

# REGISTRAR OF COMPANIES

## Equality Challenge Unit

### Annual Report and Financial Statements

31 March 2018

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

<b>Trustees</b>	Prof Cara Aitchison (resigned 18 January 2018) Margaret Ayers (until 1 November 2017) Prof Janet Beer (resigned 6 July 2017) Prof Stuart Croft (Chair from 6 July 2017) Chantal Davies Patrick Johnson Prof Geoff Layer Victoria Lowry (appointed 27 April 2017 / resigned 15 December 2017) David Malcolm (resigned 27 April 2017) Prof Jane Norman Prof Nigel Seaton Prof Hilary Lappin Scott Prof Mary Stuart Donna Rowe-Merriman Prof Anthony Forster (appointed 6 July 2017) Alison Cross (appointed 1 November 2017)
<b>Company Secretary</b>	Juliet Adams
<b>Chief Executive</b>	David Ruebain
<b>Registered office</b>	1st Floor Westminster Tower 3 Albert Embankment London, SE1 7SP
<b>Company registration number</b>	05689975 (England and Wales)
<b>Charity registration number</b>	1114417
<b>Scottish charity registration number</b>	SC043601
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London, EC2V 6DL
<b>Bankers</b>	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

## Trustees' report 31 March 2018

The Trustees present their statutory report together with the financial statements of Equality Challenge Unit ('ECU') for the year ended 31 March 2018, being the final accounting period of the entity prior to the transfer of its activities and net assets to Advance HE (formerly Higher Education Academy), on 31 March 2018.

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 17 to 20 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	Resigned 18 January 2018
Margaret Ayers	Replaced by Alison Cross from 1 November 2017
Professor Janet Beer	Resigned 6 July 2017
Professor Stuart Croft	Appointed as Chair from 6 July 2017
Chantal Davies	
Patrick Johnson	
Professor Geoff Layer	
Victoria Lowry	Appointed 27 April 2017 / Resigned 15 December 2017
David Malcolm	Resigned 27 April 2017
Donna Rowe Merriman	
Professor Jane Norman	
Prof Anthony Forster	Appointed 6 July 2017
Professor Hilary Lappin Scott	
Professor Nigel Seaton	
Alison Cross	Appointed 1 November 2017
Professor Mary Stuart	

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Trustees (continued)**

No Trustee received any remuneration in respect of their services as a trustee during the year (2017 – none). Travelling and subsistence expenses of £3,242 (2017 - £3,857) were reimbursed to 7 Trustees (2017 - 11).

### **Recruitment and appointment**

Three 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.

### **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.

An annual Board development session is held when possible 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, November and December 2017 and January 2018.

The Finance, Audit and Risk Management (FARM) Committee met in April, June and December 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 2017/18 were: i) inability to permanently recruit and retain adequate numbers of suitably skilled staff; ii) inability of ECU to articulate future mission, purpose and position and deliver on this due to the outcome of the Bell Review merger process; and iii) increased exposure of equality charters due to increased uptake and profile.

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 objectives below are taken from the 2017-21 strategy.

### **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;



## **OBJECTIVES AND ACTIVITIES (continued)**

### **Objectives (continued)**

3. Emphasise the importance of equality, diversity and inclusion, including improving the quality, performance and reputations of universities and colleges; and
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. Given the merger and ongoing transition, the number of new projects has understandably been less in this financial year than previously.

A selection of the projects completed or under way in the year ended 31 March 2018 is set out below:

### ***Empower (objective 1)***

- ◆ ECU annual conference 2017 – The 2017 conference took place in November in Birmingham and focused on the themes of inclusivity, intersectionality and action. The conference provided a showcase for the work being undertaken to advance equality in HE across the UK. It also provided an opportunity for collaboration and sharing of experience, particularly in the context of new and emerging challenges.
- ◆ Specific duties of the public sector equality duty in England – Updated guidance on the specific duty requirements in England was produced, which reflected new gender pay reporting requirements in particular.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### ***Lead (objective 2)***

- ◆ Equality in higher education: statistical reports 2017 – ECU's tenth annual statistical reports were published. Using data from the Higher Education Statistics Agency (HESA), the reports provided a snapshot of the age, disability, ethnicity and gender of staff and students in HE for the 2015/16 academic year, as well as on the interplay of these identities (for example, female black students or male disabled staff). In addition, for the third consecutive year, the report presented information relating to institutional collection and return rates of gender reassignment, religion and belief and sexual orientation data. The reports presented high-level equality data to highlight national issues and support institutional benchmarking.
- ◆ Improving the experiences of trans staff and students – Advice was provided to support the HE sector and colleges in Scotland in implementing ECU guidance on trans staff and students.

### ***Promote (objective 3)***

- ◆ Promoting equality considerations in Research Excellence Framework (REF) 2021 – Provided leadership an analysis of the equality considerations and impact of REF 2021.
- ◆ Promoting equality considerations in Teaching Excellence Framework (TEF) – Provided leadership, guidance and analysis of the equality considerations and impact of TEF.

### ***Strengthen (objective 4)***

- ◆ Developing strategic equality impact assessments (EIAs) – Supported institutions in Scotland and the Scottish Funding Council (SFC) to develop effective EIAs in strategic policy and outcome agreements.
- ◆ ECU pursued and secured opportunities to grow the equality charters in allied sectors and jurisdictions, including in the UK and in Canada, Japan and the USA. This has been to the benefit of ECU's core work with UK institutions by subsidising subscriptions and allowing ECU to respond more powerfully to shared priorities as well as to more specific objectives.

## **FINANCIAL REVIEW**

### **Financial report for the year**

The charity's total income for the year ended 31 March 2018 amounted to £2,505,448 (2017 - £2,522,689). The net movement in funds was a decrease of £572,152 (2017 - decrease of £50,103), including the transfer of remaining funds of £76,468 to Advance HE, bringing funds to £nil at 31 March 2018.

## **FINANCIAL REVIEW (continued)**

### **Financial report for the year (continued)**

The primary focus of 2017/18 has been effecting the recommendations of the Bell Review and on 15 December 2017, the boards of the Leadership Foundation for Higher Education (LFHE) when ECU ratified to merge. The merger formally took place on 31 March 2018 and ECU and LFHE transferred their assets and liabilities into Advance HE (formerly HEA).

Re-subscription levels for the calendar year 2018 remained excellent and on a par with the previous year, at 111 institutions in England and Northern Ireland subscribing out of a possible 132.

### **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.

Up until 9 July 2018, these funds were held in a business savings account at Nationwide. The account is now closed and the majority of the funds have been transferred to the main Advance HE account at RBS.

### **Reserves and financial position**

The balance sheet shows total funds of £nil at 31 March 2018 (2017 - £433,124), with all funds having been transferred to Advance HE at this date.

## PLANS FOR FUTURE PERIODS

The future activities of the charity will be continued by Advance HE. ECU has continued to be successful in attracting a high level of subscriptions notwithstanding preparations for the merger. It was confirmed that ECU's annual funding agreement with the Higher Education Funding Council for Wales (HEFCW) would be renewed for the academic year 2018/19 in the context of the merger. Bids for continued funding from the SFC and the Higher Education Authority in Ireland (HEA in Ireland) were also successful for 2018-21. In addition, ECU entered into a two-year collaboration agreement with the Australian Academy of Science (AAS) from November 2017 and a licensing arrangement with the American Association for the Advancement of Science (AAAS) as part of the growth of the Athena SWAN Charter. Similar opportunities continue to be explored in other sectors in the UK and in Canada and Japan. ECU also secured funding for its participation in a four-year Horizon 2020 project to advance gender equality in HE across Europe. This was alongside other commissions for research and training.

UK HE has "turned the corner" on student perceptions of value for money, ending a five year downward trend, according to the results of this year's Higher Education Policy Institute/Advance HE student academic experience survey.

Signed on behalf of the Trustees by:

Trustee



Approved by the Board

STUART CROFT

27 July 2018.

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

**Opinion**

We have audited the financial statements of Equality Challenge Unit (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to 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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We draw attention to note 17 in the financial statements, which indicates that the activities, assets and liabilities of Equality Challenge Unit have transferred to Advance HE (formerly Higher Education Academy), a charitable company (Charity Registration Number 1101607; Company Registration Number 04931031), from midday on 31 March 2018. As stated in the accounting policies, that trustees have therefore not decided to prepare the financial statements on a going concern basis, given that the intention is to strike-off Equality Challenge Unit within a period of 12 months from the balance sheet date.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

## Independent auditor's report Year to 31 March 2018

### Matters on which we are required to report by exception (continued)

- ◆ 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



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

8 August 2018

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Statement of financial activities Year to 31 March 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 (Restated) £
<b>Income and expenditure</b>					
<b>Income from:</b>					
Charitable activities					
. Promotion of equality	1	2,254,622	232,443	2,487,065	2,507,790
Investments: Interest receivable		2,305	—	2,305	2,441
Other		16,078	—	16,078	12,458
<b>Total income</b>		<b>2,273,005</b>	<b>232,443</b>	<b>2,505,448</b>	<b>2,522,689</b>
<b>Expenditure on:</b>					
Charitable activities					
. Promotion of equality	2	2,797,907	203,225	3,001,132	2,572,792
Transfer to Advance HE*	17	(91,778)	168,246	76,468	—
<b>Total expenditure</b>		<b>2,706,129</b>	<b>371,471</b>	<b>3,077,600</b>	<b>2,572,792</b>
<b>Net expenditure and movement in funds</b>	3	<b>(433,124)</b>	<b>(139,028)</b>	<b>(572,152)</b>	<b>(50,103)</b>
<b>Funds reconciliation</b>					
Balances brought forward at 1 April 2017 (Restated)	18	433,124	139,028	572,152	622,255
Balances carried forward at 31 March 2018		—	—	—	572,152

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

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

\* At midday on 31 March 2018, the activities, together with the related assets, reserves and liabilities at that date, of Equality Challenge Unit have transferred to Advance HE (formerly Higher Education Academy), a charitable company (Charity Registration Number 1101607; Company Registration Number 04931031).



**Balance sheet 31 March 2018**

	Notes	2018 £	2018 £	2017 (Restated) £	2017 (Restated) £
<b>Fixed assets</b>					
Tangible fixed assets	6		—		35,675
Intangible fixed assets	7		—		43,399
			—		79,074
<b>Current assets</b>					
Debtors	8	—		425,828	
Cash at bank and in hand		—		1,532,572	
		—		1,958,400	
<b>Creditors:</b> amounts falling due within one year	9	—		(1,141,467)	
<b>Net current assets</b>			—		816,933
<b>Total assets less current liabilities</b>			—		896,007
Provisions for liabilities	10		—		(323,855)
<b>Total net assets</b>			—		572,152
<b>The funds of the charity:</b>					
<i>Income funds</i>					
Unrestricted funds					
. General funds			—		433,124
Restricted funds	11		—		139,028
			—		572,152

Approved by the Trustees and signed on their behalf by:

Trustee



STUART CROFT.

Approved on:

27 July 2018

Company Registration Number 05689975 (England and Wales)

## Statement of cash flows 31 March 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Net cash (used in) provided by operating activities	A	(749,583)	237,255
<b>Cash flows from investing activities:</b>			
Interest from investments		2,305	2,441
Purchase of tangible fixed assets		—	(39,506)
Purchase of intangible fixed assets		—	(19,166)
<b>Net cash provided by investing activities</b>		<b>2,305</b>	<b>56,231</b>
<b>Cash transferred to Advance HE on 31 March 2018</b>	17	<b>(785,294)</b>	<b>—</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(1,532,572)</b>	<b>181,024</b>
<b>Cash and cash equivalents at 1 April 2017</b>	B	<b>1,532,572</b>	<b>1,351,548</b>
<b>Cash and cash equivalents at 31 March 2018</b>	B	<b>—</b>	<b>1,532,572</b>

### Notes to the statement of cash flows for the year to 31 March 2018

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

	2018 £	2017 (Restated) £
<b>Net expenditure (as per the statement of financial activities)</b>	<b>(572,152)</b>	<b>(50,103)</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	33,933	33,933
Interest receivable	(2,305)	(2,441)
Decrease in debtors	425,828	216,190
(Decrease) increase in creditors	(1,141,467)	33,390
(Decrease) increase in provisions for liabilities	(323,855)	6,286
Transfer of tangible fixed assets to Advance HE	12,592	—
Transfer of intangible fixed assets to Advance HE	32,549	—
Transfer of cash at bank to Advance HE	785,294	—
<b>Net cash provided by operating activities</b>	<b>(749,583)</b>	<b>237,255</b>

#### B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	—	1,532,572
<b>Total cash and cash equivalents</b>	<b>—</b>	<b>1,532,572</b>

## **Principal accounting policies 31 March 2018**

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 2018.

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.

### **Transfer to Advance HE and assessment of going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. With effect from 31 March 2018, all activities, assets and liabilities of Equality Challenge Unit were transferred as a going concern to Advance HE (formerly HEA) a company limited by guarantee and a charitable company (Charity Registration Number 1101607; Company Registration Number 04931031). For this reason the trustees do not deem it appropriate to continue to adopt a going concern basis and therefore have prepared the accounts on a basis other than going concern.

### **Discontinued activities**

Income and expenditure in respect to activities transferred to Advance HE is classified as arising from discontinued activities in accordance with the requirements of Financial Reporting Standard 102 (FRS 102).

### **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:

**Critical accounting estimates and areas of judgement** (continued)

- ◆ 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;
- ◆ The quantification of the charity's liability in respect of future contributions under the USS pension deficit recovery plan; and
- ◆ Recoverability of debtors owing to ECU and the requirement for provisions against these, prior to the transfer of their value to Advance HE.

**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.

#### **Support and governance costs (continued)**

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 for the most part 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 majority of its contributions to the scheme as if it were a defined contribution scheme. It does however quantify as a provision its future liabilities in respect of the deficit recovery plan (see below).

### **Provisions for liabilities**

In line with other contributing employers in the sector, the charity is able to quantify its portion of the liability in relation to the 2.1% employer contributions it pays towards USS's 2015 deficit recovery plan. This liability is calculated each year using actuarial assumptions, and is recognised on the balance sheet as a provision. The movement on the liability year on year is presented in charitable activities expenditure.

### **Prior year adjustment**

Details of a prior year adjustment made to the accounts to recognise the provisions for liabilities is outlined in note 18 to the accounts.

**1 Income from charitable activities – promotion of equality**

	Unrestricted fund £	Restricted funds £	2018 Total £	2017 Total £
Subscription income (England & NI)	1,273,613	—	1,273,613	1,274,875
SFC	498,000	—	498,000	498,000
UUK	—	—	—	45,131
HEFCW	61,987	—	61,987	60,325
Bespoke services income	24,412	5,000	29,412	34,655
Bespoke training income	17,499	—	17,499	—
Athena SWAN (Royal Society)	500	—	500	20,000
Conference	44,360	—	44,360	17,300
Athena SWAN (Membership fee)	67,000	—	67,000	66,000
Athena SWAN (Award ceremony attendance charges)	13,060	—	13,060	15,984
Athena SWAN (Submission fees)	120,000	—	120,000	189,917
Athena SWAN (AAAS)	7,047	—	7,047	—
Athena SWAN (Department for Business, Innovation and Skills)	55,763	—	55,763	53,667
Athena SWAN (Japan)	7,752	—	7,752	—
Athena SWAN (HEA in Ireland)	—	115,238	115,238	96,751
Athena SWAN (AAS)	—	80,156	80,156	50,261
GENDER NET (EC)	—	32,049	32,049	35,056
Learning and Development (LSE)	—	—	—	6,875
Equality audit (Coventry University)	13,625	—	13,625	—
BME research project (HEE)	—	—	—	750
HERAG Conference fees	7,602	—	7,602	7,485
Race Equality Charter (HEI membership fees)	3,667	—	3,667	2,000
Promotion review in Ireland (HEA)	16,875	—	16,875	—
DAL (LFHE)	10,860	—	10,860	—
DL Sponsors (LFHE)	5,000	—	5,000	—
What works project (LFHE)	6,000	—	6,000	—
E&D tool for governors (LFHE)	—	—	—	7,920
Innovative practice (HEFCE)	—	—	—	24,838
<b>2018 Total funds</b>	<b>2,254,622</b>	<b>232,443</b>	<b>2,487,065</b>	<b>2,507,790</b>
<b>2017 Total funds</b>	<b>2,305,722</b>	<b>202,068</b>	<b>2,507,790</b>	

EC – European Commission

LSE – London School of Economics

HEE – Health Education England

HERAG – Higher Education Race Action Group

DAL – Diversifying Academic Leadership

DL – Diversifying Leadership

HEFCE – Higher Education Funding Council for England

## 2 Analysis of charitable activities expenditure

	Staff costs (note 5) £	Other direct costs £	Support costs £	2018 Total £
Charitable activities – promotion of equality	1,853,998	622,274	524,860	3,001,132
<b>2018 Total funds</b>	<b>1,853,998</b>	<b>622,274</b>	<b>524,860</b>	<b>3,001,132</b>
2017 Total funds	1,658,168	542,054	372,570	2,572,792

	2018 Total £	2017 Total £
<b>Analysis of support costs</b>		
Premises costs	138,219	162,654
Professional & administration costs	101,054	59,628
Depreciation and amortisation	33,933	33,933
Other costs	234,932	98,062
Governance costs (see below)	16,722	18,293
	<b>524,860</b>	<b>372,570</b>

	2018 Total £	2017 Total £
<b>Analysis of governance costs:</b>		
Staff related costs	—	194
Audit fees	9,200	8,950
Trustees' travel expenses	4,739	4,823
Trustees' indemnity insurance	1,353	1,346
Board and staff development	1,430	2,980
	<b>16,722</b>	<b>18,293</b>



### 3 Net movement in funds

This is stated after charging:

	2018 £	2017 (Restated) £
Staff costs (note 5)	1,853,998	1,658,168
Operating lease rentals - land and buildings	84,252	84,252
Auditor's remuneration - audit	9,200	8,950
- other services	3,600	—
Depreciation (note 6)	23,083	23,084
Amortisation (note 7)	10,850	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

	2018 £	2017 (Restated) £
Staff costs during the year were as follows:		
Wages and salaries	1,498,686	1,286,467
Social security costs	143,050	131,769
Other pension costs	206,931	222,372
Total permanent staff costs	1,848,667	1,640,608
Temporary staff	5,331	17,560
	1,853,998	1,658,168

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

	2018	2017
Promotion of equality	34.1	28.9
Support	3.6	4.0
	37.7	32.9

The average number of employees during the year was 41 (2017 – 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:

	2018	2017
£60,001 - £70,000	1	—
£90,001 - £100,000	1	—
£100,001 - £110,000	—	1

## 5 Staff costs and Trustees' remuneration (continued)

No Trustee received any remuneration in respect of their services as a trustee during the year (2017 – none). Travelling and subsistence expenses of £3,242 (2017 - £3,857) were reimbursed to 7 Trustees (2017 - 11).

The Trustees purchased indemnity insurance at a cost of £1,354 (2017 - £1,346) for the year. The policy provides indemnity for the Trustees' executive and professional liability to a limit of £2,000,000 (2017 - £2,000,000).

Key management personnel comprise the Trustees and the charity's senior management team. The aggregate remuneration of key management personnel was £357,019 (2017 - £349,904).

## 6 Tangible fixed assets

	Computer equipment £	Office furniture and equipment £	Fixtures and fittings £	Leasehold improve- ments £	Total £
<b>Cost</b>					
At 1 April 2017	25,708	24,388	33,295	30,358	113,749
Assets transferred to Advance HE*	(25,708)	(24,388)	(33,295)	(30,358)	(113,749)
At 31 March 2018	—	—	—	—	—
<b>Depreciation</b>					
At 1 April 2017	14,090	21,577	31,998	10,409	78,074
Charge for year	8,569	2,809	1,295	10,410	23,083
Assets transferred to Advance HE*	(22,659)	(24,386)	(33,293)	(20,819)	(101,157)
At 31 March 2018	—	—	—	—	—
<b>Net book value</b>					
At 31 March 2018	—	—	—	—	—
At 31 March 2017	11,618	2,811	1,297	19,949	35,675

\* further details relating to the net assets transferred to Advance HE are included in note 17.

## 7 Intangible fixed assets

	Computer system Total £
<b>Cost</b>	
At 1 April 2017	54,249
Assets transferred to Advance HE*	(54,249)
At 31 March 2018	—
<b>Amortisation</b>	
At 1 April 2017	10,850
Charge for year	10,850
Assets transferred to Advance HE*	(21,700)
At 31 March 2018	—
<b>Net book value</b>	
At 31 March 2018	—
At 31 March 2017	43,399

\* further details relating to the net assets transferred to Advance HE are included in note 17.

## 8 Debtors

	2018 £	2017 £
Trade debtors	—	346,326
Rent deposit	—	42,126
Prepayments and other debtors	—	37,376
	—	425,828

## 9 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	—	41,664
Social security and other taxes	—	43,701
Other creditors	—	29,491
Accruals and deferred income (see below)	—	1,026,611
	—	1,141,467

**9 Creditors: amounts falling due within one year (continued)**

Deferred income	2018 £	2017 £
Deferred income at 1 April 2017	991,811	907,917
Released during the year	(991,811)	(907,917)
Resources deferred in the year	1,011,348	991,811
Deferred income transferred to Advance HE	(1,011,348)	—
Deferred income at 31 March 2018	—	991,811

Included within accruals and deferred income is the above deferred income, which relates solely to subscriptions income. The charity receives annual subscriptions for the calendar year. The subscriptions income relating to the period from April to December is deferred.

**10 Provision for liabilities**

Obligation to fund past deficit on USS pension scheme	2018 £	2017 £
As at 1 April 2017	323,855	317,569
Movement in liability in the year	(44,737)	6,286
Liability transferred to Advance HE (see note 17)	(279,118)	—
As at 31 March 2018	—	323,855

**11 Restricted funds**

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

	At 1 April 2017 £	Income £	Expenditure £	Transfer to Advance HE £	At 31 March 2018 £
Athena SWAN					
HEA in Ireland	82,908	115,238	(71,117)	(127,029)	—
AAS	20,988	80,156	(64,927)	(36,217)	—
GENDER-NET (EC)	35,132	32,049	(67,181)	—	—
Joseph Rowntree Charitable Trust (JRCT)	—	5,000	—	(5,000)	—
	139,028	232,443	(203,225)	(168,246)	—

**Major restricted funds**

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 was then subsequently 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.

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.

JRCT – Funding forwards an analysis project of the findings from the Race Equality Charter.

## 12 Analysis of net assets between funds

	Unrestricted general funds £	Restricted funds £	Total 2018 £	2017 (Restated) £
<b>Fund balances at 31 March 2018 are represented by:</b>				
Fixed assets	—	—	—	79,074
Current assets	—	—	—	1,958,400
Creditors: amounts falling due within one year	—	—	—	(1,141,467)
Provisions for liabilities	—	—	—	(323,855)
<b>Total net assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>572,152</b>

## 13 Leasing commitments

### *Operating leases*

On 31 March 2018 ECU transferred the following commitments under non-cancellable operating leases for land and buildings to Advance HE:

	2018 Total £	2017 Total £
Operating lease payments due:		
Within one year	70,210	84,252
Within two to five years	—	70,210
	<b>70,210</b>	<b>154,462</b>

## 14 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.

## 15 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 2018, the percentage was 18% (2017: 18%). ECU, for the most part, 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. It does however quantify as a creditor its liability to future payments in respect of the deficit recovery plan (see note 10).

## 15 Pensions (continued)

### *Universities Superannuation Scheme (continued)*

The total cost charged to the profit and loss account is £206,931 (2017 - £222,372) 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.

The latest actuarial valuation of the scheme was at 31 March 2017. 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 Consumer Price Index (CPI) - 0.53% in year 1, decreasing linearly to CPI - 1.32% in years 1-10, CPI +2.56% p.a. in year 11 reducing linearly to CPI +1.7% p.a. beyond that point; salary increases would be based on CPI + 2.0%; 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 £60.0 billion and the value of the technical provisions was £67.5 billion indicating a deficit of £7.5 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 the 2014 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 2020. 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.

## 16 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.

## 17 Transfer to Advance HE

At midday on 31 March 2018, the activities, together with the related assets, reserves and liabilities at that date, of Equality Challenge Unit transferred to Advance HE (formerly Higher Education Academy), a charitable company (Charity Registration Number 1101607; Company Registration Number 04931031). The transferred assets and liabilities are as follows:

	£
Tangible fixed assets	12,592
Intangible fixed assets	32,549
Debtors	670,735
Cash at bank and in hand	785,294
Creditors due in less than one year	(1,145,584)
Provision for liabilities	(279,118)
Net assets transferred to Advance HE	76,468

The above transfer comprised £168,246 of restricted funds (note 11) and a deficit unrestricted fund balance of £91,778.

# 18 Prior year adjustment

In previous years the charity had not quantified as a liability its future obligations in respect of the USS pension scheme. To bring its treatment in line with Advance HE, and given a lack of clarification over previous assurance received from the scheme regarding a potential waiver / exemption from future liabilities, the charity has quantified an estimate of its liability for future contributions in respect of the USS pension scheme deficit recovery plan. This has resulted in a restatement of the opening funds position as at 1 April 2017, the net expenditure for the year ended 31 March 2017, and hence also the closing funds position as at 31 March 2017.

The impact of the adjustment on the fund balance is shown as follows:

	Unrestricted fund £	Restricted fund £	2017 Total funds £	2016 Total funds £
Fund balances brought forward at 1 April as previously stated	756,979	139,028	896,007	939,824
<b>Prior year adjustment:</b>				
Adjustment to account for the USS pension deficit recovery plan liability	(323,855)	—	(323,855)	(317,569)
<b>Fund balances brought forward at 1 April as restated</b>	<b>433,124</b>	<b>139,028</b>	<b>572,152</b>	<b>622,255</b>

The effect of the prior year adjustment on net expenditure for the year ended 31 March 2017 was as follows:

	2017 £
Net expenditure previously stated	(43,817)
<b>Prior year adjustment:</b>	
Adjustment to account for the movement on USS pension deficit recovery plan liability	(6,286)
<b>Net expenditure as restated</b>	<b>(50,103)</b>