

The Association of Commonwealth Universities

Annual report and financial statements

31 July 2011

Charity Registration No. 314137

The Association of Commonwealth Universities
Annual report and financial statements 2011

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The Association of Commonwealth Universities

Officers and professional advisers

Council members

Chair:	Professor Eon Nigel Harris (University of the West Indies) *
Vice-Chair:	Professor Madeleine Atkins*
Honorary Treasurer:	Professor James McWha (University of Adelaide, Australia) *
Other members:	Engineer Muhammad Asghar (National University of Science and Technology, Pakistan)
	Dr Pankaj Chande (Kavikulaguru Kalidas Sanskrit University, India)
	Professor Sir Peter Gregson (Queen's University Belfast, UK)
	Professor John C.Y. Leong (The Open University of Hong Kong)
	Professor L. V. Mazwi Tanga (Cape Peninsula University of Technology, South Africa)
	Professor Olive Mugenda (Kenyatta University, Kenya)
	Professor K. Nandasena (Rajarata University, Sri Lanka)
	Professor Ishaq O. Oloyede (University of Ilorin, Nigeria)
	Professor Dr Abdul Matin Patwari, (The University of Asia Pacific, Bangladesh)
	Professor Ihron Rensburg (University of Johannesburg, South Africa)
	Professor Stephen Toope (University of British Columbia, Canada)
	Professor Pat Walsh (Victoria University of Wellington , New Zealand)

Audit Committee members

Chair:	Professor Sir Peter Gregson (Queen's University, Belfast, UK)
Other members:	Mr Dick Coldwell, CBE (independent member) *
	Professor John C.Y. Leong (The Open University of Hong Kong)

Remuneration Committee members are indicated * above

The above lists are as at 11th November 2011.

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Officers and professional advisers - continued

Secretary General

Professor John Wood CBE FREng

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

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU

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

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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 532 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 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 e-mail (VC-Net) and published reports (eg, *Academic Staff Salary Survey*, the seventh international survey on academic salary scales and benefits undertaken by the ACU).

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

- human resource managers
- research managers
- librarians and information managers
- public relations, marketing & communications managers

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- staff working in the sectors of careers and employability
- "reachout" managers

These networks organise conferences, exchange knowledge and publish newsletters and magazines. The Human Resource Management Network held its fourth conference, *Successful Universities in a Changing World: HR Drives the Future* in Melbourne, Australia in November 2010. The PR, Marketing and Communications Network held its third conference, *Changing Times, Changing Markets and Changing Practices* also in Melbourne in November 2010. These two conferences overlapped for a day focusing on Internal Communications. 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 Hong Kong in April 2011 *Higher Education in Hard Times – Risk, Reputation, Reform: Developing new business in a changing environment*. Further details are available on the ACU's website (www.acu.ac.uk).

The ACU also arranges workshops and partnership activity – eg jointly with the British Council, a three day conference in Accra, Ghana in January 2011, *Making the Best Use of Africa's graduates and the role of international partnerships*; in conjunction with the Commonwealth Scholarship Commission in the UK, a one day conference in London in February 2011 on funding for partnership opportunities.

The ACU runs a Research Management Benchmarking programme for those universities who wish to share experiences and good practice in this area. Participation is not restricted to ACU members, and both members and non-members pay a subscription fee to take part. Each benchmarking project runs over two years (the first ran from 2004 - 2006, and the second from 2010-2012) and results in a report, which will outline findings and recommendations for good practice that will be relevant to the wider membership.

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. In December 2010 the ACU again won a competitive tender for the administration of the Marshall Aid Commemoration Commission for a further period of at least three years.

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.

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.

A new development in this area is the administration of the Commonwealth Scholarship & Fellowship Plan (CSFP) Anniversary Endowment. This fund was established to mark the CSFP's 50th Anniversary. The fund is to support a new strand of Commonwealth Scholarships hosted by developing Commonwealth countries.

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.

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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 other's 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 2011 the annual exercise attracted 11 participant universities and the workshop was held at Victoria University of Wellington, New Zealand, covering three topics – managing the university of the future, branding & marketing and new forms of HR service delivery.

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

The ACU's Secretary General and Director of Professional Networks contributed to preparing for the second World Innovation Summit for Education (WISE), held in Doha, Qatar in November 2010. Its subject was Building the Future of Education, with three sub-themes – Improving Education Systems, Exploring Innovative Trends and Funding Education. They have again contributed to preparations for the third Summit, held in Doha in November 2011.

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).
- 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).
- Background analysis and recommendations for the Australian Agency for International Development (AUSAid) to proceed with programme planning and implementation of the Africa Research Partnership Program as part of the AusAID Development Research Strategy (2011-2015), funded by AUSAid.

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- Two landscape studies in the Partnership for African Social and Governance Research - surveys of grants, scholarships, training & fellowships and of graduate teaching provision in the social sciences, governance & public policy – funded by DfID through the British Council.
- Study on support for African early career researchers in the humanities and social sciences, looking particularly at the potential role of the UK and South Africa, and including consultations in both countries, funded by the British Academy.
- 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 by Executive Heads of member institutions in 4 constituencies representing all regions of the Commonwealth. There are up to 23 Council Members consisting of 20 Elected Council Members, up to 2 Co-opted Council Members and, if the Honorary Treasurer is co-opted rather than elected, the Honorary Treasurer. The Council may co-opt a maximum of two Co-opted Council Members if it concludes this is desirable to ensure balanced geographical and gender representation of the Council and one additional Co-opted Council Member if the Honorary Treasurer is not appointed from the Elected Council Members.

Council members are the Trustees of the ACU under UK charity law. The Council meets annually – most recently in Hong Kong in April 2011. 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 twice in 2010/11. 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 once in 2010/11. This Committee was chaired by Sir Graeme Davies until the April 2011 Council meeting, when Profesor Sir Peter Gregson was appointed as its Chair. It consists of three members (including at least one independent member).

Day to day management

Professor John Wood is the ACU's Secretary General.

Council members

The current Council members are detailed on page 1. Individuals who served as Council members during the year ended 31 July 2011, but are no longer Council members, were:

Professor N M Bhebe

Baroness Tessa Blackstone

Professor Peter Coaldrake

Professor Pran Gopal Datta

Sir Graeme Davies

Dr H M Desai

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Professor Dzulkifli Abdul Razak

Professor Roger Field

Professor Malik Ranasinghe

Professor M D Tiwar

Dr Theuns Eloff

Professor Dr. Saeeda Asadullah Khan

Dr G Subramanyam

Professor Lap-Chee

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 Funds

The results for the year show net incoming resources before transfers of £289k compared with the previous year's net incoming resources of £74k. At the very end of 2009/10 the ACU sold the Observatory on Borderless Higher Education (OBHE) to International Graduate Insight Group. Some of the changes are due to the absence in 2010/11 of OBHE activity.

Unrestricted Fund income of £3,154k was £198k (6.0%) below the level of the previous year, £3,352k. Excluding OBHE related income, 2010/11 was £49k above 2009/10. The major factors relating to this increase were:

- Membership income of the ACU has increased to £987k from £966k. Subscription rates increased by 2.5%, and member numbers increased, to 532 from 527. However, some large institutions have resigned and the increase is all from smaller institutions at lower subscription rates.
- OBHE membership income was £nil (2009/10, £157k), the reduction due to selling OBHE at the very end of 2009/10.
- Other income includes £72k for rental of offices and meeting rooms at the ACU's London premises (compared to £50k in 2009/10). 2009/10 other income includes £30k for the sale of OBHE and £9k for OBHE publication sales – both of which are £nil in 2010/11. Other income also includes £1k publication sales in both 2010/11 and 2009/10.
- Unrestricted grant income was £10k (£nil in 2009/10).
- Recruitment services run by the ACU to help member institutions fill their staff vacancies saw a further decline in income to £165k from £184k. This reflects difficult market conditions and represents a continuing challenge for the future.
- Fees for awards and other contract administration fell slightly to £1,483k from £1,519, 2.4% decrease. Two schemes in particular reduced the level of activity – SEDA & DelPHE (funded by the UK government), together fell £17k.
- Conference, benchmark and Network clubs income fell to £229k from £274k (2009/10), the reduction due to 2009/10 including £66k of OBHE activity.
- Investment income increased to £205k from £148k, reflecting improved investment returns and a move from cash to equities.

Total resources expended were £2,865k, a decrease of £152k (5.0%) from £3,017k in 2009/10.

Very tight cost control has been applied to stabilise the ACU's financial position. Staff costs decreased to £1,829k from £2,055k or 11%. The sale of OBHE reduced staff costs by £162k (7.9%). A further 2.3% reduction is accounted for by 2009/10 including a nonrecurring cost for recruiting a new Secretary General (£nil in 2010/11). Although salaries increased by 1.5% from 1 August 2010 and employer's National Insurance increased by 1% from 1 April 2011, staff turnover led to cost reductions.

Recruitment services costs decreased to £264k from £345k in 2009/10 due to reduced activity and reduced bad debt provision.

The net movement in Unrestricted Funds includes £175k gain on investment assets, reflecting an increase in the ACU's investment portfolio.

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Restricted Funds

The range of Restricted Funds administered by the ACU is shown under notes 15 and 16 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 three restricted funds in deficit at the balance sheet date. The Canada Memorial Foundation Fund will receive future income to exceed expenditure. PAERIP and Research & Innovation Management Improvement are funded by the European Commission and at 31 July 2011 both awaited income installments.

Endowment Funds

The Permanent & Expendable Endowment Funds generated £280k of investment income during the year, which was all credited to the relevant Restricted Funds. £155k funded ACU Development Fellowships, £22k funded Annenberg Scholarships, £29k funded Marshall Sherfield Scholarships, £5k funded Boyle Medical Electives and £69k was accumulated for the CSFP Anniversary Scholarships. The value of the Permanent Endowments stood at £5,514k at 31 July 2011, an increase of £345k on the year. This comprises £50k donations plus £295k gain on investments as worldwide market values rose.

The CSFP Anniversary Fund supports a new strand of Commonwealth Scholarships hosted by developing Commonwealth countries. It is a permanent endowment and was valued at £1,650k 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 £427k at the year end.

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 £580k at the year end.

Summary

During a period of continued worldwide economic turbulence, ACU income has held up well. Membership numbers have grown, and membership subscription income has increased £21k (2.2%) as the membership profile changes. Administration income fell £36k (2.4%). Costs have been well contained, so that the ACU managed £289k surplus of income over expenditure on its Unrestricted Funds, up on £81k the previous year. ACU Unrestricted Funds were also helped by £175k gain in value of investments, resulting in an increase in Unrestricted Funds to £5.2m. However the turbulence of stock markets means that gains on investments cannot be certain for the future.

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 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
- 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

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General Fund less the net book value of tangible fixed assets) the ACU will require under the policy is in the range of £5.0 million to £7.0 million. The actual Free Reserves at 31 July 2011 were £5.2 million, towards the low point of the range.

Investments of the Association

Investment Objectives

The Association now has five investment portfolios. The Unrestricted Reserves of the Association include the ACU Main investment fund, which has an equity portfolio (£3.5m at 31 July) and a residential property in London (purchased for £1.2m in December 2007, reduced in value at 31 July 2010 to £995k). At the end of 2010/11 the Trustees decided to sell the residential property – a sale was completed on 17 October 2011 for £1.05m. The proceeds are held in term deposits.

The Endowment Funds are split into the ACU Endowment, the CSFP Anniversary Endowment, the Annenberg Endowment (all three are permanent endowments) and the Marshall Sherfield (Expendable) Endowment, which are invested into separate investment funds. The first yields an income to fund ACU Development Fellowships and the Edward Boyle medical electives, while the others yield income to fund specific scholarships related to the CSFP and Marshall Aid Commemoration Commission's scholarships.

All the investment funds are managed by Sarasin & Partners LLP, except the CSFP Anniversary Fund which is managed by Newton Investment Management Ltd. Most of the funds are invested in Common Investment Funds (Sarasin's Alpha Common Investment Fund for Endowments or Newton's Global Growth & Income Common Investment Fund for Charities).

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.

Benchmark

Performance (in terms of total return) of the Newton 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

Performance (in terms of total return) of the Sarasin CIF (Main and Endowment Funds) is benchmarked against a composite comprising:

	%	Range %	Benchmark Index Comparator
Overseas Property	3.5	0-7.5	EPRA/NAREIT (GBP) (Global)
UK Equities	30.0	20-50	FTSE All Share Index
UK Bonds	12.5	10-20	FTSE Gilts All Stocks
UK Property	4.0	0-7.5	IPD Monthly
Global Bonds	5.0	0-10	JP Morgan World Bonds ex-UK
Global Equities (hedged)	20.0	10-30	MSCI World ex UK (Local Currency - £)
Global Equities	20.0	10-30	MSCI World ex-UK
Cash	5.0	0-10	UK cash LIBOR 1 month

Performance (in terms of total return) of the other Sarasin portfolios (Annenberg and Marshall Sherfield Funds) is benchmarked against a composite comprising:

	%	Range %	Benchmark Index Comparator
Overseas Property	1.0	0-7.5	EPRA/NAREIT (GBP) (Global)
UK Equities	10.0	20-50	FTSE All Share Index
UK Property	3.0	0-7.5	IPD Monthly
Bonds	30.0	10-40	Merrill Lynch Sterling Broad Market Index
Global Equities (hedged)	25.0	15-35	MSCI All Countries World (Local Currency - £)
Global Equities	25.0	15-35	MSCI All Countries World
Cash & Alternatives	6.0	0-15	UK cash LIBOR 1 month

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Investment performance for the year ended 31 July 2011

Fund	Value at 31 July 2011 £'000	Actual Performance %	Benchmark %
ACU Main fund	4,025	5.9%	7.0%
Endowment fund	3,444	5.9%	7.0%
CSFP Anniversary endowment	1,643	7.0%	6.8%
Annenberg endowment	427	-2.5%	-0.8%
Marshall Sherfield expendable endowment	580	-2.5%	-0.8%

Risk Management

The Trustees have responsibility for risk management. Risks are identified by the Senior Management Team and reviewed, assessed and appropriate action incorporated as part of the annual budget and planning process. Thus risk is an integral part of the budget and plan reviewed and approved by the Trustees.

A series of systems operate to identify and mitigate risk. These systems include:

- regulation by the Charity Commission
- annual external audit
- annual external audit for parts of its activities - Marshall Aid Commemoration Commission (by the National Audit Office) and the Staff & Educational Development Association
- periodic audit for its European Commission grants
- internal audit programme for the past three years
- Audit & Risk Committee review
- financial procedures
- strategic plan, three year financial plan, and annual budget (including risk assessment) process
- procedures or guidelines for operating its major external contracts
- handbook for staff detailing practices, policies and procedures
- a low risk environment in terms of health and safety, which is a standing item on SMT and Staff Committee agendas and is subject to annual inspection by an external expert.
- comprehensive insurance cover (Business Interruption, Employer's Liability, Public Liability, Professional Liability and Personal Accident & Business Travel)

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 2012 and plans for the two following years which demonstrate the ACU's long term financial sustainability. These plans include investment in staff to deliver new services to members and better direct the ACU's portfolio of programmes and projects (mostly externally funded).

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Council's Report

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the trustees 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 charity and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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



E. N Harris
Chair of the Council

24 April 2012

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 2011 set out on pages 13 to 30.

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).

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. 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 charity's affairs as at 31 July 2011 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Statutory Auditor

London

30 May 2012

The Association of Commonwealth Universities

Statement of Financial Activities For the year ended 31 July 2011

	Unrestricted funds 2011 £'000	Restricted funds 2011 £'000	Endowment funds 2011 £'000	Total 2011 £'000	Total 2010 £'000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Membership income	987	-	-	987	1,123
Investment income / interest (note 5)	205	283	-	488	323
Other income (note 4)	73	-	-	73	95
Total incoming resources from generated funds	1,265	283	-	1,548	1,541
<i>Incoming resources from charitable activities</i>					
Grants (note 2)	10	505	50	565	1,259
External administration fees (note 3)	1,483	-	-	1,483	1,519
Recruitment services	165	-	-	165	184
Consultancy fees	2	-	-	2	9
Conferences, Benchmark & Network clubs	229	-	-	229	274
Total incoming resources from charitable activities	1,889	505	50	2,444	3,245
Total incoming resources	3,154	788	50	3,992	4,786
Resources expended					
<i>Costs of generating funds</i>					
Membership communication	1,076	-	-	1,076	1,340
Investment management costs	31	14	-	45	51
Total costs of generating income	1,107	14	-	1,121	1,391
<i>Charitable activities</i>					
Scholarships, grants and awards	-	196	-	196	188
External and fund administration	1,236	41	-	1,277	1,320
Recruitment services	264	-	-	264	345
Conferences, Benchmark, Networks	123	-	-	123	161
Research Grants	-	493	-	493	646
Total charitable activities	1,623	730	-	2,353	2,660
Governance costs (note 7)	135	-	-	135	131
Total resources expended (note 6)	2,865	744	-	3,609	4,182
Net incoming resources before other recognised gains and losses (note 8)	289	44	50	383	604
Gains on investment assets	175	-	328	503	586
Net movement in funds	464	44	378	886	1,190
Funds brought forward	4,755	857	5,716	11,328	10,138
Funds carried forward	5,219	901	6,094	12,214	11,328

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

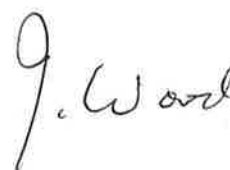
Balance Sheet 31 July 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	9	2	3
Investments	10	10,944	10,459
		<u>10,946</u>	<u>10,462</u>
Current assets			
Debtors	11	358	417
Cash at bank and in hand		1,785	1,770
		<u>2,143</u>	<u>2,187</u>
Creditors: amounts falling due within one year	12	(875)	(1,069)
Net current assets		<u>1,268</u>	<u>1,118</u>
Creditors: amounts falling due after more than one year	13	-	(252)
Net assets		<u>12,214</u>	<u>11,328</u>
Funds			
Unrestricted funds: General		5,219	4,755
Restricted funds	15	901	857
Endowment funds	14	6,094	5,716
Total funds	18	<u>12,214</u>	<u>11,328</u>

These financial statements were approved and authorised for issue by the Council on 1 December 2011 and signed on their behalf by:



E N Harris
Chair of the Council



J Wood
Secretary General

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

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2011

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 2011.

(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. Irrecoverable VAT is charged to the relevant grant or project, or to central overheads if not an eligible cost for a grant.

(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 2011

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 2011

2. Grants and donations received

	2011 £'000	2010 £'000
Grants from UK Government		
Department of Business Innovation & Skills – Africa Unit	-	171
Department of Business Innovation & Skills – CAAST Net support	107	121
Department for International Development	-	53
Department for Education & Libraries, Northern Ireland	-	6
	<u>107</u>	<u>351</u>
Grants from other Agencies		
European Commission – CAAST Net	170	135
European Commission – Euro Africa ICT	6	21
European Commission – Research & Innovation Management Improvement	23	52
Commonwealth Secretariat	17	-
SARIMA	-	19
British Council	36	-
Commonwealth Youth Programme, Zambia	6	-
Australian Agency for International Development (AUSAid)	27	-
	<u>285</u>	<u>227</u>
Grants from charitable foundations		
British Academy	10	1
Canada Memorial Foundation	32	17
Marshall Sherfield Fellowship Foundation	10	61
Carnegie Corporation	69	134
Wellcome	-	20
St Antony's College, Oxford	-	3
Britain-Nigeria Educational Trust	-	10
	<u>121</u>	<u>246</u>
Donations		
Government of Seychelles	10	-
Government of Barbados	25	-
Government of Kenya	-	321
Government of the Maldives	-	6
Government of Mauritius	-	25
Individuals	17	83
	<u>52</u>	<u>435</u>
	<u>565</u>	<u>1,259</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2011

3. External administration fees

	2011 £'000	2010 £'000
Commonwealth Scholarship award schemes	1,001	1,003
Marshall Scholarship scheme	170	163
Staff & Educational Development Association	89	95
CSFP Alumni	56	88
CSFP Evaluation	112	87
Other schemes	55	83
	<u>1,483</u>	<u>1,519</u>

4. Other income

	2011 £'000	2010 £'000
Unrestricted		
Hire of accommodation	72	50
Subscriptions to Research Management Network	-	5
Sale of Observatory on Borderless Higher Education	-	30
Hardcopy and on-line publication sales	1	1
Designated		
Hardcopy and on-line publication sales	-	9
Total	<u>73</u>	<u>95</u>

5. Investment income and interest

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2011 £'000	Total 2010 £'000
Income: managed investments	167	283	450	292
Interest: cash deposits	9	-	9	6
Investment property rent income	29	-	29	25
	<u>205</u>	<u>283</u>	<u>488</u>	<u>323</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2011

6. Analysis of total resources expended

	Staff costs £'000	Consultancy costs £'000	Office and facility costs £'000	Other costs £'000	Total £'000	2010 £'000
Costs of generating funds:						
Membership communication	657	82	286	51	1,076	1,110
OBHE	-	-	-	-	-	230
Investment management costs	-	-	-	45	45	51
Charitable activities:						
Scholarships, grants and awards	-	-	-	202	202	188
External and fund administration	1,005	9	263	-	1,277	1,320
Recruitment services	87	1	24	152	264	345
Conferences, Benchmark & Network clubs	-	64	-	59	123	161
Research Grants	258	11	224	-	493	646
Governance costs (note 7)	84	2	29	20	135	131
	<u>2,091</u>	<u>169</u>	<u>826</u>	<u>529</u>	<u>3,615</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	105	76	243
Charitable activities:			
External administration	113	82	187
Recruitment services	13	9	21
Governance costs	15	11	42
	<u>246</u>	<u>178</u>	<u>493</u>

7. Governance costs

	2011 £'000	2010 £'000
Staff costs	84	106
Office & facility costs	29	2
Consultancy	2	-
Council Meeting & Annual Report	3	7
Audit compliance	15	16
Other	2	-
	<u>135</u>	<u>131</u>

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2011

8. Net incoming resources for the year

Net incoming resources for the year are stated after charging:

	2011 £'000	2010 £'000
(a) Auditors' remuneration		
Audit fees	12	12
Audit fees – under accrual for previous year	-	1
Other non-audit work (VAT advice & EC grant audit)	-	2

(b) Staff costs:

The average monthly number of persons employed by the ACU (calculated on a full-time equivalent basis), was 45 during 2011 (2010: 47).

	2011 £'000	2010 £'000
Wages and salaries	1,702	1,829
Social security costs	146	147
Pension costs	212	205
Temporary staff	18	31
Recruitment	-	48
Training and welfare	13	21
	2,091	2,281

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

	2011 Number	2010 Number
£70,001 to £80,000	1	1
£80,001 to £90,000	1	1
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
£120,001 to £130,000	-	1

Two of the above higher paid employees were accruing benefit during the year in respect of membership of a defined benefit pension scheme.

(c) Trustee remuneration and expenses:

No Trustee received any remuneration in the year (2010: £nil).

No Trustee was reimbursed for travel expenses incurred during the year (2010: one at £123).

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Notes to the financial statements Year ended 31 July 2011

9. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Furniture & fixtures £'000	Total £'000
Cost				
At 1 August 2010	49	15	15	79
At 31 July 2011	49	15	15	79
Depreciation				
At 1 August 2010	46	15	15	76
Charge for year	1	-	-	1
At 31 July 2011	47	15	15	77
Net book value				
At 31 July 2011	2	-	-	2
At 31 July 2010	3	-	-	3

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Notes to the financial statements Year ended 31 July 2011

10. Investments

(a) Analysis by type

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2011 £'000	Total 2010 £'000
Property	995	-	-	995	995
Quoted investments	3,535	326	6,059	9,920	8,222
Term deposits	-	-	-	-	1,019
Cash held for investment purposes	1	-	28	29	223
	<u>4,531</u>	<u>326</u>	<u>6,087</u>	<u>10,944</u>	<u>10,459</u>

(b) Movements in quoted investments and term deposits

	Unrestricted funds		Restricted & Endowment funds	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Market value, 1 August	4,025	4,659	5,216	3,671
Acquisitions at cost	3,463	6,529	6,162	4,352
Disposals at opening market value	(4,025)	(7,202)	(5,216)	(2,961)
Net unrealised (losses) / gains on revaluation	72	39	223	154
Market value, 31 July	<u>3,535</u>	<u>4,025</u>	<u>6,385</u>	<u>5,216</u>
Cost, 31 July	<u>3,463</u>	<u>3,986</u>	<u>6,162</u>	<u>5,157</u>

During the year the Association implemented the decision resulting from a review of its investment managers and moved all but the CSFP Anniversary Endowment Fund from Newton to Sarasin.

11. Debtors and prepayments

	2011 £'000	2010 £'000
Recruitment service debtors	67	59
Member subscriptions	8	21
Trade debtors	205	197
Sundry debtors	23	91
Prepayments	55	49
	<u>358</u>	<u>417</u>

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Notes to the financial statements Year ended 31 July 2011

12. Creditors: amounts payable within one year

	2011 £'000	2010 £'000
Trade creditors	6	116
Deferred income	512	671
Income tax and National insurance contributions	40	48
Value added tax	100	55
Publishers – African library holding account	42	74
Sundry creditors	130	43
Accruals	45	62
	<u>875</u>	<u>1,069</u>

13. Creditors: Amounts payable after more than one year

The 2009/10 figure represents membership subscriptions paid in advance for 2011/12.

14. Endowment funds

	Opening value of funds £'000	New endowments £'000	Gains on investments £'000	Closing value of funds £'000
Permanent endowments				
ACU endowment	3,212	-	136	3,348
CSFP Anniversary endowment	1,469	50	131	1,650
Edward Boyle endowment	85	-	4	89
Annenberg Foundation endowment	403		24	427
	<u>5,169</u>	<u>50</u>	<u>295</u>	<u>5,514</u>
Expendable endowments				
Marshall Sherfield endowment	547	-	33	580
Total endowments	<u>5,716</u>	<u>50</u>	<u>328</u>	<u>6,094</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 2011, no funds were drawn down. (In the year ended 31 July 2010, 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 2011

15. Restricted Funds

	Opening value of funds £'000	Grants/ Donations/ Subscriptions £'000	Investment Income £'000	Total Income £'000
ACU Development Fellowships	100	-	155	155
Marshall Sherfield Fellowship Scheme	3	10	29	39
Annenberg	-	-	22	22
Mzuzu University, Malawi	3	2	-	2
Edward Boyle (Medical Electives)	-	-	5	5
CAAST Net project	47	277	1	278
Euro Africa ICT	21	6	-	6
CUSAC	186	-	2	2
PAERIP	-	-	-	-
Carnegie African research management capacity	146	69	-	69
HIV/AIDS Cable & Wireless fund	15	-	-	-
Arcadia	8	-	-	-
Symons Medal	11	-	-	-
Carnegie African participation	4	-	-	-
CSFP Anniversary Fund	273	-	69	69
Wellcome Trust	8	-	-	-
Australian Agency for International Development	-	27	-	27
CSFP Anniversary Governance	15	-	-	-
Canada Memorial Foundation	(13)	32	-	32
African Social Sciences	(5)	36	-	36
Research & Innovation Management Improvement: Africa / Caribbean	35	23	-	23
British Academy	-	10	-	10
Commonwealth Secretariat	-	13	-	13
Total	857	505	283	788

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2011

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	255	119	136	-	136
Marshall Sherfield Fellowship Scheme	42	42	-	-	-
Annenberg	22	22	-	-	-
Mzuzu University, Malawi	5	1	4	-	4
Edward Boyle (Medical Electives)	5	4	1	-	1
CAAST Net project	325	224	101	-	101
Euro Africa ICT project	27	26	1	-	1
CUSAC	188	11	177	-	177
Promoting Africa Europe Research Infrastructure Partnerships (PAERIP)	-	2	(2)	-	(2)
Carnegie African research management capacity	215	86	129	-	129
HIV/AIDS Cable & Wireless fund	15	-	15	-	15
Arcadia	8	8	-	-	-
Symons medal	11	-	11	-	11
Carnegie African participation	4	4	-	-	-
CSFP Anniversary Fund	342	9	333	-	333
Wellcome Trust	8	1	7	-	7
Australian Agency for International Development	27	27	-	-	-
CSFP Anniversary governance	15	3	12	-	12
Canada Memorial Foundation	19	28	(9)	-	(9)
African Social Sciences	31	4	27	-	27
Research & Innovation Management Improvement: Africa / Caribbean	58	109	(51)	-	(51)
British Academy	10	10	-	-	-
Commonwealth Secretariat	13	4	9	-	9
Total	1,645	744	901	-	901

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Notes to the financial statements Year ended 31 July 2011

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.	89	61
Marshall Sherfield Fellowship Scheme	A programme to support US post-doctoral fellows at UK universities.	31	1
Annenberg Foundation	Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission	19	1
Mzuzu University, Malawi	Tuition fee support for MSc Mathematics students at Mzuzu University, Malawi	1	1
Edward Boyle Medical Electives	Medical electives supported by income derived from an endowment.	4	6
CUSAC	Commonwealth Universities Study Abroad Consortium – a programme to encourage & facilitate undergraduate study abroad exchanges between member universities	10	13
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	-	-
Carnegie African participation	Toward African participation in conferences for Vice-Chancellors and public affairs officers	4	4
Canada Memorial Fund	Scholarship programme to support UK students to study postgraduate degrees in Canada	28	2
Wellcome Trust	Increase participation of Africa delegates at INORMS Cape Town conference	1	-
Research & Innovation Management Improvement: Africa / Caribbean		9	13
Total value and number of awards to individuals		196	102

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 2011

17. Funds held on behalf of third parties

	Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	Closing Balance £'000
Commonwealth Scholarship & Fellowship Plan	149	5,647	5,064	732
European Commission CAAST Net grant	270	1,100	949	421
CUSAC	-	26	-	26
HEDG	-	26	8	18
Total Third Party Funds	419	6,799	6,021	1,197

18. Analysis of assets between Funds

	Fixed assets £'000	Investments £'000	Net current assets £'000	Total £'000
Endowment funds	-	6,087	7	6,094
Restricted funds	-	326	575	901
Unrestricted funds	2	4,531	686	5,219
	2	10,944	1,268	12,214

19. Future financial commitments

Operating leases

At 31 July 2011 the ACU had annual commitments under operating leases as set out below:

	2011 Land and buildings £'000	2010 Land and buildings £'000
Operating leases which expire:		
Within five years	278	-
After five years	-	245

The Association of Commonwealth Universities

Notes to the financial statements Year ended 31 July 2011

20. 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 the trustee company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; 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 board. 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 on a technical provisions basis as at the date of the last triennial actuarial valuation 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 what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, 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 although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit

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contributions. 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.

At 31 March 2011, USS had over 142,000 active members and the institution had 38 active members participating in the scheme.

The total USS pension cost for the ACU was £196k (2010: £193k). This includes £nilk (2010: £16k) outstanding contributions at the balance sheet date. The contribution rate payable by the ACU was 16% of pensionable salaries.

(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.