

**Equality
Challenge
Unit**

**Annual Report and Financial
Statements**

31 March 2008

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	11

Financial statements

Statement of financial activities	13
Balance sheet	14
Principal accounting policies	15
Notes to the financial statements	17

Reference and administrative information

Trustees	Prof Grace Alderson Prof Janet Beer Prof John Brooks Dr M Felicity Cooke Roger M Kline Prof Shirley A Pearce CBE 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 LLP 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

The Trustees present their statutory report together with the financial statements of Equality Challenge Unit ('ECU') for the year ended 31 March 2008.

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 15 and 16 of the attached financial statements 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	
Professor Janet Beer	Appointed 15 April 2008
Professor John Brooks	
Dr M Felicity Cooke	
Professor Janet V Finch CBE	Resigned 25 June 2007
Professor Neil Garrod	
Satya Kartara	
Roger M Kline	
Professor Shirley A Pearce CBE	
Professor John Tarrant	Resigned 31 August 2007
Professor Elaine Thomas	
David G Williams	

Subsequent to the year end, Professor Neil Garrod and Satya Kartara stood down as Trustees.

No Trustee received any remuneration for services as a trustee. Travelling and subsistence expenses of £2,303 (2007 - £2,087) were reimbursed to 9 Trustees (2007 - 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 appointed 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 financial statements.

New members are also asked to complete a skills map of Board expertise to which ECU staff can refer for advice and involvement in ongoing projects.

Trustees training is scheduled for a meeting in 2008.

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 financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements 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 financial statements 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 financial statements; and
- ◆ prepare the financial statements 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 enable them to ensure that the financial statements 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 financial statements may differ from legislation in other jurisdictions.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of Trustees' responsibilities (continued)

Each Trustee confirms that:

- ◆ So far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware;
- ◆ The Trustee has taken all the steps that he/she ought to have taken as Trustees in order to make himself/herself aware of any relevant audit information; and
- ◆ To establish that the charitable company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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. The risk register is updated for presentation at each Board meeting and was also considered by ECU's funders at the Funders' Forum meeting in November 2007.

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. ECU values diversity and equality and to this end encourages and welcomes applications from all sections of society.

OBJECTIVES AND ACTIVITIES

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 2006–2010 has four key objectives to enable ECU to achieve its mission. In order to achieve these objectives, a programme of projects and activities relating directly to each objective is developed for each calendar year.

OBJECTIVES AND ACTIVITIES (continued)

Objectives

1. To develop an authoritative system for identifying and measuring progress on equality and diversity.
2. To support higher education institutions in implementing effective equality and diversity practices.
3. To be a catalyst for change: to develop programmes that support sustained institutional change in relation to equality and diversity.
4. To be an effective advocate for the development of equality and diversity practice.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The overwhelming majority of projects in the 2007 programme were completed successfully and those that were not have been carried over into the 2008 programme. Building on progress to date towards the four key objectives, the 2008 programme falls under three broad headings: The Diversity Agenda, Implementing Legislation and Promoting Inclusion. The projects completed or underway in the year ended 31 March 2008 are set out below:

The Diversity Agenda (Objective 1)

- **Equality data**

An initial mapping report investigating equality data in the sector was externally commissioned and carried out by Helen Connor. It was published in March 2008 and is available online. Further projects are being developed for the calendar years 2008 and 2009 as a consequence of the report, including the development of equality benchmarks and KPIs, and a joint project with the Higher Education Statistics Agency (HESA) to create an equality data management tool 'Equality Heidi'. Work is also underway to fill some of the gaps identified by the mapping report, such as in relation to the diversity of governing bodies, and issues affecting gay and lesbian staff and students (see below).

- **Staff disclosure**

An initial survey into disclosure by disabled staff was carried out by ECU in 2007 and a report published online in March 2008.

Further projects are being developed out of this report:

- Investigation into issues surrounding disclosure of ethnicity, religion and belief, sexual orientation and transgender status;
- 10 pilot studies will be set up with higher education institutions with a view to increasing staff disclosure rates in one or more of these equality areas; and
- Production of factsheets on recommended action to support staff disclosure.

ACHIEVEMENTS AND PERFORMANCE (continued)

The Diversity Agenda (Objective 1) (continued)

- **HESA staff data**
Disaggregated HESA equality data was distributed to all institutions in August 2007.
- **Lesbian, gay, bisexual and trans (LGB and T) staff and students**
A steering group for this project, representative of the sector and LGB and T groups, was established and its first meeting held in January 2008. The University of Leeds has now been appointed to undertake research into the experience of LGB and T staff and students.

Implementing Legislation (Objective 2)

- **Equality Act**
ECU has liaised with and submitted detailed written responses to Government regarding the content of the proposed Equality Act and there is ongoing discussion with the Equality and Human Rights Commission and the Government Equality Office about its likely impact on the higher education sector.
- **Single Equality Scheme**
A number of tools were prepared (guidance, checklist and case studies) in July 2007 to assist institutions seeking to develop a Single Equality Scheme.
- **Race, disability and gender duties**
A considerable proportion of ECU time is spent responding to queries and advising on the implementation of equality duties.
 - Written guidance on conducting impact assessments was published jointly with the Higher Education Funding Council for England (HEFCE) and distributed widely throughout the sector in September 2007;
 - In September 2007, guidelines were drawn up between the National Union of Students (NUS) and UCCF (the body representing student Christian unions) under ECU's auspices, addressing areas of potential conflict between student unions and Christian unions;
 - A factsheet regarding the statutory gender annual reporting duty was published in March 2008, and distributed to all equality and diversity practitioners and chairs of equality committees;
 - ECU provided substantial assistance to six institutions to ensure that their Disability Equality Schemes were compliant. A lower level of assistance was provided to a further five potentially non-compliant organisations. Regional events were held in November 2007 in Oxford, Leeds and London in partnership with UNISON and the University and College Union, to provide support and guidance in relation to the implementation of the Disability Equality Duty.

ACHIEVEMENTS AND PERFORMANCE (continued)

Implementing Legislation (Objective 2) (continued)

- **Disability Equality Partnership (DEP)**
ECU hosted the DEP in 2007. ECU continues to work with Action on Access and the Higher Education Academy (the Academy) on joint projects to promote equality for disabled students, such as co-ordinating the National Disability Organisations Higher Education Think Tank, the Disability Research Seminar Series and the Helpline, as well as ensuring that the needs of disabled students are addressed through its own programme of activities. ECU published the DEP bulletin in May and October 2007.
- **Trans staff and students**
Guidance on issues relating to trans staff and students in higher education, particularly in light of the Gender Equality Duty, was published and distributed widely in electronic and hardcopy format in March 2008. The report was well received and gained positive media coverage including an Education Guardian (online) feature.

Promoting Inclusion (Objective 3)

- **Students' unions**
Extensive and productive partnership work has taken place on this project with NUS and the Association of Managers in Students' Unions a survey of almost 500 members of students' union staff and students in relation to diversity issues. A report covering the survey results was published and widely disseminated in February 2008. ECU has also provided training to new student officers, and has worked with the Students' Unions Evaluation Initiative in order to embed equality and diversity into their framework handbook.
- **Promoting Good Campus Relations**
An update to this UUK/GuildHE/ECU publication was published in September 2007, with a particular focus on religion and belief. A joint conference with the Association of University Administrators and the Higher Education Equal Opportunities Network in March 2008 addressed the issues raised in the update.
- **Admissions**
Guidance on the impact of the Age Regulations on admissions staff was published and widely distributed to admissions staff and networks in September 2007, and five further briefings are being developed out of this project.
- **Transition to work for disabled students**
This project aimed to identify barriers experienced by disabled students in making the transition from higher education to work. A presentation was made at the Association of Graduate Careers Advisory Services conference in September 2007, and guidance for careers advisers published in May 2008.

ACHIEVEMENTS AND PERFORMANCE (continued)

Promoting Inclusion (Objective 3) (continued)

- **Degree attainment**

Following intensive collaboration with the Academy, work was carried out throughout 2007 to investigate the impact of ethnicity and gender on degree attainment, and the steps taken by institutions in relation to these issues. An overview report, and six detailed reports, were published in January 2008 and a joint Academy/ECU conference took place on 22 January 2008. Follow up work is now planned.

- **Estates**

A publication outlining equality issues affecting estate officers was published jointly with the Association of University Directors of Estate, the Association for Student Residential Accommodation and ECU in March 2008. It met with a very favourable response following extensive partnership work. A follow-up publication, *A Handbook for Student Accommodation Providers*, is due to be published in 2008.

- **Governing bodies**

This is a joint project with the Leadership Foundation and supported by the Committee of University Chairmen. Following a tendering process, Cranfield University School of Management has been appointed to research the role of governing bodies in promoting equality and diversity and the diversity of governing bodies themselves. This work will be carried out in 2008/2009.

- **Athena SWAN**

Five new members and two bronze awards, three silver and one gold were made during the year in this recognition scheme jointly funded with UK Resource Centre for Women in science, engineering and technology (UKRC).

Internal Organisation (Objective 4)

- **Optimising the office environment**

ECU's office layout has been completely restructured to enhance team working, with the introduction of a project room for internal meetings, and the relocation of the policy team to one office area to promote project working. Steps have also been taken to promote environmental sustainability, including the introduction of a recycling programme.

- **Communications strategy**

In October 2007 Candlestar Limited was appointed to assist ECU in the development of a communications strategy and action plan, pending the appointment of a new Communications Manager.

- **Website**

ECU worked collaboratively with the Institute of Learning and Research Technology at Bristol University, a representative group of users and ECU's designers to devise a new website structure. The new site is operational and is scheduled to go live in 2008.

ACHIEVEMENTS AND PERFORMANCE (continued)

Internal organisation (Objective 4) (continued)

- **Contacts database**

Working with external providers, ECU has developed and implemented a Customer Relationship Management (CRM) system to streamline stakeholder communications and disseminate key updates to the sector. The various functions will be launched in phases commencing in July 2008.

FINANCIAL REVIEW

Financial report for the year

Overall 2007/08 has been a less transitional year than the previous financial year during which the company was incorporated. Project working is in full flow and the main period of adjustment from an August to July financial year to an April to March financial year over.

Staff vacancies, both in policy and communications, over the latter six months impacted on the budget for recruitment and also led to a surplus in terms of salary and outlay that will disappear during the course of 2008/09 as the posts become filled. In addition the upgrading of ECU's contacts database to a CRM system has given rise to increased temporary support requirements to assist with data migration.

Two key infrastructure projects commenced in the latter half of 2007, the redesign of ECU's website and the implementation of the CRM. Both incurred significant expenditure in the first quarter of 2008 and are scheduled for completion later in the same year.

Increased funding has been allocated to communications to enable ECU to retain the services of the PR agency Candlestar Limited whilst the newly appointed Communications Manager is inducted.

The agreed funding totals per calendar year remain as below:

Funding body	Total per annum	Frequency	Instalment
HEFCE	£967,608	Monthly	£80,634
HEFCE (Disabled Student Remit)	2007 - £103,568	6 monthly	£51,784
	2008 - £137,218	6 monthly	£68,609
Higher Education Funding Council for Wales	£44,784	Monthly	£3,732
Department for Employment and Learning, Northern Ireland	£17,532	Monthly	£1,461
UUK	£77,892	Quarterly	£19,473
GuildHE	£9,732	Quarterly	£2,434
Scottish Funding Council	£20,000	Annually	£20,000

Reserves and investment policy

The Audit and Risk Committee held on 17 July 2007 agreed that the decision as to whether ECU needed an investment and reserves policy should be taken by the Board, not the Committee. An opening cash balance for each of the previous 12 months was presented to the Board on 24 July 2007 to illustrate both cash balance fluctuations and the underlying cash reserves. It was noted that £350,000 to £400,000 could be made available for investment. Following discussion, however, it was agreed by the Board that ECU should maximise short-term yields and not invest longer term. In particular, it was noted that it was important to maintain a reserve for wind down purposes and to fund redundancies in the event that the Unit does not continue beyond December 2010.

Financial position

The balance sheet shows general funds of £385,784 (2007 - £217,712) and designated funds of £230,000 (2007 - £250,000), all of which are unrestricted. £68,373 (2007 - £96,101) of the general funds balance represents the charity's tangible fixed assets, which are not convertible into cash with ease, leaving free reserves of £317,411 (2007 - £121,611) This is in line with the policy of retaining free reserves should ECU not continue to be funded beyond 2010.

PLANS FOR FUTURE PERIODS

The charity will continue to pursue the objectives set out on page 5 of this report. Detailed objectives for future years will be agreed at Trustees' meetings during the 2008/09 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 ECU, led by HEFCE, is scheduled to take place in 2008/09 to determine the future of ECU post the end of December 2010.

Auditors

On 30 September 2007, Buzzacott, the company's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Trustees have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP. In accordance with section 385 of the Companies Act 1985, Buzzacott LLP will be proposed for re-appointment as auditors of the charity.

Signed on behalf of the Trustees by:

Prof John Brooks

Trustee

Approved by the Board on: 24 July 2008

Independent auditors' report to the members of ECU

We have audited the financial statements on pages 13 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 15 and 16.

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements 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 financial statements 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 financial statements.

We read other information contained in the Trustees' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, 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 financial statements 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 financial statements.

Independent auditor's report 31 March 2008

Opinion

In our opinion:

- ◆ the financial statements 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 2008 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 financial statements.
- ◆ in all material respects, income from the Higher Education Funding Council for England and income for specific purposes and from other restricted funds administered by the charity have been applied for the purposes for which they were received;
- ◆ in all material respects, income has been applied in accordance with the charity's statutes and where appropriate with the funding agreement with the Higher Education Funding Council for England.

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

5 August 2008

Statement of financial activities Year to 31 March 2008

	Notes	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
. Interest receivable		29,137	-	29,137	14,622
Incoming resources from charitable activities					
. Promotion of equality	1	1,140,392	169,774	1,310,166	863,721
Other incoming resources		27,342	-	27,342	23,139
Total incoming resources		1,196,871	169,774	1,366,645	901,482
Resources expended					
Charitable activities					
. Promotion of equality		1,017,255	155,370	1,172,625	975,246
Governance costs		31,544	-	31,544	23,126
Total resources expended	2	1,048,799	155,370	1,204,169	998,372
Net incoming (outgoing) resources and net movement in funds					
		148,072	14,404	162,476	(96,890)
Balances brought forward at 1 April 2007					
	13	467,712	-	467,712	564,602
Balances carried forward at 31 March 2008					
		615,784	14,404	630,188	467,712

The comparative figures represent a long accounting period as stated with the accounting policies on page 15.

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 two financial periods.

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 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Tangible fixed assets	6		68,373		96,101
Current assets					
Debtors	7	89,988		97,810	
Cash at bank and in hand		659,041		467,891	
		749,029		565,701	
Creditors: amounts falling due within one year	8	(143,951)		(150,827)	
Net current assets			605,078		414,874
Total assets less current liabilities			673,451		510,975
Creditors: amounts falling due after one year	9		(43,263)		(43,263)
Total net assets			630,188		467,712
Represented by:					
Funds and reserves					
<i>Income funds</i>					
Unrestricted funds					
. General fund			385,784		217,712
. Designated funds	10		230,000		250,000
Restricted funds	11		14,404		—
			630,188		467,712

Approved by the Trustees and signed on their behalf by:

Prof John Brooks

Trustee

Approved on: 24 July 2008

Principal accounting policies 31 March 2008

Basis of accounting

The financial statements 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 financial statements.

The comparative figures included within the financial statements cover the period from incorporation on 27 January 2006 to 31 March 2007.

Cash flow

The financial statements 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 33⅓%
- ◆ 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.

Notes to the financial statements 31 March 2008

1 Incoming resources from charitable activities – promotion of equality

	Unrestricted fund £	Restricted funds £	2008 Total £	2007 Total £
Higher Education Funding Council for England	967,608	106,372	1,073,980	758,760
Scottish Funding Council	20,000	-	20,000	5,000
Higher Education Funding Council for Wales	44,784	-	44,784	29,857
Department for Employment and Learning, Northern Ireland	17,532	-	17,532	11,686
GuildHE	9,732	-	9,732	6,490
Universities UK	77,892	-	77,892	51,928
UK Resource Centre For Women	-	28,090	28,090	-
Higher Education Academy	-	30,312	30,312	-
Human European Consultancy	2,844	-	2,844	-
University of Wolverhampton	-	5,000	5,000	-
	1,140,392	169,774	1,310,166	863,721

2 Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	2008 Total £
Charitable activities – promotion of equality	633,020	250,724	288,881	1,172,625
Governance costs	19,975	11,569	-	31,544
	652,995	262,293	288,881	1,204,169

	2008 Total £	2007 Total £
Analysis of support costs		
Rent, rates and storage	140,300	109,394
Repairs	24,164	32,990
Insurance	3,286	6,280
Other premises costs	10,352	11,310
General office administration	42,508	30,368
Professional expenses	31,115	38,013
Depreciation	35,656	33,675
Other costs	1,500	1,702
	288,881	263,732

Notes to the financial statements 31 March 2008

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.

	2008	2007
	Total	Total
Analysis of governance costs:	£	£
Staff costs	19,975	13,792
Audit fees	7,226	7,050
Trustees' indemnity insurance	2,360	425
Trustees' travel expenses	1,983	1,859
	31,544	23,126

3 Net incoming (outgoing) resources for the period

This is stated after charging:

	2008	2007
	£	£
Staff costs (note 5)	652,995	578,403
Operating lease rentals	197	197
Auditors' remuneration - audit	7,226	7,050
- other services	1,504	2,100
Depreciation (note 6)	35,656	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

	2008	2007
	£	£
Staff costs during the period were as follows:		
Wages and salaries	510,079	461,551
Social security costs	44,394	38,618
Other pension costs	79,456	59,142
Total permanent staff costs	633,929	559,311
Temporary staff	19,066	19,092
	652,995	578,403

5 Staff costs and Trustees' remuneration (continued)

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

	2008	2007
Promotion of equality	9.1	9.1
Support	3.1	2.1
Governance	0.2	0.2
	12.4	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:

	2008	2007
£80,001 - £90,000	-	1
£110,001 - £120,000	1	-

No trustee received any remuneration in respect of their services as a trustee during the period. Travelling and subsistence expenses of £2,303 (2007 - £2,087) were reimbursed to 9 Trustees (2007 - 7 Trustees) during the period of which £1,983 has been charged to governance and £320 to charitable activities.

The trustees purchased indemnity insurance at a cost of £2,360 (2007 - £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 and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 April 2007	14,771	23,240	91,765	129,776
Additions	-	7,928	-	7,928
At 31 March 2008	14,771	31,168	91,765	137,704
Depreciation				
At 1 April 2007	4,924	5,810	22,941	33,675
Charge for year	4,923	7,792	22,941	35,656
At 31 March 2008	9,847	13,602	45,882	69,331
Net book value				
At 31 March 2008	4,924	17,566	45,883	68,373
At 31 March 2007	9,847	17,430	68,824	96,101

Notes to the financial statements 31 March 2008

7 Debtors

	2008 £	2007 £
Trade debtors	9,045	17,183
Prepayments and other debtors	80,943	80,627
	89,988	97,810

Included in other debtors is an amount of £45,713 (2007 - £44,342) which is receivable after more than one year.

8 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	35,415	24,990
Social security and other taxes	13,303	9,560
Other creditors	14,327	48,974
Accruals and deferred income	80,906	67,303
	143,951	150,827

9 Creditors: amounts falling after one year

	2008 £	2007 £
Other creditors	43,263	43,263

10 Designated funds

The Trustees have allocated funds to the equality data project included as an objective of the Strategic Plan.

	At 1 April 2007 £	New designations £	Transfers £	At 31 March 2008 £
Equality data project	250,000	-	(20,000)	230,000
	250,000	-	(20,000)	230,000

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:

	At 1 April 2007 £	Incoming resources £	Resources expended £	Transfer from unrestricted funds £	At 31 March 2008 £
Disabled student remit	-	106,372	(97,351)	-	9,021
Athena SWAN	-	28,090	(28,090)	-	-
Degree attainment (HEA)	-	30,312	(29,929)	-	383
Survey of E&D officer	-	5,000	-	-	5,000
	-	169,774	(155,370)	-	14,404

11 Restricted funds (continued)

Disabled student remit – this fund represents a specific grant from HEFCE to support ECU’s membership of the DEP. This initiative involved partnership working to improve provision for disabled students in Higher Education in England.

Athena SWAN – the Athena SWAN Charter is a scheme for the recognition of excellence in science, engineering and technology in women’s employment in higher education. The Charter is jointly managed by ECU and UKRC. ECU is initially responsible for the costs of the Charter, including the salary and other employment costs of the two Athena posts, one 0.6 and one full-time. Invoices are issued on a quarterly basis to UKRC for 50% of the costs of the Charter.

Degree Attainment – the ethnicity and degree attainment project was a joint project with the Academy, funded by the Department for Innovation, Universities and Skills and managed by ECU. Funding was received from the Academy in 2007/08 and totalled £36,250. On completion of this project, the remaining funds of £5,938 were returned to the Academy.

Survey of E&D Officers – This project is managed by the University of Wolverhampton and ECU has been instructed to commission the evaluation of the impact of the University’s project. Funding was received in 2007/08 for the evaluation, but the work is will not commence until 2008/09.

12 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2008 £	Total 2007 £
Fund balances at 31 March 2008 are represented by:				
Tangible fixed assets	68,373	-	68,373	96,101
Current assets	661,771	87,258	749,029	565,701
Creditors: amounts falling due within one year	(71,097)	(72,854)	(143,951)	(150,827)
Creditors: amounts falling due after one year	(43,263)	-	(43,263)	(43,263)
Total net assets	615,784	14,404	630,188	467,712

13 Transfer of funds from UUK

On 1 August 2006 the balance of the restricted fund within 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 2008 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	197	86,724

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 USS, 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 £79,456 (2007 - £59,142). The contribution rate payable by ECU was 14% of pensionable salaries.