



The Association  
of Commonwealth  
Universities

Annual Report and Financial Statements  
2018/19

Charity Registration No. 314137

## Contents

1	OFFICERS AND PROFESSIONAL ADVISERS.....	1
1.1	Council members .....	1
1.2	Audit and Risk Committee members .....	1
1.3	Remuneration Committee members.....	1
1.4	Secretary General .....	2
1.5	Charity Details.....	2
1.6	Bankers and Professional Advisers .....	2
2	OBJECTIVES AND ACTIVITIES.....	3
2.1	Structure .....	3
2.2	Mission, vision and values .....	3
2.3	Public Benefit.....	4
3	GOVERNANCE .....	5
3.1	Governance and management .....	5
3.2	Day to day management.....	5
3.3	Risk management .....	5
4	OPERATING REVIEW .....	7
4.1	Patron .....	7
4.2	Public Benefit activities during the year .....	7
4.3	The Future.....	13
5	FINANCIAL REVIEW .....	14
5.1	Financial Performance Review.....	14
5.2	Reserves and Funds .....	14
5.3	Investment Policy and returns.....	16
5.4	ACU Trading Limited .....	17
5.5	Statement of Trustees' Responsibilities .....	18
5.6	Independent Auditor's Report.....	19
6	FINANCIAL STATEMENTS .....	21
7	NOTES TO THE FINANCIAL STATEMENTS.....	24

## **1 OFFICERS AND PROFESSIONAL ADVISERS**

### **1.1 Council members**

Chair:	Professor Amit Chakma – Western University, Canada (resigned 22/07/2019) Professor Edward Byrne AC – King's College London, UK (appointed 22/07/2019)
Vice-Chair:	Professor Paul Boyle – Swansea University, UK
Honorary Treasurer:	Professor Idris Rai – The State University of Zanzibar, Tanzania (resigned 15/07/2019) Professor Stuart Corbridge – Durham University, UK (appointed 15/07/2019)
Other members:	Professor Mehraj-Ud Din Mir – Central University of Kashmir, India Engr Ahmed Farooq Bazai – Balochistan University of Information Technology, Engineering and Management Sciences, Pakistan Professor Abel Idowu Olayinka – University of Ibadan, Nigeria Professor Colin Riordan – Cardiff University, UK Professor Deep Saini – University of Canberra, Australia 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 (resigned 05/08/2019) Professor Dr. Md Akhtaruzzaman, University of Dhaka, Bangladesh (appointed 15/07/2019) Senior Professor Sampath Priyantha Perera Amaratunge, University of Sri Jayewardenepura, Sri Lanka (appointed 15/07/2019) Dr Rhonda L. Lenton – York University, Canada (appointed 15/07/2019) Professor Rosina Mamokgethi Phakeng – University of Cape Town, South Africa (appointed 15/07/2019)

### **1.2 Audit and Risk Committee members**

Chair:	Professor Stuart Corbridge – Durham University, UK
Other members:	Professor Wim de Villiers – Stellenbosch University, South Africa Professor Nigel Healey – Fiji National University Mr Graeme Appleby - Director of Resources, The British Academy, UK

### **1.3 Remuneration Committee members**

Chair:	Professor Idris Rai – The State University of Zanzibar, Tanzania (resigned 15/07/2019) Professor Stuart Corbridge – Durham University, UK (appointed 15/07/2019)
Other members:	Professor Julia Buckingham – Brunel University, UK Ms Alison Johns – Advanced HE, UK Professor Shearer West – University of Nottingham, UK

**1.4 Secretary General**

Dr Joanna Newman MBE FRSA

**1.5 Charity Details****Principal place of business**

Woburn House  
20-24 Tavistock Square  
London WC1H 9HF

[www.acu.ac.uk](http://www.acu.ac.uk)

**1.6 Bankers and Professional Advisers****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

CCLA  
Senator House  
85 Queen Victoria Street  
London EC4V 4ET

**Auditors**

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

## **2 OBJECTIVES AND ACTIVITIES**

### **2.1 Structure**

The Association of Commonwealth Universities (ACU) was founded in 1913 and is 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 governed by the Royal Charter, Bye-Laws and Regulations dated 17 June 1963 and last amended on 13 October 2010.

Current membership total is 538 in 50 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.

ACU Trading Limited is a 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 2019 (Company registration number: 9119389).

### **2.2 Mission, vision and values**

The ACU is an international organisation dedicated to building a better world through higher education.

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

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

#### **Our mission**

To build a better world through higher education.

#### **Our vision**

A world in which higher education transcends borders, strengthens societies, fosters innovation, and lifts the lives of people throughout the Commonwealth and beyond.

#### **Our strategic priorities**

- To champion the power of higher education to improve lives
- To support the long-term vitality of universities
- To engage and connect universities across borders, and promote collaboration among them
- To deliver educational opportunities that make a positive and lasting difference
- To uphold the ACU's reputation for excellence and demonstrate its impact

**Our values**

- Quality - We strive to excel in all we do, and continuously reflect on our work to find new ways forward.
- Collaboration - We believe that cooperation and sharing ideas makes us stronger.
- Innovation - We encourage people to think differently, be curious, and explore new ideas.
- Respect - We treat others in the way we would like to be treated – with fairness, integrity, and generosity.
- Inclusion - We value difference, and encourage and celebrate the diverse voices of our colleagues and partners.

**2.3 Public Benefit**

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

### 3 GOVERNANCE

#### 3.1 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 face-to-face twice each year, with any additional business conducted electronically in between meetings as necessary. 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, 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, which are established by Council, are the Executive Committee, the Audit and Risk Committee and the Remuneration Committee.

The Executive Committee is elected by the Council and consists of the Chair, the Vice-Chair, the Honorary Treasurer, and two other Members of Council.

The Audit and Risk Committee met once in 2018/19 and consists of four members, three of whom are serving members of Council, including the Chair of the Committee. The fourth place is filled by an independent member. The Chair of the Audit and Risk Committee is appointed by Council, from its members, and has the power to co-opt additional members should the need arise.

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

The Trustees comply with the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Charity conducts triennial reviews of its governance arrangements, with the next review planned for early 2022. This will involve external expert advice in how best to apply the principles within the code. The Council will then address any issues raised where required.

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

#### 3.2 Day to day management

Dr Joanna Newman is the ACU's Secretary General, heading a Senior Executive Team which also comprises the Chief Finance Officer and the Chief Operating Officer. The Senior Executive Team is supported by the Senior Management Team which comprises the heads of all departments across the organisation.

#### 3.3 Risk management

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

- Governance, given the ACU's status as a UK charity with international trustees; mitigated by comprehensive introductory Trustee training and use of independent professional advice
- Breach of legal and regulatory requirements; mitigated by regular review and updating of policies and procedures
- Dominance of scholarship administration income; mitigated by actively seeking new projects and partnerships
- Disruption through disaster (e.g. IT failure); mitigated by cybersecurity training and investment in new systems

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

- regulation by the Charity Commission
- annual external audit or inspection of administration activities
- Audit and Risk Committee review
- financial procedures
- strategic plan and annual budget (including risk assessment) process
- 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 and Business Travel)
- increased staff awareness of risk

## 4 OPERATING REVIEW

### 4.1 Patron

The ACU welcomed a new Patron this year; HRH The Duchess of Sussex. She took over this role in January 2019 from Her Majesty The Queen, who became the first Patron of the ACU in 1986.

### 4.2 Public Benefit activities during the year

During the year the following activities took place to meet the objectives of our Royal Charter and charitable objectives for the public benefit:

#### 4.2.1 *'To promote the interests and well-being of the universities of the Commonwealth.'*

The ACU uses its accredited status and strategic partnerships to **influence policy agendas at international, regional, and national levels** on behalf of its members, including at Commonwealth ministerial meetings and the United Nations. In 2018-2019, this included the following:

- In October 2018, the ACU attended the **Commonwealth Finance Ministers Meeting** in Bali. In a session chaired by the Deputy Prime Minister of Papua New Guinea, the ACU's Secretary General Dr Joanna Newman addressed government ministers on the role of universities in combating, and preparing, for the effects of climate change. The address was also a chance to secure ministerial support for the ACU's Commonwealth Climate Resilience Network, announced earlier in the year.
- In January 2019, the ACU's Secretary General addressed the **Commonwealth Education Ministers Action Group** (EMAG), a group of ten government ministers who meet in the intervening years of the triennial Conference of Commonwealth Education. The presentation highlighted higher education's vital contribution to sustainable development and the ACU's work to support this, as framed by the Nadi Declaration – a set of shared commitments agreed at the 20th Conference of Commonwealth Education Ministers in 2018.
- In May 2019, the Secretary General also presented to the **Commonwealth Accelerated Development Mechanism for Education** (CADME) working group – a meeting of senior officials from the same countries as the ministers who comprise the EMAG (see above).
- In July 2019, the ACU played an active role in the **United Nations High-level Political Forum on Sustainable Development** – the central platform for the follow-up and review of the 2030 Agenda for Sustainable Development. The forum, which took place at the UN in New York, saw the ACU join forces with the Agence Universitaire de la Francophonie and the International Association of Universities to collectively promote the central role of higher education in achieving all 17 Sustainable Development Goals. Activities included:
  - A joint workshop on the importance of partnerships to achieving the SDGs, with a keynote address by the ACU's Secretary General.
  - The presentation of a joint statement calling for greater recognition of, and support for, higher education's impact on sustainable development
  - A panel session at the International Green Gown Award Ceremony
  - A joint roundtable on the role of university scholarships in global development, looking at their power to promote equity, inclusion and access, and to address local and global development challenges
  - The launch of a new ACU network to support university engagement with the SDG agenda

In October 2018, **ACU Gender Grants** were awarded to universities in Australia, Canada, Cameroon, Fiji, Ghana, Pakistan, South Africa, the UK, and the West Indies. Ten grants were awarded in total, two of which – to the University of the South Pacific and Fiji National University – were announced by HRH The Duchess of Sussex during her first official speech on a Royal visit to Fiji. ACU Gender Grants are awarded annually to member universities in support of projects to boost gender equity and equality. The grants can be used to fund projects, workshops, and events on themes such as supporting women into leadership and anti-sexual harassment initiatives.

In January 2019, **HRH The Duchess of Sussex became Patron of the ACU** – a role passed on to her by the ACU's former Patron of 33 years, Her Majesty The Queen. The Duchess will work with the ACU to bring wider attention to its work and to champion higher education as a force for good in the Commonwealth and beyond. At the end of January, Her Royal Highness joined ACU staff, students, and academics at City, University of London, UK, for her **first official visit as Patron** of the ACU. The visit was a chance to showcase the ways in which the ACU is helping to build a better world through higher education.

In March 2019, the ACU launched a **new strategic plan**. Its title, 'The Road to 2030', is a reference to the target date for the UN Sustainable Development Goals and higher education's intrinsic role in making them a reality. The plan outlines a refreshed mission, vision and set of values for the organisation, underpinned by five strategic priorities that will guide the ACU in its mission to build a better world through higher education.

---

**4.2.2** *'To arrange conferences and congresses and otherwise to facilitate communication and the interchange of information between those universities and between them and the governments and other public bodies, learned institutions and societies of the Commonwealth and elsewhere.'*

In August 2018, a three-day workshop was held at Canada's York University for participants of the ACU's annual **Strategic Management Programme**. This process – of which the workshop is the concluding part – is an opportunity for senior staff at member universities to compare key institutional management processes and to learn from each other's experiences – both challenges and successes.

In September 2018, the eighth **conference of the ACU HR in HE Community** took place at the University of Waterloo in Canada. This biennial event brings university HR professionals from around the world together to network, share best practice, and hear from diverse international speakers. The theme for this year was 'Universities of the future: global perspectives for HR', with sessions focusing on how university HR professionals can help their institutions prepare for tomorrow.

October 2018 saw **initial scoping sessions take place for the ACU's two new policy networks**. These bring practitioners, academics, and university leaders together to share best practice and collaborate on initiatives with a view to influencing wider policy.

- The **ACU Commonwealth Peace and Reconciliation Network** – which focuses on the role of universities in addressing historical injustices – met for a three-day event at the University of Melbourne, Australia. Topics for discussion included decolonising the curriculum, equitable research partnerships, and the inclusion and recognition of indigenous students, staff, and knowledge.
- A scoping meeting for the **ACU Commonwealth Climate Resilience Network** followed in Suva, Fiji, held in partnership with Fiji National University, the University of the South Pacific, and the University of the West Indies. The event was opened by The Hon Jone Usamat, the Fijian Minister for Employment, Productivity and Industrial Relations, and discussions highlighted the shared challenges of Commonwealth countries on the frontline of climate change and natural disasters. Following the meeting, HRH The Duke of Sussex, Prince Harry, announced four new Queen Elizabeth Commonwealth Scholarships with a specific focus on climate change.

In December 2018, HRH The Duchess of Sussex joined university leaders, academics, and international scholarship students for a series of discussions titled '**The ACU: Building a better world**'. Hosted at King's College London, UK, the event was an opportunity to discuss the role of universities in addressing such issues as human trafficking and modern slavery, gender inequality, historical injustices, and climate change.

In January 2019, the ACU held a **free lecture on the theme of university research impact** and how the benefits of university research can be measured and defined in more meaningful ways. The talk, hosted at the ACU offices in London, was given by Dr David Phipps, Executive Director of Research and Innovation Services at York University, Canada, and Dr Julie Bayley, Director of Research Impact Development at the University of Lincoln, UK.

In February 2019, another **free lecture explored global inequalities in knowledge production** and the role of universities in redressing the balance. The speaker was Dr Budd Hall, Co-Chair of the UNESCO Chair in Community Based Research and Social Responsibility in Higher Education.

Also in February, the ACU held a **workshop for researchers taking part in the ACU Blue Charter Fellowship scheme**. These fellowships support collaborative university research aimed at tackling marine plastics pollution and are hosted by ACU member universities and industry partners. The workshop was an opportunity for Blue Charter Fellows from across the Commonwealth to share and showcase their research, and they were joined by representatives from the UK Department for Business, Energy and Industrial Strategy, the Commonwealth Secretariat, and Waitrose.

In March 2019, a **two-day seminar explored the role of universities in supporting displaced people** worldwide. Titled 'Extending the welcome: developing long-term solutions to supporting refugees and at-risk scholars', and organised in partnership with the British Council and the University of Edinburgh, UK, the event was a chance to hear about a number of university initiatives, including King's College London's PADILEIA project (UK), Makerere University's Refugee Law Project (Uganda), and student-led initiatives in Canada, Malta, and the UK. The event was attended by academics, policymakers, students, and partners from across the Commonwealth, 13 of whom received ACU funding to enable their attendance.

Also taking place in March was a two-day ACU symposium titled '**Developing the capacity of early career researchers**', hosted by the University of Johannesburg and delivered in partnership with Universities South Africa. The event brought together academics and policymakers from across Africa to identify new approaches to supporting the next generation of researchers – from improved mentorship and supervision to opportunities for international mobility and networking. Speakers included Naledi Pandor, the South African Minister of Higher Education and Training, who gave the keynote address.

In April 2019, '**Developing the next generation of researchers**' was also the theme of a three-day ACU workshop in Nigeria. Held in partnership with the University of Ibadan, the workshop was a chance for emerging academics to learn more about furthering their careers as researchers and research leaders, and for their universities and senior colleagues to explore new approaches to the development and support of their academic staff. 169 Nigerian researchers from 34 institutions took part.

In May 2019, a two-day **ACU HR in HE convention** in Nairobi, Kenya, brought together university human resources professionals and senior staff from over 40 universities across east Africa. The event, held in partnership with the United States International University-Africa, explored the strategic role of HR in higher education and included the launch of a new regional community of practice – the East Africa HR in HE Community.

Also in May, the ACU hosted Capturing and communicating impact – a Sustainable Development Goals masterclass for delegates at the British Council's annual Going Global conference. The event, which this year took place in Berlin, Germany, highlighted the Sustainable Development Goals as a way for universities to demonstrate and communicate their impact and social contribution.

June 2019 saw the **first meeting of members of the ACU Peace and Reconciliation Network** take place at the University of Western Ontario, Canada. The meeting was followed by a workshop titled 'A decolonised curriculum', held as part of the *Times Higher Education* Teaching Excellence Summit.

In July 2019, members of the **Commonwealth Climate Resilience Network** held their first meeting at the University of the West Indies' Mona Campus in Jamaica. Participants agreed a series of actions, including the collaborative development of learning and teaching resources, and the development of international mobility programmes for students and researchers. Delegates also explored the results of a recent survey of institutions in the Caribbean, conducted by the Association of Caribbean Tertiary Institutions and supported by the ACU. The survey showed the impact of climate events on universities in the region and highlighted the need for universities to improve their disaster and contingency planning in line with the increased threat of climate disasters.

The **ACU Member Communities** are a series of special interest groups that connect colleagues and other stakeholders working in key areas of university activity. These bring university staff from across the Commonwealth together to share experiences, explore ideas, and discover potential avenues for collaboration. Each Community is

overseen by an international steering committee comprising university professionals working in relevant areas. For the period of this report, the four communities were:

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

4.2.3 *'To collect and distribute information on matters of interest to the universities of the Commonwealth'*  
and

4.2.4 *'To print, publish in whatever form whether electronic or otherwise, 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 included its **monthly newsletter** (*SyntHEsis*), commissioned **blogs** by ACU staff, academics, and university professionals, and, in August 2018, the final issue of the **Bulletin**, a membership magazine.

July 2019 saw the launch of **The ACU Review** – a new magazine celebrating and showcasing the work of ACU member universities and their contribution to building a better world. Each issue explores a particular theme, chosen to highlight the value of higher education to society, and to reflect the rich diversity – and common challenges – that characterise the ACU's global network. The first issue focused on endangered languages (coinciding with the United Nations International Year of Indigenous Language) and illustrates how universities across the Commonwealth are working with indigenous communities to protect, preserve, and revitalise our planet's linguistic diversity.

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

**ACU Measures** is the ACU's annual online benchmarking exercise for university management. It provides a unique opportunity for member institutions to benchmark their performance in key areas of university management in a confidential and non-competitive way. 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.

In March 2019, the ACU published its new **strategic plan document**, which was disseminated to ACU members and stakeholders worldwide online and in print. With this came the launch of a new visual identity for the ACU, as well as a new narrative that communicates a single, shared vision for the organisation.

4.2.5 *'To facilitate the interchange of students and teachers between Commonwealth universities and between them and the universities of foreign countries'*

One of the ways in which the ACU continues to encourage international student mobility is through **its administration of prestigious scholarship schemes**, including the Commonwealth Scholarship Commission (CSC) in the UK, the Marshall Aid Commemoration Commission, and the Chevening Scholarships. The CSC is funded by the UK government's Department for International Development, while the Marshall Aid and Chevening Scholarships are funded by the UK government's Foreign and Commonwealth Office.

Another key activity in this area is the management and expansion of the **Commonwealth Scholarship and Fellowship Plan (CSFP)** and the CSFP endowment fund. The endowment fund supports the **Queen Elizabeth Commonwealth Scholarships**, which enable students from Commonwealth countries to study a Master's degree in a range of low and middle income countries. The scheme, which is owned by and for Commonwealth governments, reflects the ACU's ambition to make academic mobility genuinely Commonwealth-wide, rather than focused predominantly on 'traditional' study destinations. Over the period of this report, the ACU continued its efforts to expand the Queen Elizabeth Commonwealth Scholarships by seeking further financial contributions from Commonwealth governments.

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

**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.

**ACU Fellowships** help to promote and establish research partnerships and links between ACU member universities and are open to academic and professional staff. Over the period of this report, a number of new ACU Fellowships were added:

- October 2018 saw the launch of the **ACU Blue Charter Fellowships**, which support research and innovation in the area of marine plastics pollution. The first 38 Blue Charter Fellowships were funded by the UK Government Department for Business, Energy and Industrial Strategy. In April 2019, funding from Waitrose enabled the ACU to offer a further ten Blue Charter Fellowships, with placements of up to six months at ACU member universities across the Commonwealth.
- In March 2019, the ACU launched the **Coventry University Fellowships** to support collaborative research between Coventry University and ACU member institutions in Australia, Malaysia, Pakistan, and South Africa.
- The new **ACU Peace and Reconciliation Fellowships**, launched in April 2019, enable staff from ACU member universities to travel to another ACU member overseas for a period of research or collaboration linked to the aims of the ACU Commonwealth Peace and Reconciliation Network.

**ACU Global Summer School Grants** enable undergraduate students from ACU member universities in the UK to attend university summer schools elsewhere in the Commonwealth. The grants are offered thanks to the kind legacy of Major Harold William Paxton. In 2018, students attended summer schools in Canada, India, Malaysia, Nigeria, South Africa, and Uganda.

**The ACU Summer School** is an annual forum for postgraduate and final year undergraduate students from across the Commonwealth to come together and explore multidisciplinary issues of global importance. The event is hosted in a different country – and on a different theme – each year (usually in July or August), and comprises lectures, workshops, site visits, and group work. The **2019 Summer School**, which took place in July 2019, was hosted by the University of Mauritius on the theme of 'Public Health: from a small island state to the global community'. The week-long experience included visits to Mauritian hospitals, laboratories and water treatment plants, and featured speakers from Australia, South Africa, and the World Health Organisation, as well as subject experts from Mauritius. **Edward Boyle Bursaries**, administered by the ACU, help medical students in the UK obtain valuable practical experience in a developing Commonwealth country.

**The Routledge/Round Table Commonwealth Studentships** fund research projects with a Commonwealth theme – either relating directly to the Commonwealth as a whole or with particular relevance to its member nations. The two PhD studentships are funded by *The Round Table: The Commonwealth Journal of International Affairs* and its publisher, Routledge, and delivered in association with the ACU.

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

#### 4.2.6 *'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 administers a number of **schemes, funds, and entities** which have links with higher education. These include the Staff and Educational Development Association (SEDA), the Heads of Educational Development Group (HEDG), the International Consortium for Educational Development (ICED), and the Harkness Fellows Association and Transatlantic Trust.

Over the 2018-2019 period, the ACU also **engaged formally with a number of other organisations, stakeholders and government bodies**, aimed at furthering collaboration and shared opportunities. These included (but were by no means limited to) the Agence universitaire de la Francophonie, the Australia Africa Universities Network, the British Council, the Commonwealth Parliamentary Association, the Commonwealth of Learning, the Commonwealth Secretariat, the Council for At-Risk Academics, the Council for Education in the Commonwealth, the International Association of Universities, the Ramphal Institute, the United Nations, and regional/national university and research associations in all regions of the Commonwealth.

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

- **Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)** 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 and led by the ACU, the project takes a two-fold approach: supporting the work of individual researchers through climate change research fellowships, while working closely with universities to build their own capacity to support and promote quality research. Highlights from the period covered by this report include:
  - In October 2018, representatives from 20 higher education institutions in sub-Saharan Africa met in Accra, Ghana, to discuss how to build on CIRCLE's successes in strengthening universities' capacity to support researchers.
  - In April 2019, 12 CIRCLE fellows delivered programme sessions at an ACU workshop titled 'Developing the Next Generation of Researchers' at the University of Ibadan, Nigeria.
  - In June 2019, CIRCLE was awarded a funding extension for a further two years, enabling key activities to continue and ensuring that the project's outcomes and learnings are shared and multiplied as widely as possible.
  - Over the 2018-2019 period, CIRCLE published four reports evaluating the project's impact and progress, including a counterfactual survey.
- **The Commonwealth Blue Charter Capacity Audit**, funded by the UK Government's Department for Business, Energy and Industrial Strategy and led by the ACU, aims to map the current status of research into marine plastics pollution across Commonwealth universities. By developing a clearer picture of the research currently underway in this area, the audit will help build a picture of where future capacity building efforts could be targeted. The audit is complemented by the ACU Blue Charter Fellowships, which support research in the area of marine plastics pollution.
- **The Partnership for Enhanced and Blended Learning (PEBL)**, supported by the UK's Department for International Development's SPHEIR programme and led by the ACU, is designed to address the critical academic staff shortages faced by many east African universities. It enables universities to share scarce teaching resources through quality assured, credit-bearing degree courses, delivered through blended learning. Highlights from the period covered by this report include:
  - In January 2019, the first PEBL students commenced online study in Uganda. The course, 'Research Methodology and Design for Business', is one of six under development, and will be made available to universities in Tanzania, Kenya and Rwanda.
  - In May 2019, university leaders from across east Africa met in Kigali, Rwanda for the PEBL Network Meeting. The event was a chance to hear updates on the project's progress, share challenges and solutions, and contribute to the development of PEBL courses.

- **The ACU is one of 35 international project partners involved in the Long-term EU-AU Research and Innovation Partnership for Food and Nutrition Security and Sustainable Agriculture (LEAP4FNSSA).** The alliance aims to reinforce the existing Africa-Europe partnership on food and nutrition security and sustainable agriculture, and to translate the current relationship into a more tangible and long-term, multi-stakeholder platform for collaboration.
- The ACU is one of 17 international project partners involved in **PREparing for a Long-Term joint EU-AU Research and Innovation Partnership on Renewable Energy (PRE-LEAP-RE)** – an EU-funded project that aims to build a joint Africa-Europe research programme in renewable energy. The ACU's role, in collaboration with Strathmore University in Kenya, will be in designing a monitoring and evaluation framework for the programme, as well as promoting UK government involvement.
- The ACU is a delivery partner for the **Science Granting Councils Initiative in Sub-Saharan Africa (SGCI)** – a project to strengthen the capacity of science granting councils in sub-Saharan Africa, which play a central role in funding and furthering research and innovation in the region. The initiative is jointly funded by the UK government's Department for International Development, Canada's International Development Research Centre, and South Africa's National Research Foundation.

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.

#### 4.3 The Future

The drive to increase income from membership growth and scholarship administration along with very tight cost control has strengthened the ACU's financial position. Management, with the approval of Council, has produced a budget for the year ending 31 July 2020 which maintains this policy of membership growth, outstanding scholarship administration and tight cost control.

The new ACU strategy, *The Road to 2030*, was launched in March 2019. Business priorities include:

- Income diversification to strengthen the ACU's financial resilience and reduce reliance on scholarship administration income.
- New membership strategy to strengthen member benefits, tailor regional engagement, grow membership income and reduce debt. Investment in regional posts is already delivering positive growth.
- Investment in staff through training and development opportunities.
- Drive to attract new contributions to the Queen Elizabeth Commonwealth Scholarships endowment fund.
- Investment in new networks of best practice from around the Commonwealth.
- Review of the Governance structure to ensure Council remains representative of the diverse ACU membership network.

## 5 FINANCIAL REVIEW

### 5.1 Financial Performance Review

At a time of considerable turbulence for higher education, membership numbers reversed the dip of the previous year and external administration income increased. Costs have been well managed while growing these activities and developing member engagement through new activities. The ACU achieved £185K surplus on its unrestricted general activities, and before investment and actuarial gains. Unrestricted funds at 31 July 2019 comprised £6,077k after the transfer of £3.1m to Designated Funds.

The Statement of Financial Activities (SOFA) for the year is set out on page 21 of the financial statements. A summary of the activities and the financial results is given below.

### 5.2 Reserves and Funds

#### Unrestricted Reserves Policy

The ACU's reserves policy is to hold free reserves (unrestricted general funds minus fixed assets) equivalent to 4 to 6 months unrestricted expenditure. Free reserves of £5.3m (2018: £8.0m) is £1.1m (2018: £4.4m) above the upper limit. Free reserves of £5.3m is after the transfer of £3.1m to Designated funds to deliver *The Road to 2030* strategy as approved by the Trustees.

#### Unrestricted Funds - General

The results for the year are best considered thus:

	2018/19 £'000	2017/18 £'000
Grants, donations & legacies	-	-
Membership income	1,215	1,154
Member activities	141	92
External administration	6,708	5,997
Investment income / interest	350	331
Other Income	32	29
<b>Total Income</b>	<b>8,446</b>	<b>7,603</b>
<b>Total Expenditure</b>	<b>8,261</b>	<b>7,523</b>
<b>Net operating income as per SOFA</b>	<b>185</b>	<b>80</b>
Gains / (losses) on investments	766	388
Actuarial gains / (losses) on defined benefit pension schemes	(445)	35
<b>Net movement in funds</b>	<b>506</b>	<b>503</b>
<b>Funds brought forward</b>	<b>8,671</b>	<b>8,168</b>
Net income / (expenditure) before transfers	506	503
Transfer to Designated Funds (The Road to 2030 investments)	(3,100)	-
<b>Funds carried forward</b>	<b>6,077</b>	<b>8,671</b>

Membership fee income has increased by £61k (5.3%) to £1,215k with a corresponding £16k increase in bad debt provision. In 2019 there were 538 subscribing members compared to 517 in 2018.

Member activities includes conferences, the Strategic Management Programme and Member Communities plus the promotion advisory service. Income increased by £49k to £141k mainly due the biennial HR in HE Conference held at the University of Waterloo, Canada in September 2018.

External administration fees increased by £711k (11.9%) to £6,708k. The one-off Chevening 35<sup>th</sup> Anniversary celebration has increased income by £165k with a corresponding increase in expenditure. There has also been a significant increase in Commonwealth Scholarship Scheme activities.

Investment income increased by £19k to £350k. The value of investments held with CCLA has increased by £766k (9.4%).

Total resources expended were £8,261k, an increase of £738k (9.8%).

Employment costs have increased by £714k to £5,786k. During the year the average staff numbers increasing by 19 to 132. External administration staff increased by 12, the cost of which has been offset by an increase in external administration fee income.

Other costs increased by £23k to £2,474k. Costs increased due to the Chevening 35th Anniversary celebration and the biennial HR in HE Conference held in Canada in September 2018. These increases were offset by savings in recruitment costs and an increase in overhead recovery from externally funded projects.

### **Unrestricted Funds - Designated**

The Trustees have set aside three Designated Funds:

- 1) The cost of reconfiguring the ACU's London office, £1,000k initiated in 2015/16; Closing balance is £550k (2018: £687k).
- 2) ACU 2020, an ambitious change programme which sets 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; Closing balance is £133k (2018: £299k).
- 3) *The Road to 2030*, an ambitious programme which builds on the ACU 2020 plan and incorporates a refreshed vision, mission and strategic priorities. The ACU Council endorsed *The Road to 2030* and a provisional budget of £3.1m for implementation. Closing balance is £2,724k (2018: nil).

Closing balance of Designated funds is £3,407k (2018: £986k). Note 11 shows the movements during the year in each fund.

### **Restricted Funds**

The range of Restricted Funds administered by the ACU is shown in note 13 which give a brief description of the purpose of each fund. Note 15 provides an analysis where applicable of the value and number of grants and fellowships awarded from Restricted Funds.

There are four restricted funds in deficit at the balance sheet date. This does not pose a financial risk to the ACU as they reflect a timing issue – in all four cases funding is received after expenditure is incurred. All four funds are managed by the ACU on behalf of European Union or UK Government departments.

Net closing balance of restricted funds is £989k (2018: £746)

### **Endowment Funds**

The Permanent and Expendable Endowment Funds along with associated Restricted Funds generated £597k of investment income during the year, an increase of £159k. A large part of that increase was due to the additional

investment of £5m that was donated by UK Department for Education in June 2018. All the endowment income was credited to the relevant Restricted Funds. Note 12 lists the amount awarded in grants.

The value of the Permanent Endowments stood at £15,758k at 31 July 2019, an increase of £1,413k on the year. This comprises £1,408k of unrealised gains on investments and £5k donations from individuals. The value of Expendable Endowments stood at £7,046k at 31 July 2019, an increase of £1,155k on the year. This comprises a donation of £500k from the Frances Turner legacy, £5k donation to the Queen Elizabeth Commonwealth Scholarship from the Fiji Ministry of Education and unrealised gain of £650k.

Closing balance of endowments is £22,804k (2018: £20,236k)

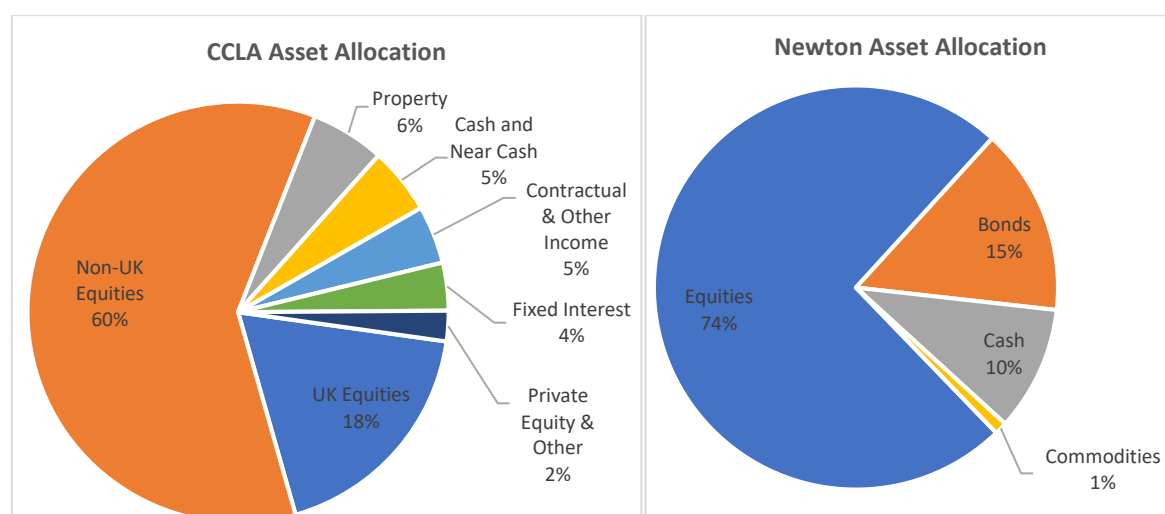
### 5.3 Investment Policy and returns

#### Investment objectives

The investment objective of the ACU's portfolio is to seek long term real growth without taking undue risks, consistent with a reasonable level of income. The specific investment objective of the fund invested with Newtons is to maximise returns through capital growth and income. The specific investment objective of the funds invested with CCLA is to achieve an average annual total return of inflation plus 5% over the long term and control volatility to 75% of that of the UK equity market.

#### Investment Allocation

The investment allocation reflects the diversification of economic risk while maintaining expected returns.



#### Investment Performance

Note 8 has an analysis of movements in investment values.

The net cumulative return from the average charity (ARC Charity Indices Steady Growth) was +6.5% for the 12 months to 31 July 2019.

The ACU has 9 investment portfolios.

Fund / Purpose of Fund	Permanent / Expendable	Investment Manager	Value at 31 July 19 £'000	Actual Performance %
CSFP Anniversary Queen Elizabeth Commonwealth Scholarships	Permanent	Newton	9,818	10.1
CSFP Anniversary Queen Elizabeth Commonwealth Scholarships	Restricted	Newton	340	10.1
QECS Scholarships Queen Elizabeth Commonwealth Scholarships	Expendable	Newton	5,609	10.1
QECS Frances & Philip Turner Queen Elizabeth Commonwealth Scholarships	Permanent	Newton	561	10.1
ACU Main fund Investment of ACU reserves	Permanent	CCLA	8,950	9.4
ACU Endowment ACU Development Fellowships	Permanent	CCLA	5,158	9.4
Edward Boyle Edward Boyle medical electives	Permanent	CCLA	133	9.4
Annenberg Marshall Aid Commemoration Commission scholarships	Permanent	CCLA	642	9.4
Marshall Sherfield Post-doctoral fellowship for US students	Expendable	CCLA	871	9.4

#### 5.4 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 2019.

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 2019, ACU Trading Limited has net assets of £1.

## 5.5 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 Edward Byrne AC  
Chair of the Council

3rd December 2019

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

### Opinion

We have audited the financial statements of The Association of Commonwealth Universities for the year ended 31 July 2019 which comprise the Group Statement of Financial Activities, the Group and Charity Balance sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 July 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

### 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**

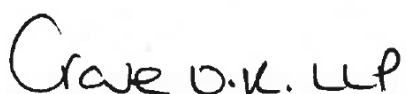
We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 12 December 2019

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

**6 FINANCIAL STATEMENTS****Group Statement of Financial Activities For the year ended 31 July 2019**

	Unrestricted Funds		Restricted	Endowment	Total	Total
	General	Designated	Funds	Funds	Funds	Funds
	2019	2019	2019	2019	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Grants & donations (note 2)	-	-	2,151	510	2,661	6,328
Membership income	1,215	-	-	-	1,215	1,154
Member activities	141	-	-	-	141	92
External administration (note 3)	6,708	26	-	-	6,734	5,997
Investment income / interest (note 4)	350	-	597	-	947	769
<i>Other</i>	32	4	4	-	40	111
<b>Total Income</b>	<b>8,446</b>	<b>30</b>	<b>2,752</b>	<b>510</b>	<b>11,738</b>	<b>14,451</b>
<b>Expenditure on:</b>						
Project grants	-	-	1,388	-	1,388	988
Membership engagement	1,676	461	-	-	2,137	1,914
Scholarships, grants and awards	-	-	1,028	-	1,028	1,037
External and fund administration	6,524	248	-	-	6,772	5,972
Investment management	61	-	122	-	183	124
<b>Total Expenditure</b>	<b>8,261</b>	<b>709</b>	<b>2,538</b>	<b>-</b>	<b>11,508</b>	<b>10,035</b>
<b>Net income / (expenditure) before gains / (losses) on investments</b>	<b>185</b>	<b>(679)</b>	<b>214</b>	<b>510</b>	<b>230</b>	<b>4,416</b>
Gains / (losses) on investments	766	-	29	2,058	2,853	1,380
<b>Net income / (expenditure) before transfers</b>	<b>951</b>	<b>(679)</b>	<b>243</b>	<b>2,568</b>	<b>3,083</b>	<b>5,796</b>
Transfer between funds	(3,100)	3,100	-	-	-	-
<b>Net income before other recognised gains and losses</b>	<b>(2,149)</b>	<b>2,421</b>	<b>243</b>	<b>2,568</b>	<b>3,083</b>	<b>5,796</b>
Actuarial gains / (losses) on defined benefit pension schemes	(445)	-	-	-	(445)	35
<b>Net movement in funds</b>	<b>(2,594)</b>	<b>2,421</b>	<b>243</b>	<b>2,568</b>	<b>2,638</b>	<b>5,831</b>
Funds brought forward	8,671	986	746	20,236	30,639	24,808
<b>Funds carried forward</b>	<b>6,077</b>	<b>3,407</b>	<b>989</b>	<b>22,804</b>	<b>33,277</b>	<b>30,639</b>

**Continuing operations**

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

**Group and Charity Balance Sheet as at 31 July 2019**

		Group		Charity	
	Note	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	7	781	719	781	719
Investments	8	32,084	29,031	32,084	29,031
<b>Total Fixed Assets</b>		<b>32,865</b>	<b>29,750</b>	<b>32,865</b>	<b>29,750</b>
<b>Current assets</b>					
Debtors	9	1,072	469	1,054	454
Term Deposits		600	1,200	600	1,200
Cash at bank and in hand		1,454	1,077	1,336	1,063
<b>Total Current Assets</b>		<b>3,126</b>	<b>2,746</b>	<b>2,990</b>	<b>2,717</b>
<b>Creditors:</b> amounts falling due within one year	10	<b>(1,947)</b>	<b>(1,520)</b>	<b>(1,811)</b>	<b>(1,492)</b>
<b>Net Current Assets</b>		<b>1,179</b>	<b>1,226</b>	<b>1,179</b>	<b>1,225</b>
Net assets excluding pension liability		34,044	30,976	34,044	30,975
Defined benefit pension scheme liability		(767)	(336)	(767)	(336)
<b>Total Net assets</b>		<b>33,277</b>	<b>30,639</b>	<b>33,277</b>	<b>30,639</b>
<b>Funds</b>					
Unrestricted funds: General	11	6,077	8,671	6,077	8,671
Designated	11	3,407	986	3,407	986
Endowment funds	12	22,804	20,236	22,804	20,236
Restricted funds	13	989	746	989	746
<b>Total funds</b>		<b>33,277</b>	<b>30,639</b>	<b>33,277</b>	<b>30,639</b>

These financial statements were approved and authorised for issue by the Council on 3<sup>rd</sup> December 2019 and signed on their behalf by:



**Professor Edward Byrne AC**  
Chair of the Council



**Dr Joanna Newman MBE**  
Secretary General

The notes on pages 24 to 40 form part of these financial statements.

**Group Cash Flow Statement for the year ended 31 July 2019**

	Note	2019 £'000	2018 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>		<b>(1,259)</b>	<b>(758)</b>
<b>Cash flows from investing activities:</b>			
Investment Income and Interest	4	947	769
Purchase of tangible assets	7	(221)	(41)
Proceeds from sale of investments	8(a)	300	14,033
Purchase of investments	8(a)	(500)	(19,038)
<b>Net cash provided by (used in) investing activities</b>		<b>526</b>	<b>(4,277)</b>
<b>Cash flows from financing activities:</b>			
Receipt of endowment		510	5,000
<b>Net cash provided by (used in) financing activities</b>		<b>510</b>	<b>5,000</b>
Change in cash and cash equivalents in the reporting period		(223)	(35)
Cash and cash equivalents at the beginning of the reporting period		2,277	2,334
Change in cash and cash equivalents due to exchange rate movements		-	(22)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,054</b>	<b>2,277</b>

**Reconciliation of cash flows from operating activities:**

	2019 £'000	2018 £'000
Net income for the reporting period	2,639	5,831
Adjustments for:		
Depreciation charge	159	145
(Gains)/losses on investments	(2,853)	(1,380)
Investment income received	(947)	(769)
(Increase) / decrease in debtors	(603)	402
Increase / (decrease) in creditors	426	79
Pension changes	430	(66)
Receipt of endowment	(510)	(5,000)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,259)</b>	<b>(758)</b>

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Opening balance £'000	Cash Flow £'000	Closing balance £'000
Cash at bank and in hand	1,077	377	1,454
Term Deposits	1,200	(600)	600
	<b>2,277</b>	<b>(223)</b>	<b>2,054</b>

## **7 Notes to the financial statements Year ended 31 July 2019**

### **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 GBP because that is the currency of the primary economic environment in which it operates.

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

#### **Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

#### **(b) Incoming resources**

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

#### **(c) Resources expended and basis of allocation of costs**

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

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

#### **(d) Termination Payments**

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

#### **(e) Grants**

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

#### **(f) Governance costs**

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

#### **(g) Capitalisation and depreciation of tangible assets**

All assets costing more than £7,500 are capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost on a straight-line basis over their expected useful lives as follows:

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

#### **(h) Investments**

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

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

#### **(i) Fund accounting**

Funds held by the ACU:

##### ***General Funds***

Unrestricted funds comprising accumulated surpluses and deficits after transfer to or from designated funds.

**Designated Funds**

Unrestricted funds set aside out of general funds and designated for specific purposes by the Trustees.

**Restricted Funds**

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, Queen Elizabeth Commonwealth Scholarship and Fellowship Plan, the Edward Boyle (Medical Electives) Fund and the Annenberg Foundation Scholarship Fund, which are Restricted Funds. The capital of these funds must be retained.

**The Expendable Endowment Funds**

Generate total returns which fund the Queen Elizabeth Commonwealth Scholarship, Marshall Sherfield postdoctoral fellowships. The capital of these funds will be retained until the Trustees choose to spend the capital. There is currently no such intention.

**(j) Operating leases**

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

**(k) Financial Instruments**

ACU has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised as:

- 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.

**(l) Pension schemes**

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

**USS***Significant accounting policies*

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. 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 institution 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 institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

*Critical accounting judgements*

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan 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 5.0%, staff salary inflation 2.0%, and a discount rate of 2.14%.

**SAUL**

The ACU participates in the Superannuation Arrangements of the University of London (SAUL), which is a centralised defined benefit scheme within the United Kingdom and was contracted out of the Second State Pension (prior to April 2016).

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

ACU is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency 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.

*Accounting Policy*

The ACU is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

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

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

*Funding Policy*

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

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

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

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

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

See note 20 for more details.

### (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.

## 2. Grants and donations received

	2019 £'000	2018 £'000
<b>Grants from UK Government</b>		
UK Development for International Development – CIRCLE	431	790
UK Foreign and Commonwealth Office – Tackling Extremism	-	66
UK Development for International Development – PEBL SPHEIR Project	572	220
UK Department for Business, Energy and Industrial Strategy	418	-
Department for Education - Queen Elizabeth Commonwealth Scholarship Fund	-	5,000
	<u>1,421</u>	<u>6,076</u>
<b>Grants from other Agencies</b>		
European Commission – CAAST Net Plus	58	-
European Commission – L4F	83	-
European Commission – LEAP-RE	34	-
European Commission – Research Data Alliance project	-	117
European Commission – Research and Innovation Network for Europe and Africa	-	31
Southern African Research & Innovation Management Association - Science	11	26
Granting Councils Initiative	-	-
British Council - Commonwealth Futures	-	60
Other	(6)	(3)
	<u>180</u>	<u>232</u>
<b>Legacies and Grants from charitable foundations</b>		
Canada Memorial Foundation	-	(4)
Marshall Sherfield Fellowship Foundation	26	23
F&P Turner Endowment	500	-
Waitrose Foundation	500	-
	<u>1,026</u>	<u>19</u>
<b>Donations</b>		
Individuals & Organisations	6	-
Other	28	1
	<u>34</u>	<u>1</u>
	<u><b>2,661</b></u>	<u><b>6,328</b></u>

**3. External administration fees**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Chevening Scholarships	4,218	3,943
Commonwealth Scholarship award schemes	2,157	1,705
Marshall Scholarship scheme	195	190
Staff & Educational Development Association	145	135
Other schemes	19	24
	<u>6,734</u>	<u>5,997</u>

**4. Investment income and interest**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment income	347	597	944	762
Bank interest	3	-	3	7
	<u>350</u>	<u>597</u>	<u>947</u>	<u>769</u>

**5. Analysis of total resources expended**

	<b>Staff costs</b>	<b>Consultant costs</b>	<b>Office and facility costs</b>	<b>Other costs</b>	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Charitable activities:</b>						
Project grants	377	427	385	199	1,388	989
Membership services	1,390	221	160	366	2,137	1,913
Scholarships, grants and awards	-	-	-	1,028	1,028	1,037
External and fund administration	4,797	66	1,025	884	6,772	5,972
<b>Other:</b>						
Investment management costs	-	-	-	183	183	124
	<u>6,564</u>	<u>714</u>	<u>1,570</u>	<u>2,660</u>	<u>11,508</u>	<u>10,035</u>

**Member activities**

Member activities comprise conferences, the Strategic Management Programme, Membership Communities, the Gender Programme, support for the annual Summer School, participation in international conferences, and ACU Measures benchmarking.

**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:

<b>Charitable activities:</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Membership communication	410	350
External and fund administration	<u>1,566</u>	<u>1,524</u>
	<u>1,976</u>	<u>1,874</u>

**Net incoming resources for the year are stated after charging:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Audit fees – ACU	15	14
Audit fees – ACU - Prior Year cost	-	5
Audit fees – ACU Trading Ltd	3	3
Other non-audit work	-	11
Governance costs	168	203

**6. Staff costs****(a) Staff costs**

The average number of persons employed by the ACU was 132 during 2019 (2018: 113).

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	4,844	4,022
Social security costs	510	434
Pension costs	605	577
Agency staff	398	395
Recruitment	96	77
Training and welfare	110	107
	<u>6,563</u>	<u>5,613</u>

There were no termination payments expensed during the year (2018: £115k).

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

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
£60,001 to £70,000	2	1
£70,001 to £80,000	1	2
£80,001 to £90,000	2	-
£90,001 to £100,000	-	-
£100,001 to £110,000	-	1
£130,001 to £140,000	1	1
	<u>6</u>	<u>5</u>

The definition of key management has been revised to include only members of the Senior Executive Team. The total aggregate employee benefits of the key management team in 2019 were £329k (2018: £620k). The revised figure for 2018 is £313k.

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 £142k. This is 7.4 time (2018: 7.5) the salary of the lowest paid member of staff.

The ACU employs fewer than 250 staff and is therefore not required by law to publish an annual gender pay gap report. However, the ACU voluntarily provides this information. At 5 April 2019, the ACU mean hourly pay gap was 17.5% and the median hourly pay gap was 5.4% (males earning more than females on both measures). The national

average median pay gap was 9.6%. The ACU workforce consists of 75% (2018: 72%) female staff and 25% (2018: 28%) male staff. As part of wider inclusion and organisational strategies, the ACU is committed to reviewing recruitment and retention practices as well as driving forward projects linked to working parents and carers, flexible working and agile working.

(b) **Trustees remuneration and expenses**

No Trustee received any remuneration in the year (2018: £nil). Four Trustees, or their intuitions were reimbursed £12,308 for travel expenses incurred during the year (2018: four Trustees, £4,331).

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

	Computer equipment £'000	Office equipment £'000	Office Reconfiguration £'000	Total £'000
<b>Cost</b>				
At 1 August 2018	344	2	787	1,133
Additions	94	-	-	94
Assets under construction	127	-	-	127
Disposals	-	-	-	-
At 31 July 2019	565	2	787	1,354
<b>Depreciation</b>				
At 1 August 2018	274	2	138	414
Charge for year	72	-	87	159
Disposals	-	-	-	-
At 31 July 2019	346	2	225	573
<b>Net book value</b>				
At 31 July 2019	219	-	562	781
At 31 July 2018	70	-	649	719

The designated fund approved in July 2018 (£3.1m) includes capital investment in new customer relationship management system and website. To date £128k has been capitalised and a further £259k has been committed.

**8. Group Investments**

(a) Movements in quoted investments

	Unrestricted funds		Restricted & Endowment funds	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Market value, 1 August	8,185	7,760	20,846	14,775
Acquisitions at cost	-	7,972	500	11,066
Disposals at opening market value	-	(7,760)	(300)	(5,850)
Net unrealised (losses) / gains on revaluation	766	213	2,087	855
Market value, 31 July	8,951	8,185	23,133	20,846
Cost, 31 July	7,972	7,972	11,266	11,066

## (b) Analysis by type

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>Endowment funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Quoted investments	8,951	340	22,793	32,084	29,031
Cash held for investment purposes	-	-	-	-	-
	<u>8,951</u>	<u>340</u>	<u>22,793</u>	<u>32,084</u>	<u>29,031</u>

## 9. Debtors and prepayments

	<b>Group</b>		<b>Charity</b>	
	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade debtors	898	234	898	234
Sundry debtors	21	27	8	15
Accrued Income	43	75	43	75
Prepayments	110	133	105	130
	<u>1,072</u>	<u>469</u>	<u>1,054</u>	<u>454</u>

## 10. Creditors: amounts payable within one year

	<b>Group</b>		<b>Charity</b>	
	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade creditors	191	214	187	191
Deferred income	503	622	503	622
Income Tax and National Insurance contributions	140	122	47	56
Value Added Tax	363	197	363	197
Publishers – African library holding account	6	6	6	6
Sundry creditors	414	65	377	39
Accruals	330	294	254	237
Amounts due to ACU Trading Limited	-	-	74	144
	<u>1,947</u>	<u>1,520</u>	<u>1,811</u>	<u>1,492</u>

## Deferred income

	<b>Opening Balance £'000</b>	<b>Released in year £'000</b>	<b>Deferred in year £'000</b>	<b>Closing Balance £'000</b>
Membership Income	160	(160)	53	53
External administration fee	411	(389)	418	440
Other	51	(51)	10	10
	<u>622</u>	<u>(600)</u>	<u>481</u>	<u>503</u>

**11. Designated and General Funds**

<b>2019</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains</b>	<b>Transfers</b>	<b>Carried forward</b>
ACU office	687	-	(137)	-	-	550
Road to 2020	299	4	(170)	-	-	133
Road to 2030	-	26	(402)	-	3,100	2,724
Designated Funds	986	30	(709)	-	3,100	3,407
General Funds	8,671	8,446	(8,706)	766	(3,100)	6,077
	9,657	8,476	(9,415)	766	-	9,484

<b>2018</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains</b>	<b>Transfers</b>	<b>Carried forward</b>
ACU office	798	-	(111)	-	-	687
Road to 2020	592	-	(293)	-	-	299
Designated Funds	1,390	-	(404)	-	-	986
General Funds	8,168	7,603	(7,488)	388	-	8,671
	9,558	7,603	(7,892)	388	-	9,657

**12. Endowment funds**

<b>2019</b>	<b>Opening value of funds £'000</b>	<b>New endowments £'000</b>	<b>Expenditure £'000</b>	<b>Gains on investments £'000</b>	<b>Closing value of funds £'000</b>
<b>Permanent endowments</b>					
CSFP Anniversary endowment	8,918	5	-	901	9,824
ACU endowment	4,719	-	-	443	5,162
Edward Boyle endowment	121	-	-	9	130
Annenberg Foundation endowment	587	-	-	55	642
	<b>14,345</b>	<b>5</b>	<b>-</b>	<b>1,408</b>	<b>15,758</b>
<b>Expendable endowments</b>					
Queen Elizabeth Commonwealth Scholarships endowment	5,095	5	-	514	5,614
Marshall Sherfield endowment	796	-	-	75	871
F&P Turner Legacy	-	500	-	61	561
	<b>5,891</b>	<b>505</b>	<b>-</b>	<b>650</b>	<b>7,046</b>
<b>Total endowments</b>	<b>20,236</b>	<b>510</b>	<b>-</b>	<b>2,058</b>	<b>22,804</b>

The CSFP Anniversary Fund supports a strand of Commonwealth Scholarships hosted by developing Commonwealth countries. The Queen Elizabeth Commonwealth Scholarships endowment is in addition to the CSFP Anniversary Endowment Fund with the same aim of enabling people from around the Commonwealth to study in low and middle income countries at ACU member institutions. The Frances Turner endowment is a legacy grant with no restrictions. The funds have been invested with the income supporting the Queen Elizabeth Commonwealth Scholarship awards.

Together, the three funds support the Queen Elizabeth Commonwealth Scholarship awards.

The ACU Endowment funds ACU Development Fellowships.

Income from the Edward Boyle (Memorial) Endowment funds the Medical Elective Bursaries for UK students.

The Annenberg Endowment funds Marshall scholarships, its income being transferred to the Marshall Aid Commemoration Commission.

The Marshall Sherfield Endowment funds 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.

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

**13. Restricted Funds**

	Opening Balance	Total Income	Expenditure	Gains on investments	Transfers in / (out)	Closing Balance
ACU Development Fellowships	136	220	(207)	-	-	149
Marshall Sherfield Fellowships	54	59	(51)	-	-	62
Annenberg	-	25	(24)	-	-	1
Mzuzu University, Malawi	1	-	-	-	-	1
Edward Boyle (Medical Electives)	3	5	(4)	-	-	4
CSFP Anniversary Fund	641	216	(453)	29	-	433
Potter Foundation	(2)	5	(3)	-	-	-
HW Paxton Legacy	131	-	(39)	-	-	92
Symons Medal	7	-	-	-	-	7
CAAST Net project	-	58	(58)	-	-	-
CAAST Net Plus	(142)	-	42	-	-	(100)
Pacific Europe Network for Science Technology & Innovation (PACE Net	14	(6)	(8)	-	-	-
Climate Impacts Research Capacity and Leadership Enhancement	(33)	431	(398)	-	-	-
Partnership for Enhanced & Blended Learning (PEBL) – DFID	(144)	572	(608)	-	-	(180)
Research & Innovation Network for Europe & Africa	2	-	-	-	-	2
Science Granting Councils Initiative – SARIMA	18	11	(11)	-	-	18
Commonwealth Futures – British Council	60	-	-	-	-	60
LEAP-4-FNSSA	-	83	(17)	-	-	66
PRE-LEAP-RE	-	34	(37)	-	-	(3)
Waitrose Marine Plastic	-	500	(23)	-	-	477
Queen Elizabeth CSR	-	117	(26)	-	-	91
Department for Business, Energy and Industrial Strategy - Blue Charter	-	418	(612)	-	-	(194)
F&P Turner	-	4	(1)	-	-	3
	<u>746</u>	<u>2,752</u>	<u>(2,538)</u>	<u>29</u>	<u>-</u>	<u>989</u>

Funds with negative balance: costs are reimbursed by the funder in arrears and the balances for Partnership for Enhanced & Blended Learning (PEBL) and Department for Business, Energy and Industrial Strategy - Blue Charter, have been cleared after the balance sheet date.

2018	Opening value of funds	Total Income	Expenditure	Gains on investments	Transfers in / (out)	Closing value of funds
ACU Development Fellowships	159	1	193	187	(18)	136
Marshall Sherfield Fellowships	40	23	41	32	-	54
Annenberg	-	-	23	23	-	-
Mzuzu University, Malawi	1	1	1	-	-	1
Edward Boyle (Medical Electives)	3	-	5	5	-	3
CSFP Anniversary Fund	871	-	459	229	-	641
Canada Memorial Foundation	17	(4)	13	-	-	-
ACU Residential School	48	15	81	-	18	-
Potter Foundation	14	-	16	-	-	(2)
HW Paxton Legacy	161	-	30	-	-	131
Symons Medal	7	-	-	-	-	7
Tackling Extremism – UK Foreign & Commonwealth Office	-	66	66	-	-	-
CAAST Net project	(1)	-	(1)	-	-	-
CAAST Net Plus	(104)	-	38	-	-	(142)
Pacific Europe Network for Science Technology & Innovation (PACE Net Plus)	14	-	-	-	-	14
Structured Training for African Researchers (STARS - Robert Bosch Stiftung)	17	(4)	13	-	-	-
Climate Impacts Research Capacity and Leadership Enhancement (CIRCLE)	(151)	789	671	-	-	(33)
Partnership for Enhanced & Blended Learning (PEBL) – DFID	(26)	220	338	-	-	(144)
CSFP Anniversary Governance	2	-	2	-	-	-
International Collaboration on Research Data Infrastructure (ICORDI) / Research Data Alliance (RDA)	(109)	117	8	-	-	-
Research & Innovation Network for Europe & Africa	8	31	37	-	-	2
Science Granting Councils Initiative – SARIMA	-	26	8	-	-	18
Commonwealth Futures – British Council	-	60	-	-	-	60
Scoping a New Endowment for CSFP – Cabinet Office	-	69	69	-	-	-
	<b>971</b>	<b>1,410</b>	<b>2,111</b>	<b>476</b>	<b>-</b>	<b>746</b>

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

	Pension and other liability £'000	Fixed assets £'000	Investments £'000	Net current assets £'000	Total £'000
<b>2019</b>					
Endowment funds	-	-	22,793	11	22,804
Restricted funds	-	-	340	649	989
Unrestricted Designated Fund	-	689	-	2,718	3,407
Unrestricted General funds	(767)	92	8,951	(2,199)	6,077
	<u>(767)</u>	<u>781</u>	<u>32,084</u>	<u>1,179</u>	<u>33,277</u>
<b>2018</b>					
Endowment funds	-	-	20,236	-	20,236
Restricted funds	-	-	610	135	745
Unrestricted Designated Fund	-	649	-	338	987
Unrestricted General funds	(336)	70	8,185	752	8,671
	<u>(336)</u>	<u>719</u>	<u>29,031</u>	<u>1,225</u>	<u>30,639</u>

**15. Grants, awards and scholarships awarded from Endowments**

		£'000	Awards
CSFP Anniversary Fund	Provides scholarships hosted by low and middle income Commonwealth countries	406	54
ACU Development Fellowships	The ACU's own endowment income is used to support small scale collaboration between member universities through bursaries.	130	39
Marshall Sherfield Fellowship Scheme	A programme to support US post-doctoral fellows at UK universities.	33	1
Annenberg Foundation	Income from the Annenberg Foundation endowment is transferred to the MACC	19	2
Edward Boyle Medical Electives	Medical electives supported by income derived from an endowment.	3	6
Potter Foundation	Funds PhD scholarships hosted by South African universities	3	2
HW Paxton Legacy	Funds grants for UK students from Widening Participation backgrounds to participate in summer schools at ACU member universities overseas	39	20
<b>Grants funded by Endowments</b>		<b>633</b>	<b>124</b>
Blue Charter	Fellowship programme to support PhDs and early career academics to undertake research in the area of marine plastics	363	40
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	32	22
<b>Grants funded by Projects</b>		<b>395</b>	<b>62</b>
		<b>1,028</b>	<b>186</b>

Grants are paid to individuals and / or the higher education institutions to which they are connected. As at 31 July 2019, ACU had £308K of grant commitments relating to future accounting periods (2018: £479K).

**16. Administration of External Funds**

The ACU runs a number of schemes programmes for which it receives a management fee (Note 3). The table below shows the bank balances and the value of transactions processed by ACU.

	Opening bank balance £'000	Incoming Resources £'000	Resources Expended £'000	Closing bank balance £'000
Chevening Scholarship Scheme	2,257	57,668	(58,250)	1,675
Commonwealth Scholarship Scheme	8,647	28,096	(27,259)	9,484
Marshall Aid Commemoration Commission	999	2,904	(2,759)	1,144
Staff and Educational Development Association	150	498	(606)	42
Heads of Educational Development Group	14	39	(41)	12
<b>Total Third Party Funds</b>	<b>12,067</b>	<b>89,124</b>	<b>(88,834)</b>	<b>12,357</b>

**17. Future financial commitments****Group and Charity Operating leases**

At 31 July 2019 the ACU had commitments under operating leases as set out below:

	2019 Land and buildings £'000	2019 Office equipment £'000	2018 Land and buildings £'000	2018 Office equipment £'000
Within one year	340	2	340	2
After one year but within five years	1,360	6	1,360	8
After five years	566	-	906	1
Charged to SOFA during the year	340	2	340	2

**18. ACU Trading Ltd**

ACU is a wholly owned subsidiary that employs staff in order to supply their services to ACU. The results for the period ended 31 July 2019 have been consolidated into the group financial statements of ACU. The results of ACU Trading Limited for the period ended 31 July 2019 are as follows:

	2019 £'000	2018 £'000
Turnover	3,876	2,576
Cost of sales	3,640	2,429
<b>Gross Profit</b>	<b>236</b>	<b>147</b>
Administration	236	147
<b>Net profit</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>

**19. Related Parties**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Balances owed to / (from) ACU Trading Ltd at 31 July	74	136
Payable to ACU Trading Ltd for services	3,876	2,576
Receivable from ACU Trading Ltd for services	129	78

During the year there was one employee who was related to a Trustee and was paid £3k.

**20. Pension Commitments****(a) Universities Superannuation Scheme (USS)**

The total cost charged to the profit and loss account is £296k (2018: £316k)

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The USS actuarial valuation as at 31 March 2018 has now been completed and on 13 September 2019 the contribution rates required of members and employers under the 2018 valuation were confirmed. This is considered a non-adjusting post balance sheet event for the purposes of the 2018-19 Accounts. As the 2018 deficit contribution model used to estimate the ACU liability is not available yet from the USS, an estimate of these changes in contributions cannot be made at this stage.

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

The 2017 valuation was the fourth valuation for the scheme 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

**2017 valuation**

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

### **(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 £22K (2018: £25K). This includes nil (2018: nil) outstanding contributions at the balance sheet date, and £nil deficit contributions (2018: £3K) as indicated in Accounting Policy 1(k).

## **21. Legacies**

The ACU has received £500K from the Frances Elizabeth Turner legacy and this has been invested with Newtons. As there are no restrictions on the donation, it has been treated as an expendable endowment and the income will be used to fund scholarships along with the Queen Elizabeth Commonwealth Scholarship and CSFP Anniversary Scholarships. A further £176k is expected on closure of the Estate Accounts.