THE DIFFERENCE EDUCATION LTD

England & Wales · Charity number 1184843

Details

Status	Registered
Legal form	Charitable company
Company number	11426427
Registered	2019-08-09
Register	View on the Charity Commission register

Contact

Address	The Difference Education Ltd Floor 2 119 Roman Road London E2 0QN
Phone	07376 943289
Email	info@the-difference.com
Website	www.the-difference.com

Activities

Objects: TO ADVANCE EDUCATION FOR THE PUBLIC BENEFIT, IN PARTICULAR BY (BUT NOT LIMITED TO) TRAINING TEACHERS AND LEADERS TO SUPPORT VULNERABLE CHILDREN.

Activities: Improving life outcomes for the most vulnerable children by raising the status and expertise of those who educate them.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training
- **Who:** Children/young People

Geography

- Throughout England And Wales

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Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£1,576,315	£1,807,511	£919,733	21
2024-08-31	£1,342,911	£1,710,562	£1,150,929	19
2023-08-31	£1,505,705	£1,300,405	£1,518,580	16
2022-08-31	£1,126,613	£1,068,143	£1,313,280	13
2021-08-31	£1,398,721	£790,610	£1,254,810	10
2020-08-31	£930,276	£551,215	£646,699	8

Trustees

Name	Role	Appointed
Dave Whitaker		2020-06-19
Giuseppe Di'Iasio		2025-10-06
Joanne Hutchinson		2020-03-11
Magdalene Bayim-Adomako		2022-03-29
Natsayi Shingiso Ngorima Sithole		2025-10-06
Rupen Shah		2025-03-04
Sir Anthony Salz		2022-03-19

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THE DIFFERENCE EDUCATION LTD

England & Wales - Charity number 1184843

Accounts

The Difference

The school leadership charity getting students back into the classroom.



THE DIFFERENCE EDUCATION LTD

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2025

Charity Registration No. 1184843 | Company Registration No. 11426427
(England and Wales)

Trustees' Annual Report for the Year Ended 31 August 2025

The trustees present their report and financial statements for the year ended 31 August 2025.

Administrative Details

Trustees	C Megson	(resigned 16 March 2026)
	M Bayim-Adomako	
	J Benamor	(resigned 4 March 2025)
	G Di'Iasio	(appointed 6 October 2025)
	C Heald	(resigned 16 March 2026)
	J Hutchinson	
	A Salz	
	R Shah	(appointed 4 March 2025)
	N Sithole	(appointed 6 October 2025)
	D Whitaker	
	D Xiberras	(resigned 4 March 2025)
Key Management Personnel	Kiran Gill	
	Lily Bissett	
	Shaun Brown	(appointed 5 June 2025)
	Jennifer Graham	(resigned 14 February 2025)
	Eleanor Harris	(appointed 25 April 2025, resigned 6 March 2026)
	Jamie Rogers	
Charity Number	1184843	
Company Number	11426427	
Registered Office	121 Roman Road London E2 0QN	
Auditor	Godfrey Wilson Limited Chartered Accountants and Statutory Auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD	

Purpose

Our Purpose

The Difference exists to tackle the lost learning crisis. We do this by raising national expertise in whole-school inclusion through three levers: People, Practice and Policy. Our 2030 vision is to see lost learning rates falling nationally.

The Problem

Today in England, there is an epidemic of lost learning. The number of children losing learning through suspensions, exclusions and absence is rising alarmingly. Last year, 34 million days of learning were lost - a 79% rise in just 5 years.

Disproportionately these children are England's most vulnerable learners. These are the children who need school the most:

- children living in poverty;
- children with threats to their safety;
- children with neurodiversity and special educational needs;
- children with mental health needs; and
- children experiencing discrimination.

Lost learning has disastrous consequences for children, their communities, our society and also our economy. Children losing learning are:

- not passing key GCSEs in English and maths, needed to work or study post-16;
- more likely to be not in employment, education or training;
- likely to have long-term health challenges, and in receipt of health-related benefits; and
- more likely to be cautioned, incarcerated and be repeat offenders.

This acute social immobility is not just unjust but economically unsustainable. For last year's permanently excluded population alone, the Exchequer will lose £1.9bn.

Aims and Objectives

In 2018, The Difference Co-Founders Kiran Gill and Shaun Brown left their careers in policy and teaching to tackle this challenge. The charity does this through three levers:

- **People** - Developing skills and the will of school leaders to reduce lost learning in their schools through cohort-building training programmes;
- **Practice** - Researching and publishing on scalable practice to reduce lost learning in schools; and
- **Policy** - Raising the salience of the issues of lost learning, and bringing frontline insights to policymakers to incentivise national change.

Public Benefit

All of The Difference's activities are undertaken to further our charitable purpose, which is to advance education for the public benefit. More specifically, the charity is working to improve the inclusion, safety and success in school of young people experiencing absence, exclusion or marginalisation, by raising the status and expertise of those who educate them. The charity believes that improved outcomes for the most vulnerable benefit society as a whole, and that education plays an important role in bringing about this change. The trustees have a duty to consider public benefit guidance published by the Charity Commission. We are satisfied that the purpose and activities of the charity continue to satisfy the requirements of the public benefit test set out in section 17 of the Charities Act 2011. We have demonstrated how we have worked towards our charitable purposes, by setting out our achievements during the year in this Trustees' Report.



Activities

People

Leadership Development and Specialist Teacher Training: We develop inclusive school leaders through intensive, evidence-informed professional development. Since 2019 the Difference Leadership Programme has provided two years of specialist training for leaders working across Alternative Provision and mainstream settings, building deep expertise in whole-school inclusion. 2024/25 marked the final year of the programme.

The Difference Schools Partnership reflects a strategic shift from individual leadership development to whole-school transformation. We work with headteachers and senior leadership teams over multiple years to embed inclusive practice and reduce lost learning at scale.

Mainstream partnership via the Inclusive Leadership Course: The Inclusive Leadership Course is a year-long professional development course for mainstream senior leaders, including headteachers, deputy heads, assistant heads and inclusion leads. It combines six intensive training days with practical assignments. The course supports leaders to improve inclusion through structured learning on relational practice, peer collaboration and applied leadership assignments.

Across all programmes, The Difference monitors leader progression, school-level change and pupil outcomes, contributing to the evidence base for what works in reducing exclusion.

Practice

Research and publish best practice: We undertake research into the best and most innovative practice that can be scaled across the sector, and publish these learnings as well as frameworks that support whole-school inclusion and that define some of the practices and systems that build inclusive schools and support vulnerable students.

Community and scaling our ideas: We bring together school leaders committed to school inclusion to build a community of inclusive educators and inclusive schools. Our flagship community event is the annual IncludEd Conference bringing together teachers, school leaders, researchers, policymakers and young people to learn, share and connect.

Policy

Influencing Policy: We engage directly with change-makers at a national level; hosting meetings, school visits, and round tables with ministers and the third sector, to convene change makers from across the political spectrum and connect the dots between lost learning and mental health, special educational needs, safeguarding and criminal exploitation.

Raising the salience of lost learning and inclusion: We keep lost learning in the spotlight, working with journalists to ensure national coverage of children out of the classroom and to raise the salience of 'lost learning' framing.

Strategy - The Difference's 2030 pledges

The Difference has a bold vision. To see rates of lost learning falling by 2030.
In our next five years, The Difference wants to impact schools nationally.

People

We will prove whole-school inclusion reduces lost learning though our programmes, The Difference Schools Partnership and Inclusive Leadership Course.

- At least 75% of school leaders we work with will improve outcomes for vulnerable students.
- 2,000 school leaders will partner on our programmes who collectively will reach 750,000 students.

Practice

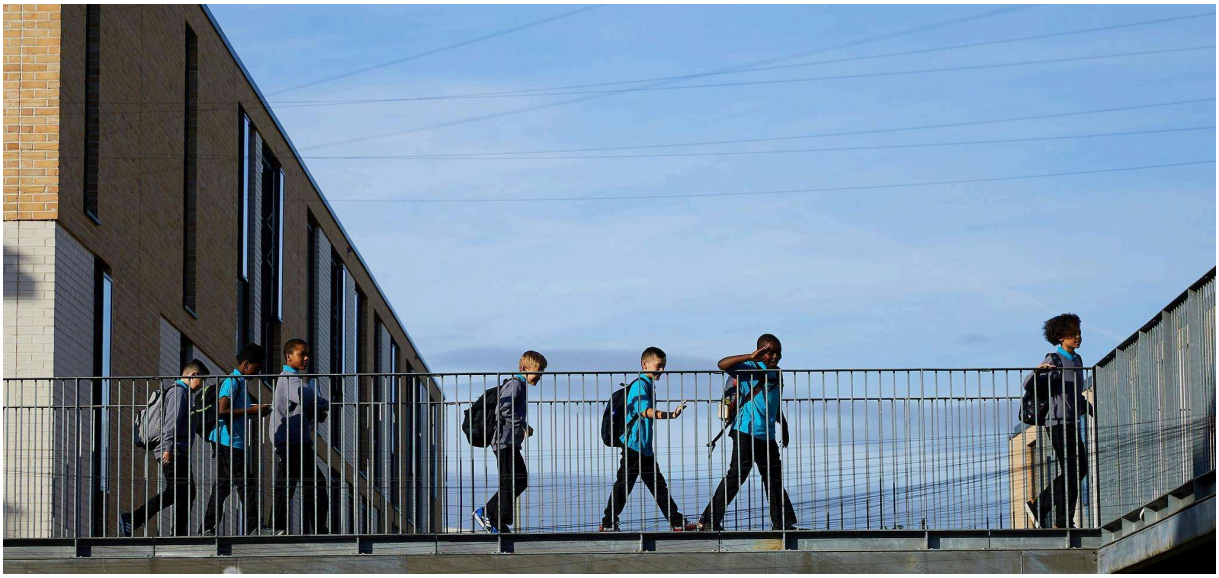
We will research best practice and convene learning communities around the biggest challenges in school inclusion.

- Four keystone publications will gain national traction.
- Over 20,000 practitioners, teachers and school leaders will engage with our publications, tools and frameworks.

Policy

We will build consensus on the incentives for school inclusion.

- 20 Local Authorities & Multi-Academy Trusts will change how they measure inclusion.
- This change will evidence and support our call for national incentive change which is needed to see lost learning fall nationally.



Achievements and Performance

This annual report covers the financial year 2024/25 in terms of activities, achievements, financial review, risks and uncertainties, structure, governance and management. 2024/25 has seen The Difference's work expand, scale, and reach more school leaders and students than ever before.

People 2024/25

Pilot year of The Difference Schools Partnership
Piloted in 2024/25, this multi-year programme supports headteachers and senior leadership teams to lead whole-school inclusion. The partnership focuses on strengthening internal alternative provision, reducing suspensions and repeat classroom removals, and embedding inclusive systems across the school that improve pupil outcomes.



The Difference Schools Partnership exceeded our pilot year 1 target, with 90% of schools improving attendance or suspension rates. In summer 2025 we evaluated the pilot to develop the new Difference Schools Partnership, launching in 2025/26.

The Difference Leadership Programme
The fifth and final cohort of The Difference Leadership Programme graduated in summer 2025. Leaders were placed in Alternative Provision schools for excluded pupils or internal alternative provisions within a mainstream school. In 2024/25 the Difference Leadership programme:



65% of the cohort achieved in year progression. The work of one Difference Leader brought suspensions down from 404 days to 15 days and attendance up from 58% to 70%.

The Inclusive Leadership Course
We trained more school leaders than ever before with cohorts in Corby, Chesterfield, Newcastle, Rochdale, and two in London. In 2024/25 the Inclusive Leadership Course:



80% of participants on this year's Course reported that staff had an increased ability to de-escalate behaviour incidents in their school as a result of our training,

75% report improved outcomes for students and 91% would recommend the course to colleagues.

Practice 2024/25

Research - This academic year we focussed our research on internal alternative provision, which led to a sector-leading publication on what good provision looks like in practice and the four tenets schools can implement. The report led to a spotlight on internal alternative provision which has featured in articles in TES and Schools Week.

Community and practice sharing - The Difference continued to grow, with over 700 attendees at IncludEd 2025 and over 4,700 people reached through 4 Bullet Friday. Building on our internal provision research, we brought together over 250 leaders committed to developing more effective provisions for an Internal Alternative Symposium and webinar in spring 2025.

Frameworks - we published three frameworks that schools and school leaders can use to build more inclusive schools

- **Continuum of Lost Learning** developed out of our IPPR report *Who is Losing Learning? The case for reducing excursions across mainstream schools*
- **Definition of Whole School Inclusion** developed with schools, families, and the third sector
- **Inclusion framework** developed with experts from across the sector and published in our IPPR report, *Who is Losing Learning? Finding solutions to the school engagement crisis.*

Policy 2024/25

With a general election held in July 2024 and many challenges in education reaching crisis levels, The Difference's policy work took on new urgency.

Influencing in Partnership - We published two cornerstone reports on inclusion (Who Is Losing Learning), one on the scale of the challenge of lost learning and a second on the solutions to the school engagement crisis with our partners IPPR, Impetus and Mission 44. These reports have formed the basis of our influencing work to shift national incentives so that inclusion is more possible and more desirable for schools to achieve, and have:

- Made inclusion centre ground
- Re-framed excluded children as vulnerable
- Defined lost learning and inclusion for the country
- Placed lost learning in the wider national conversation

Media - The Who Is Losing Learning reports and our work to convene education leaders and change makers from across the political spectrum have raised the alarm about lost learning as a social justice issue, securing press coverage in The Guardian, Sky News, ITV, and Schools Week.

Thank you

Thank you to all of our supporters and donors for the generosity and partnership you have given The Difference this year, our successes would not have been possible without you.

Plans for the Future

People

The next phase of The Difference Schools Partnership - Launching in 2025/26 the new Difference Schools Partnership is a three-year programme to develop sector-leading inclusion. We will recruit ten schools from across the country and work with headteachers and their senior teams to build whole-school inclusion strategies and reduce lost learning.

Catalyst for national change - The Difference Schools Partnership will play a critical role in creating national change. Inclusive systems and reduced lost learning in ten schools aims to create system change in ten Multi-Academy trusts or Local Authorities. Change across these groups of schools will provide evidence and support our call for further changes in education policy.

The Inclusive Leaders Course: a movement of inclusive leaders - The course will continue to reach new geographies in England and following successful work with cohorts brought together by local government we will continue to partner with Local Authorities who are keen to lead the way in inclusion to tackle lost learning.

Practice

Research - Our next focus will be reducing harmful and abusive behaviour, looking at schools who have adopted this lens to improve their identification of harm and responses to reduce it.

Whole-school inclusion tool - We are developing a further framework to support schools - the Whole-Schools Inclusion tool, which will be tested over the coming year. The tool supports schools to audit and diagnose key inclusion issues and identify potential solutions.

Bringing the inclusive schools community together -We will continue to deliver IncludEd as the conference that brings together school leaders committed to building more inclusive schools, and sharing our work and practice more widely though our Four Bullet Friday newsletter.

Policy

The Difference is working to influence education reforms via strong relationships with officials, Ministers and by building consensus across the sector.

Inclusion for All - We will continue our work to influence the Department to expand its definition of inclusion to be more than just about special educational needs. The Inclusion for All campaign launches in 2025/26 to bring the sector together under our definition of whole-school inclusion.

Schools white paper - The upcoming Schools White Paper is an opportunity to reset expectations for all schools to be welcoming and inclusive places. The Difference CEO is on the advisory group, attending weekly meetings with the Minister as part of the White Paper development and making sure that the disproportionality of lost learning is not overlooked in reforms.

Financial Review

Financial position

Our income increased (£1.58m up from £1.3m in 2023/24) while our expenditure rose (£1.8m up from £1.7m in 2023/24), as The Difference made strategic decisions to invest reserves with the appointment of a Deputy CEO to increase our fundraising capacity and the launch of our Who's Losing Learning problem and solution reports. We operated at a financial deficit of £0.23m in 2024/25 (£0.37m deficit in 2023/24). We ended the year with total funds of £920k, of which £230k were general unrestricted.

Income

Our total income through the academic year 2024/25 was £1.58m (up from £1.3m in 2023/24).

The Difference's dominant source of funding is from philanthropy, with the majority of our income coming from trusts and foundations and a small but growing group of individual donors and corporate foundations. They invest in our pioneering programmes, and in campaigning for policy change. This year voluntary income made up 70% of overall income. Thank you to all our donors who made our work possible this year.

Our 2025-2030 strategy has included ambition to grow traded revenue to The Difference including school contributions to our programmes, speaking events, and research contract work. The proportion of The Difference's expenditure from school contributions has risen over the years from 19% in 2022/2023 to 24% in 2024/25.

The Difference does not use any external professional or commercial fundraisers - all fundraising activities are conducted by our own employees. The Difference adheres to the Code of Fundraising Practice but is not currently subscribed to any schemes for fundraising regulation as we do not fundraise through any kind of community, public events or digital fundraising. The Difference fundraises predominantly through grant-making organisations and a small number of individual philanthropists known to The Difference and our board or committees. Our lack of public fundraising means we do not have any interaction with potentially vulnerable members of the public. The Difference has never received any complaints about fundraising activities which we've undertaken.

Expenditure

The Difference's total expenditure through the academic year 2024/25 was £1.8m (up from £1.7m in 2023/24).

As outlined in the Achievements section of this report, expenditure in the period focused on four main areas: concluding delivery of the Difference Leaders Programmes and launching the pilot of the Difference Schools Partnership; establishing the Who's Losing Learning Coalition and publishing two major research reports; strengthening senior leadership capacity through the

appointment of a Deputy CEO; and completing our first full year with a fully resourced fundraising team in place.

As with many other charities, inflation has been a driver in rising costs year-on-year at The Difference.

Reserves policy

The Difference's unrestricted (or 'free') reserves are the net current assets of our general (and designated) unrestricted funds.

We hold these funds to:

- provide working capital to finance our day-to-day operations;
- provide a safeguard against failure to deliver against contractual obligations we have entered into; and
- protect our solvency in the event of any curtailment in our income-generating activities.

It is the Difference's policy that unrestricted funds which includes those we have designated for a specific use should be maintained at a level equivalent to between three to six months' budgeted operating costs, where possible (currently between £411k and £822k). The trustees consider that reserves at this level would ensure that, in the event of a significant change in funding, The Difference is able to meet its obligations to programme participants, partner organisations and staff, whilst giving consideration to ways in which additional or alternative funds may be raised.

On 31st August 2025, total funds were £920k, of which £10k were restricted, leaving free reserves of £910k (£680k designated and £230k unrestricted), which exceeds the target level of free reserves. Funds in excess of free reserves will be used to help deliver our 2030 strategy.

Going concern

Trustees and the senior management team review spending and revenue, and re-forecast accordingly, on a quarterly basis. Current forecast cash flow shows that The Difference has adequate free cash to meet its obligations as they fall due.

Trustees are content that The Difference has adequate resources to fund its activities for the foreseeable future. The trustees therefore believe that the charity is a going concern, and so have prepared the accounts and financial statements on this basis.

Risks & uncertainties

Effective risk management is critical to ensuring that The Difference achieves its mission for the improved life-outcomes of vulnerable children. All our employees are encouraged and supported to identify and manage key risks within their work, and to communicate and escalate these appropriately. Through this, responsibility for risk is distributed across the charity.

We manage our risks in line with our risk-management policy, which includes the collation and monitoring of key organisational risks within a risk register. The Executive Team has responsibility and accountability for the risk register. The Board of Trustees maintains overall accountability by reviewing risks escalated from the Executive on a quarterly basis.

The key risks which will be managed in the year ahead, 2025/26 are:

Financial sustainability and income risk

There is a risk that The Difference does not secure sufficient income across fundraising and traded activity to deliver its strategy, leading to pressure on reserves and constraints on delivery. This reflects multiple risks, including fundraised income shortfalls, traded income underperformance, rising operating costs, and the risk of reserves falling below target levels.

Mitigations:
The Difference has strengthened financial oversight through improved forecasting, scenario planning, and regular review by the Executive Team and Board. A new fundraising team was established in 2024, alongside a clearer income diversification strategy spanning trusts and foundations, high net worth individuals, partnerships, and traded programmes. Cost controls and reserves thresholds are monitored throughout the year, with escalation triggers in place.

Schools' financial pressures affecting programme growth

Reduced budgets and workforce pressures in schools and Multi-Academy Trusts may limit the capacity of senior leaders to engage with professional development programmes, constraining growth and reach.

Mitigations:
The Difference is evolving its delivery model from individual school engagement to the Difference Schools Partnership, working at MAT and Local Authority level. This approach enables greater reach, stronger commissioning relationships, and better value for participating schools. The 2025–2030 strategy continues to prioritise impact-per-pound and scalable delivery.

Structure, governance & management

Constitution and governing documents

The Difference Education Ltd is governed by its Memorandum of Association and Articles of Association.

The Difference Education Ltd is a charitable company, limited by guarantee and not having a share capital. The Difference operates within England and Wales capital (Charity number: 1184843; Company number: 11426427). The Difference Education Ltd gained charitable status from the Charity Commission in 2019.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Directors and Trustees

The Board of Trustees meets regularly to govern the charity. During the period of reporting, it held four meetings. At its meetings in 2024/25, the Trustee Board agreed the budget and updated forecast for 2025/26; input and signed off the 2025-2030 Theory of Change and organisational strategy; reviewed The Difference's financial model; managed and mitigated ongoing risk; and approved delegation to and growth of The Difference's staff team.

Organisational Structure and Key Personnel

The appointment or election of Trustees is as determined by the Board of Trustees. The Trustees have overall responsibility for the charity, but the day-to-day running of the charity is delegated to the Chief Executive Officer, Kiran Gill, and her staff.

The Trustees are responsible for:

- Overseeing the work of the Chief Executive;
- Approving plans to scale the charity;
- Agreeing the strategy for the development and growth of The Difference;
- Ensuring that The Difference meets its legal responsibilities;
- Ensuring The Difference improves the life outcomes of the most vulnerable children through their work and practice; and
- Ensuring sound financial management of The Difference.

Induction and Training policy for new Trustees

New Trustees meet with the Chief Executive and Chair to discuss their role and responsibilities. This gives an opportunity to answer any questions raised by the new Trustee and to clarify the content of any written documentation circulated to the new Trustee. Opportunities for training of the Trustees are presented to them, as well as pre-existing documents on The Difference's strategy, impact, and previous decisions. The Chief Executive ensures Trustees are kept up to date with developments in Charity and company law. This is achieved through briefings at Board meetings and, as appropriate, circulated written information.

Executive Pay Policy

The Trustees consider the CEO and Directors to represent the Executive Team of The Difference.

Changes to salaries take place after their Performance Management Reviews on an annual basis. These are determined by the Chair of Trustees in coordination with other trustees. Such changes may take place on the back of an evolution of role corresponding to increased responsibility. The Difference has a pay policy which states that salary increases are only granted the basis of changed responsibilities only (i.e. no performance related pay). These salaries are regularly benchmarked against other similar organisations in our sector.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with 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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also

responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

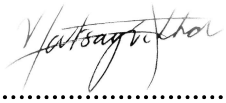
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

The trustees' report was approved by the Board of Trustees.



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N Sithole

Chair of Trustees Dated: 26 March 2026

Independent auditors' report

To the members of

The Difference Education Ltd

Opinion

We have audited the financial statements of The Difference Education Ltd (the 'charity') for the year ended 31 August 2025 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. 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 charity's affairs as at 31 August 2025 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 the provisions available for small entities, in the circumstances set out in note 6 to the financial statements, 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

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

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

We have nothing to report in this regard.

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 trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Our 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent auditors' report

To the members of

The Difference Education Ltd

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. This description forms part of our auditor's report.

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

William Guy Blake

Date: 30 March 2026

William Guy Blake ACA
(Senior Statutory Auditor)

For and on behalf of:
GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

The Difference Education Ltd

Statement of financial activities *(incorporating an income and expenditure account)*

For the year ended 31 August 2025

	Note	Restricted £	Unrestricted £	**2025 Total £**	2024 Total £
Income from:					
Donations	3	301,650	700,020	**1,001,670**	1,001,348
Charitable activities	4	49,075	486,712	**535,787**	325,712
Investments		-	38,858	**38,858**	15,851
Total income		350,725	1,225,590	**1,576,315**	1,342,911
Expenditure on:					
Raising funds		-	243,077	**243,077**	170,950
Charitable activities		426,566	1,137,868	**1,564,434**	1,539,612
Total expenditure	5	426,566	1,380,945	**1,807,511**	1,710,562
Net (expenditure) and net movement in funds	6	(75,841)	(155,355)	**(231,196)**	(367,651)
Reconciliation of funds:					
Total funds brought forward		85,685	1,065,244	**1,150,929**	1,518,580
Total funds carried forward		9,844	909,889	**919,733**	1,150,929

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 14 to the accounts.

The Difference Education Ltd

Balance sheet

As at 31 August 2025

	Note	£	2025 £	2024 £
Fixed assets				
Investments	9		**-**	33,241
Current assets				
Investments	9	**512,656**		765,000
Debtors	10	**79,560**		135,345
Cash at bank and in hand		**417,333**		364,980
		1,009,549		1,265,325
Liabilities				
Creditors: amounts falling due within 1 year	11	**(89,816)**		(147,637)
Net current assets			**919,733**	1,117,688
Net assets	13		**919,733**	1,150,929
Funds	14			
Restricted funds			**9,844**	85,685
Unrestricted funds				
Designated funds			**680,000**	650,000
General funds			**229,889**	415,244
Total charity funds			**919,733**	1,150,929

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 26 March 2026 and signed on their behalf by

N Sithole, Chair of Trustees

The Difference Education Ltd

Statement of cash flows

For the year ended 31 August 2025

	2025 £	2024 £
Cash used in operating activities:		
Net movement in funds	**(231,196)**	(367,651)
Adjustments for:		
Dividends, interest and rents from investments	**(38,858)**	(15,851)
Increase / (decrease) in debtors	**55,785**	(66,974)
(Decrease) / increase in creditors	**(57,821)**	40,534
Net cash used in operating activities	**(272,090)**	(409,942)
Cash flows from investing activities:		
Dividends, interest and rents from investments	**38,858**	15,851
Cash withdrawn from fixed-term deposits held for more than 1 year	**33,241**	(33,241)
Net cash provided by / (used in) investing activities	**72,099**	(17,390)
Decrease in cash and cash equivalents in the year	**(199,991)**	(427,332)
Cash and cash equivalents at the beginning of the year	**1,129,980**	1,557,312
Cash and cash equivalents at the end of the year	**929,989**	1,129,980
Analysis of cash and cash equivalents		
Cash held in current asset investments	**512,656**	765,000
Cash at bank and in hand	**417,333**	364,980
	929,989	1,129,980

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

1. Accounting policies

a) General information and basis of preparation

The Difference Education Ltd is a charitable company limited by guarantee registered in England and Wales. The registered office address is 121 Roman Road, London, E2 0QN.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Difference Education Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from the supply of services is recognised with the delivery of the service.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

d) Donated services and facilities

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. In accordance with the Charities SORP (FRS 102), no amounts are included for the contribution of general volunteers.

1. Accounting policies (continued)

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

f) Funds accounting

Unrestricted general funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for a particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal.

g) Expenditure and irrecoverable VAT

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

Expenditure on raising funds includes the costs of all fundraising activities and events.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs, including overhead support costs, are allocated to expenditure categories reflecting the use of the resource. Staff costs are allocated between charitable activities, fundraising and support based upon the proportion of time spent on each activity.

h) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities based on the proportion of staff cost as follows:

	2025	2024
Raising funds	**16.5%**	9.6%
Charitable activities	**83.5%**	90.4%

1. Accounting policies (continued)

i) Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

j) Non-current asset investments

Non-current asset investments consist of cash held on deposit in interest bearing accounts with a term not less than 1 year. Such investments are held at fair value.

k) Current asset investments

Current asset investments consist of cash held on deposit in interest bearing accounts with a term not more than 1 year. Such investments are held at fair value.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Creditors

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

n) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

o) Pension costs

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

1. Accounting policies (continued)

p) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2024 Total £
Income from:			
Donations	497,248	504,100	1,001,348
Charitable activities	-	325,712	325,712
Investments	-	15,851	15,851
Total income	497,248	845,663	1,342,911
Expenditure on:			
Raising funds	-	170,950	170,950
Charitable activities	657,521	882,091	1,539,612
Total expenditure	657,521	1,053,041	1,710,562
Net (expenditure) and net movement in funds	(160,273)	(207,378)	(367,651)

3. Income from donations

	Restricted £	Unrestricted £	**2025 Total £**
Donations	-	16,020	**16,020**
Trusts and foundations	301,650	684,000	**985,650**
Total income from donations	301,650	700,020	**1,001,670**

Prior period comparative:

	Restricted £	Unrestricted £	2024 Total £
Donations	-	58,500	58,500
Trusts and foundations	497,248	445,600	942,848
Total income from donations	497,248	504,100	1,001,348

4. Income from charitable activities

	Restricted £	Unrestricted £	**2025 Total £**
Inclusive Leadership Course	-	287,500	**287,500**
Other Programmes Income	-	72,578	**72,578**
Consultancy and research	-	55,286	**55,286**
Grants	49,075	71,348	**120,423**
Total income from charitable activities	49,075	486,712	**535,787**

Prior period comparative:

	Restricted £	Unrestricted £	2024 Total £
Inclusive Leadership Course	-	245,478	245,478
The Difference Leadership Programme	-	70,439	70,439
Consultancy and research	-	9,795	9,795
Total income from charitable activities	-	325,712	325,712

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	**2025 Total £**
Staff costs (note 7)	178,343	904,068	212,862	**1,295,273**
Programme delivery costs -				
School Partnerships and ILC	-	169,663	-	**169,663**
Policy and Evidence	-	120,754	-	**120,754**
Office and equipment	-	-	88,036	**88,036**
Freelance staff costs	-	40,399	29,698	**70,097**
Recruitment	-	-	18,748	**18,748**
Back office costs	-	-	16,133	**16,133**
Staff support	-	-	14,800	**14,800**
Other operating expenses	-	-	8,014	**8,014**
Travel expenses	-	4,502	988	**5,490**
Fundraising	503	-	-	**503**
Sub-total	178,846	1,239,386	389,279	**1,807,511**
Allocation of support and governance costs	64,231	325,048	(389,279)	**-**
Total expenditure	**243,077**	**1,564,434**	**-**	**1,807,511**

Total governance costs were £9,922 (2024: £11,131).

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2024 Total £
Staff costs (note 7)	81,324	770,018	268,734	1,120,076
Freelance staff costs	39,982	9,469	84,809	134,260
Programme delivery costs -				
School Partnerships and ILC	-	190,345	-	190,345
Policy and evidence	-	89,592	-	89,592
Office and equipment	-	-	88,534	88,534
Recruitment	-	-	34,617	34,617
Travel expenses	-	16,725	1,858	18,583
Back office costs	-	-	17,427	17,427
Staff support	-	-	16,256	16,256
Other operating expenses	-	-	445	445
Fundraising	427	-	-	427
Sub-total	121,733	1,076,149	512,680	1,710,562
Allocation of support and governance costs	49,217	463,463	(512,680)	-
Total expenditure	170,950	1,539,612	-	1,710,562

6. Net movement in funds

This is stated after charging / (crediting):

	2025	2024
	£	£
Trustees' remuneration	**Nil**	Nil
Trustees' reimbursed expenses	**948**	257
Trustee aggregate unrestricted donations	**(5,000)**	(2,000)
Operating lease payments	**10,575**	18,660
Auditors' remuneration (excluding VAT):		
▪ Statutory audit	**8,000**	7,600

During the year 9 trustees (2024: 3) were reimbursed for board meeting, travel and subsistence expenses.

In common with other charities of our size and nature we use our auditors to assist with the preparation of the financial statements, and submission of corporation tax returns to the tax authorities.

7. Staff costs and numbers

Staff costs were as follows:

	2025	2024
	£	£
Salaries and wages	**1,119,193**	958,831
Social security costs	**114,491**	105,763
Pension costs	**61,589**	55,482
	1,295,273	1,120,076

Included in salaries and wages are redundancy and termination costs totalling £15,320. Redundancy and termination costs have been funded from unrestricted general funds.

The key management personnel of the charitable company comprise the Trustees, the Chief Executive Officer, the Deputy Chief Executive Officer, the Director of People, Finance & Operations, the Director of Programmes, the Director of Policy & Evidence and the Director of Research, Impact & Influencing.

The total employee benefits of the key management personnel were £461,515 (2024: £396,142).

7. Staff costs and numbers (continued)

	2025 No.	2024 No.
Average head count	**21.30**	19.30

The number of employees whose remuneration for the year was greater than £60,000 was:

	2025 No.	2024 No.
£60,000 to £69,999	**3**	1
£70,000 to £79,999	**1**	2
£80,000 to £99,999	**1**	-

8. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9. Fixed and current asset investments

The charity holds investments comprising:	2025 £	2024 £
Fixed-term deposits held for more than 1 year	**-**	33,241
Notice and fixed-term deposits held for up to 1 year	**512,656**	765,000
	512,656	798,241

10. Debtors

	2025 £	2024 £
Trade debtors	**41,224**	127,807
Prepayments and accrued income	**38,336**	7,538
	79,560	135,345

11. Creditors : amounts due within 1 year

	2025	2024
	£	£
Trade creditors	**526**	221
Accruals	**38,949**	35,931
Other taxation and social security	**31,783**	1,885
Deferred income (see note 12)	**18,558**	109,600
	89,816	147,637

12. Deferred income

	2025	2024
	£	£
At 1 September 2024	**109,600**	21,801
Deferred during the year	**18,558**	109,600
Released during the year	**(109,600)**	(21,801)
At 31 August 2025	**18,558**	109,600

Deferred income relates to fees received for the Inclusive Leadership Courses, the Difference Schools Partnership fees, and IncludEd conference income.

13. Analysis of net assets between funds

	Restricted funds	Designated funds	General funds	**Total funds**
	£	£	£	**£**
Current assets	9,844	680,000	319,705	**1,009,549**
Current liabilities	-	-	(89,816)	**(89,816)**
Net assets at 31 August 2025	**9,844**	**680,000**	**229,889**	**919,733**

Prior period comparative	Restricted funds	Designated funds	General funds	Total funds
	£	£	£	£
Fixed assets	-	-	33,241	33,241
Current assets	85,685	650,000	529,640	1,265,325
Current liabilities	-	-	(147,637)	(147,637)
Net assets at 31 August 2024	85,685	650,000	415,244	1,150,929

14. Movements in funds

	At 1 September 2024 £	Income £	Expenditure £	Transfers between funds £	**At 31 August 2025 £**
Restricted funds					
A & O Shearman	-	20,000	(20,000)	-	**-**
Dulverton Trust	-	35,000	(35,000)	-	**-**
Fidelity UK Foundation	17,283	49,075	(56,514)	-	**9,844**
Garfield Weston	68,275	-	(68,275)	-	**-**
Grace Trust	-	8,000	(8,000)	-	**-**
Kusuma	127	50,000	(50,127)	-	**-**
Mission 44	-	128,650	(128,650)	-	**-**
The Wates Family Trust	-	60,000	(60,000)	-	**-**
Total restricted funds	85,685	350,725	(426,566)	-	**9,844**
Unrestricted funds					
Designated funds:					
Programme Delivery	650,000	-	(345,959)	375,959	**680,000**
Total designated funds	650,000	-	(345,959)	375,959	**680,000**
General funds	415,244	1,225,590	(1,034,986)	(375,959)	**229,889**
Total unrestricted funds	1,065,244	1,225,590	(1,380,945)	-	**909,889**
Total funds	1,150,929	1,576,315	(1,807,511)	-	**919,733**

Purposes of restricted funds

A & O Shearman

Funding for delivering the Who's Losing Learning? Coalition.

Dulverton Trust

The Dulverton Trust grant was offered to fund the Schools Partnership Programme outside of London.

Fidelity UK Foundation

The Fidelity UK Foundation grant was offered to fund the development of a new CRM system and scaling the Inclusive Leadership Course.

Garfield Weston

Funding for delivering The Difference Leadership Programme.

14. Movements in funds (continued)

Purposes of restricted funds (continued)

Grace Trust

Funding for delivering The Difference Leadership Programme.

Kusuma

Funding for delivering the Who's Losing Learning? Coalition.

Mission 44

Funding for delivering The Difference Leadership Programme.

Wates Family Trust

Funding for delivering life opportunities for young people.

Purposes of designated funds

Programme delivery

Programme delivery fund holds funds for the delivery of The Difference Schools Partnership. This is equivalent to the budgeted direct and staff costs associated with delivery of the The Difference Schools Partnership for the cohort we are currently recruiting for, for a three year programme starting summer 2026.

14. Movements in funds (continued)

Prior period comparative

	At 1 September 2023 £	Income £	Expenditure £	Transfers between funds £	At 31 August 2024 £
Restricted funds					
A & O Shearman	-	20,000	(20,000)	-	-
Anonymous Donor	-	10,000	(10,000)	-	-
Bridges Impact Foundation	30,165	30,000	(60,165)	-	-
Esmee Fairbairn	-	60,000	(60,000)	-	-
Fidelity UK Foundation	72,800	-	(55,517)	-	17,283
Garfield Weston	42,466	75,000	(49,191)	-	68,275
Impetus	-	50,000	(50,000)	-	-
Kusuma	-	25,000	(24,873)	-	127
Mission 44	-	152,775	(152,775)	-	-
Reconnect London	25,527	(25,527)	-	-	-
Wates Family Enterprise Trust	75,000	100,000	(175,000)	-	-
Total restricted funds	245,958	497,248	(657,521)	-	85,685
Unrestricted funds					
Designated funds:					
Programme delivery	699,343	-	-	(49,343)	650,000
Total designated funds	699,343	-	-	(49,343)	650,000
General funds	573,279	845,663	(1,053,041)	49,343	415,244
Total unrestricted funds	1,272,622	845,663	(1,053,041)	-	1,065,244
Total funds	1,518,580	1,342,911	(1,710,562)	-	1,150,929

15. Operating lease commitments

The charity had operating leases at the year end with total future minimum lease payments as follows:

	2025 £	2024 £
Amount falling due:		
Within 1 year	**4,230**	6,220
	4,230	6,220

16. Related party transactions

There were no related party transactions in the current or prior period other than trustee donations as disclosed in note 6.

THE DIFFERENCE EDUCATION LTD

England & Wales - Charity number 1184843

Accounts

The Difference

Improving the inclusion, safety and success in school of young people experiencing absence, exclusion or marginalisation.



THE DIFFERENCE EDUCATION LTD

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2024

Charity Registration No. 1184843 | Company Registration No. 11426427
(England and Wales)

Trustees' Annual Report for the Year Ended 31 August 2024

The trustees present their report and financial statements for the year ended 31 August 2024.

Administrative Details

Trustees	C Megson	
	M Bayim-Adomako	
	J Benamor	
	C Heald	
	J Hutchinson	
	A Salz	
	D Whitaker	
	D Xiberras	
Key Management Personnel	Kiran Gill	
	Katharine Booth	(resigned 8 December 2023)
	Lily Bissett	(appointed 21 February 2024)
	Jamie Rogers	(appointed 3 June 2024)
	Shaun Brown	(resigned 31 August 2024)
	Jenny Graham	(resigned 14 February 2025)
Charity Number	1184843	
Company Number	11426427	
Registered Office	The Difference School House Morpeth School Portman Place London E2 0PX	
Auditor	Godfrey Wilson Limited Chartered Accountants and Statutory Auditors 5th Floor Mariner House 62 Prince Street Bristol, BS1 4QD	

Purpose and Activities

Our Purpose

The purpose: The Difference improves life-outcomes for our society's most vulnerable children by improving the expertise of those who educate them. We do this by developing school leaders, publishing research and influencing policy makers. By 2030, we want rates of exclusion and absence to be falling nationally and for schools to be better equipped to support all children, including those who may be vulnerable.

The problem: Schooling isn't working for the children who need it most. Every week in England 109 children – equivalent to three full classrooms – are permanently excluded. This is just the tip of the iceberg. Since the pandemic, school suspensions have risen significantly, as has persistent absenteeism. 1 in 5 children are missing more than 10% of their time in school.

Children who are excluded or persistently absent are much more likely to already be experiencing vulnerability or disadvantage. They are more likely to live in poverty, have additional learning needs, suffer mental health challenges, or experience a lack of safety outside school. Certain ethnicities are also disproportionately affected, notably Gypsy Roma Traveller and black Caribbean children.

Exclusion and high rates of absence can have a dramatic effect on life chances. These young people are more likely to drop out of education or employment, become vulnerable to long-term mental ill health, or be at risk of criminal exploitation.

But this isn't the full picture. Children are falling out of learning in an increasing number of ways - school suspensions have been rising, hundreds of thousands of children post-pandemic are excluding themselves through absenteeism, and untold numbers are increasingly struggling to stay in class - absenting themselves in-school or being sent outside the classroom door. And in all these instances, demographic patterns persist - those losing learning are disproportionately experiencing vulnerability and marginalisation.

Our work: From 2023-24 The Difference continued to work on finding and growing the **people** who will become tomorrow's inclusive school leaders. Our two-year *Difference Leadership Programme* has developed teachers with the will and skill to lead improved outcomes for vulnerable children, by placing and training them in schools for excluded learners. Our *Inclusive Leadership Course* provides a year of professional development for existing mainstream senior leaders. The Difference has identified best **practice** in Inclusion,

sharing this with both Alternative Provision (AP) and mainstream school leaders, as well as across the whole education sector. We share our research on inclusive **policy** with key stakeholders in education, while highlighting and celebrating leaders and groups of schools who are changing the story on school exclusion. Our research, impact and influencing work is built on the foundation of our programmes work. We are evaluating, sharing and influencing on how whole school inclusion happens and how it improves student outcomes. We have also identified the change needed at a systems level; the 'Who is Losing Learning' campaign has mapped the scale of our problem and identified policy solutions that would support and enable schools to be more inclusive.

Our Activities

2023/24 has seen The Difference's programmes expand, scale, and reach more school leaders and students than ever before. Our work has taken on a truly national focus, as we continue to do what works on our Inclusive Leadership Course (ILC) and our Difference Leadership Programme (DLP), which we are now adapting into our new flagship programme, the Difference Schools Partnership (DSP). We are beginning to capture student voices and experiences alongside school leaders' data, and we are sharing best practice across the country. We have formed the Who Is Losing Learning? Coalition in partnership with Impetus, Mission 44, and the Institute for Public Policy Research to drive lasting policy change on lost learning.

Thanks to all of our supporters and donors for the support and partnership you have given The Difference this year, our successes would not have been possible without you.



People: school leadership programmes & courses

- **Leadership Development and Specialist Teacher Training:** Training provides intensive skills development for Difference Leaders during two years in AP and mainstream schools. We monitor their progression and impact, adding to the evidence for what works in reducing school exclusion.
- **Mainstream partnership via the Inclusive Leadership Course:** The Difference delivers the Inclusive Leadership Course - a year-long professional development offer for mainstream Headteachers, Deputy Heads and Assistant Heads keen to improve Inclusion in their schools. Leaders learn about key relational practices and complete accompanying assignments to support them to lead whole-school change.
- **Programme redesign** - gathering the learning from the Difference Leaders programme and designing courses for the future.

Practice: practice research and practice sharing

- **Programme evaluation work** looks at the changes via our programmes in both leaders' skills and confidence and in schools' policies and practices. It has begun to measure student outcomes and is seeking to understand when, why and how our programmes positively influence lost learning and student wellbeing.

- **Our research has focused on Internal Alternative Provision** - both in contract work and in our own research on what good looks like. Our research has worked in partnership with our internal alternative provision network and our findings will be finalised in workshops with these partners.

- **IncludEd Conference:** The Difference runs an annual Conference, bringing together researchers, policymakers and teachers to share the school practice and systems which improve vulnerable children's life outcomes. In January 2024 over 600 people came to hear shared practice.
- **Community-building cross-sector:** To disseminate our research, The Difference presents at education conferences, delivers online training, speaks on podcasts, and publishes in sector press media, to reach thousands of teachers.

Policy: Media, Policy Events and New Policy Research

- **Who is Losing Learning?:** The Difference is working in collaboration with IPPR, Impetus and Mission 44 to raise awareness of the scale of lost learning and create consensus within the sector and policy makers on the solutions to the challenge via a series of reports.
- **Media:** The Difference keeps exclusions in the spotlight, supporting journalists to ensure national coverage of school exclusion and is working to increase salience of 'lost learning' framing.
- **New Policy Research:** We conduct original research on practice, systems and outcomes across and beyond our partner schools.
- **Informing Policymakers:** Our work involves organising roundtables, presenting research to politicians and contributing to research projects with think tanks and academics, sharing the frontline realities of policies affecting vulnerable children.

Public Benefit

All of The Difference's activities are undertaken to further our charitable purpose, which is to advance education for the public benefit. More specifically, the charity is working to improve the inclusion, safety and success in school of young people experiencing absence, exclusion or marginalisation, by raising the status and expertise of those who educate them. The charity believes that improved outcomes for the most vulnerable benefit society as a whole, and that education plays an important role in bringing about this change. The trustees have a duty to consider public benefit guidance published by the Charity Commission. We are satisfied that the purpose and activities of the charity continue to satisfy the requirements of the public benefit test set out in section 17 of the Charities Act 2011. We have demonstrated how we have worked towards our charitable purposes, by setting out our achievements during the year in this Trustees' Report.

Achievements and Performance

This annual report covers the financial year 2023/24 in terms of activities, achievements, financial review, risks and uncertainties, structure, governance and management.

People 2023/24

Since 2019, The Difference has developed **People** through two unique programmes:

The **Difference Leadership Programme** for school leaders who aspire to be tomorrow's inclusive headteachers. Participants work as a senior leader in Alternative Provision (schools or units that serve excluded children) for two years. They receive 290 hours of professional development from The Difference, supporting them to become expert practitioners in school inclusion.

In our first year, we:

- partnered with 9 schools
- trained 10 school leaders
- reached 826 students

In 2023/24, we:

- partnered with 17 schools
- trained 18 school leaders
- reached 8284 students

The **Inclusive Leadership Course** targeted at existing senior leaders in mainstream, ranging from Executive Headteachers to Special Education Needs Co-ordinators (SENCos). It combines six intensive training days with practical assignments. Participants engage with new thinking and inclusive solutions to tackle common challenges such as students wellbeing, persistent absenteeism, and repeat exclusion.

In our first year, we:

- partnered with 11 schools
- trained 12 school leaders
- reached 13,510 students

In 2023/24, we:

- partnered with 105 schools
- trained 126 school leaders
- reached 80 163 students

90% of the 2023 graduates from the Difference Leadership programme have had an evidenced positive impact on their school, according to their headteachers. This includes improvements to curriculum, behaviour, mainstream reintegration, and attendance. 86% have progressed to more senior leadership roles since they started the programme two years ago.

80% of participants on this year's Inclusive Leadership Course reported that staff had an increased ability to de-escalate behaviour incidents in their school as a result of our training, 75% report improved outcomes for students and 91% would recommend ILC to friends or colleagues.

Where is The Difference going now?

As The Difference moves into its next phase, the focus is shifting from individual leadership development to whole-school transformation. Rather than measuring success through career progression, the organisation will now prioritise tracking pupil outcomes—ensuring that lost learning is reduced and inclusion is embedded across entire school communities. This means refining and expanding the **Inclusive Leadership Course (ILC)** into a **multi-year school partnership model** by September 2025 - where leadership buy-in is secured from the outset, multiple staff members align on inclusive practices, and structured interventions are introduced to improve attendance, behaviour, and reintegration. By creating **'beacon schools'**, The Difference aims to establish national best practices, using data from student experience surveys and the **exclusions continuum** to measure real impact over time.

In parallel, The Difference will amplify its **policy and sector influence**, advocating for a clearer national definition of whole-school inclusion and driving change in how lost learning is measured at system level. Partnerships with **Multi-Academy Trusts (MATs), Local Authorities (LAs), and school networks** will play a critical role in embedding these approaches, ensuring they become sector-wide standards rather than isolated best practices. The Difference's programmes will continue to challenge the status quo—demonstrating that inclusion is not only **measurable** but also essential for the success of every school.

Practice 2023/24

The Difference identifies effective inclusion practice by tracking interventions that improve outcomes. We investigate impact within our own programmes and partner with other organisations to research practice more widely.

In 2023/24 we expanded our practice sharing, with 600 attendees at IncludED 2024 and over 4,700 people reached through 4 Bullet Friday.

We launched our Safety and Wellbeing Survey, engaging over 8,500 students from 30 ILC schools, including primary, secondary, and AP/special schools. Each school received a tailored dashboard of anonymised findings, designed to provide leaders with a helpful snapshot to inform and tailor their inclusion plans.

Where is The Difference going now?

We'll focus on research and practice sharing in a specific area each academic year. These will be internal alternative provision, supporting attendance through asset based work and reducing harmful and abusive behaviour. This practice-based research will support the development of our programmes as well as be published for the sector.

Policy 2023/24

With a general election held in July 2024 and many challenges in education reaching crisis levels, The Difference's policy work has taken on new urgency.

Influencing in Partnership

September 2023 saw the launch of the **Who's Losing Learning Coalition** by founding partners, The Difference, Impetus, and the Institute for Public Policy Research, all bringing a range and depth of experience across the education sector. We published our first report on the scale of lost learning in September 2024 and launched the Solutions Council to develop answers to the crisis of lost learning. The Secretary of State for Education, Bridget Phillipson, attended the first meeting of the council in September 2024. The next report, outlining our recommendations, will be published in Spring 2025.

The Coalition aims to reveal the extent to which children are currently missing out on learning, join the dots between different types of exclusion, and champion the cause of the most vulnerable learners who are disproportionately affected. There's been a 30% increase in suspensions post-pandemic and our analysis shows this rise has largely affected children living in poverty or who have special educational needs (respectively 3.7 times and 4 times as likely to be suspended as their peers). Racial inequity also persists. Dual heritage white and Black Caribbean children are suspended at nearly double the rate of white peers, while Gypsy Roma Traveller children are sent home 3.2 times as much.

The Who's Losing Learning Coalition is already raising the alarm about lost learning as a social justice issue, securing press coverage in The Guardian, Sky, ITV, and Schools Week.

Where is The Difference going now?

The Who is Losing Learning? Coalition will publish its second report in Spring 2025, outlining how schools, trusts, local authorities and national government can tackle the crisis of lost learning in England.

We will work with change-makers to see take-up of our recommendations, leading to changes in system incentives for schools, more resources for inclusion, and greater skills and knowledge on how to support some of the country's most vulnerable children.

Working with a new policy and campaign function, headed up by Head of the Who is Losing Learning? Campaign, Ellie Harris, and supported by Cristin O'Brien and Kit Rooney, the team will deliver an ambitious influencing strategy aimed at seeing lost learning fall by 2030. The team draws on personal, practical and policy experience, including experience in the civil service at Ofsted and The Department for Education, as well as Cristin's direct social work with the Irish Traveller communities (one of the most excluded demographics).

Financial Review

Financial position

We achieved a financial deficit of £0.37m in 2023/24 (£0.2m surplus in 2022/23). Our income decreased (£1.3m down from £1.5m in 2022/23) while our expenditure rose (£1.7m up from £1.3m in 2022/23), as The Difference made strategic decisions to invest reserves in the creation of our second significant function: a research, impact and influence team to spread learnings from our programmes with schools nationally, as well as building our first fundraising team.

Income

Our total income through the academic year 2023/24 was £1.3m (down from £1.5m in 2022/23).

The Difference's primary source of funding is from philanthropy, with the majority of our income coming from trusts and foundations and a small but growing group of individual donors and corporate foundations. This year voluntary income made up 75% of overall income. Thank you to all our donors who made our work possible this year.

Our 2021-2025 strategy has included ambition to grow traded revenue to The Difference including school contributions to our programmes, speaking events, and research contract work which now make up a growing proportion of our income. The proportion of The Difference's income from school contributions has risen over the years from 17% in 2022/2023 to 25% in 2023/24.

The Difference does not use any external professional or commercial fundraisers - all fundraising activities are conducted by our own employees. The Difference is not currently subscribed to any schemes for fundraising regulation and does not do any kind of community, events or digital fundraising. The entirety of our fundraising activity is conducted with grant-making organisations, meaning we do not have any interaction with potentially vulnerable members of the public. The Difference has never received any complaints about fundraising activities which we've undertaken.

Expenditure

The Difference's total expenditure through the academic year 2023/24 was £1.7m (up from £1.3m in 2022/23).

As outlined in the Achievements section of this report, expenditure has been on activities recruiting and developing school leaders and delivering building new Influencing and

Fundraising teams. In this academic year, we expanded our second team (Research, Impact & Influence) to launch the 'Who's Losing Learning?' Coalition and deliver further research into elements of practice like Internal Alternative Provision. There has also been expenditure on the central team, as we built The Difference's first fundraising team, hiring a Head of Fundraising as well as a Trusts & Foundations Manager, and prepared for a period of strategy development starting in 2023/24 to create our next five-year plan.

As with many other charities, inflation has been a driver in rising costs year-on-year at The Difference.

Reserves policy

Our unrestricted (or 'free') reserves are the net current assets of our general unrestricted funds.

We hold these funds to:

- provide working capital to finance our day-to-day operations
- provide a safeguard against failure to deliver against contractual obligations we have entered into
- protect our solvency in the event of any curtailment in our income-generating activities

It is the Difference's policy that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three to six months' budgeted operating costs, where possible (currently between £442k and £884k). The trustees consider that reserves at this level would ensure that, in the event of a significant change in funding, The Difference is able to meet its obligations to programme participants, partner organisations and staff, whilst giving consideration to ways in which additional or alternative funds may be raised.

On 31st August 2024, total funds were £1.2m, of which £86k were restricted and £650k were designated, leaving free reserves of £415k, falling just short of the target level of free reserves.

Going concern

Trustees and the senior management team review spending and revenue, and re-forecast accordingly, on a quarterly basis. Current forecast cash flow shows that The Difference has adequate free cash to meet its obligations as they fall due.

Trustees are content that The Difference has adequate resources to fund its activities for the foreseeable future. The trustees therefore believe that the charity is a going concern, and so have prepared the accounts and financial statements on this basis.

Risks & uncertainties

Effective risk management is critical to ensuring that The Difference achieves its mission for the improved life-outcomes of vulnerable children. All our employees are encouraged and supported to identify and manage key risks within their work, and to communicate and escalate these appropriately. Through this, responsibility for risk is distributed across the charity.

We manage our risks in line with our risk-management policy, which includes the collation and monitoring of key organisational risks within a risk register. The Executive Team has responsibility and accountability for the risk register. The Board of Trustees maintains overall accountability by reviewing risks escalated from the Executive on a quarterly basis.

The key risks which will be managed in the year ahead, 2024/25 are:

- **A challenging fundraising environment, with the tightening of funding opportunities, as many funders are scaling back or closing their programs. Additionally, with grant sizes shrinking, we may face difficulty in securing the necessary resources to support our programmes and influencing work.**

  Mitigations: The Difference has built out a new fundraising team in Summer 2024 to deliver this function, consisting of a full-time Head of Fundraising and a Trusts & Foundations Manager. They will deliver a new fundraising strategy for the next 5 years of The Difference, which will focus on diversification in funding to ensure stability and growth.

- **Reduced budgets in schools make it harder to grow our programmes which can be filled by senior leaders from mainstream schools, reducing scope to scale The Difference's programmes.**

  Mitigations: The Difference has been evolving its Difference Leaders programme to the Difference Schools Partnership, with a focus on partnering with Multi-Academy Trusts and Local Authorities. This will enable us to have greater levels of impact across groups of schools, working with those that have the budget and appetite to engage our programmes. The Difference is looking to its 2025-2030 Strategy to continue to evolve programme delivery for the highest impact return on investment.

Structure, governance & management

Constitution and governing documents

The Difference Education Ltd is governed by its Memorandum of Association and Articles of Association.

The Difference Education Ltd is a charitable company, limited by guarantee and not having a share capital. The Difference operates within England and Wales capital (Charity number: 1184843; Company number: 11426427). The Difference Education Ltd gained charitable status from the Charity Commission in 2019.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Directors and Trustees

The Board of Trustees meets regularly to govern the charity. During the period of reporting, it held four meetings. At its meetings in 2023/24, the Trustee Board agreed the budget for 2024/25; advised and approved the re-structure of the Operations directorate; agreed on embarking on process of post-pilot programme washup and future strategy design; managed and mitigated ongoing risk; and approved delegation to and growth of The Difference's staff team.

Organisational Structure and Key Personnel

The appointment or election of Trustees is as determined by the Board of Trustees. The Trustees have overall responsibility for the charity, but the day-to-day running of the charity is delegated to the Chief Executive Officer, Kiran Gill, and her staff.

The Trustees are responsible for:

- Overseeing the work of the Chief Executive;
- Approving plans to scale the charity;
- Agreeing the strategy for the development and growth of The Difference;
- Ensuring that The Difference meets its legal responsibilities;
- Ensuring The Difference improves the life outcomes of the most vulnerable children through their work and practice; and
- Ensuring sound financial management of The Difference.

Induction and Training policy for new Trustees

New Trustees meet with the Chief Executive and Chair to discuss their role and responsibilities. This gives an opportunity to answer any questions raised by the new Trustee and to clarify the content of any written documentation circulated to the new Trustee. Opportunities for training of the Trustees are presented to them, as well as pre-existing documents on The Difference's strategy, impact, and previous decisions. The Chief Executive ensures Trustees are kept up to date with developments in Charity and company law. This is achieved through briefings at Board meetings and, as appropriate, circulated written information.

Executive Pay Policy

The Trustees consider the CEO and Directors to represent the Executive Team of The Difference.

Changes to salaries take place after their Performance Management Reviews on an annual basis. These are determined by the Chair of Trustees in coordination with other trustees. Such changes may take place on the back of an evolution of role corresponding to increased responsibility. The Difference has a pay policy which states that salary increases are only granted the basis of changed responsibilities only (ie. no performance related pay). These salaries are regularly benchmarked against other similar organisations in our sector.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with 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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

The trustees' report was approved by the Board of Trustees.

Christine Megson

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C Megson

Chair of Trustees

Dated: 4 March 2025

Independent auditors' report

To the members of

The Difference Education Ltd

Opinion

We have audited the financial statements of The Difference Education Ltd (the 'charity') for the year ended 31 August 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. 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 charity's affairs as at 31 August 2024 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 the provisions available for small entities, in the circumstances set out in note 6 to the financial statements, 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

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

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

We have nothing to report in this regard.

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 trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

To the members of

The Difference Education Ltd

Our 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent auditors' report

To the members of

The Difference Education Ltd

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. This description forms part of our auditor's report.

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

William Guy Blake

Date: 4 March 2025

William Guy Blake ACA
(Senior Statutory Auditor)

For and on behalf of:
GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

The Difference Education Ltd

Statement of financial activities *(incorporating an income and expenditure account)*

For the year ended 31 August 2024

	Note	Restricted £	Unrestricted £	**2024 Total £**	2023 Total £
Income from:					
Donations	3	497,248	504,100	**1,001,348**	1,255,506
Charitable activities	4	-	325,712	**325,712**	250,199
Investments		-	15,851	**15,851**	-
Total income		497,248	845,663	**1,342,911**	1,505,705
Expenditure on:					
Raising funds		-	170,950	**170,950**	112,705
Charitable activities		657,521	882,091	**1,539,612**	1,187,700
Total expenditure	5	657,521	1,053,041	**1,710,562**	1,300,405
Net income / (expenditure) and net movement in funds	6	(160,273)	(207,378)	**(367,651)**	205,300
Reconciliation of funds:					
Total funds brought forward		245,958	1,272,622	**1,518,580**	1,313,280
Total funds carried forward		85,685	1,065,244	**1,150,929**	1,518,580

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 14 to the accounts.

The Difference Education Ltd

Balance sheet

As at 31 August 2024

	Note	£	2024 £	2023 £
Fixed assets				
Investments	9		**33,241**	-
Current assets				
Investments	9	**765,000**		-
Debtors	10	**135,345**		68,371
Cash at bank and in hand		**364,980**		1,557,312
		1,265,325		1,625,683
Liabilities				
Creditors: amounts falling due within 1 year	11	**(147,637)**		(107,103)
Net current assets			**1,117,688**	1,518,580
Net assets	13		**1,150,929**	1,518,580
Funds	14			
Restricted funds			**85,685**	245,958
Unrestricted funds				
Designated funds			**650,000**	699,343
General funds			**415,244**	573,279
Total charity funds			**1,150,929**	1,518,580

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 4 March 2025 and signed on their behalf by

Christine Megson

C Megson, Chair of Trustees

The Difference Education Ltd

Statement of cash flows

For the year ended 31 August 2024

	2024	2023
	£	£
Cash used in operating activities:		
Net movement in funds	**(367,651)**	205,300
Adjustments for:		
Dividends, interest and rents from investments	**(15,851)**	-
Increase in debtors	**(66,974)**	(2,436)
Increase / (decrease) in creditors	**40,534**	(28,632)
Net cash (used in) / provided by operating activities	**(409,942)**	174,232
Cash flows from investing activities:		
Dividends, interest and rents from investments	**15,851**	-
Cash invested in fixed-term deposits held for more than 1 year	**(33,241)**	-
Net cash provided by investing activities	**(17,390)**	-
(Decrease) / increase in cash and cash equivalents in the year	**(427,332)**	174,232
Cash and cash equivalents at the beginning of the year	**1,557,312**	1,383,080
Cash and cash equivalents at the end of the year	**1,129,980**	1,557,312
Analysis of cash and cash equivalents		
Cash held in current asset investments	**765,000**	-
Cash at bank and in hand	**364,980**	1,557,312
	1,129,980	1,557,312

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

1. Accounting policies

a) General information and basis of preparation

The Difference Education Ltd is a charitable company limited by guarantee registered in England and Wales. The registered office address is The Difference School House, Portman Place, London, England, E2 0PX.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Difference Education Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from the supply of services is recognised with the delivery of the service.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

d) Donated services and facilities

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. In accordance with the Charities SORP (FRS 102), no amounts are included for the contribution of general volunteers.

1. Accounting policies (continued)

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

f) Funds accounting

Unrestricted general funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for a particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal.

g) Expenditure and irrecoverable VAT

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

Expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs, including overhead support costs, are allocated to expenditure categories reflecting the use of the resource. Staff costs are allocated between charitable activities, fundraising and support based upon the proportion of time spent on each activity.

h) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities based on the proportion of staff cost as follows:

	2024	2023
Raising funds	**9.6%**	10.3%
Charitable activities	**90.4%**	89.7%

1. Accounting policies (continued)

i) Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

j) Non-current asset investments

Non-current asset investments consist of cash held on deposit in interest bearing accounts with a term not less than 1 year. Such investments are held at fair value.

k) Current asset investments

Current asset investments consist of cash held on deposit in interest bearing accounts with a term not more than 1 year. Such investments are held at fair value.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Creditors

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

n) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

o) Pension costs

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

1. Accounting policies (continued)

p) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2023 Total £
Income from:			
Donations	429,765	825,741	1,255,506
Charitable activities	-	250,199	250,199
Total income	429,765	1,075,940	1,505,705
Expenditure on:			
Raising funds	-	112,705	112,705
Charitable activities	423,484	764,216	1,187,700
Total expenditure	423,484	876,921	1,300,405
Net income / (expenditure) and net movement in funds	6,281	199,019	205,300

3. Income from donations

	Restricted £	Unrestricted £	**2024 Total £**
Donations	-	58,500	**58,500**
Trusts and foundations	497,248	445,600	**942,848**
Total income from donations	497,248	504,100	**1,001,348**

3. Income from donations (continued)

Prior period comparative:

	Restricted £	Unrestricted £	2023 Total £
Donations	-	3,000	3,000
Trusts and foundations	429,765	822,741	1,252,506
Total income from donations	429,765	825,741	1,255,506

4. Income from charitable activities

	Restricted £	Unrestricted £	**2024 Total £**	2023 Total £
Inclusive Leadership Course	-	245,478	**245,478**	175,525
The Difference Leadership Programme	-	70,439	**70,439**	30,000
Consultancy and research	-	9,795	**9,795**	29,446
Other	-	-	**-**	15,228
Total income from charitable activities	-	325,712	**325,712**	250,199

All income from charitable activities in the prior year was unrestricted.

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	**2024 Total £**
Staff costs (note 7)	81,324	770,018	268,734	**1,120,076**
Freelance staff costs	39,982	9,469	84,809	**134,260**
Programme delivery costs - School Partnerships and ILC	-	190,345	-	**190,345**
Research, Impact and Influencing	-	89,592	-	**89,592**
Office and equipment	-	-	88,534	**88,534**
Fundraising	427	-	-	**427**
Recruitment	-	-	34,617	**34,617**
Staff support	-	-	16,256	**16,256**
Back office costs	-	-	17,427	**17,427**
Other operating expenses	-	-	445	**445**
Travel expenses	-	16,725	1,858	**18,583**
Sub-total	121,733	1,076,149	512,680	**1,710,562**
Allocation of support and governance costs	49,217	463,463	(512,680)	**-**
Total expenditure	**170,950**	**1,539,612**	**-**	**1,710,562**

Total governance costs were £11,131 (2023: £9,209).

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2023 Total £
Staff costs (note 7)	73,930	645,974	183,367	903,271
Freelance staff costs	-	-	4,143	4,143
Programme delivery costs - DLP and ILC	-	164,169	-	164,169
Research, Impact and Influencing	-	49,786	-	49,786
Office and equipment	-	-	57,435	57,435
Fundraising	1,138	-	-	1,138
Recruitment	-	-	54,639	54,639
Staff support	-	-	8,985	8,985
Back office costs	-	-	36,711	36,711
Other operating expenses	-	-	4,261	4,261
Travel expenses	-	-	15,867	15,867
Sub-total	75,068	859,929	365,408	1,300,405
Allocation of support and governance costs	37,637	327,771	(365,408)	-
Total expenditure	112,705	1,187,700	-	1,300,405

6. Net movement in funds

This is stated after charging / (crediting):

	2024	2023
	£	£
Trustees' remuneration	**Nil**	Nil
Trustees' reimbursed expenses	**257**	376
Trustee aggregate unrestricted donations	**(2,000)**	(1,000)
Operating lease payments	**18,660**	18,660
Auditors' remuneration (excluding VAT):		
▪ Statutory audit	**7,600**	7,200
▪ Other services	**-**	350

During the year 3 trustees (2023: 3) were reimbursed for travel and subsistence expenses.

In common with other charities of our size and nature we use our auditors to assist with the preparation of the financial statements, and submission of corporation tax returns to the tax authorities.

7. Staff costs and numbers

Staff costs were as follows:

	2024	2023
	£	£
Salaries and wages	**958,831**	776,724
Social security costs	**105,763**	80,411
Pension costs	**55,482**	46,136
	1,120,076	903,271

The key management personnel of the charitable company comprise the Trustees, the Chief Executive Officer, the Programme Director, the Director of People, Finance & Operations (2024 only), the Managing Director (2023 only), the Director of Research, Impact & Influencing, and the Director of Operations & Strategy.

The total employee benefits of the key management personnel were £369,142 (2023: £285,323).

7. Staff costs and numbers (continued)

	2024 No.	2023 No.
Average head count	**19.30**	16.10

The number of employees whose remuneration for the year was greater than £60,000 was:

	2024 No.	2023 No.
£60,000 to £69,999	**1**	2
£70,000 to £79,999	**2**	1

8. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9. Fixed and current asset investments

The charity holds investments comprising:	2024 £	2023 £
Fixed-term deposits held for more than 1 year	**33,241**	-
Notice and fixed-term deposits held for up to 1 year	**765,000**	-
	798,241	-

10. Debtors

	2024 £	2023 £
Trade debtors	**127,807**	31,508
Prepayments and accrued income	**7,538**	36,863
	135,345	68,371

11. Creditors : amounts due within 1 year

	2024	2023
	£	£
Trade creditors	**221**	15,872
Accruals	**35,931**	39,202
Other taxation and social security	**1,885**	30,228
Deferred income (see note 12)	**109,600**	21,801
	147,637	107,103

12. Deferred income

	2024	2023
	£	£
At 1 September 2023	**21,801**	81,000
Deferred during the year	**109,600**	21,801
Released during the year	**(21,801)**	(81,000)
At 31 August 2024	**109,600**	21,801

Deferred income relates to fees received for the Inclusive Leadership Courses, and the Difference Schools Partnership fees.

13. Analysis of net assets between funds

	Restricted funds	Designated funds	General funds	**Total funds**
	£	£	£	**£**
Fixed assets	-	-	33,241	**33,241**
Current assets	85,685	650,000	529,640	**1,265,325**
Current liabilities	-	-	(147,637)	**(147,637)**
Net assets at 31 August 2024	**85,685**	**650,000**	**415,244**	**1,150,929**

Prior period comparative	Restricted funds	Designated funds	General funds	Total funds
	£	£	£	£
Current assets	247,568	699,343	678,772	1,625,683
Current liabilities	(1,610)	-	(105,493)	(107,103)
Net assets at 31 August 2023	245,958	699,343	573,279	1,518,580

14. Movements in funds

	At 1 September 2023 £	Income £	Expenditure £	Transfers between funds £	**At 31 August 2024 £**
Restricted funds					
A & O Shearman	-	20,000	(20,000)	-	**-**
Anonymous Donor	-	10,000	(10,000)	-	**-**
Bridges Impact Foundation	30,165	30,000	(60,165)	-	**-**
Esmee Fairbairn	-	60,000	(60,000)	-	**-**
Fidelity UK Foundation	72,800	-	(55,517)	-	**17,283**
Garfield Weston	42,466	75,000	(49,191)	-	**68,275**
Impetus	-	50,000	(50,000)	-	**-**
Kusuma	-	25,000	(24,873)	-	**127**
Mission 44	-	152,775	(152,775)	-	**-**
Reconnect London	25,527	(25,527)	-	-	**-**
Wates Family Enterprise Trust	75,000	100,000	(175,000)	-	**-**
Total restricted funds	245,958	497,248	(657,521)	-	**85,685**
Unrestricted funds					
Designated funds:					
Programme Delivery	699,343	-	-	(49,343)	**650,000**
Total designated funds	699,343	-	-	(49,343)	**650,000**
General funds	573,279	845,663	(1,053,041)	49,343	**415,244**
Total unrestricted funds	1,272,622	845,663	(1,053,041)	-	**1,065,244**
Total funds	1,518,580	1,342,911	(1,710,562)	-	**1,150,929**

Purposes of restricted funds

A & O Shearman

Funding for delivering the Who's Losing Learning? Coalition.

Anonymous Donor

Funding for delivering the annual IncludEd conference.

Bridges Impact Foundation

The Bridges Impact Foundation grant was offered to fund the expansion of The Difference Leadership Programme, as well as the charity's strategy and impact measurement work.

Esmee Fairbairn

Funding for delivering the Who's Losing Learning? Coalition.

14. Movements in funds (continued)

Purposes of restricted funds (continued)

Fidelity UK Foundation

The Fidelity UK Foundation grant was offered to fund the development of a new CRM system and scaling the Inclusive Leadership Course.

Garfield Weston

Funding for delivering The Difference Leadership Programme.

Impetus

Funding for delivering the Who's Losing Learning? Coalition.

Kusuma

Funding for delivering the Who's Losing Learning? Coalition.

Mission 44

Funding for delivering The Difference Leadership Programme.

Reconnect London

The Reconnect London fund is monies received from two Trusts towards the costs of a teachers' COVID response project. Negative income represents funds returned to funder following the conclusion of activities carried out for this purpose.

Wates Family Enterprise Trust

The Wates Family Enterprise Trust grant was funding for work that will support The Difference in implementing a new 5 year strategy.

Purposes of designated funds

Programme delivery

The programme delivery fund holds funds for the delivery of The Difference Leadership Programme. This is equivalent to the costs associated with delivery of The Difference Leadership Programme for the cohorts currently on the programme.

14. Movements in funds (continued)

Prior period comparative	At 1 September 2022 £	Income £	Expenditure £	Transfers between funds £	At 31 August 2023 £
Restricted funds					
Bridges Impact Foundation	-	40,000	(9,835)	-	30,165
Fidelity UK Foundation	76,650	94,375	(98,225)	-	72,800
Garfield Weston	62,500	75,000	(95,034)	-	42,466
Mission 44	-	120,390	(120,390)	-	-
Reconnect London	25,527	-	-	-	25,527
Wates Family Enterprise Trust	75,000	100,000	(100,000)	-	75,000
Total restricted funds	239,677	429,765	(423,484)	-	245,958
Unrestricted funds					
Designated funds:					
Programme delivery	777,153	-	(77,810)	-	699,343
Total designated funds	777,153	-	(77,810)	-	699,343
General funds	296,450	1,075,940	(799,111)	-	573,279
Total unrestricted funds	1,073,603	1,075,940	(876,921)	-	1,272,622
Total funds	1,313,280	1,505,705	(1,300,405)	-	1,518,580

15. Operating lease commitments

The charity had operating leases at the year end with total future minimum lease payments as follows:

	2024 £	2023 £
Amount falling due:		
Within 1 year	**6,220**	6,220
	6,220	6,220

16. Related party transactions

There were no related party transactions in the current or prior period other than trustee donations as disclosed in note 6.

THE DIFFERENCE EDUCATION LTD

England & Wales - Charity number 1184843

Accounts

The Difference

Improving the inclusion, safety and success in school of young people experiencing absence, exclusion or marginalisation.



THE DIFFERENCE EDUCATION LTD

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

Charity Registration No. 1184843 | Company Registration No. 11426427
(England and Wales)

Trustees' Annual Report for the Year Ended 31 August 2023

The trustees present their report and financial statements for the year ended 31 August 2023.

Administrative Details

Trustees	C Megson	
	M Bayin-Adomako	
	J Benamor	
	C Heald	
	J Hutchinson	
	A Salz	
	D Whitaker	
	D Xiberras	
Key Management Personnel	Kiran Gill	
	Danny Swift	(resigned 9 March 2023)
	Jenny Graham	
	Shaun Brown	
	Katharine Booth	(appointed 6 April 2023)
		(resigned 8 December 2023)
	Lily Bissett	(appointed 21 February 2024)
Charity Number	1184843	
Company Number	11426427	
Registered Office	The Difference School House Morpeth School Portman Place London E2 0PX	
Auditor	Godfrey Wilson Limited Chartered Accountants and Statutory Auditors 5th Floor Mariner House 62 Prince Street Bristol, BS1 4QD	

Purpose and Activities

Our Purpose

The purpose: The Difference is a charity founded to improve the lives of vulnerable children by raising the status and expertise of those who teach them. By 2030 The Difference has ambitions to influence school leadership across the country.

The problem: Schooling isn't working for our most vulnerable children. Every week in England 109 children– equivalent to three full classrooms – are permanently excluded from school. These children are often experiencing multiple vulnerabilities - more likely to live in poverty, have learning needs, and be suffering mental health challenges stemming from a lack of safety in their lives. These young people commonly experience marginalisation and inequality; disproportionately they have Gypsy Roma and Traveller or black Caribbean heritage. Once excluded, life chances are dramatically reduced. As they become adults, these young people are unlikely to become fully literate, vulnerable to long-term and serious mental ill-health and too often are involved in the criminal justice system.

But this isn't the full picture. Children are falling out of learning in an increasing number of ways - school suspensions have been rising, hundreds of thousands of children post-pandemic are excluding themselves through absenteeism, and untold numbers are increasingly struggling to stay in class - absenting themselves in-school or being sent outside the classroom door. And in all these instances, demographic patterns persist - those losing learning are disproportionately experiencing vulnerability and marginalisation.

Our work: From 2022-23 The Difference worked on finding and growing the **people** who will become tomorrow's inclusive school leaders. Our two-year *Difference Leadership Programme* has developed teachers with the will and skill to lead improved outcomes for vulnerable children, by placing and training them in schools for excluded learners. Our *Inclusive Leadership Course* provides a year of professional development for existing mainstream senior leaders. The Difference has identified best **practice** in Inclusion, sharing this with both Alternative Provision (AP) and mainstream school leaders, as well as across the whole education sector. We share our research on inclusive **policy** with key stakeholders in education, while highlighting and celebrating leaders and groups of schools who are changing the story on school exclusion. In 2022-23, we have worked on laying the foundations for a growing body of research, impact and influencing work over the coming years, building our team to drive the campaign to make schools meaningfully more inclusive.

Our Activities

Our strategy in 2022-23 Academic year focussed on scalable impact on the life-outcomes of vulnerable children via People, Practice and Policy. This work was as follows:



People: Difference Leadership Programme

- **Teacher recruitment:** The Programme raises the profile of working in Alternative Provision schools, establishing it as an aspirational career route that attracts the best teachers.
- **Leadership Development and Specialist Teacher Training:** Training provides intensive skills development for Difference Leaders during two years in AP schools. We monitor their progression and impact, adding to the evidence for what works in reducing school exclusion.

Practice: School Leadership Development and New Practice Research

- **Mainstream partnership via the Inclusive Leadership Course:** The Difference delivers the Inclusive Leadership Course - a year-long professional development offer for mainstream Headteachers, Deputy Heads and Assistant Heads keen to improve Inclusion in their schools. Leaders learn about key relational practices and complete accompanying assignments to support them to lead whole-school change.
- **New practice research:** The Difference's partnerships and wider practice research enable us to identify the practice and systems currently improving outcomes for vulnerable children, across AP and mainstream schools. This learning is shared through our publications and research collaborations, as well as informing our programmes.
- **IncludEd Teachers' Conference:** The Difference runs an annual Teachers' Conference, bringing together researchers, policymakers and teachers to share the school practice and systems which improve vulnerable children's life outcomes.
- **Community-building cross-sector:** To disseminate our research, The Difference presents at education conferences, delivers online training, speaks on podcasts, and publishes in sector press media, to reach thousands of teachers.

Policy: Media, Policy Events and New Policy Research

- **Media:** The Difference keeps exclusions in the spotlight, supporting journalists to ensure national coverage of school exclusion.
- **New Policy Research:** We conduct original research on practice, systems and outcomes across and beyond our partner schools.
- **Informing Policymakers:** Our work involves organising roundtables, presenting research to politicians and contributing to research projects with think tanks and academics, sharing the frontline realities of policies affecting vulnerable children.

Public Benefit

All of The Difference's activities are undertaken to further our charitable purpose, which is to advance education for the public benefit. More specifically, the charity is working to improve the inclusion, safety and success in school of young people experiencing absence, exclusion or marginalisation, by raising the status and expertise of those who educate them. The charity believes that improved outcomes for the most vulnerable benefit society as a whole, and that education plays an important role in bringing about this change. The trustees have a duty to consider public benefit guidance published by the Charity Commission. We are satisfied that the purpose and activities of the charity continue to satisfy the requirements of the public benefit test set out in section 17 of the Charities Act 2011. We have demonstrated how we have worked towards our charitable purposes, by setting out our achievements during the year in this Trustees' Report.

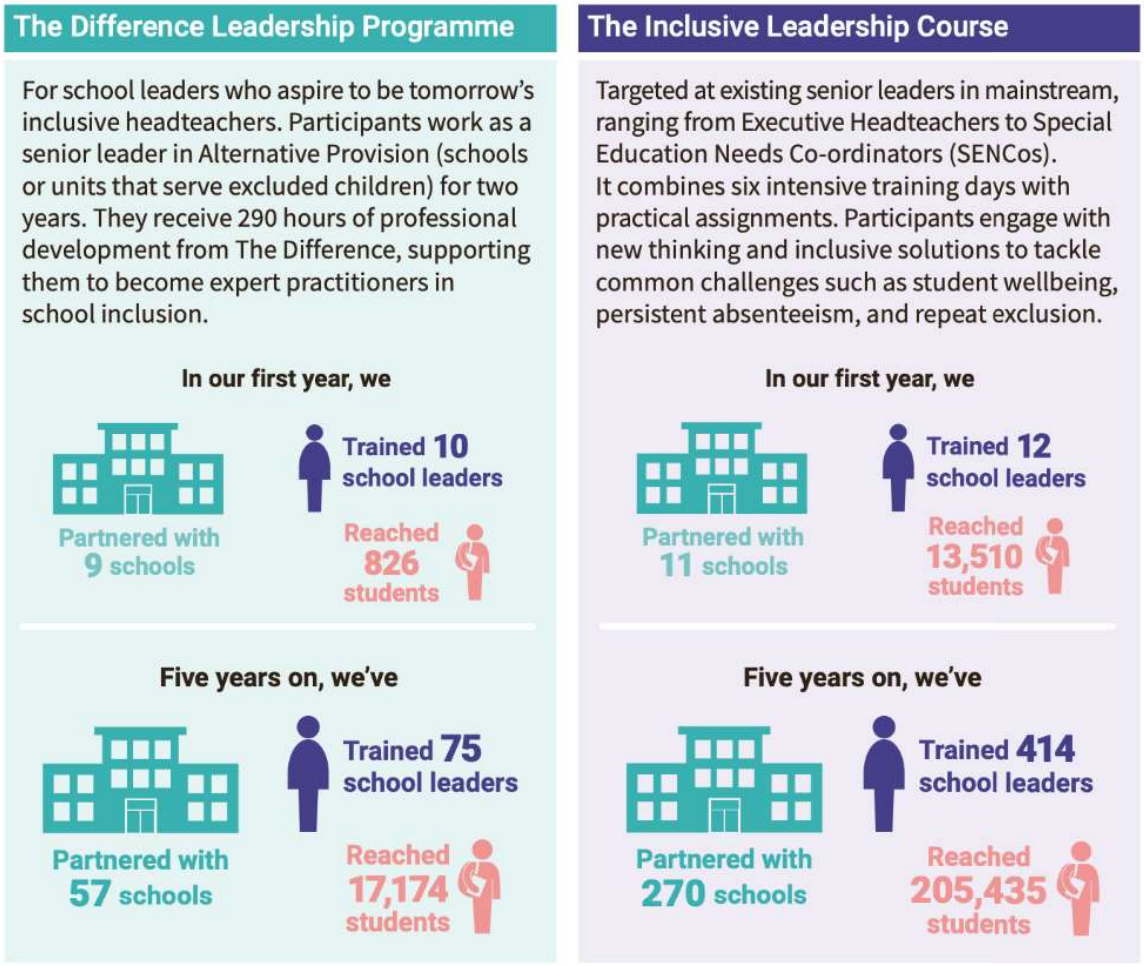
Achievements and Performance

This annual report covers the financial year 2022/23 in terms of activities, achievements, financial review, risks and uncertainties, structure, governance and management.

For more detailed information on The Difference's impact in 2022/23, please see our Impact Report.

People 2022/23

Since 2019, The Difference has developed **People** through two unique programmes:



100% of the 2023 graduates from the Difference Leadership programme have had an evidenced positive impact on their school, according to their headteachers. This includes improvements to curriculum, behaviour, mainstream reintegration, and attendance. 87% have progressed to more senior leadership roles since they started the programme two years ago.

98% of participants on this year's Inclusive Leadership Course reported a positive impact in their school as a result of implementing course learnings.



Taylor Bellamy
2023 Difference Leadership Programme graduate

During his two years as Assistant Headteacher for a Hampshire pupil referral unit, Taylor and his fantastic team developed a new behaviour policy which leaned heavily into the school's existing trauma-informed and relational approaches. This policy focused on understanding the origins of challenging behaviour and putting support in place rather than automatic sanctions. E.g. referring students with vaping problems to local health services or reacting to the use of inappropriate language through class discussion and education efforts.

From 2021/22 to 2023, the school saw a 50% reduction in suspensions term-on-term, and an 11% reduction in unauthorised absence. Taylor has taken this experience with whole-school inclusion impact onto a new role as Deputy Headteacher of Reach Academy – an influential, mainstream all-through school.



"Last year we had something in the region of 150 suspensions. After formally introducing the whole trauma-based practice, our zones of regulation, our understanding and making teachers understand the importance of the restorative justice approach, we've got it down to four suspensions this year."

Habib Hussein Deputy Headteacher and 2022/23 ILC Participant

Where is The Difference going now?

After five years of delivery and piloting our programmes, we have seen amazing impact, a tiny portion of which is detailed above. We are now in the process of reviewing our learnings – with input from our youth action group, school leaders and investor coalition – to help us evolve our approach for our 2025-2030 Strategy. We will set out how our programmes will expand the number of Alternative Provision and mainstream schools we work with; deepen the impact of inclusion for those schools; and develop our impact capture so we can share learnings from our most successful school partners across the country. Watch this space!

Practice 2022/23

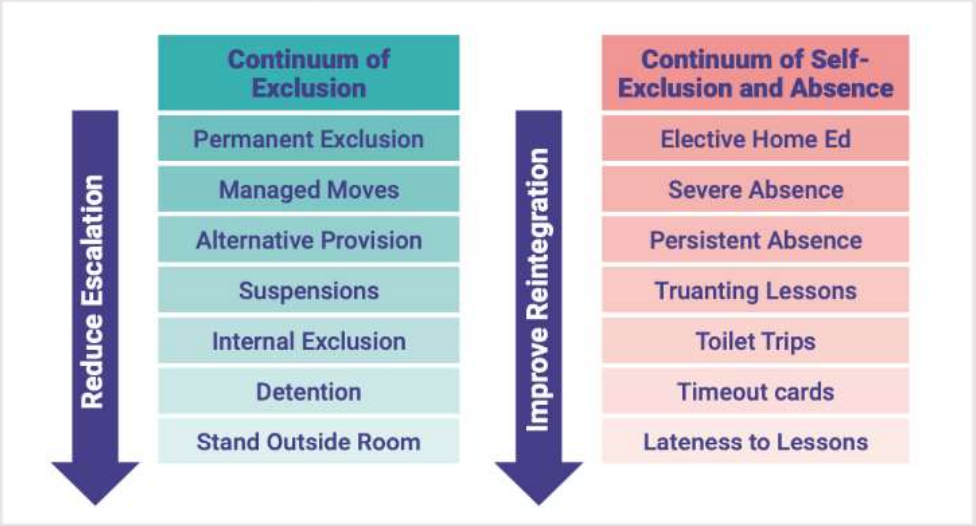
The Difference identifies effective inclusion practice by tracking interventions that improve outcomes. We investigate impact within our own programmes and partner with other organisations to research practice more widely.

Case study: Practice through Programmes

A key concept discussed and developed within all Difference programmes is **Whole-School Inclusion:** the idea that all students have wellbeing and safeguarding needs and that all staff have a role to play in recognising and supporting these needs. Effective Whole-School Inclusion means improved outcomes for a much wider group, not just a minority known to be at significant risk. This was reflected in the impact reported by leaders on our 2022/23 **Inclusive Leadership Course** – demonstrating the power of inclusion to positively affect everyday occurrences in schools, as well as more serious incidents:

- **92%** saw improvement in the de-escalation of challenging behaviour
- **82%** reported improved outcomes for vulnerable students
- **74%** stated there's been a reduction in detentions and/or behaviour points
- **54%** are already seeing a reduction in suspensions and permanent exclusions

From this, The Difference has developed the **Exclusions Continuum**. This tool encourages all school leaders (and policymakers) to frame permanent school exclusion as the end point of a continuum that includes detentions, time outside of classrooms, and absenteeism. Attention to data across the continuum means schools are better equipped to identify vulnerable students earlier, provide targeted interventions, and ultimately reduce all forms of lost learning.



Spreading Effective Practice

In January 2023, The Difference welcomed over 500 educators, students, researchers, and education charities to **IncludEd**, our annual conference. The best minds working on inclusive education host workshops on the practice, systems and tools that can spread to more schools. This year, topics ranged from contextual safeguarding to social pedagogy to diversifying curriculums.

"Today's IncludEd was nothing short of brilliant. So many inspiring speakers and so so much to take away, think about, talk about, write about, read about and most importantly...do!"

Anthony Assistant Headteacher

Where is The Difference going now?

There's a huge appetite for actionable research and transferable practice in inclusion, as schools grapple with rising absenteeism and an Alternative Provision sector under strain. The Difference – and our school partners – are at the frontline of this work and have expanded our Research and Impact Directorate accordingly. Upcoming priorities include: the development of a safety and wellbeing measure to help schools track and respond to student need; and publication of ongoing research into the under-explored area of internal Alternative Provision (in partnership with National Foundation for Education Research).

Policy 2022/23

With a general election coming up and many challenges in education reaching crisis levels, The Difference's policy work has taken on new urgency.

Influencing in Partnership

September 2023 saw the launch of the **Who's Losing Learning Coalition** by founding partners, The Difference, Impetus, and the Institute for Public Policy Research, all bringing a range and depth of experience across the education sector.

The Coalition aims to reveal the extent to which children are currently missing out on learning, join the dots between different types of exclusion, and champion the cause of the most vulnerable learners who are disproportionately affected. There's been a 30% increase in suspensions post-pandemic and our analysis shows this rise has largely affected children living in poverty or who have special educational needs (respectively 3.7 times and 4 times as likely to be suspended as their peers). Racial inequity also persists. Dual heritage white and Black Caribbean children are suspended at nearly double the rate of white peers, while Gypsy Roma Traveller children are sent home 3.2 times as much.

The Who's Losing Learning Coalition is already raising the alarm about lost learning as a social justice issue, securing press coverage in The Guardian, Sky, ITV, and Schools Week.

- The Guardian
- Sky News
- Schools Week

Where is The Difference going now?

The Who's Losing Learning? Coalition will collect and analyse further data, draw on insights from young people and school leaders, and review good inclusion practice nationally. Next year will see the coalition publish two papers – one on problem diagnosis and another on policy recommendations. The ultimate aim is that recommendations are taken up by policymakers, leading to schools receiving incentives, resources and support to tackle lost learning at scale.

The Difference has appointed a new Education Policy Lead, Cristin O'Brien, who will play a key part in our influencing strategy – drawing on experience from her previous role at Ofsted and as a social worker serving Irish Traveller communities (one of the most excluded demographics in England). Cristin's work will ensure the insights of The Difference community – young people, school leaders, education experts, researchers – get in front of the right policy stakeholders to help us effectively scale expertise in inclusion.

Financial Review

Financial position

We achieved a financial surplus of £0.2m in 2022/23 (£0.05m in 2021/22). Our income increased (£1.5m up from £1.1m in 2021/22) as did our expenditure (£1.3m up from £1.1m in 2021/22), as The Difference expanded the number of schools we partnered with, and began to build our second significant function: a research, impact and influence team to spread learnings from our programmes with schools nationally.

Income

Our total income through the academic year 2022/23 was £1.5m (up from £1.1m in 2021/22).

The Difference's primary source of funding is from philanthropy, with the majority of our income coming from trusts and foundations and small but growing group of individual donors and corporate foundations. This year voluntary income made up 83% of overall income. Thank you to all our donors who made our work possible this year.

Our 2021-2025 strategy has included ambition to grow traded revenue to The Difference including school contributions to our programmes, speaking events, and research contract work which now make up a growing proportion of our income. The proportion of The Difference's income from school contributions has risen over the years from 2% in 2019/2020 to 17% in 2022/23. In 2023/24 the charity is undergoing a year of strategy development ahead of our 2025-2030 Strategy, which will set out future ambitions to grow this revenue stream further.

The Difference does not use any external professional or commercial fundraisers - all fundraising activities are conducted by our own employees. The Difference is not currently subscribed to any schemes for fundraising regulation and does not do any kind of community, events or digital fundraising. The entirety of our fundraising activity is conducted with grant-making organisations, meaning we do not have any interaction with potentially vulnerable members of the public. The Difference has never received any complaints about fundraising activities which we've undertaken.

Expenditure

The Difference's total expenditure through the academic year 2022/23 was £1.3m (up from £1.1m in 2021/22).

As outlined in the Achievements section of this report, expenditure has been on activities recruiting and developing school leaders and delivering new research projects. In this academic year, the team recruited their highest ever number of participants (reaching 150 school leaders to deliver in the year ahead 23/24); and expanded our second team (Research, Impact & Influence) to launch the 'Who's Losing Learning?' Coalition and deliver further research into elements of practice like Internal Alternative Provision. There has also been

expenditure on the central team, as we prepared for a year of strategy development in 2023/24, which is expected to contract again in 2024/25.

As with many other charities, inflation has been a driver in rising costs year-on-year at The Difference.

Reserves policy

Our unrestricted (or 'free') reserves are the net current assets of our general unrestricted funds.

We hold these funds to:

- ensure we can carry out multi-year work already committed to be delivered to teachers and schools
- provide working capital to finance our day-to-day operations
- provide a safeguard against failure to deliver against contractual obligations we have entered into
- protect our solvency in the event of any curtailment in our income-generating activities

It is the Difference's policy that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three to six months' budgeted operating costs, where possible (currently between £500k and £988k). The trustees consider that reserves at this level would ensure that, in the event of a significant change in funding, The Difference is able to meet its obligations to programme participants, partner organisations and staff, whilst giving consideration to ways in which additional or alternative funds may be raised.

On 31st August 2023, total funds were £1.5m, of which £246k were restricted and £700k were designated, leaving free reserves of £573k.

Going concern

Trustees and the senior management team review spending and revenue, and re-forecast accordingly, on a quarterly basis. Current forecast cash flow shows that The Difference has adequate free cash to meet its obligations as they fall due.

Trustees are content that The Difference has adequate resources to fund its activities for the foreseeable future. The trustees therefore believe that the charity is a going concern, and so have prepared the accounts and financial statements on this basis.

Risks & uncertainties

Effective risk management is critical to ensuring that The Difference achieves its mission for the improved life-outcomes of vulnerable children. All our employees are encouraged and supported to identify and manage key risks within their work, and to communicate and escalate these appropriately. Through this, responsibility for risk is distributed across the charity.

We manage our risks in line with our risk-management policy, which includes the collation and monitoring of key organisational risks within a risk register. The Executive Team has responsibility and accountability for the risk register. The Board of Trustees maintains overall accountability by reviewing risks escalated from the Executive on a quarterly basis.

The key risks which will be managed in the year ahead, 2023/24 are:

- **Reduced budgets in Alternative Provision schools make it harder to find vacancies which can be filled by senior leaders from mainstream schools, reducing scope to scale the Difference Leaders programme.**

  Mitigations: The Difference has been evolving its Difference Leaders programme in 2022/23, with experimental Difference Leader placements in mainstream schools running internal Alternative Provision, and working with existing staff in Alternative Provision schools rather than asking schools to hire new staff. There have been early signs of high impact in these new placements, and The Difference is looking to its 2025-2030 Strategy to continue to evolve programme delivery for the highest impact return on investment.

- **Impact of the Cost of Living Crisis and other sector trends / policy changes on school budgets and, therefore, the charity's traded income**
  With schools seeing real-terms reduction in funding due to inflation, and especially sharp rises in energy bills, many schools are having to reduce staffing numbers, and cut back on costs previously deemed essential. This is likely to affect sales for The Difference's programmes and services.

  Mitigations: Part of the response will be to redouble efforts to market our programmes including strengthening our sales function, and to articulate their value - particularly to students most affected by the economic crisis. We have built an increased fundraised income buffer into our budgeting, to ensure cost coverage of all bases.

- **The Difference's fundraising function is overly reliant on the CEO, at a time when fundraised revenue is more crucial to build capacity for impact via a new strategy**

Mitigations: The Difference has hired a fundraising expert to develop our fundraising strategy and function in 2023/24 including hiring a new Head of Fundraising at The Difference.

Structure, governance & management

Constitution and governing documents

The Difference Education Ltd is governed by its Memorandum of Association and Articles of Association.

The Difference Education Ltd is a charitable company, limited by guarantee and not having a share capital. The Difference operates within England and Wales capital (Charity number: 1184843; Company number: 11426427). The Difference Education Ltd gained charitable status from the Charity Commission in 2019.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Directors and Trustees

The Board of Trustees meets regularly to govern the charity. During the period of reporting, it held four meetings. At its meetings in 2022/23, the Trustee Board agreed the budget for 2023/24; advised and approved the re-structure of the Executive Team; agreed on embarking on process of post-pilot programme washup and future strategy design; managed and mitigated ongoing risk; and approved delegation to and growth of The Difference's staff team.

Organisational Structure and Key Personnel

The appointment or election of Trustees is as determined by the Board of Trustees. The Trustees have overall responsibility for the charity, but the day-to-day running of the charity is delegated to the Chief Executive Officer, Kiran Gill, and her staff. This year, Kiran Gill returned from maternity leave in January 2023; Danny Swift took on the Chief Executive's role in her absence, which covered September 2022-January 2023.

The Trustees are responsible for:

- Overseeing the work of the Chief Executive;
- Approving plans to scale the charity;
- Agreeing the strategy for the development and growth of The Difference;
- Ensuring that The Difference meets its legal responsibilities;
- Ensuring The Difference improves the life outcomes of the most vulnerable children through their work and practice; and
- Ensuring sound financial management of The Difference.

Induction and Training policy for new Trustees

New Trustees meet with the Chief Executive and Chair to discuss their role and responsibilities. This gives an opportunity to answer any questions raised by the new Trustee and to clarify the content of any written documentation circulated to the new

Trustee. Opportunities for training of the Trustees are presented to them, as well as pre-existing documents on The Difference's strategy, impact, and previous decisions. The Chief Executive ensures Trustees are kept up to date with developments in Charity and company law. This is achieved through briefings at Board meetings and, as appropriate, circulated written information.

Executive Pay Policy

The Trustees consider the CEO and Directors to represent the Executive Team of The Difference.

Changes to salaries take place after their Performance Management Reviews on an annual basis. These are determined by the Chair of Trustees in coordination with other trustees. Such changes may take place on the back of exceptional performance or an evolution of role corresponding to increased responsibility. This year, The Difference decided to set a new pay policy to include salary increases on the basis of changed responsibilities only (ie. no performance related pay). These salaries are regularly benchmarked against other similar organisations in our sector.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with 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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charity and hence for taking

reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

The trustees' report was approved by the Board of Trustees.

Christine Megson
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C Megson

Chair of Trustees

Dated: 18 March 2024

Independent auditors' report

To the members of

The Difference Education Ltd

Opinion

We have audited the financial statements of The Difference Education Ltd (the 'charity') for the year ended 31 August 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. 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 charity's affairs as at 31 August 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

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 charity'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent auditors' report

To the members of

The Difference Education Ltd

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Our 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent auditors' report

To the members of

The Difference Education Ltd

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. This description forms part of our auditor's report.

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

William Guy Blake

Date: 18 March 2024

William Guy Blake ACA
(Senior Statutory Auditor)

For and on behalf of:
GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

The Difference Education Ltd

Statement of financial activities *(incorporating an income and expenditure account)*

For the year ended 31 August 2023

	Note	Restricted £	Unrestricted £	**2023 Total £**	2022 Total £
Income from:					
Donations	3	429,765	825,741	**1,255,506**	925,546
Charitable activities	4	-	250,199	**250,199**	201,067
Total income		429,765	1,075,940	**1,505,705**	1,126,613
Expenditure on:					
Raising funds		-	112,705	**112,705**	76,967
Charitable activities		423,484	764,216	**1,187,700**	991,176
Total expenditure	5	423,484	876,921	**1,300,405**	1,068,143
Net income and net movement in funds	6	6,281	199,019	**205,300**	58,470
Reconciliation of funds:					
Total funds brought forward		239,677	1,073,603	**1,313,280**	1,254,810
Total funds carried forward		245,958	1,272,622	**1,518,580**	1,313,280

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 13 to the accounts.

The Difference Education Ltd

Balance sheet

As at 31 August 2023

	Note	£	2023 £	2022 £
Current assets				
Debtors	9	**68,371**		65,935
Cash at bank and in hand		**1,557,312**		1,383,080
		1,625,683		1,449,015
Liabilities				
Creditors: amounts falling due within 1 year	10	**(107,103)**		(135,735)
Net current assets			**1,518,580**	1,313,280
Net assets	12		**1,518,580**	1,313,280
Funds	13			
Restricted funds			**245,958**	239,677
Unrestricted funds				
Designated funds			**699,343**	777,153
General funds			**573,279**	296,450
Total charity funds			**1,518,580**	1,313,280

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 18 March 2024 and signed on their behalf by

Christine Megson

C Megson, Chair of Trustees

The Difference Education Ltd

Statement of cash flows

For the year ended 31 August 2023

	2023 £	2022 £
Cash used in operating activities:		
Net movement in funds	**205,300**	58,470
Adjustments for:		
(Increase) / decrease in debtors	**(2,436)**	225,965
(Decrease) / increase in creditors	**(28,632)**	37,106
Net cash provided by operating activities	**174,232**	321,541
Increase in cash and cash equivalents in the year	**174,232**	321,541
Cash and cash equivalents at the beginning of the year	**1,383,080**	1,061,539
Cash and cash equivalents at the end of the year	**1,557,312**	1,383,080

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Difference Education Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from the supply of services is recognised with the delivery of the service.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

d) Donated services and facilities

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. In accordance with the Charities SORP (FRS 102), no amounts are included for the contribution of general volunteers.

1. Accounting policies (continued)

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

f) Funds accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for a particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

g) Expenditure and irrecoverable VAT

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

Expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs, including overhead support costs, are allocated to expenditure categories reflecting the use of the resource. Staff costs are allocated between charitable activities, fundraising and support based upon the proportion of time spent on each activity.

h) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities based on the proportion of staff cost as follows:

	2023	2022
Raising funds	**10.3%**	8.4%
Charitable activities	**89.7%**	91.6%

1. Accounting policies (continued)

i) Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

j) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

k) Creditors

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

l) Conduit funding

Conduit funds are monies received for third parties and do not belong to the charity. The incoming funds and outgoing payments are excluded from the Statement of Financial Activities. Any conduit funds in hand at the year end are shown as creditors in the accounts.

m) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

n) Pension costs

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

o) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

1. Accounting policies (continued)

o) Accounting estimates and key judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2022 Total £
Income from:			
Donations	338,600	586,946	925,546
Charitable activities	-	201,067	201,067
Total income	338,600	788,013	1,126,613
Expenditure on:			
Raising funds	-	76,967	76,967
Charitable activities	126,850	864,326	991,176
Total expenditure	126,850	941,293	1,068,143
Net income / (expenditure) and net movement in funds	211,750	(153,280)	58,470

3. Income from donations

	Restricted £	Unrestricted £	**2023 Total £**
Donations	-	3,000	**3,000**
Trusts and foundations	429,765	822,741	**1,252,506**
Total income from donations	429,765	825,741	**1,255,506**

3. Income from donations (continued)

Prior period comparative:

	Restricted £	Unrestricted £	2022 Total £
Donations	-	1,950	1,950
Trusts and foundations	338,600	584,996	923,596
Total income from donations	338,600	586,946	925,546

4. Income from charitable activities

	Restricted £	Unrestricted £	**2023 Total £**	2022 Total £
Inclusive Leadership Course	-	175,525	**175,525**	143,500
The Difference Leadership Programme	-	30,000	**30,000**	15,000
Consultancy and research	-	29,446	**29,446**	37,401
Other	-	15,228	**15,228**	5,166
Total income from charitable activities	-	250,199	**250,199**	201,067

All income from charitable activities in the prior year was unrestricted.

5. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	**2023 Total £**
Staff costs (note 7)	73,930	645,974	183,367	**903,271**
Freelance staff costs	-	-	4,143	**4,143**
Programme delivery costs - DLP and ILC	-	164,169	-	**164,169**
Research, Impact and Influencing	-	49,786	-	**49,786**
Office and equipment	-	-	57,435	**57,435**
Fundraising	1,138	-	-	**1,138**
Recruitment	-	-	54,639	**54,639**
Staff support	-	-	8,985	**8,985**
Back office costs	-	-	36,711	**36,711**
Other operating expenses	-	-	4,261	**4,261**
Travel expenses	-	-	15,867	**15,867**
Sub-total	75,068	859,929	365,408	**1,300,405**
Allocation of support and governance costs	37,637	327,771	(365,408)	**-**
Total expenditure	**112,705**	**1,187,700**	**-**	**1,300,405**

Total governance costs were £9,209 (2022: £8,235).

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2022 Total £
Staff costs (note 7)	59,912	649,348	33,504	742,764
Freelance staff costs	-	22,486	19,702	42,188
Programme delivery costs - DLP and ILC	-	154,210	-	154,210
Research, Impact and Influencing	-	16,899	-	16,899
Reconnect London	-	2,400	-	2,400
Office and equipment	-	-	55,066	55,066
Fundraising	3,682	-	-	3,682
Recruitment	-	-	5,258	5,258
Staff support	-	-	7,466	7,466
Back office costs	-	-	29,622	29,622
Other operating expenses	-	-	3,837	3,837
Travel expenses	-	-	4,751	4,751
Sub-total	63,594	845,343	159,206	1,068,143
Allocation of support and governance costs	13,373	145,833	(159,206)	-
Total expenditure	76,967	991,176	-	1,068,143

6. Net movement in funds

This is stated after charging:

	2023	2022
	£	£
Trustees' remuneration	**Nil**	Nil
Trustees' reimbursed expenses	**376**	Nil
Trustee aggregate donations	**1,000**	Nil
Operating lease payments	**18,660**	15,550
Auditors' remuneration		
▪ Statutory audit (excluding VAT)	**7,200**	5,950
▪ Other services (excluding VAT)	**350**	1,083

During the year 3 trustees (2022: 0) were reimbursed for travel and subsistence costs.

7. Staff costs and numbers

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	**776,724**	639,353
Social security costs	**80,411**	65,090
Pension costs	**46,136**	38,321
	903,271	742,764

The key management personnel of the charitable company comprise the Trustees, Chief Executive Officer, Programme Director, Managing Director, Director of Research, Impact & Influence and Director of Operations & Strategy (2022: Trustees, Chief Executive Officer, Programme Director and the Managing Director). The total employee benefits of the key management personnel were £285,323 (2022: £231,283).

	2023	2022
	No.	No.
Average head count	**16.10**	13.50

The number of employees whose remuneration for the year fell within the following bands were:

	2023	2022
	No.	No.
£60,000 to £69,999	**2**	2
£70,000 to £79,999	**1**	1

8. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9. Debtors

	2023	2022
	£	£
Trade debtors	**31,508**	37,800
Prepayments and accrued income	**36,863**	28,135
	68,371	65,935

10. Creditors : amounts due within 1 year

	2023	2022
	£	£
Trade creditors	**15,872**	5,070
Accruals	**39,202**	28,713
Other taxation and social security	**30,228**	20,952
Deferred income (see note 11)	**21,801**	81,000
	107,103	135,735

11. Deferred income

	2023	2022
	£	£
At 1 September 2022	**81,000**	39,000
Deferred during the year	**21,801**	81,000
Released during the year	**(81,000)**	(39,000)
At 31 August 2023	**21,801**	81,000

Deferred income relates to fees received for the Inclusive Leadership Programme, The Difference Leadership Programme and the IncludED conference in respect of the academic year commencing September 2023.

12. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	**Total funds £**
Current assets	247,568	699,343	678,772	**1,625,683**
Current liabilities	(1,610)	-	(105,493)	**(107,103)**
Net assets at 31 August 2023	**245,958**	**699,343**	**573,279**	**1,518,580**

Prior period comparative	Restricted funds £	Designated funds £	General funds £	Total funds £
Current assets	246,677	777,153	425,185	1,449,015
Current liabilities	(7,000)	-	(128,735)	(135,735)
Net assets at 31 August 2022	239,677	777,153	296,450	1,313,280

13. Movements in funds

	At 1 September 2022 £	Income £	Expenditure £	Transfers between funds £	**At 31 August 2023 £**
Restricted funds					
Bridges Impact Foundation	-	40,000	(9,835)	-	**30,165**
Fidelity UK Foundation	76,650	94,375	(98,225)	-	**72,800**
Garfield Weston	62,500	75,000	(95,034)	-	**42,466**
Mission 44	-	120,390	(120,390)	-	**-**
Reconnect London	25,527	-	-	-	**25,527**
Wates Family Enterprise Trust	75,000	100,000	(100,000)	-	**75,000**
Total restricted funds	239,677	429,765	(423,484)	-	**245,958**
Unrestricted funds					
Designated funds:					
Programme Delivery	777,153	-	(77,810)	-	**699,343**
Total designated funds	777,153	-	(77,810)	-	**699,343**
General funds	296,450	1,075,940	(799,111)	-	**573,279**
Total unrestricted funds	1,073,603	1,075,940	(876,921)	-	**1,272,622**
Total funds	1,313,280	1,505,705	(1,300,405)	-	**1,518,580**

Purposes of restricted funds

Bridges Impact Foundation

The Bridges Impact Foundation grant was offered to fund the expansion of The Difference Leadership Programme, as well as the charity's strategy and impact measurement work.

Fidelity UK Foundation

The Fidelity UK Foundation grant was offered to fund the development of a new CRM system and scaling the Inclusive Leadership Course.

Garfield Weston

Funding for delivering The Difference Leadership Programme.

Mission 44

Funding for delivering The Difference Leadership Programme.

Reconnect London

The Reconnect London fund is monies received from two Trusts towards the costs of a teachers' COVID response project.

13. Movements in funds (continued)

Purposes of restricted funds (continued)

Wates Family Enterprise Trust

The Wates Family Enterprise Trust grant was funding for work that will support The Difference in implementing a new 5 year strategy.

Purposes of designated funds

Programme delivery

Programme delivery fund holds funds for the delivery of The Difference Leadership Programme. This is equivalent to the costs associated with delivery of The Difference Leadership Programme for the cohorts currently on the programme.

Prior period comparative	At 1 September 2021 £	Income £	Expenditure £	Transfers between funds £	At 31 August 2022 £
Restricted funds					
Bridges Impact Foundation	-	30,000	(30,000)	-	-
Fidelity UK Foundation	-	95,500	(18,850)	-	76,650
Garfield Weston	-	75,000	(12,500)	-	62,500
Mission 44	-	28,100	(28,100)	-	-
Reconnect London	27,927	-	(2,400)	-	25,527
Talbot Village Trust	-	10,000	(10,000)	-	-
Wates Family Enterprise Trust	-	100,000	(25,000)	-	75,000
Total restricted funds	27,927	338,600	(126,850)	-	239,677
Unrestricted funds					
Designated funds:					
Programme delivery	846,900	-	-	(69,747)	777,153
Total designated funds	846,900	-	-	(69,747)	777,153
General funds	379,983	788,013	(941,293)	69,747	296,450
Total unrestricted funds	1,226,883	788,013	(941,293)	-	1,073,603
Total funds	1,254,810	1,126,613	(1,068,143)	-	1,313,280

14. Operating lease commitments

The charity had operating leases at the year end with total future minimum lease payments as follows:

	2023	2022
	£	£
Amount falling due:		
Within 1 year	**6,220**	7,775
Within 1 - 5 years	**-**	-
	6,220	7,775

15. Conduit funding

	2023	2022
	£	£
Balance at start of year	**-**	-
Funding received during year	**-**	15,000
Funding distributed during year	**-**	(13,500)
Retained as administration fee	**-**	(1,500)
	-	-

Conduit funds are monies received for third parties and do not belong to the charity. The charity passes them through the accounts as a service to other charities to help the charitable purposes, but does not claim Gift Aid nor has control over their use. The receipts and payments referred to above have been excluded from the Statement of Financial Activities. Conduit funding was held on behalf of The Re-engagement Project.

16. Related party transactions

There were no related party transactions in the current or prior period.

THE DIFFERENCE EDUCATION LTD

England & Wales - Charity number 1184843

Accounts

The Difference

Raising the status and expertise of those who educate vulnerable learners



THE DIFFERENCE EDUCATION LTD

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

Charity Registration No. 1184843 | Company Registration No. 11426427 (England and Wales)

Trustees' Annual Report for the Year Ended 31 August 2022

The trustees present their report and financial statements for the year ended 31 August 2022.

Administrative Details

Trustees	C Megson	
	C Mitchell	(Resigned 15 June 2022)
	D Xiberras	
	J Benamor	
	C Heald	
	J Hutchinson	
	D Whitaker	
	M Bayim-Adomako	(Appointed 23 March 2022)
	A Salz	(Appointed 23 March 2022)
Patron	Reverend Rose Hudson-Wilkin	
Key Management Personnel	Kiran Gill Danny Swift Shaun Brown	
Charity Number	1184843	
Company Number	11426427	
Registered Office	The Difference School House Morpeth School Portman Place London E2 0PX	
Auditor	Godfrey Wilson Limited Chartered Accountants and Statutory Auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD	

Purpose and Activities

Our Purpose

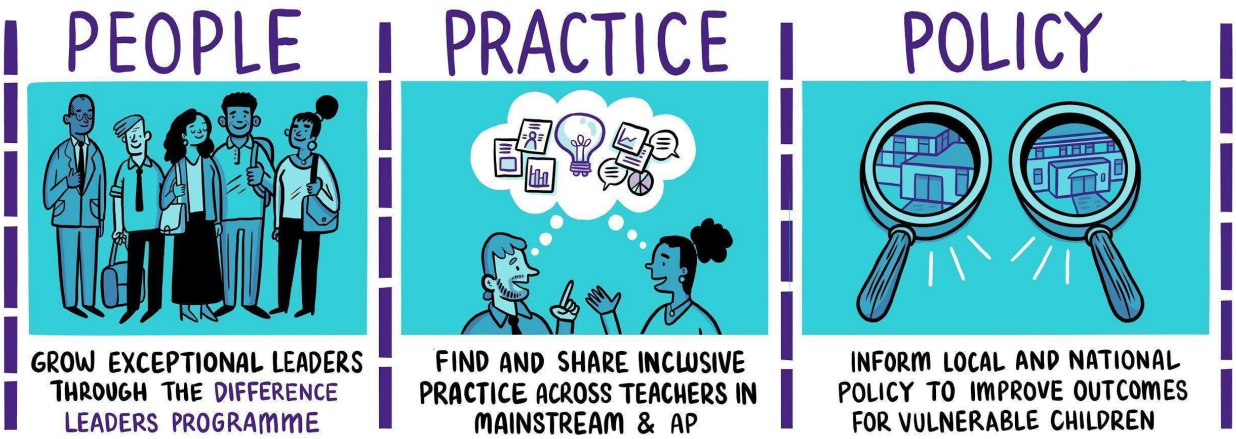
The problem: Thousands of children in England experience invisible and unknown disadvantages. The country's most vulnerable children have overwhelmingly poor educational and life outcomes. Many of these children will be excluded from school. Over 40 children are permanently excluded in England during every school day – nearly 8,000 across the school year. Many multiples of this number experience other forms of exclusion - some not visible in national datasets.

Our purpose: The Difference exists to improve the life outcomes of the most vulnerable children, by raising the status and expertise of those who educate them.

Our work: The Difference is finding and growing the **people** who will become tomorrow's inclusive school leaders. Our two-year *Difference Leadership Programme* develops teachers with the will and skill to lead improved outcomes for vulnerable children, by placing and training them in schools for excluded learners. Our *Inclusive Leadership Course* provides a year of professional development for existing mainstream senior leaders. The Difference identifies best **practice** in Inclusion, sharing this with both Alternative Provision (AP) and mainstream school leaders, as well as across the whole education sector. We share our research on inclusive **policy** with key stakeholders in education, while highlighting and celebrating leaders and groups of schools who are changing the story on school exclusion.

Our Activities

Our strategy focuses on scalable impact on the life-outcomes of vulnerable children via People, Practice and Policy. In the academic year 2021/22 this has included the following activities:



People: Difference Leadership Programme

- **Teacher recruitment:** The Programme raises the profile of working in Alternative Provision schools, establishing it as an aspirational career route that attracts the best teachers.

- **Leadership Development and Specialist Teacher Training:** Training provides intensive skills development for Difference Leaders during two years in AP schools. We monitor their progression and impact, adding to the evidence for what works in reducing school exclusion.

Practice: School Leadership Development and New Practice Research

- **Mainstream partnership via the Inclusive Leadership Course:** The Difference delivers the Inclusive Leadership Course - a year-long professional development offer for mainstream Headteachers, Deputy Heads and Assistant Heads keen to improve Inclusion in their schools. Leaders learn about key relational practices and complete accompanying assignments to support them to lead whole-school change.

- **New practice research:** The Difference's partnerships and wider practice research enable us to identify the practice and systems currently improving outcomes for vulnerable children, across AP and mainstream schools. This learning is shared through our publications, research collaborations, as well as informing our programmes.

- **IncludEd Teachers' Conference:** The Difference runs an annual Teachers' Conference, bringing together researchers, policymakers and teachers to share the school practice and systems which improve vulnerable children's life outcomes.

- **Community-building cross-sector:** To disseminate our research, The Difference presents at teacher conferences, delivers online training, speaks on podcasts, and publishes in sector press media, to reach thousands of teachers.

Policy: Media, Policy Events and New Policy Research

- **Media:** The Difference keeps exclusions in the spotlight, supporting journalists to ensure national coverage of school exclusion. Press highlights of the year include CEO and founder Kiran Gill speaking on Sky News and BBC 4, as well as working as a Commissioner on the Times Education Commission.
- **New Policy Research:** We conduct original research on practice, systems and outcomes across and beyond our partner schools. We have hired two new staff members into the new Research, Impact and Influencing Department: Jenny Graham (Head of Research) and Tom Gunter (Head of Policy).
- **Informing Policymakers:** We organise roundtables, present research to politicians and contribute to research projects with think-tanks and academics, sharing frontline realities of policies affecting vulnerable pupils.

Public Benefit

All of The Difference's activities are undertaken to further our charitable purpose, which is to advance education for the public benefit. More specifically, the charity is working to improve the life-outcomes of the most vulnerable children, by raising the status and expertise of those who educate them. The charity believes that improved outcomes for the most vulnerable benefit society as a whole, and that education plays an important role in bringing about this change. The trustees have a duty to consider public benefit guidance published by the Charity Commission. We are satisfied that the purpose and activities of the charity continue to satisfy the requirements of the public benefit test set out in section 17 of the Charities Act 2011. We have demonstrated how we have worked towards our charitable purposes, by setting out our achievements during the year in this Trustees' Report.

Achievements and Performance

This annual report covers the financial year 2021/22 in terms of activities, achievements, financial review, risks and uncertainties, structure, governance and management.
For more detailed information on The Difference's impact in 2021/22, please see our Impact Report.

People 2021/22

The Difference has raised the status of working with the most vulnerable children via its **attraction campaign** for the Difference Leadership Programme.

The Difference Leadership Programme is unapologetically elite. We recruit small numbers of teachers each year, with exceptional skills and leadership capacity, who will go on to become system-changing leaders. Furthermore, our attraction campaign is shaping the careers and choices of hundreds of teachers who are not on our programmes. See our Impact Report for more information.

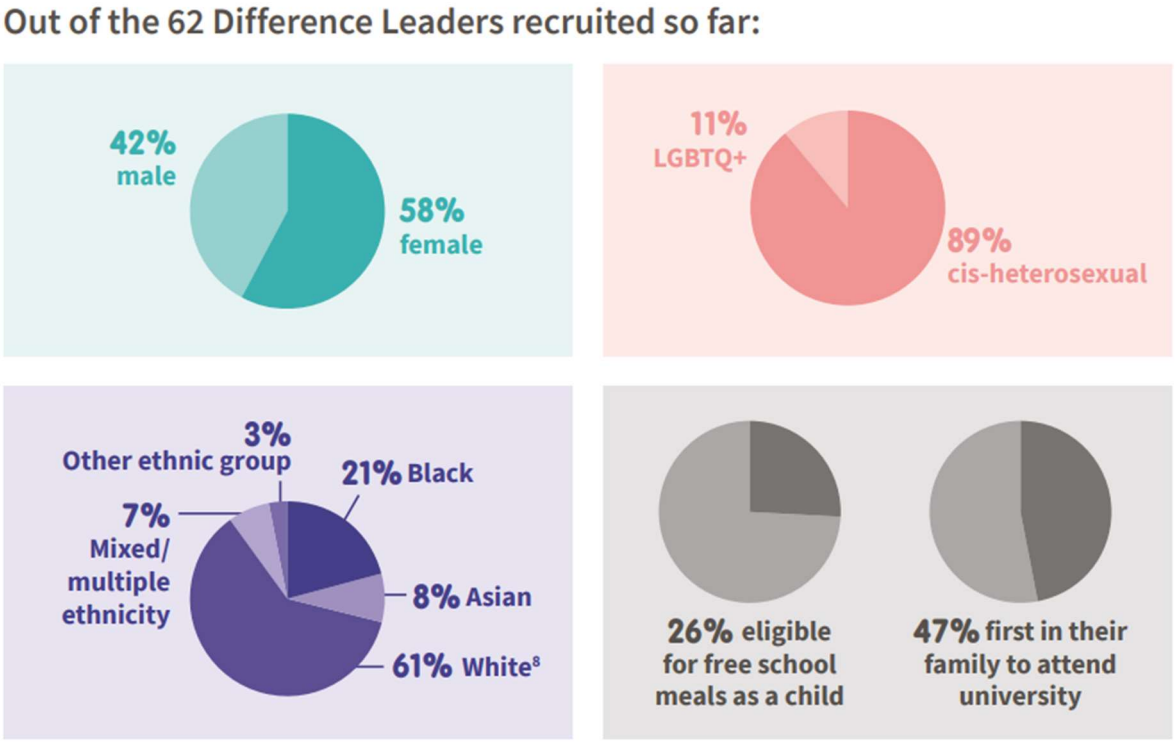
Key headlines from the Difference Leadership Programme this year include:

- The Difference Leadership Programme grew from 26 to 29 Difference Leaders. They worked in 32 local authorities, supporting 1,900 of England's most vulnerable children.
- 10 out of 12 of the 2020 Cohort are leaving the Programme in promoted roles – with 50% of the cohort moving back to mainstream leadership roles.
- We received more than 10 applicants for every place on the 2022 Cohort of Difference Leaders.
- 93% of the Headteachers of the pioneer Cohort said their Difference Leader has had a positive impact at a whole-school level.
- 4 Difference Leaders have become Headteachers.

The Difference has raised the status of working with the most vulnerable via the design of its **leadership development programme** and its **competitive selection process** to join the programme.

Through 2021 -22, The Difference:

- Delivered a rigorous **selection process,** making working in schools for excluded pupils a competitive career choice. This year, there was a 10:1 ratio of applicant to success.
- Delivered sector-leading diversity in its recruitment process, again.



Case study: Alicia, 2019 Difference Leader



After completing the Difference Leadership Programme, Alicia secured a promoted senior leadership role as Assistant Headteacher for Inclusion and Behaviour at Ark Globe Academy in Southwark. Ark is one of England's largest Multi-Academy Trusts, running 39 schools. They work closely with The Difference to understand and tackle the variation in exclusion numbers across their schools. Alicia's work over the past year has focused on primary school students with Special Educational Needs (SEN). These were the children most often displaying challenging behaviour, receiving detentions, and being sent out of class. With support from other leaders, Alicia was able to introduce new inclusive practice and systems to her school – including a graduated system of behaviour interventions and whole-school training on quality-first teaching strategies. Before this work, there were 53 detentions per week on average at Ark Globe. This has now reduced to fewer than 15.

Case study: Maddie, 2021 Difference Leader



Maddie has just completed her first year on the Difference Leadership Programme working as an Associate Senior Leader for Camden Centre for Learning or CCfL. This is an SEMH school that supports students with Social Emotional and Mental Health needs. Maddie took part in an Action-Research project with The Difference to drive improvements in literacy. Through an initial audit, she found low levels of student vocabulary and comprehension, and a lack of staff confidence in supporting students with literacy barriers. They launched a cross-curriculum approach – training staff in comprehension and vocabulary instruction, mapping daily reading opportunities into the curriculum, and running interventions supported by an educational psychologist and speech therapist. They ran reading age tests at the launch of the project and at the end of the school year. By the second reading age test, 71% of students had made progress of 12 months or more over a 6 month period. This year, Maddie's school has also achieved their highest Year 11 outcomes to date, with every student gaining a qualification in English and Maths.

Practice 2021/22

The second wave of impact for The Difference is developing practice. We use our programme to identify inclusive practice which improves outcomes for vulnerable learners, and share this with teachers across the sector.

Inclusive Leadership Course

While the Difference Leadership Programme was the catalyst for launching the charity, it was clear that the learnings and resources generated could benefit a much wider audience. The Inclusive Leadership Course was created to engage hundreds more school leaders with our mission to transform education. Each school pays for their place, creating a revenue stream which will - in time - improve The Difference's sustainability and reduce our reliance on philanthropic investment.

Key headlines from the Inclusive Leadership Course this year include:

- Significantly increased participation in our third year - growing from 41 to 73 mainstream leaders.
- 85% of participants agreed that learning from the ILC helped their school better de-escalate challenging behaviour.
- 60% saw a reduction in exclusions in their school before the end of the 1-year course.

"My school now has an action plan and interventions for students with poor engagement in education. Restorative practice is our major focus for 2022/23 – which it would not have been if it wasn't for attending this course." ILC Participant, 2021/22

"I think what the course does so well is show that inclusion is for every single pupil, not just the pupils with a diagnosed special need. There's definitely a willingness for change. It just needs someone to communicate how we can go about creating that change." ILC Participant, 2021/22

Practice Sharing

The Difference helps our community to share their inclusive action, celebrate their successes, and publicise their learnings - thereby spreading inclusive practice to thousands more educators. This year, Difference Leaders - along with our AP and mainstream partners - have been featured in news outlets, conferences, podcasts, webinars and blogs. Please see the relevant section of the Impact Report for a full list of sector-press.

Throughout 2021-22, The Difference also grew its own practice sharing community by way of:

- Four Bullet Friday: our fortnightly inclusive education newsletter - increasing readership to over 4,700 subscribers.

- Twitter: sharing content produced by the charity, our partners, and key education stakeholders to amplify great work being done in inclusion, with our account reaching over 6,800 followers.

- Shaun Brown, The Difference Director of Programmes, has spoken to over a thousand educators on the topic of inclusion through conference appearances this year. These included the ASCL Headteachers' Union, London's Violence Reduction Unit, Challenge Partners, The Pathfinder Teaching School Hub, PRUsAP, and Whole Education.

New Research

One of the largest MATs in England recruited The Difference to help them understand drivers of exclusion across their different schools. The Difference analysed exclusions and attendance data, conducted a trust-wide survey of their senior leaders and conducted case study interviews. Our findings and recommendations are being used to reduce the numbers of vulnerable students missing education.

Policy 2021/22

The Difference also continues to drive impact by influencing policy. We are determined to keep the issue of exclusions in the spotlight. Highlights from our press and political influencing work this year include:

- CEO and Founder Kiran Gill provided input on the SEND (Special Educational Needs and Disability) and AP review to the Secretary of State for Education.
- The Difference hosted a roundtable on behalf of the Department for Education, so that colleagues could hear from AP leaders on the SEND & AP strategy articulated in the Green Paper.
- The Difference met with DfE officials to provide feedback on Keeping Children Safe in Education and other key policy documents.
- Kiran served on the Times Education Commission alongside other leading voices in education such as Sir Anthony Seldon.
- The Difference is partnering with the University of Nottingham to investigate how inclusion is defined and practised in England's secondaries.
- The Difference is beginning a project in partnership with the National Foundation for Education Research on Internal Alternative Provision.

The Future

Direction of the Charity

The Difference's 2021-25 strategy continues to govern our work and growth. The long-term effects of the pandemic, coupled with the cost of living crisis, have led to growing levels of need in society. Schools are increasingly recognising the need to improve systems and practice to support the needs of the most vulnerable children.

Our mission remains the same - "to improve life outcomes of vulnerable learners by raising the status and expertise of those who educate them" - as do our key levers for change - people, practice and policy. We continue to work towards our vision, that: by 2030, we want to see exclusions fall across England and for Alternative Provision to be a desirable career destination for the strongest teachers.

Strategic Priorities

The Difference's work continues to be guided by our three strategic priorities, for our 2021-25 strategy. Within each strategic priority we have set the following objectives.

1. **Drive Programme Impact**

We are achieving steady growth of our Difference Leader cohorts by targeting quality rather than quantity of AP partnerships, expanding regionally into the best AP schools across England. At the same time, we are seeking to rapidly grow our mainstream offer, the Inclusive Leadership Course. Increasing programme impact across both courses must also mean increasing our understanding of what is working and why - proving the return on investment to our schools and to our funders, and driving continuous improvement across the team.

Objectives within this priority include:

- Steady growth of the **Difference Leadership Programme** to reach a target of 30 per cohort - working in 50-60 APs each year (1 in 5).
- 100+ Difference Leader alumni becoming leaders within **influential groups of schools.**
- A more rapid scaling of the **Inclusive Leadership Course** to reach 100+ mainstream participants/year - maximising preventative work and providing a revenue stream.
- **Impact research** telling us exactly what is working within our programmes to improve outcomes in mainstream & AP.

Activities which will move the charity towards achieving these objectives:

- Expansion of our recruitment and placement of Difference Leaders by forming new partnerships with Alternative Provision schools across all regions of England, and positive relationship management with existing AP partners to place successive Difference Leaders across the next few years.
- The establishment of an Impact & Research Directorate which will develop qualitative internal research and act as a critical friend to the Programme team,

improving our training and producing leaders who are even better prepared for mainstream progression and impact.

- Development of our Inclusive Leadership offer so that we can enrol more mainstream leaders (middle leadership as well as senior) and form productive partnerships with larger, trend-setting Multi-Academy Trusts.

2. Grow Sector Influence

Current government instability and the economic crisis suggest that there may be limited scope to change national policy on exclusions at a national policy level in the next year or two. However, The Difference does believe that there is significant opportunity to shape national activity through changing the beliefs and behaviours of specific MATs, LAs and system advocates. Through our programme work and growing network, we have a unique opportunity to share successful practice with school leaders wanting to lead improved Inclusion. Through formalising and expanding our research and communications work, we plan to grow our influence beyond those who are directly undertaking our training programmes.

Objectives within this priority include:

- The Difference is **inspiring 500 teachers a year** to consider teaching in AP by 2027.
- Deep multi-year partnerships with **strategically-chosen MATs** to help them become measurably more inclusive through both the ILC and research/advisory work.
- **Practice research and storytelling** - blogs, podcasts and continuing to feature in national and sector press - that is shown to **inspire changed belief and action** in teachers and leaders that The Difference don't yet work with.

Activities which will move the charity towards achieving these objectives:

- Investigate and identify specific aspects of inclusive practice most suitable for research and external publication. Long-list of topics include internal inclusion units or effective work in Fair Access Panels. Partnering with other research organisations, schools networks, and key journalists to scale research and publicity.
- Publish through blogs, podcasts, and formal research outlets, with the Research and Impact directorate trialling new methods to measure their reach and their influence on the education sector.

3. Improve Organisational Strength and Resilience

Delivering the above priorities will only be possible if The Difference can successfully complete its transition from a young start-up charity to an organisation which is more resilient, efficient and stable. Work on our new strategy has been key to identifying where we need more capacity and where we will benefit from greater diversity of experience and identity amongst our senior leadership team and Board. It will also be key to our long-term success that we continue to reduce our reliance on philanthropic income by growing our traded revenue streams.

Objectives within this priority include:

- Increasing our financial stability by achieving an annual income split of **30:70 traded revenue: philanthropy** by 2027.
- The establishment of **three directorates** who have ownership of strategic milestones towards our strategy.
- Our **values** & ways of working are embedded across a bigger team, maintaining our identity and guiding principles.

Activities which will move the charity towards achieving these objectives:

- Conducting work on team culture which helps the charity to better articulate our organisational values and to create resources that will allow consistent replication across the Directorates.
- Expanding Trustee training and implementing a Governance review to support the right further recruitment onto our Trustee Board, and establishing committees and scrutiny cycles going forward for the new strategy.
- Reviewing and optimising the sales processes and pipeline for the Inclusive Leadership Course, for instance, through the building of a new CRM database.

Financial Review

Financial position

We finish the financial year 2021/22 in a secure financial position as an organisation. The total funds of the charity have increased to £1,313,280, including £239,677 of restricted funds (see note 14 to the accounts).

£777,153 has been designated by the trustees to ensure successful programme delivery to participants who are already enrolled on the Difference Leadership Programme or Inclusive Leadership Course. This is in addition to restricted funds held for the Difference Leadership Programme. We expect these funds to be spent over the coming two years, up to August 2024.

The Difference holds unrestricted reserves of £296,450; which fall in line with the charity's reserves policy, whereby we aim to hold reserves which are equivalent to between three and six months' expenditure.

Income

Our total income through the academic year 2021/22 was £1,126,613. The Difference's primary source of funding is from trusts and foundations who share our mission to improve life outcomes for the most vulnerable children.

Through its programmes, The Difference has established some alternative sources of income in the form of school contributions to the Difference Leadership Programme, and the Inclusive Leadership Course. The charity expects to substantially grow these traded income streams, to improve sustainability and to reduce its reliance on voluntary income.

Fundraising

The Difference does not use any external professional or commercial fundraisers - all fundraising activities are conducted by our own employees. The Difference is not currently subscribed to any schemes for fundraising regulation and does not do any kind of community, events or digital fundraising. The entirety of our fundraising activity is conducted with grant-making organisations, meaning we do not have any interaction with potentially vulnerable members of the public. The Difference has never received any complaints about fundraising activities which we've undertaken.

Our fundraising target for the 2021/22 financial year was adjusted downwards slightly (from our September 2021 budget) due to the fact that expenditure was also lower than projected. With a healthy level of reserves and designated funding, The Difference did not aim to accrue additional funds unnecessarily. The charity continues to have strong philanthropic relationships with a number of trusts and foundations who provided repeat funding for our programmes. The Difference also formed a new multi-year relationship this year with Mission 44, a grant-making organisation recently founded by Sir Lewis Hamilton. We continue to be in a secure position to ensure delivery of the programme to those school leaders already enrolled, as well as funding new work to scale the impact of the charity.

Expenditure

Our total expenditure through the academic year 2021/22 was £1,068,143. As outlined in the Achievements section of this report, expenditure has been on activities attracting, selecting and delivering training to participants on the Difference Leadership Programme and the Inclusive Leadership Course. There has also been expenditure on the Operations and Finance work which underpins our Programme delivery, as well as the Practice and Policy workstreams which ensure the impact of our work is felt beyond the school leaders that we directly train.

Reserves policy

It is the Difference's policy that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three to six months' expenditure, where possible (currently between £267k and £534k). The trustees consider that reserves at this level would ensure that, in the event of a significant change in funding, The Difference is able to meet its obligations to programme participants, partner organisations and staff, whilst giving consideration to ways in which additional or alternative funds may be raised.

Going concern

Trustees and the senior management team review spending and revenue, and re-forecast accordingly, on a quarterly basis. Current forecast cash flow shows that The Difference has adequate free cash to meet its obligations as they fall due.

Trustees are content that The Difference has adequate resources to fund its activities for the foreseeable future. The trustees therefore believe that the charity is a going concern, and so have prepared the accounts and financial statements on this basis.

Risks & uncertainties

Effective risk management is critical to ensuring that The Difference achieves its mission for the improved life-outcomes of vulnerable children. All our employees are encouraged and supported to identify and manage key risks within their work, and to communicate and escalate these appropriately. Through this, responsibility for risk is distributed across the charity.

We manage our risks in line with our risk-management policy, which includes the collation and monitoring of key organisational risks within a risk register. The Executive Team has responsibility and accountability for the risk register. The Board of Trustees maintains overall accountability by reviewing risks escalated from the Executive on a quarterly basis.

The key risks which will be managed in the year ahead, 2022/23 are:

- **Impact of the Cost of Living Crisis on school budgets and, therefore, the charity's traded income**
  With schools seeing real-terms reduction in funding due to inflation, and especially sharp rises in energy bills, many schools are having to reduce staffing numbers, and cut back on costs previously deemed essential. This is likely to affect sales for The Difference's programmes and services.

  Mitigations: Part of the response will be to redouble efforts to market our programmes, and to articulate their value - particularly to students most affected by the economic crisis. If the crisis continues, we may find a temporary reduction in traded revenue, and need to increase philanthropic funding targets during this time.

- **Increasing use of internal Alternative Provision reduces number of children attending AP schools, and therefore demand for placements**
  It is possible that with schools increasingly creating alternative provision settings on-site, that fewer students move to alternative provision schools.

  Mitigations: Provided that the quality of internal alternative provision is high, The Difference would welcome this trend, and see it as substantial progress towards our mission. However, there is significant variation in the quality of internal alternative provision, with the least effective being less supportive than local AP schools. This is why The Difference is focusing on internal AP within its research, to help ensure that schools understand the hallmarks of good internal AP, and act on this understanding. Meanwhile, any change in AP roll numbers is likely to happen slowly, and mainstream schools are likely to rely on outreach from local AP schools to support good outcomes in internal AP, potentially creating demand for AP practitioners able to lead on mainstream outreach.

Structure, governance & management

Constitution and governing documents

The Difference Education Ltd is governed by its Memorandum of Association and Articles of Association.

The Difference Education Ltd is a charitable company, limited by guarantee and not having a share capital. The Difference operates within England and Wales capital (Charity number: 1184843; Company number: 11426427). The Difference Education Ltd gained charitable status from the Charity Commission in 2019.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Directors and Trustees

The Board of Trustees meets regularly to govern the charity. During the period of reporting, it held four meetings. At its meetings in 2021/22, the Trustee Board agreed the budget for 2022/23; advised and approved the re-structure of the Executive Team; agreed the strategy for the growth and development of the Difference Leadership Programme and Inclusive Leadership Course; managed and mitigated ongoing risk; and approved delegation to and growth of The Difference's staff team.

Organisational Structure and Key Personnel

The appointment or election of Trustees is as determined by the Board of Trustees. The Trustees have overall responsibility for the charity, but the day-to-day running of the charity is delegated to the Chief Executive Officer, Kiran Gill, and her staff. This year, Danny Swift has taken on this role during the Chief Executive's maternity leave, from January to December 2022.

The Trustees are responsible for:

- Overseeing the work of the Chief Executive;
- Approving plans to scale the charity;
- Agreeing the strategy for the development and growth of The Difference;
- Ensuring that The Difference meets its legal responsibilities;
- Ensuring The Difference improves the life outcomes of the most vulnerable children through their work and practice; and
- Ensuring sound financial management of The Difference.

Induction and Training policy for new Trustees

New Trustees meet with the Chief Executive and Chair to discuss their role and responsibilities. This gives an opportunity to answer any questions raised by the new Trustee and to clarify the content of any written documentation circulated to the new Trustee. Opportunities for training of the Trustees are presented to them, as well as pre-

existing documents on The Difference's strategy, impact, and previous decisions. The Chief Executive ensures Trustees are kept up to date with developments in Charity and company law. This is achieved through briefings at Board meetings and, as appropriate, circulated written information.

Executive Pay Policy

The Trustees consider the CEO and Directors to represent the Executive Team of The Difference.

Changes to salaries take place after their Performance Management Reviews on an annual basis. These are determined by the Chair of Trustees in coordination with other trustees. Such changes may take place on the back of exceptional performance or an evolution of role corresponding to increased responsibility. These salaries are regularly benchmarked against other similar organisations in our sector.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with 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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

The trustees' report was approved by the Board of Trustees.

Christine Megson
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C Megson

Chair of Trustees

Dated: 22 March 2023

Independent auditors' report

To the members of

The Difference Education Ltd

Opinion

We have audited the financial statements of The Difference Education Ltd (the 'charity') for the year ended 31 August 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. 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 charity's affairs as at 31 August 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

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 charity'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent auditors' report

To the members of

The Difference Education Ltd

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the trustees
As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

To the members of

The Difference Education Ltd

Our 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent auditors' report

To the members of

The Difference Education Ltd

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. This description forms part of our auditor's report.

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

Alison Godfrey

Date: 25 March 2023

Alison Godfrey FCA
(Senior Statutory Auditor)

For and on behalf of:
GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

The Difference Education Ltd

Statement of financial activities *(incorporating an income and expenditure account)*

For the year ended 31 August 2022

	Note	Restricted £	Unrestricted £	**2022 Total £**	2021 Total £
Income from:					
Donations	3	338,600	586,946	**925,546**	1,240,950
Charitable activities	4	-	201,067	**201,067**	157,771
Total income		338,600	788,013	**1,126,613**	1,398,721
Expenditure on:					
Raising funds		-	76,967	**76,967**	33,380
Charitable activities		126,850	864,326	**991,176**	757,230
Total expenditure	6	126,850	941,293	**1,068,143**	790,610
Net income / (expenditure) and net movement in funds	7	211,750	(153,280)	**58,470**	608,111
Reconciliation of funds:					
Total funds brought forward		27,927	1,226,883	**1,254,810**	646,699
Total funds carried forward		239,677	1,073,603	**1,313,280**	1,254,810

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 14 to the accounts.

The Difference Education Ltd

Balance sheet

As at 31 August 2022

	Note	£	2022 £	2021 £
Current assets				
Debtors	10	**65,935**		291,900
Cash at bank and in hand		**1,383,080**		1,061,539
		1,449,015		1,353,439
Liabilities				
Creditors: amounts falling due within 1 year	11	**(135,735)**		(98,629)
Net current assets			**1,313,280**	1,254,810
Net assets	13		**1,313,280**	1,254,810
Funds	14			
Restricted funds			**239,677**	27,927
Unrestricted funds				
Designated funds			**777,153**	846,900
General funds			**296,450**	379,983
Total charity funds			**1,313,280**	1,254,810

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 22 March 2023 and signed on their behalf by

Christine Megson

C Megson, Chair of Trustees

The Difference Education Ltd

Statement of cash flows

For the year ended 31 August 2022

	2022	2021
	£	£
Cash used in operating activities:		
Net movement in funds	**58,470**	608,111
Adjustments for:		
Decrease / (increase) in debtors	**225,965**	(235,279)
Increase / (decrease) in creditors	**37,106**	(54,775)
Net cash provided by operating activities	**321,541**	318,057
Increase in cash and cash equivalents in the year	**321,541**	318,057
Cash and cash equivalents at the beginning of the year	**1,061,539**	743,482
Cash and cash equivalents at the end of the year	**1,383,080**	1,061,539

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Difference Education Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Income from the supply of services is recognised with the delivery of the service.

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

d) Donated services and facilities

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. In accordance with the Charities SORP (FRS 102), no amounts are included for the contribution of general volunteers.

1. Accounting policies (continued)

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

f) Funds accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for a particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

g) Expenditure and irrecoverable VAT

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

Expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs, including overhead support costs, are allocated to expenditure categories reflecting the use of the resource. Staff costs are allocated between charitable activities, fundraising and support based upon the proportion of time spent on each activity.

h) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity’s activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities based on the proportion of staff cost as follows:

	2022	2021
Raising funds	**8.4%**	0.0%
Charitable activities	**91.6%**	100.0%

1. Accounting policies (continued)

i) Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

j) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

k) Creditors

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

l) Conduit funding

Conduit funds are monies received for third parties and do not belong to the charity. The incoming funds and outgoing payments are excluded from the Statement of Financial Activities. Any conduit funds in hand at the year end are shown as creditors in the accounts.

l) Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

m) Pension costs

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

n) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

1. Accounting policies (continued)

n) Accounting estimates and key judgements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2021 Total £
Income from:			
Donations	210,000	1,030,950	1,240,950
Charitable activities	-	157,771	157,771
Total income	210,000	1,188,721	1,398,721
Expenditure on:			
Raising funds	-	33,380	33,380
Charitable activities	182,073	575,157	757,230
Total expenditure	182,073	608,537	790,610
Net income and net movement in funds	27,927	580,184	608,111

3. Income from donations

	Restricted £	Unrestricted £	**2022 Total £**
Donations	-	1,950	**1,950**
Trusts and foundations	338,600	584,996	**923,596**
Total income from donations	338,600	586,946	**925,546**

3. Income from donations (continued)

Prior period comparative:

	Restricted £	Unrestricted £	2021 Total £
Donations	-	3,300	3,300
Trusts and foundations	210,000	1,022,400	1,232,400
Coronavirus Job Retention Scheme	-	5,250	5,250
Total income from donations	210,000	1,030,950	1,240,950

4. Income from charitable activities

	Restricted £	Unrestricted £	**2022 Total £**	2021 Total £
Inclusive Leadership Course	-	143,500	**143,500**	109,000
The Difference Leadership Programme	-	15,000	**15,000**	34,921
Consultancy & Research*	-	37,401	**37,401**	13,850
Other	-	5,166	**5,166**	-
Total income from charitable activities	-	201,067	**201,067**	157,771

All income from charitable activities in the prior year was unrestricted.
*Previously External Speaking and Training and Violence Reduction Unit.

5. Government grants

The charitable company receives government grants, defined as funding from HMRC's Coronavirus Job Retention Scheme to fund charitable activities. The total value of such grants in the period ending 31 August 2022 was £Nil (2021: £5,250). There are no unfulfilled conditions or contingencies attaching to these grants.

6. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	**2022 Total £**
Staff costs (note 8)	59,912	649,348	33,504	**742,764**
Freelance staff costs	-	22,486	19,702	**42,188**
Programme delivery costs - DLP & ILC	-	154,210	-	**154,210**
Research, Impact and Influencing	-	16,899	-	**16,899**
Reconnect London	-	2,400	-	**2,400**
Office and equipment	-	-	55,066	**55,066**
Fundraising	3,682	-	-	**3,682**
Recruitment	-	-	5,258	**5,258**
Staff support	-	-	7,466	**7,466**
Back office costs	-	-	29,622	**29,622**
Other operating expenses	-	-	3,837	**3,837**
Travel expenses	-	-	4,751	**4,751**
Sub-total	63,594	845,343	159,206	**1,068,143**
Allocation of support and governance costs	13,373	145,833	(159,206)	**-**
Total expenditure	**76,967**	**991,176**	**-**	**1,068,143**

Total governance costs were £8,235 (2021: £8,640)

Prior period comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2021 Total £
Staff costs (note 8)	33,380	470,476	23,228	527,084
Freelance staff costs	-	26,477	-	26,477
Programme delivery costs - DLP & ILC	-	161,384	-	161,384
Reconnect London	-	13,582	-	13,582
Office and equipment	-	-	20,830	20,830
Recruitment	-	-	10,389	10,389
Staff support	-	-	1,402	1,402
Back office costs	-	-	13,891	13,891
Other operating expenses	-	-	12,370	12,370
Travel expenses	-	-	3,201	3,201
Sub-total	33,380	671,919	85,311	790,610
Allocation of support and governance costs	-	85,311	(85,311)	-
Total expenditure	33,380	757,230	-	790,610

7. Net movement in funds

This is stated after charging:

	2022	2021
	£	£
Trustees' remuneration	**Nil**	Nil
Trustees' reimbursed expenses*	**Nil**	86
Auditors' remuneration		
▪ Statutory audit (including VAT)	**7,140**	7,140
▪ Other services	**940**	-

*2021: one trustee for travel expenses.

8. Staff costs and numbers

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	**639,353**	450,226
Social security costs	**65,090**	48,961
Pension costs	**38,321**	27,897
	742,764	527,084

The key management personnel of the charitable company comprise the Trustees, Chief Executive Officer, Programme Director and the Managing Director (2021: Trustees, Chief Executive Officer and Managing Director). The total employee benefits of the key management personnel were £231,283 (2021: £160,457).

	2022	2021
	No.	No.
Average head count	**13.50**	10.00

The number of employees whose remuneration for the year fell within the following bands were:

	2022	2021
	No.	No.
£60,000 to £69,999	**2**	2
£70,000 to £79,999	**1**	1

9. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10. Debtors

	2022	2021
	£	£
Trade debtors	**37,800**	39,000
Accrued income	**28,135**	252,900
	65,935	291,900

11. Creditors : amounts due within 1 year

	2022	2021
	£	£
Trade creditors	**5,070**	10,824
Accruals	**28,713**	27,379
Other taxation and social security	**20,952**	21,426
Deferred income (see note 12)	**81,000**	39,000
	135,735	98,629

12. Deferred income

	2022	2021
	£	£
At 1 September 2021	**39,000**	134,921
Deferred during the year	**81,000**	39,000
Released during the year	**(39,000)**	(134,921)
At 31 August 2022	**81,000**	39,000

Deferred income relates to fees received for the Inclusive Leadership Programme and The Difference Leadership Programme in respect of the academic year commencing September 2022.

13. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	**Total funds £**
Current assets	246,677	777,153	425,185	**1,449,015**
Current liabilities	(7,000)	-	(128,735)	**(135,735)**
Net assets at 31 August 2022	**239,677**	**777,153**	**296,450**	**1,313,280**

Prior period comparative	Restricted funds £	Designated funds £	General funds £	Total funds £
Current assets	27,927	846,900	478,612	1,353,439
Current liabilities	-	-	(98,629)	(98,629)
Net assets at 31 August 2021	27,927	846,900	379,983	1,254,810

14. Movements in funds

	At 1 September 2021 £	Income £	Expenditure £	Transfers between funds £	**At 31 August 2022 £**
Restricted funds					
Bridges Impact Foundation	-	30,000	(30,000)	-	**-**
Fidelity UK Foundation	-	95,500	(18,850)	-	**76,650**
Garfield Weston	-	75,000	(12,500)	-	**62,500**
Mission 44	-	28,100	(28,100)	-	**-**
Reconnect London	27,927	-	(2,400)	-	**25,527**
Talbot Village Trust	-	10,000	(10,000)	-	**-**
Wates Family Enterprise Trust	-	100,000	(25,000)	-	**75,000**
Total restricted funds	27,927	338,600	(126,850)	-	**239,677**
Unrestricted funds					
Designated funds:					
Programme Delivery	846,900	-	-	(69,747)	**777,153**
Total designated funds	846,900	-	-	(69,747)	**777,153**
General funds	379,983	788,013	(941,293)	69,747	**296,450**
Total unrestricted funds	1,226,883	788,013	(941,293)	-	**1,073,603**
Total funds	1,254,810	1,126,613	(1,068,143)	-	**1,313,280**

Purposes of restricted funds

Bridges Impact Foundation

The Bridges Impact Foundation grant was offered to fund the expansion of The Difference Leadership Programme, as well as the charity's strategy and impact measurement work.

Fidelity UK Foundation

The Fidelity UK Foundation grant was offered to fund the development of a new CRM system and scaling the Inclusive Leadership Course.

Garfield Weston

Funding for delivering The Difference Leadership Programme.

Mission 44

Funding for delivering The Difference Leadership Programme.

Reconnect London

The Reconnect London fund is monies received from two Trusts towards the costs of a teachers' COVID response project.

14. Movements in funds (continued)

Purposes of restricted funds (continued)

Talbot Village Trust

Funding to run a recruitment campaign for the Difference Leadership Programme focussed in Dorset.

Wates Family Enterprise Trust

The Wates Family Enterprise Trust grant was funding for work that will support The Difference in implementing a new 5 year strategy.

Purposes of designated funds

Programme Delivery

Programme Delivery fund holds funds for the delivery of The Difference Leadership Programme. This is equivalent to the costs associated with delivery of The Difference Leadership Programme for the cohorts currently on the programme.

Transfers

The transfer from Programme Delivery designated fund to unrestricted general funds is to:
(1) decrease the balance held by the DLP costs covered by restricted fund balances carried forward £137,000; and
(2) increase the total held for DLP costs by 8% (£67,752) in line with the pay rise awarded to all staff in September 2022.

Prior period comparative	At 1 September 2020 £	Income £	Expenditure £	Transfers between funds £	At 31 August 2021 £
Restricted funds					
Wates Family Enterprise Trust	-	100,000	(100,000)	-	-
Bridges Impact Foundation	-	50,000	(50,000)	-	-
Fidelity UK Foundation	-	20,000	(20,000)	-	-
Reconnect London	-	40,000	(12,073)	-	27,927
Total restricted funds	-	210,000	(182,073)	-	27,927
Unrestricted funds					
Designated funds:					
Programme delivery	445,000	-	-	401,900	846,900
Total designated funds	445,000	-	-	401,900	846,900
General funds	201,699	1,188,721	(608,537)	(401,900)	379,983
Total unrestricted funds	646,699	1,188,721	(608,537)	-	1,226,883
Total funds	646,699	1,398,721	(790,610)	-	1,254,810

15. Operating lease commitments

The charity had operating leases at the year end with total future minimum lease payments as follows:

	2022	2021
	£	£
Amount falling due:		
Within 1 year	**7,775**	-
Within 1 - 5 years	**-**	-
	7,775	-

16. Conduit funding

	2022	2021
	£	£
Balance at start of year	**-**	-
Funding received during year	**15,000**	-
Funding distributed during year	**(13,500)**	-
Retained as administration fee	**(1,500)**	-
	-	-

Conduit funds are monies received for third parties and do not belong to the charity. The charity passes them through the accounts as a service to other charities to help the charitable purposes, but does not claim Gift Aid nor has control over their use. The receipts and payments referred to above have been excluded from the Statement of Financial Activities. Conduit funding is held on behalf of The Re-engagement Project.

17. Related party transactions

There were no related party transactions in the current or prior period.

THE DIFFERENCE EDUCATION LTD

England & Wales - Charity number 1184843

Accounts

The Difference

Raising the status and expertise of those who educate vulnerable learners



THE DIFFERENCE EDUCATION LTD

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

Charity Registration No. 1184843 | Company Registration No. 11426427 (England and Wales)

Trustees' Annual Report for the Year Ended 31 August 2021

The trustees present their report and financial statements for the year ended 31 August 2021.

Administrative Details

Trustees	C Megson	(Appointed 11 March 2020)
	C Mitchell	(Appointed 6 March 2019)
	D Xiberras	(Appointed 20 September 2019)
	J Benamor	(Appointed 20 September 2019)
	C Heald	(Appointed 11 March 2020)
	M Phiri	(Resigned 21 June 2021)
	J Hutchinson	(Appointed 11 March 2020)
	D Whitaker	(Appointed 19 June 2020)
Patron	Reverend Rose Hudson-Wilkin	(Appointed 19 June 2020)
Key Management Personnel	Kiran Gill Danny Swift	
Charity Number	1184843	
Company Number	11426427	
Registered Office	The Difference School House Morpeth School Portman Place London E2 0PX	
Auditor	Godfrey Wilson Limited Chartered Accountants and Statutory Auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD	

Purpose and Activities

Our Purpose

The problem: Thousands of children in England experience invisible and unknown disadvantages. The country's most vulnerable children have overwhelmingly poor educational and life outcomes. Many of these children will be excluded from school. Over 40 children are permanently excluded in England during every school day – nearly 8,000 across the school year.

Our purpose: The Difference exists to improve the life outcomes of the most vulnerable children, by raising the status and expertise of those who educate them.

Our work: The Difference is finding and growing the People who will become tomorrow's inclusive school leaders. Our two-year Difference Leadership Programme develops teachers with the will and skill to lead improved outcomes for vulnerable children. The Difference identifies best Practice in Inclusion, sharing this with both AP and mainstream school leaders, as well as across the whole education sector. We share our research on inclusive Policy with key stakeholders in education, while celebrating leaders and groups of schools who are changing the story on school exclusion.

Our Activities

Our strategy focuses on scalable impact on the life-outcomes of vulnerable children via People, Practice and Policy. In the academic year 2020/21 this has included the following activities:



People: Difference Leadership Programme

- **Teacher recruitment:** The Programme raises the profile of working in Alternative Provision schools, establishing it as an aspirational career route that attracts the best teachers.
- **Leadership Development and Specialist Teacher Training:** Training provides intensive skills development for Difference Leaders during two years in AP schools. We monitor their progression and impact, adding to the evidence for what works in inclusive practice.

Practice: School Leadership Development and New Practice Research

- **Mainstream partnership via the Inclusive Leadership Course:** The Difference delivers the Inclusive Leadership Course - a year-long professional development offer for mainstream Headteachers, Deputy Heads and Assistant Heads keen to improve Inclusion in their schools. The Inclusive Leadership Course brings together colleagues from mainstream and AP, to share best practice across the settings.
- **New practice research:** The Difference's partnerships and wider practice research enable us to identify the practice and systems currently improving outcomes for vulnerable children, across AP and mainstream schools. This learning is shared through our publications, research collaborations, as well as informing our programmes.
- **IncludEd Teachers' Conference:** The Difference runs an annual Teachers' Conference, bringing together researchers, policymakers, and teachers to share the school practice and systems which improve vulnerable children's life outcomes.
- **Community-building cross-sector:** To disseminate our research, The Difference presents at teacher conferences, delivers online training, speaks on podcasts, and publishes sector media, to reach thousands of teachers.

Policy: Media, Policy Events and New Policy Research

- **Media:** The Difference keeps exclusions in the spotlight, supporting journalists to ensure national coverage of school exclusion. Press highlights of the year include CEO and founder Kiran Gill speaking on Sky News and BBC 4, as well as being appointed to the Times Education Commission.
- **New Policy Research:** We conduct original research on practice, systems and outcomes across and beyond our partner schools. We have hired two new staff members into the new Research, Impact and Influencing Department: Jenny Graham (Head of Research) and Tom Gunter (Head of Policy).
- **Informing Policymakers:** We organise roundtables, present research to politicians and contribute to research projects with think-tanks and academics, sharing frontline realities of policies affecting vulnerable pupils.

Public Benefit

All of The Difference's activities are undertaken to further our charitable purpose, which is to advance education for the public benefit. More specifically, the charity is working to improve the life-outcomes of the most vulnerable children, by raising the status and expertise of those who educate them. The trustees believe that improved outcomes for the most vulnerable benefit society as a whole, and that education plays an important role in bringing about this change. The trustees have a duty to consider public benefit guidance published by the Charity Commission. We are satisfied that the purpose and activities of the charity continue to satisfy the requirements of the public benefit test set out in section 17 of the Charities Act 2011. We have demonstrated how we have worked towards our charitable purposes, by setting out our achievements during the year in this Trustees' Report.

Achievements and Performance

This annual report covers the financial year 2020/21 in terms of activities, achievements, financial review, risks and uncertainties, structure, governance and management. It should be noted that accounts within this report represent a full year from September 2020 to August 2021.
For more detailed information on The Difference's impact in 2020/21, please see our Impact Report.

People 2020/21

The Difference has raised the status of working with the most vulnerable children via its **attraction campaign** for the Difference Leadership Programme.

The Difference Leadership Programme is unapologetically elite. We recruit small numbers of teachers each year, with exceptional skills and leadership capacity, who will go on to become system-changing leaders. Furthermore, our attraction campaign is shaping the careers and choices of hundreds of teachers who are not on our programmes. See our Impact Report for more information.

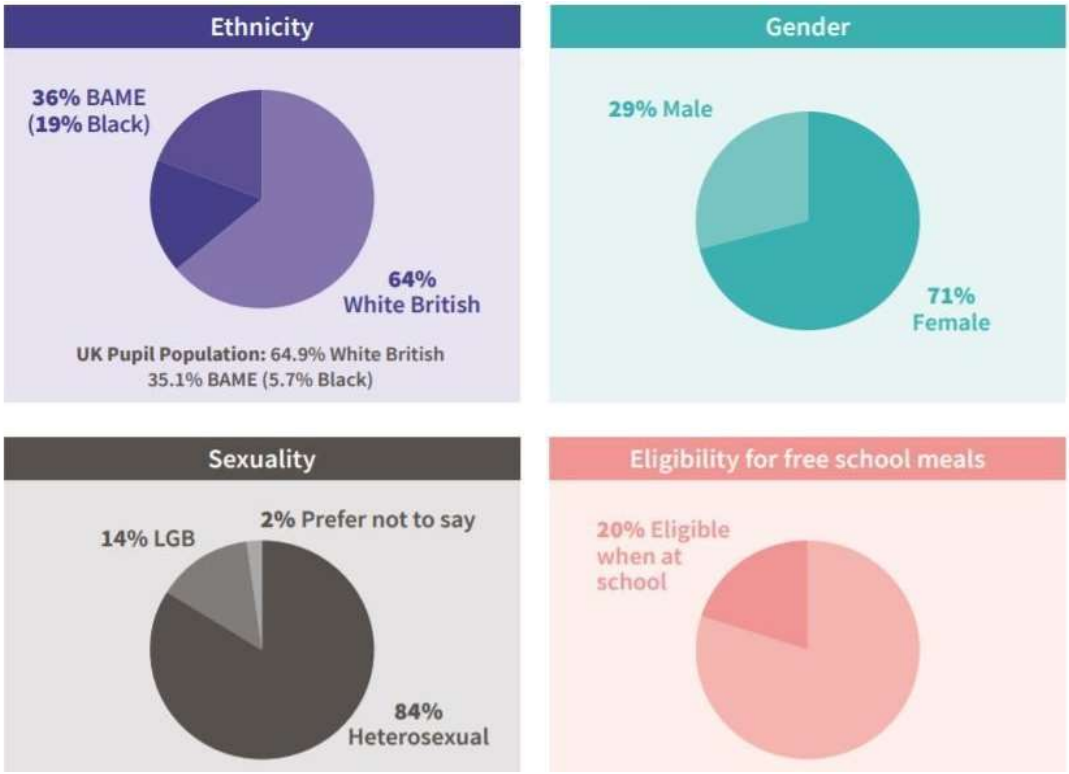
Key headlines from the Difference Leadership Programme this year include:

- The Difference Leadership Programme grew from 10 to 26 Difference Leaders. They worked in 17 local authorities, supporting 1,520 of England's most vulnerable children.
- 90% of the 2019 Cohort are leaving the Programme in promoted roles – with 60% moving back to mainstream schools
- We received more than 20 applicants for every place on the 2021 Cohort of Difference Leaders
- 100% of the Headteachers of the pioneer Cohort said their Difference Leader has had a positive whole-school impact
- 4 Difference Leaders have become Headteachers.

The Difference has raised the status of working with the most vulnerable via the design of its **leadership development programme** and its **competitive selection process** to join the programme.

Through 2020 -21, The Difference:

- Delivered a rigorous **selection process,** making working in schools for excluded pupils a competitive career choice. This year, there was a 20:1 ratio of applicant to success.
- Delivered sector-leading diversity in its recruitment process, again.



Case study: Difference Leader, Irene Ogunseitan



Irene came to The Difference as an Assistant Department Head (a junior middle leader) and took on the Assistant Principal role at Harris Aspire AP. In September 2021, she will be starting as Assistant Principal (a senior leader) at AIM North London, a mainstream secondary serving 600 pupils.

"My favourite part of working in Alternative Provision has been learning from the young people here. They will always test and question you – so you have to develop a certain strength of character. This year, a big focus was making sure my students had post-16 destinations. So far, 13 out of 15 pupils will be going onto further education, employment or training. I'm also proud that we've managed to reduce exclusions by 60% in my AP school this year. I think the induction process I introduced really helped. Rather than going straight to assessment, we now take the time to get to know new students. It's all about starting with kindness. Assume they might have something else going on – a court case or a row with a parent. Try to understand where challenging behaviour is coming from, their perspective, and their needs. In my new role, I want to translate these learnings for mainstream. It's a matter of scaling up. I can already see how bringing an understanding of trauma, which can inhibit memory and storage, will be valuable. The frameworks and language I've learnt are going to be really important in getting buy-in to make change."

Case study: Difference Leader, Vicky Shires



Already a Senior Leader, Vicky was the most experienced teacher to join our Programme, eager to develop her ability to lead improvement for higher-needs pupils. Vicky has now been promoted to Headteacher of a mainstream primary. As well as directly influencing the education of the 500 pupils in this school, Vicky was asked to rewrite the behaviour policy for her entire school trust – comprising six London primaries. Her expertise is being used to create a safer, more inclusive education for ~3,000 pupils aged 3-11.

"I applied to the pioneer cohort of Difference Leaders back in 2019. I was working as a Deputy Head for a primary with quite a high exclusion rate and was saddened every time a child was excluded. They were often the most vulnerable. School was their last safety net, yet we weren't meeting their needs, despite best intentions. I wanted to be part of changing this familiar story. Teaching excluded children was humbling. Until that point, I felt confident I was a strong practitioner with good behaviour management. But in the Difference Programme, suddenly I was in a class where the majority – not the minority – had histories of trauma and very challenging behaviour. Sometimes I felt de-skilled and daunted by the leadership challenge I was facing. But those two years were also massively eye-opening. I gained a huge amount of understanding, particularly from my pupils. I made changes in my school – starting a daily reading routine to boost pupil literacy and rewriting the behaviour policy for the entire trust. The Difference helped me build my skills, resilience, and ability to work with those resistant to new ideas. I've now returned to mainstream, this time as a Headteacher. I want to give my staff that same confidence when it comes to supporting every child."

Practice 2020/21

The second wave of impact for The Difference is developing practice. We use our programme to identify inclusive practice which improves outcomes for vulnerable learners, and share this with teachers across the sector.

Inclusive Leadership Course

Difference Leaders learned about the key principles and applications of Inclusion in The Difference's Inclusive Leadership Course - studying and planning school improvement alongside school leaders from mainstream schools.

From the summer of 2019, The Difference widened access to our training by allowing mainstream Headteachers, Deputy Headteachers and Assistant Headteachers to join the Course. Each school pays for their place, creating a revenue stream which will - in time - improve The Difference's sustainability, reducing our reliance on philanthropic investment.

Key headlines from the Inclusive Leadership Course this year include:

- More than tripled participation in our second year - growing from 12 to 41 mainstream leaders.
- 96% attendance and 95% satisfaction rate with the course.
- 93% of participants implemented new practice and/or systems as a result of the Course.
- 60% saw a reduction in exclusions in their school before the end of the 1-year course.

"We are making sure that inclusion is everyone's responsibility, not just the pastoral team. Most importantly, the students are happier and making progress emotionally and academically.." Hannah Boyd, Assistant Vice Principal, Dixons Unity Leeds

"Learning and exploring restorative practice with like-minded educators with The Difference has given kudos to my thoughts, ideas and ambitions for the school and there is now a real momentum for change.." Rachel Jarrod, Vice Principal, Sir Isaac Newton Sixth Form.

Practice Sharing

The Difference helps our community to share their inclusive action, celebrate their successes, and publicise their learnings - thereby spreading inclusive practice to thousands more educators. This year, Difference Leaders - along with our AP and mainstream partners - have been featured in news outlets, conferences, podcasts, webinars and blogs. Please see the relevant section of Impact Report for a full list of sector-press.

Throughout 2020-21, The Difference also grew its own practice sharing community by way of:

- Four Bulletin Friday: our fortnightly inclusive education newsletter - increasing readership to over 4,500 subscribers
- Twitter: sharing content produced by the charity, our partners, and key education stakeholders to amplify great work being down in inclusion, with our account reaching over 6,000 followers
- An online seminar series on best practice in Alternative Provision in collaboration with London's Violence Reduction Unit - attended by over 100 AP practitioners.

New Research

One of the largest MATs in England recruited The Difference to help them understand drivers of exclusion across their different schools. The project will involve a comprehensive review of current practice and outcomes across their schools through data analysis, surveys, interviews, and school visits. The findings will be used to formulate a trust-wide plan to implement inclusive best practice.

Policy 2020/21

The Difference also continues to drive impact by influencing policy. We are determined to keep the issue of exclusions in the spotlight. Highlights from our press and political influencing work this year include:

- CEO and Founder Kiran Gill speaking on Sky News and BBC Radio 4.
- Helping our AP Partners to be featured in The Guardian and BBC's Today Programme.
- Kiran was appointed to the Times Education Commission alongside other leading voices in education such as Sir Anthony Seldon.
- Kiran Gill and AP Leader Seamus Oates presented to the All-Party Parliamentary Group for Exclusions and Alternative Provision.
- Kiran, Samira Caterina-Monteleone (Difference Young Supporter) and Dave Whitaker (Difference Trustee) presenting to Shadow Education Secretary Kate Green.
- Kiran speaking at Labour and Liberal Democrat Party Conferences.

Our policy work also involves finding patterns across school policies which help and hinder improved outcomes for vulnerable learners, and share this with key sector influencers.

This year, key work in this area comes from a partnership with FFT Education DataLab. Together, we are developing a new metric to score how successful mainstream schools are in promoting inclusion. The tool uses data on exclusions, attendance, progress and roll-changes, and contextualises this for different school intakes. This will allow schools achieving positive outcomes in challenging contexts to be celebrated – and practice underpinning these outcomes to be shared. The Inclusive Schools Metric will be the most comprehensive attempt to evaluate mainstream inclusion in UK schools to date.

The Future

Direction of the Charity

The Difference began working on a new strategic plan to guide our work over the next four years. We are coming to the end of our 'viability pilot', as the successes of the Difference Leadership Programme and the Inclusive Leadership Course have proved that this model of leadership development is both possible and beneficial (see Achievements section above for further details).

Therefore, our focus is now shifting from viability to scaling up our positive impact. Growing our impact is more important than ever given the ongoing impact of Covid-19 - where increasing numbers of pupils are experiencing the disadvantages (including poverty, poor mental health, and lost learning) which make them more vulnerable to exclusion and the subsequent adverse life outcomes.

Our mission remains the same - "to improve life outcomes of vulnerable learners by raising the status and expertise of those who educate them" - as do our key levers for change -

people, practice and policy. However, work on the strategy has helped us to articulate a newly explicit vision for our work. Namely, that by 2030, we want to see exclusions fall across England and for Alternative Provision to be a desirable career destination for the strongest teachers.

Strategic Priorities

With support from an external charity consultant, plus input from across the trustee board and team, The Difference has arrived at three key strategic priorities which will be used to guide our work for the coming four years. Within each priority, we have mapped out certain objectives which have been used to set overall targets and Key Performance Indicators for each of our three Directorates.

1. **Drive Programme Impact**

Given the ongoing funding limitations which many Alternative Provision schools face (exacerbated by funding cuts during the pandemic, many local authorities would not currently be able to afford a Difference Leader), The Difference has realised that it is not feasible to target rapid expansion of the Difference Leadership Programme. Targeting quality rather than quantity of AP partnerships will instead mean steadier growth of our Difference Leader cohorts, expanding regionally into the best AP schools across England. A pro-bono review of the mainstream market has revealed that there is however significant potential for the rapid growth of our mainstream offer, the Inclusive Leadership Course. Additionally, increasing programme impact across both courses must also mean increasing our understanding of what is working and why - proving the return on investment to our schools and to our funders, and driving continuous improvement across the team.

Objectives within this priority include:

- Steady growth of the **Difference Leadership Programme** to reach a target of 30 per cohort - working in 50-60 APs each year (1 in 5).
- 100+ Difference Leader alumni becoming leaders within **influential groups of schools.**
- A more rapid scaling of the **Inclusive Leadership Course** to reach 100+ mainstream participants/year - maximising preventative work and providing a revenue stream.
- **Impact research** telling us exactly what is working within our programmes to improve outcomes in mainstream & AP.

Activities which will move the charity towards achieving these objectives:

- Expansion of our recruitment and placement of Difference Leaders by forming new partnerships with Alternative Provision schools across all regions of England, and positive relationship management with existing AP partners to place successive Difference Leaders across the next few years.
- The establishment of an Impact & Research Directorate which will develop qualitative internal research and act as a critical friend to the Programme team, improving our training and producing leaders who are even better prepared for mainstream progression.

- Development of our Inclusive Leadership offer so that we can enrol more mainstream leaders (middle leadership as well as senior) and form productive partnerships with larger, trend-setting Multi Academy Trusts.

2. Grow Sector-Influence

Actions from central government over the past three years suggest that there is not significant appetite to change national policy on exclusions at that level. However, The Difference does believe that there is significant opportunity to shape national activity through changing the beliefs and behaviours of specific MATs, LAs and system advocates. Through our programme work and growing network, we have a unique opportunity to share successful practice with school leaders wanting to lead improved Inclusion. Through formalising and expanding our research and communications work, we plan to grow our influence beyond those who are directly undertaking our training programmes.

Objectives within this priority include:

- The Difference is **inspiring 500 teachers a year** to consider teaching in AP by 2027.
- Deep multi-year partnerships with **strategically-chosen MATs** to help them become measurably more inclusive through both the ILC and research/advisory work.
- Launch of a new **Inclusive Schools Metric** that identifies and celebrates schools bucking the trends on inclusion
- **Practice research and storytelling** - blogs, podcasts and continuing to feature in national and sector press - that is shown to **inspire changed belief and action** in teachers and leaders that The Difference don't yet work with.

Activities which will move the charity towards achieving these objectives:

- Investigate and identify specific aspects of inclusive practice most suitable for research and external publication. Long-list of topics include internal inclusion units or effective work in Fair Access Panels. Partnering with other research organisations, schools networks, and key journalists to scale research and publicity.
- New analysis which continues to create noise in the media about exclusions e.g. through mapping annual "campaign moments" including around the publication of The Difference Inclusive Schools Metric each Autumn, and our own analysis of exclusions data each Summer.
- Publish through blogs, podcasts, and formal research outlets, with the Research and Impact directorate trialling new belief and action surveys to measure their reach and their influence on the education sector.

3. Improve Organisational Strength and Resilience

Delivering the above priorities will only be possible if The Difference can successfully complete its transition from a young, founder-reliant charity, to an organisation which is more resilient, efficient and stable. Work on our new strategy has been key to identifying where we need more capacity and where we will benefit from greater diversity of experience and identity amongst our senior leadership team and board. It will also be key to reduce our reliance on philanthropic income through growing our traded revenue streams.

Objectives within this priority include:

- Increasing our financial stability by achieving an annual income split of **30:70 traded revenue: philanthropy** by 2027.
- The establishment of **three directorates** who have ownership of certain strategic milestones towards our strategy and delegation

Our **values** & ways of working are embedded across a bigger team, maintaining our identity and guiding principles.

Activities which will move the charity towards achieving these objectives:

- Hiring a third Director, of Finance and Operations.
- Conducting work on team culture which helps the charity to better articulate our organisational values and to create resources that will allow consistent replication across the Directorates.
- Expanding Trustee training and implementing a Governance review to support the right further recruitment onto our trustee board, committees and scrutiny cycles going forward for the new strategy.
- Reviewing and optimising the sales processes and pipeline for the Inclusive Leadership Course, for instance, through the building of a new CRM database.

Financial Review

Financial position

We finish the financial year 2020/21 in a secure financial position as an organisation. The total funds of the charity have increased to £1,254,810, including £27,927 held restricted for use on the Reconnect London project, incubated by The Difference.

£846,900 has been designated by the trustees to ensure successful programme delivery to participants who are already enrolled on the Difference Leadership Programme or Inclusive Leadership Course. We expect these funds to be spent over the coming two years, up to August 2023.

The Difference holds unrestricted reserves of £379,983; which fall in line with charity's reserves policy, whereby we aim to hold reserves which are equivalent to between three and six months' operating costs.

Income

Our total income through the academic year 2020/21 was £1,398,721. The Difference's primary source of funding is from trusts and foundations who share our mission to improve life outcomes for the most vulnerable children.

Through its programmes, The Difference has established some alternative sources of income in the form of school contributions to the Difference Leadership Programme, and the Inclusive Leadership Course. The charity expects to substantially grow these traded income streams, to improve sustainability and to reduce its reliance on voluntary income.

Fundraising

The Difference does not use any external professional or commercial fundraisers - all fundraising activities are conducted by our own employees. The Difference is not currently subscribed to any schemes for fundraising regulation and does not do any kind of community, events or digital fundraising. The entirety of our fundraising activity is conducted with grant-making organisations, meaning we do not have any interaction with potentially vulnerable members of the public. The Difference has never received any complaints about fundraising activities which we've undertaken.

Across this year, fundraised income has been above that projected in the budget in September 2020. This is largely due to the new relationships with Impetus, Bridges Impact Foundation, and the Garcia Family Foundation, as well as success in securing regrants from investors, most of which is funding designated for delivery of our two-year Difference Leadership Programme. This leaves us in a secure position to ensure delivery of the programme to those school leaders already enrolled.

School contributions

Traded income has been less than anticipated in the budget, by £38k. This is largely due to the delay to the a multi-academy trust consultancy project, due to COVID (now commencing in Q1 of 2021/22) and reduced income from partnership fees, with COVID causing a slightly smaller Cohort 2 of Difference Leaders than anticipated.

Expenditure

Our total expenditure through the academic year 2020/21 was £790,610. As outlined in the Achievements selection of this report, expenditure has been on activities attracting, selecting and delivering training to participants on the Difference Leadership Programme and the Inclusive Leadership Course. There has also been expenditure on the Operations and Finance work which underpins our Programme delivery, as well as the Practice and Policy workstreams which ensure the impact of our work is felt beyond the school leaders that we directly train.

Reserves policy

It is the Difference's policy that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three to six months' expenditure, where possible (currently between £198k and £395k). The trustees consider that reserves at this level would ensure that, in the event of a significant change in funding, The Difference is able to meet its obligations to programme participants, partner organisations and staff, whilst giving consideration to ways in which additional or alternative funds may be raised.

Going concern

Trustees and the senior management team review spending and revenue, and re-forecast accordingly, on a quarterly basis. Current forecast cash flow shows that The Difference has adequate free cash to meet its obligations as they fall due.

Trustees are content that The Difference has adequate resources to fund its activities for the foreseeable future. The trustees therefore believe that the charity is a going concern, and so have prepared the accounts and financial statements on this basis.

Risks & uncertainties

Effective risk management is critical to ensuring that The Difference achieves its mission for the improved life outcomes of vulnerable children. All our employees are encouraged and supported to identify and manage key risks within their work, and to communicate and escalate these appropriately. Through this, responsibility for risk is distributed across the charity.

We manage our risks in line with our risk-management policy, which includes the collation and monitoring of key organisational risks within a risk register. The Executive Team has responsibility and accountability for the risk register. The Board of Trustees maintains overall accountability by reviewing risks escalated from the Executive on a quarterly basis.

The key risks which will be managed in the year ahead, 2021/22 are:

- **Impact of Covid-19 on school placements**
  With Covid-19 continuing to affect the teaching job market, and also temporarily reducing exclusion rates and therefore school funding, there will likely be fewer AP schools with vacancies to hire Difference Leaders into.

  Mitigations: The Difference is extending the reach of the Difference Leadership Programme by partnering with schools in new geographical regions rather than radically scaling our Cohort size. Steady growth of the fourth Cohort will be underpinned by developing new partnership with AP schools, alongside maintaining strong relationships with current AP partners where their current Difference Leader is graduating from the programme this year.

- **Maternity Leave of CEO**
  With a small leadership team, significant time off for the Founder and CEO is a risk to the organisation.

  Mitigations: The Director of Research & Operations, Danny Swift, will step up into the role of Managing Director, to lead the team. This will require hiring into Finance & Operations, to ensure this work is adequately covered as he moves into the new role.

Structure, governance & management

Constitution and governing documents

The Difference Education Ltd is governed by its Memorandum of Association and Articles of Association.

The Difference Education Ltd is a charitable company, limited by guarantee and not having a share capital. The Difference operates within England and Wales capital (Charity number: 1184843; Company number: 11426427). The Difference Education Ltd gained charitable status from the Charity Commission in 2019.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Directors and Trustees

The Board of Trustees meets regularly to govern the charity. During the period of reporting, it held four meetings. At its meetings in 2020/21, the Trustee Board agreed the budget for 2021/22; the policies required for HR legal, financial and operational independence; agreed the strategy for the Difference Leadership Programme and Inclusive Leadership Course; managed and mitigated ongoing risk; and approved delegation to and growth of The Difference's staff team.

Organisational Structure and Key personnel

The appointment or election of Trustees is as determined by the Board of Trustees. The Trustees have overall responsibility for the charity, but the day-to-day running of the charity is delegated to the Chief Executive Officer, Kiran Gill, and her staff.

The Trustees are responsible for:

- Overseeing the work of the Chief Executive
- Approving plans to scale the charity
- Agreeing the strategy for the development and growth of The Difference
- Ensuring that The Difference meets its legal responsibilities
- Ensuring The Difference improves the life outcomes of the most vulnerable children through their work and practice.
- Ensuring sound financial management of The Difference

Induction and Training policy for new Trustees

New Trustees meet with the Chief Executive and Chair to discuss their role and responsibilities. This gives an opportunity to answer any questions raised by the new Trustee and to clarify the content of any written documentation circulated to the new Trustee. Opportunities for training of the Trustees are presented to them, as well as pre-existing documents on The Difference's strategy, impact, and previous decisions. The Chief Executive ensures Trustees are kept up to date with developments in Charity and company

law. This is achieved through briefings at Board meetings and, as appropriate, circulated written information.

Executive Pay Policy

The Trustees consider the CEO and Directors to represent the Executive Team of The Difference.

Changes to the salary of members of staff take place after their Performance Management Reviews on an annual basis. It is determined by the Chair of Trustees in co-ordination with other trustees. Such changes may take place on the back of exceptional performance or an evolution of role corresponding to increased responsibility. These salaries are regularly benchmarked against other similar organisations in our sector.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with 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).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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.

Auditors

Godfrey Wilson Limited were appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

The trustees' report was approved by the Board of Trustees.

Christine Megson
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C Megson

Chair of Trustees

Dated: 23rd March 2022

Opinion

We have audited the financial statements of The Difference Education Limited (the 'charity') for the year ended 31 August 2021 which comprise the statement of financial activities, statement of financial position, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. 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 charity's affairs as at 31 August 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

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 charity'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Our 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.
(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. This description forms part of our auditor's report.

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

Alison Godfrey FCA
(Senior Statutory Auditor)

Alison Godfrey

Dated: 23rd March 2022

For and on behalf of:
GODFREY WILSON LIMITED
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol BS1 4QD

The Difference Education Limited

Company Limited by Guarantee

Statement of Financial Activities

(including income and expenditure account)

Year ended 31 August 2021

	Note	2021 Unrestricted funds £	2021 Restricted funds £	2021 **Total funds** £	2020 Total funds Restated £
Income and endowments					
Donations and legacies	**5**	1,030,950	210,000	1,240,950	917,076
Charitable activities	**6**	157,771	–	157,771	13,200
Total income		1,188,721	210,000	1,398,721	930,276
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	**7**	33,380	–	33,380	27,161
Expenditure on charitable activities	**8,9**	575,157	182,073	757,230	524,054
Total expenditure		608,537	182,073	790,610	551,215
Net income and net movement in funds		580,184	27,927	608,111	379,061
Reconciliation of funds					
Total funds brought forward		646,699	–	646,699	267,638
Total funds carried forward		1,226,883	27,927	1,254,810	646,699

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

	Note	2021 £	2020 £
Current assets			
Debtors	**14**	291,900	56,621
Cash at bank and in hand		1,061,539	743,482
		1,353,439	800,103
Creditors: amounts falling due within one year	**15**	98,629	153,404
Net current assets		1,254,810	646,699
Total assets less current liabilities		1,254,810	646,699
Net assets	**18**	1,254,810	646,699
Funds of the charity			
Restricted funds		27,927	–
Unrestricted funds			
Designated		846,900	445,000
General		379,983	201,699
Total charity funds	**17**	1,254,810	646,699

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on and are signed on behalf of the board by:

Christine Megson

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C Megson

Chair of Trustees

Dated: 23rd March 2022

The Difference Education Limited

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 August 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net income	608,111	379,061
Changes in:		
Trade and other debtors	(235,279)	(42,622)
Trade and other creditors	(54,775)	142,291
Cash generated from operations	318,057	478,730
Net cash from operating activities	318,057	478,730
Net increase in cash and cash equivalents	318,057	478,730
Cash and cash equivalents at beginning of year	743,482	264,752
Cash and cash equivalents at end of year	1,061,539	743,482

The notes on pages 26 to 35 form part of these financial statements.

1. General information

The charity is a public benefit entity and a private company limited by guarantee and registered in England and Wales. The address of the registered office is The Difference School House, Morpeth School, Portman Place, London E2 0PX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of certain financial assets and liabilities measured at fair value through income or expenditure. The financial statements are prepared in sterling, which is the functional currency of the entity and the figures are rounded to the nearest £1.

Going concern

There are no material uncertainties about the charity's ability to continue.

Reclassification of prior year figures

Prior year income and expenditure has been reclassified to reflect the requirements of the Charities SORP (FRS 102) and to be comparable with the current year.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Accounting policies *(continued)*

Fund accounting *(continued)*

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.

- income from the supply of services is recognised with the delivery of the service.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.

Accounting policies *(continued)*

Expenditure *(continued)*

- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

- all costs, including overhead support costs, are allocated to expenditure categories reflecting the use of the resource. Staff costs are allocated between charitable activities, fundraising and support based upon the proportion of time spent on each activity.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Pension contributions

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

4. Limited by guarantee

The company is limited by guarantee and does not have a share capital. In accordance with the Memorandum of Association all members undertake to contribute to the assets of the charitable company such an amount as may be required, not exceeding £10 each, in the event of the company being wound up during the period of membership and within one year afterwards.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	**Total Funds 2021 £**
Donations			
Donations	3,300	–	3,300
Grants			
Trusts and Foundations	1,022,400	210,000	1,232,400
Coronavirus Job Retention Scheme	5,250	–	5,250
	1,030,950	210,000	1,240,950

	Unrestricted Funds Restated £	Restricted Funds £	Total Funds Restated 2020 £
Donations			
Donations	4,230	–	4,230
Gifts			
Gift in kind	21,600	–	21,600
Grants			
Trusts and Foundations	883,489	–	883,489
Coronavirus Job Retention Scheme	7,757	–	7,757
	917,076	–	917,076

6. Charitable activities

	Unrestricted Funds £	**Total Funds 2021 £**	Unrestricted Funds Restated £	Total Funds Restated 2020 £
Inclusive Leadership Course	109,000	109,000	13,200	13,200
The Difference Leadership Programme	34,921	34,921	–	–
Violence Reduction Unit	13,500	13,500	–	–
External speaking and training	350	350	–	–
	157,771	157,771	13,200	13,200

7. Costs of raising donations and legacies

	Unrestricted Funds £	**Total Funds 2021 £**	Unrestricted Funds Restated £	Total Funds Restated 2020 £
Costs of raising donations and grants	33,380	33,380	27,161	27,161

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	**Total Funds 2021 £**
Charitable activities	539,295	182,073	721,368
Support costs	35,862	–	35,862
	575,157	182,073	757,230

	Unrestricted Funds Restated £	Restricted Funds £	Total Funds Restated 2020 £
Charitable activities	407,091	70,614	477,705
Support costs	46,349	–	46,349
	453,440	70,614	524,054

9. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	**Total funds 2021**	Total funds Restated 2020
	£	£	**£**	£
Charitable activities	721,368	28,722	750,090	521,995
Governance costs	–	7,140	7,140	2,059
	721,368	35,862	757,230	524,054

10. Auditors' remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	7,140	–

11. Independent examination fees

	2021	2020
	£	£
Fees payable to the independent examiner for:		
Independent examination of the financial statements	–	1,500

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021	2020
	£	£
Wages and salaries	450,226	324,175
Social security costs	48,961	33,298
Employer contributions to pension plans	27,897	17,916
	527,084	375,389

12. Staff costs *(continued)*

The average head count of employees during the year was 10 (2020: 13). The average number of full-time equivalent employees during the year is analysed as follows:

	2021	2020
	No.	No.
Charitable activities	9.5	8

The number of employees whose remuneration for the year fell within the following bands, were:

	2021	2020
	No.	No.
£60,000 to £69,999	2	2
£70,000 to £79,999	1	–
	3	2

Key Management Personnel

The key management personnel of the charity comprise the Chief Executive Officer and the Director of Research and Operations. Their combined employee benefits total £160,457. (2020 £129,960), including salary, employer national insurance, and pension contributions.

13. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees during the current and prior year.

One trustee (2020 – three trustees) received reimbursement of travel expenses incurred in fulfilling their role as trustee amounting to £86 (2020 - £559).

14. Debtors

	2021	2020
	£	£
Trade debtors	39,000	56,621
Prepayments and accrued income	252,900	–
	291,900	56,621

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	10,824	7,027
Accruals and deferred income	66,379	136,421
Social security and other taxes	21,426	9,956
	98,629	153,404

16. Deferred income

	2021	2020
	£	£
At 1 September 2020	134,921	–
Amount released to income	(134,921)	–
Amount deferred in year	39,000	134,921
At 31 August 2021	39,000	134,921

Deferred income represents fees received for the Inclusive Leadership Programme in respect of the academic year commencing September 2021.

17. Analysis of charitable funds

Unrestricted funds

	At 1 Sept 2020	Income	Expenditure	Transfers	**At 31 Aug 2021**
	£	£	£	£	£
General funds	201,699	1,188,721	(608,537)	(401,900)	379,983
Designated funds:					
Programme Delivery	445,000	–	–	401,900	846,900
	646,699	1,188,721	(608,537)	–	1,226,883

	At 1 Sept 2019	Income	Expenditure	Transfers	At 31 Aug 2020
	£	£	£	£	£
General funds	197,024	930,276	(480,601)	(445,000)	201,699
Designated funds:					
Programme Delivery	–	–	–	445,000	445,000
	197,024	930,276	(480,601)	–	646,699

The Board have approved a further £401,900 to be transferred into designated funds to hold £846,900 for delivery of The Difference Leadership Programme for current cohorts. This is equivalent to the costs associated with delivery of The Difference Leadership Programme for Cohorts 2 and 3, currently on the programme.

Restricted funds

	At 1 Sept 2020	Income	Expenditure	Transfers	**At 31 Aug 2021**
	£	£	£	£	£
Wates Family Enterprise Trust	–	100,000	(100,000)	–	–
Bridges Impact Foundation	–	50,000	(50,000)	–	–
Fidelity UK Foundation	–	20,000	(20,000)	–	–
Reconnect London	–	40,000	(12,073)	–	27,927
	–	210,000	(182,073)	–	27,927

	At 1 Sept 2019	Income	Expenditure	Transfers	At 31 Aug 2020
	£	£	£	£	£
Research into NEET interventions	70,614	–	(70,614)	–	–
	70,614	–	(70,614)	–	–

The Wates Family Enterprise Trust grant was funding towards the costs of The Difference Leadership Programme.

The Bridges Impact Foundation grant was funding towards the costs of the recruitment of Cohort 3 of The Difference Leadership Programme.

17. Analysis of charitable funds *(continued)*

The Fidelity UK Foundation grant was offered to fund consultancy and associated internal staff costs to develop a three-year strategy and implementation plan.

The Reconnect London fund is monies received from two Trusts towards the costs of a teachers' COVID response project.

Research into NEET interventions was funding towards costs to research and develop effective interventions for reducing NEETs (a young person Not in Education, Employment or Training), in schools for excluded pupils and mainstream.

18. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	**Total Funds 2021**
	£	£	**£**
Current assets	1,325,512	27,927	1,353,439
Creditors less than 1 year	(98,629)	–	(98,629)
Net assets	1,226,883	27,927	1,254,810

	Unrestricted Funds	Restricted Funds	Total Funds 2020
	£	£	£
Current assets	800,103	–	800,103
Creditors less than 1 year	(153,404)	–	(153,404)
Net assets	646,699	–	646,699

19. Analysis of changes in net debt

	At 1 Sep 2020	Cash flows	**At 31 Aug 2021**
	£	£	**£**
Cash at bank and in hand	743,482	318,057	1,061,539

20. Related parties

During the current and previous year there were no transactions with related parties that are required to be disclosed.