

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 5 th 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.

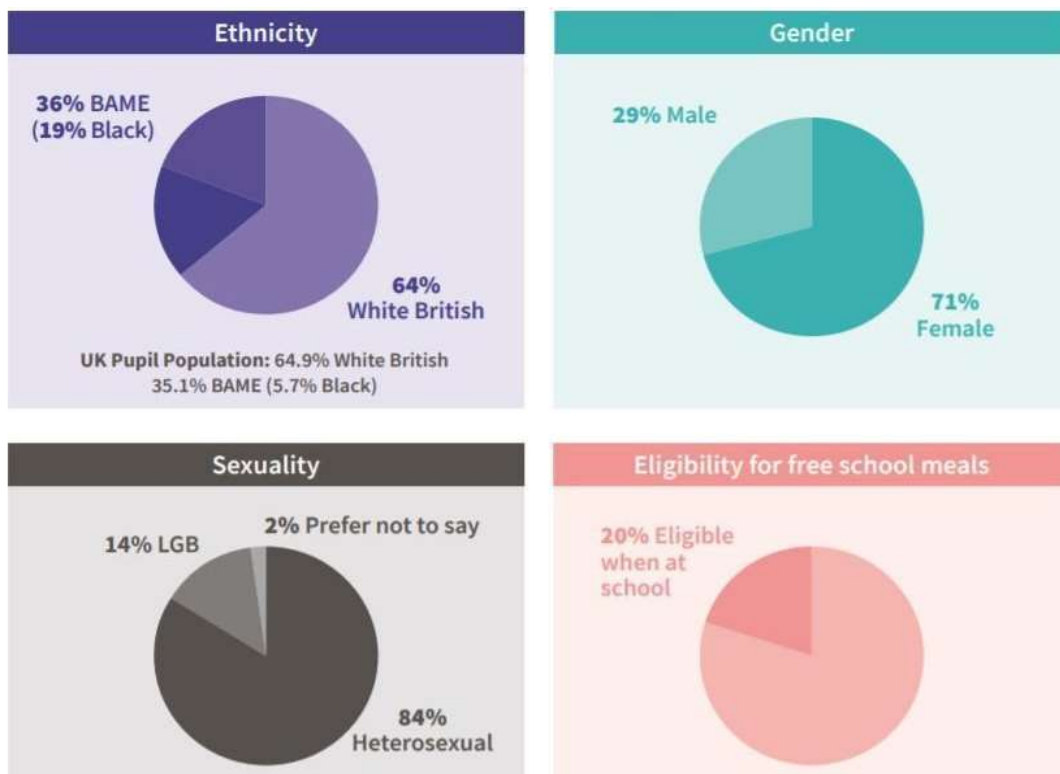
Key headlines from the Difference Leadership Programme this year include:

- 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 done 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.

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 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 £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

The Difference Education Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Difference Education Limited

Year ended 31 August 2021

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.

The Difference Education Limited

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Difference Education Limited (*continued*)

Year ended 31 August 2021

(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

		Unrestricted funds	2021 Restricted funds	Total funds	2020 Total funds Restated
	Note	£	£	£	£
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		<u>1,188,721</u>	<u>210,000</u>	<u>1,398,721</u>	<u>930,276</u>
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		<u>608,537</u>	<u>182,073</u>	<u>790,610</u>	<u>551,215</u>
Net income and net movement in funds		<u>580,184</u>	<u>27,927</u>	<u>608,111</u>	<u>379,061</u>
Reconciliation of funds					
Total funds brought forward		646,699	–	646,699	267,638
Total funds carried forward		<u>1,226,883</u>	<u>27,927</u>	<u>1,254,810</u>	<u>646,699</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The Difference Education Limited
Company Limited by Guarantee
Statement of Financial Position
31 August 2021

	Note	2021 £	2020 £
Current assets			
Debtors	14	291,900	56,621
Cash at bank and in hand		1,061,539	743,482
		<u>1,353,439</u>	<u>800,103</u>
Creditors: amounts falling due within one year	15	98,629	153,404
Net current assets		<u>1,254,810</u>	<u>646,699</u>
Total assets less current liabilities		<u>1,254,810</u>	<u>646,699</u>
Net assets	18	<u>1,254,810</u>	<u>646,699</u>
Funds of the charity			
Restricted funds		27,927	–
Unrestricted funds			
Designated		846,900	445,000
General		379,983	201,699
Total charity funds	17	<u>1,254,810</u>	<u>646,699</u>

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

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
<i>Changes in:</i>		
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

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.

The Difference Education Limited**Company Limited by Guarantee****Notes to the Financial Statements (*continued*)****Year ended 31 August 2021****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
	<u>1,030,950</u>	<u>210,000</u>	<u>1,240,950</u>

	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
	<u>917,076</u>	<u>–</u>	<u>917,076</u>

The Difference Education Limited
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 August 2021

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	–	–
	<u>157,771</u>	<u>157,771</u>	<u>13,200</u>	<u>13,200</u>

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
	<u>33,380</u>	<u>33,380</u>	<u>27,161</u>	<u>27,161</u>

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
	<u>575,157</u>	<u>182,073</u>	<u>757,230</u>

	Unrestricted Funds Restated £	Restricted Funds Restated £	Total Funds Restated 2020 £
Charitable activities	407,091	70,614	477,705
Support costs	46,349	–	46,349
	<u>453,440</u>	<u>70,614</u>	<u>524,054</u>

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
	<u>721,368</u>	<u>35,862</u>	<u>757,230</u>	<u>524,054</u>

10. Auditors' remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>7,140</u>	<u>–</u>

11. Independent examination fees

	2021	2020
	£	£
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>–</u>	<u>1,500</u>

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
	<u>527,084</u>	<u>375,389</u>

The Difference Education Limited
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 August 2021

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
	<u> </u>	<u> </u>

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	-
	<u> </u>	<u> </u>
	3	2
	<u> </u>	<u> </u>

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).

The Difference Education Limited
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 August 2021

14. Debtors

	2021	2020
	£	£
Trade debtors	39,000	56,621
Prepayments and accrued income	252,900	–
	<u>291,900</u>	<u>56,621</u>

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
	<u>98,629</u>	<u>153,404</u>

16. Deferred income

	2021	2020
	£	£
At 1 September 2020	134,921	–
Amount released to income	(134,921)	–
Amount deferred in year	<u>39,000</u>	<u>134,921</u>
At 31 August 2021	<u>39,000</u>	<u>134,921</u>

Deferred income represents fees received for the Inclusive Leadership Programme in respect of the academic year commencing September 2021.

The Difference Education Limited
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 August 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
	<u>646,699</u>	<u>1,188,721</u>	<u>(608,537)</u>	<u>–</u>	<u>1,226,883</u>
	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
	<u>197,024</u>	<u>930,276</u>	<u>(480,601)</u>	<u>–</u>	<u>646,699</u>

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
	<u>–</u>	<u>210,000</u>	<u>(182,073)</u>	<u>–</u>	<u>27,927</u>
	At 1 Sept 2019	Income	Expenditure	Transfers	At 31 Aug 2020
	£	£	£	£	£
Research into NEET interventions	70,614	–	(70,614)	–	–
	<u>70,614</u>	<u>–</u>	<u>(70,614)</u>	<u>–</u>	<u>–</u>

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.

The Difference Education Limited**Company Limited by Guarantee****Notes to the Financial Statements (continued)****Year ended 31 August 2021****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	<u>1,226,883</u>	<u>27,927</u>	<u>1,254,810</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Current assets	800,103	–	800,103
Creditors less than 1 year	(153,404)	–	(153,404)
Net assets	<u>646,699</u>	<u>–</u>	<u>646,699</u>

19. Analysis of changes in net debt

	At 1 Sep 2020 £	Cash flows £	At 31 Aug 2021 £
Cash at bank and in hand	<u>743,482</u>	<u>318,057</u>	<u>1,061,539</u>

20. Related parties

During the current and previous year there were no transactions with related parties that are required to be disclosed.