

The Association of Commonwealth Universities

**Annual report and financial statements
31 July 2018**

Charity Registration No. 314137

Annual report and financial statements 2018

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The Association of Commonwealth Universities
Council's Report

Officers and professional advisers

Council members

Chair:	Professor Amit Chakma – Western University, Canada
Vice-Chair:	Professor Paul Boyle – University of Leicester, UK
Honorary Treasurer:	Professor Idris Rai – The State University of Zanzibar, Tanzania
Other members:	Engr Ahmed Farooq Bazai – Balochistan University of Information Technology, Engineering and Management Sciences, Pakistan Professor Stuart Corbridge – Durham University, UK Professor Wim de Villiers – Stellenbosch University, South Africa Professor Nigel Healey – Fiji National University, Fiji Professor Dhanjay Jhurry – University of Mauritius Professor Mehraj-Ud Din Mir – Central University of Kashmir, India Professor Abel Idowu Olayinka – University of Ibadan, Nigeria Professor Colin Riordan – Cardiff University, UK Professor Deep Saini – University of Canberra, Australia Professor Gamini Senanayake – University of Ruhuna, Sri Lanka Professor Ranbir Singh – National Law University, Delhi, India Professor Gabriel Ayum Teye – The University for Development Studies, Ghana Professor Jan Thomas - Massey University, New Zealand

Audit Committee members

Chair:	Professor Stuart Corbridge – Durham University, UK
Other members:	Professor Wim de Villiers – Stellenbosch University, South Africa Professor Nigel Healey – Fiji National University Mr Graeme Appleby - Finance Director, School of Oriental & African Studies, UK

Remuneration Committee members

Chair:	Professor Idris Rai – The State University of Zanzibar, Tanzania
Other members:	Professor Julia Buckingham – Brunel University, UK Ms Alison Johns – Advanced HE, UK Professor Shearer West – University of Nottingham, UK

The above lists are as at 19th October 2018.

Officers and professional advisers – continued

Secretary General

Dr Joanna Newman MBE FRSA

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

Sarasin & Partners LLP (to January 2018)
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100 St Paul's Churchyard
London EC4M 8BU

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

CCLA (from December 2017)
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85 Queen Victoria Street
London EC4V 4ET

Investment custodians

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

HSBC
8 Canada Square
London E14 5HQ

Auditors

Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

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 517 in 41 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 2018 (Company registration number: 9119389).

Mission, objectives and activities

The ACU is an international organisation dedicated to building a better world through higher education. Our vision is a world in which higher education transcends borders, strengthens societies, fosters innovation, and lifts the lives of people throughout the Commonwealth and beyond.

We believe that international collaboration is central to this ambition. By bringing universities together from around the world – and crucially the people who study and work within them – we help to advance knowledge, promote understanding, broaden minds, and improve lives.

We champion higher education as a cornerstone of stronger societies, supporting our members, partners, and stakeholders as they adapt to a changing world.

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 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 serves as an **advocate for its members and for higher education generally** by maintaining close working relationships with other Commonwealth and international organisations, including the Commonwealth Secretariat, national governments, regional and national university associations, and a range of international fora. In 2017/18, this included three major Commonwealth events:

In August 2017, the ACU took part in the **9th Commonwealth Youth Ministers Meeting** in Uganda. Member universities from Uganda, South Africa, and the West Indies attended an ACU reception held alongside the meeting. In February 2018, the ACU played a formal role in the **20th Conference of Commonwealth Education Ministers (CCEM)** in Fiji, the theme of which was 'Sustainability and Resilience: Can Education Deliver?' The ACU's involvement

included directing the content for ministerial discussions of HE issues, jointly coordinating the Integrated Partners Forum (IPF), and organising a one-day Higher Education Forum. The ACU delegation comprised eight vice-chancellors from member universities.

Outcomes included:

- The launch of the **ACU Commonwealth Climate Resilience Network** – a new network to enable member universities to pool knowledge and resources in coping with climate change and natural disasters.
- The **Commonwealth Education Partnership for Sustainable Development**, a historic pledge signed by the ACU, the Commonwealth Secretariat, and the Commonwealth of Learning to work together to support member states to achieve the SDGs through education.
- Ministers formally endorsed the **establishment of a central management unit for the Commonwealth Scholarship and Fellowship Plan (CSFP) at the ACU, plus efforts to expand both the CSFP and the CSFP endowment fund** – both as recommended by the CSFP Taskforce.

In April 2018, the **Commonwealth Heads of Government Meeting (CHOGM)** took place in the UK, and the ACU played a central role in discussions on the challenges facing higher education. Secretary General Dr Joanna Newman presented to the Peoples' and Business Forums, as well as to a joint reception with the UK Department for Business, Energy and Industrial Strategy and the Royal Society. She also addressed the official CHOGM Foreign Ministers' meeting and spoke to foreign ministers, high commissioners, and other key influencers. A highlight was **HRH Prince Harry announcing the expansion and re-naming of the Queen Elizabeth Commonwealth Scholarships**, which are supported by the CSFP endowment fund and managed by the ACU. Following this, the ACU secured significant pledges of additional funding for the endowment fund.

Other events and activities include:

Between June-December 2017, the **ACU Course in University Administrative Practice** took place. The six-month programme was designed to support the professional development of university administrators across the Commonwealth, ultimately enabling them to contribute more effectively to their institutions. 22 administrators from Ghana, Malawi, Nigeria, and Sierra Leone took part in the course, which included a workshop held at the University of Ibadan in Nigeria in August. By the end of the course, participants developed institutional action plans which they are currently implementing in their universities.

In October 2017, the ACU joined forces with the Committee of Vice Chancellors and Provosts in Tanzania to co-host a seminar titled **'Collaborative approaches to globalisation and growth'** at the State University of Zanzibar, Tanzania. 37 university vice-chancellors, principals, and provosts took part.

Also October, the ACU delivered a workshop on the **'Strategic positioning of human resources in higher education'** as part of the Association of Registrars of Nigerian Universities' annual meeting.

In late October, the ACU joined forces with the Committee of Vice-Chancellors and Directors of Sri Lanka for an event titled **'Changing the higher education landscape in Sri Lanka'**. The ACU provided three keynote speakers and an ACU reception was attended by 15 Sri Lankan university vice-chancellors.

In November 2017, the ACU arranged a seminar titled **'Organising for change: how can higher education meet the changing needs of employment?'** The event was held in South Africa, and was delivered in collaboration with Wilton Park, the UK Government's Department for International Development, the National Research Foundation of South Africa, and the University of Pretoria. The ACU selected 20 representatives from across its membership to attend this event, which explored the role of higher education in driving economic change and creating skilled, work-ready graduates.

Also in November, the ACU signed a Memorandum of Understanding (MoU) with the **Council for At-Risk Academics (Cara)**. The MoU will provide a framework for future collaboration between the ACU and Cara to support academics who have been forced to seek refuge outside their own country. As part of this, the ACU will actively inform its members about Cara and encourage them to support Cara's work.

In March 2018, the ACU partnered with Wilton Park, UK, on a seminar titled '**Maximising the power of tertiary education**'. As part of its involvement, the ACU led a session on how to maximise the impact of tertiary education through international partnerships.

In April 2018, the ACU hosted a talk on '**Knowledge, innovation and the UN sustainable development goals**' by Budd Hall and Rajesh Tandon – UNESCO Co-Chairs in Community-Based Research and Social Responsibility in Higher Education.

In May 2018, the ACU took part in **Going Global 2018** in Malaysia. As well as chairing sessions and speaking on plenary panels, the ACU hosted a lunch bringing together representatives from 28 member institutions. The same trip also saw the ACU meet with the Malaysian Ministry of Higher Education to discuss Malaysia's HE priorities.

In June 2018, the ACU became the latest signatory of an important new international agreement in higher education: the **Declaration of Montreal**. The agreement brings the ACU together with six other international networks – Agence Universitaire de la Francophonie; the International Association of Universities; the Union of Universities of Latin America, the Inter-American Organization for Higher Education; the Association of African Universities; and the Association of Arab Universities – to promote inter-university solidarity on an unprecedented scale.

In July 2018, the ACU became an official endorsing partner of the **SDG Accord**. The Accord is the university sector's collective response to the UN's Sustainable Development Goals (SDGs), and aims to inspire, celebrate and advance the critical role that education has in delivering the SDGs.

The **ACU Gender Programme** aims to promote gender equity as an integral institutional goal. As part of the programme, the ACU awarded its annual ACU Gender Grants to ten universities in 2017. These help member universities to promote gender equality on campus by funding training and awareness-raising workshops.

The ACU's 'Respect and understanding' initiative continued throughout 2017 and into 2018. This focused on the role of universities in promoting mutual respect and understanding between people of different faiths, beliefs, and cultures. As part of this, the ACU created an online showcase to enable universities to share examples of innovative programmes and initiatives in this area, enabling others to learn from their experiences and successes. Staff and students at universities across the Commonwealth were also encouraged to sign up to a statement of shared values. Also as part of the initiative, the ACU held a week-long residential school in Malaysia for young leaders, titled 'Giving student leaders practical means to promote respect and understanding' (see later section for more information).

The **ACU Member Communities** are a series of special interest groups that connect colleagues and other stakeholders working in key areas of university activity. Each Community brings university staff from across the Commonwealth together to share experiences, explore ideas, and discover potential avenues for collaboration. Each Community is overseen by an international steering committee comprising university professionals working in relevant areas.

The four Communities are:

- The **ACU Engage Community** – for all university staff and stakeholders working or involved in university community engagement and outreach.
- The **ACU HR in HE Community** – for all university staff specialising in Human Resources.
- The **ACU Internationalisation Community** – for university staff involved in international education.
- The **ACU Research, Knowledge and Information Community** – for all university staff who support and encourage, but don't directly engage in, the research process.

In May/June 2018, nine **conference bursaries** were awarded to members of the ACU Member Communities to enable them to attend an international conference in their field of work. Bursary awardees came from Ghana, India, Kenya, Pakistan, the UK, and Zambia. Also in May 2018, the ACU HR in HE Community provided bursaries for three Community members to take part in the **HR Global Innovations UK Study Tour**. Participants from 15 ACU member

universities across the Commonwealth took part in the tour of HR departments at UK member universities, as well as attending the Universities Human Resources Conference in Bristol.

The ACU's annual **Strategic Management Programme** offers participating universities a unique and cost-effective opportunity to compare key management processes. This enables members to learn from each other's experiences – both their challenges and successes – across international boundaries. In August 2017, the workshop element of the programme was hosted by North-West University, South Africa.

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 collect and distribute information on matters of interest to the universities of the Commonwealth and

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

The ACU continued to disseminate information on higher education topics, as well as the activities of the organisation and its member institutions. This includes regular issues of the *Bulletin* (the ACU's magazine for its members), a monthly **newsletter** ('SynTHESIS'), and commissioned **blogs** by staff, academics, and university professionals ('The ACU Voice').

The ACU website continues to be a hub for information, resources and news on the Association's activities. The ACU also communicates and provides information to its members and beyond through social media – including Twitter, LinkedIn, Facebook, YouTube, and Flickr.

ACU Measures is the ACU's annual online benchmarking exercise for university management, and provides a unique opportunity for member institutions to benchmark their performance in key areas of university management in a confidential and non-competitive way. Rather than seeking to rank institutions, ACU Measures helps universities to compare and contrast their practices and policies, supporting senior university management in decision-making and strategic planning. The exercise covers four areas: institutional profile, academic salaries, research management, and gender. Data on each is collected online and then made available for benchmarking, with results displayed in the aggregate to ensure confidentiality. The online platform allows users to generate individualised reports, tables and charts, with the additional option of exporting the data for further analysis.

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 the Commonwealth Scholarship Commission in the UK, the Marshall Aid Commemoration Commission, and the Chevening Scholarships. The CSC is funded by the UK government's Department for International Development, while the Marshall Aid and Chevening Scholarships are funded by the UK government's Foreign and Commonwealth Office.

Another activity in this area is the management and expansion of the **Commonwealth Scholarship and Fellowship Plan** (CSFP), as mentioned earlier. In February 2018, at the 20th Conference of Commonwealth Education Ministers (CCEM) in Fiji, ministers formally endorsed the ACU establishing a central management unit for the Commonwealth Scholarship and Fellowship Plan (CSFP), plus efforts to expand both the Plan itself and the CSFP endowment fund – both as recommended by the CSFP Taskforce.

The endowment fund supports Commonwealth Scholarships hosted by low and middle income countries of the Commonwealth. These scholarships give students from Commonwealth countries the chance to study a Master's degree in a range of low and middle income countries. These scholarships reflect the ACU's ambition to make

academic mobility genuinely Commonwealth-wide, rather than focused predominantly on 'traditional' study destinations. In April 2018, HRH Prince Harry announced that these scholarships would be renamed the Queen Elizabeth Commonwealth Scholarships. Following this, the ACU secured significant pledges of additional funding for the endowment fund.

The ACU also supports international student and staff mobility through a number of other scholarships, grants and bursaries. These include the following:

- **ACU Fellowships** promote mobility among Commonwealth university staff and enable international collaboration on research. Offered on an annual basis, the awards aim to support universities of the Commonwealth to develop the human resources of their institutions and countries through the interchange of people, knowledge, skills, and technologies.
- **ACU Early Career Conference Grants** enable emerging academics at ACU member institutions to attend conferences or academic meetings outside their own region, thereby broadening their horizons and helping them to establish key international contacts.
- The **Edward Boyle Bursaries**, administered by the ACU, help medical students in the UK obtain valuable practical experience in a developing Commonwealth country.
- The **ACU-BNET Fellowships in Education** aim to enable the sharing of knowledge and experience in the field of education between Nigeria and elsewhere in the Commonwealth. Two visiting education fellowships are available, offered in collaboration with the Britain-Nigeria Educational Trust (BNET).
- The **ACU Global Summer School Grants** enable undergraduate students from ACU member universities in the UK to attend university summer schools elsewhere in the Commonwealth. The grants are offered thanks to the legacy of Major Harold William Paxton. In 2018, students attended summer schools in Canada, India, Malaysia, Nigeria, South Africa, and Uganda.

In August 2017, the annual **ACU Summer School** was hosted by Bath Spa University, UK. This event brought 41 students from 27 member universities to explore the role of the arts and humanities in shaping our understanding of – and response to – environmental issues, and included lectures, site visits, group project work, and social activities. Visiting speakers included historian Martha Akawa-Shifkufa from the University of Namibia; Husna Ahmad, Founding Director of Global One; and Professor Irma Elof of the University of Pretoria.

In December 2017, the ACU held a **week-long residential school for young leaders** titled 'Giving student leaders practical means to promote respect and understanding' The event was held in Malaysia, in partnership with Heriot-Watt University, Kuala Lumpur, and brought 30 student leaders from 20 countries together. The aim was to equip students with the skills and ideas needed to promote respect and understanding on their return to their institutions. A survey of participants three months after the event indicated that the event changed perceptions of all participants and, to date, five students have undertaken actions on campus, directly inspired and informed by the programme.

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 and evaluation.

To cooperate with other associations having similar objects with a view to the promotion of the objects of the Association

As well as administering scholarship and grant programmes, 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), the International Consortium for Educational Development (ICED), and the Harkness Fellows Association and Transatlantic Trust.

Over the 2017-2018 period, the ACU also engaged formally with a number of other organisations, stakeholders and government bodies, aimed at furthering collaboration and shared opportunities. These include the Association of Indian Universities, the British Council, Universities Australia, the Australian Department of Foreign Affairs and Trade; the Government of Malta, the Higher Education Commission of Pakistan; the Cypriot Ministry of Education, the Canadian Bureau of International Education, The Agence Universitaire de la Francophonie, the Malaysian Ministry of Education, and Universities South Africa.

In addition, the ACU coordinates, delivers, or otherwise contributes to a range of **externally funded projects**. These include:

- The **Partnership for Enhanced and Blended Learning (PEBL)** is supported by DFID's SPHEIR programme and is designed to address the critical academic staff shortages many east African universities are currently facing. It will enable universities to share scarce teaching resources through quality assured, credit-bearing degree courses, delivered through blended learning.

In the 2017-2018 period, PEBL held a number of key workshops and engagement meetings in Kenya.

- **Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)** – this ACU-led project seeks to address the shortfall in the proportion of climate change research currently produced by African scientists. Funded by the UK Department for International Development, the five-year programme supports and develops the work of 100 early career researchers in Africa undertaking climate change research, while also working with institutions to improve their support for emerging researchers and develop coordinated and strategic approaches to climate change research.

Over the 2017-2018 period, the project held a number of key workshops in Kenya for participants and stakeholders.

- **CAAST-Net Plus** – a network of 26 partner organisations from all over Europe and sub-Saharan Africa working together to support bi-regional cooperation in research and innovation, coordinated by the ACU and funded by the European Commission.
- **Research and Innovation Network for Europe and Africa (RINEA)** – This EU-funded project supported the EU-Africa High Level Policy Dialogue (HLPD) on science, technology and innovation. The consortium encompasses 13 partners from six European and seven African countries.
- **Science Granting Councils Initiative in Sub-Saharan Africa (SGCI)** – a project to strengthen the capacity of science granting councils in sub-Saharan Africa.

All 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 benefiting the countries and communities from which they come.

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. Trustees are introduced to the role by briefings on UK charity governance and accounting, investment management and the diverse work of the ACU. The Council meets twice each year — in London in November 2017 and again in London in July 2018. The officers and

The Association of Commonwealth Universities Council's Report

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.

The Audit & Risk Committee was formed by the Executive Committee in September 2006. It met once in 2017/18. 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.

The Trustees are aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Charity conducts triennial reviews of its governance arrangements, with the next review planned for early 2019. This will involve external expert advice in how best to apply the principles within the code. The Council will then address any issues raised where required.

ACU had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Day to day management

Dr Joanna Newman is the ACU's Secretary General, heading a Senior Management Team which also comprises the Chief Finance Officer, Director of Scholarships, Director of Programmes, the Heads of Membership Development and Communications.

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 18 of the financial statements. A summary of the activities and the financial results is given below.

Unrestricted Funds - General

The results for the year are best considered thus:

	£K	2017/18	2016/17	2015/16
Income		7,603	7,273	6,889
Expenditure		7,523	6,620	5,849
Net incoming resources before gains / (losses) on investments		80	653	1,040
Transfer to Designated Fund		-	600	1,000
After transfer to designated fund, before gains / (losses) on investments, pension schemes and others		80	53	40
Gains on investments		388	556	94
Actuarial gains / (losses) on defined benefit pension schemes		35	69	(103)
Other gains / (losses) – foreign exchange contracts		-	-	37
Net movement in funds		503	678	68

Unrestricted Fund income of £7,603K is £330K (4.5%) higher than last year. The major factors relating to this increase were:

- External administration fees increased by £241K (4%) to £5,997K. This is mainly due to a new programme in CSC and the Chevening contract expanding to include running the online application system.
- Membership fee income has increased by £54K (5%) to £1,154K. In 2018 there were 517 subscribing members compared to 490 in 2017. Bad debt provision expenditure increased by £14K to £80K. ACU membership debt collection has in the past been subject to similar fluctuations which stretch beyond accounting years.
- Member activities includes conferences, strategic management programme and Member Communities plus the promotion advisory service. Income fell to £92K from £121K – promotion advisory service income fell £26K as many more cases were processed in 2016/17 than in 2017/18; and 2016/17 also included £16K from the biennial Human Resources in Higher Education Conference (Mauritius, October 2016) whereas 2017/18 includes no comparable event.
- Investment income increased to £331K from £290K. Although cash balances now generate almost no income, the investment portfolio continued to grow its income, although some of this is matched by increased investment management fees.

Total resources expended were £7,523K, £903K (14%) above £6,620K the previous year.

Tight cost control continued to be applied to maintain the ACU's financial position. Staff costs increased to £5,382K by £543K (11%) from £4,839K, mostly due to additional Membership engagement staff and Commonwealth Scholarship administration activity. Expenditure on staff training and professional development was £70K.

Non-staff costs also increased, to £2,141K by £360K (20%) from £1,781K. The most significant factors were £86K increase in Chevening administration costs as ACU took responsibility for procuring the on line application system and £60K increase in staff travel.

£503K net movement in Unrestricted Funds includes £388K gain on investment assets (2016/17 £556K gain) and £35K actuarial gain on defined benefit pension schemes (2015/16 £69K gain). Before these gains, the underlying position is £80K net incoming resources.

ACU makes grants in line with funders' and donors' aims and wishes. This contributes to ACU's objective of facilitating the interchange of students and teachers between Commonwealth universities and between them and the universities of foreign countries.

Unrestricted Funds - Designated

The Trustees have set aside two Designated Funds:

- 1 the cost of reconfiguring the ACU's London office, £1,000K initiated in 2015/16; £687K at 31 July 2018 (£798K at 31 July 2017).
- 2 ACU 2020, an ambitious change programme which aims to set out ACU's overarching priorities and direction, providing a reinvigorated organisational vision and corporate strategy leading up to the Commonwealth's 70th birthday; £284K at 31 July 2018 (£592K at 31 July 2017).

Restricted Funds

The range of Restricted Funds administered by the ACU is shown under notes 11 and 12 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 four restricted funds in deficit at the balance sheet date. CAAST Net Plus is funded by the European Commission and at 31 July 2018 awaited refunds from partners or income instalments. Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE) and Partnership for Enhanced & Blended Learning (PEBL) are funded by the UK Department for International Development and also awaited income instalments at 31 July 2018. The Potter Foundation fund similarly awaited the release of its final income instalment.

Endowment Funds

The Permanent & Expendable Endowment Funds along with associated Restricted Funds generated £438K of investment income during the year, £38K down on £476K in 2016/17. The apparent reduction is due to no longer drawing income to cover the investment management fee on the funds held by Newton. In 2016/17 this was £52K, so without this, comparable investment income would have grown by £14K. All the endowment income was credited to the relevant Restricted Funds. £187K funded ACU Development Fellowships, £23K funded Annenberg Scholarships, £32K funded Marshall Sherfield Scholarships, £5K funded Boyle Medical Electives and £229K funded the CSFP Anniversary Scholarships. The value of the Permanent Endowments stood at £14,345K at 31 July 2018, an increase of £821K on the year. This comprises £819K gain on investments and £2K investment management fee rebate. The value of Expendable Endowments stood at £5,891K at 31 July 2018, an increase of £5,136K on the year. This comprises £135K gain on investments, £1K investment management fee rebate and £5,000K donations.

The CSFP Anniversary Fund supports a strand of Commonwealth Scholarships hosted by developing Commonwealth countries. It is a permanent endowment and was valued at £8,918K at the year end.

The Queen Elizabeth Commonwealth Scholarships endowment is a new fund established in addition to the CSFP Anniversary Endowment Fund with the same aim of enabling people from around the Commonwealth to study in low and middle income countries at ACU member institutions. Together, both funds support the Queen Elizabeth Commonwealth Scholarship awards.

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 £587K 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 £796K 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 2018.

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

During the period, the Company made neither a profit nor a loss. At 31 July 2018, ACU Trading Limited has net assets of £1.

Summary

During a period of continued worldwide political and economic uncertainty, ACU income has held up well. In a time of considerable turbulence for higher education, membership numbers reversed the dip of the previous year (517 invoiced subscriptions members compared to 490 in 2016/17 and 520 in 2015/16) and membership subscription income has increased £54K in line with this. However bad debt provision increased £14K. External administration income increased £241K (4.0%). Costs have been well managed while growing these activities and developing member engagement through new activities. The ACU achieved £80K surplus on its unrestricted general activities, and before investment and actuarial gains (£388K and £35K respectively). Unrestricted funds at 31 July 2018 comprised £8,671K general funds and £986K designated funds.

Reserves of the Association

The Reserves Policy follows Charity Commission guidance. It considers ACU's income to be stable in the medium term, its costs to be flexible in case of changed income streams, and its commitments also to be flexible. Thus the reserves policy is to hold a reserve that is between 4 months and 6 months of unrestricted expenditure plus restricted fund staff costs. This range is £2.8M to £4.3M. The free reserves at 31 July 2018 are £8.7M, so £4.4M above this level. The Trustees consider this as an opportunity to invest in initiatives that will rebalance the ACU's portfolio of activities and maximise their impact in achieving the ACU's charitable purposes. The ACU2020 Vision is generating proposals.

Investments of the Association

Investment Objectives

The ACU now has seven investment portfolios. The Unrestricted Reserves include the ACU Main investment fund, which has an equity portfolio (£8.2M at 31 July 2018). The Restricted Reserves include the CSFP Anniversary Restricted fund. The Endowment Funds are detailed thus:

Fund	Permanent / Expendable	Investment Manager / Fund	Purpose of fund
CSFP Anniversary	Permanent	Newton Growth Fund for Charities	Queen Elizabeth Commonwealth Scholarships
Queen Elizabeth Commonwealth Scholarships	Permanent	Newton - Growth Fund for Charities	Queen Elizabeth Commonwealth Scholarships
ACU	Permanent	CCLA – COIF Charity Fund	ACU Development Fellowships
Edward Boyle	Permanent	CCLA – COIF Charity Fund	Edward Boyle medical electives
Annenberg	Permanent	CCLA – COIF Charity Fund	Marshall Aid Commemoration Commission scholarships
Marshall Sherfield	Expendable	CCLA – COIF Charity Fund	post-doctoral fellowship for US students

During the year the investment funds managed by CCLA transferred there from Sarasin & Partners LLP.

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 - Newton

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

Investment performance for the year ended 31 July 2018

Fund	Value at 31 July 2018 £'000	Actual Performance %	Benchmark %	Notes
CSFP Anniversary Endowment, Restricted & Queen Elizabeth Commonwealth Scholarship	14,623	9.6	8.5	Actual performance is gross of fees at 0.50%.

It should be noted also that the estimated return from the average charity (ARC Steady Growth) was +5.7% for the 12 months to 31 July 2018.

Benchmark - CCLA

Performance (in terms of total return) of the CCLA COIF Charities Investment Fund is benchmarked against a composite comprising:

MSCI UK IMI	30.0%
MSCI World ex UK	45.0%
IPD All Property Index	5.0%
iBoxx £ Gilts	15.0%
GBP 1WK LIBID	5.0%

Investment performance for the period from 1 January 2018 to 31 July 2018

Fund	Value at 31 July 2018 £'000	Actual Performance %	Benchmark %
ACU Main fund	8,202	5.7	4.4
Endowment fund	4,849	5.7	4.4
Annenberg endowment	588	5.7	4.4
Marshall Sherfield expendable endowment	798	5.7	4.4

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; mitigated by comprehensive introductory Trustee training and use of independent professional advice
- Breach of legal & regulatory requirements; mitigated by regular review and updating of policies and procedures
- Dominance of scholarship administration income; mitigated by actively seeking new projects and partnerships
- Disruption through disaster (eg IT failure); mitigated by cybersecurity training and investment in new systems

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
- biennial auditor inspection of Chevening Scholarship managed funds
- 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

The Future

The drive to increase membership income and grow scholarship 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 2019, which maintains scholarship administration activity, and develops member services. These plans include:

- development of the ACU's portfolio of projects (mostly externally funded)
- externally led expansion of scholarship administration
- implementation of a relationship management system and a renewed website
- increase funds available to the Queen Elizabeth Commonwealth Scholarships endowment fund
- participation with members at regional events

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:

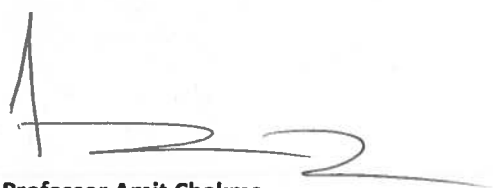
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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



Professor Amit Chakma
Chair of the Council

14 December 2018

Independent Auditor's Report to the Trustees of the Association of Commonwealth Universities

Opinion

We have audited the financial statements of The Association of Commonwealth Universities for the year ended 31 July 2018 which comprise the Group Statement of Financial Activities, the Group and Charity Balance sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 July 2018 and of the group's incoming resources and application of resources, including its income and expenditure 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

The Association of Commonwealth Universities

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

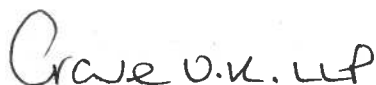
We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.



Crowe U.K. LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date:

6 February 2019

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Group Statement of Financial Activities For the year ended 31 July 2018

	General funds 2018 £'000	Designated funds 2018 £'000	Restricted funds 2018 £'000	Endowment funds 2018 £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Grants & donations (note 2)	-	-	1,328	5,000	6,328	1,720
Membership income	1,154	-	-	-	1,154	1,100
Member activities	92	-	-	-	92	121
External administration (note 3)	5,997	-	-	-	5,997	5,756
Investment income / interest (note 4)	331	-	438	-	769	766
Other	29	-	82	-	111	5
Total Income	7,603	-	1,848	5,000	14,451	9,468
Expenditure on:						
Project grants	-	-	988	-	988	1,131
Membership engagement	1,745	169	-	-	1,914	1,390
Scholarships, grants and awards	-	-	1,037	-	1,037	1,475
External and fund administration	5,737	235	-	-	5,972	5,345
Investment management	41	-	86	(3)	124	91
Total Expenditure	7,523	404	2,111	(3)	10,035	9,432
Net income / (expenditure) before gains / (losses) on investments	80	(404)	(263)	5,003	4,416	36
Gains / (losses) on investments	388	-	38	954	1,380	1,444
Net income before other recognised gains and losses	468	(404)	(225)	5,957	5,796	1,480
Actuarial gains / (losses) on defined benefit pension schemes	35	-	-	-	35	69
Net movement in funds	503	(404)	(225)	5,957	5,831	1,549
Funds brought forward	8,168	1,390	971	14,279	24,808	23,259
Funds carried forward	8,671	986	746	20,236	30,639	24,808

Continuing operations

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

Group and Charity Balance Sheet as at 31 July 2018

		Group		Charity	
	Note	2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7	719	823	719	823
Investments	8	29,031	22,623	29,031	22,623
Total Fixed Assets		29,750	23,446	29,750	23,446
Current assets					
Debtors	9	469	871	454	869
Term Deposits		1,200	1,200	1,200	1,200
Cash at bank and in hand		1,077	1,134	1,063	1,076
Total Current Assets		2,746	3,205	2,717	3,145
Creditors: amounts falling due within one year	10	(1,520)	(1,441)	(1,492)	(1,381)
Net Current Assets		1,226	1,764	1,225	1,764
Net assets excluding pension liability		30,976	25,210	30,975	25,210
Defined benefit pension scheme liability		(336)	(402)	(336)	(402)
Total Net assets		30,639	24,808	30,639	24,808
Funds					
Unrestricted funds: General	14	8,671	8,168	8,671	8,168
Designated	14	986	1,390	986	1,390
Restricted funds	11	746	971	746	971
Endowment funds	12	20,236	14,279	20,236	14,279
Total funds	16	30,639	24,808	30,639	24,808

These financial statements were approved and authorised for issue by the Council on 14 December 2018 and signed on their behalf by:



Professor Amit Chakma
Chair of the Council



Dr Joanna Newman
Secretary General

The notes on pages 21 to 38 form part of these financial statements.

The Association of Commonwealth Universities
Group Cash Flow Statement for the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		(758)	(1,242)
Cash flows from investing activities:			
Investment Income and Interest	4	769	766
Purchase of tangible assets	7	(41)	(364)
Proceeds from sale of investments	8	14,033	(135)
Purchase of investments	8	(19,038)	117
Net cash provided by (used in) investing activities		(4,277)	384
Cash flows from financing activities:			
Receipt of endowment		5,000	5
Net cash provided by (used in) financing activities		5,000	5
Change in cash and cash equivalents in the reporting period		(35)	(853)
Cash and cash equivalents at the beginning of the reporting period		2,334	3,187
Change in cash and cash equivalents due to exchange rate movements		(22)	-
Cash and cash equivalents at the end of the reporting period		<u>2,277</u>	<u>2,334</u>
Reconciliation of cash flows from operating activities:			
		2018 £'000	2017 £'000
Net income for the reporting period		5,831	1,480
Adjustments for:			
Depreciation charge		145	130
(Gains)/losses on investments		(1,380)	(1,445)
Investment income received		(769)	(778)
(Increase) / decrease in debtors		402	(310)
Increase / (decrease) in creditors		79	(271)
Pension changes		(66)	(44)
Receipt of endowment		(5,000)	(5)
Net cash provided by (used in) operating activities		<u>(758)</u>	<u>(1,242)</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS			
	Opening balances £'000	Cash Flow £'000	Closing balances £'000
Cash at bank and in hand	1,134	(57)	1,077
Term Deposits	1,200	-	1,200
	<u>2,334</u>	<u>(57)</u>	<u>2,277</u>

Notes to the financial statements Year ended 31 July 2018

1. Accounting policies

(a) Accounting convention

ACU is a Public Benefit Entity registered as a charity in England and Wales on 26 November 1965 (charity number 314137). Its registered office is: Woburn House, 20-24 Tavistock Square, London, WC1H 9HF.

The consolidated financial statements have been prepared in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Statement of Recommended Practice on Accounting and Reporting applicable to charities preparing their accounts in accordance with FRS 102 ("The Charities SORP 2015").

The accounts consolidate those of the Charity and its wholly owned trading subsidiary ACU Trading Limited. The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of certain assets including investments.

The functional currency of the Group is considered to be GBP because that is the currency of the primary economic environment in which it operates.

After considering future plans, budgets, cash flows and reserve levels as well as the risks and uncertainties, the Council have a reasonable expectation that the Association has adequate resources and facilities in place to continue its activities for the foreseeable future. Accordingly, the Association continues to adopt the going concern basis in preparing the financial statements as outlined in the Council's Annual Report.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Council are required to make judgments, estimates, and assumptions, about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- bad debt provision for membership subscriptions is 100% of debt outstanding at the year end
- scholarship administration income is accounted for monthly with some exceptions for significant activity that occurs once a year

(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 Accommodation, IT, Human Resources and Finance have been allocated on usage or staffing basis. Irrecoverable VAT is charged to the relevant grant or project, or to central overheads if not an eligible cost for a grant.

(d) Termination Payments

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. ACU recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(e) Grants

ACU makes grants in line with funders' and donors' aims and wishes. This contributes to ACU's objective of facilitating the interchange of students and teachers between Commonwealth universities and between them and the universities of foreign countries.

(f) Governance costs

These represent costs incurred by the Secretary General's office and other key management which are attributable to the management of the ACU's assets, organisational administration and compliance with constitutional and statutory requirements. Governance costs have been allocated to charitable activities as a separate component of support costs on the same basis as noted in (c) above.

(g) Capitalisation and depreciation of tangible assets

All assets costing more than £7,500 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

(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.

(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 Funds generate total returns which fund the Queen Elizabeth Commonwealth Scholarship and Marshall Sherfield postdoctoral fellowships. The capital of these funds 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 in both the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

USS

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in separate trustee-administered funds. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is 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 scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the ACU therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SoFA represents the contributions payable to the scheme. Since the ACU has entered into an agreement (the Recovery Plan) that determines how each employer within the schemes will fund the overall deficit, the ACU recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore as expense is recognised.

Critical accounting judgments

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the SoFA in accordance with section 28 of FRS 102. The trustees are satisfied that USS meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the funding plans in existence at the date of approving the financial statements.

Key sources of estimation uncertainty

The USS liability is based on a deficit recovery plan to 31 March 2031, a deficit contribution rate averaging 2.1% pa, staff salary inflation 2.0%, and a discount rate of 1.85% (2016: between 1.5% and 2.0%; 1.73%).

SAUL

SAUL is a centralised defined benefit scheme within the United Kingdom and is contracted out of the Second State Pension (S2P) (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education. Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

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

Funding Policy

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

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

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.

Accounting Policy

The ACU is a Participating Employer in SAUL. 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 £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The ACU accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

As there was a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability (i.e. the present value of the deficit contributions due to SAUL) to be recognised by the ACU.

See note 19 for more details.

(I) 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.

2. Grants and donations received

	2018	2017
	£'000	£'000
Grants from UK Government		
UK Development for International Development – CIRCLE	790	1,044
UK Development for International Development – DRUSSA & DRUSSA Extension	-	136
UK Foreign and Commonwealth Office – Tackling Extremism	66	72
UK Department for International Development – PEBL Spheir Project	220	-
UK Department for Education - Queen Elizabeth Commonwealth Scholarship Fund	5,000	-
	6,076	1,252
Grants from other Agencies		
European Commission – CAAST Net Plus	-	79
European Commission – Research Data Alliance project	117	84
European Commission – Research and Innovation Network for Europe and Africa	31	-
Southern African Research & Innovation Management Association - Science	26	25
Granting Councils Initiative		
British Council - Ghandi Programme	60	-
Other	(3)	-
	232	188
Grants from charitable foundations		
Canada Memorial Foundation	(4)	87
Marshall Sherfield Fellowship Foundation	23	24
	19	111
Donations		
HW Paxton Legacy	-	161
Individuals & Organisations	1	8
	1	169
	6,328	1,720

3. External administration fees

	2018	2017
	£'000	£'000
Commonwealth Scholarship award schemes	1,705	1,631
Marshall Scholarship scheme	190	191
Staff & Educational Development Association	135	127
Chevening Scholarships	3,943	3,784
Other schemes	24	23
	5,997	5,756

4. Investment income and interest

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2018	2017
	£'000	£'000	£'000	£'000
Investment income	324	438	762	757
Bank interest	7	0	7	9
	331	438	769	766

5. Analysis of total resources expended

2018	Staff costs £'000	Consultant costs £'000	Office and facility costs £'000	Other costs £'000	Total £'000	2017 £'000
Charitable activities:						
Project grants	231	442	93	223	989	1,131
Membership services	1,112	211	338	252	1,913	1,390
Scholarships, grants and awards				1,037	1,037	1,475
External and fund administration	4,270	108	878	716	5,972	5,345
Other:						
Investment management costs				124	124	91
	<u>5,613</u>	<u>761</u>	<u>1,309</u>	<u>2,352</u>	<u>10,035</u>	<u>9,432</u>

2017	Staff costs £'000	Consultant costs £'000	Office and facility costs £'000	Other costs £'000	Total £'000
Charitable activities:					
Project grants	276	301	266	288	1,131
Membership services	835	108	252	195	1,390
Scholarships, grants and awards	-	-	-	1,475	1,475
External and fund administration	3,948	66	721	610	5,345
Other:					
Investment management costs	-	-	-	91	91
	<u>5,059</u>	<u>475</u>	<u>1,239</u>	<u>2,659</u>	<u>9,432</u>

Member activities

Member activities comprise Conferences, Strategic Management Programme, Membership Communities, the Gender Programme, support for the annual residential School, participation in international conferences, ACU Measures benchmarking and the Academic 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:

	2018 £'000	2017 £'000
Charitable activities:		
Membership communication	350	285
External and fund administration	<u>1,524</u>	<u>1,315</u>
	<u>1,874</u>	<u>1,600</u>

Governance costs

Governance costs total £203K (2017, £182K).

6. Net incoming resources for the year

Net incoming resources for the year are stated after charging:

(a) Auditors' remunerations

	2018	2017
	£'000	£'000
Audit fees – Association of Commonwealth Universities	14	16
Audit fees – Association of Commonwealth Universities - Prior Year cost	5	-
Audit fees – ACU Trading Ltd	3	3
Other non-audit work	11	4

(b) Staff costs

The average number of persons employed by the ACU was 113 during 2018 (2017: 110).

	2018	2017
	£'000	£'000
Wages and salaries	4,022	3,771
Social security costs	434	431
Pension costs	577	453
Agency staff	395	241
Recruitment	77	79
Training and welfare	107	84
	<u>5,613</u>	<u>5,059</u>

Total termination payments expensed during the year were £115K (2017: £32K). All termination payments were paid during the year.

The number of employees whose total emoluments (excluding retirement benefits) amounted to over £60,000 was:

	2018	2017
	Number	Number
£60,001 to £70,000	1	2
£70,001 to £80,000	2	1
£90,001 to £100,000	-	3
£100,001 to £110,000	1	-
£130,001 to £140,000	1	-
	<u>5</u>	<u>6</u>

The total aggregate employee benefits of the key management team in 2018 were £620K (2017: £637K)

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 £139K. This is 7.5 times the salary of the lowest paid member of staff. There is no comparator statistic for the previous year due to the retirement of the previous secretary general and the appointment of a successor part way through that year.

The ACU employs fewer than 250 staff and is therefore not required by law to publish an annual gender pay gap report. However, the ACU voluntarily provides this information. At 5 April 2018, the ACU mean hourly pay gap was 15.8% and the median hourly pay gap was 2.8% (males earning more than females on both measures). The ACU pay gap based on the median is significantly lower than the national average, which currently stands at 18.4%. The ACU workforce consists of 72% female staff and 28% male staff. As part of wider inclusion and organisational strategies, the ACU is committed to reviewing recruitment and retention practices as well as driving forward projects linked to working parents and carers, flexible working and agile working.

(c) Trustee remuneration and expenses

No Trustee received any remuneration in the year (2017: £nil).

Four Trustees were reimbursed £4,331 for travel expenses incurred during the year (2017: four Trustees, £7,412).

7. Group and Charity Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Office Reconfiguration £'000	Total £'000
Cost				
At 1 August 2017	307	2	787	1,096
Additions	41	-	-	41
Disposals	(4)	-	-	(4)
At 31 July 2018	344	2	787	1,133
Depreciation				
At 1 August 2017	220	2	51	273
Charge for year	58	-	87	145
Disposals	(4)	-	-	(4)
At 31 July 2018	274	2	138	414
Net book value				
At 31 July 2018	70	-	649	719
At 31 July 2017	87	-	736	823

8. Group Investments

(a) Movements in quoted investments

	Unrestricted funds		Restricted & Endowment funds	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Market value, 1 August	7,760	7,204	14,775	13,905
Acquisitions at cost	7,972	-	11,066	117
Disposals at opening market value	(7,760)	-	(5,850)	(135)
Net unrealised (losses) / gains on revaluation	213	556	855	888
Market value, 31 July	8,185	7,760	20,846	14,775
Cost, 31 July	7,972	6,003	11,066	11,573

(b) Analysis by type

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000	Total 2017 £'000
Quoted investments	8,185	610	20,236	29,031	22,535
Cash held for investment purposes	-	-	-	-	88
	<u>8,185</u>	<u>610</u>	<u>20,236</u>	<u>29,031</u>	<u>22,623</u>

9. Debtors and prepayments

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	234	704	234	704
Sundry debtors	27	65	15	63
Accrued Income	75	53	75	53
Prepayments	133	49	130	49
	<u>469</u>	<u>871</u>	<u>454</u>	<u>869</u>

10. Creditors: amounts payable within one year

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	214	112	191	94
Deferred income	622	562	622	562
Income Tax and National Insurance contributions	122	98	56	59
Value Added Tax	197	329	197	329
Publishers – African library holding account	6	4	6	4
Sundry creditors	65	61	39	61
Accruals	294	275	237	243
Amounts due to ACU Trading Limited	-	-	144	29
	<u>1,520</u>	<u>1,441</u>	<u>1,492</u>	<u>1,381</u>

	2018 £'000
Deferred income	
Balance brought forward	562
Released in year	(445)
Deferred in year	505
	<u>622</u>

The Association of Commonwealth Universities
Notes to the financial statements

11. Restricted Funds

2018

	Opening value of funds	Grants, donation & fees	Investment income / gains	Total Income	Funds available for use	Charitable Expenditure	Fund Value before transfers	Transfers in / (out)	Closing value of funds
ACU Development Fellowships	159	1	187	188	347	193	154	(18)	136
Marshall Sherfield Fellowships	40	23	32	55	95	41	54	-	54
Annenberg	-	-	23	23	23	23	-	-	-
Mzuzu University, Malawi	1	1	-	1	2	1	1	-	1
Edward Boyle (Medical Electives)	3	-	5	5	8	5	3	-	3
CSFP Anniversary Fund	871	-	229	229	1,100	459	641	-	641
Canada Memorial Foundation	17	(4)	-	(4)	13	13	-	-	-
ACU Residential School	48	15	-	15	63	81	(18)	18	-
Potter Foundation	14	-	-	-	14	16	(2)	-	(2)
HW Paxton Legacy	161	-	-	-	161	30	131	-	131
Symons Medal	7	-	-	-	7	-	7	-	7
Tackling Extremism – UK Foreign & Commonwealth Office	-	66	-	66	66	66	-	-	-
CAAST Net project	(1)	-	-	-	(1)	(1)	-	-	-
CAAST Net Plus	(104)	-	-	-	(104)	38	(142)	-	(142)
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	14	-	-	-	14	-	14	-	14
Structured Training for African Researchers (STARS - Robert Bosch Stiftung)	17	(4)	-	(4)	13	13	-	-	-
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	(151)	789	-	789	638	671	(33)	-	(33)
Partnership for Enhanced & Blended Learning (PEBL) – DFID	(26)	220	-	220	194	338	(144)	-	(144)
CSFP Anniversary Governance	2	-	-	-	2	2	-	-	-
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	(109)	117	-	117	8	8	-	-	-
Research & Innovation Network for Europe & Africa	8	31	-	31	39	37	2	-	2
Science Granting Councils Initiative – SARIMA	-	26	-	26	26	8	18	-	18
Ghandi Programme – British Council	-	60	-	60	60	-	60	-	60
Scoping a New Endowment for CSFP – Cabinet Office	-	69	-	69	69	69	-	-	-
	971	1,410	476	1,886	2,857	2,111	746	-	746

11. Restricted Funds (continued)

2017	Opening value of funds	Grants & donations	Investment income / gains	Total Income	Funds available for use	Charitable Expenditure	Fund Value before transfers	Transfers in / (out)	Closing value of funds
ACU Development Fellowships	158	-	162	162	320	161	159		159
Marshall Sherfield Fellowships	21	24	28	52	73	33	40		40
Annenberg	-	-	21	21	21	21	-		-
Mzuzu University, Malawi	1	-	-	-	1	1	-		-
Edward Boyle (Medical Electives)	2	-	4	4	6	3	3		3
CSFP Anniversary Fund	950	-	292	292	1,242	371	871		871
Canada Memorial Foundation	(5)	87	-	87	82	65	17		17
ACU Residential School	69	2	-	2	71	23	48		48
Potter Foundation	31	-	-	-	31	17	14		14
HW Paxton Legacy	-	161	-	161	161		161		161
Symons Medal	7	-	-	-	7		7		7
Tackling Extremism – UK Foreign & Commonwealth Office	-	72	-	72	72	72	-		-
CAAST Net project	(1)	-	-	-	(1)		(1)		(1)
CAAST Net Plus	(20)	79	-	79	59	163	(104)		(104)
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	30	-	-	-	30	16	14		14
DRUSSA: UK Department for International Development	147	136	-	136	283	283	-		-
Structured Training for African Researchers (STARS - Robert Bosch Stiftung)	73	-	-	-	73	56	17		17
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	29	1,044	-	1,044	1,073	1,224	(151)		(151)
Partnership for Enhanced & Blended Learning (PEBL) – DFID	-	-	-	-	-	26	(26)		(26)
CSFP Anniversary Governance	2	-	-	-	2		2		2
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	(88)	84	-	84	(4)	104	(108)		(108)
Research & Innovation Network for Europe & Africa	44	-	-	-	44	36	8		8
Science Granting Councils Initiative – SARIMA	-	25	-	25	25	25	-		-
	1,450	1,714	507	2,221	3,671	2,700	971	-	971

12. Endowment funds

2018	Opening value of funds £'000	New endowments £'000	Expenditure £'000	Gains on investments £'000	Closing value of funds £'000
Permanent endowments					
CSFP Anniversary endowment	8,359	-	-	559	8,918
ACU endowment	4,490	-	2	227	4,719
Edward Boyle endowment	118	-	-	3	121
Annenberg Foundation endowment	557	-	-	30	587
	13,524	-	2	819	14,345
Expendable endowments					
Queen Elizabeth Commonwealth Scholarships endowment	-	5,000	-	95	5,095
Marshall Sherfield endowment	755	-	1	40	796
	755	5,000	1	135	5,891
Total endowments	14,279	5,000	3	954	20,236

Income from the ACU Endowment funds ACU Development Fellowships (Note 13). 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 2018, no funds were drawn down. (In the year ended 31 July 2017, no funds were drawn down.)

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

2017	Opening value of funds £'000	New Endowments £'000	Expenditure £'000	Gains on investments £'000	Closing value of funds £'000
Permanent endowments					
ACU endowment	4,161	-	(10)	320	4,491
CSFP Anniversary endowment	7,895	5	-	459	8,359
Edward Boyle endowment	109	-	-	8	117
Annenberg Foundation endowment	526	-	(1)	30	557
	12,691	5	(11)	817	13,524
Expendable endowments					
Marshall Sherfield endowment	714	-	(1)	40	755
Total endowments	13,405	5	(12)	857	14,279

13. Restricted Fund 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 £'000	Number awarded
ACU Development Fellowships	The ACU's own endowment income is used to support small scale collaboration between member universities through bursaries.	165	42
Marshall Sherfield Fellowship Scheme	A programme to support US post-doctoral fellows at UK universities.	36	1
Annenberg Foundation	Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission	20	2
Mzuzu University, Malawi	Tuition fee support for MSc Mathematics students at Mzuzu University, Malawi	1	5
Edward Boyle Medical Electives	Medical electives supported by income derived from an endowment.	4	7
ACU Residential School	Support for international students to attend the ACU summer school	41	55
Potter Foundation	Funds PhD scholarships hosted by South African universities	16	2
CSFP Anniversary Fund	Provides scholarships hosted by low and middle income Commonwealth countries	417	53
Canada Memorial Fund	Scholarship programme to support UK students to study postgraduate degrees in Canada	10	2
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	Fellowship programme to support early career African scientists to undertake structured research skills development through supervised placement in African host research institutions	327	66
Total value and number of awards to individuals		1,037	235

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

14. Designated and General Funds

	2018	Brought Forward	Income	Expenditure	Gains	Transfers	Carried forward
Designated		1,390	-	404	-	-	986
General		8,168	7,603	7,488	388	-	8,671
		<u>9,558</u>	<u>7,603</u>	<u>7,892</u>	<u>388</u>	<u>-</u>	<u>9,657</u>
	2017	Brought Forward	Income	Expenditure	Gains	Transfers	Carried forward
Designated		914	-	124	-	600	1,390
General		7,490	7,273	6,620	625	(600)	8,168
		<u>8,404</u>	<u>7,273</u>	<u>6,744</u>	<u>625</u>	<u>-</u>	<u>9,558</u>

15. Funds held on behalf of third parties

	Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	Closing Balance £'000
Funds held in sterling				
Chevening Scholarship Scheme	660	53,900	(52,303)	2,257
Commonwealth Scholarship & Fellowship Plan	6,113	27,388	(24,854)	8,647
HEDG	15	39	(41)	13
CIRCLE	13	156	(153)	16
Total Third Party Sterling Funds	6,801	81,483	(77,351)	10,933

	Opening Balance €'000	Incoming Resources €'000	Resources Expended €'000	Closing Balance €'000
Funds held in euro				
European Commission CAAST Net grant	415	-	(269)	146
European Commission CAAST Net Plus grant	205	-	(6)	199
Total Third Party Euro Funds	620	-	275	345

16. Analysis of Group assets between Funds

	2018				
	Pension and other liability £'000	Fixed assets £'000	Investments £'000	Net current assets £'000	Total £'000
Endowment funds	-	-	20,236	0	20,236
Restricted funds	-	-	610	135	746
Designated Fund	-	649	-	338	987
General funds	(336)	70	8,185	752	8,671
	(336)	719	29,031	1,226	30,639

The Trustees have set aside two Designated Funds:

- 1 The office reconfiguration fund represents amounts invested in reconfiguring the ACU's London office and is therefore not a liquid asset; £687K at 31 July 2018 (£798K, 2017).
- 2 The cost of refreshing the ACU's strategic direction, repositioning itself both internally (building new capacity) and externally (eg at CCEM & CHOGM), £600K initiated in 2016/17 as ACU2020 Vision, £284K At 31 July 2018 (£592K, 2017).

	2017				
	Pension and other liability £'000	Fixed assets £'000	Investments £'000	Net current assets £'000	Total £'000
Endowment funds	-	-	14,267	12	14,279
Restricted funds	-	-	572	399	971
Designated Fund	-	736	-	654	1,390
General funds	(402)	87	7,784	699	8,168
	(402)	823	22,623	1,764	24,808

17. Future financial commitments

Group and Charity Operating leases

At 31 July 2018 the ACU had commitments under operating leases as set out below:

	2018 Land and buildings £'000	2018 Office equipment £'000	2017 Land and buildings £'000	2017 Office equipment £'000
Within one year	340	2	340	2
After one year but within five years	1,700	10	1,700	10
After five years	1,165	3	1,165	3
Lease payments declared as an expense	340	2	340	2

18. ACU Trading Ltd

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 2018 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 2018 are as follows:

	2018 £'000	2017 £'000
Turnover	2,576	1,778
Cost of sales	2,429	1,672
Gross Profit	147	106
Administration	147	106
Net profit	-	-
Net assets	-	-

19. Pension Commitments

(a) Universities Superannuation Scheme (USS)

The total USS pension cost charged to the Statement of Financial Activities is £316K (2017: £352K). This includes nil (2017: nil) outstanding contributions at the balance sheet date, and £38K deficit contributions (2017: £64K). As

indicated in Accounting Policy 1(j) the disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme is at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation at 31 March 2017 is underway but not yet completed.

Since the ACU cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme Valuation is complete.

Defined benefit liability numbers for the scheme for accounting purposes have been produced using the following assumptions at 31 March 2017 and 2018:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable Salary Growth	n/a	n/a
Consumer Prices Index inflation ("CPI")	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2018	2017
Mortality base table	Pre-retirement:	
	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	98% of SAPS S1NA "light" YOB unadjusted for males
	Post-retirement	
	96.5% of SAPS S1NMA "light" for males and 101.3% of RV00 for females	99% of SAPS S1NA "light" YOB with a -1 year adjustment for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% for females	CMI_2014 with a long term rate of 1.5% pa

The current life expectancies on retirement at age 65 are:

	2018	2017
Males (females) currently aged 65	24.5 (26.0)	24.4 (26.6)
Males (females) currently aged 45	26.5 (27.8)	26.5 (29.0)

	2018	2017
Scheme assets	£63.6bn	£60.0bn
Total Scheme Liabilities	£72.0bn	£77.5bn
FRS 102 Total Scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

(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 total SAUL pension cost charged to the Statement of Financial Activities is £25K (2017: £31K). This includes nil (2017: nil) outstanding contributions at the balance sheet date, and £3K deficit contributions (2017: £6K) as indicated in Accounting Policy 1(k).

20. Related Parties

	2018	2017
	£'000	£'000
Balances owed to / (from) ACU Trading Ltd at 31 July	144	29
Payable to ACU Trading Ltd for services	2,576	1,778
Receivable from ACU Trading Ltd for services	78	60

21. Financial Instruments

Carrying amounts of financial assets and liabilities at 31 July are as follows:

	2018	2017
	£'000	£'000
Financial assets measured at amortised cost (a)	1,415	1,956
Financial liabilities measured at amortised cost (b)	591	451
Financial assets measured at Fair value (c)	29,031	22,623
Financial liabilities measured at Fair value (d)	-	(30)

- (a) Financial assets measured at amortised cost comprise cash, and all debtors excluding prepayments
- (b) Financial liabilities measured at amortised cost are all liabilities excluding tax and social security, estimate accruals, provisions and deferred income
- (c) Financial assets at fair value include investments and gains on forward contracts open at year end.
- (d) Financial liabilities at fair value include losses / gains on forward contracts open at year end

22. Grant Commitments

As at 31 July 2018, ACU had £479K of grant commitments relating to future accounting periods (2017: £855K).

23. Legacies

The ACU has been notified of a legacy which has not been recognised in this year's income due to the estate accounts of the donor not yet being finalised. It is expected that the estate accounts will be finalised in the next financial year and total income from the legacy is expected to be in the region of £600K - £700K.

24. Prior Year Comparative – Statement Of Financial Activities

	General funds 2017 £'000	Designated funds 2017 £'000	Restricted funds 2017 £'000	Endowment funds 2017 £'000	Total 2017 £'000
Income and endowments from:					
Grants & donations (note 2)	3	-	1,712	5	1,720
Membership income	1,100	-	-	-	1,100
Member activities	121	-	-	-	121
External administration (note 3)	5,756	-	-	-	5,756
Investment income / interest (note 4)	290	-	476	-	766
Other	3	-	2	-	5
Total	7,273	-	2,190	5	9,468
Expenditure on:					
Research grants	-	-	1,131	-	1,131
Membership communication	581	9	-	-	590
Member activities	791	9	-	-	800
Scholarships, grants and awards	-	-	1,475	-	1,475
External and fund administration	5,226	106	13	-	5,345
Investment management	22	-	81	(12)	91
Total	6,620	124	2,700	(12)	9,432
Net income / (expenditure) before gains / (losses) on investments	653	(124)	(510)	17	36
Gains / (losses) on investments	556	-	31	857	1,444
Net income / (expenditure) before transfers	1,209	(124)	(479)	874	1,480
Transfers between funds (note 15)	(600)	600	-	-	-
Net income before other recognised gains and losses	609	476	(479)	874	1,480
Actuarial gains / (losses) on defined benefit pension schemes	69	-	-	-	69
Net movement in funds	678	476	(479)	874	1,549
Funds brought forward	7,490	914	1,450	13,405	23,259
Funds carried forward	8,168	1,390	971	14,279	24,808

Continuing operations

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