

**Equality
Challenge
Unit**

Annual Report and Accounts

31 March 2007

Company Limited by Guarantee
Registration Number
5689975 (England and Wales)

Charity Registration Number
1114417

Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditors' report	10

Accounts

Statement of financial activities	12
Balance sheet	13
Principal accounting policies	14
Notes to the accounts	16

Reference and administrative information

Trustees	Prof Grace Alderson Prof John Brooks Dr M Felicity Cooke Prof Janet V Finch CBE Prof Neil Garrod Satya Kartara Roger M Kline Prof Shirley A Pearce CBE Prof John Tarrant Prof Elaine Thomas David G Williams
Company secretary	Juliet Adams
Chief Executive	Nicola Dandridge
Registered office	7 th Floor Queens House 55/56 Lincoln's Fields London WC2A 3LJ
Company registration number	5689975 (England and Wales)
Charity registration number	1114417
Auditors	Buzzacott 12 New Fetter Lane London EC4A 1AG
Bankers	The Co-op Bank 62-64 Southampton Row Holborn London WC18 4ND
Solicitors	Eversheds Senator House 85 Queen Victoria Street London EC4V 4JL

Trustees' report Period to 31 March 2007

The Trustees present their statutory report together with the accounts of Equality Challenge Unit ('ECU') for the period from the date of incorporation, on 27 January 2006, to 31 March 2007.

This report has been prepared in accordance with Part VI of the Charities Act 1993.

The accounts have been prepared in accordance with the accounting policies set out on pages 14 and 15 of the attached accounts and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

ECU was incorporated on 27 January 2006 as a company limited by guarantee under company registration number 5689975. On 31 May 2006, ECU registered on the Central Register of Charities under registration number 1114417.

Members' liability

The liability of members in the event of winding up is limited to £1 per member.

Trustees

The Trustees in office during the period were as follows:

Trustee	Appointed/resigned
Professor Grace Alderson	Appointed 26 April 2006
Patricia Ambrose	Appointed 27 January 2006; Resigned 26 April 2006
Professor John Brooks	Appointed 26 April 2006
Dr Anthony PC Bruce	Appointed 27 January 2006; Resigned 1 August 2006
Dr M Felicity Cooke	Appointed 26 April 2006
Professor Janet V Finch CBE	Appointed 27 January 2006
Professor Neil Garrod	Appointed 26 April 2006
Satya Kartara	Appointed 26 April 2006
Roger M Kline	Appointed 26 April 2006
Professor Shirley A Pearce CBE	Appointed 1 August 2006
Professor John Tarrant	Appointed 26 April 2006
Professor Elaine Thomas	Appointed 26 April 2006
David G Williams	Appointed 26 April 2006

No Trustee received any remuneration for services as a trustee. Travelling and subsistence expenses of £2,087 were reimbursed to 7 Trustees during the period.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Recruitment and appointment

The Board comprises the Chair, three persons appointed by Universities UK (UUK) from amongst its members, one person appointed by GuildHE from amongst its members, and the remainder by the Board acting through its Nominations Committee. Six of the current Trustees were initially recruited via national advertisement in January 2006.

Induction and training

On appointment, Trustees are given a range of information including the memorandum and articles of association, a schedule of meetings and the latest set of statutory accounts. They are also welcome to attend a meeting with the Chief Executive prior to their first Board meeting should they wish to do so,

New members are also asked to complete a skills map of Board expertise to which ECU staff can refer and, via the Chief Executive or Company Secretary, seek advice from and involve members in ongoing projects.

Trustees training is scheduled for a meeting in 2007.

Statement of Trustees' responsibilities

The Trustees (who are directors of the company for the purpose of the Companies Act) are responsible for preparing the annual report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare accounts which give a true and fair view of the state of affairs of the charitable company at the balance sheet date and of its incoming resources and application of resources, including its income and expenditure, for the financial period then ended. In preparing accounts giving a true and fair view, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether the applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of Trustees' responsibilities (continued)

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

Organisation

The day-to-day responsibility for managing ECU is delegated to its officers under the direction of the Chief Executive.

ECU's Chief Executive reports regularly to the Trustees, either individually or at the quarterly meetings of the Trustees. Trustees are provided with written materials setting out the matters that are to be discussed at these meetings for consideration prior to the meeting.

Risk management

The Trustees have assessed the major risks to which the charitable company is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. The Trustees believe that by monitoring reserves levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charitable company, they have established effective systems to mitigate against those risks.

Employees

ECU is an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee is placed at a disadvantage by reason of their race, colour, ethnic or national origins, culture, gender, sexual orientation, marital or civil partnership status, disability, class, age, trade union activities and political or religious beliefs, by requirements or conditions which cannot be justifiable on other grounds.

OBJECTIVES AND ACTIVITIES

Activities and specific objectives

ECU supports the higher education sector in its mission to realise the potential of all staff and students whatever their race, gender, disability, sexual orientation, religion or age, to the benefit of those individuals, higher education institutions and society.

The Strategic Plan has four key objectives. In order to achieve these objectives a programme of projects will be delivered each year, of which the 2007 programme is incorporated under each objective below:

OBJECTIVES AND ACTIVITIES (continued)

Activities and specific objectives (continued)

1. To develop an authoritative system for measuring progress on equality and diversity within the higher education sector.
 - Produce, together with sector groups and agencies, an academically authoritative statistical 'state of the nation' analysis on equality and diversity, based largely but not solely on existing statistical data, supplemented by qualitative research.
2. To support higher education institutions in implementing effective equality and diversity policies and practices.
 - Produce with and for the sector a comprehensive programme of publications, support and exchange of information, drawing together examples of good practice.
 - Undertake projects that identify and address discriminatory barriers. These will include projects that relate to aspects of the sector as a whole, and also to specific types of institution/subject area.
 - Develop specific projects for each equality strand reflecting the specific considerations and requirements of each strand.
 - Work with Welsh and Northern Irish institutions and groups to ensure that ECU programme addresses their priorities.
 - Create projects that identify and promote inclusive practice in terms of the physical, social and cultural experiences of all staff, students and visitors within HE environments.
3. To be a catalyst for change: to develop programmes that support sustained institutional change in relation to equality and diversity.
 - Develop ways of influencing the environment in which the HE sector operates so that decisions and processes take explicit account of equality and diversity at all stages.
4. To be an effective advocate for the development of equality and diversity practice within the sector.
 - Develop an external relations and internal communications strategy.
 - Develop new and enhance existing office mechanisms to support the Unit in its implementation of the Strategic Plan.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The following paragraphs outline the main achievements during the year in each of the principal activities.

Objective 1

Statistical and qualitative analysis – a meeting of all potential partners took place in January 2007. The project has been divided into two phases: an initial mapping exercise leading to an interim report, and then commissioned research. Because of the breadth of the project, it is likely that a consortium of different institutions will undertake the commissioned research. The initial mapping exercise was put out to tender, and a contractor commenced work in July 2007. It is anticipated that the interim report will be published in early November 2007, with a view to the tender for commissioned work shortly thereafter.

Objective 2

The task of translating the potentially vast field of Objective 2 into manageable individual projects has been led by the Head of Programming. The 2007 programme of support to the sector has been published in a leaflet that has been distributed widely throughout the sector and the projects listed in the programme are now proceeding.

Projects which are well established as at the date of this annual report include:

- Joint HEFCE/ECU publication on impact assessment, to be followed up by the delivery of workshops and advice.
- Development of resources and a dedicated web area on Single Equality Schemes.
- Work with the Higher Education Academy looking at equality issues relating to degree results for black and minority ethnic students, and men and women.
- Projects developed with sector groups looking at the equality implications of the work of admissions staff, finance staff, student unions, and others.
- Activity relating to the implementation of the Disability Equality Duty in December 2007 including the commissioning and administration of reports from consultants on the draft Disability Equality Schemes of 30 higher education institutions, publication of a global report, three emergency surgeries held for institutions in need of support in developing their schemes which were attended by 16 institutions, publication of four follow-up documents for the sector, and continuation of work with the Disability Equality Partnership to co-ordinate activities on the disabled student remit.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Objective 2 (continued)

- Activity relating to the Age Regulations including publication of generic legal guidance on the implications of the Age Regulations for the sector, a workshop on safeguarding the duty of care for under 18s and vulnerable adults, an invitational seminar for student facing groups to establish future joint working priorities, a web-based online survey of HR directors to map responses to the legislation, and publication of a suite of Guidance Notes on the implications of the Age Regulations for staff in conjunction with UCEA.
- Promotion and development of the Athena Swan Charter (jointly funded by UKRC), including the appointment of a Charter Co-ordinator.
- Activity relating to the implementation of the Gender Equality Duty in April 2007 including a joint ECU/EOC event on the new duty, publication of updates for the sector, and circulation of a questionnaire to the sector to ascertain what progress was being made and what level of support was required from ECU.
- Creation of a web-based resource looking at examples of inclusion and innovative practice in relation to sexual orientation on campus.
- Activity relating to race, religion and belief including dealing with large numbers of queries from the sector, updating the Promoting Good Campus Relations guidance, and a joint ECU/Interfaith Network student group seminar to see how student religious groups operate within the institutional context and within the requirements of the law.

Objective 3

Discussions are continuing as to the likely shape of a model for equality and equality charter, and the programme of working with partners outside higher education. These discussions will inform the 2008 programme.

Objective 4

Time and attention has been focused internally to ensure that ECU is best structured to meet the needs of the new strategy. This has involved a staff review. Projects are underway to ensure consistency between the advice given to the sector and the way in which the organisation operates.

FINANCIAL REVIEW

Financial report for the year

Up until incorporation of the new company, ECU's financial year ran in line with UUK from 1 August – 31 July. This was amended to 1 April – 31 March at the Board meeting held on 26 April 2006. An interim funding agreement was issued to cover the period from 1 June 2006 – 30 November 2006 following which the final funding agreement took effect from 1 December 2006. The payment schedule for the funders was drafted to take into account the change in financial year and a schedule for the period 1 August 2006 – 31 December 2010 was issued to all funders for approval. The agreed funding totals per calendar year with effect from 1 January 2007 are listed below for reference.

Funding body	Total per annum	Frequency	Instalment
HEFCE	£967,602	Monthly	£80,634
HEFCE (DSR)	2007 - £103,568	6 monthly	£51,784
	2008 - £137,218	6 monthly	£68,609
HEFCW	£44,787	Monthly	£3,732
DELNI	£17,526	Monthly	£1,461
UUK	£77,891	Quarterly	£19,473
GuildHE	£9,736	Monthly	£811
SFC	£20,000	Annual	£20,000

The Financial Plan was presented to the Board at the meeting on 15 September 2006. It was acknowledged that the level of funding left no room for significant contingency or reserves, but that this was acceptable for an organisation the size of ECU. The Board agreed that the projected 3% salary uplift per annum detailed in the Financial Plan was not sufficient and should be revisited. The impact of progression has therefore been made more explicit.

Management accounts for the period 1 April 2006 – 31 December 2006 were presented to the Board at the meeting on 23 January 2007. The Board agreed that reports should provide less minor detail and give greater indication on the alignment of the ECU with its budget in the current year.

Management accounts for the financial year 1 April 2006 – 31 March 2007 were presented to the Board at the meeting on 26 April 2007. It was made clear that full financial year end accounts would be prepared by the auditors in May for presentation to the Audit and Risk Committee in early July and finally to the Board at the July meeting.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

The reports presented reflected the £278,787 additional net surplus carried over from UUK to ECU at UUK's financial year end on 31 July 2007 which was identified in February 2007. It was agreed at the Funders' Forum in March 2007 that £250,000 of this sum would be allocated to the statistical project under Objective 1 of the Strategic Plan and this balance has been set aside as a designated fund at 31 March 2007.

Reserves policy

As ECU has only recently been established as a stand-alone charitable company, the Trustees have not yet examined the requirement for free reserves i.e. those unrestricted funds not designated for specific purposes, or determined their policy on investment. These will be discussed at the Board meeting in July 2007.

Financial position

The balance sheet shows funds of £467,712, all of which are unrestricted. £96,101 of this balance represents the charity's tangible fixed assets, which are not convertible into cash with ease.

PLANS FOR FUTURE PERIODS

The charity will continue to pursue the objectives set out on pages 4 and 5 of this report. Detailed objectives for future years will be agreed at Trustees' meetings during the 2007/08 financial year.

Future funding

The funding levels set in 2006 will remain until 31 December 2010. An inflationary rise per annum has not been incorporated and the Financial Plan and budget take account of this. A review of the Unit is scheduled to take place in 2008/09 to determine the future of the Unit post the end of December 2010.

Auditors

The auditors, Buzzacott, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Trustees by:

Prof John Brooks

Trustee

Approved by the board on: 24 July 2007

Independent auditors' report to the members of ECU

We have audited the accounts on pages 12 to 22 which have been prepared under the historical cost convention and the accounting policies set out on pages 14 and 15.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described on pages 3 and 4, the Trustees, who are also the directors of ECU for the purposes of company law, are responsible for the preparation of the Trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charitable company is not disclosed.

We report to you whether in our opinion the information given in the Trustees' report is consistent with the audited accounts.

We read other information contained in the Trustees' report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Independent auditors' report 31 March 2007

Opinion

In our opinion:

- ◆ the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charitable company's state of affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended;
- ◆ have been properly prepared in accordance with the Companies Act 1985; and
- ◆ information in the Trustees' report is consistent with the accounts.

Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

24 July 2007

Statement of financial activities Period to 31 March 2007

Notes	Unrestricted funds £	Restricted funds £	Total 2007 £
Income and expenditure			
Incoming resources			
Incoming resources from generated funds			
. Interest receivable	14,622	—	14,622
Incoming resources from charitable activities			
. Promotion of equality	814,965	48,756	863,721
Other incoming resources	23,139	—	23,139
Total incoming resources	852,726	48,756	901,482
Resources expended			
Charitable activities			
. Promotion of equality	869,521	105,725	975,246
Governance costs	23,126	—	23,126
Total resources expended	892,647	105,725	998,372
Net outgoing resources for the period before transfers	(39,921)	(56,969)	(96,890)
Transfer between funds	(16,844)	16,844	—
Net outgoing resources for the period	(56,765)	(40,125)	(96,890)
Transfer of funds from Universities UK on 1 August 2006	524,477	40,125	564,602
Balances carried forward at 31 March 2007	467,712	—	467,712

There is no difference between the net movement in funds stated above and the historical cost equivalent.

All of the charity's activities derived from continuing operations during the above financial period.

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet 31 March 2007

	Notes	2007 £	2007 £
Tangible fixed assets	6		96,101
Current assets			
Debtors	7	97,810	
Cash at bank and in hand		467,891	
		565,701	
Creditors: amounts falling due within one year	8	(150,827)	
Net current assets			414,874
Total assets less current liabilities			510,975
Creditors: amounts falling due after one year	9		(43,263)
Total net assets			467,712
Represented by:			
Funds and reserves			
<i>Income funds</i>			
Unrestricted funds			
. General fund			217,712
. Designated funds	10		250,000
Restricted funds	11		—
			467,712

Approved by the Trustees and signed on their behalf by:

Prof John Brooks

Trustee

Approved on: 24 July 2007

Principal accounting policies 31 March 2007

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 1985. Applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice “Accounting and Reporting by Charities” (SORP 2005) have been followed in these accounts.

Cash flow

The accounts do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 ‘Cash flow statements’.

Incoming resources

Incoming resources are recognised in the period in which the charitable company is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Resources expended

Expenditure is included in the statement of financial activities when incurred.

Resources expended comprise the following:

- a. The costs of charitable activities comprise expenditure on the charity’s primary charitable purpose i.e. promotion of equality. All central overhead costs relate to this core activity.
- b. Governance costs comprise costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets

All tangible fixed assets costing more than £2,000 and with an expected useful life exceeding one year are capitalised.

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

- ◆ Computer equipment 33 $\frac{1}{3}$ %
- ◆ Furniture and fittings 25%

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charitable company at the discretion of the Trustees.

The designated funds are monies or assets set aside out of general funds for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Pensions

ECU participates in the Universities Superannuation Scheme (USS). USS is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the Trustees on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme.

USS is a multi-employer defined benefit scheme and it is not possible to identify the assets and liabilities attributable to ECU. In accordance with FRS 17, the scheme is accounted for as if it was a defined contribution scheme.

1 Incoming resources from charitable activities – promotion of equality

	Unrestricted fund £	Restricted funds £	2007 Total £
Higher Education Funding Council for England	710,004	48,756	758,760
Scottish Funding Council	5,000	—	5,000
Higher Education Funding Council for Wales	29,857	—	29,857
Department for Employment and Learning, Northern Ireland	11,686	—	11,686
GuildHE	6,490	—	6,490
UUK	51,928	—	51,928
	814,965	48,756	863,721

2 Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	2007 Total £
Charitable activities – promotion of equality	564,611	146,903	263,732	975,246
Governance costs	13,792	9,334	—	23,126
	578,403	156,237	263,732	998,372

Analysis of support costs	2007 Total £
Rent, rates and storage	109,394
Repairs	32,990
Insurance	6,280
Other premises costs	11,310
General office administration	30,368
Professional expenses	38,013
Depreciation	33,675
Other costs	1,702
	263,732

2 Analysis of total resources expended (continued)

All support costs are allocated to the charity's charitable activities as the other activities are nominal in comparison.

	2007 Total £
Analysis of governance costs:	
Staff costs	13,792
Audit fees	7,050
Trustees' indemnity insurance	425
Trustees' travel expenses	1,859
	23,126

3 Net outgoing resources for the period

This is stated after charging:

	2007 £
Staff costs (note 5)	578,403
Operating lease rentals	197
Auditors' remuneration - audit	7,050
- other services	2,100
Depreciation (note 6)	33,675

4 Taxation

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

5 Staff costs and Trustees' remuneration

	2007 £
Staff costs during the period were as follows:	
Wages and salaries	461,551
Social security costs	38,618
Other pension costs	59,142
Total permanent staff costs	559,311
Temporary staff	19,092
	578,403

5 Staff costs and Trustees' remuneration (continued)

The average number of employees during the period was as follows:

	2007
Promotion of equality	9.1
Support	2.1
Governance	0.2
	11.4

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	2007
£80,001-£90,000	1

No trustee received any remuneration in respect of their services as a trustee during the period. Travelling and subsistence expenses of £2,087 were reimbursed to 7 Trustees during the period.

The trustees purchased indemnity insurance at a cost of £425 for the year. The policy provides indemnity for the trustees' executive and professional liability to a limit of £1,000,000.

6 Tangible fixed assets

	Computer equipment £	Office furniture & equipment £	Fixtures and fittings £	Total £
Cost				
Additions	14,771	23,240	91,765	129,776
At 31 March 2007	14,771	23,240	91,765	129,776
Depreciation				
Charge for year	4,924	5,810	22,941	33,675
At 31 March 2007	4,924	5,810	22,941	33,675
Net book value				
At 31 March 2007	9,847	17,430	68,824	96,101

7 Debtors

	2007 £
Trade debtors	17,183
Prepayments and other debtors	80,627
	97,810

Included in other debtors is an amount of £44,342 which is receivable after more than one year.

8 Creditors: amounts falling due within one year

	2007 £
Trade creditors	24,990
Social security and other taxes	9,560
Other creditors	48,974
Accruals and deferred income	67,303
	150,827

9 Creditors: amounts falling after one year

	2007 £
Other creditors	43,263

10 Designated funds

The Trustees made a decision in March 2007 to set aside £250,000 to be allocated to the statistical project under Objective 1 of the Strategic Plan.

11 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust to be applied for specific purposes:

	Transferred from UUK £	Incoming resources £	Resources expended £	Transfer from unrestricted funds £	At 31 March 2007 £
Disabled student remit	40,125	48,756	(105,725)	16,844	—

11 Restricted funds (continued)

This fund represents a specific grant from the Higher Education Funding Council for England to support ECU's membership of the Disability Equality Partnership. This initiative involved partnership working to improve provision for disabled students in Higher Education in England.

The transfer from unrestricted funds represents the contribution the unrestricted funds of the charity have made to this project.

12 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2007 £
Fund balances at 31 March 2007 are represented by:			
Tangible fixed assets	96,101	—	96,101
Current assets	522,548	43,153	565,701
Creditors: amounts falling due within one year	(107,674)	(43,153)	(150,827)
Creditors: amounts falling due after one year	(43,263)	—	(43,263)
Total net assets	467,712	—	467,712

13 Transfer of funds from UUK

	Unrestricted funds £	Restricted funds £	Total 2007 £
Balance transferred on 1 August 2006			
Cash at bank	524,477	40,125	564,602

On 1 August 2006 the balance of the restricted fund within Universities UK (UUK) relating to ECU was transferred to the charity. All income received by UUK and expenditure incurred by UUK on ECU's behalf during the period since the date of incorporation to 1 August 2006 is accounted for on a gross basis in the Statement of Financial Activities in these financial statements. The net transfer of cash from UUK to ECU on 1 August 2006 totalled £278,787.

14 Leasing commitments

Operating leases

At 31 March 2007 the charitable company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £	Other £	Total £
Operating leases which expire:			
Within two to five years	86,527	5,240	91,767

15 Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.

16 Pensions

Universities Superannuation Scheme

ECU participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each entity's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", contributions to the scheme are accounted for as if it were a defined contribution scheme, the cost recognised within the statement of financial activities being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e., the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increase in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to Members after allowing for expected future increase in earnings.

16 Pensions (continued)

Universities Superannuation Scheme (continued)

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the company's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in the USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the charity was £59,142. The contribution rate payable by ECU was 14% of pensionable salaries.