

**Equality
Challenge
Unit**

**Annual Report and Financial
Statements**

31 March 2011

Company Limited by Guarantee
Registration Number
05689975 (England and Wales)

Charity Registration Number
1114417

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Reference and administrative information

Trustees	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 Jennifer Share Barbara Stephens OBE David G Williams
Company Secretary	Juliet Adams
Chief Executive	David Ruebain
Registered office	7 th Floor Queens House 55/56 Lincoln's Fields London, WC2A 3LJ
Company registration number	05689975 (England and Wales)
Charity registration number	1114417
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	The Co-op Bank 62-64 Southampton Row Holborn London, WC18 4ND
Solicitors	Mills & Reeve LLP Francis House 112 Hills Road Cambridge CB2 1PH

Trustees' report 31 March 2011

The Trustees present their statutory report together with the financial statements of Equality Challenge Unit ('ECU') for the year ended 31 March 2011.

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 05689975. 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 year were as follows:

Trustee

Professor Janet Beer
Professor Chris Brink
Professor John Brooks
Dr M Felicity Cooke
Professor Tariq Durrani OBE
Christina McAnea
Professor Paul Olomolaiye
Professor Colin Riordan
Jennifer Share
Barbara Stephens OBE
David G Williams

No Trustee received any remuneration for services as a trustee (2010 – none). Travelling and subsistence expenses of £4,559 (2010 - £4,684) were reimbursed to 10 Trustees (2010 – 11 Trustees) during the year.

Recruitment and appointment

Six of the current Trustees were initially recruited via national advertisement, two in January 2006, three in April 2008 and one in December 2008. Following the July 2011 meeting, ECU will have three vacancies for Trustees, one nominated place and two standard places. Recruitment is ongoing.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Induction and training

On appointment, Trustees receive a range of information including ECU's programme for the current year, the current strategic plan and funding agreement, the annual report and financial statements for the previous year, minutes from the most recent Board meetings and dates for future meetings.

Each year an externally facilitated development session is held to allow for discussion and debate about the strategic direction and priorities of ECU. This last took place in November 2010.

Statement of Trustees' responsibilities

The Trustees (who are also directors of ECU for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

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

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of Trustees' responsibilities (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Organisation

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

ECU's CEO 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.

Sue Cavanagh was interim CEO from 1 September 2009 to 31 May 2010. David Ruebain commenced as CEO from 1 June 2010.

The main responsibilities of the Audit and Risk Committee are to monitor and review the effectiveness of the risk management, control and governance arrangements, review the Audit aspects of the financial statements, consider and advise the Board on the appointment and terms of reference of the external auditors, review the nature and scope of the external audit process, advise the Board on requirements in respect of internal audit, monitor the performance and effectiveness of external and internal audit, ensure all significant losses are properly investigated and receive and consider any relevant reports from the National Audit Office. The Audit and Risk Committee met in June and October 2010 and January 2011.

The Articles of Association were reviewed to incorporate changes imposed by the Companies Act 2006, specifically the traditional format of the Memorandum and Articles as two documents changing to a single composite document. In addition other changes were considered at Board level, in particular the requirement to hold an AGM, the way in which directors are nominated, period of office for Board members and the Chair, and maximum period of eligibility for reappointment. The updated Articles were filed at Companies House in October 2010.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

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 reviewed by the Senior Management Team on a monthly basis and at each Audit and Risk Committee meeting, held three times per year. It is then presented at each Board meeting, held quarterly, and each Funders' Forum, held twice yearly. A facilitated risk management workshop took place in June 2010 and risk management is one of the areas earmarked for internal audit in 2011.

OBJECTIVES AND ACTIVITIES

ECU's mission is to work to further and support equality and diversity for staff and students in higher education across all four nations of the UK.

The Strategic plan for 2011-2013 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

1. To position the work of ECU in light of the dramatically changing economic and funding environment to assist institutions in meeting these challenges;
2. To assist institutions in embedding the requirements and ambitions of equality legislation within the higher education sector, in particular the Equality Act 2010 and the abolition of the default retirement age;
3. To work with institutions to develop strategies and methodologies to transform systemic or cultural practices and approaches which unfairly exclude, marginalise or disadvantage individuals or groups; and
4. To progress the development of methods to gather and use evidence of, and data on, equality and diversity within the higher education sector at a national and local level.

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 above are largely focused on working with the higher education sector. The ultimate beneficiaries are the staff and students working within this sector.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The overwhelming majority of projects in the 2010 programme were completed successfully and those few remaining have been carried over into 2011. The 2011 programme falls under four broad headings: evolve, assist, transform and understand (which each relate to one objective described above).

Projects completed or under way in the year ended 31 March 2011 are set out below:

Evolve (objective 1)

- ◆ Equality impact of the new student funding arrangements - analysis of the potential impacts on protected characteristics of the new fees and funding arrangements for higher education (HE).
- ◆ Governing bodies and diversity - an exploration of the diversity within governing bodies and supporting governors' development needs in relation to equality.

ECU has worked jointly with the Leadership Foundation for Higher Education (LFHE) to scope this project which will culminate in the publication of a briefing on equality legislation for governing bodies. In addition, a joint call is being disseminated using the governors' JISC mail list to find out more about initiatives to diversify governing bodies in the sector.

- ◆ Admissions and underrepresented groups - working with key admissions stakeholders to develop a good practice model of admissions informed by student experiences and the requirements of the Equality Act 2010.
- ◆ Equality and the Research Excellence Framework (REF) - supporting institutions, REF assessment units, panels and subpanels to understand their obligations to equality and ensure the widest possible range of submissions.

ECU has developed the equality section of the REF guidance and is in the process of developing a legal guidance for panel chairs and panel secretaries. Training is planned for delivery in 2012 and 2013 which ECU will be contributing to.

Assist (objective 2)

- ◆ Managing flexible retirement and extended working lives - collaboration with Oxford Brookes University to address issues following the removal of the default retirement age and proposed flexible approaches to retirement and extended working lives.

A survey has been completed that assessed the position that higher education institutions (HEIs) have adopted in relation to retirement, requests to work beyond retirement, and numbers of staff employed post-65 years of age. Results will be published by Oxford Brookes University and an effective practice guide and seminars are planned.

- ◆ Evaluating Disability Equality Schemes in England - research to evaluate the impact of Disability Equality Schemes in HEIs in England in preparation for the new public sector equality duty.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Assist (objective 2) (continued)

This is in response to the Higher Education Funding Council for England (HEFCE's) publication 'Outcomes of HEFCE review of its policy as it relates to disabled students' (December 2009). ECU appointed the Learning Skills Network to undertake this research. The researchers identified 21 HEIs to participate and the research tools developed are in the process of being piloted. Guidance will be published in mid-2011.

- ◆ Equality Act briefings and seminars - advice on the sector's legal obligations under the Equality Act 2010 and its use as a foundation to promote effective equality and diversity practice.

ECU continues to liaise with the Government Equalities Office and the Equality and Human Rights Commission as different parts of the Act are brought into force to assess the implications for the HE sector. ECU ran four events in England to brief the sector on the implications of the new specific duties and also released a briefing highlighting the requirements of the new public sector equality duty in England.

- ◆ Addressing the gender pay gap in Welsh institutions - assistance in taking action to address the pay gap, focusing on instances of occupational segregation.

Transform (objective 3)

- ◆ Athena SWAN - developing the recognition scheme and promoting innovation and good practice in employment for women in science, engineering and technology.

There are now 54 members of the Charter from across the UK. All new awards forms and guidance have been finalised and published and awards workshops were held in February for those intending to submit applications. From 2011 there will be two awards rounds as opposed to one.

A review of the impact of Athena SWAN is being undertaken by ECU and the UK Resource Centre for Women in Science, Engineering and Technology (UKRC) and the possibility of extending the methodology to other equality areas is being explored. Research is underway on existing schemes with the intention of identifying any gaps.

- ◆ Improving the black and minority ethnic (BME) staff experience - research and interventions addressing equality issues experienced by BME staff.

The second stage of this research is being undertaken by the Centre for Higher Education Research and Information at the Open University and the Centre for Higher Education and Equity Research at the University of Sussex. Research has been completed and the final report received. ECU will produce targeted guidance encouraging changes in institutional policies and practices to provide a positive working environment and equal opportunities for BME staff. A launch event will be held later in 2011.

- ◆ Mainstreaming: equality at the heart of HE - research and development of effective tools to mainstream equality into the core processes of institutions in the Scottish sector.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Transform (objective 3) (continued)

Following a tender exercise BSV Associates were appointed to undertake the research into effective mainstreaming tools. An initial report is to be published in early 2011. Action learning sets around three HEIs processes involving staff from different Scottish HEIs are being established with the assistance of the Scottish Liaison Group. These will be trialled in 2011.

- ◆ Lesbian, gay and bisexual (LGB) equality - identifying successful initiatives that have made a difference to the lives of LGB staff and students in HE.

Using qualitative investigatory techniques, this project will establish the most effective steps HEIs have taken to improve the experience of LGB staff and students, building on the evidence base of the LGB staff and student experience established by ECU in 2008.

Understand (objective 4)

- ◆ heidi equality - work with the Higher Education Statistics Agency (HESA) to develop and promote the heidi equality tool and a programme of user training for the HE sector.

The new version of heidi was released in March. Additional training events to support the sector in using heidi as a tool for benchmarking and evidencing equality work are planned.

- ◆ Equality in higher education: statistical report 2011 - an overview of the equality challenges facing HE to help institutions prioritise action and resources to bring about change.

This annual statistical report is published in October each year and draws on the previous but one academic year HESA database.

- ◆ Equality key performance indicators - developing and promoting the use of equality indicators to help institutions meet the specific regulations underpinning the public sector equality duty.
- ◆ Progressing equality objectives and outcomes - supporting HEIs to build on work achieved under previous public sector duties and move towards setting and meeting new equality objectives.

A session on equality objectives was included at each of ECU's Equality Act events. A guidance publication and case studies are being developed.

In addition, the following activities ensure ECU's timely and effective communications with the sector:

- ◆ Web resources
Up-to-date equality news for HE, publications, inclusive practice case studies from the sector and information on all ECU projects and activities.
- ◆ Advice service
An advice service to respond to enquiries from HEIs on equality matters.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of activities (continued)

Understand (objective 4) (continued)

- ◆ Equalitylink
Monthly email bulletin keeping the sector updated on relevant equality and diversity developments and issues.
- ◆ National conference
The theme for the biennial conference in 2010 was 'Accelerating equality' and it was held in London on 17/18 November. Planning for the 2012 biennial conference is underway.
- ◆ Liaison Groups, seminars and meetings
Three Liaison Groups are operational in Northern Ireland, Scotland and Wales.

FINANCIAL REVIEW

Financial report for the year

2010/11 has seen a great deal of activity for ECU. The new Chief Executive commenced in post in June 2010 and work immediately started on the new strategic plan for 2011/13.

Core funding was re-profiled to include the Scottish Funding Council (SFC) as ECU significantly expanded its activities and service delivery in Scotland from September 2010. ECU's support for the Scottish sector will also include a number of Scotland-specific projects, developed in consultation with the Scottish Liaison Group, for which it will receive a further £60,000 per annum from SFC.

Separately, negotiations regarding the development of ECU services to support the further education (FE) sector in collaboration with Scotland's Colleges are underway and an ECU proposal for one year's funding from August 2011 has been approved.

In addition a number of income generation activities commenced in the latter part of 2010 and progressing this agenda will be a key priority moving forward. The main activities under this heading can be summarised as: reducing expenditure by identifying cost savings to existing business procedures and by sharing services; exploring opportunities for public and the third sector funding; exploring European Union and other international funding opportunities; undertaking bespoke equality work for institutions; providing services to private and for-profit providers of HE; and providing services to the FE sector (see above). ECU's target is to generate non-core income equivalent to at least 15% of core income annually from all non-core income generating sources. Taking into account all non-core income generating sources in 2010/11, ECU exceeded this target with all non-core income totalling 20.8% of core income. As the income generation concept is relatively new and activities still in their infancy, only 15% has so far been incorporated into the budget to reflect this additional income stream, although projections suggest that ECU could generate non-core income up to approximately 25% of core income in 2011/12.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

Following the withdrawal of the majority of UKRC's funding from the Department for Business, Innovation and Skills (BIS) and the subsequent significant reduction in its contribution to Athena SWAN, the existing funding arrangements for the Charter ceased at the end of March 2011. Approaches for funding have been made to a number of other organisations, academies and societies, including HEFCE, which have proved successful and UKRC has managed to negotiate transition funding from BIS, of which a small proportion may be committed to Athena SWAN. Other funding opportunities will continue to be explored in 2011/12.

Pay awards in August 2010 were greatly reduced due to the financial climate within the sector which in turn impacted on the overall salary budget.

A role evaluation and pay benchmarking exercise was undertaken by Incomes Data Services (IDS) in December 2010, following which a small scale restructure commenced. This has now concluded and the new structure will be implemented from June 2011. Aside from IDS's fees, additional advice was sought from HR professionals, lawyers and an Equality Impact Assessment undertaken by an equality consultancy.

The majority of these costs were incurred during 2010/11 with the 2011/12 budget providing for remaining expenditure relating to redundancy payments, outplacement advice and recruitment advertising. Some key learning and development activities will also be scheduled following the restructure to ensure that the staff team is fully equipped to deliver the 2011/13 strategy, undertake bespoke service requests and work with the FE sector in Scotland.

ECU's lease was due for renewal at the end of March 2011. Although other premises were considered, in the end favourable terms were negotiated for a five-year lease with a three-year break option and an annual saving of £10,000 per annum secured. A space on the ground floor of Queens House may become available later in 2011 and ECU has already expressed an interest in relocating from the seventh floor should this be the case. The £80,453 designated in 2010/11 for costs associated with dilapidations and relocation had ECU moved from Queens House therefore remain for the time being in the event that a move to the ground floor is successful.

In relation to projects, activity remained high, particularly for projects funded by the designated statistical fund, the majority of which has now been spent. Any projects under spent due to unforeseen delays and changes to project briefs once projects were underway have been reallocated to 2011/12. Projects incurring significant expenditure in 2010/11 included: the biennial conference in November 2010; Athena SWAN; BME staff in higher education, projects funded by the designated statistical fund; three key disability projects; and the religion and belief in HE project. The level of variance in relation to the overall project budget and actual spend was raised at Trustee level and it was agreed that project management would be added to the list of key areas earmarked for internal audit in 2011/12.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

Due to ongoing discussions with HEFCE following a Public Accounts Committee query regarding high cash balances held by some related bodies, including ECU, HEFCE initially withheld its final quarterly instalment (invoice issued in January 2011) with a view to re-profiling the funding contributions to ECU, whilst not affecting the overall funding envelope. Following ECU's submission of a cash flow forecast for the 12 month period commencing April 2011, this instalment was released and received in June 2011.

The Chief Executive continues to undertake some international consultancy work, the fees for which are paid direct to ECU.

The agreed core funding totals per calendar year remain as below:

Funding body	Total per annum £	Frequency
HEFCE	£938,506	Quarterly
Higher Education Funding Council for Wales (HEFCW)	£57,933	Quarterly
Department for Employment and Learning, Northern Ireland (DELNI)	£23,173	Quarterly
Universities UK (UUK)	£77,890	Quarterly
GuildHE	£9,740	Quarterly
SFC	£139,038	Quarterly

Investment policy

An ethical investment policy was presented to the Audit and Risk Committee in January 2010 and subsequently accepted by the Trustees at their meeting, also in January 2010. The policy ensures that all investments made directly by ECU are socially responsible. Specifically it requires that any investments:

- i. Align with ECU's missions, aims and objectives, and those of its funders;
- ii. Avoid conflicts of interest and minimise risk;
- iii. Take account of social, environmental and ethical considerations; and
- iv. Are made in consultation with the Audit and Risk Committee and follow Charity Commission guidance.

These are currently held in a guaranteed investment deposit account at the same bank as ECU's current account.

Reserves and financial position

The balance sheet shows general funds of £554,195 (2010 - £640,555) and designated funds of £94,102 (2010 - £122,869), all of which are unrestricted. £19,311 (2010 - £27,942) of the general funds balance represents the charity's tangible fixed assets, which are not convertible into cash with ease, leaving free reserves of £534,884 (2010 - £612,613).

FINANCIAL REVIEW (continued)

Reserves and financial position (continued)

A reserves policy was agreed at the Audit and Risk Committee in June 2010 which provides that ECU should hold a sum on deposit equivalent to four months operating costs (£400,000), excluding ring-fenced project funds. The funds should be held on deposit and invested in accordance with the ECU's Ethical Investment Policy. These are currently held in a guaranteed investment account at the same bank as ECU's current account.

PLANS FOR FUTURE PERIODS

Future funding

Whereas previously all six funders signed one funding agreement, three separate agreements exist for the new funding period, one for the four funding councils and two separate ones for UUK and GuildHE.

In September 2010 ECU significantly expanded activities and service delivery into Scotland and the funding contributions from 2011 were re-profiled to reflect the full inclusion of SFC. The funding levels set in 2011 remain until 31 December 2013 at which point they will be reviewed in line with the outcomes of the next review of ECU scheduled to take place in 2013. The terms of reference for this review will be revisited in 2011 and determined by the Funders Forum in consultation with ECU. As long as ECU continues to have the support of the sector by the time of the review, it is HEFCE's intention to continue funding until 2015.

HEFCE and the other funding bodies anticipate that ECU will seek income from other sources to supplement the grant paid by them to ECU. As long as ECU works within its constitution, the Funders agree that ECU will set this agenda in using funding from external sources outside core funding. As a result, work to progress the income generation agenda is an ongoing priority at ECU and a standard agenda item at SMT, Trustee and Funder's Forum meetings. A leaflet marketing ECU's bespoke services has also been disseminated sector wide.

Signed on behalf of the Trustees by:



Prof John Brooks

Trustee

Approved by the Board on: 7 JULY 2011

Independent auditor's report to the members of Equality Challenge Unit

We have audited the financial statements of Equality Challenge Unit for the year ended 31 March 2011 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

The Trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Annual Report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Independent auditor's report 31 March 2011

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

13 July 2011

Statement of financial activities Year to 31 March 2011

	Notes	Unrestricted funds £	Restricted funds £	Total 2011 £	Total 2010 £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
. Interest receivable		1,553	—	1,553	2,120
Incoming resources from charitable activities					
. Promotion of equality	1	1,240,327	236,985	1,477,312	1,318,739
Other incoming resources	2	3,046	—	3,046	82,553
Total incoming resources		<u>1,224,926</u>	<u>236,985</u>	1,481,911	<u>1,403,412</u>
Resources expended					
Charitable activities					
. Promotion of equality		1,263,180	170,787	1,433,967	1,254,823
Governance costs		96,873	—	96,873	68,190
Total resources expended	3	<u>1,360,053</u>	<u>170,787</u>	1,530,840	<u>1,323,013</u>
Net movement in funds	4	(115,127)	66,198	(48,929)	80,399
Balances brought forward at 1 April 2010		<u>763,424</u>	<u>65,510</u>	828,934	<u>748,535</u>
Balances carried forward at 31 March 2011		<u>648,297</u>	<u>131,708</u>	780,005	<u>828,934</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 2011

	Notes	2011 £	2011 £	2010 £	2010 £
Tangible fixed assets	7		19,311		27,942
Debtors: receivable after more than one year	8		37,500		—
Current assets					
Debtors	9	326,074		154,894	
Cash at bank and in hand		517,700		797,668	
		843,774		952,562	
Creditors: amounts falling due within one year	10	(120,580)		(151,570)	
Net current assets			723,194		800,992
Total net assets			780,005		828,934
Represented by:					
Funds and reserves					
<i>Income funds</i>					
Unrestricted funds					
. General fund			554,195		640,555
. Designated funds	11		94,102		122,869
Restricted funds	12		131,708		65,510
			780,005		828,934

Approved by the Trustees and signed on their behalf by:



Prof. John Brooks
Trustee

Approved on: 7 July 2011

Company Registration Number 05689975 (England and Wales)

Principal accounting policies 31 March 2011

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. 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.

Principal accounting policies 31 March 2011

Fund accounting

The unrestricted 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 £	2011 Total £	2010 Total £
HEFCE	960,332	117,001	1,077,333	1,082,618
SFC	61,346	33,654	95,000	20,000
HEFCW	48,071	—	48,071	44,784
DELNI	18,940	—	18,940	17,532
GuildHE	9,734	—	9,734	9,732
UUK	77,892	—	77,892	77,892
UKRC (Athena SWAN)	—	38,830	38,830	34,730
Royal Society (Athena SWAN)	—	15,000	15,000	—
LFHE (Governing bodies)	—	—	—	24,323
Biennial Conference	54,441	—	54,441	2,084
Royal Society (Athena SWAN awards ceremony)	—	2,500	2,500	2,000
AUA * (Equality Act)	—	—	—	1,544
CUBO ** (Inclusive building design)	—	—	—	1,500
LFHE (Achieving equality for disabled staff)	—	12,500	12,500	—
HEFCE & HEFCW (Using data)	—	17,500	17,500	—
Disability support services review	5,625	—	5,625	—
Fee based income	3,946	—	3,946	—
	1,240,327	236,985	1,477,312	1,318,739

*Association of University Administrators

**College & University Business Officers

2 Other incoming resources

	2011 Total £	2010 Total £
Charitable rate relief	—	80,453
Other income	3,046	2,100
	3,046	82,553

A claim to Camden Council for charitable rate relief was successful and was applied retrospectively to the date of charity registration in May 2006. A sum of £80,453 was credited accordingly in the financial statements for the year ended March 2010.

3 Analysis of total resources expended

	Staff costs (note 6) £	Other direct costs £	Support costs £	2011 Total £
Charitable activities – promotion of equality	685,613	544,050	204,304	1,433,967
Governance costs	79,677	17,196	—	96,873
	765,290	561,246	204,304	1,530,840

	2011 Total £	2010 Total £
Analysis of support costs		
Rent, rates and storage	114,472	146,365
Repairs	12,128	15,590
Insurance	3,473	3,236
Other premises costs	11,913	11,787
General office administration	14,489	15,874
Professional expenses	34,747	32,071
Depreciation	12,055	31,576
Other costs	1,027	1,118
	204,304	257,617

	2011 Total £	2010 Total £
Analysis of governance costs:		
Staff costs	79,677	53,591
Staff related costs	337	—
Audit fees	8,336	7,653
Trustees' travel expenses	5,558	5,137
Trustees' indemnity insurance	2,041	1,809
Board development	924	—
	96,873	68,190

4 Net movement in funds

This is stated after charging:

	2011 £	2010 £
Staff costs (note 6)	765,290	677,211
Operating lease rentals		
- land and buildings	88,495	86,527
- other	197	197
Auditors' remuneration		
- audit	8,336	7,653
- other services	2,493	1,974
Depreciation (note 7)	12,055	31,576

Notes to the financial statements 31 March 2011

5 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.

6 Staff costs and Trustees' remuneration

	2011 £	2010 £
Staff costs during the year were as follows:		
Wages and salaries	616,167	547,050
Social security costs	52,171	45,076
Other pension costs	96,952	83,072
Total permanent staff costs	765,290	675,198
Temporary staff	—	2,013
	765,290	677,211

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

	2011	2010
Promotion of equality	9.1	7.5
Support	4.0	4.9
Governance	1.3	0.7
	14.4	13.1

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

	2011	2010
£70,001 - £80,000	1	—

No Trustee received any remuneration in respect of their services as a trustee during the year (2010 – none). Travelling and subsistence expenses of £4,559 (2010 - £4,684) were reimbursed to 10 Trustees (2010 - 11 Trustees).

The Trustees purchased indemnity insurance at a cost of £2,041 (2010 - £1,809) for the year. The policy provides indemnity for the Trustees' executive and professional liability to a limit of £1,000,000.

Notes to the financial statements 31 March 2011

7 Tangible fixed assets

	Computer equipment £	Office furniture and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 April 2010	24,266	31,168	95,146	150,580
Additions	3,424	—	—	3,424
At 31 March 2011	<u>27,690</u>	<u>31,168</u>	<u>95,146</u>	<u>154,004</u>
Depreciation				
At 1 April 2010	—	29,184	93,454	122,638
Charge for year	9,229	1,981	845	12,055
At 31 March 2011	<u>9,229</u>	<u>31,165</u>	<u>94,299</u>	<u>134,693</u>
Net book value				
At 31 March 2011	<u>18,461</u>	<u>3</u>	<u>847</u>	<u>19,311</u>
At 31 March 2010	<u>24,266</u>	<u>1,984</u>	<u>1,692</u>	<u>27,942</u>

8 Debtors: receivable after more than one year

	2011 £	2010 £
Rent deposit	37,500	—

9 Debtors

	2011 £	2010 £
Amounts due from HEFCE	234,627	—
Trade debtors	32,404	46,009
Prepayments and other debtors	59,043	108,885
	<u>326,074</u>	<u>154,894</u>

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	75,602	55,078
Social security and other taxes	16,216	13,404
Other creditors	18,349	52,859
Accruals and deferred income	10,413	30,229
	120,580	151,570

11 Designated funds

In previous years, the Trustees allocated funds to the equality data project which was included as an objective of the Strategic Plan. In addition, funds received as a result of a claim for charitable rate relief were designated to a relocation and dilapidations fund.

	At 1 April 2009 £	New designations £	Utilised in year £	At 31 March 2010 £
Equality data project	42,416	—	(28,767)	13,649
Relocation and dilapidations	80,453	—	—	80,453
	122,869	—	(28,767)	94,102

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 2010 £	Incoming resources £	Resources expended £	At 31 March 2011 £
Athena SWAN (Royal Society)	—	15,000	—	15,000
Athena SWAN (UKRC)	—	38,830	(38,830)	—
BME staff in HE	64,708	47,001	(53,759)	57,950
Athena SWAN awards ceremony (Royal Society)	—	2,500	(2,500)	—
RAE 2008	802	—	(179)	623
Achieving equality for disabled staff (LFHE)	—	12,500	(12,500)	—
Disability Equality schemes	—	70,000	(25,519)	44,481
Specific projects	—	33,654	(20,000)	13,654
Using data	—	17,500	(17,500)	—
	65,510	236,985	(170,787)	131,708

Major restricted funds

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 was jointly managed by ECU and UKRC in 2010/11, with ECU initially responsible for the costs of the Charter, including the salary and other employment costs of the Senior Policy Adviser with responsibility for Athena and the Athena element of any work undertaken by other ECU colleagues. UKRC reimbursed 50% of these costs on a quarterly basis. Different funding arrangements will be explored in 2011/12.

BME staff in HE

A project jointly funded by ECU and HEFCE. The total project costs are estimated to be £260,370 of which £127,000 has been funded by HEFCE's leadership governance and management fund. The final instalment of £47,000 was received in 2010/11.

Achieving equality for disabled staff

A £12,500 contribution from LFHE to this overall project budget of circa £40,000 was received in 2010/11.

Disability Equality Schemes

Specialist disability project funding from HEFCE's widening participation fund totalling £70,000.

12 Restricted funds (continued)

Using data

Specialist disability project funding from HEFCE's widening participation fund totalling £30,398 which includes a 5% contribution from HEFCW.

Specific projects

Specific funding from SFC's Horizon Fund for Universities for Scottish projects selected by the Scottish Liaison Group, totalling £60,000 per year.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2011 £	Total 2010 £
Fund balances at 31 March 2011 are represented by:				
Tangible fixed assets	19,311	—	19,311	27,942
Debtors: recoverable after more than one year	37,500	—	37,500	—
Current assets	712,066	131,708	843,774	952,562
Creditors: amounts falling due within one year	(120,580)	—	(120,580)	(151,570)
Total net assets	648,297	131,708	780,005	828,934

14 Leasing commitments

Operating leases

At 31 March 2011 ECU had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £	Other £	2011 Total £	2010 Total £
Operating leases which expire:				
Within one year	—	—	—	86,527
Within two to five years	75,000	197	75,197	197

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.

16 Pensions (continued)

Universities Superannuation Scheme (continued)

In relation to the government's plans to introduce changes to restrict the tax relief available to members of registered pension schemes, due to come into force with effect from April 2011, the trustee company has been in discussions with the employer and member representatives within the Joint Negotiating Committee on the options that could be put in place by USS to assist members in mitigating or eliminating the new tax charge. The changes have now been agreed and are due to be implemented in autumn 2011, the exact date to be confirmed. Some of the changes affect current members, others impact employees who join the scheme from the implementation date.

It is the trustee board's wish to implement the proposed arrangements at the earliest opportunity in order to ensure that members affected by what are very significant changes to the pensions tax rules are provided with options which will help in limiting the impact of any new tax liability.

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 2011. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the charity was £96,952 (2010 - £83,072). The contribution rate payable by ECU was 16% of pensionable salaries.