

**The Chartered Association  
of Business Schools**

**Annual Report and Financial  
Statements**

30 June 2018

Charity Registration Number 1162854

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## Reference and administrative details

<b>Members of the Council (Trustees)</b>	Professor Simon Collinson (Chair) Professor Jerry Forrester (Vice Chair) Professor Baback Yazdani (Treasurer) Professor Julia Clarke Professor Veronica Hope Hailey Professor Angus Laing Professor Heather McLaughlin Professor David Oglethorpe Professor Zoe Radnor Donna Whitehead
<b>Co-opted Council Members</b>	Professor Robert MacIntosh Dr Phillipa Towlson-Mulbregt
<b>Secretary to the Council</b>	Gail Norcliffe
<b>Chief Executive</b>	Anne Kiem
<b>Registered and operational office</b>	3 <sup>rd</sup> Floor 40 Queen Street London EC4R 1DD
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website	<a href="http://www.charteredabs.org">www.charteredabs.org</a>
<b>Charity registration number</b>	1162854
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative details

### Bankers

Lloyds Bank plc  
Kings Cross London Branch  
344 Grays Inn Road  
London  
WC1X 8BX

Shawbrook Bank  
Lutea House  
Warley Hill Business Park  
Brentwood  
Essex  
CM13 3BE

CAF Bank Ltd  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

## **Report of the Council** Year ended 30 June 2018

The Council presents its annual report and audited financial statements for the year ended 30 June 2018 for The Chartered Association of Business Schools (“the Charity” or “the Association”).

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 24 of the attached financial statements and comply with the charity’s Royal Charter, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### **Introduction**

The Chartered Association of Business Schools advances the education of the public in management in particular through the promotion of management education, training and development so as to improve the quality and effectiveness of management in the United Kingdom.

### **Objectives and activities**

As articulated in the Royal Charter, the Association’s objective is the advancement of education for the public benefit by:

- ◆ advancing the education of the public in business and management in particular through the promotion of business and management education, training and development so as to improve the quality and effectiveness of the practice of management in the United Kingdom;
- ◆ designing and running awards (“the Charter Awards”) providing public recognition to business schools which assist small businesses to succeed;
- ◆ promoting research, organisational structures and communications between members and the public and Government to assist its members in their contributions to society at large;
- ◆ providing a forum for the exchange of ideas and stimulating discussion on the role of business and management education; and
- ◆ organising and facilitating the development of the competence of academic and administrative staff of the member organisations.

We meet our objectives through the following activities:

### ***Professional development***

We support the development of staff across a number of roles in business schools. Our professional development programmes, conferences and events help develop strategy, skills and knowledge for deans, directors of research, directors of learning & teaching, directors of executive education, heads of professional services, and staff responsible for international strategy, communications and administration.

**Objectives and activities** (continued)

***Building networks and knowledge***

We act as a hub for sharing new ideas, sector insights and developing best practice. Through our work, members build and maintain valuable networks within the business school community through which individuals are able to identify common challenges, find support and benchmark progress.

***Lobbying and influencing***

We represent UK business schools to business and Government. We engage them on the benefits the sector has on the economy and society, and we seek to influence them on the issues that may affect business schools' ability to deliver high value and impact for students, businesses and wider communities.

The members of the Council confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Association's objectives and aims and in planning future activities.

**Review of activities and future plans**

***Lobbying and advocacy***

It seems every year is a busy year in politics. The general election resulted in a government without a clear majority which is making the preparations for Brexit, including a positive settlement for universities, uncertain and complex. The subsequent reshuffle also gave us a new Higher Education Minister in Sam Gyimah. The new HE Minister has clearly committed to subject level TEF and we have continued our conversations with the Department for Education to put across the views of business schools about the shape of the subject level TEF. We are delighted that the Minister has agreed to speak at our Annual Conference in November 2018.

The discussion around international students continues as we lobby to have them removed from the immigration target. We are very happy for them to be counted, but just not as part of any net immigration target. We have also made proposals to introduce a post study work route for international students who work in SMEs. This lobbying work will continue.

Another key activity on which we have engaged with government officials is apprenticeships. We have engaged not only with the Department for Education and the Institute for Apprenticeships, but also the Education Select Committee, concerning a number of proposed changes, not least over funding levels. Business schools have contributed a great deal to the introduction of degree apprenticeships, which have taken off whilst other areas have seen declines. There is a great opportunity for business schools and companies with degree apprenticeships to upskill the current workforce and train new recruits.

We have continued to engage BEIS and other stakeholders on the Industrial Strategy and the role that business schools can and do play in driving up productivity, especially in the regions. This will be a continuing theme in the year ahead.

**Review of activities and future plans** (continued)

***Lobbying and advocacy*** (continued)

We were delighted to host a fringe event at the Conservative Party Conference, with the then Small Business Minister, Margot James. We also provided evidence at the BEIS Select Committee review of the availability of management education for small business leaders.

There have been numerous other consultations to which we responded on behalf of our members over the last year, including the KEF, the MAC review of international students, value for money in Higher Education, short-term student visas, the small business enquiry, vocational degrees, and the Industrial Strategy.

We continue to hold meetings with the Cabinet Office, HM Treasury, the Home Office, BEIS, the Department for Education, the Welsh Cabinet Secretary for Education and relevant civil servants.

We have maintained our relationships with other relevant institutions, for example HEFCE, QAA, ESRC, Institute for Apprenticeships, NCUB, UUK, Scale Up Institute, BAM, DIT, the UK India Business Council, the China Britain Business Council, British Chambers of Commerce, British Council, CBI, Federation of Small Businesses, the LEP network, ILM, CMI, Advance HE, Be the Business, Be the Spark, AAT and many more.

***Development programmes***

Our development programmes have run at capacity and continue to prepare and support individuals in senior management roles.

The Deans' and Directors' Development Programme (3DP), for those new in post as a dean or aspiring to the role, is facilitated by Professor Sue Cox, who was the longest serving dean before she stood down from Lancaster University Management School. This very highly regarded programme is in great demand.

The Leaders in Learning & Teaching programme (LLT) has completed another successful year. We are very grateful to Debra Leighton for facilitating the programme.

The Development Programme for Directors of Research (DPDoR), which we offer in partnership with BAM, has been oversubscribed under the excellent facilitation of Professor Rick Delbridge from Cardiff Business School. Professor Graeme Currie from Warwick Business School will take over the facilitation of the next cohort and we are grateful to him for carrying on Rick's excellent work.

We failed to receive sufficient registrations for the Bridge Programme and therefore, sadly, we had to cancel this programme.

IDP (the International Deans' Programme) will run from November this year, facilitated by Professor Kai Peters, and including sessions in London and Frankfurt.

**Review of activities and future plans (continued)**

***Conferences: our best year ever***

The four annual conferences (Chartered ABS Annual Conference, Professional Managers' Annual Conference, Annual Research Conference, and Learning, Teaching and Student Experience) have been a particular point of pride this year. Not only have we had a record number of attendees, but record numbers of our members represented, which is incredibly important to us. We were able to attract some great headline speakers, as well as giving our members the opportunity to share their successes with their peers. We are very grateful to all those who contributed in 2017-18.

***Seminars and workshops***

We continue to run a number of workshops throughout the year, including a lively event on the Athena SWAN accreditation, developing Executive Education faculty, building partnerships in India and apprenticeships delivery in Scotland.

***Committee work***

In addition to the Council, we manage seven committees and one working group. In excess of 90 people, representing over 70 member institutions, sit on these groups. They are invaluable in providing insights into the major issues and areas of interest for our members, including research, learning and teaching, internationalisation, executive education, diversity, and professional services.

The Apprenticeships Working Group was introduced in the past year, ably led by Caroline Elliott and Dharma Kovvuri. This impressive group of people has already achieved a lot in a short space of time and evidence of their work is apparent on our website and in the production of two workshops on degree apprenticeships.

***Diversity***

Diversity and inclusion are important to us and, advised by our Diversity Committee, we have drawn up a set of strategic principles on diversity, equality and inclusion. These principles are being embedded in our work and activity and are promoted to our members. Over the course of the year, we have published a number of website blogs on diversity related issues and shared these through our newsletter, with topics ranging from diversity in the business school curriculum to how the media genders women leaders and managers.

***Publications***

We have published a number of major reports in the past year. First was *the Pathways to success: Strategic groups of UK business schools*, which will be run again this year. We celebrated our 25<sup>th</sup> birthday with our publication, *Rethinking Business Education*, with some great contributions from a wide range of high profile figures from industry, politics and academia. We also delivered our first piece concentrating on Executive Education, titled *The impact of executive education*.

**Review of activities and future plans** (continued)

***Publications*** (continued)

We have produced our usual annual reports covering analysis of Research Income for Business Schools, which further highlighted the increasing reliance of our business schools on European sourced funding. As in other years, we provided analysis of the NSS and LEO Data. We have built on the Learning and Teaching specific articles in our “Perspectives on” series and, as usual, conducted our own Annual Members’ Survey.

***Website, blogs and newsletters***

Over the past year the website attracted 115,000 unique visitors who made a total of 208,000 visits. The website continues to shine a light on innovation and excellence within the sector to support our advocacy work as well as knowledge sharing between business schools. The newsletter now reaches 35,000 business school staff worldwide, as well as our other stakeholders. Our social media following has increased by 19%.

***Academic Journal Guide***

The latest version of the Academic Journal Guide was launched in March this year, and once again has drawn many people to our website and continues to help raise our profile internationally. This was a light touch review and was immediately released in an interactive format to make it easy to navigate. We are grateful to all those involved in its production.

***Small Business Charter***

The changes we made to the Small Business Charter last year are starting to bed in and reap rewards. More schools have joined the scheme, including our first schools from Wales, and our first international school. There are now 35 award holding schools and there are more in the pipeline. This is a fantastic response from the sector, and it is being recognised by governments.

We have a new chair, Michelle Ovens MBE, and a number of new faces on the Management Board. To celebrate the work of the SBC schools, we held a summer reception in the House of Lords. The event was hosted by Lord Young of Graffham, and included a speech from the Small Business Minister, highlighting the importance of business schools in helping the economy and small businesses in particular.

We are working closely with BEIS around the Industrial Strategy and how SBC schools can help drive up UK productivity through working with the SME sector.

## **Committee reports**

### ***Research Committee***

The annual Chartered ABS Research Conference was held at Leeds University Business School, with a focus on the Industrial Strategy and the establishment of UK Research and Innovation, the role of business schools in boosting the UK's productivity, how business schools can demonstrate impact, and the latest news and developments about REF 2021. During the year the committee also considered the Research Income report, continued to provide input on the forthcoming REF 2021 exercise and provided support to the annual research conference. Professor Robert Blackburn from Kingston Business School, and at the time a member of the Research Committee, was appointed chair of the REF sub-panel.

### ***Learning, Teaching and Student Experience (LTSE) Committee***

The LTSE Conference goes from strength to strength and remains the must-attend event for those working closely in teaching. Over 300 delegates attended this year's conference in Glasgow and more member institutions were represented than ever before. The introduction of subject-level TEF was one of the main topics of debate. During the year, the Committee contributed to several Chartered ABS consultation responses on government policies, including the technical consultation on the proposed design of subject-level TEF. The Committee also made further additions to the 'Perspectives On' series of articles and supported the development of the programme for the LTSE Conference. The hugely successful Leaders in Learning and Teaching programme will be repeated in the coming year. Council member, Professor Julia Clarke, was appointed chair of the TEF subject-level panel for business and law.

### ***Professional Managers' Committee***

In December 2017 the Professional Managers Annual Conference (PMAC) was hosted in Liverpool. The conference saw the successful trial of presentations of both papers and posters, alongside familiar workshops and keynotes, and has given the Committee a lot of positive feedback on which to build for the 2018 conference.

The Committee's professional development matrix, which aims to guide the skills development of professional management staff, continues to grow as a living document. Supporting material for the matrix is now available on the Chartered ABS website, specifically three case studies from the Committee with more to follow. The matrix is also being used as a framework to plan the key themes for the 2018 PMAC.

### ***Executive Education Committee***

In December, the Chartered ABS, in association with CarringtonCrisp, published a report on the impact of executive education. The report found numerous examples of the unique and positive benefits of executive education programmes, and concluded that the health of the executive education market in business schools was cause for optimism, despite rising competition from other sectors. It pushed for providers to be responsive to shifts in the market and to be brave in promoting the comparative value of their programmes.

**Committee reports** (continued)

***Executive Education Committee*** (continued)

As part of the regular series of executive education symposia, in October, a well-attended event was held at Nottingham Business School on the role of executive education in the Level 7 Master's degree apprenticeship in management. The second event of the year was a successful workshop on innovation in executive education held at the University of Bath in London in June. As well as outstanding speaker contributions, this symposium included an Innovation in Executive Education award, based on poster presentations given at the event. The inaugural award was won by Henley Business School for the presentation they gave on their Army Officer programme, which accredits trainee officers at Royal Military Academy Sandhurst.

***International Committee***

To initiate our series of events highlighting opportunities for British business schools in various countries around the world, a workshop on India, co-hosted with The British Education Centre, was held in September. The regulatory environment and current provision in India were explored, as were case studies highlighting both general and specific best practice for international business schools hoping to get a foothold in the country.

Several committee members were also fortunate to meet with a delegation of business school leaders from Mexico at a productive meeting in March, co-hosted by the Foreign and Commonwealth Office. The teams shared ideas and best practice on topics including curriculum design and broadening access to foundation-level study.

***Diversity Committee***

This year's diversity workshop was on the theme of Athena SWAN and inclusivity in business schools. Held in January at the University of York Management School, participants learned about different institutions' experience of applying for and achieving the Athena SWAN award, including that of the gold award holding Chemistry department of the hosts. Delegates had the opportunity in smaller groups, working with experts, to focus on the different elements of the Athena SWAN application.

The Diversity Committee also led work with the Chartered ABS Council to draw up a set of strategic principles on diversity, equality and inclusion for the organisation, focusing on encouraging good practice and eliminating all forms of unfair discrimination. Promoting dignity and respect for all, including creating an environment free of bullying, harassment, victimisation and unfair discrimination, are also crucial factors.

***Scottish Committee***

The Scottish Committee oversaw the production of a workshop on degree apprenticeships in Scottish business schools, held at Heriot-Watt in March. In addition to an update from Skills Development Scotland, participants heard about the experiences of colleagues in different Scottish institutions in developing degree apprenticeships, both within business schools and in other university departments.

**Committee reports** (continued)

***Scottish Committee*** (continued)

Plans are well underway for the second Scottish workshop being arranged for October at the Adam Smith Business School, University of Glasgow on career development for mid-career staff.

***Membership and Awards Committee***

In the light of an extension to its remit this year, the former Membership Committee revised its terms of reference, expanded its membership from three to five, and changed its name to become the Membership and Awards Committee. Along with ongoing responsibility for decisions about membership, the revamped Committee's greater remit involves drawing up the criteria for and overseeing the new Chartered ABS scholarship and fellowship scheme, which is now become being implemented.

***Remuneration Committee***

The Remuneration Committee, which is responsible for, inter alia, the levels of salaries of the Chief Executive and other Chartered ABS staff, has conducted its business via email to enable it to consider all pertinent items in making its decisions this year.

**Financial review**

***Results for the period***

A summary of the Association's results for the period is given in the statement of financial activities on page 18 of this annual report and financial statements.

The total income for the year was £1,486,632 compared to £1,438,066 in the prior period.

Total expenditure for the year was £1,135,366 compared to £1,074,635 in the prior period.

A strong surplus position of £351,266 was achieved for the year (2017: £363,430) leaving the Chartered ABS in a healthy financial position at the year end.

***Financial position***

The total net assets of the Association at 30 June 2018 were £910,478 (2017: £559,212), which were represented by unrestricted funds of £872,216 (2017: £539,796) and restricted funds of £38,262 (2017: £19,416).

***Reserves policy***

The aim of the Council is for the Chartered ABS to have reserves which cover between nine and twelve months of operating costs. Based on current forecasts, this would amount to free reserves of between £700,000 and £925,000. The intention is to have reserves towards the higher end of this range in order to cover additional, as yet undefined,

**Financial review** (continued)

**Reserves policy** (continued)

expenditure relating to property costs. At 30 June 2018, the Association's free reserves were £765,355 representing the unrestricted general funds balance.

It remains the intention for the Small Business Charter restricted funds to be built up to an equivalent of at least 5% of annual income. At 30 June 2018 the balance on restricted funds was £38,262. A transfer of £51,315 was made from restricted to unrestricted funds during the year, representing the reimbursement of the cumulative deficit of the Small Business Charter, for the period to 30 June 2016. This deficit had previously been funded out of unrestricted funds on a temporary basis.

**Governance, structure and management**

**Governance**

The Chartered Association of Business Schools is governed by a Council whose members are senior management from our member business schools. Members are elected annually at the Chartered ABS Annual General Meeting, held in November. The Royal Charter and Bye-Laws of The Chartered Association of Business Schools, its incorporating document, lay down the powers, authorities and responsibilities of the Council.

**Members of the Council**

Members of the Council (who are also trustees of The Chartered Association of Business Schools for the purposes of charity law) who served during the period and up to the date of this report were:

**Members of the Council**

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Professor Georgina Andrews	Resigned 6 November 2017
Professor Frances Bowen	Resigned 5 July 2018
Professor Julia Clarke	
Professor Simon Collinson	
Professor Jerry Forrester	
Professor Veronica Hailey	
Professor Angus Laing	
Professor Heather McLaughlin	Appointed 6 November 2017
Professor David Oglethorpe	
Professor Zoe Radnor	
Professor Nikolaos Tzokas	Resigned 1 May 2018
Donna Whitehead	
Professor Baback Yazdani	

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In addition to the above elected members, there were three co-opted Council members during the year: Dr Phillipa Towlson-Mulbregt and Professor Robert MacIntosh served throughout the year and Professor David Brooksbank served until 13 March 2018.

**Governance, structure and management** (continued)

***Induction and training of Council members***

Newly appointed Council members, whether elected or co-opted, are provided with an induction pack, which includes the Charter and Bye-Laws, the Charity Commission's guide to responsibilities of trustees ('The Essential Trustee (CC3)'), terms of reference and the latest minutes of the Council and its sub-committees and the most recent annual report and financial statements.

In addition, annual briefing sessions on the Association's finances are held by the Honorary Treasurer, to which all Council members are invited. All Council members have been provided with a copy of the SORP (FRS 102) which contains the reporting requirements applicable to the financial statements of charities. Council members also have open access to the Secretary to the Council and the senior staff for advice and information.

***Governance arrangements***

The Council has ten committees: Research; Learning, Teaching and Student Experience; Scottish; Professional Managers; Executive Education; International; Diversity; Academic Journal Guide; Membership; and Remuneration. The Council members receive reports of all activities of the committees. The terms of reference for all committees are established by the Council and available on the Chartered ABS website.

The SBC (Small Business Charter) has its own Management Board, although the financial elements are approved by the Council. Within the financial statements the SBC funds are treated as restricted funds.

***Responsibilities of staff***

The Chief Executive is appointed by the Council and has full executive authority for the management of the Association and its staff, as well as devising and recommending to Council suitable strategies and policies and implementing the plans and budgets approved by the Council.

***Key management personnel***

The Council consider that they, together with the Chief Executive, the Director of Communications and External Relations, and the Office Manager, comprise the key management personnel of the Association. None of the Council members receive any remuneration from the Association for serving on the Council. The annual pay of all members of staff, including the Chief Executive, is set by the Remuneration Committee and approved by the Council. See note 7 for further details on staff costs.

Further details of transactions with Council members are disclosed in note 12.

***Fundraising***

The charity does not actively seek donations from members of the public. As such it is not registered with the Fundraising Regulator and does not employ professional fundraisers or commercial participators to raise funds. No complaints were received during the year.

**Governance, structure and management** (continued)

***Statement of responsibilities of Council members***

The Council members, who are trustees under charity law, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the balance sheet date and of the income and expenditure for that period.

In preparing those financial statements Council is required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. In considering whether it is able to make this statement, in the light of the specificity of charity accounting requirements, Council takes advice from the management of The Chartered Association of Business Schools and the Auditor; and
- ♦ prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Association will continue on that basis.

The Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and The Chartered Association of Business School's Charter and Bye-Laws. The Council is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the financial information on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The members of the Council confirm that as far as they are aware, there is no relevant audit information of which the Association's auditor is unaware. They have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

**Governance, structure and management** (continued)

***Risk management***

The Council have assessed the major risks to which the Association is exposed, in particular those relating to their specific operational areas and finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the Association, they have established effective systems to mitigate those risks.

Financial support for the Small Business Charter has improved over the year, and while we remain optimistic for the year ahead we remain vigilant.

As in any membership organisation there is a risk of loss of membership income; however, with an active member engagement strategy and providing events and reports that are of value to members, this should mostly be mitigated. The financial risks to higher education institutions as a result of Brexit and immigration policy are particularly relevant to business schools and therefore to the membership of the Association.

Approved by the Council and signed on their behalf by:

Professor Simon Collinson

Chair

Approved by the Council on: 12 September 2018

**Independent auditor's report to the members of The Chartered Association of Business Schools**

**Opinion**

We have audited the financial statements of The Chartered Association of Business Schools (the 'charity') for the year ended 30 June 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 charity's affairs as at 30 June 2018 and of 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 charity 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 Council members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Council members 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 Act 2011 requires us to report to you if, in our opinion:

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

### **Responsibilities of Council members**

As explained more fully in the statement of responsibilities of the Council members, the Council members 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 Council members 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 Council members are responsible for assessing the 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 Council members 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**

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 Council members, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Council members 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 Council members, as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

27 September 2018

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## Statement of financial activities Year ended 30 June 2018

	Notes	Unrestricted funds £	Restricted funds £	2018 total funds £	2017 total funds (restated) £
<b>Income from:</b>					
Donations	1	23,412	—	<b>23,412</b>	27,077
Charitable activities	2	1,195,114	265,352	<b>1,460,466</b>	1,410,294
Other income		2,754	—	<b>2,754</b>	695
<b>Total income</b>		<b>1,221,280</b>	<b>265,352</b>	<b>1,486,632</b>	<b>1,438,066</b>
<b>Expenditure on:</b>					
Raising funds	3	23,412	—	<b>23,412</b>	27,077
Charitable activities	4	916,763	195,191	<b>1,111,954</b>	1,047,558
<b>Total expenditure</b>		<b>940,175</b>	<b>195,191</b>	<b>1,135,366</b>	<b>1,074,635</b>
<b>Net income before transfers between funds</b>					
		281,105	70,161	<b>351,266</b>	363,431
Transfers between funds	14	51,315	(51,315)	<b>—</b>	—
<b>Net movement in funds</b>		<b>332,420</b>	<b>18,846</b>	<b>351,266</b>	<b>363,431</b>
<b>Reconciliations of funds</b>					
Fund balances at 1 July (restated)	17	539,796	19,416	<b>559,212</b>	195,781
Fund balances at 30 June	15	872,216	38,262	<b>910,478</b>	559,212

The charity has no recognised gains and losses in the period.

## Balance sheet 30 June 2018

	Notes	2018 £	2017 (restated) £
<b>Fixed assets</b>			
Tangible fixed assets	8	11,861	1,781
<b>Current assets</b>			
Debtors	9	460,453	428,477
Cash at bank and in hand		1,036,540	695,578
		<b>1,496,993</b>	1,124,055
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	10	(598,376)	(566,624)
<b>Net current assets</b>		<b>898,617</b>	557,431
<b>Total net assets</b>		<b>910,478</b>	559,212
<b>The funds of the charity:</b>			
Unrestricted funds:			
. General funds		765,355	538,015
. Tangible fixed asset funds	15	11,861	1,781
. Designated funds	16	95,000	—
Restricted funds	14	38,262	19,416
		<b>910,478</b>	559,212

Approved by the Council  
and signed on their behalf by:

Professor Simon Collinson  
Chair

Approved on: 12 September 2018

## Statement of cash flows Year ended 30 June 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>357,677</b>	494,453
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<b>(16,715)</b>	(2,152)
<b>Net cash used in investing activities</b>		<b>(16,715)</b>	(2,152)
<b>Change in cash and cash equivalents in the year</b>		<b>340,962</b>	492,301
<b>Cash and cash equivalents at 1 July</b>	B	<b>695,578</b>	203,277
<b>Cash and cash equivalents at 30 June</b>	B	<b>1,036,540</b>	695,578

### Notes to the statement of cash flows for the year ended 30 June:

#### A Reconciliation of net movement in funds to net cash provided by operating activities

	2018 £	2017 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>351,266</b>	363,431
<b>Adjustments for:</b>		
Depreciation charge	<b>6,635</b>	4,153
Increase in debtors	<b>(31,976)</b>	(7,096)
Increase in creditors	<b>31,752</b>	133,965
<b>Net cash provided by operating activities</b>	<b>357,677</b>	494,453

#### B Analysis of cash and cash equivalents

	2018 £	2017 £
<b>Total cash and cash equivalents: Cash at bank and in hand</b>	<b>1,036,540</b>	695,578

## **Principal accounting policies** Year ended 30 June 2018

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year ended 30 June 2018 and are presented in sterling and rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

### **Restatement of comparative balances**

The results for the comparative period have been restated to as a result of an amendment to the recognition of Professional Development income. Details are provided in note 17.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ allocating support costs across charitable activities; and
- ◆ estimating the value of gifts in kind received during the year.

### **Assessment of going concern**

The Council have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council have made this assessment in respect to a period of one year from the date of approval of these financial statements.

**Assessment of going concern** (continued)

The Council members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. They are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

**Income recognition**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received. Income is recognised on an accruals basis.

Income comprises membership fees, income from conferences and events in relation to the Small Business Charter and application and renewal fees.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure comprises solely of expenditure on charitable activities, which consists of the costs of providing education training to members, running conferences and events and administering the Small Business Charter.

**Allocation of support and governance costs**

Support costs, including governance costs, represent the indirect charitable expenditure incurred in carrying out the primary purposes of the charity. Such costs include the provision of office services and equipment and the public accountability of the charity (including audit costs).

Support costs are apportioned between charitable activities on the basis of staff time spent on each activity.

**Pension costs**

Retirement benefits to employees of the charity are provided by either the Teachers' Pension Scheme ('TPS'), a defined benefit scheme, or a defined contribution scheme provided by AVIVA. The TPS is closed to new employees.

**Pension costs** (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 11, the TPS is a multi-employer scheme and as the charity is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, it has taken advantage of the exemption in FRS 102 and has accounted for the contributions to the scheme as if it were a defined contribution scheme.

The contributions in respect of the defined contribution scheme with AVIVA are recognised in the financial statements in the year which they are payable to the scheme.

**Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life:

- Office furniture - 3 years

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

## **Principal accounting policies** Year ended 30 June 2018

### **Fund structure**

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

#### *General funds*

Funds which are expendable at the discretion of the Council in furtherance of the objects of the charity.

#### *Tangible fixed assets fund*

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. This fund has been separated from the general fund of the charity in recognition of the fact that the tangible fixed assets are essential to the day to day work of the charity and as such their value should not be regarded as funds that would be realisable with ease, in order to meet future contingencies.

#### *Designated funds*

The Council have designated certain amounts for specific purposes as detailed in note 16.

#### *Restricted funds*

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

### **Taxation**

The Chartered Association of Business Schools is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

## Notes to the financial statements Year to 30 June 2018

### 1 Donations and legacies

	Unrestricted funds	
	2018 £	2017 £
Donations in kind	<b>23,412</b>	27,077

### 2 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2018 £	2017 (restated) £
Membership and subscriptions	610,918	—	<b>610,918</b>	580,855
Conferences and events	408,264	—	<b>408,264</b>	344,123
Professional development	175,932	—	<b>175,932</b>	270,316
Small Business Charter	—	265,352	<b>265,352</b>	215,000
<b>2018 Total funds</b>	<b>1,195,114</b>	<b>265,352</b>	<b>1,460,466</b>	1,410,294
2017 Total funds	1,195,294	215,000	1,410,294	

### 3 Raising funds

	Unrestricted funds	
	2018 £	2017 £
Donations in kind	<b>23,412</b>	27,077

### 4 Expenditure on charitable activities

	Direct £	Support £	2018 £	2017 £
Membership and subscriptions	77,924	49,123	<b>127,047</b>	142,813
Conferences and events	318,030	138,326	<b>456,356</b>	354,104
Professional development	118,951	52,315	<b>171,266</b>	241,229
Publications and Research	105,345	56,749	<b>162,094</b>	113,828
Small Business Charter	137,616	57,575	<b>195,191</b>	195,584
	<b>757,866</b>	<b>354,088</b>	<b>1,111,954</b>	1,047,558

The above expenditure analysed by fund was:

	2018 £	2017 £
Unrestricted funds	<b>916,763</b>	851,974
Restricted funds	<b>195,191</b>	195,584
	<b>1,111,954</b>	1,047,558

## 5 Support costs

	2018 £	2017 £
Premises costs	149,616	164,987
Administration	67,758	46,826
Staff costs	66,214	59,572
Travel	9,215	6,267
Depreciation	6,635	4,153
Other expenses	1,049	97
Governance	17,163	8,334
. Audit and accountancy fees	13,020	12,555
. Legal and professional fees	23,418	19,235
	<b>354,088</b>	<b>322,026</b>

## 6 Net income

This is stated after charging:

	2018 £	2017 £
Depreciation	6,635	4,153
Auditors' remuneration		
. Statutory audit – current year	9,480	9,240
. Other services	3,540	3,315
Operating lease rentals		
. Land and buildings	94,283	94,283
. Office equipment	22,865	27,311

## 7 Staff costs, remuneration of key management and Council members' remuneration

	2018 £	2017 £
Wages and salaries	441,974	411,243
Social security costs	46,831	43,510
Pension costs	55,309	49,400
	<b>544,114</b>	<b>504,153</b>

The average monthly number of employees during the year was:

	2018 No	2017 No
Employees	9	9

## 7 Staff costs, remuneration of key management and Council members' remuneration

(continued)

The number of employees whose total remuneration was over £60,000 in the year were as follows:

	No. employees	
	Year ended 30 June 2018	Year ended 30 June 2017
£60,001 – £70,000	—	1
£70,001 – £80,000	1	—
£110,001 – £120,000	1	1

Key management personnel comprise the Council members, the Chief Executive, the Director of Communications and External Relations and the Office Manager. The total remuneration payable (including taxable benefits, employers pension contributions and employers social security costs) in respect to the key management personnel of the charity was £291,596 (2017 - £284,436).

No Council member received any emoluments during the year for services provided to the Chartered Association of Business Schools (2017 – none). Further transactions with Council members are disclosed within note 12.

## 8 Tangible fixed assets

	Office equipment £
<b>Cost</b>	
At 1 July 2017	157,880
Additions	16,715
At 30 June 2018	174,595
<b>Depreciation</b>	
At 1 July 2017	156,099
Charge for the year	6,635
At 30 June 2018	162,734
<b>Net book values</b>	
At 30 June 2017	1,781
At 30 June 2018	11,861

## 9 Debtors

	2018 £	2017 £
Trade debtors	384,193	352,875
Other debtors	33,572	31,821
Prepayments	42,688	43,781
	460,453	428,477

###### 10 Creditors: amounts falling due within one year

	2018 £	2017 (restated) £
Trade creditors	4,390	70,648
Accruals and deferred income	573,926	477,544
Social security & pension creditor	20,060	18,432
	<b>598,376</b>	<b>566,624</b>

Deferred income relates to membership fees in advance and courses, events and conferences to be held after the year end. Movements on deferred income are shown below:

	2018 £
<b>Balance as at 1 July 2017 (restated)</b>	<b>436,286</b>
Amount released to income	(436,286)
Amount deferred in the year	535,272
<b>Balance as at 30 June 2018</b>	<b>535,272</b>

###### 11 Pension commitments

The charity participates in the Teachers' Pension Scheme and a defined contribution scheme provided by AVIVA. The Teachers' Pension Scheme is currently closed to new employees. Membership to the AVIVA scheme is available to all employees who are not contributing to the Teachers' Pension Scheme.

### ***Teachers' Pension Scheme***

#### *Introduction*

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### *Valuation of the Teachers' Pension Scheme*

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

## 11 Pension Commitments (continued)

### *Teachers' Pension Scheme (continued)*

#### *Valuation of the Teachers' Pension Scheme (continued)*

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge;
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The previous employer contribution rate was 14.1%. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £45,323 (2017: £43,433).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

### **AVIVA Pension Scheme**

This is a defined contribution scheme. Employer pension costs in respect of the scheme amounted to £9,986 (2017 - £5,967).

## 12 Transactions with Council Members

No Council member received any emoluments during the period for services provided to The Chartered Association of Business Schools (2017 – none).

During the period, one Council member was reimbursed £152 of expenses for travel and subsistence (2017 – £206, two Council members).

## 12 Transactions with Council Members (continued)

The Council consists of members of senior management from member business schools. All Council members attended events and conferences hosted by the Association during the year (2017 - all). The fees for event attendance were charged on the same terms as for other members and were met by Council member's respective employers.

During the prior year, one Council member provided event facilitation services to the Chartered Association of Business Schools through their employer. The Association paid their business school £1,240 in respect of this service.

## 13 Financial commitments

At 30 June the Association had total commitments under non-cancellable leases as follows:

	2018		2017	
	Land and buildings £	Office equipment £	Land and buildings £	Office equipment £
<b>Operating lease payable</b>				
Within one year	<b>102,854</b>	<b>22,865</b>	102,854	22,865
Between 2 to 5 years	<b>—</b>	<b>4,375</b>	102,854	30,371

## 14 Restricted funds

	At 1 July 2017 £	Income £	Expenditure £	Transfers £	At 30 June 2018 £
Small Business Charter	19,416	265,352	(195,191)	(51,315)	<b>38,262</b>

The Small Business Charter is an awards programme run by The Chartered Association of Business Schools but is governed by a separate Management Board. Income received in respect of the awards programme is not in itself subject to donor imposed restrictions; however the Bye-Laws of The Chartered Association of Business Schools stipulate that any surpluses on the awards programme are utilised in a manner approved by the Management Board. The Chair and senior management team of The Chartered Association of Business Schools are not voting members of the Management Board of the Small Business Charter.

While it is the intention that the Small Business Charter awards programme is self-funding, in the event that the programme becomes a drain on the resources of the charity, the Council have the right to close the down the Small Business Charter. In such circumstances, any unspent balance on the fund will revert to unrestricted funds in accordance with the absence of conditions attached to the receipt of the associated income.

The transfer from restricted funds to unrestricted funds represents the reimbursement of the cumulative deficit of the Small Business Charter up to 31 June 2016. This deficit was temporarily funded by the unrestricted funds of the charity.

## 15 Tangible fixed assets fund

The tangible fixed assets fund represents the net book value of the charity's tangible fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

	At 1 July 2017 £	New designation £	Utilised/ released £	At 30 June 2018 £
Tangible fixed asset fund	1,781	16,715	(6,635)	11,861

## 16 Designated funds

The unrestricted funds of the charity include the following funds designated for specific purposes.

	At 1 July 2017 £	New designation £	Utilised/ released £	At 30 June 2018 £
Scholarships fund	—	40,000	—	40,000
New project fund	—	15,000	—	15,000
Property fund	—	40,000	—	40,000
<b>Total</b>	<b>—</b>	<b>95,000</b>	<b>—</b>	<b>95,000</b>

### *Scholarships fund*

This fund is to be used for Chartered ABS scholars to conduct research relevant for members.

### *New projects fund*

This fund is to be used towards the development of the Certified Management Education award in 2019.

### *Property fund*

This fund has been set aside to cover future increases in property related costs.

# 17 Prior period restatement

The financial statements have been restated as a result of an amendment to the recognition of Professional Development income. Income has now been deferred for Professional Development courses taking place in future accounting periods that were invoiced before the year end. Restatement of this income has had the following impact on the funds and surplus for the comparative period.

	Total funds as restated 2017 £	Total funds as restated 2016 £
Total funds as previously stated	636,812	225,381
Less: Deferred income in respect of Professional Development	(77,600)	(29,600)
<b>Total funds as restated</b>	<b>559,212</b>	<b>195,781</b>

The adjustments shown above had the following impact on the surplus for the year ended 30 June 2017.

	2017 £
Net income as previously stated	411,431
Less: Net deferred income in respect of Professional Development	(48,000)
<b>Net income as restated</b>	<b>363,431</b>