The Association of Commonwealth Universities

Annual report and financial statements

31 July 2015

Charity Registration No. 314137

The Association of Commonwealth Universities

Annual report and financial statements 2015

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The Association of Commonwealth Universities

Officers and professional advisers

Council members

Chair:	Professor Jan Thomas - University of Southern Queensland, Australia
Vice-Chair:	Professor Cheryl de la Rey – University of Pretoria, South Africa
Honorary Treasurer:	Professor James McWha - University of Rwanda, Rwanda
Other members:	Professor Edward Oben Ako – University of Maroua, Cameroon
	Professor Paul Boyle – University of Leicester, UK
	Professor Amit Chakma – Western University, Canada
	Professor (Ms.) Vasanthy Arasaratnam – University of Jaffna, Sri Lanka
	Professor David Atkinson – MacEwan University, Canada
	Professor Arun Diwaker Nath Bajpai - Himachal Pradesh University, India
	Professor Rahamon A. Bello – University of Lagos, Nigeria
	Professor Rajesh Chandra – University of the South Pacific, Fiji
	Professor Dato' Dr Mohd. Amin Jalaludin – University of Malaya
	Professor Romeela Mohee – University of Mauritius
	Professor Dr. Md. Mahbubar Rahman - Bangabandhu Sheikh Mujibur Rahman Agricultural University, Bangladesh
	Professor Idris Rai – State University of Zanzibar, Tanzania
	Professor Ranbir Singh – National Law University, Delhi, India
	Professor Christina Slade – Bath Spa University, UK

Audit Committee members

Chair:	Professor Christina Slade – Bath Spa University, UK
Other members:	Professor Idris Rai – State University of Zanzibar, Tanzania
Co-opted member:	Mr Graeme Appleby - Finance Director, School of Oriental & African Studies

Remuneration Committee members

Chair:	Professor James McWha - University of Rwanda, Rwanda
Other members:	Professor Julia Buckingham – Brunel University, UK
	Professor David Greenaway – University of Nottingham, UK
	Ms Alison Jones – Leadership Foundation, UK

The above lists are as at 3rd December 2015.

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
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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

The Association of Commonwealth Universities

Council's Report

Status

The Association of Commonwealth Universities (ACU) was founded in 1913, and is now a registered charity (number 314137 in England & Wales), regulated by the Charity Commission. It is controlled by its member institutions through an elected 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 number is 527 in 39 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.

On 7 July 2014 ACU set up ACU Trading Limited which was incorporated as a Private Limited Company by shares. The company is the wholly owned subsidiary of ACU and its results for the period have been consolidated into Group Financial Statements of ACU for the year ended 31 July 2015 (Company registration number: 9119389).

Mission, objectives and activities

The ACU's mission is to promote and support excellence in higher education for the betterment of peoples and societies throughout the Commonwealth and beyond. We aim to strengthen the quality of education and research, so enabling our member institutions to realise their potential, through building long-term international collaborations within the higher education sector. This mission has driven the ACU's support for its members for 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 reasons for the Bureau's creation, and its governing principle of university ownership, remain in place now.

Along with sharing the values of the Commonwealth, the ACU believes in the transformational nature of higher education, and its power and potential to contribute to the cultural, economic, and social development of a nation.

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 three times a year 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 administers scholarships, provides academic research and leadership on sector issues, and promotes inter-university cooperation and the sharing of good practice, thereby helping universities serve their communities – now and into the future. It has continued to provide information and analysis on international higher education in the form of briefings to vice-chancellors and policy-makers (*Insights*), occasional research studies (*Spotlights*) and regular emails for its Member Communities and Network.

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In 2014/15 the ACU launched three Member Communities, special interest groups that connect colleagues and other stakeholders working in three key areas of university activity. The new Communities bring university staff from across the Commonwealth together to share their experiences, explore ideas, and discover potential avenues for collaboration. The three Communities are:

- ACU Engage Community - for all university staff and stakeholders working or involved in university community engagement and outreach, including university public engagement staff, industrial liaison officers, research managers and communication officers, and those specialising in distance or open learning human resource managers
- ACU Research, Knowledge & Information Community - for all university staff who support and encourage, but don't directly engage in, the research process, including those working in libraries and information, as well as research management and administration
- ACU Internationalisation Community - for university staff involved in international education, including such areas as student and staff mobility, international campuses, and the internationalisation of curricula and research.

These Member Communities operate alongside the Human Resource Management network. Details of the Communities and Network activities can be found on the ACU website – www.acu.ac.uk

In May 2015, the ACU held an international conference jointly with SARIMA (South African Research & Innovation Management Association) in Johannesburg on *Research & Innovation for global challenges,* attended by about 450 people. The ACU also participated in the 19th Conference of Commonwealth Education Ministers (19CCEM) held in the Bahamas in June 2015.

The ACU was proud to collaborate with Eastern University, Sri Lanka, in holding a conference on the theme of *Addressing sexual and gender-based violence in south Asian institutions of higher education* in July 2015 at Batticaloa, Sri Lanka. This conference was the first of the events marking the 30th anniversary of the establishment of the ACU Gender Programme, which supports the recruitment and retention of women in higher education leadership and management, and promotes gender equity as an integral institutional goal.

The ACU continued its *Perspectives* speaker series, which offers its members an opportunity to contribute to the debates and discussions on the future direction of higher education, to share their ideas and experiences, and to bring insights from their own region, institution or discipline. The series theme is *Change and opportunity in higher education.* Two *Perspectives* events were held in 2014/15:

- Tricia Wombell, Director of Marketing and Communications at the Leadership Foundation for Higher Education, *Multi-faceted: supporting diversity aspirations in UK higher education*, February 2015
- Dame Sally Davies, Chief Medical Officer for England and Chief Scientific Adviser for the UK Department of Health, *Ebola and global health security*, March 2015

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 (CSC) in the UK, the Marshall Aid Commemoration Commission (MACC) and the Chevening Scholarship scheme. The CSC is funded by the UK government's Department for International Development (DFID), while the Marshall Aid and Chevening schemes are funded by the UK government's Foreign and Commonwealth Office (FCO).

The ACU has accumulated a substantial endowment fund, the income of which is used to provide grants to individual staff or nominees of member institutions to support international mobility for conference attendance, collaborative work, research or other professional and institutional development. The ACU commemorated its centenary by offering grants of £2,000 for junior academic staff to attend conferences outside their home country or region for the first time - in 2014/15, 41 such grants were paid. The majority of grants 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. Moreover the ACU's breadth and length of experience in scholarship administration enable it to provide economic, efficient and effective services, adding value through policy advice (when requested) and evaluation.

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

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A recent 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. During 2014/15 a further 18 grant recipients benefitted from this new endowment fund.

The ACU has a substantial role in encouraging the contribution of higher education in development. The ACU Residential School brought together doctoral students from across the Commonwealth for a combination of professional development, workshops on linking research and development policy and to share their own respective development related research projects. The Residential School took place in August 2015 hosted by three Canadian Universities, the University of Waterloo, Western University and Wilfred Laurier University, with the theme *Big data and the digital divide.*

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.

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

Every year a Strategic Management Programme is organised (formerly called the ACU Benchmarking Programme), offering a unique and cost-effective opportunity for participating universities to compare key management processes with those in a range of member and other institutions. The programme helps to identify emerging good practice, assists in setting targets for improvement and identifying techniques for managing change. This enables members to learn from each other's experience of difficulty and successes, across international boundaries.

The programme focuses on the effectiveness of institutional strategy and management processes (rather than operational delivery) with three thematic areas. 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 2015 the annual exercise attracted twelve participant universities and the workshop was held at the University of Alberta, Edmonton, Canada, covering the topics of *Managing in a political context*, *Financial Management* and *IT Governance.*

The ACU continued to provide to its members advantageous rates with jobs.ac.uk recruitment advertising services, but this arrangement ended in June 2015.

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

The ACU's activities therefore 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 Chair and Treasurer addressed the 19th Conference of Commonwealth Education Ministers held in the Bahamas in June 2015. The Conference focused on *Quality Education for Equitable Development: Performance, Paths and Productivity.*

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

- CAAST-Net Plus, Network for the Coordination and Advancement of sub-Saharan Africa-EU Science & Technology Cooperation, funded by the European Commission. (www.caast-net-plus.org)
- Development of Research Uptake in Sub-Saharan Africa, funded the DFID. The ACU & two South African partners, the Centre for Research on Evaluation, Science & Technology at the University of Stellenbosch, and Organisation Systems Design are engaged on a five year project
- Research Data Alliance Europe (RDA), also funded by the European Commission. This work started as the International Collaboration on Research Data Infrastructure project also funded by the European Commission.

- PACE Net Plus – promoting Science, Technology & Innovation cooperation between EU and Pacific regions, funded by the European Commission.
- Promoting Africa Europe Research Infrastructure Partnerships (PAERIP), funded by the European Commission.
- Structured Training for African Researchers (STARS) which brings together 12 universities in Africa to help support their early career academics, funded by the Robert Bosch Foundation, launched July 2014
- Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE) Funded by DFID, and administered by the ACU with the African Academy of Sciences (AAS), the scheme seeks to develop the skills and research of early career African researchers in climate change.
- The Africa Desk - a directory of African and UK scholars, funded by the British Academy. (www.africadesk.ac.uk)
- The British Academy is also funding a small project to improve the early career paths for African academics.

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

The ACU was again represented at the sixth World Innovation Summit for Education (WISE), held in Doha, Qatar in November 2014. Its subject was *Imagine – Create – Learn: Creativity at the Heart of Education.*

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, national governments and various international fora.

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: up to 20 elected Council members; these members may co-opt two further members if they conclude this is desirable to ensure balanced geographical and gender representation of the Council and one additional 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 each year – most recently in South Africa in December 2014. 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. 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 2014/15. It consists of three members, two of whom are serving members of Council. The third place is filled by an independent member. The Chair of the Audit & Risk Committee is appointed by Council, from its members, and has the power to co-opt additional members should the need arise.

The Remuneration Committee consists of the Honorary Treasurer (Chair), two Vice-Chancellors from UK member institutions and one independent member with UK professional Human Resources knowledge.

Day to day management

Professor John Wood is the ACU's Secretary General, heading a Senior Management Team which also comprises the Deputy Secretary General, Director of Finance & Resources, Director of Scholarships, Director of Programmes and Director of Member Engagement.

Council members

The current Council members are detailed on page 1.

Financial report

The Statement of Financial Activities (SOFA) for the year is set out on page 14 of the financial statements. A summary of the activities and the financial results is given below.

Council's Report

Unrestricted Funds

The results for the year show net incoming resources before gains on investment assets of £673K, £234K increase on the previous year's net incoming resources of £439K.

Unrestricted Fund income of £6,081K was £1,074K (21%) above the level of the previous year, £5,007K. The major factors relating to this increase were:

Membership income of the ACU increased to £1,153K by £101K (10%) from £1,052K due to a reclassification of some countries to a higher subscription band. However £127K increase in bad debt provision expenditure was greater than this income increase.

External administration fee income increased to £4,523K by £1,137K (34%) from £3,386K, mostly due to the Chevening scholarship administration contract which is experiencing a significant increase in scholar numbers.

Member activities includes conferences, strategic management and network clubs plus the promotion advisory service. Income fell to £120K from £286K as administration for the year's only conference (Johannesburg, May 2015) was handled by a third party, with only a net surplus coming to the ACU.

Consultancy activities again decreased to £6K from £41K, and hire of accommodation fell to £13K from £23K as the ACU has converted its meeting rooms into office accommodation in the expansion of its activities.

Investment income increased to £266K from £219K. Although cash balances now generate almost no income, the investment portfolio performs well.

Total resources expended were £5,408K, £840K (18%) above £4,568K the previous year.

Tight cost control continued to be applied to maintain the ACU's financial position. Staff costs increased to £3,852K by £670K (21%) from £3,182K, mostly due to the expanded Chevening scholarship administration activity. Expenditure on staff training and professional development also increased, almost doubling from £40K to £70K.

Non-staff costs also increased, to £1,556K by £170K (12%) from £1,386K. The most significant factors was £127K increase in bad debt provision. ACU membership debt collection has in the past been subject to similar fluctuations which stretch beyond accounting years. Another significant factor was £58K exchange loss on the ACU's euro bank balance. However, in an international organisation, it is prudent in the long term to diversify currency holdings – the ACU maintains euro, US dollar, Couth African Rand and Canadian dollar accounts. The balance of the expenditure increase reflects the expansion of the ACU's activities, eg investment in IT.

£1,096K net movement in Unrestricted Funds includes £423K gain on investment assets (2013/14 £67K gain), reflecting the continued upward trend in equity markets. However some of this has been lost since 31 July 2015.

Restricted Funds

The range of Restricted Funds administered by the ACU is shown under notes 13 and 14 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 five restricted funds in deficit at the balance sheet date. The Canada Memorial Foundation Fund will receive future income to exceed expenditure. The British Academy Africa Desk Fund will receive further income during 2015/16. CAAST Net, Promoting Africa Europe Research Infrastructure Partnerships and, International Collaboration on Research Data Infrastructure / Research Data Alliance, are funded by the European Commission and at 31 July 2015 all awaited income instalments.

Endowment Funds

The Permanent & Expendable Endowment Funds generated £447K of investment income during the year, £35K up on £412K in 2013/14. All the endowment income was credited to the relevant Restricted Funds. £151K funded ACU Development Fellowships, £22K funded Annenberg Scholarships, £30K funded Marshall Sherfield Scholarships, £4K funded Boyle Medical Electives and £225K funded the CSFP Anniversary Scholarships. The value of the Permanent Endowments stood at £12,723K at 31 July 2015, an increase of £862K on the year. This comprises £3K donations plus £859K gain on investments.

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 £7,310K at the year end. It received £3K donations, all from individuals.

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 £508K 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 £690K at the year end.

ACU Trading Limited

On 7 July 2014 ACU set up ACU Trading Limited which was incorporated as a Private Limited Company by shares. The company is the wholly owned subsidiary of ACU and its results for the period have been consolidated into Group Financial Statements of ACU for the year ended 31 July 2015.

The principle activity of ACU Trading Limited is the provision of staff services to the ACU.

During the period, the Company made neither a profit not a loss. At 31 July 2015, ACU Trading Limited has net assets of £1.

Summary

During a period of continued worldwide economic difficulty, ACU income has held up well. Membership numbers have risen very slightly (to 527 from 523) in a time of considerable turbulence for higher education, but membership subscription income has increased £101K due to a revision of tariff for some countries. Against this must be set £127K increase in bad debt provision. External administration income increased £1,147K (34%). Costs have been well managed while growing these activities and developing member services and new business, so that the ACU managed £673K surplus of income over expenditure on its Unrestricted Funds, up £234K on £439K the previous year. ACU Unrestricted Funds also increased in value by £681K due to investment gains, resulting in an increase in Unrestricted Funds to £7.9M.

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 General Fund less the net book value of tangible fixed assets) the ACU will require under the policy is in the range of £6.0M to £8.5M. The actual Free Reserves at 31 July 2015 were £7.9M, towards the top of this range.

Investments of the Association

Investment Objectives

The ACU now has five investment portfolios. The Unrestricted Reserves include the ACU Main investment fund, which has an equity portfolio (£7.1M at 31 July).

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 Funds which are managed by Newton Investment Management Ltd. The ACU Main fund and Endowment fund are invested in Sarasin's Alpha Common Investment Fund for Endowments. The CSFP Anniversary Funds (Endowment and Restricted) are invested in Newton's Growth Fund for Charities.

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The investment objective of the ACU'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 fund is benchmarked against a composite comprising:

	%	Benchmark Index Comparator
Fixed Interest	20.0	FTSE Government All-Stocks Index
UK Equities	37.5	FTSE All Share Index
Overseas Equities	37.5	FTSE World (ex UK) £ index
Other / Cash	5.0	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) S&P Developed Property
UK Equities	30.0	20-50	FTSE All Share 5% Capped Index
UK Bonds	17.5	7.5-35.0	FTSE Gilts All Stocks (9%) BofA ML £ Corporate (8.5%)
UK Property	4.0	0-7.5	IPD Monthly All Balanced Property Funds
Global Equities (hedged)	15.0	10-30	MSCI AC World ex UK (Local Currency - £)
Global Equities	25.0	10-30	MSCI AC 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	0-20	FTSE All Share Index
UK Property	3.0	0-10	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

Investment performance for the year ended 31 July 2015

Fund	Value at 31 July 2015 £'000	Actual Performance %	Benchmark %
ACU Main fund	7,116	9.8	9.3
Endowment fund	4,208	9.8	9.3
CSFP Anniversary endowment & restricted	7,807	13.5	7.9
Annenberg endowment	510	9.6	9.6
Marshall Sherfield expendable endowment	692	9.6	9.6

It should be noted also that the estimated return from the average charity (WM Charity Survey) was +8.8% for the 12 months to 31 July 2015. Actual performance is gross of fees at 0.60%.

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. The principal risks and uncertainties facing the charity are:

- governance, given the ACU's status as a UK charity with international trustees
- maintaining growth commensurate with growth in international higher education
- disruption during the planned reconfiguration of accommodation in 2016
- fully meeting contract requirements

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

- regulation by the Charity Commission
- annual external audit for some of its external administration activities - Marshall Aid Commemoration Commission (by the National Audit Office) and the Staff & Educational Development Association
- annual auditor inspection of Commonwealth Scholarship managed funds
- review performed by the Internal Audit Department of the Department for International Development on Commonwealth Scholarship Commission activity
- periodic audit for its European Commission and other grants
- Audit & Risk Committee review
- financial procedures
- strategic 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)
- application of Prince project management principles (for example in project bidding)
- increased staff awareness of risk

In addition, during 2014/15 ACU finance staff visited project partners in South Africa and Kenya to review their practices against the standards expected for the purposes of the projects.

The Future

The drive to increase membership income and grow external administration, along with very tight cost control, has enabled the ACU's financial progress, and will continue. Management, with the approval of Council, has produced a budget for the year ending 31 July 2016, which absorbs the considerable cost increases from changes to defined contribution pension schemes and UK government National Insurance employer contributions, plus a new lease. These plans include:

- participation in the first Commonwealth Women's Forum prior to the Commonwealth Heads of Government Meeting in Malta in November 2015
- a major conference, *Defining the responsible university: society, impact and growth*, Accra, Ghana, July 2016
- development of the ACU's portfolio of programmes and projects (mostly externally funded)
- externally led expansion of scholarship administration
- reconfiguration of office accommodation at the start of a new ten year lease, better to meet the recent expansion of services.

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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

J Thomas
Chair of the Council

3 December 2015

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

We have audited the financial statements of Association of Commonwealth Universities for the year ended 31 July 2015 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 21.

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 151 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 and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 July 2015 and of the group's 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 by the parent charity; 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

Date 15 December 2015

Group Statement of Financial Activities
For the year ended 31 July 2015

	Unrestricted funds 2015 £'000	Restricted funds 2015 £'000	Endowment funds 2015 £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources					
Incoming resources from generated funds					
Membership income	1,153	-	-	1,153	1,052
Investment income / interest *(note 4)*	266	447	-	713	695
Hire of accommodation	13	-	-	13	23
Total incoming resources from generated funds	1,432	447	-	1,879	1,770
Incoming resources from charitable activities					
Grants & donations *(note 2)*	-	1,723	3	1,726	979
External administration fees *(note 3)*	4,523	-	-	4,523	3,386
Consultancy activities	6	-	-	6	41
Member activities	120	-	-	120	286
Total incoming resources from charitable activities	4,649	1,723	3	6,375	4,692
Total incoming resources	6,081	2,170	3	8,254	6,462
Resources expended					
Costs of generating funds					
Membership communication	747	-	-	747	704
Investment management costs	36	73	-	109	99
Total costs of generating income	783	73	-	856	803
Charitable activities					
Scholarships, grants and awards	-	269	-	269	310
External and fund administration	3,931	13	-	3,944	2,967
Consultancy activities	6	-	-	6	41
Member activities	593	-	-	593	773
Research grants	-	1,658	-	1,658	719
Total charitable activities	4,530	1,940	-	6,470	4,810
Governance costs (note 6)	95	-	-	95	79
Total resources expended *(note 5)*	5,408	2,013	-	7,421	5,692
Net incoming resources before other recognised gains and losses	673	157	3	833	770
Gains/(losses) on investment assets	423	37	859	1,319	324
Net movement in funds	1,096	194	862	2,152	1,094
Funds brought forward	6,846	1,333	11,861	20,040	18,946
Funds carried forward	7,942	1,527	12,723	22,192	20,040

Continuing operations
None of the above activities was acquired or discontinued during the above two financial years.

The notes on pages 17 to 32 form part of these financial statements.

The Association of Commonwealth Universities

Group and Charity Balance Sheets
31 July 2015

	Note	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Fixed assets					
Tangible assets	8	112	-	**112**	64
Investments	9	20,333	-	**20,333**	19,012
		20,445	-	**20,445**	19,076
Current assets					
Debtors	10	895	-	**900**	1,222
Cash at bank and in hand		1,667	-	**1,639**	512
		2,562	-	**2,539**	1,734
Creditors: amounts falling due within one year	11	(815)	-	**(792)**	(770)
Net current assets		1,747	-	**1,747**	964
Net assets		22,192	-	**22,192**	20,040
Funds					
Unrestricted funds: General		7,942	-	**7,942**	6,846
Restricted funds	13	1,527	-	**1,527**	1,333
Endowment funds	12	12,723	-	**12,723**	11,861
Total funds	16	22,192	-	**22,192**	20,040

These financial statements were approved and authorised for issue by the Council on 3 December 2015 and signed on their behalf by:

J. Wood

J Thomas
Chair of the Council

J Wood
Secretary General

The notes on pages 17 to 32 form part of these financial statements.

The Association of Commonwealth Universities

Group Cash Flow Statement
31 July 2015

	Note	2015 £'000	2014 £'000
Operating Activities			
Net cash inflow / (outflow) from operating activities		564	(482)
Returns on Investment			
Investment Income and Interest	4	713	695
Capital expenditure			
Purchase of tangible assets	8	(91)	(42)
Disposal of listed investments	9(b)	45	1,968
Disposal of term deposits		-	-
Acquisition of listed investments	9(b)	(79)	(3,027)
		1,152	(888)
Financing			
Endowment donations		3	34
Increase / (Decrease) in cash		1,155	(854)

Reconciliation of net incoming resources to net cash (outflow) from operating activities

	2015 £'000	2014 £'000
Net incoming resources	833	770
Investment income received	(713)	(695)
Endowment donations	(3)	(34)
Depreciation charge	43	60
(Increase) / decrease in debtors	327	(547)
Increase / (decrease) in creditors	45	(37)
Investment Management fee rebate	32	1
Net cash inflow / (outflow) from operating activities	564	(482)

Analysis of Net Cash Resources

	Opening balances £'000	Cash Flow £'000	Closing balances £'000
Cash at bank and in hand	512	1,155	1,667

The Association of Commonwealth Universities

Notes to the financial statements
Year ended 31 July 2015

1. **Accounting policies**

(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.

The group financial statements consolidate the results of ACU Trading Limited on the line by line basis and have been adjusted to eliminate transactions and balances with ACU. The results of ACU Trading Limited for the period are presented in the notes below.

Only the Group Statement of Financial Activities has been presented as permitted by paragraph 397 of the Charities SORP 2005.

The net incoming resources generated by the Charity in 2015 were £833K (2014: £770K).

(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 £2,000 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) 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.

Notes to the financial statements
Year ended 31 July 2015

1. **Accounting policies (continued)**

(h) 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.

(i) 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.

(j) Pension schemes

The ACU participates in both the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL). Both 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. Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The ACU is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the 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 Statement of Financial Activities represents the contributions payable to the schemes 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 schemes. (See note 20 for more details.)

(k) Forward exchange contracts

ACU has entered into forward exchange contracts during the year to hedge forward currency exposure on future programme expenditure. Forward currency exchanges made under these contracts are recorded at the specified rate at the time of the transaction.

(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.

Notes to the financial statements
Year ended 31 July 2015

2. Grants and donations received

	2015 £'000	2014 £'000
Grants from UK Government		
Department for International Development – DRUSSA & DRUSSA Extension	530	512
Department for International Development – CIRCLE	740	76
	1,270	588
Grants from other Agencies		
European Commission – PACE Net Plus	-	76
European Commission – CAAST Net	29	
European Commission – CAAST Net Plus	127	-
European Commission – Research & Innovation Management Improvement	-	75
European Commission – International Collaboration on Research Data Infrastructure	38	20
Trust-IT Services – European Commission Research Data Alliance project	34	-
European Commission – DOC Links	-	13
Global Health Consulting	45	-
Commonwealth Secretariat – ACU Residential School	-	3
Commonwealth Scholarship Commission – ACU Residential School	-	7
	273	194
Grants from charitable foundations		
British Academy – Africa Desk project	13	14
British Academy – Early Careers project	6	-
Canada Memorial Foundation	21	6
Marshall Sherfield Fellowship Foundation	-	12
Robert Bosch Stiftung	85	129
Britain Nigeria Education Trust	10	
The David & Elaine Potter Foundation	44	
	179	161
Donations		
Government of Sri Lanka	-	31
Sarasin Investment Management	-	1
Individuals & Organisations	4	4
	4	36
	1,726	979

Notes to the financial statements
Year ended 31 July 2015

3. External administration fees

	2015 £'000	2014 £'000
Commonwealth Scholarship award schemes	1,535	1,573
Marshall Scholarship scheme	189	178
Staff & Educational Development Association	113	105
Chevening Scholarships	2,665	1,518
Other schemes	21	12
	4,523	3,386

4. Investment income and interest

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Income: managed investments	263	447	710	692
Interest: cash deposits	3	-	3	3
	266	447	713	695

5. Analysis of total resources expended

	Staff costs £'000	Consultant costs £'000	Office and facility costs £'000	Other costs £'000	Total £'000	2014 £'000
Costs of generating funds:						
Membership communication	486	15	202	44	747	704
Investment management costs	-	-	-	109	109	99
Charitable activities:						
Scholarships, grants and awards	-	-	-	269	269	310
External and fund administration	3,024	86	625	209	3,944	2,967
Consultancy activities	6	-	-	-	6	41
Member activities	267	75	132	119	593	773
Projects and Programmes grants	489	127	515	527	1,658	719
Governance costs (note 6)	70	-	4	21	95	79
	4,342	303	1,478	1,298	7,421	5,692

Member activities
Member activities comprise Conferences, Strategic Management, Membership Communities & Networks, the Gender Programme, support for the annual residential School, participation in international conferences, ACU Measures benchmarking, post 2015 Campaign and the Promotions Advisory Service.

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 staff (whole time equivalent) engaged in an activity. The analysis and allocation of support costs is as follows:

Support costs	2015 £'000	2014 £'000
Costs of generating funds:		
Membership communication	59	115
Charitable activities:		
External and fund administration	941	741
Consultancy activities	-	16
Member activities	137	237
Governance costs	6	16
	1,143	1,125

6. Governance costs

	2015 £'000	2014 £'000
Staff costs	70	44
Office & facility costs	4	9
Council Meeting & Annual Report	4	10
Audit compliance	16	14
Other	1	2
	95	79

Notes to the financial statements
Year ended 31 July 2015

7. Net incoming resources for the year

Net incoming resources for the year are stated after charging:

	2015 £'000	2014 £'000
(a) Auditors' remuneration		
Audit fees	16	14
Other non-audit work (VAT advice & EC grant audit)	2	1

(b) Staff costs:

The average monthly number of persons employed by the ACU (calculated on a full-time equivalent basis), was 94 during 2015 (2014: 76).

	2015 £'000	2014 £'000
Wages and salaries	3,333	2,801
Social security costs	284	233
Pension costs	465	349
Agency staff	138	110
Recruitment	27	30
Training and welfare	103	61
	4,350	3,584

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

	2015 Number	2014 Number
£60,001 to £70,000	2	1
£70,001 to £80,000	1	1
£80,001 to £90,000	-	2
£90,001 to £100,000	2	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-

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

The highest paid member of staff earned £122K. This was 5.8 times the salary earned by the lowest paid member of staff.

(c) Trustee remuneration and expenses:

No Trustee received any remuneration in the year (2014: £nil).

Three Trustees were reimbursed £13,580 for travel expenses incurred during the year (2014: one Trustee, £90). £13,207 of this year's cost was incurred to enable the Chair & Treasurer to attend the seventeenth Commonwealth Conference of Education Ministers.

Notes to the financial statements
Year ended 31 July 2015

8. Group and Charity Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Furniture & fixtures £'000	Total £'000
Cost				
At 1 August 2014	226	2	15	243
Additions	91	-	-	91
Disposals	-	-	-	-
At 31 July 2015	317	2	15	334
Depreciation				
At 1 August 2014	162	2	15	179
Charge for year	43	-	-	43
Disposals	-	-	-	-
At 31 July 2015	205	2	15	222
Net book value				
At 31 July 2015	112	-	-	112
At 31 July 2014	64	-	-	64

Notes to the financial statements
Year ended 31 July 2015

9. Group and Charity Investments

(a) Analysis by type

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2015 £'000	Total 2014 £'000
Quoted investments	7,116	501	12,691	20,308	18,984
Cash held for investment purposes	-	-	25	25	28
	7,116	501	12,716	20,333	19,012

(b) Movements in quoted investments

	Unrestricted funds		Restricted & Endowment funds	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Market value, 1 August	6,695	5,628	12,289	11,998
Acquisitions at cost	13	1,011	66	2,115
Disposals at opening market value	-	-	(45)	(2,067)
Net unrealised (losses) / gains on revaluation	408	56	882	243
Market value, 31 July	7,116	6,695	13,192	12,289
Cost, 31 July	5,994	5,980	11,565	11,543

In the year ended 31 July 2105, ACU made realised gains of £34,000 (2014: £5,000)

10. Debtors and prepayments

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Member subscriptions	68	-	68	59
Trade debtors	596	-	596	811
Sundry debtors	48	-	35	145
Accrued Income	82	-	82	149
Prepayments	101	-	101	58
Amounts due from ACU Trading Limited	-	-	18	-
	895	-	900	1,222

Notes to the financial statements
Year ended 31 July 2015

11. Creditors: amounts payable within one year

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors	129	-	129	150
Deferred income	323	-	323	308
Income tax and National insurance contributions	91	-	70	77
Value added tax	140	-	140	114
Publishers – African library holding account	9	-	9	4
Sundry creditors	46	-	46	60
Accruals	77	-	75	57
	815	-	792	770

12. Group and Charity Endowment funds

	Opening value of funds £'000	New endowments £'000	Gains on investments £'000	Closing value of funds £'000
Permanent endowments				
ACU endowment	3,855	-	244	4,099
CSFP Anniversary endowment	6,762	3	545	7,310
Edward Boyle endowment	102	-	6	108
Annenberg Foundation endowment	481	-	27	508
ACU Second Century endowment	8	-	-	8
	11,208	3	822	12,033
Expendable endowments				
Marshall Sherfield endowment	653	-	37	690
Total endowments	11,861	3	859	12,723

Income from the ACU Endowment funds ACU Development Fellowships (Note 15). The Commonwealth Scholarship and Fellowship Programme Anniversary Fund funds 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 2015, no funds were drawn down. (In the year ended 31 July 2014, no funds were drawn down.)

Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission.

Notes to the financial statements
Year ended 31 July 2015

13. Group and Charity Restricted Funds

	Opening value of funds £'000	Grants/ Donations/ Subscriptions £'000	Investment Income / Gains £'000	Total Income £'000
ACU Development Fellowships	156	-	151	151
Marshall Sherfield Fellowship s	1	-	30	30
Annenberg	-	-	22	22
Mzuzu University, Malawi	1	1	-	1
Edward Boyle (Medical Electives)	1	-	4	4
CSFP Anniversary Fund	773	10	277	287
Canada Memorial Foundation	(5)	21	-	21
Symons Medal	7	-	-	-
ACU Residential School	128	-	-	-
Potter Foundation	-	44	-	44
CAAST Net (EC)	(30)	29	-	29
CAAST Net Plus (EC)	114	127	-	127
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus) (EC)	62	-	-	-
Development Research Uptake in Sub Saharan Africa (DRUSSA) (DFID)	45	379	-	379
DRUSSA Extension (DFID)	26	151	-	151
Promoting Africa Europe Research Infrastructure Partnerships (PAERIP) (EC)	(14)	-	-	-
Structured Training for African Researchers (STARS) (Bosch)	82	85	-	85
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE) (DFID)	15	740	-	740
British Academy Africa Desk	6	13	-	13
British Academy Early Careers	-	6	-	6
CSFP Anniversary Governance	3	-	-	-
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA) (EC)	(38)	72	-	72
Research & Innovation Network for Europe & Africa (EC)	-	45	-	45
Total	1,333	1,723	484	2,207

Notes to the financial statements
Year ended 31 July 2015

13. 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	307	160	147	-	147
Marshall Sherfield Fellowship s	31	20	11	-	11
Annenberg	22	22	-	-	-
Mzuzu University, Malawi	2	1	1	-	1
Edward Boyle (Medical Electives)	5	3	2	-	2
CSFP Anniversary Fund	1,060	151	909	-	909
Canada Memorial Foundation	16	20	(4)	-	(4)
Symons Medal	7	-	7	-	7
ACU Residential School	128	51	77	-	77
Potter Foundation	44	-	44	-	44
CAAST Net (EC)	(1)	-	(1)	-	(1)
CAAST Net Plus (EC)	241	114	127	-	127
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus) (EC)	62	11	51	-	51
Development Research Uptake in Sub Saharan Africa (DRUSSA) (DFID)	424	423	1	-	1
DRUSSA Extension (DFID)	177	87	90	-	90
Promoting Africa Europe Research Infrastructure Partnerships (PAERIP) (EC)	(14)	-	(14)	-	(14)
Structured Training for African Researchers (STARS) (Bosch)	167	108	59	-	59
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE) (DFID)	755	748	7	-	7
British Academy Africa Desk	19	6	13	-	13
British Academy Early Careers	6	12	(6)	-	(6)
CSFP Anniversary governance	3	-	3	-	3
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA) (EC)	34	66	(32)	-	(32)
Research & Innovation Network for Europe & Africa (EC)	45	10	35	-	35
Total	**3,540**	**2,013**	**1,527**	**-**	**1,527**

Notes to the financial statements
Year ended 31 July 2015

14. 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.	127	49
Marshall Sherfield Fellowship Scheme	A programme to support US post-doctoral fellows at UK universities.	12	1
Annenberg Foundation	Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission	1	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.	3	6
ACU Residential School	Support for international students to attend the ACU summer school	50	25
CSFP Anniversary Fund	Provides scholarships hosted by low and middle income Commonwealth countries	106	18
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
Canada Memorial Fund	Scholarship programme to support UK students to study postgraduate degrees in Canada	20	1
Total value and number of awards to individuals		320	103

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

Notes to the financial statements
Year ended 31 July 2015

15. Funds held on behalf of third parties

Funds held in sterling	Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	Closing Balance £'000
Chevening Scholarship Scheme	461	22,969	19,589	3,841
Commonwealth Scholarship & Fellowship Plan	9,269	25,731	24,537	10,463
HEDG	14	16	22	8
DRUSSA	-	318	309	9
DRUSSA Extension	121	202	208	115
CIRCLE	35	168	155	48
Total Third Party Sterling Funds	9,900	49,404	44,820	14,484

Funds held in euro	Opening Balance €'000	Incoming Resources €'000	Resources Expended €'000	Closing Balance €'000
European Commission CAAST Net grant	136	166	-	302
European Commission CAAST Net Plus grant	-	824	676	148
Total Third Party Euro Funds	136	990	676	450

16. Analysis of Group and Charity assets between Funds

	Fixed assets £'000	Investments £'000	Net current assets £'000	Total £'000
Endowment funds	-	12,716	7	12,723
Restricted funds	-	501	1,026	1,527
Unrestricted funds	112	7,116	714	7,942
	112	20,333	1,747	22,192

17. Future financial commitments

Group and Charity Operating leases

At 31 July 2015 the ACU had annual commitments under operating leases as set out below:

	2015 Land and buildings £'000	2014 Land and buildings £'000
Operating leases which expire:		
Within five years	146	303
After five years	-	-

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18. Forward exchange contracts

ACU has entered into five forward exchange contracts during the year (all with Ebury) to hedge forward currency exposure on future programme expenditure. These contracts to purchase South African Rand (ZAR) using sterling (GBP) are for specific sums at specific rates between 17.5744 and 17.6626. At 31 July 2015 a combined purchase value of ZAR 6,226,695 remained on these contracts.

19. ACU Trading Ltd

In July 2014 ACU established a wholly owned subsidiary company to employ staff in order to supply their services to ACU. The results for the period ended 31 July 2015 have been consolidated into the group financial statements of ACU and all transactions and balances between the Company and Charity have been eliminated where appropriate. The results of ACU trading Limited for the period ended 31 July 2014 are as follows:

	2015 **£'000**
Turnover	659
Cost of sales	623
Gross Profit	36
Administration	36
Net profit	-
Net assets	-

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 ACU is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to its staff. In 2015, the percentage was 16% (2014:16%). The ACU is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 *Retirement benefits*, accounts for the scheme as if it were a defined contribution scheme.

The total USS pension cost charged to the Statement of Financial Activities is £396K (2014: £317K). This includes nil (2014: £42K) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18 % from 1 April 2016.

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

FRS17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable Salary Growth	3.5% in the first year and 4.0% thereafter	4.4%
Consumer Prices Index inflation ("CPI")	2.2%	2.6%

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

Male members' mortality	S1NA ["light"] YoB tables- No age rating
Female members' mortality	S1NA ["light"] YoB tables- rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males (females) currently aged 65	24.2 (26.3)	23.7 (25.6)
Males (females) currently aged 45	26.2 (28.6)	25.5 (27.6)

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

(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.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

	31 March 2011
Discount rate - Pre-retirement - Post-retirement	 6.80% pa 4.70% pa
General* Salary Increases	3.75% pa until 31 March 2014, 4.5% pa thereafter
Retail Prices Index inflation ("RPI")	3.50% pa
Consumer Prices Index inflation ("CPI")	2.80% pa
Pension Increases in payment (excess over GMP)	2.80% pa
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% pa

* an additional allowance is made for promotional Salary 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 £1,506 million representing 95% 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. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

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The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure applied from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

21. Related Parties

Under Financial Reporting Standard 8 ACU is exempt from the requirement to disclose transactions with its trading subsidiary on the basis that its results are consolidated in its financial statements.