

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	
	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. 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:

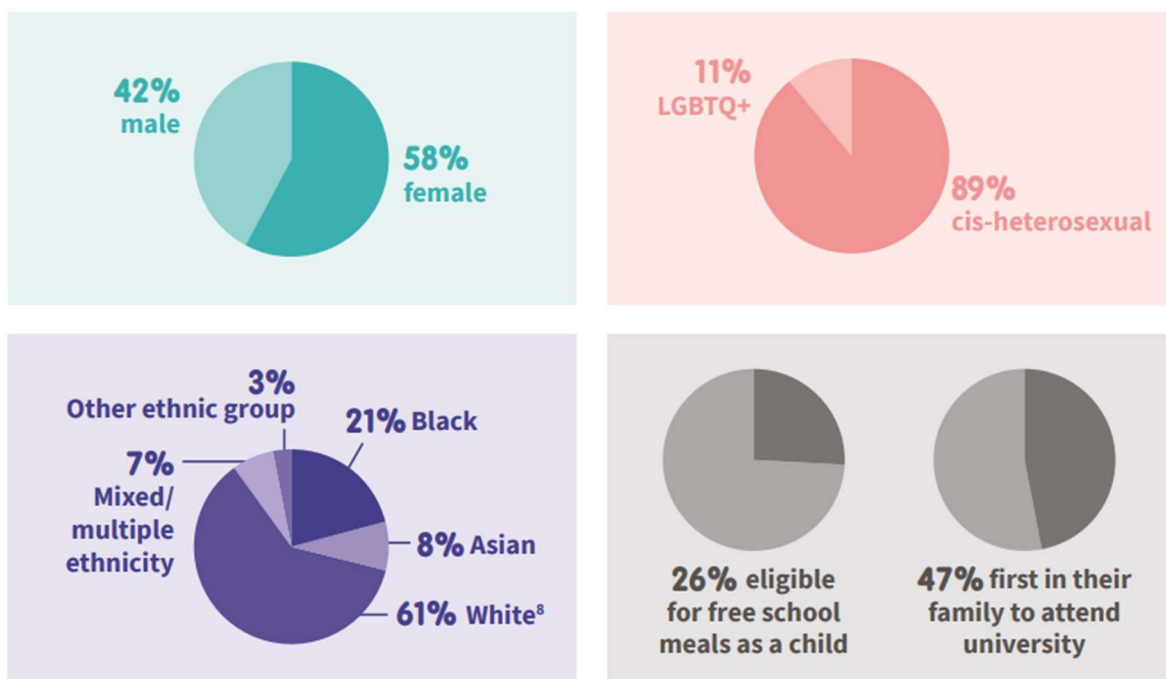
- The Difference Leadership Programme grew from 26 to 29 Difference Leaders. They worked in 32 local authorities, supporting 1,900 of England's most vulnerable children.
- 10 out of 12 of the 2020 Cohort are leaving the Programme in promoted roles – with 50% of the cohort moving back to mainstream leadership 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.

Out of the 62 Difference Leaders recruited so far:



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.

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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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		<u>338,600</u>	<u>788,013</u>	<u>1,126,613</u>	<u>1,398,721</u>
Expenditure on:					
Raising funds		-	76,967	76,967	33,380
Charitable activities		<u>126,850</u>	<u>864,326</u>	<u>991,176</u>	<u>757,230</u>
Total expenditure	6	<u>126,850</u>	<u>941,293</u>	<u>1,068,143</u>	<u>790,610</u>
Net income / (expenditure) and net movement in funds	7	211,750	(153,280)	58,470	608,111
Reconciliation of funds:					
Total funds brought forward		<u>27,927</u>	<u>1,226,883</u>	<u>1,254,810</u>	<u>646,699</u>
Total funds carried forward		<u><u>239,677</u></u>	<u><u>1,073,603</u></u>	<u><u>1,313,280</u></u>	<u><u>1,254,810</u></u>

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		<u>1,383,080</u>		<u>1,061,539</u>
		1,449,015		1,353,439
Liabilities				
Creditors: amounts falling due within 1 year	11	<u>(135,735)</u>		<u>(98,629)</u>
Net current assets			<u>1,313,280</u>	<u>1,254,810</u>
Net assets	13		<u><u>1,313,280</u></u>	<u><u>1,254,810</u></u>
Funds	14			
Restricted funds			239,677	27,927
Unrestricted funds				
Designated funds			777,153	846,900
General funds			<u>296,450</u>	<u>379,983</u>
Total charity funds			<u><u>1,313,280</u></u>	<u><u>1,254,810</u></u>

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.

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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.

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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.

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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	<u>210,000</u>	<u>1,188,721</u>	<u>1,398,721</u>
Expenditure on:			
Raising funds	-	33,380	33,380
Charitable activities	182,073	575,157	757,230
Total expenditure	<u>182,073</u>	<u>608,537</u>	<u>790,610</u>
Net income and net movement in funds	<u>27,927</u>	<u>580,184</u>	<u>608,111</u>

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	<u>338,600</u>	<u>586,946</u>	<u>925,546</u>

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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.

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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	<u>13,373</u>	<u>145,833</u>	<u>(159,206)</u>	<u>-</u>
Total expenditure	<u>76,967</u>	<u>991,176</u>	<u>-</u>	<u>1,068,143</u>

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	<u>-</u>	<u>85,311</u>	<u>(85,311)</u>	<u>-</u>
Total expenditure	<u>33,380</u>	<u>757,230</u>	<u>-</u>	<u>790,610</u>

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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	-
	<u>7,140</u>	<u>7,140</u>

*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
	<u>742,764</u>	<u>527,084</u>

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 No.	2021 No.
Average head count	<u>13.50</u>	<u>10.00</u>

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

	2022 No.	2021 No.
£60,000 to £69,999	2	2
£70,000 to £79,999	1	1
	<u>3</u>	<u>3</u>

9. Taxation

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

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

10. Debtors

	2022	2021
	£	£
Trade debtors	37,800	39,000
Accrued income	28,135	252,900
	<u>65,935</u>	<u>291,900</u>

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
	<u>135,735</u>	<u>98,629</u>

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	<u>(39,000)</u>	<u>(134,921)</u>
At 31 August 2022	<u>81,000</u>	<u>39,000</u>

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.

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 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	<u>(7,000)</u>	<u>-</u>	<u>(128,735)</u>	<u>(135,735)</u>
Net assets at 31 August 2022	<u>239,677</u>	<u>777,153</u>	<u>296,450</u>	<u>1,313,280</u>
 Prior period comparative				
	Restricted funds £	Designated funds £	General funds £	Total funds £
Current assets	27,927	846,900	478,612	1,353,439
Current liabilities	<u>-</u>	<u>-</u>	<u>(98,629)</u>	<u>(98,629)</u>
Net assets at 31 August 2021	<u>27,927</u>	<u>846,900</u>	<u>379,983</u>	<u>1,254,810</u>

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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					
<i>Designated funds:</i>					
Programme Delivery	846,900	-	-	(69,747)	777,153
<i>Total designated funds</i>	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.

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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					
<i>Designated funds:</i>					
Programme delivery	445,000	-	-	401,900	846,900
<i>Total designated funds</i>	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

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2022

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	-	-
	<u>7,775</u>	<u>-</u>

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	<u>(1,500)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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.