

# Annual Report + Accounts

AdvanceHE

Year ended 31 July 2022



Company Registration Number: 04931031  
Registered Charity Numbers: 1101607 & SC043946

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# About Advance HE

Advance HE is an international, member-focused organisation and a UK registered charity that is dedicated to the development and enhancement of higher education for the benefit of students, staff and society.

By further developing expertise and new thinking, Advance HE can support institutions to meet the challenges of the present and evolving higher education sector landscape. We are experts in higher education with a particular focus on enhancing teaching and learning, effective governance, leadership development and tackling inequalities through our equality, diversity and inclusion work. We deliver support through professional development programmes and events, Fellowships, awards, student surveys, providing strategic change and consultancy services and through membership (including accreditation of teaching and learning, equality charters, research, knowledge and resources).

Using our expertise and sharing best practice, we work with our network of global associates and partners, and with people, providers and systems around the world to understand contexts and challenges, and deliver solutions with a member-focused, collaborative approach.

## Legal and Administrative Details

### Advance HE

Advance HE is a registered charity and company limited by guarantee incorporated in England.  
Company registration number: 04931031

### Charity registration numbers

England and Wales: 1101607    Scotland: SC043946

### Registered Office

Advance HE, Innovation Way, York Science Park, Heslington, York YO10 5BR

### Auditors

Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds LS1 4BN

### Bankers

The Royal Bank of Scotland Plc, Waterside Court, Chatham ME4 4RT

AIB Bank, XPO Box 114A, 100/101 Grafton Street, Dublin 2

Handelsbanken UK, 2nd Floor, Maple House, Clifton Park, Shipton Road, York YO30 5PB

### Solicitors

HGF LLP, Central Court, 25 Southampton Buildings, London WC2A 1AL

Mills and Reeves, 9th Floor, 1 New York Street, Manchester M1 4HD

## Board of Directors

The directors of the charitable company are its trustees for the purpose of charity law. The directors and officers who served during the year and up to the date of signature of this report were as follows:

Stephen Marston, Vice-Chancellor, University of Gloucestershire

Professor Frances Corner, Warden of Goldsmiths, University of London (Appointed on 30 Nov 2021)

Heather Francis, Chief Operating Officer, University of the Arts London

Professor Sarah Greer, Vice-Chancellor University of Winchester (Appointed on 30 May 2022)

Annette Hay, Senior Research Delivery Support Partner, Coventry University

Professor Helen Higson, Provost and DVC, Aston University (Resigned on 30 Nov 2021)

Professor Janice Kay, Provost and Deputy Vice Chancellor, University of Exeter

Professor Helen Langton, Vice-Chancellor of the University of Suffolk (Appointed on 30 Nov 2021)

Professor Geoff Layer, Vice-Chancellor, University of Wolverhampton (Resigned on 27 April 2022)

Janet Legrand KC (Hon), Lawyer and Senior Lay Member of Court, University of Edinburgh

Professor Quintin McKellar, Vice-Chancellor and Chief Executive of the University of Hertfordshire (Appointed on 20 August 2021)

Professor Andrea Nolan, Principal and Vice-Chancellor of Edinburgh Napier University (Appointed on 27 April 2022)

Professor Helen O'Sullivan-Heritage, Provost and Deputy Vice Chancellor at the University of Chester (Resigned on 30 Nov 2021)

Saad Qureshi, Executive General Manager and European Dean for Navitas

Professor David Richardson, Vice-Chancellor, University of East Anglia (Appointed on 4 Nov 2021)

Professor David Sadler, Deputy Vice Chancellor, Education, University of Western Australia

Chris Sayers, Non-Executive Director and previous Chair of Northumbria University

Professor Nigel Seaton, Vice-Chancellor, Abertay University (Resigned on 27 April 2022)

Rose Wangen-Jones, Managing Director, Marketing at London & Partners

Paul Woodgates, Independent strategic advisor

Co-optee: Dr Samuel Grogan, Pro Vice Chancellor for Student Experience, University of Salford

## Executive Team

Alison Johns, Chief Executive

David Bass, Interim Director of Equality, Diversity and Inclusion

Tracy Bell-Reeves, Executive Director, Delivery, Knowledge and Quality

Greg Ferrari, Chief Operating and Transformation Officer

Hannah Harris, Company Secretary and Head of Corporate Support

Jennifer Wilkins, Company Secretary and Head of Corporate Support (From 13 June 2022)

Kathryn Harrison-Graves, Executive Director, Membership, Innovation and Development

Kat Hunt, Associate Director of Marketing and Communications

Andy Shenstone, Executive Director, Consultancy and Commercial Solutions

Sarah Threadgold, Director of Finance and Deputy Chief Operating Officer

# Introduction from our Chair and Chief Executive

In the 2021-22 membership year, the global higher education sector continued its determined response to multiple and complex challenges: delivering teaching and research in an ongoing pandemic; operating with the backdrop of increased political and regulatory scrutiny; wrestling with significant financial restraint and uncertainty and, concurrently, recruiting students in a difficult and turbulent global market. Given this environment, it has been more important than ever for Advance HE to support our members to tackle these challenges and provide practical and development support for their staff and students.

Over the course of the year, we have made strong inroads in the delivery of our current strategy that we launched in 2021. This work is firmly rooted in our purpose to 'help higher education be the best it can be' and is aligned to six commitments which guide our work to 2024. In delivering our strategy, we undertook a significant global scoping study about how leadership is perceived and experienced across the global HE sector, culminating in a powerful report. The outcomes of this have shaped our inaugural Global Leadership Survey which was launched in September 2022.

As custodians of the Professional Standards Framework for Teaching and Learning in HE (PSF), we established an international, sector-led steering group to oversee an independent review of the framework to ensure the PSF continues to be relevant to higher education, both now and in the future. Drawing on a strong evidence base and a broad consultative process, a revised draft PSF was created and tested with the global HE sector. Following further sector engagement and consultation, we recently launched the refreshed PSF on 31 January 2023.

In a year that saw Advance HE provide support to newly appointed Vice-Chancellors with the launch of our VC Transitions Programme, we also celebrated record numbers of applicants for our flagship Top Management Programme. Responding to demand, we launched digitally-verified credentials for some of our development programmes such as Aurora, and to our 1,000 plus National Teaching Fellows.

Advance HE worked with GuildHE and Universities UK to bring the sector together to explore tensions around protecting and upholding freedom of speech and fostering good relations between different groups. A series of roundtables were held, which included a range of different voices and perspectives to encourage debate and discussions to identify ways in which these tensions can be overcome, enhancing the sector's determination and efforts to ensure freedom of speech is protected. This work led to a sector statement of commitment promoting and protecting academic freedom and free speech, which Advance HE co-signed with Universities UK, Committee of University Chairs (CUC), GuildHE and NUS Charity.

We were proud to partner again with the Higher Education Policy Institute (HEPI) to deliver the Student Academic Experience Survey (running since 2006), which indicated that students signaled a significant bounce-back in the value of their studies. Together with HEPI, we also brought together senior leaders for our seminar series in the House of Commons; examining the future of higher education; how leaders can create inclusive institutions and how we should judge the success of universities in creating value.

We have been working closely with the Institute for Higher Education Ukraine, the British Council and academics from both Ukraine and the UK to create a collection of teaching resources across STEM disciplines to allow academics to provide remote learning experiences in laboratory skills. We also began a substantive programme of work to update and refresh our Student Success Frameworks by commissioning four literature reviews on Flexible Learning, Employability, Assessment and Feedback, and Access, Retention, Attainment and Progression.

At a time when student mental wellbeing is of particular concern, we co-developed the Education for Mental Health Toolkit in partnership with the University of Derby, King's College London, Aston University and Student Minds. The work was funded by the Office for Students to provide evidence-informed guidance on the ways in which curriculum can support both wellbeing and learning to enable students to flourish.

We continued our work with the Disabled Students' Commission, delivering research exploring the impact of Covid-19 on disabled students' experiences and the 2021 Disabled Graduate Employment Guide designed to help disabled students successfully transition into employment, as well as the Disabled Students' Commission Annual Report 2021-2022.

Working with Perrett Laver and the University of Gloucestershire, we launched the first ever Higher Education Board Diversity and Inclusion Toolkit, which collated understanding and shared members' practice to help member institutions to improve the diversity and inclusivity of their governing bodies with practical tools and insights to help them deliver on this agenda in their various contexts. We also launched the 'Supporting Inclusive Boards' community in partnership with GuildHE, convening governance professionals from small and specialist institutions in a series of developmental, online sessions to enhance and share thinking and facilitate change.

To support growth and catalyse economic prosperity, we worked with the British Council to deliver a Teaching Excellence Programme, leading to the development of Centres of Teaching and Learning Excellence in universities across the Bangladeshi HE sector. We also worked in partnership with the Commission on Higher Education and the British Council to develop a practical toolkit to support the formulation of TNE partnerships in the Philippines with the aim to encourage more autonomy and innovation, leading to a more outwardly focused and sustainable HE sector.

We worked with Times Higher Education to develop a range of services for institutions and governments to support the HE sector to promote and utilise the Sustainable Development Goals to drive institutional change across research and culture, curricula and civic responsibility. These services were launched in Autumn 2022.

Advance HE continues to grow its membership base, consultancy and other work in support of members, resulting in a positive financial position at the end of the financial year. Whilst we experienced an increase in costs through increased face-to-face activities, there continues to be strong demand for virtual engagement and this achieved savings in both travel and delivery costs. Digital delivery continues to be an area of investment for Advance HE and an opportunity to support more members internationally and domestically, reinforcing our commitments to inclusive learning and sustainability.

Our strategic transformation continued with significant investment to strengthen core services to ensure we continue to provide value to our members. As well as strengthening our core IT infrastructure, we implemented a new finance system and created enhanced executive reporting KPI dashboards. Supporting our own colleagues, we launched a new learning and development programme and designed a new pay structure to encourage reward and recognition.

Our financial performance and cost management allowed us to undertake development work without utilising the total reserves designated for investment, as planned. This will enable us to accelerate future investment in service and delivery developments and in modernisation, providing innovative solutions to the core challenges our global members face and in pursuit of our charitable aim to enhance higher education. We are committed to maximising impact and value for money, delivering the benefits expected by our members and the wider HE sector.

It is important that we recognise the passion and contribution of our people and their tireless work to support our members and the sector. Without them, Advance HE would not be the organisation it is today. We are looking forward to delivering more of our strategy and continuing to provide value to our members, connecting them and helping them to navigate an uncertain future, as well as celebrating the achievements of higher education and its positive contribution to global society.



*Stephen Marston*

**Stephen Marston**  
**Chair**



*Alison Johns*

**Alison Johns**  
**Chief Executive**



# Strategic Report

## Our Strategy

In 2021, we launched our three-year strategy to 2024, setting out our purpose and strategic priorities for the future. Advance HE has a deep-rooted partnership with the higher education sector, sharing its values and understanding its unique culture and how this varies within local contexts.

We use our in-depth understanding of HE practice and research, as well as our network of global associates to work in partnership with people, providers and systems around the world to understand contexts and challenges and provide solutions. There are many challenges facing the HE sector and how we support members and stakeholders in this context rightly continues to inform all that we do.

### Our Strategic Goals

In partnership with members and stakeholders, we work to:

- ❖ Enhance confidence and trust in higher education
- ❖ Address systemic inequalities for staff and students
- ❖ Advance education to meet the evolving needs of students and society



These strategic goals are underpinned by six commitments that guide our work to 2024. It is not an exhaustive list of everything we do, but it sets a direction of travel to ensure that we will deliver on the things we know matter most, in a way that ensures HE is as inclusive as possible:

- ❖ Enable strategic transformation
- ❖ Transform leadership for a new world
- ❖ Drive progress in equality, diversity and inclusion
- ❖ Enhance teaching and learning for student and institutional success
- ❖ Reimagine professional development and recognition
- ❖ Evolve higher education governance

Additionally, many member strategies are strongly aligned with the UN Sustainable Development Goals (especially those of quality education, gender equality and reduced inequalities, and of course education for sustainable development). To support members to contribute to sustainable institutions, systems and society, the UN Sustainable Development Goals are integrated into our current strategy.

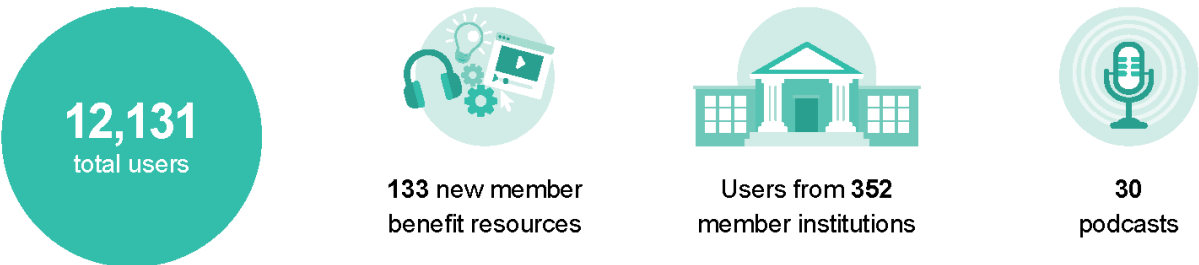


# Key highlights of 2021 - 2022

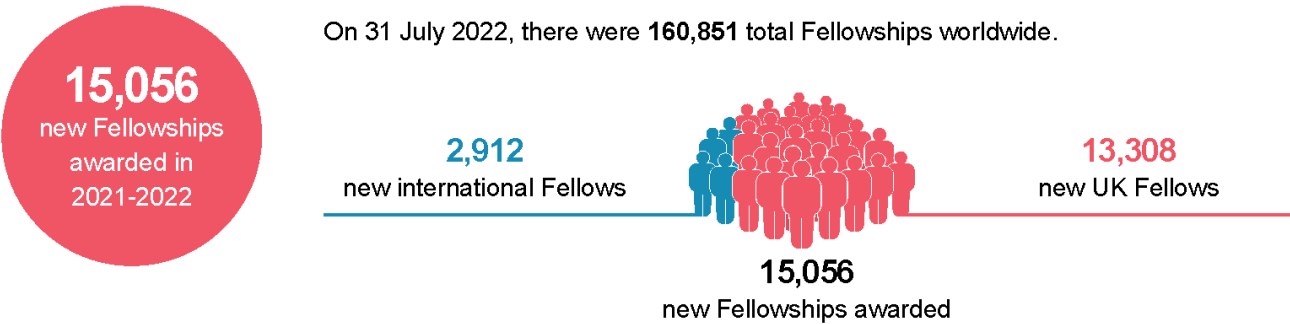
## + Member Events and Video Engagement



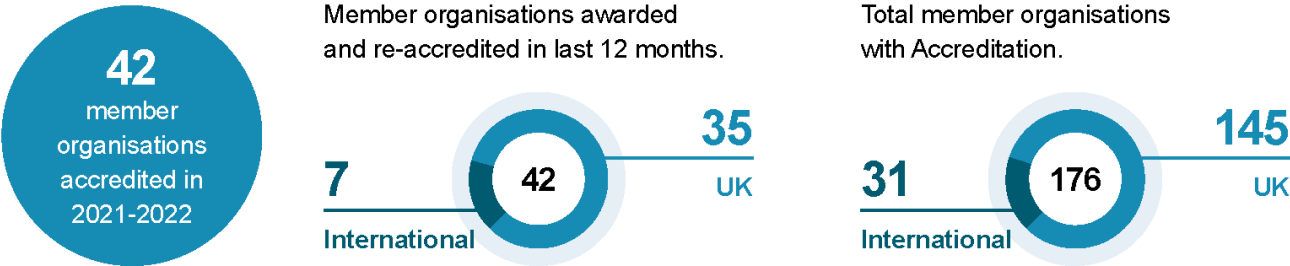
## + Knowledge Hub



## + Fellowship



## + Teaching and Learning Accreditation



## + Athena Swan



On 31 July 2022, there were **141\*** Athena Swan institutional award holders.

**A total of 931\* Athena Swan departmental award holders:**



\*within the United Kingdom and the Republic of Ireland.

Athena Swan is used on licence in Australia, Brazil, Canada, India, USA and the Republic of Ireland (where Advance HE administers the Charter).

## + Race Equality Charter



On 31 July 2022, there were **27** Race Equality Charter Bronze institutional award holders.



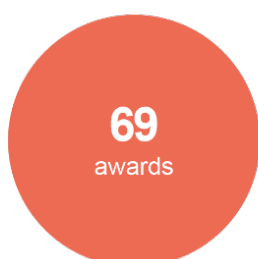
## + Surveys



During 2021-2022, **113** institutions are participating in the UK Engagement Survey, Postgraduate Research Experience Survey and Postgraduate Taught Experience Survey in 2021-2022.



## + Teaching Excellence Awards



**NTFS winners**

**55**



**CATE winners**

**14**

## + Grants awarded

**£122,000**  
grants  
awarded

During the 2021-2022 membership year, members received funding through our Collaborative Development Fund. Advance HE grant funding supports the development of our members by addressing key sector challenges.

## + Unique Knowledge Hub users

**12,131**  
downloads

Most downloaded Knowledge Hub resources during 2021-2022.



1,312

**Impacts of higher education assessment and feedback policy and practice on students: a review of the literature 2016-2021.**



1,124

**Assessment and Feedback in a Post-Pandemic Era: A Time for Learning and Inclusion.**



1,151

**Employability: a review of the literature 2016-2021.**

## + Advance HE Connect

**3,007**  
new users



**350**

institutions represented



**80**

total countries represented



**25,253**

total users

## + Revenue-Generating Programmes and Events

- + **143** Programmes, Conference and Events held as part of the Open Portfolio.
- + **4,975** individuals attended these events during the year.

## + Bespoke Consultancy

- + Engaged in **322** bespoke enhancement projects (265 UK / 57 International).
- + Supported **189** organisations (150 UK / 39 International).
- + Across **28** Countries outside of the UK.

## Review of 2021 – 2022 performance and achievements

As a result of our activities in the year, Advance HE achieved the following in pursuit of our strategic commitments:

### Commitment 1: Enabling strategic transformation

Delivering strategic change well has never been so important and complex. This year has seen executive leadership teams, their governing bodies and organisations learn from, and build on their responses to the pandemic and apply these to current volatility in the external environment. This environment has required adaption and responsiveness, adjusting strategies to continue to improve quality of education, student experience and attainment.

Whether the focus is on organisation-wide or national system level change, Advance HE uses our expertise to help higher education shape its future. Working in close partnership, we continue to support institutions to set new strategic directions and transform their operations to achieve their objectives, while embedding sustainable development within new ways of working.

To enable strategic transformation in the HE sector, in 2021-2022 we:

- Collaborated with members and the sector to update our portfolio of products and services to ensure that they remain relevant in the current environment, responding to changes in policy and providing a range of updated tools to members and HE institutions to enable transformation.
- Commissioned research to collate and understand a range of techniques, approaches and lessons learned from members' current work to transform, enable and support an inclusive culture, ways of working and delivery of key strategic aims.
- Worked with Times Higher Education to develop a range of services for institutions and governments to support the higher education sector to promote and utilise the UN Sustainable Development Goals to drive institutional change across research and culture, curricula and civic responsibility. These services were launched in Autumn 2022.
- Convened a sector event and released a report 'Tertiary sector evolution – envisioning the future' which examined the strengths, opportunities and aspirations of the tertiary sector, envisioning the future and how to get there.
- Delivered a longitudinal member benefit project on 'Inclusive institutions: enabling and supporting culture change' featuring a podcast, webinars and thought leadership, culminating in a capstone report.
- Established the college-based HE network: a collaborative space for developing HE culture and practice.
- Commissioned research about how the Professional Standards Framework for Teaching and Learning had been utilised in institutional initiatives to achieve strategic change and institutional transformation.

### Commitment 2: Transform leadership for a new world

Changing geo-political forces, adapting to a post-Covid world, increasing competition and the need to build new relationships, have all called for a different kind of leadership that builds and sustains inclusion. We know that confident, capable leaders adapt, grow and diversify their talents, their teams and their institutions to respond to future challenges. Working with our members, we have continued to support them to build a more diverse pool of leaders, to create support networks and to enhance the skills, cultural competence and ability to lead change for their existing and future leaders.

To transform leadership for a new world in the HE sector, in 2021-2022 we:

- Launched a new VC Transitions Programme to address sector needs for specific leadership support for newly appointed Vice-Chancellors, helping them become more effective, develop new skills and confidence, and enabling them to lead their institutions well from the start of their tenure.
- Refreshed and modernised our Top Management Programme for those in an executive role in a higher education institution, which had record applicant numbers ahead of its 50<sup>th</sup> cohort next year.
- Refreshed and modernised Aurora (Advance HE's leadership development programme for women) ahead of its 10<sup>th</sup> anniversary in 2023.
- Saw record numbers engaging with our suite of leadership development programmes, including a record 1,600 Aurorans.
- Undertook alumni surveys for Aurora and Diversifying Leadership alumni to strengthen and enhance our programme.
- Led sector/member work to explore the feasibility for, and subsequently set up, a network for Deputy Vice-Chancellors and Provosts.
- Delivered a 'Leading change through teams and networks' member benefit workstream, featuring podcasts, webinars and thought leadership.
- Published the findings from a year-long scoping study on 'Leadership in global higher education', which presented shared experiences and insights on leadership in contemporary higher education to understand what works. This informed the development of our inaugural Global Leadership Survey which launched in September 2022, the findings of which will be published in 2023.

### **Commitment 3: Drive progress in equality, diversity and inclusion**

In UK society, we have seen growing cultural tensions arising around different groups and identities, which is echoed on campus, alongside concerns about academic freedom and freedom of speech. Whilst we acknowledge there are different approaches to navigate these tensions and address inequalities, higher education is well placed to offer insights and show leadership in creating the safe, inclusive and respectful environments needed to live, learn and work, where all voices can be heard while always maintaining a commitment to freedom of speech and academic freedom.

We have been working with our members to support them with their equalities ambitions while respecting their diversity and individual contexts. We have sustained our stance that Advance HE does not promote ideological positions, but seeks to support members through impartial, objective and balanced guidance that allows different perspectives to be heard, and always respects the right of our members to reach their own judgements about what is appropriate for them.

To drive progress in equality, diversity and inclusion in the HE sector, in 2021-2022 we:

- Continued our work with the Disabled Students' Commission, delivering research exploring the impact of Covid-19 on disabled students' experiences. We also published the 2021 Disabled Graduate Employment Guide, designed to help disabled students successfully transition into employment, as well as the Disabled Students' Commission Annual Report 2021-2022.
- Worked with GuildHE and Universities UK to bring the sector together to explore tensions around protecting and upholding freedom of speech and fostering good relations between different groups. We convened a series of roundtables bringing together different voices and culminating in a joint sector statement published in November 2022.
- Commissioned independent research to determine the potential for a holistic approach to equalities work that speaks to members' diverse contexts and differentiated strategic priorities.
- Worked with the sector to explore sex and gender updates to the transformed Athena Swan Charter

to ensure it aligned with the sector's equalities duties, recognising our responsibility to ensure that at all times our guidance and our programmes are informed by the latest understanding of legal imperatives.

- Commissioned independent research to help the sector better understand the case for race equity.
- As part of the natural cycle to improve the Race Equality Charter, evidence-informed work began in consultation with the sector, ensuring a wide range of voices could input.
- Published the 14<sup>th</sup> 'Equality in Higher Education: Statistical Reports' to assist the sector in better understanding the main equality challenges for staff and students, directing future efforts to overcome them.
- Developed and implemented Advance HE's internal EDI Strategy Roadmap, including diversity targets and a Race Action Group Plan.

#### **Commitment 4: Enhance teaching and learning for student and institutional success**

Success isn't restricted to the core purpose of supporting students' academic attainment and achievement of qualifications but also covers areas such as employability, student engagement, flexible learning, internationalising the curriculum and access, retention, attainment and progression. We know from our members across the globe that enhancements to the student learning experience have been both disrupted and accelerated by the pandemic. Drawing on our global connections, we created a number of initiatives to support individuals, institutions and country systems to provide flexible, high quality, digitally-enabled student experiences that prepare learners for success as constructive contributors to the future world.

To enhance teaching and learning for student and institutional success, in 2021-2022 we:

- Held our flagship three-day global Teaching and Learning Conference 2022, with the overarching theme 'Enhancing Student Success' through all aspects of the student experience including transitions, curriculum design and development, enterprise and employability, assessment, engagement, inclusion and sustainability.
- Revised our 'Inclusive Student Success Strategies' to respond to market insight, including enhanced development products for leaders of inclusion and success, and inclusive teaching and learning workshops.
- Began work to update and refresh our 'Student Success Frameworks' with four literature reviews commissioned on Flexible Learning, Employability, Assessment and Feedback, and Access, Retention, Attainment and Progression.
- Launched a global review of the Professional Standards Framework for Teaching and Learning in HE. A thorough review of the evidence base and roundtables informed the creation of a draft revised PSF which was consulted on with the sector.
- Delivered a 'Transitions, retention and progression' and 'Flexible learning' member benefit workstream, featuring podcasts, webinars and thought leadership.
- Developed and ran a collaborative project to support institutions developing and delivering a flexible learning offer, responding to member demand.
- Published the Advance HE/HEPI 'Student Academic Experience Survey' which showed that students signaled a significant bounce-back in their perception of the value of their studies and encouraging signs of recovery from the impact of Covid-19 on the student academic experience.

#### **Commitment 5: Reimagine professional development and recognition**

The pace of change in HE has intensified the need for continuous professional learning that gives people the skills, expertise and recognition they need to succeed, whilst also supporting them to connect and collaborate



with peers across the world. Working with the sector and our members, we furthered work to create flexible professional development pathways, invested in our digital learning experiences and began scoping work to extend professional recognition for other areas of HE practice.

To reimagine professional development and recognition in HE, in 2021-2022 we:

- Established an international, sector-led steering group to oversee an independent review of the 'Professional Standards Framework for Teaching and Learning in HE' (PSF), to ensure the PSF continues to be relevant to higher education, both now and in the future. Drawing on a strong evidence base and a broad consultative process, a revised draft PSF was created and consulted on with the global sector. Following further sector engagement and consultation, we launched the refreshed PSF on 31 January 2023.
- Undertook a significant global scoping study focusing on how leadership is perceived and experienced across the HE sector with accompanying report. The outcomes informed the development of our inaugural 'Global Leadership Survey' launched in September 2022, the findings of which will be published and inform the development of a leadership framework in 2023.
- Launched new digital badges, awards and accreditations, enabling participants and alumni to share and celebrate their professional achievements and career development with digitally recognised learning. The initial launch will be expanded across our portfolio of programmes in 2022-23.
- Responding to sector demand, micro accreditation was scoped to inform the development of flexible and personalised development pathways.
- Expanded Advance HE's e-learning capability following demand from members.
- Developed an alumni networks strategy to provide delegates that take part in our development programmes with valued and ongoing peer support.
- Saw the number of Advance HE Fellows rise to more than 160,000 across 28 countries.
- Accredited 174 institutions for their teaching and learning provision – 146 UK and 28 non-UK. There are now 151 accredited CPD schemes for experienced staff and 317 accredited programmes.

## **Commitment 6: Evolve higher education governance**

Good governance is critical to delivering impactful higher education and in cultivating confidence and trust for stakeholders, particularly when operating in a turbulent environment. We have built on our unparalleled track record of supporting and developing governors, governance professionals, institutions and systems of governance across the world, refreshing our portfolio and providing challenge and insight.

To evolve higher education governance, in 2021-2022 we:

- Launched the 'Board Diversity and Inclusion Toolkit' with Perrett Laver and the University of Gloucestershire. This important resource collates understanding and shares members' practice to deliver on Board diversity in higher education and research institutes and was shortlisted for the 2022 Chartered Governance Institute, Diversity and Inclusion Initiative of the Year award.
- Convened a 'Supporting Inclusive Boards Community' in partnership with GuildHE that achieved 100% impact with participants in relation to improved understanding and confidence.
- Refreshed our 'Governance Development Programme' to embed contemporary thinking and meet the evolving needs of the sector. The programme attracted over 350 participants from all types of providers and is now supported by a practice survey to ensure we can embed governors' and governance professionals' emerging priorities in future iterations.
- Delivered 25 independent governance effectiveness reviews for members across the UK and internationally. In response to members' priorities, we further diversified our pool of expert consultants, including student governor and sabbatical officers.

- Kept members abreast of the latest policy changes or introductions, updated guidance and news, with commentary on implications for Boards and governors through our Governance News Alerts.
- Showcased effective practice from inside and outside of the sector through our Annual HE Governance Conference 2022 and sandpit events and blogs for governors and governance professionals.

## Looking Forward

As we continue to expand our reach and impact, we will identify and respond to emerging HE sector trends across the world and support our members with their core priorities, such as student attainment and outcomes and work to support skills and innovation.

We will continue to invest in our core products and services to increase their reach, both domestically and internationally, adding value to our member communities and ensuring our services support our members to advance education. In 2023, we are committed to engaging with the sector on Advance HE's new Professional Standards Framework and the refreshed '10 Student Success Frameworks' to support with teaching and learning priorities. Following the extensive research project this year, the insights of our inaugural 'Global Leadership Survey' will be published and inform development of a leadership framework. We will also continue our exploration into a holistic approach to EDI accreditation that considers the evolving needs of HE institutions. Responding to member feedback we will be running a number of member benefit projects that address challenges such as good campus relations, freedom of speech and inclusive institutions; tertiary education; student outcomes and value for money and measuring institutional performance.

We will continue to develop our reputation for high-quality and impactful consulting services, building on our existing portfolio and utilising a member-led approach to design and co-creation. There will be further investment in and development of Advance HE's flagship programmes such as Aurora and Top Management Programme to broaden the reach and impact of these successful programmes into regions where leadership development and specifically women's leadership development, is a priority.

Globally, the higher education sector is recognising its unique role in delivering on the United Nations Sustainable Development Goals. In 2023, we will mature our own approach to sustainability, whilst continuing to support the global HE sector on its sustainability responsibilities and sustainable transformation strategies through symposiums, tools and collaborative projects. Working with expert partners, we will build on Advance HE's existing presence in key regions and extend the depth and breadth of engagement in global learning communities. We will continue to develop and innovate in higher education, fostering collaboration across the sector, including digital product developments that will broaden the availability, reach and format of our resources to transform HE and leadership.

# Financial Review

## Summary

For the financial year ended 31 July 2022, Advance HE reported a net surplus (prior to the annual USS Pension liability adjustment) of £146k compared to a £1.575 million net surplus in 2020-21. This decrease is primarily due to the exceptional 2020-21 financial performance as a result of the continued reduction in face to face activities post-pandemic. Staff costs in 2021-22 were however slightly higher when compared to 2020-21 due to the reduced levels of payroll vacancies, the increase in employer contribution percentage into the USS Pension scheme and the costs associated with the delivery of brought forward 2020-21 income (as referred to below).

- Advance HE generated a total income of £15.9 million, compared to £15.3 million in 2020-21, an increase of £0.6m that was partly due to the delayed delivery of services following Covid-19 and the resulting roll forward of that associated income into 2021-22.
- Total operating expenditure increased by £2.1 million from £13.7 million in 2020-21 to £15.8 million in 2021-22 as face-to-face delivery increased. Overall total expenditure (excluding the USS Pension) as a percentage of income was 10% higher.
- During the year £627k of investment expenditure was incurred for the development of Advance HE's services and infrastructures (£442k in 2020-21). Within intangible assets, £200k was capitalised.
- Over 99% of the income Advance HE generates is through the procurement of its products and services by higher education institutions.

The financial results for the year are summarised below:

	<b>2022 £000</b>	<b>2021 £000</b>
Income	£15,965	£15,294
Expenditure	£15,819	£13,719
<b>Net surplus</b>	<b>£146</b>	<b>£ 1,575</b>
<b>Reserves</b> (excluding USS Pension liability)	<b>£9,093</b>	<b>£8,947</b>

Advance HE is a member of the HE sector's USS Pension scheme and, like many of our members, the annual re-calculation of the long term USS Pension liability has produced an extraordinary result.

As reported in the 2020-21 Annual Report and Accounts (as a Post Balance Sheet event), the actual effect of the statutory annual USS Pension Liability calculation in 2021-22 confirmed the expected significant increase in this liability following the agreement of the 2020 Valuation by the Joint Negotiating Committee and the underlying actuarial assumptions adopted.

It is important to highlight that this annual accounting adjustment does not have an impact on the day-to-day financial sustainability and operations of Advance HE, its cash position / cashflow or its operating costs and is an estimation of a long-term liability. Future annual statutory calculations may see significant decreases or increases as underlying assumptions and performance in the money markets change.

Many charities, organisations and institutions however, will be faced with significant financial uncertainty, operational and organisational disruption over the forthcoming years as the effects of rising global inflation and cost increases following the Covid-19 pandemic and the Russia-Ukraine war, continue. This will require exceptional interventions and measures in order to protect their financial position. As a charity, Advance HE will protect its current and future operating reserves in order to fulfil its charitable objects and to support its members for the future.

The financial performance for 2021-22 (excluding the USS Pension elements) reports a result that was the product of the continued invaluable support from members, efficient cost controls and a customer-driven balance of quality virtual and face-to-face delivery, enabling reduced delivery costs. It also includes re-investment of £627k of in-year surplus in developing an enabling infrastructure.

Advance HE's overall financial plans are driven by its financial strategy including meeting financial key performance indicators, investment in its growth strategy, and by its reserves policy. 2022-23 will see the initiation of Advance HE's growth plans to support more HE sector members and customers both domestically and globally, further utilising its unrestricted reserves for re-investment into updating and improving the range of our services and products for members and broadening Advance HE's impact.

## Balance sheet and liquidity

Total unrestricted reserves (excluding the USS Pension liability) at 31 July 2022 are £9,093k (2020-21, £8,947k) which equates to seven months of operational expenditure. Unrestricted reserves includes an increased designated reserves fund of £2.25m (from £500k), created for the specific purposes of future development expenditure for core products, services and the underlying infrastructure, and to facilitate Advance HE's future growth plans. This will be utilised over the forthcoming three financial years.

Including the USS Pension (which is not an immediate significant cash liability, total unrestricted reserves are a negative £4,549k (2020-21, a positive £6,540k). The deficit recovery portion of the USS Pension valuation that is included in the current and expected future employer contribution rates, is absorbed into operational expenditure as well as incorporated into annual budgets, forecasts and cash flow plans. Note 18 provides further information on the USS Pension scheme deficit recovery plan.

Total Unrestricted Reserves as reported on the Balance Sheet includes a USS Pension liability of £13,713k (2020-21 £2,455k).

## Reserves

During the year Advance HE's reserves policy (that excludes the USS Pension liability) was fully reviewed with the target level of total unrestricted reserves being held within a range of values (between £5m and £9m), with a minimum level of three months' of operational expenditure and taking into account the future use of reserves in line with its charitable objects. This policy allows Directors to meet their obligations under the Companies Act and to comply with Charity Commission guidance.

Total unrestricted reserves (excluding the USS Pension liability) as at 31 July 2022 equate to approximately seven months of operational expenditure. Included within total unrestricted reserves is £2.25m which is allocated to a designated reserve fund to be utilised for strategic investment into the development of products and services to our stakeholders and our internal capabilities to deliver this. It is expected that this reserve will

be fully utilised within the next three years.

The accounting impact of the increased USS pension liability provision has materially decreased the amount of the reportable total unrestricted reserves of Advance HE. However, the current reserves policy and reserves targets are maintained, as the policy excludes this long-term liability. Performance against the target is disclosed and measured both before and after this adjustment. These are shown in note 23.

## Going Concern

The charity's financial position has been outlined in the Financial Review on page 17 of this report.

As disclosed, the significant increase in the USS Pension Liability reports a net liability 2021-22 Balance Sheet. However, this annual accounting adjustment does not have an impact on the day-to-day financial sustainability and operations of Advance HE, its cash position / cashflow or its operating costs and is an estimation of a long-term liability. As such it does not have an impact on going concern.

The Board have considered the charity's cash position, reserves position, strategic risks, sources of income and planned expenditure, inflation effects, the liquidity of its assets and the charity's ability to withstand a fall in income. Based on this information, the Board have concluded that Advance HE has sufficient resources to meet its obligations as they fall due and continue its charitable activities for at least, but not limited to, the twelve months from the date these statutory accounts are signed. The Board do not believe that there are events that represent a material uncertainty that may cause significant doubt on the company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in the preparation of these accounts.

## Auditors

Grant Thornton were re-appointed as auditors in the year in accordance with the Companies Act 2006.

## Related Parties

None of the trustees of the charity receives any remuneration or other benefit from their work with the charity. Related party transactions are reported in note 22 to the financial statements.

# Directors' Report

Advance HE is a registered charity incorporated as a company limited by guarantee on 14 October 2003. It is registered as a charity with the Charity Commission and the Office of the Scottish Charity Regulator. Advance HE is governed by its Memorandum and Articles of Association, which were last modified on 26 March 2018. For the purposes of this report, the trustees of the charity are also the directors of the company.

Advance HE's key objects are to promote higher education for the public benefit, promoting equality and diversity within the education sector and further developing the professionalism and profile of leadership, management and governance.

## Public Benefit

Advance HE is a registered charity and the Board has due regard to the Charity Commission's guidance on public benefit, ensuring that its activities continue to deliver its charitable aims to advance education. Advance HE operates across the global higher education community and provides benefit to different stakeholders including institutions, individuals, the HE sector (working with governments, funding bodies, HE mission groups, professional, statutory and regulatory bodies, and other sector agencies and groups) and other stakeholders who access Advance HE products and services, such as Research Institutes and Further Education Colleges.

Advance HE provides public benefit, through delivering its charitable articles:

- ❖ Providing strategic advice and co-ordination within the higher education sector, government, funding bodies and others on teaching and learning policies and practices that will impact upon and enhance the student experience.
- ❖ Supporting and advancing curriculum and pedagogic development across the whole spectrum of higher education activity.
- ❖ Facilitating the professional development and increasing the professional standing of all staff in higher education.
- ❖ Developing the professionalism and profile of leadership, management and governance.
- ❖ Improving the supply of development opportunities particularly international and cross-sector.
- ❖ Broadening perspectives and improving standards in relation to leadership, management and governance.
- ❖ Supporting the higher education sector in identifying and changing any cultural and systemic practices that unfairly exclude, marginalise or disadvantage individuals or groups and promote inclusive approaches.
- ❖ Working with higher education institutions in eliminating discrimination on the grounds of age, disability, gender identity, marital or civil partnership status, pregnancy or maternity status, race, religion or belief, sex, sexual orientation or through any combination of these characteristics or other unfair treatment.
- ❖ Advancing education and raising awareness in equality and diversity.

All trustees give their time voluntarily and receive no benefits from the charity. Expenses claimed from the charity are set out in note 22.



## Governance and Management

Advance HE has adopted the principles and recommended practice of the Charity Governance Code, supporting the Board's aim to develop high standards of governance and demonstrate best practice in all aspects of governance. Our trustees must also have regard for Nolan's Seven Principles of Public Life, demonstrating the highest ethical conduct when discharging their duties as directors of Advance HE.

### Board of Directors

The charity is governed by a Board of Directors (trustees for the purposes of charity law), who are responsible for the strategic governance of the charity and setting Advance HE's overall strategy. Stephen Marston was appointed as Chair in April 2021 and is responsible for leading the Board and ensuring its effectiveness.

The Board meet at least five times a year and receive written reports on all aspects of Advance HE's work at each meeting. In order to monitor progress and ensure that Advance HE is delivering its charitable objectives, the Board is provided with regular and timely information on the financial performance of Advance HE, together with other information such as performance against targets and stakeholder feedback.

In the year ending 31 July 2022, the number of directors serving on the Board was sixteen. Directors are initially appointed for two or three years. Following this initial term, all directors can be reappointed for a further term, up to a maximum of nine years. Recruitment of new directors is overseen by the Governance and Nominations Committee, who undertake an open recruitment process, recommending new appointments when necessary and ensuring appropriate recruitment and succession plans are in place.

New directors follow a thorough induction process, spending time with senior executive members and fellow directors and generally gaining an understanding of all aspects of our work. Any training needs are identified through annual effectiveness reviews undertaken by the Chair, so that Board directors are able to successfully discharge their duties and have a full understanding of the role's legal obligations.

The Company Secretary maintains a register of financial and personal interests of the Directors (trustees) and Senior Management (Executive Team). The register is available for inspection at the registered office.

The Board conducts its business through a number of committees (detailed on pages 22 to 23): Audit, Finance and Risk; Equality, Diversity and Inclusion; Governance and Nominations; Remuneration; and Peer Review Quality Committee. The business of these committees is formally reported to the Board. All Board committees operate in accordance with written terms of reference, which outline their responsibilities in more detail and are reviewed annually and approved by the Board.

At least once a year, the external auditors meet the Audit, Finance and Risk committee for independent discussion without the presence of management. The committee is responsible for reviewing the effectiveness and independence of the external auditors and also advises the Board on the appointment of the external auditors and their remuneration for both audit and non-audit work.

### Chief Executive

The Board have delegated the day-to-day management of the charity to the Chief Executive who is supported by the Executive Team in delivering the agreed strategic objectives. The Chief Executive is the head of

Advance HE and has a general responsibility to the Board for the organisation, direction and management of Advance HE. The Board is responsible for the appointment and removal of the Chief Executive.

## Directors' indemnities

As permitted by Advance HE's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Advance HE also purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors throughout the financial year.

## Remuneration policy

The Remuneration Committee meet at least once a year and have delegated authority to review the performance of the Chief Executive and other senior post holders appointed by the Board and to set the remuneration and conditions of service (including any severance arrangements) for all senior post holders, with particular responsibility to represent the public interest.

## Governance Structure

The Board are supported by several committees, in order to provide assurance and dedicated oversight to the matters for which is it responsible. As well as Board meetings, all directors are expected to contribute to those committees where their individual skills can be of most benefit, in discussion with the Chair and Governance and Nominations Committee. These committees bring together Board directors and co-optees with specific professional experience, who then make recommendations to the Board.

Below outlines the key focus and members of each Board Committee:

Committee	Focus	Members
<b>Audit, Finance and Risk Committee</b>	<ul style="list-style-type: none"> <li>Internal and External Audit</li> <li>Annual Report and Accounts</li> <li>Annual Budget and Forecasts</li> <li>Financial Performance</li> <li>Capital Investment</li> <li>Reserves and Cashflow</li> <li>Key Policies and Frameworks</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li><b>Christopher Sayers (Chair)</b></li> <li>Saad Qureshi</li> <li>Heather Francis</li> <li>Paul Woodgates</li> <li>Graham Hillier (Co-optee)</li> </ul>
<b>Peer Review Quality Committee</b>	<ul style="list-style-type: none"> <li>Quality Assurance of Peer Review Services</li> <li>Enhancement of Peer Review Services</li> <li>Peer Review Policy</li> <li>EPAO Performance and Compliance (Ofqual)</li> </ul>	<ul style="list-style-type: none"> <li><b>Samuel Grogan (Chair)</b></li> <li>Quintin McKellar (Joined 4 Nov 22)</li> <li>Annette Hay</li> <li>Elaine Buckley (Co-optee)</li> <li>Jon Scott (Co-optee)</li> <li>Nona McDuff (Co-optee)</li> </ul>
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>Pay and Reward Structures for Chief Executive and the Executive Team</li> <li>Employee Benefits Structures</li> <li>Remuneration Policy</li> </ul>	<ul style="list-style-type: none"> <li><b>Janice Kay (Chair)</b></li> <li>Stephen Marston</li> <li>Christopher Sayers</li> <li>Helen Langton</li> </ul>

<b>Equality, Diversity and Inclusion Committee</b>	<ul style="list-style-type: none"> <li>• EDI Strategic Development</li> <li>• Internal EDI Practice</li> <li>• EDI Integration</li> <li>• EDI Risks</li> <li>• EDI Policy</li> <li>• Athena Swan Governance Assurance</li> <li>• Race Equality Charter Governance Assurance</li> </ul>	<ul style="list-style-type: none"> <li>• <b>David Richardson (Chair)</b></li> <li>• Janice Kay</li> <li>• Randall Whittaker (Co-optee)</li> <li>• Parveen Yaqoob (Co-optee)</li> <li>• Pradeep Passi (Co-optee)</li> <li>• Chantal Davies (Co-optee appointed on 26 Sept 22)</li> <li>• Aloma Onyemah (Co-optee appointed on 26 Sept 22)</li> </ul>
<b>Governance and Nominations Committee</b>	<ul style="list-style-type: none"> <li>• Board Member Nominations</li> <li>• Board Member Recruitment</li> <li>• Succession Planning</li> <li>• Board Governance</li> <li>• Board Diversity</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Janet Legrand KC Hon (Chair)</b></li> <li>• Stephen Marston</li> <li>• Andrea Nolan</li> <li>• Chris Hale, UUK member</li> <li>• Alex Bols, GuildHE member</li> </ul>

## Strategic Advisory Groups

Our five Strategic Advisory Groups help to ensure our members are able to contribute to shaping the activity and future direction of Advance HE and ensuring future developments meet member needs in core areas: Teaching and Learning; Leadership and Management; Governance; Equality, Diversity and Inclusion; and Global Perspectives.

## Risk Management

Risks are considered as occurrences or opportunities that would impact on the delivery of Advance HE's core business, the quality of its outputs, the achievement of its strategic goals or the excellence of its reputation. Each quarter, progress against the strategy is formally measured and reviewed, and the most significant risks to our strategic goals are identified and reported to the Board. The charity regularly monitors and reviews its risks at both a strategic and operational level, utilising a risk matrix to determine Advance HE's principal risks and enabling informed decision-making and timely action. The significant risks to Advance HE are regularly reviewed by the Executive Team and the Audit, Finance and Risk Committee, on behalf of the Board.

The Board of Directors acknowledges its responsibility to ensure that the charity's risk management framework is effective. The Board regularly reviews the charity's process for identifying, assessing and managing risks and, where applicable, the charity's system of internal controls to manage these risks. The Board reviews the effectiveness of the charity's approach to risk at least every year and has ultimate responsibility for Advance HE's key risks, approving the framework for risk assessment and management, monitoring risk management activities, and for the continuous process of calibrating Advance HE's risk appetite.

Advance HE's Audit, Finance and Risk Committee are responsible for reviewing the effectiveness of the risk management, control and governance arrangements, and in particular to review the external auditors' management letter, audit reports and management responses. The Chief Executive is responsible for maintaining and promoting the operational efficiency of the Advance HE's financial management, strategic management and risk management processes.

Advance HE encourages enterprise and innovation. Whilst it is robust in its approach to risk management, it is not inherently a 'risk averse' organisation. Advance HE has achieved considerable success since its incorporation and is prepared to invest and innovate in order to enhance its standing as a sector leader in higher education. Advance HE's objective is to be 'risk aware', by ensuring that risk management is an integral

part of its planning and review processes, including the evaluation of new development opportunities. Advance HE's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, not absolute assurance, against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Chief Executive for maintaining a sound system of internal control that supports the achievement of Advance HE's policies, aims and objectives while safeguarding the funds and assets for which they are responsible. The Chief Executive is also responsible for reporting any material weaknesses or breakdowns in internal control to the Board.

The following provides a summary of Advance HE's principal risks and their management during 2021-22:

Risk	Management Strategy
<b>UK projected inflation and price increases become reality impacting institutions' financial health and Advance HE's income streams</b>	<ul style="list-style-type: none"> <li>• Scenario modelling of inflation impacts on Advance HE</li> <li>• Engagement with sector via Strategic Advisory Groups and Roundtables to closely monitor sector challenges</li> <li>• Regular intelligence gathering and media monitoring</li> <li>• Review and alignment of current product and service portfolio to sector challenges</li> <li>• Development of new products and services in response to sector challenges</li> <li>• Weekly reporting to monitor variances and opportunities</li> </ul>
<b>Advance HE are unable to recruit and retain key staff, resulting in a detrimental impact on our delivery commitments and ability to respond to HE sector needs</b>	<ul style="list-style-type: none"> <li>• New organisational pay policy implemented to ensure transparency and parity</li> <li>• Annual pay review to inform discretionary annual pay uplift</li> <li>• Review of organisational design and resourcing model</li> <li>• Ongoing process re-engineering of recruitment and selection</li> <li>• Regular review of staff turnover to understand trends</li> <li>• Recruitment enhanced via partnership with an external managed services provider</li> <li>• Hybrid working policy implemented to attract a wider candidate pool</li> <li>• Investment in automated systems including, HRIS and resource management</li> <li>• L&amp;D plans to support professional development</li> </ul>
<b>Failure in IT Systems resilience and cyber security causes operational or reputational damage</b>	<ul style="list-style-type: none"> <li>• Enhanced security measures introduced including daily Multi-Factor Authentication</li> <li>• Cyber Insurance</li> <li>• DPO contract renewed, providing advice and support on data practices across Advance HE</li> <li>• Progress legacy environment decommissioning, reducing management overhead and data footprint</li> <li>• Develop security capability and plan to move to Cyber Essentials Plus</li> <li>• Implement "IT Intelligent Client" function including Data/Security knowledge and expertise</li> </ul>
<b>Uncertain political, policy and media landscape</b>	<ul style="list-style-type: none"> <li>• Review and development of Advance HE's EDI Strategy and approach</li> <li>• Internal review of portfolio and assets in line with EDI strategy and approach</li> <li>• Specific and focused EDI risk register established and overseen by EDI Committee</li> <li>• Ongoing legal analysis and review of critical programmes</li> <li>• Development of communications and engagement strategy</li> <li>• Engagement with a wide range of views and voices</li> </ul>

# Trustees' Statement Of Responsibilities

The trustees (who are also directors of Advance HE for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 set out in the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Advance HE will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed.

The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

The Trustees' Annual Report for the year ended 31 July 2022 has been approved by the Board of Directors of Advance HE on 1 March 2023 and signed on their behalf by:

*Stephen Marston*

**Stephen Marston (Chair)**  
**1 March 2023**

**Company No. 04931031**



# Independent Auditor's Report

## Opinion

We have audited the financial statements of Advance HE (the 'charitable company') for the year ended 31 July 2022 which comprise the Statement of Financial Activities (incorporating the income and expenditure account), the Balance Sheet, the Statement of Cash Flows, and the related notes. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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. 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 are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from macro-economic uncertainties such as the rise in inflationary pressures on costs incurred, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report and Accounts. 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.

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 themselves. 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.

### **Opinion 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 Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report under the Companies Act 2006**

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 Strategic Report or the Directors' Report included in the Trustees' Annual Report.

### **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:

- 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
- 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.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Statement of Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Charity SORP, United Kingdom Generally Accepted Accounting Practice include Financial Reporting Standard 102). The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the charity is complying with these legal and regulatory frameworks by making inquiries of management, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the

results of our enquiries through our review of board minutes and papers provided to the Audit, Finance and Risk Committee, and through our legal and professional expenses review.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
  - The charitable company's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
  - The charitable company's control environment including the adequacy of procedures for authorisation of transactions.
- Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks relating to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements and applicable financial reporting requirements.
- The engagement leader assessed the appropriateness of the collective competence and capabilities of the engagement team. This included consideration of the engagement team's knowledge and understanding of the sector in which the charity operates in and their practical experience through training and participation with audit engagements of a similar nature. All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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.

### **Use of our report**

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006, Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work

has been undertaken so that we might state to the charitable company's members and trustees 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 its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**James Bird**

Senior Statutory Auditor

**for and on behalf of Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants

London

Date: 1/3/2023

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# Financial Statements

## Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 July 2022

		2022		2021*
	Notes	Unrestricted £000	Total £000	£000
<b>Income from:</b>				
<b>Charitable activities</b>				
Funding body grants	3	63	<b>63</b>	770
Other income	4	15,865	<b>15,865</b>	14,490
<b>Investments</b>	5	<u>37</u>	<u><b>37</b></u>	<u>34</u>
<b>Total income</b>		<u><b>15,965</b></u>	<u><b>15,965</b></u>	<u><b>15,294</b></u>
<b>Expenditure on:</b>				
<b>Charitable activities</b>				
Staff costs	6, 7	(8,877)	(8,877)	(8,444)
Other operating expenses	8	(6,675)	(6,675)	(4,973)
Depreciation and amortisation	10, 11	( 211)	(211)	(212)
Interest and other finance costs	9	( 56)	(56)	(90)
<b>USS Pension annual adjustment</b>	14	<u>(11,235)</u>	<u><b>(11,235)</b></u>	<u>(5)</u>
<b>Total expenditure</b>		<u><b>(27,054)</b></u>	<u><b>(27,054)</b></u>	<u><b>(13,724)</b></u>
<b>Net income / (expenditure) and net movement in funds</b>		<u><b>(11,089)</b></u>	<u><b>(11,089)</b></u>	<u><b>1,570</b></u>
<b>Fund balances brought forward</b>		<u>6,540</u>	<u>6,540</u>	<u>4,970</u>
<b>Fund balances carried forward</b>		<u><u><b>(4,549)</b></u></u>	<u><u><b>(4,549)</b></u></u>	<u><u><b>6,540</b></u></u>

The income and expenditure account is in respect of continuing activities for Advance HE.

There were no gains and losses other than those reported in the income and expenditure account.

The accompanying accounting policies and notes form an integral part of these financial statements.

\*As per the current financial year, all activities in the financial year ending 31 July 2021 were unrestricted



## Balance sheet as at the 31 July 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	10	261	261
Intangible assets	11	<u>354</u>	<u>267</u>
		<b>615</b>	<b>528</b>
<b>Current assets</b>			
Debtors	12	6,542	4,882
Cash at bank and in hand		<u>14,648</u>	<u>15,378</u>
		<u>21,190</u>	<u>20,260</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(10,635)</u>	<u>(9,728)</u>
<b>Net current assets</b>		<b>10,555</b>	<b>10,532</b>
<b>Total assets less current liabilities</b>		<b>11,170</b>	<b>11,060</b>
<b>Creditors: amounts falling due over one year</b>	13	(1,601)	(1,690)
<b>Provision for liabilities</b>	14	<u>(14,118)</u>	<u>(2,830)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<b><u>(4,549)</u></b>	<b><u>6,540</u></b>
<b>Unrestricted Reserves</b>			
General Reserve	23	(6,799)	6,040
Designated Reserve	23	<u>2,250</u>	<u>500</u>
<b>TOTAL RESERVES</b>		<b><u>(4,549)</u></b>	<b><u>6,540</u></b>

The accompanying accounting policies and notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 1 March 2023 and were signed on its behalf by:

*Stephen Marston*

**Stephen Marston - Chair**

Company number: 04931031

## Statement of cash flows for the year to 31 July 2022

	Notes	2022 £000	2021 £000
<b>Cash flows from operating activities</b>	15	(408)	1,030
Cash flows (used in)/from investing activities	16	(322)	(145)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(730)</b>	<b>885</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>15,378</b>	<b>14,493</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>14,648</b>	<b>15,378</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

# Notes to the financial statements

For the year ended 31 July 2022

## 1. Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are summarised below and have been consistently applied throughout the year and to the preceding period.

### 1.1. Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Advance HE's financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with the Charities Statement of Recommended Practice (SORP). Additionally the Statement of Recommended Practice – Accounting for Further and Higher Education issued in 2019 (2019 SORP) has been adopted for certain disclosures, including those in respect of staff remuneration, and with due regard for the Companies Act 2006, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Advance HE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The accounts are presented in £ Sterling.

### 1.2. Going Concern

Due to the significant increase in the USS Pension Liability, 2021-22 reports a net liability Balance Sheet. This annual accounting adjustment does not have an impact on the day-to-day financial sustainability and operations of Advance HE, its cash position / cashflow or its operating costs and is an estimation of a long-term liability.

As in the prior two years, particular emphasis during 2021-22 has been around the impact that the Covid-19 pandemic continues to have on the global economy, on the activities of Advance HE and on any carrying amounts within the assets and liabilities in the Balance Sheet into 2022-23.

The operating financial budget for 2022-23 has therefore been prepared following a number of scenario models and stress tests, particularly regarding cost increases and inflationary pressures, each with associated trigger and escalation actions and predicts a breakeven position. In addition, there are plans to invest approximately £2.25m of reserves commencing in 2022-23 in Advance HE core services, technology and infrastructure, as well as a return to travel and face-to-face delivery where there is the demand to do so.

The total budget for 2022-23 plans for income of £17.5m and expenditure of £19.7m, returning a deficit of £2.2m. Through the scenario modelling of potential cost increases and inflationary pressures, the indicative increase to the budgeted deficit ranges from £86k to £302k. Should cost increases become a reality, mitigating actions of reviewing cost drivers to reduce costs would be enacted in order to protect and cash and total unrestricted reserves.

The Advance HE planning cycle for rolling multi-year budgets will begin in the spring of 2023 and reflects the fast-paced changing environment that the UK and Advance HE are responding to.

As at 31 July 2022 Advance HE has £14.65m of cash and cash equivalents of which £1.7m relates to advance cash receipts that relate to future dated membership renewals as summarised below:

- £1m for release during 2022-23;
- £0.6m for release during 2023-24;
- £0.1m for release during 2024-25.

Advance HE does not have any loans or any other borrowings.

After considering these factors, the Board has also approved the longer range five-year financial growth plans, business plan, financial forecasts covering the period to 31 July 2028 and the planned reserve levels and is satisfied that Advance HE will operate in a financially sustainable manner. The Board will monitor the direct and indirect impacts of cost increases, inflation levels, Covid-19 and Brexit in 2022-23. The Board considers that Advance HE has sufficient resources to continue in operational existence for at least but not limited to the 12 months from the date these statutory accounts are signed and continues to adopt the 'going concern' basis in preparing the statutory accounts. The Board do not believe that there are events that represent a material uncertainty that may cause significant doubt on the company's ability to continue as a going concern.

Cash flow forecasts have been prepared to the end of July 2024, which consider our cash position and cash requirements, derived from our five-year financial growth plans. These forecasts include any additional costs and savings arising from our scenario modelling and have also considered sensitivities surrounding our income related pipeline.

### **1.3. Income**

Income from specific commissioned monies, contracts and other services is accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

The following specific policies apply to certain categories of income:

- Where grant funding receivable from the funding bodies represents the funding allocation attributable to the current financial year, it is recognised in the income and expenditure accounts for the current year.
- Where grants made are not utilised, a claw-back is recognised as a debtor in the balance sheet. The associated grant income is then deferred until the original conditions for its receipt have been complied with.
- Institutional Memberships are recognised over the period to which they relate.
- Investment income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

### **1.4. Expenditure**

Expenditure has been charged to the statement of financial activities on an accrual basis. Costs are shown inclusive of any related value added tax.

**1.5. Tangible fixed assets**

Tangible assets are capitalised where they are capable of being used for a period that exceeds one year. Laptops, desk top computers, and servers are capitalised, irrespective of cost. All other equipment (excluding computer software and licences), furniture and fittings are capitalised at cost where the aggregated or individual cost is £1,000 or more.

**1.6. Intangible assets and depreciation**

Intangible assets are capitalised where they are capable of being used for a period that exceeds one year. Intangible assets under construction relate to a new finance software system.

**1.7. Depreciation**

All tangible fixed assets are depreciated on a straight line basis over their useful economic life as follows:

Leasehold improvements	-	over the period of the lease
Equipment	-	three years
Computer equipment	-	three years
Office equipment	-	three years
Furniture and fittings	-	five years

**Amortisation**

Advance HE website	-	four years
Advance HE CRM	-	four years

**1.8. Leased assets**

Costs in respect of operating leases are charged to expenditure on a straight-line basis over the lease term.

**1.9. Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.10. Creditors and Provisions**

Short-term trade creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Provisions are recognised when Advance HE has a present financial obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of its value.

**1.11. Contingent liabilities**

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation: a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

**1.12. Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks, building societies and

government securities. Advance HE has no significant exposure to cash flow interest rate risk as it does not have any loans or interest charging facilities in place.

#### **1.13. Post Balance Sheet events**

Post Balance Sheet events are categorised into adjusting and non-adjusting that occur between the end of the reporting period and the date when the financial statements are approved. Post Balance Sheet adjusting events are those where there is evidence of a condition(s) that exist at the end of the reporting period and are disclosed within the accounts. These can be favourable and/or unfavourable. Post Balance Sheet non-adjusting events are those where there are indicative conditions that have arisen after the end of the reporting period and are disclosed by way of a note. These can be favourable and/or unfavourable.

#### **1.14. Taxation**

Advance HE is a charity within the meaning of schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of section 467 Corporation Tax Act 2010 (CTA 2010). Accordingly, Advance HE is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11 of CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. Advance HE receives no similar exemption in respect of Value Added Tax.

#### **1.15. Foreign currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange differences are included in the consolidated statement of financial activities for the period in which they are incurred.

#### **1.16. Employee benefits**

Short term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred. Redundancy costs are recognised as an expense in the period in which the charity becomes irrevocably committed to incurring the costs and the main features of the plans have been announced to affected employees.

#### **1.17. Fundraising**

Advance HE's income is generated from membership subscriptions and fees, programmes and events fees, consultancy fees, accreditation and charters fees, awards fees, commissioned work from national Funding Bodies (OfS, HEFCW, DfE Northern Ireland, SFC) and from commissioned work from Europe. Advance HE does not use professional fundraisers or commercial participators, nor does it operate any voluntary standards and schemes for fundraising.

#### **1.18. Pension schemes**

Advance HE participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate Trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual organisations/institutions and a scheme-wide contribution rate is set. Advance HE

is therefore exposed to actuarial risks associated with other organisations'/institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", Advance HE therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since Advance HE has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, Advance HE recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

#### **1.19. Financial instruments**

The organisation only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

A review of the Balance Sheet as at 31 July 2022 has been undertaken regarding any impairment risks. The Board considers that there are no significant risks.

## **2. Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. The items in the financial statements where these judgements, estimates and assumptions have been made include:

## Judgements and estimates

### Pension Scheme

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

### Judgements

#### Provision for doubtful debts

All debts over 90 days were reviewed and a judgement made as to the level of provision required on a case by case basis. This provision amounted to a total of £25k (2021-22 £5k).

## 3. Funding body grants

	2022 £000	2021 £000
Scottish Funding Council*	-	668
Higher Education Funding Council for Wales	39	70
Other	24	32
	<u>63</u>	<u>770</u>

\*2020-21 is the last year of the Scottish Funding Council grants.

## 4. Other income

	2022 £000	2021 £000
Memberships	6,955	6,917
Consultancy, programmes, conferences/events, accreditation and professional recognition	8,910	7,573
	<u>15,865</u>	<u>14,490</u>

## 5. Investment

	2022 £000	2021 £000
Interest receivable	37	34
	<u>37</u>	<u>34</u>



## 6. Staff

	<b>2022 £000</b>	<b>2021 £000</b>
Staff costs		
Wages and salaries	6,773	6,515
Social security costs	769	693
Pension costs	1,333	1,236
Movement on USS provision	11,235	5
	<b>20,110</b>	<b>8,449</b>

The significant movement in the USS provision is based on long-term actuarial assumptions and do not impact the day to day operations, cash flow or financial sustainability.

Voluntary severance payments made in relation to the impact of Covid-19 included in the above are nil (2020-21: £16k).

Emoluments of the Chief Executive:	<b>2022 £000</b>	<b>2021 £000</b>
Total emoluments (including payments in lieu of pension payments)	<b>180</b>	<b>172</b>

The number of higher paid post-holders who received emoluments, (excluding pension contributions) in the following ranges was:

	<b>2022 £000</b>	<b>2021 £000</b>
£60,000 to £64,999	7	12
£65,000 to £69,999	4	4
£70,000 to £74,999	4	3
£75,000 to £79,999	-	-
£80,000 to £84,999	1	-
£85,000 to £89,999	-	2
£90,000 to £94,999	-	-
£95,000 to £99,999	2	-
£100,000 to £104,999	1	1
£105,000 to £109,999	1	1
£145,000 to £149,999	-	-
£165,000 to £169,999	-	1
£170,000 to £174,999	1*	-
	<b>21</b>	<b>24</b>

\*This salary payment includes payments in lieu of pension payments.

The average number of persons employed by Advance HE during the year, by major category, expressed as full-time equivalents was:

	<b>2022 No.</b>	<b>2021 No.</b>
Operations	<b>115</b>	<b>111</b>
Marketing	<b>13</b>	<b>12</b>
Overheads	<b>22</b>	<b>24</b>
	<b>150</b>	<b>147</b>

## 7. Key management personnel

The key management personnel of the organisation comprises those persons having authority and responsibility for planning, directing and controlling the activities of Advance HE and comprises all members of the Executive Team of Advance HE outlined on page 4. The total amount of employee benefits paid to members of the Executive Team in respect of their services to Advance HE (including remuneration, employer's pension contributions, employer's National Insurance and other benefits) was £1,103k (2020-21 £1,050k).

## 8. Other operating expenditure

	<b>2022 £000</b>	<b>2021 £000</b>
Operational costs	4,192	2,881
Indirect staff costs	71	5
Rent and rates	706	723
Heat, light and power	32	33
Travel and subsistence	267	44
Postage, printing, stationery and telephone	149	110
Professional fees	189	105
Office equipment and computer maintenance	622	701
General expenses	86	49
Public relations and marketing	252	273
Recruitment costs	104	49
Loss on disposal of assets	6	-
	<b>6,675</b>	<b>4,973</b>

	<b>2022 £000</b>	<b>2021 £000</b>
Other operating expenditure includes:		
Auditor's remuneration		
- External auditor's remuneration in respect of audit services	<b>49</b>	37
Hire of buildings – operating leases	<b>572</b>	610

## 9. Interest and other finance costs

	2022 £000	2021 £000
Bank charges	35	66
Finance cost of USS Pension	21	24
	<u>56</u>	<u>90</u>

## 10. Tangible fixed assets

	2022				
	Leasehold Improvements	Computer Equipment	Office Equipment	Fixtures Fittings	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
Opening balance	140	631	54	227	1,052
Additions	-	113	-	-	113
Disposals	-	(233)	(9)	(172)	(414)
<b>At 31 July 2022</b>	<u>140</u>	<u>511</u>	<u>45</u>	<u>55</u>	<u>751</u>
<b>Depreciation</b>					
Opening balance	29	528	40	194	791
Charge for the year	14	68	14	11	107
Disposals	-	(227)	(9)	(172)	(408)
<b>At 31 July 2022</b>	<u>43</u>	<u>369</u>	<u>45</u>	<u>33</u>	<u>490</u>
<b>Net book value</b>					
<b>At 31 July 2022</b>	<u>97</u>	<u>142</u>	<u>-</u>	<u>22</u>	<u>261</u>
<b>At 31 July 2021</b>	<u>111</u>	<u>103</u>	<u>14</u>	<u>33</u>	<u>261</u>

## 11. Intangible Assets

	2022		
	Under Construction	Computer System	Total
<b>Cost</b>			
Opening balance	30	345	375
Additions	190	-	190
Transfers	( 200)	200	-
<b>At 31 July 2022</b>	<u>20</u>	<u>545</u>	<u>565</u>
<b>Amortisation</b>			
Opening balance	-	108	108
Charge for the year	-	103	103
<b>At 31 July 2022</b>	<u>-</u>	<u>211</u>	<u>211</u>
<b>Net Book Value</b>			
<b>At 31 July 2022</b>	<u>20</u>	<u>334</u>	<u>354</u>
<b>At 31 July 2021</b>	<u>30</u>	<u>237</u>	<u>267</u>

## 12. Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Trade Debtors	5,413	3,649
Other debtors	160	176
Prepayments	514	468
Accrued income	455	589
	<b>6,542</b>	<b>4,882</b>

## 13. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	763	280
Other tax and social security	312	289
Accruals and Deferred Income*	11,161	10,849
	<b>12,236</b>	<b>11,418</b>

\*2022 Includes £0.4m of Other Creditors payable later than one year and £9.4m Deferred Income (£8.2m<1yr, £1.2m between 1-5 years). (2021: £nil of Other Creditors payable later than one year and £9.6m Deferred Income (£7.9m<1yr, £1.7m between 1-5 years)).

## 14. Provisions for liabilities

	Obligation to fund past deficit on USS pension £000	Office dilapidations £000	Total £000
As at 1 August 2021	2,455	375	2,830
Charged in the year	11,258	30	11,288
At 31 July 2022	<b>13,713</b>	<b>405</b>	<b>14,118</b>

The significant increase in the USS provision is based on HE sector negotiated and agreed long-term actuarial assumptions. The provision does not impact on the day to day operations, cash flows or financial sustainability of the charity. The office dilapidations provision is expected to be utilised with the expiry of the longest lease (March 2029).

## 15. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2022 £000	2021 £000
<b>Surplus for the year</b>	<b>(11,089)</b>	<b>1,570</b>
Depreciation and Amortisation (note 10 & 11)	210	219
Increase in debtors (note 12)	(1,660)	(801)
Increase/(decrease) in creditors (note 13)	12,106	(130)
Interest receivable (note 5)	(37)	(34)
Interest payable and similar charges (note 9)	56	90
Loss on disposal of Assets	6	116
Net cash provided by (used in) operating activities	<u>(408)</u>	<u>1,030</u>

## 16. Cash flows from investing activities

	2022 £000	2021 £000
Interest receivable	37	34
Interest payable and similar charges	(56)	(90)
Purchase of fixed assets	(303)	(89)
Net cash used in investing activities	<u>(322)</u>	<u>(145)</u>

## 17. Analysis of changes in net debt

This balance represents cash as Advance HE does not have any borrowings.

	At 1 August 2021 £000	Cash flow £000	At 31 July 2022 £000
Cash	15,378	(730)	14,648
Total	<u>15,378</u>	<u>(730)</u>	<u>14,648</u>

## 18. Pensions and similar obligations

The total amount charged to the Income and Expenditure account is £11,257k (2020-21: £29k was credited to the Income and Expenditure account) resulting in a total provision of £13,713k (2020-21 £2,455k). The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2020 (the valuation date), which was carried out using the projected unit method. Since Advance HE cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below:

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus:  Pre-retirement: 2.75% p.a.  Post retirement: 1.00% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

## 2020 valuation

Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females.
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.4
Females currently aged 65 (years)	25.5	25.9
Males currently aged 45 (years)	25.9	26.3
Females currently aged 45 (years)	27.3	27.7

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate increased to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount rate	3.33%	0.89%

## 19. Capital commitments

No contracted capital commitments were in place as at 31 July 2022 (2021: £12k)

## 20. Financial commitments

At 31 July 2022 Advance HE had total commitments under non-cancellable operating leases as follows:

	2022 £000	2021 £000
<b>Future minimum lease payments due:</b>		
Not later than 1 year	560	610
Later than 1 year and not later than 5 years	2,119	2,243
Later than 5 years	494	1,121
	<u>3,173</u>	<u>3,974</u>

There is one property with four and a half years of a 25-year lease remaining. There is a break clause on another property with a lease term of 10 years, in one and a half years which mitigates any risk of longer term liability.

At 31 July 2022 Advance HE had total future minimum lease receipts under non-cancellable operating leases which net against the above total as follows:

	2022 £000	2021 £000
<b>Future minimum receipts due:</b>		
Not later than 1 year	177	-
Later than 1 year and not later than 5 years	1,044	-
Later than 5 years	-	-
	<u>1,221</u>	<u>-</u>

## 21. Contingent liabilities

There were no contingent liabilities at 31 July 2022 (2021: £nil).

## 22. Related party transactions

Due to the nature of Advance HE's operations and the composition of the Board (being drawn from the higher education sector), it is inevitable that transactions will take place with organisations in which a Director of the Board or a Member of Advance HE may have an interest. All transactions involving organisations in which a Director of the Board or a Member of Advance HE may have an interest are conducted at arms' length and in accordance with Advance HE's financial regulations and normal procurement procedures.

During the period there were no transactions (neither income nor expenditure) with organisations with which any director of the Board or Member of Advance HE may have an interest.

The following transactions were identified for disclosure under FRS 102: Related Party Disclosures:

Director/Trustee	Institution	Receipts from the institution	Payments to the institution	Owed from the institution
		£000	£000	£000
<b>Mr Stephen Marston</b>	University of Gloucestershire	27	30	(15)
<b>Professor Frances Corner</b>	University of London	3	-	-
<b>Professor Helen Langton</b>	University of Suffolk	34	-	-
<b>Professor Quintin McKellar</b>	University of Hertfordshire	108	-	(22)
<b>Professor Andrea Nolan</b>	Edinburgh Napier University	-	-	-
<b>Professor Andrea Nolan</b>	Moredun Research Institute	3	-	(3)
<b>Professor David Richardson</b>	University of East Anglia	49	-	(22)
<b>Professor Sarah Greer</b>	University of Winchester	27	-	(26)
<b>Professor Helen Higson</b>	Aston University	3	-	-
<b>Professor Janice Kay</b>	University of Exeter	236	-	(185)
<b>Professor Geoff Layer</b>	University of Wolverhampton	13	1	(53)
<b>Professor Helen O'Sullivan-Heritage</b>	University of Chester	28	-	(47)
<b>Mr Chris Sayers</b>	Northumbria University	140	-	(98)
<b>Professor Nigel Seaton</b>	Abertay University	28	-	(37)
<b>Ms Rose Wangen-Jones</b>	London & Partners	-	-	-
<b>Janet Legrand</b>	University of Edinburgh	123	-	(6)
<b>Annette Hay</b>	Coventry University	37	-	(6)
<b>Professor David Sadler</b>	University of Western Australia	1	-	-
<b>Heather Francis</b>	University of the Arts London	130	-	(16)
<b>Paul Woodgates</b>	PA Consulting	-	-	-
<b>Dr Samuel Grogan</b>	University of Salford	92	4	(66)

The Owed to (Owed from) represents invoices due to (due from) at 31 July 2022.

The Receipts from and Payments to represents invoices within the period of the Board Members appointment.



## 23. Unrestricted Reserves

	Designated reserve	General reserve	Total unrestricted reserve
	£000	£000	£000
Reserves <b>excluding</b> USS			
Pension liability			
As at 31 July 2021	500	8,447	8,947
Surplus for the period	-	146	146
Transfer of Reserves	1,750	(1,750)	-
At 31 July 2022	<b>2,250</b>	<b>6,843</b>	<b>9,093</b>

The unrestricted reserves excluding the pension liability at 31 July 2022 equated to 7 months (2021: 8 months) of operational expenditure. The decrease in the number of months being through higher planned operational costs in the year compared to 20-21.

The designated (specific) reserve fund is required for the strategic investment into the development of products and services to our stakeholders and our internal infrastructure to deliver this.

	Designated reserve	General reserve	Total unrestricted reserve
	£000	£000	£000
Reserves <b>including</b> USS			
Pension liability			
As at 31 July 2021	500	6,040	6,540
Deficit for the period		(11,089)	(11,089)
Transfer of reserves	1,750	(1,750)	-
At 31 July 2022	<b>2,250</b>	<b>(6,799)</b>	<b>(4,549)</b>

## 24. Financial instruments

	Year ended 31 July 2022 £000	Year ended 31 July 2021 £000
Financial assets that are debt instruments measured at amortised cost:		
Trade and other debtors	5,573	3,825
Cash	14,648	15,194
Accrued income	455	589
	<b>20,676</b>	<b>19,608</b>
Financial liabilities measured at amortised cost:		
Trade and other creditors	2,511	1,564



## Contact us

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