment managers

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA

Investment custodians

The Bank of New York – London branch
1 Canada Square
London E14 5AL

Auditors

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

The Association of Commonwealth Universities

Council's Report

Status

The Association of Commonwealth Universities (ACU) is a voluntary society, founded in 1913, which is registered in England & Wales as a charity, number 314137, and is controlled by its member institutions through an elected Council (the 'Council').

The ACU was granted its Royal Charter in 1963 and is currently governed by the Royal Charter, Bye-Laws and Regulations dated 17 June 1963 and last amended on 13 October 2010.

Current membership numbers 527 in 37 countries and we are expanding to be fully representative of the range of public and private universities throughout the Commonwealth. Our universities share Commonwealth values, including freedom of expression, a common language and many similarities in organisation and management. The ACU forms an extensive network to facilitate internationalisation and for a sharing of problems, solutions and best practice across a variety of higher education environments.

Mission, objectives and activities

The ACU's mission is working with our members to promote and contribute to the provision of excellent higher education for the benefit of all people throughout the Commonwealth. This mission has driven the ACU's support for its members for nearly 100 years. It was established as a Bureau in January 1913, following a Congress organised in London in July 1912. That Congress accepted the need that, "universities, engaged in a common task, lack the means for a common and concerted effort, for the comparison of experience, and for the ready exchange of ideas." To remedy this, the proposed Bureau, "should be created by the universities themselves and remain under their exclusive control." The reason for the Bureau's creation, and its governing principle of university ownership, remains in place now.

Thus the ACU's overall objective is to improve the quality of higher education for millions of students across the Commonwealth.

Public benefit

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit. In very broad terms, the people of the Commonwealth (and some other countries) benefit from the ACU's support for the extension and improvement of higher education through our member institutions and our administrative or research work. Our charitable objects for the public benefit (as expressed in our Royal Charter) and the activities which achieve them are as follows:

To collect and distribute information on matters of interest to the Universities of the Commonwealth

To arrange conferences and congresses and otherwise to facilitate communication and the interchange of information between Commonwealth Universities and between them and the Governments and other public bodies, learned institutions and societies of the Commonwealth and the Governments, Universities and corresponding bodies in foreign countries

The ACU's large international network allows members to share concerns, information and best practice and to benchmark themselves against the performance of others. Where members wish the ACU will speak on their behalf on matters of concern to higher education.

The *Bulletin* is published quarterly and distributed free to members. It contains news of forthcoming events, the activities of the ACU and other articles relevant to higher education in the Commonwealth.

The ACU undertakes policy analysis and research which is focused on the "big issues" of importance to Vice-Chancellors and Presidents. This analysis and research is distributed through a regular e-mail (VC-Net) and published reports (eg, *Working in Tandem*, an ACU membership consultation on issues and challenges facing member institutions).

The accounts include the Observatory for Borderless Higher Education, a joint initiative of the ACU and Universities UK. The Observatory's primary purpose is to provide strategic information to enable policy-makers and organisation leaders to make informed decisions relevant to their existing and / or future transnational higher education initiatives.

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OBHE's agenda focuses on strategic topics that have current or future relevance to transnational higher education. Meetings and research reports provide in-depth analysis of developments, trends and challenges in borderless higher education, and by synthesising the latest international developments, assess their wider implications for policy-makers and institutional administrators.

In addition to producing original in-house research, OBHE commissions external experts from around the world to author reports with specific national, regional and / or international perspectives. In the year ended 31 July 2010 reports produced included:

- *International Branch Campuses: Markets and Strategies* (1 September 2009)
- *Joint and Double Degree Programmes in Latin America: Patterns and Trends* (22 September 2009)
- *The Virtual University for the Small States of the Commonwealth* (15 October 2009)
- *Foreign Provision of Higher Education in India: Legal Issues and Practices* (20 November 2009)
- *Modelling TNE Directions in Asia* (15 December 2009)
- *Understanding Student Recruitment in Mainland China: A Case Study* (15 January 2010)
- *Inside Education City: The Persistent Demographic & Gender Imbalance in Qatar* (25 February 2010)
- *Australian TNE Programmes in Southeast Asia: The Student Perspective* (16 April 2010)
- *The Changing Fortunes of Australian Transnational Higher Education* (24 June 2010)

However, a review of the operation of OBHE led the ACU and OBHE's joint founder, Universities UK, to conclude that its future development was better placed outwith the structure of the ACU. Therefore it was sold to International Graduate Insight Group on 2 August 2010. The sale is accounted for in the financial year to 31 July 2010.

The ACU has established six professional networks for staff within universities:

- professional human resource managers
- research managers
- librarians and information managers
- public relations, marketing & communications managers
- staff working in the sectors of careers and employability
- "reachout" managers

These networks organise conferences, exchange knowledge and publish newsletters and magazines. Other details of the network activities can be found on the ACU website – www.acu.ac.uk.

The ACU regularly organises major international conferences for Executive Heads of its members and other professional groups in the higher education sector. A conference of Executive Heads was held in Cape Town in April 2010 *Universities and the Millennium Development Goals*. A Conference Statement recommended that future development goals, at national and international levels, explicitly recognise the role of higher education. Further details are available on the ACU's website (www.acu.ac.uk)

The ACU also arranges workshops and professional development activity – eg in conjunction with the Indian University Grants Commission, a two day conference in New Delhi in November 2009 on the use of human resource management techniques in Indian universities.

In delivering all these services and activities, the ACU enables those in positions of academic and management authority in member institutions and beyond, to extend and improve the higher education available to the general public, primarily in Commonwealth countries.

To facilitate the interchange of students and teachers between Commonwealth Universities and between them and the Universities of foreign countries

The ACU actively encourages student mobility by administering prestigious scholarship schemes, including those of the Commonwealth Scholarship Commission in the UK, the Marshall Aid Commemoration Commission and the Commonwealth Universities Study Abroad Consortium.

The ACU has accumulated a substantial endowment fund, the income of which is used to provide grants to individual employees or nominees of member institutions to support international mobility for conference attendance, collaborative work, research or other professional and institutional development. The majority of grants made provide opportunities for those who could not otherwise afford them.

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In designing and / or administering the selection processes for all these awards, the ACU is careful to avoid bias or discrimination against minority groups, ensuring that all segments of the public have equal access to the benefits they bring.

The ACU also administers a number of schemes, funds and entities which have links with higher education, including the Staff and Educational Development Association, the Heads of Educational Development Group, and the International Consortium for Educational Development.

The ACU has a substantial role in encouraging the contribution of higher education in development. We are partners, with DfID and the British Council, in DeLPHE which encourages research and teaching links between North and South universities.

These activities bring to the public of the relevant countries opportunities to further their experience of higher education, thus enriching their own lives and also benefitting the countries and communities from which they come.

To print, publish and circulate handbooks, periodicals, circulars, leaflets and other publications with a view to making known and to furnishing and disseminating information about and encouraging interest in the objects, work and activities of the Association in any part of the world, and generally in connection with the carrying out of its objectives

In a world where there are an increasing number of bogus "universities", membership of the ACU provides an opportunity for *bona fide* institutions, approved by their governments to offer a range of higher education qualifications, to promote themselves and advertise teaching and research opportunities.

Members can promote their opportunities for national and international student study through the Coursefinder. This service enables potential students to identify opportunities which best suit their needs.

Global networking becomes ever more important in teaching, research and outreach. The ACU has a unique database of contacts to facilitate this.

Member institutions are entered into our database. All senior staff (senior lecturer and above) may be entered into the database, including their subject specialism, qualifications and where these were awarded. The database contains 178,000 entries of senior members of university staff and 61,000 telephone and fax numbers, email and web addresses, and is searchable online (CUDOS). This facilitates the location of potential collaborators in senior positions throughout the Commonwealth.

Every year an international university management benchmarking exercise is organised. The Benchmarking Programme offers a unique and cost-effective opportunity for participating universities to compare their key management processes with those in a range of other universities. This helps to identify areas for change, assists in setting targets for improvement and identifying techniques for managing change.

This Programme focuses on the effectiveness of university-wide processes and policies rather than narrow departmental functions. It enables members to learn from each others' experience of difficulty and successes, across international boundaries. Its mode of operation has been designed by university people solely for use in universities, and has been refined, year on year, in the light of experience. In August 2010 the annual exercise attracted 11 participant universities and the workshop was held at the University of Alberta's Edmonton campus, Canada, covering three topics – Strategic Alliances, Student Experience and Managing IT.

Through our job advertising service members can ensure that news of their faculty vacancies reach as wide an international audience as possible, often at a discounted rate.

The ACU also provides a low cost journals scheme for our members in developing countries which enables them to purchase academic journals at deeply discounted rates.

Thus the ACU's activities again enable member institutions to promote, extend and improve the higher education that they provide to the public, both within their own countries and internationally.

To co-operate with other associations having similar objects with a view to the promotion of the objects of the Association

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The ACU has joined with the AUF (the university association for francophone countries) in launching research into university governance in Africa. This project is seeking support from UNESCO and other organisations.

The ACU's Secretary General and Director of Professional Networks contributed to preparing for the World Innovation Summit for Education (WISE), held in Doha, Qatar in November 2009. Its subject was Working Together for Sustainable Achievement, with three sub-themes – Pluralism, Sustainability and Innovation. They have again contributed to preparations for the second Summit, to be held in Doha in December 2010.

The ACU operates, often as a partner, in many externally funded research projects including:

- CAAST-Net, Network for the Coordination and Advancement of sub-Saharan Africa-EU Science & Technology Cooperation (funded by the European Commission and the UK government)
- Promoting higher and further education partnerships between UK and Africa (funded by the UK government)
- Assessing the need for digital information resources in African universities (funded by the Arcadia Fund)
- Strengthening research management capacity in selected African universities (funded by the Carnegie Corporation)
- Development of Research Africa database (funded by Research Research Africa Ltd)
- Communicating Research for Utilisation, with South African partners, studying how to ensure research is applied where most needed (funded by the UK government)
- Research & Innovation Management Improvement for Africa and the Caribbean, a grant from the European Commission

The ACU actively seeks funding for further research opportunities across all its memberships regions.

The ACU is an advocate for members and higher education generally by maintaining close working relationships with other Commonwealth and international organisations including the Commonwealth Secretariat, the Commonwealth of Learning, UNESCO, World Bank, and national governments and international fora.

Thus the ACU provides research activity which strengthens understanding of how to improve issues which can currently separate higher education in developing and developed countries. This greater understanding can lead to public benefit through more just and equitable societies.

Governance and Management

Nominations to the Council are made each year by the national university associations of the Commonwealth or, in countries or regions where no such association exists, by the ACU member vice-chancellors in those countries or regions. The maximum number of nominations is 20. The nominations are then put to the annual general meeting of members for election. Each member institution is entitled to be represented at the annual general meeting by its executive head (vice-chancellor, president, principal or rector) or by a personal deputy whom the executive head may appoint.

Council members are the Trustees of the ACU under UK charity law. It meets annually – most recently in Cape Town, South Africa in April 2010. The officers and committees of the ACU report to the Council. The Council is responsible for approving new members, electing the ACU's office bearers, appointing members of the Executive Committee (other than filling casual vacancies), amending the Charter and Statutes, making and amending Bye-Laws, setting policy and strategic direction, and overseeing their implementation. Between Council meetings the other powers of Council are delegated to its Executive Committee.

The ACU's committees are the Executive Committee, the Audit & Risk Committee and the Remuneration Committee.

The Executive Committee is elected annually by the Council. It met three times in 2009/10. The Executive Committee is made up of the Chair, the Vice Chair, the Honorary Treasurer, and two other Members of Council. In addition there is one co-opted Member of Council on the Committee.

The Audit & Risk Committee was formed by the Executive Committee in September 2006. It met twice in 2009/10. This Committee is chaired by Sir Graeme Davies and consists of three members (including at least one independent member).

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Day to day management

Professor John Tarrant retired as ACU Secretary General in June 2010. The Council takes this opportunity to express its thanks for his work in taking the ACU through difficult years for the world economy and for the ACU. The Council conducted an international recruitment exercise during 2009 and appointed Professor John Wood as ACU Secretary General from 1 July 2010.

Council members

The current Council members are detailed on page 1. Individuals who served as Council members during the year ended 31 July 2010, but are no longer Council members, were:

Professor Sir Muir Russell

Professor Clifford Nil Boi Tagoe

Professor Errol M Tyobeka

Dr Luc Vinet

Financial report

The Statement of Financial Activities (SOFA) for the year is set out on page 13 of the financial statements. A summary of the activities and the financial results is given below.

Unrestricted Funds

Unrestricted and Designated Funds

The results for the year show net incoming resources before transfers of £74k compared with the previous year's net incoming resources of £287k.

Unrestricted Fund income of £3,352k was 3% below the level of the previous year, £3,455k. The major factors relating to this increase were:

- Membership income of the ACU has decreased to £966k from £997k. Subscription rates remained the same as the previous year, and member numbers increased, to 527 from 503. However, some large institutions have resigned and the increase is all from smaller institutions at lower subscription rates.
- Other income includes Yearbook sales which were £1k compared to £86k in 2008/09, when the final edition of the Yearbook was published. OBHE publication sales in 2009/10 were £9k. Other income also includes £30k for the sale of OBHE, and £50k for rental of offices and meeting rooms at the ACU's London base (compared to £15k in 2009/10).
- Unrestricted grant income fell to zero (£30k in 2008/09).
- Recruitment services run by the ACU to help member institutions fill their staff vacancies saw a further decline in income to £184k from £230k. This reflects difficult market conditions and represents a continuing challenge for the future.
- Fees for awards and other contract administration grew again to £1,519k from £1,459, 4.1% increase. As well as inflationary growth on existing schemes, many schemes have requested and paid for additional services.
- Conference, benchmark and Network clubs income remained steady at £274k (£277k in 2008/09).
- Investment income decreased to £148k from £178k, reflecting very low interest rates on cash balances.

Total resources expended were £3,278k, an increase of 3.5% from £3,168k in 2008/09.

Very tight cost control has been applied to stabilise the ACU's financial position. Total staff costs increased to £2,281k from £2,168k or 5.2%. This reflects 2% increase in employer contributions to the main pension scheme, USS, and a national pay agreement increase of 0.5%. There was also a nonrecurring cost for recruiting a new Secretary General.

Recruitment services costs increase to £345k from £244k in 2008/09 as the latter figure benefitted from £79k release of bad debt provision.

The net movement in Unrestricted Funds includes £139k gain on investment assets. This reflects an increase in the ACU's investment portfolio, but a decrease in the valuation of its investment property, to £995k from £1,186k.

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Designated Funds

The Observatory on Borderless Higher Education is the only Designated Fund and is shown separately on the Statement of Financial Activities. It is a subscription service, established jointly by ACU & Universities UK (UUK), but without a specific trust deed. A review of its operation led the ACU and UUK to conclude that its future development was better placed outwith the structure of the ACU. Therefore it was sold to International Graduate Insight Group on 2 August 2010. The sale is accounted for in the financial year to 31 July 2010.

Restricted Funds

The range of Restricted Funds administered by the ACU is shown under notes 14 and 15 which give a brief description of the purpose of each fund together with an analysis where applicable of the value and number of grants and fellowships awarded.

There are two restricted funds in deficit at the balance sheet date. The Canada Memorial Foundation Fund will receive future income to exceed expenditure. The African Social Sciences Fund is a project financed through the British Council, and will also receive future income.

£41k was transferred from the Research Management Fund to unrestricted funds as a review of expenditure showed that insufficient overheads had been charged against the fund previously.

Endowment Funds

The Permanent Endowment Funds generated £145k of income during the year, which was all credited to the relevant Restricted Fund. £104k funded ACU Development Fellowships, £21k funded Annenberg Scholarships, £2k funded Boyle Medical Electives, £3k funded CUSAC bursaries and £15k was accumulated for the CSFP Anniversary Scholarships. The value of the Permanent Endowments stood at £5,169k at 31 July 2010, an increase of £841k on the year. This comprises £447k donations plus £394k gain on investments as worldwide market values rose.

The Expendable Endowment funds Marshall Sherfield post-doctoral fellowships for US students. Funds are drawn down from the Endowment as required, up to a maximum of 5% of the original investment per year and are supplemented by grants from the Marshall Sherfield Fellowship Foundation in the US. The Expendable Endowment was valued at £547k at the year end.

The Annenberg Endowment funds Marshall scholarships, its income being transferred to the Marshall Aid Commemoration Commission. It is a permanent endowment, and was valued at £403k at the year end.

Summary

During a period of worldwide economic turbulence, ACU income has held up well. Membership numbers have grown, but membership subscription income has fallen £31k (3.1%) as the membership profile changes. Administration income grew £60k (4.1%). Costs have been well contained, so that the ACU managed £74k surplus of income over expenditure on its Unrestricted Funds, down on £287k the previous year – but that year included several nonrecurring items such as release of bad debt provisions. ACU Unrestricted Funds were also helped by £139k gain in value of investments, resulting in an increase in Unrestricted Funds to £4.75m.

Reserves of the Association

The Reserves Policy of the ACU provides a framework which enables the Trustees to make a realistic assessment of the value of Free Reserves (that is those Unrestricted Funds both General and Designated, not tied up in fixed assets) which are required to be held in response to identified needs and the ACU's circumstances.

The criteria for holding Free Reserves include:

- an assessment of any pension liabilities;
- enabling future financial commitments to be met;
- allowing the ACU to continue to develop its services to members;
- a short-term source of finance for major projects;
- a degree of protection against short-term shortfalls in future income; and

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- a contingency based upon the ACU's risk assessment model.

The ACU's pension schemes are multi-employer, and it is not possible to identify the ACU's share of their underlying assets and liabilities. However, the ACU's reserves policy should take some account of the almost universal underfunding of pension schemes, which would be explicitly included in its accounts if its pension arrangements were not multi-employer. Together with the other criteria above, the Trustees have forecast that the level of Free Reserves (ie, the General Fund less the net book value of tangible fixed assets) the ACU will require under the policy is in the range of £4.5 million to £6.5 million. The actual Free Reserves at 31 July 2010 were £4.75 million, towards the low point of the range.

Investments of the Association

Investment Objectives

The Association now has four investment portfolios. Both the Unrestricted and Restricted Reserves of the Association comprise the ACU Main investment fund, which has a cash / bond element (£1.2m at 31 July) and an equity portfolio (£4.0m at 31 July, discussed below) and a residential property in London (purchased for £1.2m in December 2007, reduced in value at 31 July 2010 to £1.0m). Thus there is a spread of risk and liquidity.

The Endowment Funds are split into the Permanent Endowment, the Expendable (Marshall Sherfield) Endowment and the Annenberg Endowment (also a permanent endowment), which are invested into separate investment funds. The first yields an income to fund ACU Development Fellowships, while the other two yield income to fund specific scholarships related to the Marshall Aid Commemoration Commissions' scholarships.

In October 2009, the ACU reviewed its investment management arrangements, comparing different investment managers. It was then considered that all the equity investment portfolios would be better invested in a Common Investment Fund (CIF) and the portfolio was adjusted accordingly.

The investment objective of the Association's portfolios is to seek long term real growth without taking undue risks, consistent with a reasonable level of income.

Consistent with these objectives, the Council decided to increase its equity holding, and moved £1m from term deposits to the equity part of the Main investment fund during the year.

Benchmark

Performance (in terms of total return) of all investments in the CIF is benchmarked against a composite comprising:

	%	Range %	Benchmark Index Comparator
Fixed Interest	20.0	15-40	FTSE Government All-Stocks Index
UK Equities	50.0	30-60	FTSE All Share Index
Overseas Equities	25.0	15-40	FTSE World (ex UK) £ index
Other / Cash	5.0	0-10	UK 7 day LIBID

Investment performance for the year ended 31 July 2010

All investment portfolios are administered by Newton Investment Management Limited.

Fund	Value at 31 July 2010 £'000	Actual Performance %	Benchmark %
ACU Main fund	4,025	16.2	15.7
Endowment fund	3,249	17.4	15.7
Marshall Sherfield expendable endowment	547	16.4	16.1
Annenberg endowment	403	16.3	16.1

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Risk Management

The Trustees review the major risks to which the ACU is exposed and consider the procedures established to mitigate them.

The risk management policy is an ongoing process designed to expand on the established systems of internal control by identifying the principal risks to the achievement of the ACU's policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

The Future

The drive to increase membership income and grow external administration, along with very tight cost control, is showing signs of success, and will continue. Management, with the approval of Council, has produced a budget for the year ending 31 July 2011 which sustains the improvements achieved in 2009/10 and demonstrates the ACU's financial sustainability.

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Statement of Trustees' Responsibilities

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any 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 charity will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' Confirmatory Statement

The Trustees confirm that these Accounts comply with current statutory requirements, the requirements of the ACU's governing document and the requirements of the Statement of Recommended Practice- Accounting and Reporting by Charities.

These Annual Report and Accounts were approved by the Council and are signed on their behalf by



T. Hoff
Chair of the Council

31 December 2010

Independent Auditors' Report to the Trustees of the Association of Commonwealth Universities

We have audited the financial statements of the Association of Commonwealth Universities for the year ended 31 July 2010 set out on pages 13 to 30. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report if, in our opinion, the information given in the Trustees' Report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 July 2010 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory auditors

St Bride's House
10 Salisbury Square
London EC4Y 8EH

23 March 2011

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Statement of Financial Activities For the year ended 31 July 2010

	Unrestricted funds		Restricted funds	Endowment funds	Total	Total
	General funds	Designated funds	funds	funds	2010	2009
	2010	2010	2010	2010	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Membership income	966	157	0	0	1,123	1,160
Investment income / interest (note 5)	148	0	175	0	323	361
Other income (note 4)	86	9	0	0	95	103
Total incoming resources from generated funds	1,200	166	175	0	1,541	1,624
<i>Incoming resources from charitable activities</i>						
Grants (note 2)	0	0	812	447	1,259	1,613
External administration fees (note 3)	1,519	0	0	0	1,519	1,459
Recruitment services	184	0	0	0	184	230
Consultancy fees	9	0	0	0	9	18
Conferences, Benchmark & Network clubs	208	66	0	0	274	277
Total incoming resources from charitable activities	1,920	66	812	447	3,245	3,597
Total incoming resources	3,120	232	987	447	4,786	5,221
Resources expended						
<i>Costs of generating funds</i>						
Membership communication	1,110	230	-	-	1,340	1,323
Investment management costs	27	-	24	-	51	35
Total costs of generating income	1,137	230	24	-	1,391	1,358
<i>Charitable activities</i>						
Scholarships, grants and awards	-	-	188	-	188	258
External and fund administration	1,274	-	46	-	1,320	1,363
Recruitment services	345	-	-	-	345	244
Conferences, Benchmark, Networks	130	31	-	-	161	128
Research Grants	-	-	646	-	646	471
Total charitable activities	1,749	31	880	-	2,660	2,464
Governance costs (note 7)	131	-	-	-	131	119
Total resources expended (note 6)	3,017	261	904	-	4,182	3,941
Net incoming/(outgoing) resources before transfers	103	(29)	83	447	604	1,280
Transfers between funds (note 14)	41	-	(41)	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses (note 8)	144	(29)	42	447	604	1,280
Gains/(Losses) on investment assets	139	-	-	447	586	(969)
Net movement in funds	283	(29)	42	894	1,190	311
Funds brought forward	4,472	29	815	4,822	10,138	9,827
Funds carried forward	4,755	-	857	5,716	11,328	10,138

Continuing operations

None of the activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

Other than the operating surplus for the year, there were no recognised gains or losses in the year. The notes on pages 15 to 30 form part of these financial statements.

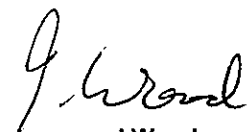
The Association of Commonwealth Universities

Balance Sheet 31 July 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	3	13
Investments	10	10,459	10,034
		<u>10,462</u>	<u>10,047</u>
Current assets			
Debtors	11	417	477
Cash at bank and in hand		1,770	338
		<u>2,187</u>	<u>815</u>
Creditors: amounts falling due within one year	12	(1,069)	(724)
Net current assets		<u>1,118</u>	<u>91</u>
Creditors: amounts falling due after more than one year	13	(252)	-
Net assets		<u>11,328</u>	<u>10,138</u>
Funds			
Unrestricted funds: General		4,755	4,472
Designated	17	-	29
		<u>4,755</u>	<u>4,501</u>
Restricted funds	15	857	815
Endowment funds	14	5,716	4,822
		<u>11,328</u>	<u>10,138</u>
Total funds	19	<u>11,328</u>	<u>10,138</u>

These financial statements were approved and authorised for issue by the Council on December 2010 and signed on their behalf by:


P. Eloff
Chair of the Council


J Wood
Secretary General

The notes on pages 15 to 30 form part of these financial statements.

Notes to the financial statements
Year ended 31 July 2010

1. Accounting policies

The accounting policies remain unchanged from the previous year.

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with applicable accounting standards. In preparing the financial statements the ACU follows best practice as set out in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP) issued in March 2005, and the requirements of the Charities Act 1993.

(b) Incoming resources

All incoming revenues are included in the SOFA when the ACU is legally entitled to the income and the amount can be measured with reasonable certainty. Income is deferred only when the ACU has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

(c) Resources expended and basis of allocation of costs

All expenditure has been accounted for on an accruals basis and has been classified under headings which are consistent with the activities of the ACU. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resource. Central overheads such as Facilities, Finance and IT have been allocated on usage or space occupied basis.

(d) Membership communication costs

These are the costs incurred by the secretariat in providing support and communication to the ACU's members. The costs of providing commentaries to members are included under this heading.

(e) Governance costs

These represent costs incurred by the Secretary General's office, finance and other "directorate" departments which are attributable to the management of the ACU's assets, organisational administration and compliance with constitutional and statutory requirements.

(f) Capitalisation and depreciation of tangible assets

All assets costing more than £1,000 are capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost on a straight line basis over their expected useful lives as follows:

Leasehold property	- Over the life of the lease.
Computer equipment	- 3 years
Office equipment	- 3 years
Furniture and fixtures	- 5 years

(g) Stocks

Publication stocks are included in the Financial Statements at the lower of cost or net realisable value. Cost includes the editorial cost of production of those copies offered for sale.

(h) Investments

Investment assets are valued at market value at the balance sheet date.

Gains on investment assets are the net of realised gains and losses and unrealised gains and losses. Realised gains and losses on investments are arrived at by comparing the net sale proceeds with the market value at the end of the previous financial year or cost if acquired in the year; unrealised gains and losses represent the difference between the market value of investments still held at the end of the financial year with their value at the beginning of the year or with their cost if purchased subsequently.

Investment income from cash at bank (including short-term money market deposits) is accrued at the year end. Income generated from investments and cash held by Fund Managers is credited to income as received.

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

1. Accounting policies (continued)

(i) Fund accounting

Funds held by the ACU:

General Funds are unrestricted funds comprising accumulated surpluses and deficits after transfer to or from designated funds.

Designated Funds are unrestricted funds set aside out of general funds and designated for specific purposes by the Trustees.

Restricted Funds are funds which are subject to donor-imposed conditions as to their use.

The Permanent Endowment Funds generate income which is transferred to the ACU Development Fellowship Fund, the Edward Boyle (Medical Electives) Fund and the Annenberg Foundation Scholarship Fund, which are Restricted Funds. The capital of these funds must be retained.

The Expendable Endowment Fund generates total returns which fund the Marshall Sherfield postdoctoral fellowships. The capital of this fund will be retained until the Trustees choose to spend the capital. There is currently no such intention.

(j) Operating leases

The rents payable under operating leases, where substantially all the benefits and risk of ownership remain with the lessor, are charged to the SOFA as incurred. Where there are rent free periods the cost is spread over the period to the first rent review.

(k) Pension schemes

The ACU participates both in the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). Both of the above schemes are centralised defined benefit schemes and both are contracted out of the Second State Pension (S2P). The assets of the schemes are held in separate trustee-administered funds. The ACU is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Both schemes are "last man standing" schemes so that in the event of the insolvency of any of their participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across their remaining participant employers and reflected in the next actuarial valuation of the scheme. (See note 21 for more details.)

(l) Foreign currencies

Transactions are translated on the date of transaction and balances on the year end date with any gain or loss taken to finance support costs.

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

2. Grants and donations received

	2010 £'000	2009 £'000
Grants from UK Government		
Department of Business Innovation & Skills – Africa Unit	171	151
Department of Business Innovation & Skills – CAAST Net support	121	97
Department for International Development	53	-
Department for Education & Libraries, Northern Ireland	6	-
	<u>351</u>	<u>248</u>
Grants from other Agencies		
European Commission – CAAST Net	135	-
European Commission – Euro Africa ICT	21	-
European Commission – Research & Innovation Management Improvement	52	-
Commonwealth Secretariat	-	25
SARIMA	19	22
UK Research Councils	-	(13)
	<u>227</u>	<u>34</u>
Grants from charitable foundations		
British Academy	1	39
Canada Memorial Foundation	17	15
Marshall Sherfield Fellowship Foundation	61	-
Universities UK (to OBHE)	-	30
Carnegie Corporation	134	144
Wellcome	20	10
St Antony's College, Oxford	3	-
Britain-Nigeria Educational Trust	10	-
Arcadia	-	74
	<u>246</u>	<u>312</u>
Donations		
UK Foreign and Commonwealth Office	-	500
Government of Malaysia	-	500
Commonwealth Foundation	-	10
Government of Kenya	321	-
Government of the Maldives	6	-
Government of Mauritius	25	-
Individuals	83	9
	<u>435</u>	<u>1,019</u>
	<u>1,259</u>	<u>1,613</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

3. External administration fees

	2010 £'000	2009 £'000
Commonwealth Scholarship award schemes	1,003	958
Marshall Scholarship scheme	163	154
Staff & Educational Development Association	95	82
CSFP Alumni	88	75
CSFP Evaluation	87	108
Other schemes	83	82
	<u>1,519</u>	<u>1,459</u>

4. Other income

	2010 £'000	2009 £'000
Unrestricted		
Hire of accommodation	50	15
Subscriptions to Research Management Network	5	2
Sale of Observatory on Borderless Higher Education	30	-
Hardcopy and on-line publication sales	1	86
Designated		
Hardcopy and on-line publication sales	9	-
Total	<u>95</u>	<u>103</u>

5. Investment income and interest

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2010 £'000	Total 2009 £'000
Income: managed investments	117	175	292	327
Interest: cash deposits	6	-	6	34
Investment property rent income	25	-	25	-
	<u>148</u>	<u>175</u>	<u>323</u>	<u>361</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

6. Analysis of total resources expended

	Staff costs £'000	Consultancy costs £'000	Office and facility costs £'000	Other costs £'000	Total £'000
Costs of generating funds:					
Membership communication	735	122	230	23	1,110
OBHE	162	-	68	-	230
Investment management fees	-	-	-	51	51
Charitable activities:					
Scholarships, grants and awards	-	-	-	188	188
External administration	962	8	348	2	1,320
Recruitment services	94	2	71	178	345
Benchmarking & Conference	-	-	100	61	161
Research	222	51	373	-	646
Governance costs (note 8)	106	-	2	23	131
	<u>2,281</u>	<u>183</u>	<u>1,192</u>	<u>526</u>	<u>4,182</u>

Support costs

Where appropriate the expenditure, including staff costs, has been allocated to one of the above activity cost categories. The support costs of finance, human resources, information technology and facilities, which could not be so allocated, have instead been allocated on the basis of floor area occupied by an activity. The analysis and allocation of support costs is as follows:

	Finance and human resources £'000	Information technology £'000	Facilities £'000
Costs of generating funds:			
Membership communication	31	31	86
Charitable activities:			
Awards administration	81	80	222
Recruitment services	9	9	25
Governance costs	54	54	147
	<u>175</u>	<u>174</u>	<u>480</u>

7. Governance costs

	2010 £'000	2009 £'000
Staff costs	106	93
Office & facility costs	2	2
Consultancy	-	2
Council Meeting & Annual Report	7	1
Audit compliance	16	21
	<u>131</u>	<u>119</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

8. Net outgoing resources for the year

Net outgoing resources for the year are stated after charging:

	2010 £'000	2009 £'000
(a) Auditors' remuneration		
Audit fees	12	12
Audit fees – under accrual for previous year	1	6
Other non-audit work (VAT advice & EC grant audit)	2	4
	<u>15</u>	<u>22</u>

(b) Staff costs:

The average monthly number of persons employed by the ACU (calculated on a full-time equivalent basis), was 47 during 2010 (2009: 49, including one staff on secondment from the University of Greenwich from August until December 2008).

	2010 £'000	2009 £'000
Wages and salaries	1,829	1,790
Social security costs	147	152
Pension costs	205	195
Temporary staff	31	17
Recruitment	48	-
Training and welfare	21	14
	<u>2,281</u>	<u>2,168</u>

Net outgoing resources for the year (continued)

The number of employees whose total emoluments (not including retirement benefits) amounted to over £60,000 was:

	2010 Number	2009 Number
£60,001 to £70,000	-	1
£70,001 to £80,000	1	2
£80,001 to £90,000	1	1
£90,001 to £100,000	1	-
£120,001 to £130,000	1	-
£130,001 to £140,000	-	1
	<u>4</u>	<u>5</u>

All but one of the above higher paid employees were accruing benefit during the year in respect of membership of a defined benefit pension scheme. Contributions for these individuals total £33,897.

(c) Trustee remuneration and expenses:

No Trustee received any remuneration in the year (2009: £nil).

One Trustee was reimbursed £123 for travel expenses incurred during the year (2009: one at £1,068).

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

9. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Furniture & fixtures £'000	Total £'000
Cost				
At 1 August 2009	196	21	22	239
Additions	5	-	-	5
Disposals	(152)	(6)	(7)	(165)
At 31 July 2010	49	15	15	79
Depreciation				
At 1 August 2009	189	20	17	226
Charge for year	9	1	5	15
Disposals	(152)	(6)	(7)	(165)
At 31 July 2010	46	15	15	76
Net book value				
At 31 July 2010	3	-	-	3
At 31 July 2009	7	1	5	13

During the year the Association carried out a detailed review of the fixed assets held on-site and in use by the Association. This review identified a significant balance of fully depreciated tangible fixed assets which were no longer in use at 31 July 2010 which represent the computer and office equipment disposals shown above.

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

10. Investments

(a) Analysis by type

	Unrestricted funds £'000	Endowment funds £'000	Total 2010 £'000	Total 2009 £'000
Property	995	-	995	1,186
Quoted investments	4,025	4,197	8,222	5,948
Term deposits	-	1,019	1,019	2,382
Cash held for investment purposes	-	223	223	518
	<u>5,020</u>	<u>5,439</u>	<u>10,459</u>	<u>10,034</u>

(b) Movements in quoted investments and term deposits

	Unrestricted funds		Endowment funds	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Market value, 1 August	4,659	3,642	3,671	4,158
Acquisitions at cost	6,529	1,807	4,352	601
Disposals at opening market value	(7,202)	(639)	(2,961)	(755)
Net unrealised (losses) / gains on revaluation	39	(151)	154	(333)
Market value, 31 July	<u>4,025</u>	<u>4,659</u>	<u>5,216</u>	<u>3,671</u>
Cost, 31 July	<u>3,986</u>	<u>2,287</u>	<u>5,157</u>	<u>2,582</u>

During the year the Association reviewed its investment and moved all investments previously held in various individual equity holdings into the Newton Global Growth and Income Fund for Charities. The full value of quoted investments stated above is invested in this fund. The significant increase in additions and disposals shown above represents the disposal of the full value of previous individual equity holdings and the purchase of units of this Fund.

11. Debtors and prepayments

	2010 £'000	2009 £'000
Recruitment service debtors	59	134
Member subscriptions	21	4
Trade debtors	197	227
Staff travel loans	11	10
Sundry debtors	80	80
Prepayments	49	22
	<u>417</u>	<u>477</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

12. Creditors: amounts payable within one year

	2010 £'000	2009 £'000
Trade creditors	116	115
Deferred income	671	404
Income tax and National insurance contributions	48	48
Value added tax	55	40
Publishers – African library holding account	74	21
Sundry creditors	43	67
Accruals	62	29
	<u>1,069</u>	<u>724</u>

13. Creditors: Amounts payable after more than one year

This represents membership subscriptions paid in advance for 2011/12.

14. Endowment funds

	Opening value of funds £'000	New endowments/ (transfers) £'000	(Losses) / Gains on investments £'000	Closing value of funds £'000
Permanent endowments				
ACU endowment	2,836	13	363	3,212
CSFP Anniversary endowment	1,035	434	-	1,469
Edward Boyle endowment	75	-	10	85
Annenberg Foundation endowment	382	-	21	403
	<u>4,328</u>	<u>447</u>	<u>394</u>	<u>5,169</u>
Expendable endowments				
Marshall Sherfield endowment	494	-	53	547
Total endowments	<u>4,822</u>	<u>447</u>	<u>447</u>	<u>5,716</u>

Income from the Endowment Fund funds ACU Development Fellowships (Note 15). The Commonwealth Scholarship and Fellowship Programme Anniversary Fund will fund scholarships in the CSFP. Income from the Edward Boyle (Memorial) Endowment funds the Medical Elective Bursaries for UK students. Income from the Marshall Sherfield Expendable Endowment funds Marshall Sherfield post-doctoral fellowships for US students and funds are transferred from the Marshall Sherfield Expendable Endowment for the same purpose. The amount drawn down is limited to 5% of the capital value per year. In the year ended 31 July 2010, no funds were drawn down. (In the year ended 31 July 2009, no funds were drawn down.) Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission.

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

15. Restricted Funds

	Opening value of funds £'000	Grants/ Donations/ Subscriptions £'000	Investment Income £'000	Total Income £'000
ACU Development Fellowships	129	-	104	104
Marshall Sherfield Fellowship Scheme	(54)	60	30	90
Annenberg	-	-	21	21
Mzuzu University, Malawi	7	1	-	1
Edward Boyle (Medical Electives)	1	-	2	2
CAAST Net project	14	256	-	256
Euro Africa ICT	15	21	-	21
Africa Universities HE Partnerships	(11)	177	-	177
CUSAC	196	-	3	3
Research Management	40	20	-	20
Carnegie African research management capacity	114	134	-	134
HIV/AIDS Cable & Wireless fund	15	-	-	-
Arcadia	58	-	-	-
Symons Medal	11	-	-	-
Carnegie African participation	4	-	-	-
CSFP Anniversary Fund	258	-	15	15
Wellcome Trust	-	20	-	20
Communicating Research for Utilisation	-	49	-	49
CSFP Anniversary Governance	25	-	-	-
Canada Memorial Foundation	(10)	17	-	17
African Social Sciences	-	5	-	5
Research & Innovation Management Improvement: Africa / Caribbean	-	52	-	52
Miscellaneous other	3	-	-	-
Total	815	812	175	987

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

15. Restricted Funds (continued)

	Funds available for use £'000	Charitable Expenditure £'000	Fund value before transfers £'000	Transfers in / (out) £'000	Closing value of funds £'000
ACU Development Fellowships	233	133	100	-	100
Marshall Sherfield Fellowship Scheme	36	33	3	-	3
Annenberg	21	21	-	-	-
Mzuzu University, Malawi	8	5	3	-	3
Edward Boyle (Medical Electives)	3	3	-	-	-
CAAST Net project	270	223	47	-	47
Euro Africa ICT project	36	15	21	-	21
Africa Unit HE Partnerships	166	166	-	-	-
CUSAC	199	13	186	-	186
Research Management	60	19	41	(41)	-
Carnegie African research management capacity	248	102	146	-	146
HIV/AIDS Cable & Wireless fund	15	-	15	-	15
Arcadia	58	50	8	-	8
Symons medal	11	-	11	-	11
Carnegie African participation	4	-	4	-	4
CSFP Anniversary Fund	273	-	273	-	273
Wellcome Trust	20	12	8	-	8
Communicating Research for Utilisation	49	49	-	-	-
CSFP Anniversary governance	25	10	15	-	15
Canada Memorial Foundation	7	20	(13)	-	(13)
African Social Sciences	5	10	(5)	-	(5)
Research & Innovation Management Improvement: Africa / Caribbean	52	17	35	-	35
Miscellaneous other	3	3	-	-	-
Total	1,802	904	898	(41)	857

The Association has reviewed expenditure applied against the Research Management Fund in previous years and considers that the fund should be shown as fully spent as insufficient overheads have been charged against this fund previously. The balance on this fund has therefore been transferred from restricted to unrestricted.

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

16. Restricted Fund descriptions; including grants, awards and scholarships awarded

A brief description of the purpose of each of the restricted funds, together with an analysis, where appropriate, of the number of grants, awards and fellowships made to individuals is provided below:

		Total value grants/ awards/ fellowships etc. £'000	Number awarded
ACU Development Fellowships	The ACU's own endowment income is used to support small scale collaboration between member universities through bursaries.	104	42
Marshall Sherfield Fellowship Scheme	A programme to support US post-doctoral fellows at UK universities.	19	1
Annenberg Foundation	Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission	19	1
Mzuzu University, Malawi	Support for Mzuzu University, Malawi	4	3
Edward Boyle Medical Electives	Medical electives supported by income derived from an endowment.	3	6
Africa Unit HE Partnerships	Support African participation at "Going Global" London Conference	25	24
CUSAC	Commonwealth Universities Study Abroad Consortium – a programme to encourage & facilitate undergraduate study abroad exchanges between member universities	13	15
HIV/AIDS Cable & Wireless fund	Work supported by Cable & Wireless to assist member universities in their management of HIV/AIDS related activities.	-	-
Symons Medal	Established by Professor T Symons, the Symons Medal is awarded annually in recognition of major contributions to higher education in the Commonwealth	-	1
Carnegie African participation	Toward African participation in conferences for Vice-Chancellors and public affairs officers	-	-
Canada Memorial Fund	Scholarship programme to support UK students to study postgraduate degrees in Canada	18	1
Wellcome Trust	Increase participation of Africa delegates at INORMS Cape Town conference	12	10
Total value and number of awards to individuals		217	104

Some grants are paid to individuals and / or the higher education institutions to which they are connected.

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

17. Designated Funds

	Opening Value of Funds £'000	Income Received £'000	Utilised £'000	Closing Value of Funds £'000
The Observatory on Borderless Higher Education	29	232	261	-
Total Designated Funds	29	232	261	-

18. Funds held on behalf of third parties

	Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	Closing Balance £'000
Commonwealth Scholarship & Fellowship Plan Shared Scholarships	427	2,360	2,638	149
European Commission CAAST Net grant	270	292	292	270
Total Designated Funds	697	2,652	2,930	419

19. Analysis of assets between Funds

	Fixed assets £'000	Investments £'000	Net current assets £'000	Creditors over 1 year £'000	Total £'000
Endowment funds	-	5,439	277	-	5,716
Restricted funds	-	357	500	-	857
Unrestricted funds	3	4,663	341	(252)	4,755
	3	10,459	1,118	(252)	11,328

20. Future financial commitments

Operating leases

At 31 July 2010 the ACU had annual commitments under operating leases as set out below:

	2010 Land and buildings £'000	2009 Land and buildings £'000
Operating leases which expire: After five years	245	245

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2010

21. Pension Commitments

(a) Universities Superannuation Scheme (USS)

The ACU participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, the Universities Superannuation Scheme Limited.

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

Because of the mutual nature of the scheme, the ACU is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent basis and therefore, as required by FRS 17 "Retirement Benefits" accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new 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.

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables - rated down 1 year
Female members' mortality	PA92 MC YoB tables - no age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65 22.8 (24.8) years

Males (females) currently aged 45 24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6m and the value of the scheme's technical provisions was £28,135.3m indicating a surplus of £707.3m. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the Scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as

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if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension assumptions).

On the FRS17 basis, using an AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the ACU's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

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

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At 31 March 2009, USS had over 130,000 active members and the institution had 38 active members participating in the scheme.

The total USS pension cost for the ACU was £193k (2009: £186k). This includes £16k (2009: £16k) outstanding contributions at the balance sheet date. The contribution rate payable by the ACU was 14% of pensionable salaries until 30 September 2009, and 16% of pensionable salaries from 1 October 2009.

(b) Superannuation Arrangements of the University of London (SAUL)

The ACU participates in the Superannuation Arrangements of the University of London, a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The ACU has now adopted FRS17 for accounting for pension costs. The scheme is a multi-employer scheme and it is not possible to identify the ACU's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8 – 12 of FRS17.

SAUL is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2008 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method: projected unit

	Past Service	Future Service
Investment return on liabilities		
- before retirement	6.9% p.a.	7.0% p.a.
- after retirement	4.8% p.a.	5.0% p.a.
Salary growth*	4.85% p.a.	4.85% p.a.
Pension increases	3.35% p.a.	3.35% p.a.

*excluding an allowance for promotional increases

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,266 million representing 100% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in surplus at the last formal valuation date (31 March 2008).

The next formal actuarial valuation is due at 31 March 2011 when the above rates will be reviewed. Informal reviews of SAUL's position are carried out between formal valuations.