

**Equality
Challenge
Unit**

**Annual Report and Financial
Statements**

31 March 2009

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

Charity Registration Number
1114417

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Reference and administrative information

Trustees	Prof Grace Alderson Prof Janet Beer Prof Chris Brink Prof John Brooks Dr M Felicity Cooke Prof Tariq Durrani OBE Christina McAnea Prof Paul Olomolaiye Prof Colin Riordan Barbara Stephens OBE 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

Trustees' report 31 March 2009

The Trustees present their statutory report together with the financial statements of Equality Challenge Unit ('ECU') for the year ended 31 March 2009.

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 17 and 18 of the attached financial statements and comply with ECU'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 Chris Brink	Appointed 1 August 2008
Professor John Brooks	
Dr M Felicity Cooke	
Professor Tariq Durrani OBE	Appointed 1 August 2008
Professor Neil Garrod	Resigned 24 July 2008
Satya Kartara	Resigned 24 July 2008
Roger M Kline	Resigned 6 November 2008
Christina McAnea	Appointed 1 January 2009
Professor Paul Olomolaiye	Appointed 1 August 2008
Professor Shirley A Pearce CBE	Resigned 9 October 2008
Professor Colin Riordan	Appointed 1 January 2009
Barbara Stephens OBE	Appointed 1 August 2008
Professor Elaine Thomas	
David G Williams	

No Trustee received any remuneration for services as a trustee. Travelling and subsistence expenses of £4,705 (2008 - £2,303) were reimbursed to 12 Trustees (2008 - 9 Trustees) during the year.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Recruitment and appointment

Six of the current Trustees were recruited via national advertisement, three in January 2006 and three in April 2008.

Induction and training

On appointment, Trustees receive a range of information from the Company Secretary including ECU's programme for the current year, the strategic plan 2007-2010, the Higher Education Funding Council for England (HEFCE) funding agreement, the Annual Report and Financial Statements for the previous year, minutes from the most recent Board meetings and a schedule of dates for future meetings.

Each year the October Board meeting is coupled with a Board development session which is externally facilitated, the purpose being to allow for discussion and debate about the strategic direction and priorities of ECU. This complements an all staff away day, the purpose of which is to discuss and finalise the programme for the forthcoming calendar year.

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 ECU 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 ECU 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 ECU 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 ECU 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 ECU'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 ECU'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 ECU 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 ECU, they have established effective systems to mitigate against those risks. The risk register is updated for presentation at each Board meeting and it was also considered by ECU's funders at the Funders' Forum meeting in October 2008.

OBJECTIVES AND ACTIVITIES

ECU's mission is to support the higher education sector to realise the potential of all staff and students whatever their race, gender, disability, sexual orientation, religion and belief, or age, to the benefit of those individuals, higher education institutions and society.

The Strategic Plan 2007-2010 has four key objectives to enable ECU to achieve its mission. In order to achieve these objectives, a programme of projects and activities relating to each objective is developed for each calendar year.

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The aims and objectives set out below are largely focused on working with the higher education sector. The ultimate beneficiaries are the staff and students working within this sector.

Objectives

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

ACHIEVEMENTS AND PERFORMANCE

Review of activities

ECU structures its work around projects. The majority of projects in the 2008 programme were completed successfully in 2008 and those few remaining have been carried over into the 2009 programme. The 2009 programme is grouped under three broad headings corresponding to the first three objectives of ECU's strategy: Evidence Base, Effective Practice and Institutional Change.

Other projects completed or under way in the year ended 31 March 2009 are set out below:

Evidence Base (Objective 1)

The development of an authoritative evidence base for equality and diversity

◆ Heidi Equality

ECU is working with Higher Education Statistics Agency (HESA) to develop an equality function in the Heidi data management tool, expected to be available from September 2009. The data management tool, the prototype of which was launched at ECU's conference in November 2008, will encompass both staff and student data, and will enable users to access relevant equality data easily in a useful and targeted format. Its existence will be widely disseminated and promoted throughout the sector, with training sessions for users run jointly by ECU and HESA from September 2009.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Evidence Base (Objective 1) (continued)

- ◆ HESA staff data
Disaggregated HESA equality data was distributed to all institutions in August 2008.
- ◆ Staff disclosure
ECU is working with eight higher education institutions (HEIs) to pilot interventions in improving disclosure of equality status – particularly disability in staff monitoring forms. A paper highlighting recommended interventions was published in February 2009 with the final report due in September 2009.
- ◆ Lesbian, gay, bisexual and trans (LGB and T) staff and students
ECU commissioned the University of Leeds to carry out national research into the experience of LGB and T staff and students in higher education. The research findings were launched at a conference held in London in March 2009 and the final report published in the same month.
- ◆ Research Assessment Exercise (RAE) 2008 equality evaluation
ECU was commissioned by the UK funding councils to undertake consultancy work to review the impact of the equality provisions in RAE 2008. Oxford Brookes University is working with 36 HEIs throughout the UK to review relevant documentation and interview those involved in leading their 2008 submissions.

Effective Practice (Objective 2)

Projects that support HEIs to implement effective practice and to ensure compliance with legislation

- ◆ Equality Bill
ECU continues to update the sector on Equality Bill developments, with a specific focus on the practical implications of the Bill for HEIs. An ECU briefing was published in April 2009 and consultation events are planned for 2009.
- ◆ Equal pay
ECU and Higher Education Funding Council for Wales (HEFCW) jointly hosted a conference on equal pay in July 2008 in Cardiff. The Welsh Liaison Group, facilitated by ECU, agreed to take the findings of the conference forward with a 2009 project focusing on equal pay audits in Wales. This work is ongoing in 2009.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Effective Practice (Objective 2) (continued)

◆ **Race Forum**

The first Race Forum meeting, chaired by Professor Mark Cleary, took place in December 2008. The work of the Forum will address different aspects of the Black and minority ethnic (BME) staff experience and supports the implementation of practical initiatives to remove barriers and discrimination in different areas. In March 2009 four smaller working group meetings took place, leading to circulation of a discussion paper. London Metropolitan University was commissioned to undertake an initial literature review on the experience of BME staff working in higher education. The literature review is at publication stage and the substantive research is now being put out to tender.

◆ **Disabled student strategy**

The Disability Equality Partnership (DEP), comprising ECU, Higher Education Academy (HEA) and Action on Access was dissolved by the HEFCE in December 2008, but it has agreed to fund ECU to carry out work to support disabled students from January to July 2009, with the potential for continued future funding.

ECU has identified a range of projects whereby, working in partnership with HEIs, it will support disabled students in a holistic and strategic way from admissions to employment, raise disability awareness and support, and improve access to funding. In May 2008 ECU convened a disability think tank group and facilitated members of the group to feed ongoing views directly to HEFCE. The disability team also supported three DEP seminar series between April and December 2008.

In September 2008 seven HEIs were recruited to participate in a project aimed at furthering the involvement of disabled students in higher education projects. ECU and HEA have brought the participating HEIs together twice in the reporting period. The disability team also assisted the Department for Innovation Universities and Skills (DIUS) in the development of its Secretary of State report for the Disability Equality Duty and in its response to the disabled student proposals in the National Student Forum annual report. Throughout 2008 ECU responded to a range of queries through the joint DEP advice service and has continued to respond through its own advice line since January 2009.

◆ **Religion and belief briefings**

In October 2008, ECU held a meeting with student religious groups, unions and other national organisations to explore and seek to develop consensus about practical issues relating to religion and belief arising on campus, the intention being to publish a series of briefings drawing on examples of inclusive practice in the sector. The first briefing 'Religious observance in higher education: institutional timetabling and work patterns' was published in May 2009.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Institutional change (Objective 3)

Work with professional groups, networks and agencies to identify and implement inclusive and sustainable policies and practices

◆ Work placements

Working with a range of sector partners, professional careers service bodies, trade unions, careers advisers and students who are undertaking work placement activity, ECU is developing guidance to support inclusive work placement activities for the higher education sector. This project will initially focus on workplace experiences connected to arts-based institutions. An invitation to tender was issued in May 2009.

◆ Procurement

Recommendations from an internal scoping paper compiled during July to September 2008 on procurement and equality issues in higher education led to the publication, in January 2009, of the 'Handbook for student accommodation providers: support and guidance for equality and diversity'. Work will continue in 2009 on procurement and equality agreements.

◆ Internationalisation

Following consideration of recommendations arising from the initial findings of scoping research carried out in 2008, and published in February 2009, ECU is working with partner organisations to commission further research and develop guidance to support greater synergy between equality and diversity and internationalisation in order to support international students and staff.

◆ Ethnicity and degree attainment

ECU collaborated with HEA and Equality Forward on a summit programme to support 15 HEIs that have already identified an attainment gap between different ethnic groups and who wish to further develop progress and evaluate the effectiveness of their work in this area, in light of the recommendations of the HEA/ECU report published in January 2008. A start-up meeting with the HEIs was held in February 2009 prior to the summit taking place in May 2009. In addition ECU is contributing to a research seminar series, the first seminar of which took place in Teeside in March 2009.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Institutional change (Objective 3) (continued)

◆ **Athena SWAN**

The Athena SWAN Charter is jointly funded by ECU and the UK Resource Centre for Women (UKRC). It promotes good practice in relation to women's careers in science. Eight universities joined the Charter in 2008 bringing the total membership to 38. Nine SWAN awards were made in 2008, bringing the total number of award holders to 30. The awards were presented by Professor Julia King, Vice-Chancellor at Aston University, at an awards ceremony at the Zoological Society of London in September 2008.

The 2008 Annual Report was launched at the awards ceremony. Since then a number of factsheets highlighting best practice from SWAN award holders have been published. The first on organisational culture was launched at ECU's conference in November 2008 and two further ones on work-life balance and supporting the careers of researchers followed in February and March 2009 respectively.

A working group drawn from the SWAN membership and professional bodies met between June and November 2008 to review and streamline the awards application process. New forms and guidance were available from December 2008. The annual workshop, open to all institutions exploring how to apply for awards in the 2009 round of awards, was held in February 2009.

◆ **Governing bodies and equality**

This project jointly funded by ECU and the Leadership Foundation for Higher Education (LFHE) looks at the role of governing bodies in promoting equality within institutions, and the diversity of governing bodies themselves. The University of Cranfield was commissioned in April 2008 to undertake the research, involving a national survey of all registrars. 'A handbook for governors of higher education institutions' was published in April 2009.

Internal Organisation (Objective 4)

◆ **Website**

The new website was successfully launched at ECU's conference in November 2008. Further development of the site to incorporate case studies and an advice service continues.

◆ **Customer Relationship Management (CRM) system**

This database, implemented to streamline stakeholder communications and disseminate updates to the sector, now also facilitates the logging of queries, and continues to be an integral in-house resource and communication tool.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Internal Organisation (Objective 4) (continued)

- ◆ **Communications strategy**
Following appointment of a Communications Manager in June 2008, the implementation of the communications strategy continues with further work on raising the profile of equality and engaging media contacts. The consultancy arrangement with Candlestar Ltd, appointed in October 2007, has now concluded.
- ◆ **Equalitylink**
Equalitylink, re-launched in 2008, is a monthly bulletin keeping the higher education sector up-to-date with current equality and diversity issues and with the work of ECU. It reaches over 1,000 readers across the higher education sector every month and provides updates on equality developments that have implications for institutions, as well as information on events and resources. The bulletin is delivered directly via e-mail, with further background information available online.

Of particular note is the second ECU biennial conference which was held in November 2008 in Manchester. Entitled 'Evidence for Equality', and including a number of high profile keynote speakers, the conference was attended by over 140 delegates who discussed the changing nature of the equality agenda in higher education. The transcripts of the outstanding plenaries were collected in an ECU publication published in January 2009.

FINANCIAL REVIEW

Financial report for the year

2008/09 was a productive year with expenditure on charitable activities increasingly allocated to individual projects. A number of collaboratively funded projects commenced which in turn impacted on the number of invitations to tender issued and external consultants commissioned. The level of income for the year, aside from core funding as listed in the table below, rose accordingly with project specific funding matched against expenditure. A detailed breakdown of restricted funds is given in note 12.

A thorough review of ECU's Performance Review Policy was undertaken in early 2008, resulting in the implementation of a new salary band structure which took effect from 1 August 2008. This greatly assisted the recruitment of new staff to vacancies in 2008 and with a number of new staff commencing in post, learning and development activities were scheduled accordingly. Training activities undertaken in 2008/09 included presentation skills, dealing with the media, facilitating and chairing skills and effective report writing. Core training in health and safety was also rerun to bring new staff up-to-date.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

Aside from salary and project costs, other key expenditure was incurred within the areas of information technology and ongoing initiatives, specifically website and CRM development and ECU's conference. Although the conference was a fee-paying event, the budget was deliberately calculated to take account of the fact that a large percentage of the costs incurred were attributable to project launches, specifically publications, the new website and the prototype for Heidi. It is envisaged that large-scale events of this nature will be cost neutral in the future.

In relation to fees paid out to the external PR agency, Candlestar Ltd, the level of support required continued to decline over the last quarter and ceased altogether at the end of March 2009.

Involvement in European training initiatives by the Chief Executive in 2007/08 and 2008/09 brought in approximately £6,000. It was decided that this income should be used by ECU staff to develop links with other European universities seeking to promote equality and diversity. One proposal, submitted in December 2008 and relating to furthering ongoing work on degree attainment and ethnicity, therefore culminated in a visit by two members of ECU staff to the universities of Utrecht, Amsterdam and Oslo in May 2009.

The Audit and Risk Committee was re-established and met in January 2009. Key items on the agenda included terms of reference, reserves and investment policy and risk assessment. The Committee will meet three times a year in January, June and October to allow reporting to the quarterly Board meetings.

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
HEFCW	£44,784	Monthly	£3,732
Department for Employment and Learning, Northern Ireland (DELNI)	£17,532	Monthly	£1,461
Universities UK (UUK)	£77,892	Quarterly	£19,473
GuildHE	£9,732	Quarterly	£2,433
Scottish Funding Council (SFC)	£20,000	Annually	£20,000

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

* Funding for the DEP ended in December 2008. However, in light of findings from a recent evaluation of the Partnership undertaken by Oakleigh Consulting, HEFCE agreed to extend the funding to each of the three organisations concerned for the period January to July 2009. A further grant of £62,000 to ECU was therefore awarded.

Investment policy

The Audit and Risk Committee, which met on 8 January 2009, agreed that an Ethical Investment Policy be drafted and presented, together with options for investment elsewhere, to the Board. This will take place at the Board meeting scheduled for 9 July 2009 at which the 2008/09 Annual Report and Financial Statements will be formally approved.

Reserves and financial position

The balance sheet shows general funds of £603,881 (2008 - £385,784) and designated funds of £103,186 (2008 - £230,000), all of which are unrestricted. £35,253 (2008 - £68,373) of the general funds balance represents the charity's tangible fixed assets, which are not convertible into cash with ease, leaving free reserves of £568,628 (2008 - £317,411). This is in line with the policy of retaining free reserves should ECU not continue to be funded beyond 2010. These funds, if required, are considered to be adequate, but not excessive.

PLANS FOR FUTURE PERIODS

Future funding

The funding levels set in 2006 will remain until 31 December 2010. In January 2009 an independent evaluation of ECU, led by HEFCE and undertaken by consultants from Price Waterhouse Coopers (PWC), commenced. The main project objective is to evaluate ECU against a number of predetermined criteria and make recommendations as to the future role, remit and funding of the Unit. PWC is due to report in June 2009.

Signed on behalf of the Trustees by:

John Brooks

Trustee

Approved by the Board on: 9 July 2009

Independent auditors' report to the members of ECU

We have audited the financial statements on pages 15 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 17 and 18.

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 ECU 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 ECU'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 2009

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of ECU's state of affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985;
- ◆ the 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; and
- ◆ 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

13 July 2009

Statement of financial activities Year to 31 March 2009

	Notes	Unrestricted funds £	Restricted funds £	Total 2009 £	Total 2008 £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
. Interest receivable		28,154	—	28,154	29,137
Incoming resources from charitable activities					
. Promotion of equality	1	1,169,726	268,585	1,438,311	1,310,166
Other incoming resources		2,967	—	2,967	27,342
Total incoming resources		<u>1,200,847</u>	<u>268,585</u>	<u>1,469,432</u>	<u>1,366,645</u>
Resources expended					
Charitable activities					
. Promotion of equality		1,044,136	242,339	1,286,475	1,172,625
Governance costs		64,610	—	64,610	31,544
Total resources expended	2	<u>1,108,746</u>	<u>242,339</u>	<u>1,351,085</u>	<u>1,204,169</u>
Net incoming resources for the year before transfers	3	92,101	26,246	118,347	162,476
Transfer between funds	12	(818)	818	—	—
Net movement in funds		92,101	26,246	118,347	162,476
Balances brought forward at 1 April 2008		615,784	14,404	630,188	467,712
Balances carried forward at 31 March 2009		<u>707,067</u>	<u>41,468</u>	<u>748,535</u>	<u>630,188</u>

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 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Tangible fixed assets	6		35,253		68,373
Debtors: receivable after more than one year	8		46,486		45,713
Current assets					
Debtors	7	85,347		44,275	
Cash at bank and in hand		761,952		659,041	
			847,299	703,316	
Creditors: amounts falling due within one year	9	(137,240)		(143,951)	
Net current assets			710,059		559,365
Total assets less current liabilities			791,798		673,451
Creditors: amounts falling due after one year	10		(43,263)		(43,263)
Total net assets			748,535		630,188
Represented by:					
Funds and reserves					
<i>Income funds</i>					
Unrestricted funds					
. General fund			603,881		385,784
. Designated funds	11		103,186		230,000
Restricted funds	12		41,468		14,404
			748,535		630,188

Approved by the Trustees and signed on their behalf by:

John Brooks

Trustee

Approved on: 9 July 2009

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.

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 ECU 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 ECU 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 £	2009 Total £	2008 Total £
HEFCE	967,608	202,774	1,170,382	1,073,980
SFC	20,000	—	20,000	20,000
HEFCW	44,784	—	44,784	44,784
DELNI	17,532	—	17,532	17,532
GuildHE	9,732	—	9,732	9,732
UUK	77,892	—	77,892	77,892
UK Resource Centre for Women	—	38,388	38,388	28,090
Royal Society	—	2,000	2,000	—
HEA	—	—	—	30,312
Human European Consultancy	3,510	—	3,510	2,844
University of Wolverhampton	—	—	—	5,000
LFHE (Governing bodies)	—	17,423	17,423	—
ASRA & CUBO * (Accommodation handbook)	—	6,000	6,000	—
AMSU & NUS ** (Students Union Publication)	—	2,000	2,000	—
Biennial Conference	28,668	—	28,668	—
	1,169,726	268,585	1,438,311	1,310,166

* Association for Student Residential Accommodation/College & University Business Officers.

** Association for Managers in Students' Union/National Union of Students.

2 Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	2009 Total £
Charitable activities – promotion of equality	584,531	467,504	234,440	1,286,475
Governance costs	47,410	17,200	—	64,610
	631,941	484,704	234,440	1,351,085

	2009 Total £	2008 Total £
Analysis of support costs		
Rent, rates and storage	139,711	140,300
Repairs	13,317	24,164
Insurance	3,337	3,286
Other premises costs	12,495	10,352
General office administration	15,669	42,508
Professional expenses	12,407	31,115
Depreciation	36,501	35,656
Other costs	1,003	1,500
	234,440	288,881

2 Analysis of total resources expended (continued)

	2009	2008
	Total	Total
Analysis of governance costs:	£	£
Staff costs	47,410	19,975
Audit fees	7,461	7,226
Trustees' indemnity insurance	1,785	2,360
Board development	3,614	—
Trustees' travel expenses	4,340	1,983
	64,610	31,544

3 Net incoming resources for the year before transfers

This is stated after charging:

	2009	2008
	£	£
Staff costs (note 5)	631,941	652,995
Operating lease rentals	197	197
Auditors' remuneration - audit	7,461	7,226
- other services	1,500	1,504
Depreciation (note 6)	36,501	35,656

4 Taxation

ECU 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

	2009	2008
	£	£
Staff costs during the period were as follows:		
Wages and salaries	506,378	510,079
Social security costs	42,969	44,394
Other pension costs	68,530	79,456
Total permanent staff costs	617,877	633,929
Temporary staff	14,064	19,066
	631,941	652,995

5 Staff costs and Trustees' remuneration (continued)

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

	2009	2008
Promotion of equality	7.6	9.1
Support	3.5	3.1
Governance	0.5	0.2
	11.6	12.4

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

	2009	2008
£110,001 - £120,000	1	1

No Trustee received any remuneration in respect of their services as a trustee during the year. Travelling and subsistence expenses of £4,705 (2008 - £2,303) were reimbursed to 12 Trustees (2008 - 9 Trustees) during the year of which £4,340 has been charged to governance and £365 to charitable activities.

The Trustees purchased indemnity insurance at a cost of £1,785 (2008 - £2,360) 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 2008	14,771	31,168	91,765	137,704
Additions	—	—	3,381	3,381
At 31 March 2009	14,771	31,168	95,146	141,085
Depreciation				
At 1 April 2008	9,847	13,602	45,882	69,331
Charge for year	4,923	7,792	23,786	36,501
At 31 March 2009	14,770	21,394	69,668	105,832
Net book value				
At 31 March 2009	1	9,774	25,478	35,253
At 31 March 2008	4,924	17,566	45,883	68,373

Notes to the financial statements 31 March 2009

7 Debtors

	2009 £	2008 £
Trade debtors	49,840	9,045
Prepayments and other debtors	35,507	35,230
	85,347	44,275

8 Debtors: receivable after more than one year

	2009 £	2008 £
Prepayments and other debtors	46,486	45,713

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	50,136	35,415
Social security and other taxes	14,031	13,303
Other creditors	9,051	14,327
Accruals and deferred income	64,022	80,906
	137,240	143,951

10 Creditors: amounts falling after one year

	2009 £	2008 £
Other creditors	43,263	43,263

11 Designated funds

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

	At 1 April 2008 £	New designations £	Transfers £	At 31 March 2009 £
Equality data project	230,000	—	(126,814)	103,186
	230,000	—	(126,814)	103,186

12 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 2008 £	Incoming resources £	Resources expended £	Transfer from unrestricted funds £	At 31 March 2009 £
Disabled student remit	9,021	152,355	(149,802)	—	11,574
Athena SWAN	—	38,388	(38,388)	—	—
Degree attainment	383	—	(496)	113	—
Survey of E&D officers	5,000	—	(2,500)	—	2,500
Governing bodies	—	17,424	(18,129)	705	—
Race Forum	—	27,000	(500)	—	26,500
Royal Society	—	2,000	(2,000)	—	—
Accommodation handbook	—	6,000	(6,000)	—	—
RAE 2008	—	23,419	(23,419)	—	—
Students' Union Publications	—	2,000	(1,106)	—	894
	14,404	268,586	(242,340)	818	41,468

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 Athena SWAN Charter Coordinator (0.6 FTE) and the Athena element of the work undertaken by the full-time Unit Support Officer. 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 HEA funded by DIUS and managed by ECU. Funding was received from the HEA in 2007/08 and totalled £36,250. On completion of this project, the remaining funds of £5,938 were returned to the HEA.

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 and the work commenced in 2008/09.

Governing bodies – a project jointly funded by ECU and the LFHE. The total project costs are estimated to be £80,000 of which the LFHE has committed to contributing 50%.

12 Restricted funds (continued)

Race Forum - a project jointly funded by ECU and HEFCE. The total project costs are estimated to be £260,370 of which £127,000 will be funded by HEFCE's Leadership Governance and Management fund.

RAE 2008 - a project undertaken by ECU at the request of HEFCE. The total project costs are estimated to be £50,000 which will be solely funded by HEFCE.

Disabled Student Strategy - HEFCE funding for work undertaken by ECU which is specific to disabled students. A total grant of £62,000 has been confirmed for the period January to July 2009. This supersedes funding for the Disabled Student Remit by HEFCE, which ceased at the end of December 2008, and for which funding in 2007 and 2008 is detailed in the table on page 11.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2009 £	Total 2008 £
Fund balances at 31 March 2009 are represented by:				
Tangible fixed assets	35,253	—	35,253	68,373
Debtors: recoverable after more than one year	46,486	—	46,486	45,713
Current assets	802,935	44,364	847,299	703,316
Creditors: amounts falling due within one year	(132,496)	(2,896)	(137,240)	(143,951)
Creditors: amounts falling due after one year	(43,263)	—	(43,263)	(43,263)
Total net assets	707,067	41,468	748,535	630,188

14 Leasing commitments

Operating leases

At 31 March 2009 ECU had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £	Other £	Total £
Operating leases which expire:			
Within two to five years	85,146	197	85,343

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 2008. 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 4.4% per annum, salary increases would be 4.3% 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 3.3% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.1% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 4.3% per annum (also plus an allowance for increase in salaries due to age and promotion) and pensions would increase by 3.3% 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 £28,843 million and the value of the past service liabilities was £40,619 million indicating a deficit of £11,777 million. The assets therefore were sufficient to cover 71% of the benefits which had accrued to Members after allowing for expected future increase in earnings.

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 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 71% 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 104%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16.0% 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.

16 Pensions (continued)

Universities Superannuation Scheme (continued)

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the charity was £68,530 (2008 - £79,456). The contribution rate payable by ECU was 14% of pensionable salaries.

Following a triennial actuarial valuation of USS, a brief summary of the main results was circulated in January 2009, in advance of the report being made available to all USS institutions. This included notification that the employer's contribution rate is scheduled to increase to 16% of salary from 1 October 2009. The employers and the members are currently discussing ways in which the scheme can remain attractive and affordable and these discussions may lead to scheme changes which could affect the contribution rates. However, in anticipation that the increase goes ahead, ECU's budget for salary costs from 1 October 2009 to the end of the current funding period of the Unit has been adjusted accordingly.