

# The Difference

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



**THE DIFFERENCE EDUCATION LTD**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

## Trustees' Annual Report for the Year Ended 31 August 2023

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

### Administrative Details

**Trustees**

C Megson  
M Bayin-Adomako  
J Benamor  
C Heald  
J Hutchinson  
A Salz  
D Whitaker  
D Xiberras

**Key Management Personnel**

Kiran Gill  
Danny Swift (resigned 9 March 2023)  
Jenny Graham  
Shaun Brown  
Katharine Booth (appointed 6 April 2023)  
(resigned 8 December 2023)  
Lily Bissett (appointed 21 February 2024)

**Charity Number**

1184843

**Company Number**

11426427

**Registered Office**

The Difference School House  
Morpeth School  
Portman Place  
London  
E2 0PX

**Auditor**

Godfrey Wilson Limited  
Chartered Accountants and Statutory Auditors  
5<sup>th</sup> Floor Mariner House  
62 Prince Street  
Bristol, BS1 4QD

## Purpose and Activities

### Our Purpose

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

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

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

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

### Our Activities

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



### People: Difference Leadership Programme

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

### Practice: School Leadership Development and New Practice Research

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

### **Policy: Media, Policy Events and New Policy Research**

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

## Public Benefit

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



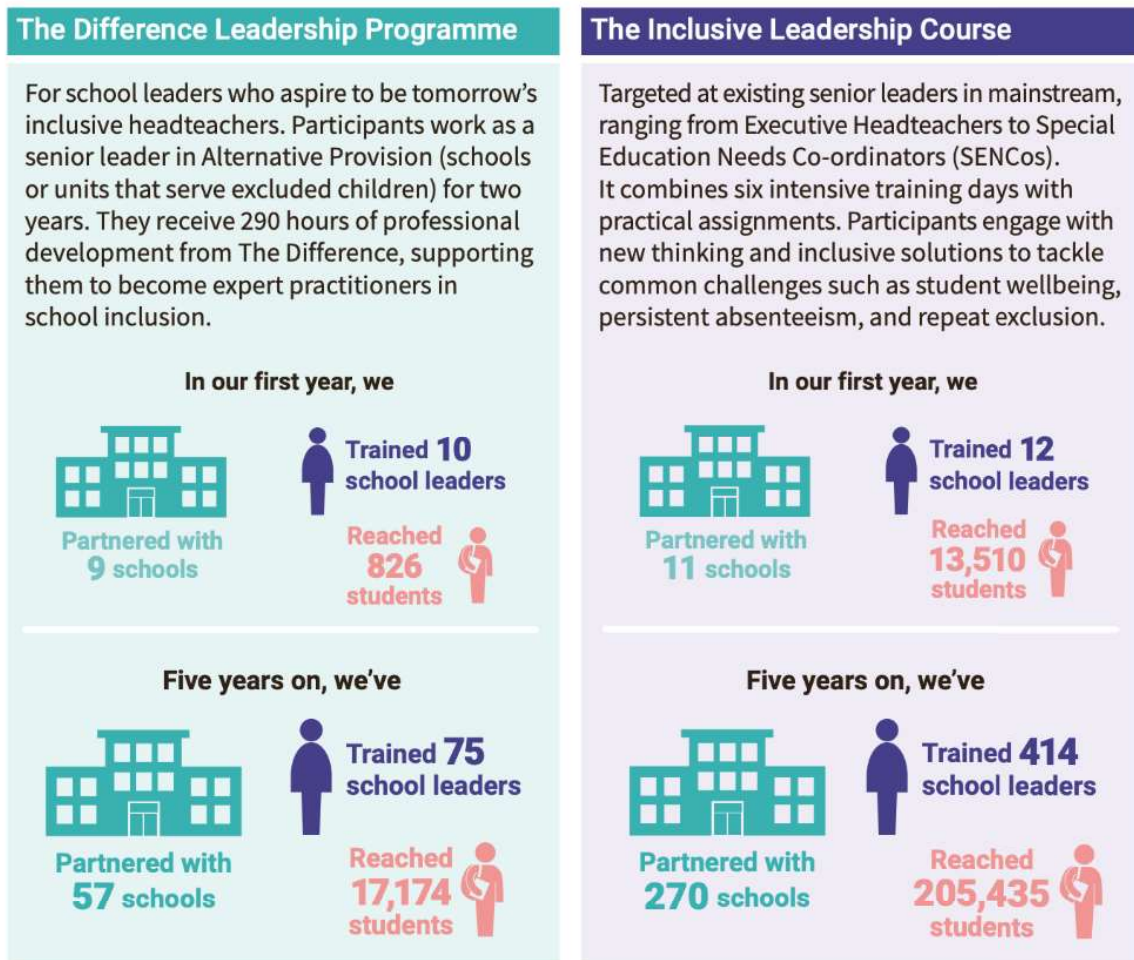
## Achievements and Performance

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

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

### People 2022/23

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



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

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



**Taylor Bellamy**

2023 Difference Leadership  
Programme graduate

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

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



***"Last year we had something in the region of 150 suspensions. After formally introducing the whole trauma-based***

***practice, our zones of regulation, our understanding and making teachers understand the importance of the restorative justice approach, we've got it down to four suspensions this year."***

**Habib Hussein** Deputy Headteacher and  
2022/23 ILC Participant

## Where is The Difference going now?

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



## Practice 2022/23

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

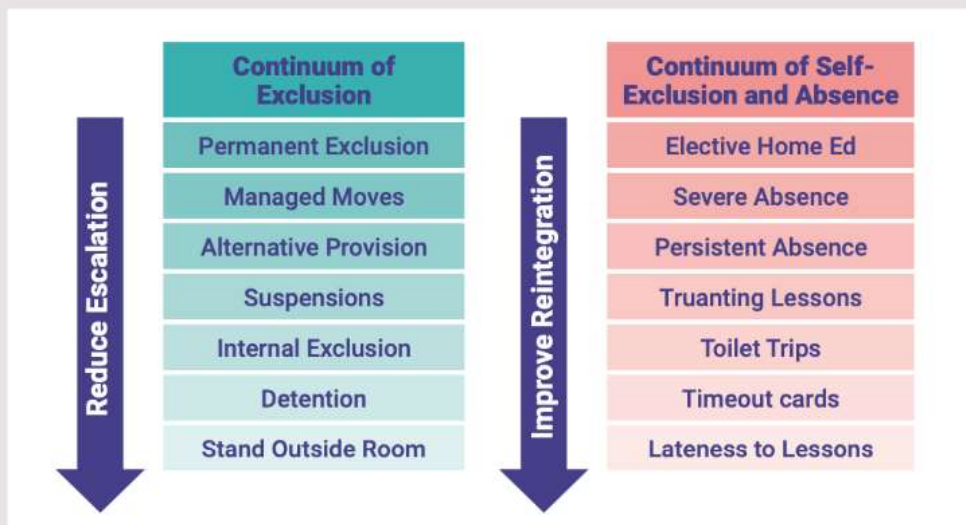
### Case study: Practice through Programmes

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

- **92%** saw improvement in the de-escalation of challenging behaviour
- **82%** reported improved outcomes for vulnerable students

- **74%** stated there's been a reduction in detentions and/or behaviour points
- **54%** are already seeing a reduction in suspensions and permanent exclusions

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



## Spreading Effective Practice

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

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

**Anthony** Assistant Headteacher

## Where is The Difference going now?

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

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

### Influencing in Partnership

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

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

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

- [The Guardian](#)
- [Sky News](#)
- [Schools Week](#)

### Where is The Difference going now?

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

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

## Financial Review

### Financial position

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

### Income

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

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

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

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

### Expenditure

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

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

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

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

### **Reserves policy**

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

We hold these funds to:

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

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

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

### **Going concern**

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

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



## Risks & uncertainties

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

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

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

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

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

- **Impact of the Cost of Living Crisis and other sector trends / policy changes on school budgets and, therefore, the charity's traded income**

With schools seeing real-terms reduction in funding due to inflation, and especially sharp rises in energy bills, many schools are having to reduce staffing numbers, and cut back on costs previously deemed essential. This is likely to affect sales for The Difference's programmes and services.

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

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

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

## Structure, governance & management

### Constitution and governing documents

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

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

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

### Directors and Trustees

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

### Organisational Structure and Key Personnel

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

The Trustees are responsible for:

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

### **Induction and Training policy for new Trustees**

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

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

### **Executive Pay Policy**

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

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

### **Statement of responsibilities of the trustees**

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

In so far as the trustees are aware:

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

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

### **Auditors**

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

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

*Christine Megson*

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**C Megson**

Chair of Trustees

Dated: 18 March 2024



## **Independent auditors' report**

### **To the members of**

#### **The Difference Education Ltd**

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#### **Opinion**

We have audited the financial statements of The Difference Education Ltd (the 'charity') for the year ended 31 August 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

## **Independent auditors' report**

### **To the members of**

#### **The Difference Education Ltd**

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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**

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#### **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**

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

#### **Use of our report**

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

*William Guy Blake*

Date: 18 March 2024

**William Guy Blake ACA**  
**(Senior Statutory Auditor)**

For and on behalf of:

**GODFREY WILSON LIMITED**

Chartered accountants and statutory auditors  
5th Floor Mariner House  
62 Prince Street  
Bristol  
BS1 4QD

**The Difference Education Ltd**

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

**For the year ended 31 August 2023**

	Note	Restricted £	Unrestricted £	2023 Total £	2022 Total £
<b>Income from:</b>					
Donations	3	429,765	825,741	<b>1,255,506</b>	925,546
Charitable activities	4	-	250,199	<b>250,199</b>	201,067
<b>Total income</b>		<u>429,765</u>	<u>1,075,940</u>	<u><b>1,505,705</b></u>	<u>1,126,613</u>
<b>Expenditure on:</b>					
Raising funds		-	112,705	<b>112,705</b>	76,967
Charitable activities		<u>423,484</u>	<u>764,216</u>	<u><b>1,187,700</b></u>	<u>991,176</u>
<b>Total expenditure</b>	5	<u>423,484</u>	<u>876,921</u>	<u><b>1,300,405</b></u>	<u>1,068,143</u>
<b>Net income and net movement in funds</b>	6	6,281	199,019	<b>205,300</b>	58,470
<b>Reconciliation of funds:</b>					
Total funds brought forward		<u>239,677</u>	<u>1,073,603</u>	<u><b>1,313,280</b></u>	<u>1,254,810</u>
<b>Total funds carried forward</b>		<u><u>245,958</u></u>	<u><u>1,272,622</u></u>	<u><u><b>1,518,580</b></u></u>	<u><u>1,313,280</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 13 to the accounts.



# The Difference Education Ltd

## Balance sheet

As at 31 August 2023

	Note	£	2023 £	2022 £
<b>Current assets</b>				
Debtors	9	68,371		65,935
Cash at bank and in hand		<u>1,557,312</u>		<u>1,383,080</u>
		<b>1,625,683</b>		<b>1,449,015</b>
<b>Liabilities</b>				
Creditors: amounts falling due within 1 year	10	<u>(107,103)</u>		<u>(135,735)</u>
<b>Net current assets</b>			<u><b>1,518,580</b></u>	<u>1,313,280</u>
<b>Net assets</b>	12		<u><b>1,518,580</b></u>	<u>1,313,280</u>
<b>Funds</b>	13			
Restricted funds			<b>245,958</b>	239,677
Unrestricted funds				
Designated funds			<b>699,343</b>	777,153
General funds			<u><b>573,279</b></u>	<u>296,450</u>
<b>Total charity funds</b>			<u><b>1,518,580</b></u>	<u>1,313,280</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 18 March 2024 and signed on their behalf by

*Christine Megson*

C Megson, Chair of Trustees

**The Difference Education Ltd**

**Statement of cash flows**

**For the year ended 31 August 2023**

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

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 2023**

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#### **1. Accounting policies**

##### **a) Basis of preparation**

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

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

##### **b) Going concern basis of accounting**

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

##### **c) Income**

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

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

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

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

##### **d) Donated services and facilities**

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

## The Difference Education Ltd

### Notes to the financial statements

For the year ended 31 August 2023

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#### 1. Accounting policies (continued)

##### e) Interest receivable

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

##### f) Funds accounting

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

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

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

##### g) Expenditure and irrecoverable VAT

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

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

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

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

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

##### h) Allocation of support and governance costs

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

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

**1. Accounting policies (continued)**

**i) Debtors**

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

**j) Cash at bank and in hand**

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

**k) Creditors**

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

**l) Conduit funding**

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

**m) Financial instruments**

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

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

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

**n) Pension costs**

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

**o) Accounting estimates and key judgements**

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



## The Difference Education Ltd

### Notes to the financial statements

#### For the year ended 31 August 2023

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#### 1. Accounting policies (continued)

##### o) Accounting estimates and key judgements (continued)

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

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

#### 2. Prior period comparatives: statement of financial activities

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

#### 3. Income from donations

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

**The Difference Education Ltd**

**Notes to the financial statements**

**For the year ended 31 August 2023**

**3. Income from donations (continued)**

**Prior period comparative:**

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

**4. Income from charitable activities**

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

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

**The Difference Education Ltd**

**Notes to the financial statements**

**For the year ended 31 August 2023**

**5. Total expenditure**

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

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

**Prior period comparative**

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

# The Difference Education Ltd

## Notes to the financial statements

### For the year ended 31 August 2023

#### 6. Net movement in funds

This is stated after charging:

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

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

#### 7. Staff costs and numbers

Staff costs were as follows:

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

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

	2023 No.	2022 No.
Average head count	<u>16.10</u>	<u>13.50</u>

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

	2023 No.	2022 No.
£60,000 to £69,999	2	2
£70,000 to £79,999	1	1
	<u>3</u>	<u>3</u>

## The Difference Education Ltd

### Notes to the financial statements

#### For the year ended 31 August 2023

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#### 8. Taxation

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

#### 9. Debtors

	2023 £	2022 £
Trade debtors	31,508	37,800
Prepayments and accrued income	<u>36,863</u>	<u>28,135</u>
	<u><b>68,371</b></u>	<u><b>65,935</b></u>

#### 10. Creditors : amounts due within 1 year

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

#### 11. Deferred income

	2023 £	2022 £
At 1 September 2022	81,000	39,000
Deferred during the year	21,801	81,000
Released during the year	<u>(81,000)</u>	<u>(39,000)</u>
At 31 August 2023	<u><b>21,801</b></u>	<u><b>81,000</b></u>

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

The Difference Education Ltd

Notes to the financial statements

For the year ended 31 August 2023

12. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Current assets	247,568	699,343	678,772	<b>1,625,683</b>
Current liabilities	<u>(1,610)</u>	<u>-</u>	<u>(105,493)</u>	<u><b>(107,103)</b></u>
<b>Net assets at 31 August 2023</b>	<b><u>245,958</u></b>	<b><u>699,343</u></b>	<b><u>573,279</u></b>	<b><u>1,518,580</u></b>
 <b>Prior period comparative</b>				
	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>
<b>Net assets at 31 August 2022</b>	<b><u>239,677</u></b>	<b><u>777,153</u></b>	<b><u>296,450</u></b>	<b><u>1,313,280</u></b>

**The Difference Education Ltd**

**Notes to the financial statements**

**For the year ended 31 August 2023**

**13. Movements in funds**

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

**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 2023

### 13. Movements in funds (continued)

#### Purposes of restricted funds (continued)

##### Wates Family Enterprise Trust

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

#### Purposes of designated funds

##### Programme delivery

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

Prior period comparative	At 1 September 2021 £	Income £	Expenditure £	Transfers between funds £	At 31 August 2022 £
<b>Restricted funds</b>					
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
<b>Total restricted funds</b>	<b>27,927</b>	<b>338,600</b>	<b>(126,850)</b>	<b>-</b>	<b>239,677</b>
<b>Unrestricted funds</b>					
<i>Designated funds:</i>					
Programme delivery	846,900	-	-	(69,747)	777,153
<i>Total designated funds</i>	<i>846,900</i>	<i>-</i>	<i>-</i>	<i>(69,747)</i>	<i>777,153</i>
General funds	379,983	788,013	(941,293)	69,747	296,450
<b>Total unrestricted funds</b>	<b>1,226,883</b>	<b>788,013</b>	<b>(941,293)</b>	<b>-</b>	<b>1,073,603</b>
<b>Total funds</b>	<b>1,254,810</b>	<b>1,126,613</b>	<b>(1,068,143)</b>	<b>-</b>	<b>1,313,280</b>



## The Difference Education Ltd

### Notes to the financial statements

#### For the year ended 31 August 2023

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#### 14. Operating lease commitments

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

	2023 £	2022 £
Amount falling due:		
Within 1 year	6,220	7,775
Within 1 - 5 years	-	-
	<u>6,220</u>	<u>7,775</u>

#### 15. Conduit funding

	2023 £	2022 £
Balance at start of year	-	-
Funding received during year	-	15,000
Funding distributed during year	-	(13,500)
Retained as administration fee	-	(1,500)
	<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 was held on behalf of The Re-engagement Project.

#### 16. Related party transactions

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