

REGISTRAR OF COMPANIES

Equality Challenge Unit

Annual Report and Financial Statements

31 March 2017

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

Charity Registration Number
1114417

Scottish Charity Registration Number
SC043601

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Reference and administrative information

Trustees	Prof Cara Aitchison Margaret Ayers Prof Janet Beer Prof Stuart Croft (appointed 20 October 2016) Chantal Davies Patrick Johnson Prof Geoff Layer Victoria Lowry (appointed 27 April 2017) Michael MacNeil (resigned 7 July 2016) David Malcolm (resigned 27 April 2017) Donna Rowe Merriman (appointed 1 July 2016) Prof Jane Norman Prof Colin Riordan (resigned 7 July 2016) Prof Nigel Seaton Prof Hilary Lappin Scott (appointed 20 October 2016) Rosemary Stamp (resigned 7 July 2016) Prof Mary Stuart
Company Secretary	Juliet Adams
Chief Executive	David Ruebain
Registered office	1st Floor Westminster Tower 3 Albert Embankment London, SE1 7SP
Company registration number	05689975 (England and Wales)
Charity registration number	1114417
Scottish charity registration number	SC043601
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Bankers	The Co-op Bank 60 Kingsway Holborn London, WC2B 6DS

Reference and administrative information

Solicitors

Mills & Reeve LLP
Botanic House
100 Hills Road
Cambridge
CB2 1PH

The Trustees present their statutory report together with the financial statements of Equality Challenge Unit ('ECU') for the year ended 31 March 2017.

This report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 22 of the attached financial statements and comply with ECU's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

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 as a charity in England and Wales under registration number 1114417 and, on 28 November 2012, ECU registered as a charity with the Office of the Scottish Charity Regulator, registration number SCO43601.

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	Appointed / resigned
Professor Cara Aitchison	
Margaret Ayers	
Professor Janet Beer	
Professor Stuart Croft	Appointed 20 October 2016
Chantal Davies	
Patrick Johnson	
Professor Geoff Layer	
Michael MacNeil	Resigned 7 July 2016
David Malcolm	Resigned 27 April 2017
Donna Rowe Merriman	Appointed 1 July 2016
Professor Jane Norman	
Professor Colin Riordan	Resigned 7 July 2016
Professor Hilary Lappin Scott	Appointed 20 October 2016
Professor Nigel Seaton	
Rosemary Stamp	Resigned 7 July 2016
Professor Mary Stuart	

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees (continued)

No Trustees received any remuneration for services as a trustee (2016 – none). Travelling and subsistence expenses of £3,857 (2016 - £3,145) were reimbursed to 11 Trustees (2016 – 11 Trustees) during the year.

Recruitment and appointment

Four of the current Trustees were initially recruited via advertisement and nine via nominations from GuildHE/Universities UK (UUK) (five), Universities Human Resources, National Union of Students (NUS), Universities Scotland and Joint Negotiating Committee for Higher Education Staff. The board rotates annually in July. ECU currently has no vacancies for board members.

Induction and training

On appointment, Trustees receive a range of information including ECU's current strategic plan, the Articles of Association, the annual report and financial statements for the previous year, minutes from the most recent Board meetings and dates for future meetings. New Board members also meet with the Chief Executive (CEO) of ECU.

Each year a Board development session is held to allow for discussion and debate about the strategic direction and priorities of ECU. This last took place in October 2016.

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 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ 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

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of Trustees' responsibilities (continued)

- ◆ 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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.

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 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. The Board of Trustees met in April, July and October 2016 and January 2017.

The Audit and Risk Committee met in April and June 2016, following which its remit expanded and the Finance, Audit and Risk Management (FARM) Committee met in October 2016 and January 2017. The main duties of the Committee include advising the board on financial strategy and overseeing implementation of this, considering proposed budgets and the management accounts, reviewing the draft annual financial statements and the subscription offer/charging policy, monitoring and reviewing the effectiveness of the risk management, control and governance arrangements, and reviewing the audit aspects of the financial statements

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Organisation (continued)

The Remuneration Committee and Nominations Committee meet as required, usually on a virtual basis, and decisions taken are reported at board.

Key management personnel

Key management personnel comprise the Trustees and the charity's senior management team. There is a senior management team (SMT) of four, comprising the CEO, Head of Resources, Deputy CEO/Head of Policy and External Relations and Head of Equality Charters. SMT meets fortnightly and notes are circulated to all staff.

The remuneration of SMT is reviewed and approved by the Remuneration Committee, which is a sub-committee of the Board of Trustees. Remuneration is set with reference to industry benchmarks.

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 those risks.

The three key risks in 2016/17 were: i) increased exposure of Athena SWAN due to increased uptake and profile; ii) failure to meet operating costs and the reserves policy; and iii) inability to recruit and retain adequate numbers of suitably skilled staff.

The risk register is reviewed by the SMT every two months and at each FARM Committee meeting, held quarterly. It is then presented at each Board meeting, also held quarterly.

OBJECTIVES AND ACTIVITIES

ECU's mission is to work to further and support equality and diversity of the staff and students in higher education (HE) across all four nations of the UK, and in further education (FE) in Scotland. The current strategy expires at the end of 2021.

Objectives

1. Provide tools for practitioners to confidently address inequality and foster a community of practice to support knowledge exchange, building on expertise within universities and colleges and collectively promote equality, diversity and inclusion;
2. Identify and address existing or emerging and complex equality challenges so as to enhance the experience and knowledge of those who work and study in universities and colleges;
3. Emphasise the importance of equality, diversity and inclusion, including improving the quality, performance and reputations of universities and colleges; and

OBJECTIVES AND ACTIVITIES (continued)

Objectives (continued)

4. Respond to the needs of our funders and servers, grow and extend our impact inside and outside the UK to bring new insights and also raise the awareness of ECU's work thereby increasing the impact of our work with UK institutions.

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 HE sector across all four nations of the UK and the FE sector in Scotland. The ultimate beneficiaries are the staff and students within these sectors.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The annual programme of projects falls under four broad headings: empower, lead, promote, and strengthen.

A selection of the projects completed or under way in the year ended 31 March 2017 is set out below:

Empower (objective 1)

- ◆ Dignity at work sessions – Building on ECU's knowledge and expertise in the area of bullying and harassment to deliver a series of dignity at work training sessions for ECU subscribers.
- ◆ Meeting the Scottish specific duties – Enhancing performance of the public sector equality duty Scottish duties.

Lead (objective 2)

- ◆ Equality in higher education: statistical reports 2017 – Building on the 2016 reports to enable a year-on-year comparison of staff and student equality data for higher education institutions (HEIs).
- ◆ Athena Survey of Science, Engineering and Technology (ASSET) 2016 – Examining science, technology, engineering, maths and medicine (STEMM) academics' experiences, expectations and perceptions of gender equality in their respective disciplines and their institutions, from the recruitment process through to leadership.
- ◆ Increasing diversity: recruiting students from under-represented groups – Supporting HEIs in England, Northern Ireland and Wales that are seeking to increase the participation of under-represented equality groups within the student body.

ACHIEVEMENTS AND PERFORMANCE (continued)

Lead (objective 2) (continued)

- ◆ Transnational Education (TNE) project – With universities looking to TNE as the growth opportunity for their international activities, ECU is working together with HEGlobal and the HEI Staff Working Abroad group (chaired by Queen Mary University of London) to consider the 'human' elements of human resources for TNE.
- ◆ Attracting diversity: equality in student recruitment in Scottish HEIs and colleges – Developing student recruitment activity to open access to under-represented groups.
- ◆ Embedding equality in retention and success – Supporting the retention and success of protected characteristic groups.
- ◆ Supporting workforce diversity: progressing staff equality in colleges – Understanding and supporting the development of equality for college staff.

Promote (objective 3)

- ◆ Governing bodies, equality and diversity in Scottish HEIs and colleges: stage two – Promoting diversity within governing bodies and boards in Scottish institutions.

Strengthen (objective 4)

- ◆ Strategic mainstreaming of equality – Supporting institutions and the Scottish Funding Council (SFC) to mainstream equality into strategies and structures.

FINANCIAL REVIEW

Financial report for the year

The charity's total income for the year ended 31 March 2017 were £2,522,689 (2016 - £2,827,095). The net movement in funds was a decrease of £43,817 (2016 - increase of £123,739).

The primary focus for 2016/17 has been developing ECU's strategy for 2017-21, subscriber retention on renewal in January 2017 and preparing for ECU's move to new offices in July 2016.

Alongside these priorities, UUK established a working group in February 2016 to examine the higher education sector agency landscape and advise UUK on how the agencies could continue to support the sector. The group was asked to consult on, and undertake a review of, agencies' functions, services and infrastructure under specific terms of reference. ECU's CEO engaged with the UUK working group over the course of the review, including attending a number of meetings and workshops and providing various written representations, in consultation with the Chair. From the outset, ECU was determined to prioritise three points in responses and submissions to the review, these being (i) protecting and maintaining ECU's mission; (ii) endeavouring to meet the ambition of the review; and (iii) ensuring continued ability to meet commitments to all stakeholders (UK institutions and also colleges and others). The outcome of the review was published in a

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

report in January 2017, which made a number of recommendations, the pivotal one being that the core functions of the ECU, the Higher Education Academy (HEA) and the Leadership Foundation for Higher Education (LFHE) should be merged into a single body to create a new, more responsive and holistic sector agency, which would support institutions to meet strategic challenges as they relate to equality and diversity, learning and teaching, and leadership and governance. A transition group was established to help coordinate the delivery of the proposed merged body and has met monthly since its conception, with membership comprising an independent chair and the chairs of each of the three organisations.

At its meeting in October 2016, ECU's Board reviewed the initial proposal to merge in detail. They determined not to accept the proposal as detailed and further conversations subsequently took place at UUK's Board following which the proposal was iterated and three key provisions made regarding the new entity, these being (i) that it focus on enhancing organisational effectiveness by helping institutions to address strategic challenges as they relate to equality and diversity, leadership and governance, and teaching and learning; (ii) that it bring together the equality and diversity related services offered by HEA and LFHE in to the ECU as the strategic equality and diversity function of the new agency; and (iii) that it retain ECU's identity. These revised proposals were agreed by ECU's Board on 26, January 2017.

The transition group commissioned a scoping study to provide an initial view of each agency, undertake preliminary due diligence work, and collate other information and an outline business plan was reviewed by the group in May 2017. Consultation on, and communication of, the business plan and the new organisation is underway and a 'shadow board' will be created for the new organisation drawing from existing ECU, HEA and LFHE Board members. This is due to meet in July 2017 and will run alongside the existing Boards to determine the final business plan and progress the merger.

Meanwhile re-subscriptions levels were excellent, with 111 institutions in England and Northern Ireland subscribing out of a possible 132, up from the previous year's figure of 109 subscribers. On the basis of external professional advice on patterns of subscriber recruitment, attrition and growth consistent with general industry assumptions and principles that apply in the introduction of subscription schemes, ECU had projected a reduction in the number of subscribers after the first year of operating a subscription-based funding model in 2016, so this result was seen as a huge success.

ECU continues to develop its bespoke services work, focusing on the potential for work to lead to lasting change and growth and areas where there is strategic value in ECU's involvement. In 2016/17 this included work for the London School of Economics (LSE), the Higher Education Funding Council for England (HEFCE), LFHE, and Health Education East Midlands (HEEM). ECU formally established its training and learning team in July 2016 and it has since increased to four members, with recruitment of a number of freelance training associates ongoing.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

ECU's activities to further equality and diversity in the sector in 2016/17 comprised over 10 UK-wide and Scotland specific projects including related events and workshops, delivery of the Athena SWAN Charter and awards, production of publications, guidance and materials, provision of an advice service, website and communications and attendance at conferences.

In 2016/17 the Royal Society, Royal Academy of Engineering, Royal Society of Biology and the Academy of Medical Sciences commissioned ECU to design, implement and publish the 2016 version of ASSET, a UK-wide survey that examined the experiences, expectations and perceptions of gender equality in STEMM academia. The Survey covered six aspects of academics' working lives including data from 43 institutions and was managed by ECU for the first time. The results were published in a full report, summary, press release and a set of infographics. The findings will enable ECU to highlight where gender and other inequality persists and how it can be addressed, and provide figures on which to base national benchmarks and measure progress.

ECU's annual conference 2016: Connect, collaborate and share, took place at the Nottingham Conference Centre on 29 and 30 November 2016. The conference featured keynote speeches as well as 17 workshops and panels of papers over four learning sessions. ECU's strategic plan 2017-21 was also launched at the conference alongside the 2016 statistical reports on equality in higher education, governors' handbooks and the LFHE/ECU equality and diversity toolkit for governors. It was well attended with the majority of subscribers taking up their free place and feedback was positive.

Athena SWAN continues to gain traction in the UK and around the world. ECU representatives are in contact with stakeholders to discuss possibilities both for the expansion of the charter to funders and for affiliate models. The Higher Education Authority in Ireland (HEA in Ireland) has agreed to continue to fund Athena SWAN in Ireland for another three years at an increased level and the collaboration agreement with the Australian Academy of Science (AAS) to run a 36 month pilot of Athena SWAN in Australia is now in its second year. A number of opportunities to grow the charter beyond the UK, Ireland and Australia are being explored, including with the British Council, the Sasakawa Peace Foundation in Japan and the American Association for the Advancement of Science in the USA. Given the range of emerging activity being undertaken worldwide to address under-representation in STEMM academia and level of interest in Athena SWAN from higher education sectors in other countries, ECU explored convening an International Advisory Group to collectively harness and learn from what has been achieved to date to galvanise change and support the charter.

ECU's involvement in the GENDER-NET project, which is funded by the European Commission (EC) has concluded with the final instalment due. ECU receives more money for this project than anticipated, due to the impact of Brexit on the exchange rate. However, there was reticence among European partners to partner on future work with UK institutions following GENDER-NET due to the elevated risk which Brexit posed.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

A large piece of work initiated last financial year concluded in 2016/17 with ECU's move to new premises at Westminster Tower, Albert Embankment in Vauxhall on 8 July 2016. This followed an extensive period of research and discussion and has resulted in significant cost savings from those projected had ECU renewed its lease in Lincoln's Inn Fields and accepted the increase in rent and associated charges. Dilapidations negotiations also finally concluded, with surveyors reaching a settlement on the rent security deposit held at the previous premises of circa £37,000. Given the initial dilapidations claim was for £120,000 across both offices, this was a good result. This amount was in full and final settlement of all liabilities, the landlord having also agreed not to seek interim rent for the period during which ECU remained in situ beyond lease expiry, while the new premises were being refurbished. In Edinburgh ECU took on two more desks at NUS and there are now four members of the Scotland team working primarily from that office. One member of the research team, who is undertaking a PhD in Edinburgh, also operates from that office one day per week. Whilst costs have increased, accessibility is much improved from its previous location.

There continued to be increased staff turnover in 2016/17, with resignations averaging one per month, which focused efforts on recruitment. ECU was keen to stem the flow of staff leaving albeit that ECU had been able to recruit well to vacant posts notwithstanding that ECU had been open with candidates about the proposed merger. Exit interviews showed that there was a wide range of reasons for staff leaving. The annual staff away day took place at the end of May 2017 and was less work oriented, involving some in-house presentations and some external speakers, and a social event to bring the team together. ECU is also initiating a programme of in-house, organisation-wide staff training, including training delivered by the training and learning team, who also delivered a session at the away day.

In consultation with the Remuneration Committee, the annual pay award for 2016/17 comprised a 1.2% spine shift (cost of living), in line with the sector offer and a 3% incremental rise for all staff confirmed in post at 31 March 2016, who achieved 'effective' in their annual performance review.

It is worth mentioning the progress made in relation to debt recovery with 67% recovered of the initial debtors identified in October 2016. Of the debt remaining nearly all relates to Athena SWAN and the majority is for submission fees and awards ceremony charges of £500 or less. Given the reported appetite among the sector for an online payment system for this type and level of payment, this would be explored and progressed alongside further development of the customer relationship management system.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

One relevant matter is that, aside from specific monies paid to ECU pursuant to contracts for work successfully tendered, since the agreement to provide transitional funding ECU has not received any core or on-going funding from HEFCE. This appears to be in contrast to the position of some other agencies. Whatever the reasons, the effect is that ECU has had to rely more comprehensively on funding from its subscribers for its full range of activities, and this may have consequential implications for the level of fees required and/or ECU's ability to fund innovation and development. In addition, this may also result in the appearance of ECU being less efficient or offering less value for money.

Investment policy

An ethical investment 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 FARM Committee and follow Charity Commission guidance.

These are currently held in a commercial reserve bond maturity account at a different bank to ECU's current account.

Reserves and financial position

The balance sheet shows unrestricted funds of £756,979 (2016 - £730,089). £79,074 (2016 - £54,335) of the general funds balance represents the charity's fixed assets, which are not convertible into cash with ease, leaving free reserves of £677,905 (2016 - £675,754).

Free reserves are in line with ECU's reserves policy, which is to maintain free reserves equivalent to three months total operating costs (£641,627 at 31 March 2017) of the charity. This is in order to ensure that, in the event that the predominant risk to the organisation occurs (this being the withdrawal of core funding or other major loss of income), the charity has sufficient funds to ensure the orderly continuation of operation to close or acquire other funding sources, without risk of trading while insolvent. A proportion of the reserves are held on deposit in a separate account to the main operating funds of the charity with the remainder serving as working capital. Any investment of reserves will be in accordance with ECU's ethical investment policy.

PLANS FOR FUTURE PERIODS

Future funding


ECU continues to be successful in attracting a high level of subscriptions and that, together with growth in its other work, means that the organisation is well placed financially for 2017/18 and the proposed merger. A new three year funding agreement with HEA in Ireland has been secured and it is anticipated that this will be replicated in Scotland when the current agreement with the SFC expires in August 2018. In addition discussions with the Higher Education Funding Council for Wales (HEFCW) recently concluded with confirmation that they will renew their annual funding agreement for the academic year 2017/18 and there are a number of opportunities to expand Athena SWAN in both the UK and abroad in the pipeline. Lastly, the enhanced training and learning team means that ECU's capacity to offer bespoke training services will continue to grow and ECU is already well placed to submit bids for other bespoke work which aligns with its strategic priorities.

Signed on behalf of the Trustees by:



Trustee JANET BEER

Approved by the Board on:



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 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, 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), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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, and the charity's Trustees, as a body, in accordance with Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 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 Statement of Trustees' responsibilities set out in the Trustees' Report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Independent auditor's report Year to 31 March 2017

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 2017 and of 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended);
- ◆ in all material respects, income has been applied in accordance with the charity's statutes.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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; or
- ◆ the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



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

14 July 2017

Statement of financial activities Year to 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income and expenditure					
Income from:					
Charitable activities					
. Promotion of equality	1	2,305,722	202,068	2,507,790	2,823,182
Investments: Interest receivable		2,441	—	2,441	2,264
Other		12,458	—	12,458	1,649
Total income		2,320,621	202,068	2,522,689	2,827,095
Expenditure on:					
Charitable activities					
. Promotion of equality		2,293,731	272,775	2,566,506	2,703,356
Total expenditure	2	2,293,731	272,775	2,566,506	2,703,356
Net income (expenditure) and movement in funds	3	26,890	(70,707)	(43,817)	123,739
Funds reconciliation					
Balances brought forward at 1 April 2016		730,089	209,735	939,824	816,085
Balances carried forward at 31 March 2017		756,979	139,028	896,007	939,824

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.

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets	6		35,675		19,252
Intangible fixed assets	7		43,399		35,083
			<u>79,074</u>		<u>54,335</u>
Current assets					
Debtors	8	425,828		642,018	
Cash at bank and in hand		<u>1,532,572</u>		<u>1,351,548</u>	
		1,958,400		1,993,566	
Creditors: amounts falling due within one year	9	<u>(1,141,467)</u>		<u>(1,108,077)</u>	
Net current assets			<u>816,933</u>		<u>885,489</u>
Total net assets			<u>896,007</u>		<u>939,824</u>
The funds of the charity:					
<i>Income funds</i>					
<i>Unrestricted funds</i>					
General funds			756,979		730,089
Restricted funds	10		<u>139,028</u>		<u>209,735</u>
			<u>896,007</u>		<u>939,824</u>

Approved by the Trustees and signed on their behalf by:

Trustee

Approved on:

Janet Beer
6 July 2017

JANET BEER

Company Registration Number 05689975 (England and Wales)

Statement of cash flows 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	237,255	816,931
Cash flows from investing activities:			
Interest from investments		2,441	2,264
Purchase of tangible fixed assets		(39,506)	(16,560)
Purchase of intangible fixed assets		(19,166)	(35,083)
Net cash provided by (used in) investing activities		56,231	(49,379)
Change in cash and cash equivalents in the year		181,024	767,552
Cash and cash equivalents at 1 April 2016	B	1,351,548	583,996
Cash and cash equivalents at 31 March 2017	B	1,532,572	1,351,548

Notes to the statement of cash flows for the year to 31 March 2017

A Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	(43,817)	123,739
Adjustments for:		
Depreciation charge	33,933	19,945
Interest receivable	(2,441)	(2,264)
Decrease (increase) in debtors	216,190	(300,812)
Increase in creditors	33,390	976,323
Net cash provided by operating activities	237,255	816,931

B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,532,572	1,351,548
Total cash and cash equivalents	1,532,572	1,351,548

Principal accounting policies 31 March 2017

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

Basis of preparation

These financial statements have been prepared for the year to 31 March 2017.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

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

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

- ◆ The useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ The useful economic lives attributed to intangible fixed assets used to determine the annual amortisation charge;
- ◆ The allocation of support and governance costs between charitable expenditure categories; and
- ◆ Recoverability of debtors owing to ECU and the requirement for provisions against these at the year end.

Assessment of going concern

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

As noted in the Trustees' Report and note 16 to the financial statements, the charity is in negotiation with two other charities, HEA and LFHE, with a view to merging its assets, liabilities and operations with these two entities to form one higher education charity. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due up to the point of merger or, if the merger does not proceed, for a period of at least one year from the date of approval of these financial statements. In the case of merger, the charity's activities would be transferred as a going concern.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

Income recognition

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received. Income comprises subscriptions income, grant income, fees for services and interest receivable.

Annual subscriptions income is recognised when the subscriber has confirmed their subscription. Any subscription entitlement relating to future accounting periods is deferred.

Grant income is recognised when receivable. Grant 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.

Fees for services, including Athena SWAN submission fees, are recognised to the extent that the charity has performed the service. Any amounts received in advance of performance of the service are deferred.

Interest receivable is recognised on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure includes any attributable VAT which cannot be recovered.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs.

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.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of provision of office services and equipment and a suitable working environment and support services including finance, HR and IT.

Governance costs comprise costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

All support costs and governance costs are allocated to the promotion of equality.

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%

Intangible fixed assets

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

Amortisation is provided on intangible fixed assets on a straight line basis over five years, being an estimate of their useful economic life.

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

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 unrestricted general funds comprise those monies which may be used towards meeting the charitable objectives of ECU at the discretion of 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), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The charity is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

1 Income from charitable activities – promotion of equality

	Unrestricted fund £	Restricted funds £	2017 Total £	2016 Total £
Subscription income (England & NI)	1,274,875	—	1,274,875	228,750
HEFCE	—	—	—	858,325
SFC	498,000	—	498,000	416,853
UUK	45,131	—	45,131	60,392
HEFCW	60,325	—	60,325	57,311
Department of Employment and Learning in Northern Ireland	—	—	—	7,379
GuildHE	—	—	—	7,305
Bespoke services income	34,655	—	34,655	27,945
Athena SWAN (Royal Society)	—	20,000	20,000	20,000
Conference	17,300	—	17,300	(350)
Specific projects (SFC)	—	—	—	30,480
Further education colleges (SFC)	—	—	—	46,000
Athena SWAN (Department of Health)	—	—	—	36,605
Athena SWAN (Membership fee)	66,000	—	66,000	332,750
Athena SWAN (Award ceremony attendance charges)	15,984	—	15,984	12,975
Athena SWAN (Submission fees)	189,917	—	189,917	60,250
Athena SWAN (Pfizer)	—	—	—	9,750
Athena SWAN (Department for Business, Innovation and Skills)	53,667	—	53,667	8,000
Athena SWAN (Research institutes membership fees)	—	—	—	40,000
Athena SWAN (HEA Ireland)	—	96,751	96,751	61,347
Athena SWAN (AAS)	—	50,261	50,261	59,583
Athena SWAN (Wellcome Trust)	—	—	—	15,342
GENDER NET (EC)	—	35,056	35,056	—
Learning and Development (LSE)	6,875	—	6,875	5,500
E&D Good Practice Fund (Skills Funding Agency, (SFA))	—	—	—	309,651
Training Providers (Skills Development Scotland)	—	—	—	18,063
BME research project (HEEM)	750	—	750	20,962
Qualitative research (University of Brighton)	—	—	—	5,048
HERAG Conference fees	7,485	—	7,485	5,590
PDA implementation (Scottish Qualifications Authority)	—	—	—	3,125
Modern apprenticeships	—	—	—	16,200
HEA (Scotland work)	—	—	—	11,915
Race Equality Charter (HEI membership fees)	2,000	—	2,000	4,000
E&D in HE Conference	—	—	—	8,323
Unconscious bias training (NHS Scotland)	—	—	—	7,813
E&D tool for governors (LFHE)	7,920	—	7,920	—
Innovative practice (HEFCE)	24,838	—	24,838	—
2017 Total funds	2,305,722	202,068	2,507,790	2,823,182
2016 Total funds	2,071,365	751,817	2,823,182	

2 Analysis of total expenditure

	Staff costs (note 5) £	Other direct costs £	Support costs £	2017 Total £
Charitable activities – promotion of equality	1,651,882	542,054	372,570	2,566,506
2017 Total funds	1,651,882	542,054	372,570	2,566,506
2016 Total funds	1,521,596	818,073	363,687	2,703,356

	2017 Total £	2016 Total £
Analysis of support costs		
Rent, rates and storage	150,164	143,650
Repairs and dilapidations	(4,590)	92,440
Insurance	1,724	6,799
Other premises costs	15,356	15,706
Bookkeeping	15,439	13,627
General office administration	11,873	19,844
Professional expenses	32,316	32,206
Depreciation and amortisation	33,934	19,945
Other costs	98,062	1,737
Governance costs (see below)	18,293	17,733
	372,570	363,687

	2017 Total £	2016 Total £
Analysis of governance costs:		
Staff related costs	194	131
Audit fees	8,950	8,800
Trustees' travel expenses	4,823	5,474
Trustees' indemnity insurance	1,346	1,346
Board and staff development	2,980	1,982
	18,293	17,733

3 Net movement in funds

This is stated after charging:

	2017 £	2016 £
Staff costs (note 5)	1,651,882	1,521,596
Operating lease rentals	84,252	111,332
- land and buildings		
- other	—	197
Auditor's remuneration	8,950	8,800
- audit		
- other services	—	4,285
Depreciation (note 6)	23,084	19,945
Amortisation (note 7)	10,850	—

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

	2017 £	2016 £
Staff costs during the year were as follows:		
Wages and salaries	1,286,467	1,228,847
Social security costs	131,769	107,534
Other pension costs	216,086	180,475
Total permanent staff costs	1,634,322	1,516,856
Temporary staff	17,560	4,740
	1,651,882	1,521,596

The average number of employees (full time equivalent basis) during the year was as follows:

	2017	2016
Promotion of equality	28.9	26.5
Support	4.0	4.4
	32.9	30.9

The average number of employees during the year was 34 (2016 – 34).

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

	2017	2016
£60,001 - £70,000	—	1
£100,001 - £110,000	1	1

5 Staff costs and Trustees' remuneration (continued)

No Trustee received any remuneration in respect of their services as a trustee during the year (2016 – none). Travelling and subsistence expenses of £3,857 (2016 - £3,145) were reimbursed to 11 Trustees (2016 - 11).

The Trustees purchased indemnity insurance at a cost of £1,346 (2016 - £1,346) for the year. The policy provides indemnity for the Trustees' executive and professional liability to a limit of £2,000,000 (2016 - £2,000,000).

Key management personnel comprise the Trustees and the charity's senior management team. The aggregate remuneration of key management personnel was £323,959 (2016 - £322,471).

6 Tangible fixed assets

	Computer equipment £	Office furniture and equipment £	Fixtures and fittings £	Leasehold improve- ments £	Total £
Cost					
At 1 April 2016	16,560	24,388	33,294	—	74,242
Additions	9,148	—	—	30,358	39,506
At 31 March 2017	25,708	24,388	33,294	30,358	113,748
Depreciation					
At 1 April 2016	5,520	18,767	30,703	—	54,990
Charge for year	8,570	2,810	1,295	10,409	23,084
At 31 March 2017	14,090	21,577	31,998	10,409	78,074
Net book value					
At 31 March 2017	11,618	2,811	1,296	19,949	35,675
At 31 March 2016	11,040	5,621	2,591	—	19,252

7 Intangible fixed assets

	Computer system Total £
Cost	
At 1 April 2016	35,083
Additions	19,166
At 31 March 2017	54,249
Amortisation	
At 1 April 2016	—
Charge for year	10,850
At 31 March 2017	10,850
Net book value	
At 31 March 2017	43,399
At 31 March 2016	35,083

8 Debtors

	2017 £	2016 £
Trade debtors	346,326	576,021
Rent deposit	42,126	37,600
Prepayments and other debtors	37,376	28,397
	425,828	642,018

9 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	41,664	20,392
Social security and other taxes	43,701	8,997
Other creditors	29,491	27,377
Accruals and deferred income	1,026,611	1,051,311
	1,141,467	1,108,077

Included within accruals and deferred income is deferred income totalling £991,811 as at 31 March 2017 (2016 - £907,917). The charity receives annual subscriptions for the calendar year. The subscriptions income relating to the period from April to December is deferred.

10 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 2016 £	Income £	Expenditure £	At 31 March 2017 £
HEFCE transitional funding	70,292	—	(70,292)	—
Athena SWAN				
Royal Society	—	20,000	(20,000)	—
HEA Ireland	50,935	96,751	(64,778)	82,908
AAS	17,342	50,261	(46,615)	20,988
Further education colleges (SFC)	30,089	—	(30,089)	—
GENDER-NET (EC)	19,592	35,056	(19,516)	35,132
E&D Good Practice Fund (SFA)	11,806	—	(11,806)	—
ASSET survey (Royal Academy of Engineering)	9,679	—	(9,679)	—
	209,735	202,068	(272,775)	139,028

Major restricted funds

HEFCE transitional funding – Expenditure incurred in connection with the transition from core funding to the subscriptions model was funded through a transitional grant from HEFCE.

Athena SWAN – In 2016/17, the Charter was funded by ECU, with support from the Royal Society, HEA in Ireland and AAS. The funding agreement with the HEA in Ireland commenced in May 2014, totalling €100,000 per annum for three years and this has just been renewed for a further three years at an increased sum. A collaboration agreement with the AAS was signed in September 2015 to work in partnership with ECU on launching a pilot of Athena SWAN in Australia and total funding over three years is £190,000.

FE colleges – SFC funding from college strategic funds for provision of equality and diversity support to Scottish colleges.

GENDER-NET – Funding from the EC for a project promoting gender equality, totalling €116,486 over three years. ECU is one of a number of European partners.

Equality and Diversity Good Practice Fund – ECU acted as a managing agent for this SFA fund for the academic year 2015/16. The role involved disbursing grants of up to £30,000 for projects, with a total budget of up to £750,000, including a management fee of just under £130,000.

ASSET survey – A number of organisations have committed funds on a one-off basis to the running of this project.

11 Analysis of net assets between funds

	Unrestricted general funds £	Restricted funds £	Total 2017 £	Total 2016 £
Fund balances at 31 March 2017 are represented by:				
Fixed assets	79,074	—	79,074	54,335
Current assets	1,819,372	139,028	1,958,400	1,993,566
Creditors: amounts falling due within one year	(1,141,467)	—	(1,141,467)	(1,108,077)
Total net assets	756,979	139,028	896,007	939,824

12 Leasing commitments***Operating leases***

At 31 March 2017 ECU had commitments under non-cancellable operating leases as follows:

	Land and buildings £	Other £	2017 Total £	2016 Total £
Operating lease payments due:				
Within one year	84,252	—	84,252	—
Within two to five years	70,210	—	70,210	—
	154,462	—	154,462	—

13 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.

14 Pensions***Universities Superannuation Scheme***

ECU participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. ECU is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2017, the percentage was 18% (2016: 16%). ECU is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £216,086 (2016 - £180,475) as shown in note 5. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

14 Pensions (continued)

Universities Superannuation Scheme (continued)

The latest actuarial valuation of the scheme was at 31 March 2014. 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 5.2% in year 1, decreasing linearly to 4.7% p.a. over 20 years; salary increases would be based on Consumer Price Index (CPI) in year 1, CPI + 1% in year 2 and Retail Price Index (RPI) + 1% per annum thereafter; and pensions would increase by in line with CPI each year.

Standard S1NA YoB mortality tables were used, with female members' mortality rated down by one year and no age rating adjustment made with respect to male members' mortality. Use of mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65: 24.2 (26.3) years

Males (females) currently aged 45: 26.2 (28.6) years

At the valuation date, the value of notional assets of the scheme was £41.6 billion and the value of the technical provisions was £46.9 billion indicating a deficit of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to Members after allowing for expected future increase in earnings.

As a consequence of this valuation, the Trustee determined, after a consultation period, a recovery plan to pay off the shortfall by 31 March 2031. This is being achieved partly by increasing employer contributions to the USS to 18% of pensionable salaries, from 16%, effective from 1 April 2016.

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 will be as at 31 March 2017. The contribution rate will be reviewed as part of each valuation. In the event that the charity leaves the scheme in the future, a liability would crystallise.

14 Pensions (continued)

Universities Superannuation Scheme (continued)

Contingent liabilities and assets

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet.

15 Related party transactions

Owing to the nature of the charity's operations and the composition of the Board of Trustees drawn from the higher education sector organisations it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the charity's normal procurement procedures.

16 Post balance sheet event

As at the date of approval of the financial statements, the charity is in negotiation with two other charities, HEA and LFHE, with a view to merging its assets, liabilities and operations with these two entities to form one higher education charity.