

# **The Association of Commonwealth Universities**

**Annual report and financial statements**

**31 July 2017**

**Charity Registration No. 314137**

# **The Association of Commonwealth Universities**

## **Annual report and financial statements 2017**

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# **The Association of Commonwealth Universities**

## **Officers and professional advisers**

### **Council members**

Chair:	Professor Amit Chakma – Western University, Canada
Vice-Chair:	Professor Cheryl de la Rey – University of Pretoria, South Africa
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 Paul Boyle – University of Leicester, UK
	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, NOT CONFIRMED
	Professor Nirmala Rao – Asian University for Women, Bangladesh
	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
Co-opted member:	Mr Graeme Appleby – Finance Director, School of Oriental & African Studies

### **Remuneration Committee members**

Chair:	Professor Idris Rai – The State University of Zanzibar, Tanzania
Other members:	Professor Julia Buckingham – Brunel University, UK
	Professor David Greenaway – University of Nottingham, UK
	Ms Alison Johns – Leadership Foundation, UK

**The above lists are as at 20<sup>th</sup> October 2017.**

# **The Association of Commonwealth Universities**

## **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**

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

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

### **Investment custodians**

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

### **Auditors**

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

# The Association of Commonwealth Universities Council's Report

## Status

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

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

Current membership number is 508 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 2017 (Company registration number: 9119389).

## Mission, objectives and activities

The ACU's mission is to promote and support excellence in higher education for the betterment of peoples and societies throughout the Commonwealth and beyond. We aim to strengthen the quality of education and research, so enabling our member institutions to realise their potential, through building long-term international collaborations within the higher education sector. This mission has driven the ACU's support for its members for over 100 years. It was established as a Bureau in January 1913, following a Congress organised in London in July 1912. That Congress accepted the need that, "universities, engaged in a common task, lack the means for a common and concerted effort, for the comparison of experience, and for the ready exchange of ideas." To remedy this, the proposed Bureau, "should be created by the universities themselves and remain under their exclusive control." The reasons for the Bureau's creation, and its governing principle of university ownership, remain in place now.

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

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

### Public benefit

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, and consider that the ACU is a public benefit entity. 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's large international network allows members to share concerns, experiences, information, and best practice, and to benchmark their performance against that of other institutions. Where members wish, the ACU will speak on their behalf on matters of concern to higher education.

In October 2016, the seventh **conference of the ACU Human Resource Management (HRM) Network** took place, held in partnership with the University of Mauritius. Titled 'HR steps up', the four-day event focused on the need for HR practitioners to think beyond the more traditional role of human resources in higher education, and included a keynote address by the Hon Leela Devi Dookun-Luchoomun (Minister for Education and Human Resources, Tertiary Education and Scientific Research, Mauritius). The conference was also an opportunity for the ACU to relaunch and rebrand the HRM Network as the 'ACU HR in HE Community', enabling it to become part of the ACU's communities of practice (see 'ACU Member Communities' below).

In December 2016, an ACU **seminar on 'Science diplomacy and the SDGs'** took place in London, with speakers including Professor Robin Grimes, Chief Scientific Adviser to the UK Foreign and Commonwealth Office.

## The Association of Commonwealth Universities Council's Report

In June 2017, the ACU partnered with Nanyang Technological University in Singapore to host a seminar titled '**Developing innovative minds: how to foster independent thinking as student numbers rise**'. The seminar was timed to coincide with a meeting of the ACU Council and the Commonwealth Science Conference, and explored practical approaches to developing nurturing innovative, independent, and enquiring minds in the context of soaring student enrolment.

In July 2017, an ACU workshop, held in collaboration with the University of Lagos, Nigeria, explored approaches to academic **mentoring and career development for emerging researchers**. Topics included good practice in academic mentorship, professional development planning, and building effective networks for collaboration.

The **ACU Gender Programme** aims to support the recruitment and retention of women in higher education leadership and management, as well as promoting gender equity as an integral institutional goal. In 2016/17, the programme's activities included:

- An **international conference and leadership training workshop**, held in partnership with the University of Nairobi, Kenya, in September 2016. The event explored how higher education institutions are using the Sustainable Development Goals framework to achieve gender equity and equality.
- The provision of **ACU Gender Workshop Grants** – these help member universities organise workshops to promote gender equity in higher education. In 2016/17, grants were awarded to ten member institutions
- A workshop on **Women in Leadership and Management in Higher Education**, held in partnership with Mehran University of Engineering and Technology, Pakistan, in February 2017.
- Continued involvement in a project funded by the University Grants Commission of Sri Lanka, titled '**Building gender mainstreaming capacity of university faculty and staff in Sri Lanka**'. The ACU is contributing expertise on gender mainstreaming to assist in building capacity locally.

The ACU also launched a **new initiative** on the role of universities in promoting mutual respect and understanding between people of different faiths, beliefs and cultures. Activities so far have included a **three-day seminar** in January 2017, titled 'The role of faith-based universities in promoting respect', held in collaboration with Liverpool Hope University, UK. This was followed by the launch of a **new ACU campaign** titled 'How are universities nurturing respect and understanding?' The campaign aims to raise awareness of the important part universities play in this area, as well as collating and sharing examples of the work universities are already doing to promote mutual understanding. Staff and students at universities across the Commonwealth are also encouraged to sign up to a statement of shared values.

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. Community members benefit from regular newsletters, online forums, information on forthcoming publications and events, and a range of articles and blogs from experts and practitioners. 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, including university public engagement staff, industrial liaison officers, research managers and communication officers, and those specialising in distance or open learning.
- The **ACU HR in HE Community** (*formerly the ACU Human Resource Management Network*) – for all university staff working in HR, from the most experienced HR directors to those looking to increase, expand or develop the HR function.
- The **ACU Internationalisation Community** – for university staff involved in international education, including such areas as student and staff mobility, international campuses, and the internationalisation of curricula and research.
- The **ACU Research, Knowledge and Information Community** – for all university staff who support and encourage, but don't directly engage in, the research process, including those working in libraries and information, as well as research management and administration.

The ACU's annual **Strategic Management Programme** offers participating universities a unique and cost-effective opportunity to compare key management processes with those in a range of member and other institutions. 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, with a focus on three thematic areas: research management, financial management, and managing human resources within a cultural change agenda.

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

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Secretariat, national governments, regional and national university associations, and a range of international fora. It works with these various bodies to represent the interests of its members at events such as the Commonwealth Heads of Government Meeting and the Conference of Commonwealth Education Ministers.

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.

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**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), **newsletters**, 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 with its members and beyond through **social media** – including Twitter and Linked-In – and is working to increase engagement in this area.

**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.

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

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

- The **ACU Titular 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.
- The **ACU Early Career Academic 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 Medical Elective 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 education fellowships are available to staff at ACU member institutions, tenable at Ahmadu Bello University in Nigeria, and offered in collaboration with the Britain-Nigeria Educational Trust (BNET).

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Another activity in this area is the administration of the Commonwealth Scholarship and Fellowship Plan (CSFP) Anniversary Endowment. This fund supports a strand of **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 August 2016, the annual **ACU Commonwealth Summer School** brought 40 students from 14 Commonwealth countries to the University of Rwanda, to explore how universities should implement the Sustainable Development Goals. The week-long course included lectures, site visits, group project work, and opportunities for networking. Speakers included the Rwandan Minister for Gender and Family Promotion and the Director of Partners in Health, Rwanda, with topics ranging from women's role in peacebuilding to biodiversity and tourism. Most of the participating students received **bursaries** to enable them to attend.

In designing and/or administering the selection processes for all these awards, the ACU is careful to avoid bias or discrimination against minority groups, ensuring that all segments of the public have equal access to the benefits they bring. Moreover, the ACU's breadth and length of experience in scholarship administration enable it to provide economic, efficient, and effective services, adding value through policy advice (when requested) and evaluation.

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### 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), and the International Consortium for Educational Development (ICED).

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

- **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.
- **Structured Training for African Researchers (STARS)** – this programme works with universities in Africa to develop structured institutional support for early career academics. Led by the ACU, with funding from Robert Bosch Stiftung, the programme offers online professional development training and mentoring, while helping participating institutions to strengthen their own support frameworks.
- **Publishers for Development (P4D)** – a joint initiative of the ACU and the International Network for the Availability of Scientific Publication which brings together stakeholders from key groups within the global research and publishing community with the aim of ensuring sustainable access to research and information.
- **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.
- **PACE Net Plus** – a three-year project to further bi-regional science, technology and innovation cooperation between the South Pacific island nations and the European Union, led by the ACU and funded by the European Commission.
- **Research Data Alliance Europe (RDA-Europe)** – a global forum to build the social and technical bridges that enable open sharing of data. The ACU has been a key partner in the launch and organisation of RDA Europe since 2012, working on discreet projects with varying areas of focus.
- **The Nairobi Process** – a series of ongoing consultations conducted by the ACU in partnership with the British Academy aims to stimulate discussion around provision for researchers and support for early career academics.
- **International Network of Research Management Societies (INORMS)** – the ACU is a founding member of INORMS and works with other network members to support the development of professional associations for research management, particularly in low and middle income countries.
- **Research and Innovation Network for Europe and Africa (RINEA)** – supports an 'EU-Africa High Level Policy Dialogue' on science, technology and innovation.
- **Funders Forum** – an ACU initiative to convene opportunities for conversation, dialogue, and exchange between developing country universities and the funders and other organisations that work with them.
- **Science Granting Council Initiative in Sub-Saharan Africa (SGCI)** – a project to strengthen the capacity of science granting councils in sub-Saharan Africa.



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- **Development Research Uptake in Sub-Saharan Africa (DRUSSA)** – a five-year programme supporting 22 universities across Africa to strengthen the management of research uptake, funded by DFID and led by the ACU and partners *[programme completed September 2016]*

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.

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### **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 2016 and again in Singapore in June 2017. The officers and committees of the ACU report to the Council. The Council is responsible for approving new members, electing the ACU's office bearers, appointing members of the Executive Committee (other than filling casual vacancies), amending the Charter and Statutes, making and amending Bye-Laws, setting policy and strategic direction, and overseeing their implementation. Between Council meetings the other powers of Council are delegated to its Executive Committee.

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

The Executive Committee is elected annually by the Council. The Executive Committee is made up of the Chair, the Vice Chair, the Honorary Treasurer, and two other Members of Council.

The Audit & Risk Committee was formed by the Executive Committee in September 2006. It met once in 2016/17. It consists of three members, two of whom are serving members of Council. The third place is filled by an independent member. The Chair of the Audit & Risk Committee is appointed by Council, from its members, and has the power to co-opt additional members should the need arise.

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

### **Day to day management**

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

### **Council members**

The current Council members are detailed on page 1.

# The Association of Commonwealth Universities Council's Report

## Financial report

The Statement of Financial Activities (SOFA) for the year is set out on page 15 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	2016/17	2015/16	2014/15
Income	7,273	6,889	6,081
Expenditure	6,620	5,849	5,337
Net incoming resources before gains / (losses) on investments	653	1,040	744
Transfer to Designated Fund	600	1,000	-
<b>After transfer to designated fund, before gains / (losses) on investments, pension schemes and others</b>	<b>53</b>	<b>40</b>	<b>744</b>
Gains on investments	556	94	423
Actuarial gains / (losses) on defined benefit pension schemes	69	(103)	(183)
Other gains / (losses) – foreign exchange contracts	-	37	(37)
Net movement in funds	678	68	947

Unrestricted Fund income of £7,273K was £384K (5.6%) above the level of the previous year, £6,889K. The major factors relating to this increase were:

External administration fees again increased to £5,756K by £484K (9.2%) from £5,272K, mostly due to the Chevening scholarship administration contract, for which the ACU is now undertaking activities previously accounted for by the FCO.

Membership income of the ACU decreased to £1,100K by £51K (4.4%) from £1,151K. In 2016/17 there were 490 subscribing members compared to 520 in 2015/16. Moreover bad debt provision expenditure increased by £24K to £66K.

Member activities includes conferences, strategic management and member Communities plus the promotion advisory service. Income fell to £121K from £186K – 2015/16 included the major Executive Heads Conference held in Accra, Ghana, whereas 2016/17 included the smaller Human Resources in Higher Education Community Conference held in Mauritius.

Investment income increased to £290K from £269K. Although cash balances now generate almost no income, the investment portfolio continued to grow its income.

Total resources expended were £6,620K, £771K (13%) above £5,849K the previous year.

Tight cost control continued to be applied to maintain the ACU's financial position. Staff costs increased to £4,839K by £448K (10%) from £4,391K, mostly due to the expanded Chevening scholarship administration activity. Expenditure on staff training and professional development was £57K.

Non-staff costs also increased, to £1,781K by £236K (15%) from £1,545K. The most significant factors were £197K increase in Chevening administration costs as ACU took on activities previously accounted for by the FCO and £24K increase in bad debt provision. ACU membership debt collection has in the past been subject to similar fluctuations which stretch beyond accounting years.

£678K net movement in Unrestricted Funds includes £556K gain on investment assets (2015/16 £94K gain) and £69K actuarial gain on defined benefit pension schemes (2015/16 £103K loss). Before these gains, the underlying position is £53K 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; £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 70<sup>th</sup> birthday; £592K at 31 July 2017.

## **The Association of Commonwealth Universities Council's Report**

### ***Restricted Funds***

The range of Restricted Funds administered by the ACU is shown under notes 12 and 13 which give a brief description of the purpose of each fund together with an analysis where applicable of the value and number of grants and fellowships awarded.

There are five restricted funds in deficit at the balance sheet date. CAAST Net, CAAST Net Plus and International Collaboration on Research Data Infrastructure / Research Data Alliance, are funded by the European Commission and at 31 July 2017 all awaited income instalments. Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE) and Partnership for Enhanced & Blended Learning are funded by the UK Department for International Development and also awaited income instalments at 31 July 2017.

### ***Endowment Funds***

The Permanent & Expendable Endowment Funds along with associated Restricted Funds generated £476K of investment income during the year, £30K up on £446K in 2015/16. All the endowment income was credited to the relevant Restricted Funds. £162K funded ACU Development Fellowships, £21K funded Annenberg Scholarships, £28K funded Marshall Sherfield Scholarships, £4K funded Boyle Medical Electives and £261K funded the CSFP Anniversary Scholarships. The value of the Permanent Endowments stood at £13,524K at 31 July 2017, an increase of £833K on the year. This comprises £817K gain on investments, £11K investment management fee rebate and £5K 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 £8,359K at the year end. It received £5K donations, all from individuals.

The Annenberg Endowment funds Marshall scholarships, its income being transferred to the Marshall Aid Commemoration Commission. It is a permanent endowment, and was valued at £557K 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 £755K 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 2017.

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 2017, 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. Membership numbers fell slightly (to 490 from 520 invoiced subscriptions) in a time of considerable turbulence for higher education, and membership subscription income has decreased £50K in line with this. Moreover bad debt provision increased £24K. External administration income increased £484K (9.2%). Costs have been well managed while growing these activities and developing member services and new business. The ACU achieved £53K surplus after designating £600K funds to develop new strategic directions, and before investment and actuarial gains (£556K and £69K respectively). Unrestricted funds at 31 July 2017 comprised £8,168K general funds and £1,390K 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 £2.5M to £3.8M. The free reserves at 31 July 2017 are £8.2M, so over £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 developing proposals.

# The Association of Commonwealth Universities Council's Report

## Investments of the Association

### Investment Objectives

The ACU now has five investment portfolios. The Unrestricted Reserves include the ACU Main investment fund, which has an equity portfolio (£7.8M at 31 July 2017).

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

All the investment funds are managed by Sarasin & Partners LLP, except the CSFP Anniversary Funds which are managed by Newton Investment Management Ltd. The ACU Main fund and Endowment fund are invested in Sarasin's Alpha Common Investment Fund for Endowments. The CSFP Anniversary Funds (Endowment and Restricted) are invested in Newton's Growth Fund for Charities.

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

### Benchmark

Performance (in terms of total return) of the Newton fund is benchmarked against a composite comprising:

	%	Benchmark Index Comparator
Fixed Interest	20.0	FTSE Government All-Stocks Index
UK Equities	37.5	FTSE All Share Index
Overseas Equities	37.5	FTSE World (ex UK) £ index
Other / Cash	5.0	UK 7 day LIBID

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

	%	Range %	Benchmark Index Comparator
Overseas Property	3.5	0-7.5	EPRA/NAREIT (GBP) (Global) S&P Developed Property
UK Equities	30.0	20-50	FTSE All Share 5% Capped Index
UK Bonds	17.5	7.5-35.0	FTSE Gilts All Stocks (9%) BofA ML £ Corporate (8.5%)
UK Property	4.0	0-7.5	IPD Monthly All Balanced Property Funds
Global Equities (hedged)	15.0	10-30	MSCI AC World ex UK (Local Currency - £)
Global Equities	25.0	10-30	MSCI AC World ex-UK
Cash	5.0	0-10	UK cash LIBOR 1 month

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

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

### Investment performance for the year ended 31 July 2017

Fund	Value at 31 July 2017 £'000	Actual Performance %	Benchmark %	Notes
ACU Main fund	7,784	11.4	11.5	
Endowment fund	4,602	11.4	11.5	
CSFP Anniversary endowment & restricted	8,925	8.7	11.8	Actual performance is gross of fees at 0.60%.
Annenberg endowment	557	9.2	9.7	
Marshall Sherfield expendable endowment	756	9.2	9.7	

## The Association of Commonwealth Universities Council's Report

It should be noted also that the estimated return from the average charity (ARC Steady Growth) was +10.3% for the 12 months to 31 July 2017.

### 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
- Maintaining growth commensurate with growth in international Higher Education mitigated by active promotion of the advantages of involvement with the ACU
- Maintaining the recent level of funded projects mitigated by actively seeking new partnerships
- Developing income streams to create a better balance mitigated by investment in business development

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
- periodic audit for its European Commission and other grants
- Audit & Risk Committee review
- financial procedures
- strategic plan and annual budget (including risk assessment) process
- procedures or guidelines for operating its major external contracts
- handbook for staff detailing practices, policies and procedures
- a low risk environment in terms of health and safety, which is a standing item on SMT and Staff Committee agendas and is subject to annual inspection by an external expert.
- comprehensive insurance cover (Business Interruption, Employer's Liability, Public Liability, Professional Liability and Personal Accident & Business Travel)
- application of Prince project management principles (for example in project bidding)
- increased staff awareness of risk

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

### The Future

The drive to increase membership income and grow external administration, along with very tight cost control, has enabled the ACU's financial progress, and will continue. Management, with the approval of Council, has produced a budget for the year ending 31 July 2018, which maintains external administration activity, and develops member services. These plans include:

- a leading role at the Conference of Commonwealth Education Ministers in Fiji in February 2018
- participation in the Commonwealth Heads of Government Meeting in London in April 2018
- a conference on graduate employability in Pretoria in November 2017
- development of the ACU's portfolio of programmes and projects (mostly externally funded)
- externally led expansion of scholarship administration
- definition of requirements for a relationship management system and a renewed website
- expansion of funded projects
- participation with members at regional events

## **The Association of Commonwealth Universities Council's Report**

### **Statement of Trustees' Responsibilities**

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

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

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

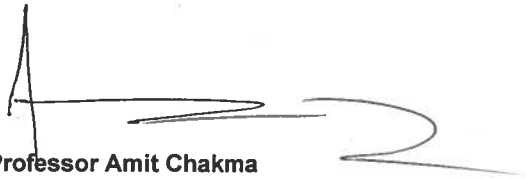
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Trustees' Confirmatory Statement**

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

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



**Professor Amit Chakma**  
Chair of the Council

30 November 2017

**The Association of Commonwealth Universities  
Group Statement of Financial Activities  
For the year ended 31 July 2017**

**Independent Auditors' 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 2017, 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).

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.

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 2017 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**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  
Group Statement of Financial Activities  
For the year ended 31 July 2017**

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Crowe Clark Whitehill LLP**

Statutory Auditor

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

14 December 2017

Crowe Clark Whitehill 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



**The Association of Commonwealth Universities**  
**Group Statement of Financial Activities**  
**For the year ended 31 July 2017**

	Unrestricted funds					
	General funds 2017 £'000	Designated funds 2017 £'000	Restricted funds 2017 £'000	Endowment funds 2017 £'000	Total 2017 £'000	Total 2016 £'000
<b>Income and endowments from</b>						
<i>Charitable activities</i>						
Grants & donations (note 2)	3	-	1,712	5	1,720	2,002
Membership income	1,100	-	-	-	1,100	1,151
Member activities	121	-	-	-	121	186
External administration fees (note 3)	5,756	-	-	-	5,756	5,272
Investment income / interest (note 4)	290	-	476	-	766	715
Other	3	-	2	-	5	11
<b>Total</b>	<b>7,273</b>	<b>-</b>	<b>2,190</b>	<b>5</b>	<b>9,468</b>	<b>9,337</b>
<b>Expenditure on</b>						
<i>Charitable activities</i>						
Research grants	-	-	1,131	-	1,131	1,418
Membership communication	581	9	-	-	590	604
Member activities	791	9	-	-	800	785
Scholarships, grants and awards	-	-	1,475	-	1,475	1,054
External and fund administration	5,226	106	13	-	5,345	4,515
Other	-	-	-	-	-	9
Consultancy activities	-	-	-	-	-	-
Investment management	22	-	81	(12)	91	112
<b>Total</b>	<b>6,620</b>	<b>124</b>	<b>2,700</b>	<b>(12)</b>	<b>9,432</b>	<b>8,497</b>
<b>Net income / (expenditure) before gains / (losses) on investments</b>	<b>653</b>	<b>(124)</b>	<b>(510)</b>	<b>17</b>	<b>36</b>	<b>840</b>
Other gains	-	-	-	-	-	37
Gains / (losses) on investments	556	-	31	857	1,444	813
<b>Net income / (expenditure) before transfers</b>	<b>1,209</b>	<b>(124)</b>	<b>(479)</b>	<b>874</b>	<b>1,480</b>	<b>1,690</b>
Transfers between funds (note 15)	(600)	600	-	-	-	-
<b>Net income before other recognised gains and losses</b>	<b>609</b>	<b>476</b>	<b>(479)</b>	<b>874</b>	<b>1,480</b>	<b>1,690</b>
Actuarial gains / (losses) on defined benefit pension schemes	69	-	-	-	69	(103)
<b>Net movement in funds</b>	<b>678</b>	<b>476</b>	<b>(479)</b>	<b>874</b>	<b>1,549</b>	<b>1,587</b>
Funds brought forward	7,490	914	1,450	13,405	23,259	21,672
<b>Funds carried forward</b>	<b>8,168</b>	<b>1,390</b>	<b>971</b>	<b>14,279</b>	<b>24,808</b>	<b>23,259</b>

**Continuing operations**

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

**The Association of Commonwealth Universities**  
**Group Statement of Financial Activities**  
**For the year ended 31 July 2017**

	Unrestricted funds				
	General funds	Designated funds	Restricted funds	Endowment funds	Total
	2016	2016	2016	2016	2016
	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from</b>					
<i>Grants &amp; donations (note 2)</i>	-	-	1,999	3	2,002
Charitable activities					
Membership income	1,151	-	-	-	1,151
Member activities	186	-	-	-	186
External administration fees (note 3)	5,272	-	-	-	5,272
Investment income / interest (note 4)	269	-	446	-	715
Other	11	-	-	-	11
<b>Total</b>	<b>6,889</b>	<b>-</b>	<b>2,445</b>	<b>3</b>	<b>9,337</b>
<b>Expenditure on</b>					
Charitable activities					
Research grants	-	-	1,418	-	1,418
Membership communication	595	9	-	-	604
Member activities	774	11	-	-	785
Scholarships, grants and awards	-	-	1,054	-	1,054
External and fund administration	4,435	66	14	-	4,515
Other					
Consultancy activities	9	-	-	-	9
Investment management	36	-	76	-	112
<b>Total</b>	<b>5,849</b>	<b>86</b>	<b>2,562</b>	<b>-</b>	<b>8,497</b>
<b>Net income / (expenditure) before gains / (losses) on investments</b>	<b>1,040</b>	<b>(86)</b>	<b>(117)</b>	<b>3</b>	<b>840</b>
Other gains	37	-	-	-	37
Gains / (losses) on investments	94	-	40	679	813
<b>Net income / (expenditure) before transfers</b>	<b>1,171</b>	<b>(86)</b>	<b>(77)</b>	<b>682</b>	<b>1,690</b>
Transfers between funds (note 15)	(1,000)	1,000	-	-	-
<b>Net income before other recognised gains and losses</b>	<b>171</b>	<b>914</b>	<b>(77)</b>	<b>682</b>	<b>1,690</b>
Actuarial gains / (losses) on defined benefit pension schemes	(103)	-	-	-	(103)
<b>Net movement in funds</b>	<b>68</b>	<b>914</b>	<b>(77)</b>	<b>682</b>	<b>1,587</b>
Funds brought forward	7,422	-	1,527	12,723	21,672
<b>Funds carried forward</b>	<b>7,490</b>	<b>914</b>	<b>1,450</b>	<b>13,405</b>	<b>23,259</b>

**Continuing operations**

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


**The Association of Commonwealth Universities  
Group and Charity Balance Sheets  
31 July 2017**

	Note	Group		Charity	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible assets	7	823	589	823	589
Investments	8	22,623	21,147	22,623	21,147
<b>Total Fixed Assets</b>		<b>23,446</b>	<b>21,736</b>	<b>23,446</b>	<b>21,736</b>
<b>Current assets</b>					
Debtors	9	871	561	869	549
Cash at bank and in hand		2,334	3,187	2,276	3,159
<b>Total Current Assets</b>		<b>3,205</b>	<b>3,748</b>	<b>3,145</b>	<b>3,708</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(1,441)</b>	<b>(1,712)</b>	<b>(1,381)</b>	<b>(1,672)</b>
<b>Net Current Assets</b>		<b>1,764</b>	<b>2,036</b>	<b>1,764</b>	<b>2,036</b>
<b>Provisions for liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets excluding pension liability</b>		<b>25,111</b>	<b>23,772</b>	<b>25,111</b>	<b>23,772</b>
<b>Defined benefit pension scheme liability</b>		<b>(402)</b>	<b>(513)</b>	<b>(402)</b>	<b>(513)</b>
<b>Total Net assets</b>		<b>24,808</b>	<b>23,259</b>	<b>24,808</b>	<b>23,259</b>
<b>Funds</b>					
Unrestricted funds: General		8,168	7,490	8,168	7,490
: Designated		1,390	914	1,390	914
Restricted funds	12	971	1,450	971	1,450
Endowment funds	11	14,279	13,405	14,279	13,405
<b>Total funds</b>	15	<b>24,808</b>	<b>23,259</b>	<b>24,808</b>	<b>23,259</b>

These financial statements were approved and authorised for issue by the Council on 30 November 2017 and signed on their behalf by:



**Professor Amit Chakma**  
Chair of the Council



**Dr Joanna Newman**  
Secretary General

The notes on pages 19 to 37 form part of these financial statements.

**The Association of Commonwealth Universities**  
**Group Cash Flow Statement**  
**31 July 2017**

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities		(1,242)	1,340
<b>Cash flows from investing activities</b>			
<b>Returns on Investment</b>			
Investment Income and Interest	4	766	715
<b>Capital expenditure</b>			
Purchase of tangible assets	7	(364)	(535)
Disposal of listed investments	8(b)	(135)	-
Acquisition of listed investments	8(b)	117	(3)
		<u>(858)</u>	<u>1,517</u>
<b>Cash flows from financing activities</b>			
Endowment donations		5	3
		<u>5</u>	<u>3</u>
<b>Increase / (Decrease) in cash</b>		<u>(853)</u>	<u>1,520</u>

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

	2017 £'000	2016 £'000
Net income for the reporting period	36	840
Adjustments for:		
Investment income received	(766)	(715)
Depreciation charge	130	58
Endowment donations	(5)	(3)
Investment Management fee rebate	(12)	-
(Increase) / decrease in debtors	(310)	334
Increase / (decrease) in creditors	(271)	833
Pension changes	(44)	(7)
	<u>(1,242)</u>	<u>1,340</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(1,242)</u>	<u>1,340</u>

**Analysis of Net Cash Resources**

	Opening balances £'000	Cash Flow £'000	Closing balances £'000
Cash at bank and in hand	<u>3,187</u>	<u>(853)</u>	<u>2,334</u>

**The Association of Commonwealth Universities**  
**Notes to the financial statements**  
**Year ended 31 July 2017**

**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) 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. Grant commitments at 31 July 2017 are shown at Note 21.

**(e) Membership communication costs**

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

**The Association of Commonwealth Universities**  
**Notes to the financial statements**  
**Year ended 31 July 2017**

**1.Accounting policies (continued)**

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

**(j) Operating leases**

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

# **The Association of Commonwealth Universities**

## **Notes to the financial statements**

### **Year ended 31 July 2017**

#### **1.Accounting policies (continued)**

##### **(k) Pension schemes**

The ACU participates in both the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL).

##### **USS**

With effect from 1 October 2016, USS changed from a defined benefit only pension scheme to 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 in respect of the accounting period. 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 the resulting expense in the SoFA.

##### *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 (or sector-wide) scheme such as those provided by USS (and SAUL). The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the SoFA in accordance with section 28 of FRS 102. The trustees are satisfied that the schemes provided by USS (and SAUL) meet 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 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 either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section will close from 31 March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016.

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.

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**1.Accounting policies (continued)**

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

*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 £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

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.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by the ACU in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £10K as at 31 March 2015. This liability is based on a projection of Salaries over the period to 31 March 2018.

*Key sources of estimation uncertainty*

As a whole the market value of SAUL's assets was £1,927 million representing 97% of the liabilities and benefits accrued up to 31 March 2014.

The SAUL Trustee and SAUL Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability recognised by the ACU in respect of the deficit contributions due to SAUL (ie the present value of the deficit contributions) is £10K as at 31 July 2016. This liability is based on a projection of salaries over the period to 31 March 2018, assuming 1.5% salary inflation and no discounting (2015: nil as deficit plan not agreed until November 2015).

See note 18 for more details.

**(l) Forward exchange contracts**

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

**(m) 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.



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**2. Grants and donations received**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Grants from UK Government</b>		
UK Development for International Development – CIRCLE	1,044	1,010
UK Development for International Development – DRUSSA & DRUSSA Extension	136	655
UK Foreign and Commonwealth Office – Tackling Extremism	72	6
British Council Newton Fund – Research Management and Governance in Malaysia	-	29
	<u>1,253</u>	<u>1,700</u>
<b>Grants from other Agencies</b>		
European Commission – CAAST Net Plus	79	-
European Commission – Research Data Alliance project	84	65
European Commission – Research & Innovation Network Europe & Africa	-	32
European Commission – Promoting African European Research infrastructure Partnerships	-	9
Southern African Research & Innovation Management Association - Science Granting Councils Initiative	25	-
	<u>188</u>	<u>106</u>
<b>Grants from charitable foundations</b>		
British Academy – Africa Desk project	-	14
British Academy – Early Careers project	-	27
Canada Memorial Foundation	87	31
Marshall Sherfield Fellowship Foundation	24	21
Robert Bosch Stiftung	-	99
	<u>111</u>	<u>192</u>
<b>Donations</b>		
HW Paxton Legacy	161	-
Individuals & Organisations	8	4
	<u>169</u>	<u>4</u>
	<u>1,720</u>	<u>2,002</u>

**3. External administration fees**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Commonwealth Scholarship award schemes	1,631	1,579
Marshall Scholarship scheme	191	192
Staff & Educational Development Association	127	129
Chevening Scholarships	3,784	3,355
Other schemes	23	17
	<u>5,756</u>	<u>5,272</u>

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**4. Investment income and interest**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Income: managed investments	281	476	757	711
Interest: cash deposits	9	-	9	4
	<u>290</u>	<u>476</u>	<u>766</u>	<u>715</u>

**5. Analysis of total resources expended**

	2017	Staff costs £'000	Consultant costs £'000	Office and facility costs £'000	Other costs £'000	Total £'000	2016 £'000
<b>Charitable activities:</b>							
Project and Programme grants		276	301	266	288	1,131	1,418
Membership communication		323	15	178	74	590	604
Member activities		512	93	74	121	800	788
Scholarships, grants and awards		-	-	-	1,475	1,475	1,054
External and fund administration		3,948	66	721	610	5,345	4,509
<b>Other:</b>							
Consultancy activities		-	-	-	-	-	9
Investment management costs		-	-	-	91	91	112
		<u>5,059</u>	<u>475</u>	<u>1,239</u>	<u>2,659</u>	<u>9,432</u>	<u>8,494</u>
<b>2016</b>							
<b>Charitable activities:</b>							
Project and Programme grants		539	245	235	399	1,418	
Membership communication		425	12	130	37	604	
Member activities		382	90	139	177	788	
Scholarships, grants and awards		0	0	0	1,054	1,054	
External and fund administration		3,574	36	503	396	4,509	
<b>Other:</b>							
Consultancy activities		9	-	-	-	9	
Investment management costs		-	-	-	112	112	
		<u>4,929</u>	<u>383</u>	<u>1,007</u>	<u>2,175</u>	<u>8,494</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:

Support costs	2017 £'000	2016 £'000
<b>Charitable activities:</b>		
Membership communication	172	67
Member activities	113	192
External and fund administration	1,315	846
	<u>1,600</u>	<u>1,105</u>

**Governance costs**

Governance costs total £182K (2016, £137K).

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**6. Net incoming resources for the year**

Net incoming resources for the year are stated after charging:

	2017 £'000	2016 £'000
(a) Auditors' remunerations		
Audit fees – Association of Commonwealth Universities	16	14
Audit fees – ACU Trading Ltd	3	3
Other non-audit work (VAT advice & investigatory work) and EC grant audit	4	4
	<u>23</u>	<u>21</u>

(b) Staff costs:

The average monthly number of persons employed by the ACU (calculated on a headcount basis), was 110 during 2017 (2016: 106).

	2017 £'000	2016 £'000
Wages and salaries	3,771	3,768
Social security costs	431	366
Pension costs	453	477
Agency staff	241	210
Recruitment	79	39
Training and welfare	84	71
	<u>5,059</u>	<u>4,931</u>

ACU made ex gratia payments to staff totalling £32K during 2017 (2016: £47K)

The number of employees whose total emoluments (excluding retirement benefits) amounted to over £60,000 was: 6

	2017 Number	2016 Number
£60,001 to £70,000	2	1
£70,001 to £80,000	1	2
£90,001 to £100,000	3	2
£120,001 to £130,000	-	1
	<u>6</u>	<u>6</u>

The total aggregate employee benefits of the key management team in 2016/17 were £637K (2015/16: £646K)

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 £98K.

(c) Trustee remuneration and expenses:

No Trustee received any remuneration in the year (2016: £nil).

Four Trustees were reimbursed £7,412 for travel expenses incurred during the year (2016: three Trustees, £3,746).

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**7. Group and Charity Tangible fixed assets**

	Computer equipment £'000	Office equipment £'000	Assets under construction	Office Reconfigur ation £'000	Total £'000
<b>Cost</b>					
At 1 August 2016	336	2	511	-	849
Additions	12	-	352	-	364
Transfers	76	-	(863)	787	
Disposals	(116)	-	-	-	(116)
At 31 July 2017	308	2	-	787	1,097
<b>Depreciation</b>					
At 1 August 2016	258	2	-	-	260
Charge for year	79	-	-	51	130
Disposals	(116)	-	-	-	(116)
At 31 July 2017	221	2	-	51	274
<b>Net book value</b>					
At 31 July 2017	87	-	-	736	823
At 31 July 2016	79	-	511	-	589

**8. Group Investments**

**(a) Analysis by type**

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Quoted investments	7,760	572	14,203	22,535	21,109
Cash held for investment purposes	24	-	64	88	38
	7,784	572	14,267	22,623	21,147

**(b) Movements in quoted investments**

	Unrestricted funds		Restricted & Endowment funds	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Market value, 1 August	7,204	7,116	13,905	13,192
Acquisitions at cost	-	9	117	479
Disposals at opening market value	-	-	(135)	(472)
Net unrealised (losses) / gains on revaluation	556	79	888	706
Market value, 31 July	7,760	7,204	14,775	13,905
Cost, 31 July	6,003	6,003	11,573	11,579

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**9. Debtors and prepayments**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Member subscriptions	60	28	60	28
Trade debtors	644	248	644	248
Sundry debtors	65	106	63	94
Accrued income	53	81	53	81
Prepayments	49	98	49	98
	<u>871</u>	<u>561</u>	<u>869</u>	<u>549</u>

**10. Creditors: amounts payable within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	112	283	94	281
Deferred income	562	308	562	308
Income Tax and National Insurance contributions	98	105	59	72
Value Added Tax	329	208	329	208
Publishers – African library holding account	4	8	4	8
Sundry creditors	61	583	61	583
Accruals	275	217	243	197
Amounts due to ACU Trading Limited	-	-	29	15
	<u>1,441</u>	<u>1,712</u>	<u>1,381</u>	<u>1,672</u>
<b>Deferred income</b>				
Balance brought forward	308			
Released in year	(308)			
Deferred in year	<u>562</u>			
	<u>562</u>			

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**11. Endowment funds**

	2017	Opening value of funds £'000	New endowments £'000	Expenditure £'000	Gains on investments £'000	Closing value of funds £'000
<b>Permanent endowments</b>						
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
		<u>12,691</u>	<u>5</u>	<u>(11)</u>	<u>817</u>	<u>13,524</u>
<b>Expendable endowments</b>						
Marshall Sherfield endowment		714	-	(1)	40	755
<b>Total endowments</b>		<u>13,405</u>	<u>5</u>	<u>(12)</u>	<u>857</u>	<u>14,279</u>

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 2017, no funds were drawn down. (In the year ended 31 July 2016, no funds were drawn down.)

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

	2016	Opening value of funds £'000	New endowments £'000	Expenditure £'000	Gains on investments £'000	Closing value of funds £'000
<b>Permanent endowments</b>						
ACU endowment		4,107	-	-	54	4,161
CSFP Anniversary endowment		7,310	3	-	582	7,895
Edward Boyle endowment		108	-	-	1	109
Annenberg Foundation endowment		508	-	-	18	526
		<u>12,033</u>	<u>3</u>	<u>-</u>	<u>655</u>	<u>12,691</u>
<b>Expendable endowments</b>						
Marshall Sherfield endowment		690	-	-	24	714
<b>Total endowments</b>		<u>12,723</u>	<u>3</u>	<u>-</u>	<u>679</u>	<u>13,405</u>

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12. Restricted Funds	2017	Opening value of funds £'000	Grants/ Donations/ Subscriptions £'000	Investment Income / Gains £'000	Total Income £'000
ACU Development Fellowships	158	-	162	162	
Marshall Sherfield Fellowships	21	24	28	52	
Annenberg	-	-	21	21	
Mzuzu University, Malawi	1	-	-	-	
Edward Boyle (Medical Electives)	2	-	4	4	
CSFP Anniversary Fund	950	-	292	292	
Canada Memorial Foundation	(5)	87	-	87	
ACU Residential School	69	2	-	2	
Potter Foundation	31	-	-	-	
HW Paxton Legacy	-	161	-	161	
Symons Medal	7	-	-	-	
Tackling Extremism – UK Foreign & Commonwealth Office	-	72	-	72	
CAAST Net project	(1)	-	-	-	
CAAST Net Plus	(20)	79	-	79	
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	30	-	-	-	
DRUSSA: UK Department for International Development	147	136	-	136	
Structured Training for African Researchers (STARS - Robert Bosch Stiftung)	73	-	-	-	
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	29	1,044	-	1,044	
Partnership for Enhanced & Blended Learning (PEBL) – DFID	-	-	-	-	
CSFP Anniversary Governance	2	-	-	-	
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	(88)	84	-	84	
Research & Innovation Network for Europe & Africa	44	-	-	-	
Science Granting Councils Initiative – SARIMA	-	25	-	25	
Total	1,450	1,714	507	2,221	

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**12. Restricted Funds (continued)**  
**2017**

	Funds available for use £'000	Charitable Expenditure £'000	Fund value before transfers £'000	Transfers in / (out) £'000	Closing value of funds £'000
ACU Development Fellowships	320	161	159	-	159
Marshall Sherfield Fellowships	73	33	40	-	40
Annenberg	21	21	-	-	-
Mzuzu University, Malawi	1	1	-	-	-
Edward Boyle (Medical Electives)	6	3	3	-	3
CSFP Anniversary Fund	1,242	371	871	-	871
Canada Memorial Foundation	82	65	17	-	17
ACU Residential School	71	23	48	-	48
Potter Foundation	31	17	14	-	14
HW Paxton Legacy	161	-	161	-	161
Symons Medal	7	-	7	-	7
Tackling Extremism – UK Foreign & Commonwealth Office	72	72	-	-	-
CAAST Net	(1)	-	(1)	-	(1)
CAAST Net Plus	59	163	(104)	-	(104)
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	30	16	14	-	14
DRUSSA: UK Department for International Development	283	283	-	-	-
Structured Training for African Researchers (STARS – Robert Bosch Stiftung)	73	56	17	-	17
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	1,073	1,224	(151)	-	(151)
Partnership for Enhanced & Blended Learning (PEBL) – DFID	-	26	(26)	-	(26)
CSFP Anniversary governance	2	-	2	-	2
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	(4)	104	(108)	-	(108)
Research & Innovation Network for Europe & Africa	44	36	8	-	8
Science Granting Councils Initiative – SARIMA	25	25	-	-	-
<b>Total</b>	<b>3,671</b>	<b>2,700</b>	<b>971</b>	<b>-</b>	<b>971</b>



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12.	Restricted Funds (continued) 2016	Opening value of funds £'000	Grants/ Donations/ Subscriptions £'000	Investment Income / Gains £'000	Total Income £'000
	ACU Development Fellowships	147	-	152	152
	Marshall Sherfield Fellowships	11	21	29	50
	Annenberg	-	-	22	22
	Mzuzu University, Malawi	1	1	-	1
	Edward Boyle (Medical Electives)	2	-	4	4
	CSFP Anniversary Fund	909	-	279	279
	Canada Memorial Foundation	(4)	31	-	31
	ACU Residential School	77	-	-	-
	Potter Foundation	44	-	-	-
	Symons Medal	7	-	-	-
	Tackling Extremism – UK Foreign & Commonwealth Office	-	6	-	6
	CAAST Net project	(1)	-	-	-
	CAAST Net Plus	127	-	-	-
	Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	51	-	-	-
	DRUSSA: UK Department for International Development	91	655	-	655
	Support for Research Management and Governance in Malaysia	-	29	-	29
	Promoting Africa Europe Research Infrastructure Partnerships (PAERIP)	(14)	9	-	9
	Structured Training for African Researchers (STARS - Robert Bosch Stiftung)	59	99	-	99
	Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	7	1,010	-	1,010
	British Academy Africa Desk	13	14	-	14
	British Academy Early Careers	(6)	27	-	27
	CSFP Anniversary Governance	3	-	-	-
	International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	(32)	65	-	65
	Research & Innovation Network for Europe & Africa	35	32	-	32
	<b>Total</b>	<b>1,527</b>	<b>1,999</b>	<b>486</b>	<b>2,485</b>

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**12. Restricted Funds (continued)**

2016	Funds available for use £'000	Charitable Expenditure £'000	Fund value before transfers £'000	Transfers in / (out) £'000	Closing value of funds £'000
ACU Development Fellowships	299	141	158	-	158
Marshall Sherfield Fellowships	61	40	21	-	21
Annenberg	22	22	-	-	-
Mzuzu University, Malawi	2	1	1	-	1
Edward Boyle (Medical Electives)	6	4	2	-	2
CSFP Anniversary Fund	1,188	238	950	-	950
Canada Memorial Foundation	27	32	(5)	-	(5)
ACU Residential School	77	8	69	-	69
Potter Foundation	44	13	31	-	31
Symons Medal	7	-	7	-	7
Tackling Extremism – UK Foreign & Commonwealth Office	6	6	-	-	-
CAAST Net	(1)	-	(1)	-	(1)
CAAST Net Plus	127	147	(20)	-	(20)
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	51	21	30	-	30
DRUSSA: UK Department for International Development	746	599	147	-	147
Support for Research Management and Governance in Malaysia	29	29	-	-	-
Promoting Africa Europe Research Infrastructure Partnerships (PAERIP)	(5)	(5)	-	-	-
Structured Training for African Researchers (STARS – Robert Bosch Stiftung)	158	85	73	-	73
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	1,017	988	29	-	29
British Academy Africa Desk	27	27	-	-	-
British Academy Early Careers	21	21	-	-	-
CSFP Anniversary governance	3	1	2	-	2
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	33	121	(88)	-	(88)
Research & Innovation Network for Europe & Africa	67	23	44	-	44
<b>Total</b>	<b>4,012</b>	<b>2,562</b>	<b>1,450</b>	<b>-</b>	<b>1,450</b>

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

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

		<b>Total value grants/ awards/ fellowships etc. £'000</b>	<b>Number awarded</b>
ACU Development Fellowships	The ACU's own endowment income is used to support small scale collaboration between member universities through bursaries.	125	52
Marshall Sherfield Fellowship Scheme	A programme to support US post-doctoral fellows at UK universities.	29	1
Annenberg Foundation	Income from the Annenberg Foundation endowment is transferred to the Marshall Aid Commemoration Commission	18	2
Mzuzu University, Malawi	Tuition fee support for MSc Mathematics students at Mzuzu University, Malawi	1	1
Edward Boyle Medical Electives	Medical electives supported by income derived from an endowment.	3	6
ACU Residential School	Support for international students to attend the ACU summer school	12	20
Potter Foundation	Funds PhD scholarships hosted by South African universities	17	3
CSFP Anniversary Fund	Provides scholarships hosted by low and middle income Commonwealth countries	319	38
Symons Medal	Established by Professor T Symons, the Symons Medal is awarded annually in recognition of major contributions to higher education in the Commonwealth	-	-
Canada Memorial Fund	Scholarship programme to support UK students to study postgraduate degrees in Canada	65	3
Tackling Extremism – UK FCO	To develop practical means of promoting respect and objectivity among staff and students at faith based universities	12	12
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	874	204
<b>Total value and number of awards to individuals</b>		<b>1,475</b>	<b>342</b>

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

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**14. Designated and General Funds**

<b>2017</b>						
<b>Funds</b>	<b>Brought forward £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Gains £'000</b>	<b>Transfers £'000</b>	<b>Carried forward £'000</b>
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>

<b>2016</b>						
<b>Funds</b>	<b>Brought forward £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Gains £'000</b>	<b>Transfers £'000</b>	<b>Carried forward £'000</b>
Designated	-	-	86	-	1,000	914
General	7,422	6,889	5,849	28	(1,000)	7,490
	<u>7,422</u>	<u>6,889</u>	<u>5,935</u>	<u>28</u>	<u>-</u>	<u>8,404</u>

The Trustees have set aside two Designated Funds:

- 1 the cost of reconfiguring the ACU's London office, £1,000K initiated in 2015/16; £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 70<sup>th</sup> birthday; £592K at 31 July 2017.

**15. Funds held on behalf of third parties**

<b>Funds held in sterling</b>	<b>Opening Balance £'000</b>	<b>Incoming Resources £'000</b>	<b>Resources Expended £'000</b>	<b>Closing Balance £'000</b>
Chevening Scholarship Scheme	800	57,609	(57,749)	660
Commonwealth Scholarship & Fellowship Plan	8,177	25,667	(27,731)	6,113
HEDG	10	30	(25)	15
DRUSSA	77	89	(166)	-
DRUSSA Extension	139	78	(217)	-
CIRCLE	-	284	(271)	13
<b>Total Third Party Sterling Funds</b>	<u>9,203</u>	<u>83,757</u>	<u>(86,159)</u>	<u>6,801</u>

<b>Funds held in euro</b>	<b>Opening Balance €'000</b>	<b>Incoming Resources €'000</b>	<b>Resources Expended €'000</b>	<b>Closing Balance €'000</b>
European Commission CAAST Net grant	415	-	-	415
European Commission CAAST Net Plus grant	95	403	293	205
<b>Total Third Party Euro Funds</b>	<u>510</u>	<u>403</u>	<u>293</u>	<u>620</u>

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**16. Analysis of Group assets between Funds**

<b>2017</b>					
	<b>Pension and other liability £'000</b>	<b>Fixed assets £'000</b>	<b>Investments £'000</b>	<b>Net current assets £'000</b>	<b>Total £'000</b>
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
	<u>(402)</u>	<u>823</u>	<u>22,623</u>	<u>1,764</u>	<u>24,808</u>

<b>2016</b>					
<b>Funds</b>	<b>Pension and other liability £'000</b>	<b>Fixed assets £'000</b>	<b>Investments £'000</b>	<b>Net current assets £'000</b>	<b>Total £'000</b>
Endowment	-	-	13,402	3	13,405
Restricted	-	-	541	909	1,450
Designated	-	-	500	414	914
General	(513)	589	6,704	710	7,490
	<u>(513)</u>	<u>589</u>	<u>21,147</u>	<u>2,036</u>	<u>23,259</u>

**17. Future financial commitments**

**Group and Charity Operating leases**

At 31 July 2017 the ACU had commitments under operating leases as set out below:

	<b>2017 Land and buildings £'000</b>	<b>2017 Office equipment £'000</b>	<b>2016 Land and buildings £'000</b>	<b>2016 Office equipment £'000</b>
Within one year	340	2	-	2
After one year but within five years	1,700	10	-	10
After five years	1,165	3	-	6
Lease payments declared as an expense	<u>340</u>	<u>2</u>	<u>-</u>	<u>2</u>

**Forward exchange contracts**

ACU has entered into a forward exchange contract during the year (with American Express) to hedge forward currency exposure on future programme expenditure. This contract to purchase US Dollars using sterling (GBP) is at a rate \$1.2396 / £. At 31 July 2017 \$621,455 remained on this contract. £31K loss is included in the SoFA.

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**18. ACU Trading Ltd**

In July 2014 ACU established a wholly owned subsidiary company to employ staff in order to supply their services to ACU. The results for the period ended 31 July 2017 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 2017 are as follows:

	2017 £'000	2016 £'000
Turnover	1,778	1,295
Cost of sales	1,672	1,207
<b>Gross Profit</b>	106	88
Administration	106	81
<b>Net profit</b>	-	7
<b>Net assets</b>	-	-

**19. Pension Commitments**

**(a) Universities Superannuation Scheme (USS)**

The total USS pension cost charged to the Statement of Financial Activities is £352K (2016: £384K). This includes nil (2016: nil) outstanding contributions at the balance sheet date, and £64K deficit contributions (2016: £17K). 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 was at 31 March 2014 ("the valuation date").

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

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

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable Salary Growth	n/a	n/a
Consumer Prices Index inflation ("CPI")	2.41%	2.2%

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

Male members' mortality	98% of S1NA ["light"] YoB tables- No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables- rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males (females) currently aged 65	24.4 (26.6)	24.3 (26.5)
Males (females) currently aged 45	26.5 (29.0)	26.4 (28.8)

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	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total Scheme Liabilities	£77.5bn	£58.3bn
FRS 102 Total Scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

**(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 £31K (2016: £26K). This includes nil (2016: nil) outstanding contributions at the balance sheet date, and £6K deficit contributions (2016: £1K) as indicated in Accounting Policy 1(j).

**20. Related Parties**

	2017 £'000	2016 £'000
Balances owed to / (from) ACU Trading Ltd at 31 July	29	15
Payable to ACU Trading Ltd for services	1,778	1,295
Receivable from ACU Trading Ltd for services	60	23

**21. Financial Instruments**

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

	2017 £'000	2016 £'000
Financial assets measured at amortised cost (a)	3,156	3,650
Financial liabilities measured at amortised cost (b)	452	1,091
Financial assets measured at Fair value (c)	22,623	21,147
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

At 31 July 2016 ACU had one forward contract outstanding, to hedge currency exposure on future programme expenditure. The contract was for \$1M at €1.2396 / £, of which \$621K was outstanding at 31 July. Therefore the accounts recognise £31K loss. There were no forward contracts in 2016.

**22. Grant Commitments**

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