

The Leadership Foundation for Higher Education

Report of the Board for the year ended 31 July 2018

Company no. 4929860

Charity no. 1101959

**The Leadership Foundation
for Higher Education**

**Report of the Board
(incorporating Strategic Report)
and Financial Statements**

**For the year ended
31 July 2018**

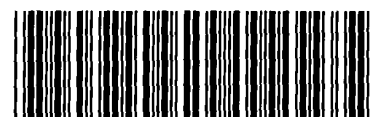
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The Leadership Foundation for Higher Education

Report of the Board for the year ended 31 July 2018

1. INTRODUCTION AND SUMMARY OF MAJOR ACHIEVEMENTS

- 1.1 The Board of *The Leadership Foundation for Higher Education* is pleased to present the Report of the Board, Strategic Report and Audited Financial Statements for the year ended 31 July 2018. This Report of the Board, which incorporates a Strategic Report as required by amendments to the Companies Act 2006, has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities SORP (FRS102), the Financial Reporting Standard FRS102 and the Companies Act 2006.
- 1.2 At an Extraordinary Meeting of the Board of the Leadership Foundation held on 21st December 2017, it was agreed to merge the Leadership Foundation for Higher Education with the Equality Challenge Unit and the Higher Education Academy. The assets of the Leadership Foundation for Higher Education were transferred to the Higher Education Academy on 31 March 2018, and the newly merged body was named AdvanceHE. From 31 March 2018 all the existing operations of the Leadership Foundation for Higher Education were transferred to and continued under AdvanceHE.

Summary of Major Achievements in 2017-18

- a) Delivering our planned portfolio of leadership, governance and management development programmes.
- b) Supporting 154 higher education institutions in their continuing and new membership of the Leadership Foundation - maintaining our status as the key provider of leadership development and consultancy advice to higher education – with almost all of the UK's traditional higher education sector. Over a third of our members have been in membership for over 10 years.
- c) Increasing Aurora participation for the fourth year running, with 2017-18 bookings again exceeding 1,000. Our women-only programmes form by far the largest initiative of this kind in the UK.
- d) Planning and delivering a merger with the Equality Challenge Unit and the Higher Education Academy to form a new higher education sector agency.

2. REFERENCE AND ADMINISTRATIVE INFORMATION

Governing Document

2.1 The Leadership Foundation for Higher Education (known as the Leadership Foundation) is a company limited by guarantee (company registration number 4929860) and also a registered charity (charity registration number 1101959). Its registered office and operational address is Peer House, 8-14 Verulam Street, London WC1X 8LZ.

2.2 The Leadership Foundation for Higher Education was incorporated as a company limited by guarantee on 13 October 2003 and registered as a charity on 6 February 2004. The company was established under a Memorandum of Association which established the objects and powers of the

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charitable company and is governed by its Articles of Association.

2.3 The two Subscribers to the Memorandum (the Members of the Foundation) are Universities UK and GuildHE. In the event of the company being wound up, the Members are required to contribute an amount not exceeding £1.

The Board

2.4 The members of the Board of the Leadership Foundation are the Directors of the Company Limited by Guarantee, and the Trustees of the Charity. Those Trustees who served during the year and up to the date of this report are set out in the table below. The Board has established three sub-committees to assist its work: the Audit, Finance and Risk Committee (chaired by Janet Legrand), the Remuneration Committee (chaired by Stephen Marston), and the Nominations Committee (chaired by Gillian Camm). Membership of these committees is denoted by the letters (A), (R) and (N) respectively in the table below. Philip Harding, Finance Director of UCL and Kirsty Searles, Partner, Risk Advisory, Deloitte UK are independent members of the Audit, Finance and Risk Committee.

Leadership Foundation Trustee/Director/ Board Member	External Role
Gillian Camm, Chair of Board, Chair of Nominations Committee, (R) (A)	Consultant and Non-Executive Director
Geoff Dawson, Vice Chair	Former Chair, Sheffield Hallam University, and the Committee of University Chairs Consultant and Non-Executive Director
Wendy Alexander (N)	Vice Principal (International), University of Dundee
Sophie Bowen (R)	Chief Operating Officer, Middlesex University
Andy Chew	Former Managing Director, Cisco UK, Non-Executive Director and Strategic Advisor
Janet Legrand, Chair of Audit, Finance and Risk Committee (A)	Partner, DLA Piper International LLP
Dr David Llewellyn (N)	Vice-Chancellor, Harper Adams University
Professor Julie Lydon OBE (A)	Vice-Chancellor, University of South Wales
Professor Craig Mahoney	Vice-Chancellor, University of the West of Scotland
Stephen Marston, Chair Remuneration Committee (R)	Vice-Chancellor, University of Gloucestershire
Professor Nick Petford (A)	Vice-Chancellor, University of Northampton
Professor Colin Riordan (R)	President and Vice-Chancellor, University of Cardiff
Farley Thomas (until 4 October 2017)	Executive Coach and CEO Advisor
Rose Wängen Jones	Global Business Director, WPP
Professor Steve West	Vice-Chancellor, University of the West of England

Leadership Foundation Senior Leadership Team – Key Management Personnel	Role at the Leadership Foundation
Alison Johns	Chief Executive (and from 4 August 2017 Chief Executive Designate Advance HE; confirmed in post on 21 March 2018)
Carol Burns	Interim Chief Operating Officer and Company Secretary
Dr Lesly Huxley	Director of Membership and Organisational Development

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Vijaya Nath (until 28 February 2018)	Director of Leadership Development
Tracy Bell Reeves (from 1 March 2018)	Acting Director of Leadership Development
Andy Shenstone	Director of Consultancy and Business Development and from 9 October 2017 Interim Deputy Chief Executive
Tricia Wombell	Director of Marketing and Communications

2.5 The Professional advisers are as follows:

Auditors: haysmacintyre, 10 Queen Street Place, London EC4R 1AG

Bankers: Co-operative Bank, 80 Cornhill, London EC1V 3NJ

Solicitors: Trowers and Hamlin, Sceptre Court, 40 Tower Hill, London EC3N 4DX

3. PUBLIC BENEFIT

3.1 The Leadership Foundation provides a benefit to the public of the UK by helping Higher Education Institutions to improve their leadership, governance and management. This in turn helps institutions to improve the delivery of their own charitable missions, including an even better experience for students, even better research outputs, and an even more valuable contribution to the UK economy and wider society. Public benefit is at the core of the Leadership Foundation's work and is enshrined in its vision and mission.

3.2 The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit. The means by which the Leadership Foundation delivers its public benefit are comprehensively set out below, particularly in the sections on "Mission, Vision, Values and Strategic Aims" and "Achievements and Performance".

4. MISSION, VISION, VALUES AND STRATEGIC AIMS

4.1 The Leadership Foundation's object as stated in its Memorandum is to promote higher education for the public benefit by further developing the professionalism and profile of leadership, management and governance within the higher education sector.

MISSION

Our mission derives from our origins as the body set up by and for the sector dedicated to the development and enhancement of leadership, governance and management in higher education. We are a membership organisation and we also work with other stakeholders to develop an internationally recognised cadre of leaders and managers equipped to deliver the aspirations of their own institutions and the best possible higher education system for the UK. Quality, relevance and excellence are at the heart of everything that we do.

- **To serve, drive and catalyse the best possible leadership governance and management in higher education**

VISION

Our ambition is to become the premier provider of higher education leadership, governance and management development that is recognised nationally and internationally by our members and the wider higher education community as the preferred partner to enable them to meet their aspirations and needs. Our vision is expressed in terms of what we aspire to achieve with and for our members and those who use our services.

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- **That higher education is recognised for excellence in leadership which transforms lives, enriches society and develops the economy for the better**

VALUES

Ensuring those who come to us have a high quality experience and leave equipped to make a difference in their work and institutions is what drives us. We will continually seek to improve what we do, critically evaluate our own practice and respond and adapt. We try to follow our values in everything we do.

- **Ambition for those we serve, passion in all we do, path finding new ways of leading, governing and managing and commitment to quality, expertise, relevance and impact**

4.2 The strategic aims reflect the means by which the Leadership Foundation delivers public benefit, are set out in its Strategy, *Catalysing Change*, and reproduced below:

STRATEGIC AIMS

All our strategic aims derive from listening to our members and other stakeholders, understanding the challenges they face and analysing the environment in which higher education must exist and thrive. Everything we do is focussed on outcomes that benefit our members and the sector more broadly.

In support of our mission we will:

1. Work with the UK higher education sector to secure its high reputation for the quality of its leadership, governance and management with students, business, government, investors and other stakeholders.
2. Enable governors and senior management teams to respond more effectively to unpredictable and disruptive change.
3. Offer thought leadership and practical resources to inform strategic and operational practices for higher education providers to increase their impact nationally and internationally.
4. Be recognised for our contribution to greater diversity and inclusion in governing bodies, senior leadership teams and more broadly within institutions.
5. Add value to and complement our members' leadership and organisational development ambitions
6. Achieve greater active engagement by Leadership Foundation members, partners and other stakeholders in our work.
7. Provide opportunities to discuss tough issues and provoke challenge and interrogate "what works".
8. Refresh our networks and communities of practice to enable greater peer support and challenge and create development opportunities tailored to specific communities of learners and participants.
9. Deliver flexible access to our services in the modes our learners prefer, including digitally.
10. Enhance our international reputation, simultaneously bringing greater international intelligence and experience to the development of our UK activity.

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5. STRATEGIC REPORT - ACHIEVEMENTS AND PERFORMANCE

5.1 During 2017-18 the Higher Education sector continued to experience major changes including the establishment of the Office for Students and the continuing uncertainty about the impact on the higher education sector, financially and academically, of the vote to leave the European Union. The Leadership Foundation reviewed and updated its portfolio of Leadership Development programmes and continued to develop its consultancy offer and deliver a range of international work. Participation in Leadership Foundation programmes remained strong in the period leading up to the creation of AdvanceHE.

5.2 The Leadership Foundation continued to attract sector participation with 154 organisations as subscribing members. All but a few of the UK's higher education institutions subscribed, including some private providers, with participation spread across England, Scotland, Wales, and Northern Ireland and the Republic of Ireland. Many non-subscribers continued to spend on consultancy and on development programmes at a significant level.

5.3 Membership income supported the work of the Staff Development Forum in providing continuing professional development and resources for staff and organisational development professionals in higher education.

5.4 The Leadership Foundation delivered an updated portfolio of programmes, including:

- Governance
- Top Management
- Executive Leadership
- Aurora
- In House and Bespoke Programmes
- International

5.5 Our flagship Top Management Programme continues to attract senior leaders from across the sector, and now has 850 alumni. Over 50 of these have become vice-chancellors, representing one third of higher education institutions in the UK.

5.6 The *Aurora* initiative expanded even further, with record numbers of participants (1,039 as against 1,020 in 2016-17), providing development for a wide range of aspiring female leaders, and substantially exceeding its target participant numbers in yet another highly successful year.

5.7 In-house and bespoke programmes were delivered to 49 higher education institutions, with a good mix of repeat and new clients.

5.8 Within the UK our consultancy team worked with 37 higher education institutions to deliver strategic consultancy assignments, including national projects and reviews for higher education funding bodies, strategic advisory projects for individual institutions and sector bodies, and multiple governance reviews.

5.9 The Small Development Projects (SDPs) initiative has been refocused towards a "what works" and evidence-based approach to commissioning: five projects were commissioned.

5.10 The Leadership Foundation (with funders' support) continues to invest in three large scale research projects to build a systematic evidence base for leadership development. The studies focus on the priorities of women in mid-career, people from black and minority ethnic groups and senior leaders.

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6. STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure

6.1 The Board of the Leadership Foundation normally meets four times per year and is responsible for the organisation's strategic direction and policy. The Board approves the Annual Budget and an Operating Plan for the coming year, regularly monitoring performance against plans. It has a key role in reviewing a set of Key Performance Indicators (KPIs) and in the development and review of the Strategic Plan, including consideration of more detailed implementation plans and operational strategies.

6.2 The Board has fifteen members (cf section 2.4) with a high level of knowledge and experience of leadership, management and governance in the higher education sector and from other relevant sectors and commercial environments.

6.3 The Board delegates responsibility for the implementation of its strategy and policy to the Chief Executive. The Chief Executive is responsible for ensuring that the Leadership Foundation delivers the programmes and activities agreed by the Board, and for ensuring that Key Performance Indicators are met.

6.4 The Chief Executive was supported by other members of the Senior Leadership Team, comprising the Key Management Personnel (cf section 2.4). There is a small core group of employed staff, with a larger group of contracted consultants as Associates who support programme and project delivery, consultancy and other interventions. Most of the team is based in London, but geographical balance has been maintained by appointing an Assistant Director Membership for each of the different parts of the UK that the Leadership Foundation serves, including each of the devolved administrations.

Board Committees

6.5 The Audit, Finance and Risk Committee's core terms of reference are:

- to advise the Board on the appointment of the Auditors and to monitor the performance and effectiveness of the appointed Auditors,
- to satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness and to ensure good value for money in all Leadership Foundation activities,
- to ensure compliance with relevant governance and internal control, standards and other national codes of practice as appropriate,
- to consider draft annual accounts for recommendation to the Board,
- to report as appropriate to the Board but in any event at least annually,
- to satisfy itself on the effectiveness of risk management within the Leadership Foundation,
- to have oversight of the Corporate Governance of the Leadership Foundation (including the activities of the Board and Sub-Committees) and to report to the Board accordingly,
- monitor the financial health of the Leadership Foundation, through scrutiny of financial plans, budgets, scenario planning, and management accounts and other financial reports.

6.6 The Nominations Committee's core terms of reference are:

- to guide the process of recruitment and selection of new Trustees,
- to interview prospective members of the Board,
- to make recommendations to the Board on appointments to be made,
- to make recommendations to the Board about the members to be invited to chair the three Sub-Committees.

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6.7 The Remuneration Committee's core terms of reference are:

- to make recommendations to the Board about the Chief Executive's pay,
- to make recommendations to the Board about the overall structure of pay arrangements for the cohort of other employees,
- based on recommendations from the Chief Executive, to decide on any performance- related pay for certain designated senior staff, namely those identified as deputising for the Chief Executive,
- to monitor and make recommendations to the Board or the Chief Executive for action as necessary on equal pay issues,
- to advise the Board and the Chief Executive on the remuneration framework for associates,
- to review the performance of the Chair of the Board.

6.8 Four Board meetings were held during the year, which were attended as indicated in the table below. "A" is shown where apologies were given; dashes are shown for meetings before and after Trustees were eligible to attend. All Trustees have also made very valuable contributions to the Leadership Foundation's work outside formal Board meetings, through participation in sub-committees and working groups, advice and guidance, and communication with key stakeholders.

Trustee Attending	Member of	4 Oct 2017	29 Nov 2017	Extraordinary Board Meeting 15 Dec 2017	21 March 2018
Gillian Camm, Chair		✓	✓	✓	✓
Geoff Dawson, Vice Chair	CUC	✓	✓	✓	✓
Wendy Alexander			✓	✓	✓
Sophie Bowen	AHUA	✓	✓	✓	✓
Andy Chew		✓	✓	✓	✓
Janet Legrand		✓	A	✓	A
Dr David Llewellyn	GuildHE	✓	✓	✓	A
Professor Julie Lydon	UUK	✓	✓	A	A
Professor Craig Mahoney	UUK	✓	✓	✓	A
Stephen Marston	UUK	✓	✓	✓	A
Professor Nick Petford	UUK	A	✓	A	A
Professor Colin Riordan	UUK	✓		✓	✓
Farley Thomas		-	--	-	-
Rose Wangen Jones		✓	✓	✓	✓
Professor Steve West	UUK	A	A	✓	A

Recruitment and Appointment of the Board

6.9 The Articles of Association require that the Board, which has a maximum complement of fifteen Trustees, should include at least three members of Universities UK and at least one member of Guild HE. The composition of the Board should reflect the nations of the UK, relevant international organisations, universities of the UK, higher education colleges of the UK, and principal representative bodies within the UK including CUC (The Committee of University Chairs). The Articles also require that

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in making appointments to the Board, regard should be had to the desirability of diversity, and an appropriate balance between higher education experience and experience outside the higher education sector, including industry and commerce, the professions and the not-for-profit sector.

Remuneration

6.10 The Board has established a Remuneration Committee (see terms of reference in para 6.7 above) which advises on the overall staff remuneration, criteria to be used and comparative data, covering both salaries and any Non Recurrent Pay (NRP) or other specific arrangements. The Committee is not chaired by the Chair of the Board although she is a full member of the Committee.

6.11 The Board considers that the Trustees and the members of the Senior Leadership Team comprise the Key Management Personnel of the Charity. Together they are in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give their time freely and do not receive remuneration. Details of Trustees' expenses and related party transactions are disclosed respectively in note 5 and note 19 to the accounts.

6.12 The remuneration of the Senior Leadership Team and all staff is reviewed annually and normally revised to reflect a cost of living adjustment comparable to that awarded within the higher education sector. The Committee considers and recommends to the Board any arrangements for Non Recurrent Pay (NRP), which is divided into two components - corporate NRP and NRP for personal performance - and proposes the funds required for this purpose. The Chair confirms the corporate NRP and the Chief Executive takes decisions on the personal performance NRP for all staff except those members of the Senior Leadership Team who are identified as eligible to deputise for her. Their personal performance NRP is approved by the Committee on her recommendation. In view of the nature of the charity, and the sector it serves, the Board and the Committee normally use higher education sector comparative data and benchmarks, but in setting spot point salaries on appointment may also consider pay levels in other charities and market rates for the relevant professional skills.

Corporate Governance, Risk Management, Internal Control

6.13 The Leadership Foundation is committed to high standards of corporate governance, for which the Board is accountable to its subscribers, funders, and stakeholders. The Board applies key principles of effective risk management with a wide scope (including governance, management, quality, reputational and financial issues, focusing on the most important risks). The Audit, Finance and Risk Committee takes an overview of matters relating to risk management, internal control and compliance, and receives regular reports to help it fulfil this responsibility. The Audit, Finance and Risk Committee reports to the Board after each meeting.

The Risk Register is maintained by the Company Secretary, with responsibility for mitigation assigned to senior individuals as appropriate. Regular review is undertaken by the Audit, Finance and Risk Committee and the Board.

6.14 The Board recognises its responsibility for ensuring that a sound system of internal control is maintained, and believes this to be the case based on internal evidence and external review by auditors. The Board considers that it has been well served by its Key Management Personnel. The Board also believes that its systems have satisfactorily met the expectations previously laid down by the Higher Education Funding Council for England:

- a) The identification and management of risk should be an ongoing process linked to the achievement of institutional objectives,
- b) The approach to internal control should be risk-based, including an evaluation of the likelihood and impact of risks becoming a reality,

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- c) Review procedures must cover business, operational, compliance and financial risk,
- d) Risk assessment and internal control should be embedded in ongoing operations,
- e) The governing body or relevant committee should receive regular reports during the year on internal control and risk,
- f) The principal results of risk identification, evaluation and management review of its effectiveness should be reported to, and reviewed by, the governing body,
- g) The governing body acknowledges that it is responsible for ensuring that a sound system of control is maintained, and that it has reviewed the effectiveness of the above process,
- h) Where appropriate, details of actions taken or proposed to deal with significant internal control issues should be set out.

7. FINANCIAL REVIEW AND INVESTMENT POLICY

7.1 The financial result across all activities of the Leadership Foundation during the period to 31 March 2018 was a significant surplus of £312K. The accumulated reserves and assets of the Leadership Foundation were transferred to the Higher Education Academy on 31 March 2018.

7.2 The Leadership Foundation generated income from four main sources: fees for open programmes; consultancy fees; membership subscriptions; and commissioned work from the four national Funding Bodies, managed through HEFCE.

7.3 In accordance with the Financial Reporting Standard FRS102 the Leadership Foundation had recognised a liability of £370K as at 31 March 2018 (31 July 2017: £393K) in respect of its commitments under the deficit repayment plan of the USS defined benefit pension scheme, prior to the transfer to the Higher Education Academy.

7.4 During 2017-18 The Leadership Foundation has received valuable investment from the Higher Education Funding Council for England (HEFCE), Higher Education Funding Council Wales (HEFCW), the Scottish Funding Council (SFC), and the Department for the Economy (Northern Ireland). The Chair and senior staff of the Leadership Foundation have regular "Fundings' Group" meetings with senior representatives of the funders, to discuss strategic direction and a range of operational issues.

7.5 In the normal course of its operations, the Leadership Foundation made grants to a number of higher education institutions including one where a Trustee is a Vice-Chancellor, although there is no personal benefit derived from these grants; conflict of interest is appropriately declared. Details of all grant transactions with related parties are set out in note 19 to the accounts.

7.6 The accumulated reserves of the Leadership Foundation were transferred to the Higher Education Academy on 31 March 2018.

7.7 Under its Memorandum, the Board may invest in investments, securities or property. The Board's investment policy was to invest funds surplus to immediate needs in secure and diversified bank deposits, obtaining the best return available. During the year, funds were invested in deposit accounts with four banks, ranging from immediate access accounts to fixed term deposits of six months, with interest at rates of between 0.1% and 1.1%. These rates reflect the very low rates generally available during the period.

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8. PLANS FOR FUTURE PERIODS

At an Extraordinary Meeting of the Board of the Leadership Foundation held on 21st December 2017, the following resolution was passed:

To effect the merger of the Equality Challenge Unit (ECU), the Leadership Foundation for Higher Education (LFHE) and the Higher Education Academy (HEA), the trustees of LFHE hereby resolve to:

approve the entry into a merger agreement between the ECU, LFHE and HEA (a draft copy of which was provided to the meeting) authorise two of the following trustees, Gillian Camm; David Llewellyn; Colin Riordan and Steve West, to agree the final terms of such merger agreement as they may think fit, and authorise any two of those trustees to execute the same on behalf of the LFHE; and

approve the entry into a transfer agreement between the LFHE and the HEA to transfer the assets and liabilities of the LFHE to the HEA (a draft copy of which was provided to the meeting), authorise two of the following trustees, Gillian Camm; David Llewellyn; Colin Riordan and Steve West, to agree the final terms of such transfer agreement as they may think fit, and authorise any two of those trustees to execute the same on behalf of the LFHE and any other documents in connection with the transaction.

The merger took place on 21 March 2018 and the assets of the Leadership Foundation were transferred to the Higher Education Academy on 31 March 2018. The Leadership Foundation has not traded since 31 March 2018 and it is the intention of the Board of the Leadership Foundation to de-register the company in due course.

9. STATEMENT OF TRUSTEES' RESPONSIBILITIES

9.1 The Trustees, as directors of the charitable company, are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and regulations.

9.2 Company law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its financial position for that period. In preparing these financial statements, the Trustees are required to:

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

9.3 The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time

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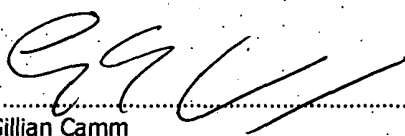
the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9.4 So far as each of the Trustees is aware at the time the report is approved:

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

Board Approval

9.5 The Report of the Board was approved by the Board on 28 September 2018, and signed on their behalf by:


.....
Mrs Gillian Camm
Chair

Independent Auditors' Report to the Members of The Leadership Foundation for Higher Education

Opinion

We have audited the financial statements of The Leadership Foundation for Higher Education for the year ended 31 July 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and 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 charitable company's affairs as at 31 July 2018 and of the charitable company's net movement in funds, including the 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.

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

Independent Auditors' Report to the Members of The Leadership Foundation for Higher Education

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.

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.

Emphasis of matter – non-going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis as the Trustees have confirmed that the assets of the charity have been transferred to another organisation and they intend to dissolve the charitable company.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board (incorporating the Strategic Report). Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board (which incorporates the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board (which incorporates the Strategic Report and the Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board (which incorporates the Strategic Report and the Directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Independent Auditors' Report to the Members of
The Leadership Foundation for Higher Education**



Tracey Young (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

10 Queen Street Place
London EC4R 1AG

28/9.....2018

Statement of Financial Activities
(including an income and expenditure account)

For the year ended 31 July 2018

	Note	Restricted £	Designated £	Unrestricted £	Total 2018 £	Total 2017 £
Income						
<i>Charitable activities</i>						
Governance programmes	2	-	-	137,644	137,644	146,806
Top management programmes		-	-	481,571	481,571	699,347
Executive leadership programmes		-	-	1,050,279	1,050,279	1,901,744
Professional programmes		-	-	58,815	58,815	152,020
Tailored programmes		-	-	312,076	312,076	561,478
International programmes		-	-	57,805	57,805	173,766
Organisational development		-	-	398,021	398,021	612,577
Membership		-	-	655,196	655,196	955,119
Innovation and development		-	-	-	-	1,000
Funder-commissioned projects		788,590	-	35,235	823,825	1,001,330
<i>Investment income</i>	3	-	-	9,063	9,063	19,843
Total income		788,590	-	3,195,705	3,984,295	6,225,030
Expenditure						
<i>Charitable activities</i>						
Governance programmes	4	-	-	126,810	126,810	139,166
Top management programmes		-	-	442,302	442,302	625,143
Executive leadership programmes		-	-	948,998	948,998	1,659,725
Professional programmes		-	-	106,478	106,478	192,438
Tailored programmes		-	-	350,394	350,394	568,664
International programmes		-	-	137,785	137,785	250,159
Organisational development		-	-	460,832	460,832	772,987
Membership		-	-	471,620	471,620	733,852
Innovation and development		8,653	-	90,623	99,276	312,436
Funder-commissioned projects		527,687	-	-	527,687	892,510
		536,340	-	3,135,842	3,672,182	6,147,080
Donation to the Higher Education Academy	16	413,263	165,825	1,991,827	2,570,915	-
Total expenditure		949,603	165,825	5,127,669	6,243,097	6,147,080
Net income		(161,013)	(165,825)	(1,931,964)	(2,258,802)	77,950
Net movement in funds		(161,013)	(165,825)	(1,931,964)	(2,258,802)	77,950
Funds brought forward	15	161,013	165,825	1,931,964	2,258,802	2,180,852
Funds carried forward		-	-	-	-	2,258,802

The notes on pages 18 to 32 form part of these financial statements

The statement of financial activities includes all gains and losses recognised in the year

All activities are transferred to the Higher Education Academy and discontinued as of 31 March 2018.


Full comparative figures for the year ended 31 July 2017 are shown in note 20.

Balance Sheet


At 31 July 2018

	Note	2018 £	2018 £	2017 £
Fixed assets				
Tangible assets	8	-	-	12,691
Current assets				
Debtors	9	-	-	751,936
Cash and cash equivalents		-	-	4,542,045
		-	-	5,293,981
Current liabilities				
Creditors: amounts falling due within one year	10	-	-	(2,570,629)
Net current assets			-	2,723,352
Creditors: amounts falling due after one year	11	-	-	(477,241)
Net assets			-	2,258,802
Funds	15			
Unrestricted funds				
General funds			-	1,931,964
Designated funds			-	165,825
Total unrestricted funds			-	2,097,789
Restricted funds			-	161,013
Total charity funds			-	2,258,802

Approved by the Board and authorised for issue on 28 September 2018 and signed on their behalf by



Gillian Camm - Chair



Alison Johns - Chief Executive

The notes on pages 18 to 32 form part of these financial statements

Statement of Cash Flows

For the year ended 31 July 2018

	Note	2018 £	2017 £
Cash flows from operating activities:			
Net cash (used in) / provided by operating activities	18	(4,548,859)	8,027
Cash flows from investing activities			
Interest income		9,063	19,843
Purchase of tangible fixed assets		<u>(2,249)</u>	<u>(7,782)</u>
Cash provided by investing activities		6,814	12,061
(Decrease) / increase in cash and cash equivalents in the year		(4,542,045)	20,088
Cash and cash equivalents at the beginning of the year		<u>4,542,045</u>	<u>4,521,957</u>
Total cash and cash equivalents at the end of the year		<u><u>-</u></u>	<u><u>4,542,045</u></u>
Cash and cash equivalents comprise:			
Short term deposits		-	2,844,853
Cash at bank and in hand		<u>-</u>	<u>1,697,192</u>
Total cash and cash equivalents		<u><u>-</u></u>	<u><u>4,542,045</u></u>

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Leadership Foundation for Higher Education 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.

On 31 March 2018 all assets and liabilities of the Leadership Foundation for Higher Education were formally transferred to the Higher Education Academy in order to create a new organisation called AdvanceHE. The financial statements have not been prepared on a going concern basis. Having transferred rights and responsibilities for the programmes previously managed by the Leadership Foundation for Higher Education on 31 March 2018 to AdvanceHE, the Trustees intend to wind up the charity in the Autumn of 2018.

The principal accounting policies adopted, judgements and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The liability in respect of the pension deficit recovery plan has been calculated using key assumptions concerning future payroll growth and the discount rate (see Note 13), prior to the transfer to the Higher Education Academy.

Income recognition

All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Grants are recognised in full in the statement of financial activities in the year in which they are receivable.

Membership subscriptions are brought into the statement of financial activities on a receivable basis. Subscriptions received in advance of the year to which they relate are treated as deferred income in the balance sheet.

Programme and event income is included in the statement of financial activities in the period in which the programme or event is held.

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

1. Accounting policies/contd

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity (including projects from designated funds), comprising the salary and overhead costs of the central function, is apportioned on the basis of an estimate of the amount of staff time attributable to each activity. These percentages are updated annually to reflect the activities carried out by staff in the relevant year.

	2018	2017
Governance programmes	2%	2%
Top management programmes	9%	8%
Executive leadership programmes	25%	24%
Professional programmes	3%	3%
Tailored programmes	7%	7%
International programmes	5%	5%
Organisational development	11%	12%
Membership	18%	17%
Innovation and development	4%	6%
Funder-supported projects	16%	16%
	<u>100%</u>	<u>100%</u>

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Operating lease rental charges are charged on a straight line basis over the life of the lease.

Grants payable are included in the statement of financial activities in the year for which a constructive obligation arises to the grant recipient.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Assets costing more than £1,000 are capitalised.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value in equal instalments over its expected useful life. The depreciation rates in use are as follows:

Office equipment	25%
Website development costs	33%
Computer equipment	33%

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

1. Accounting policies/contd

Basic financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash

Cash is held in the form of demand and fixed-term interest-bearing bank deposits, which are accounted for in the financial statements at book value.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Funds

Unrestricted funds are donations and other income receivable or generated for the objects of the charity. Designated funds are unrestricted funds earmarked by the Board for particular purposes. Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received. Termination benefits are accounted for on an accruals basis and in line with FRS 102.

Pensions

The Leadership Foundation participates in the Universities Superannuation Scheme (USS), a defined benefit pension scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The Leadership Foundation is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to its employees. The pension costs charged in the financial statements comprise the contributions payable during the year and any change to the value of the pension deficit recovery plan liability. Further information may be found in note 13.

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

2. Income from charitable activities

Income has been categorised by charitable activity in the statement of financial activities, and is classified by type of income below:

	2018 £	2017 £
Fees for programmes and consultancy	2,522,446	4,269,129
Membership subscriptions	655,196	955,119
Funders' grants for projects	788,590	976,000
Other income	9,000	4,939
	<u>3,975,232</u>	<u>6,205,187</u>
3. Investment income		
Bank interest	<u>9,063</u>	<u>19,843</u>

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

4. Expenditure

	Governance programmes £	Top management programmes £	Executive leadership programmes £	Professional programmes £	Tailored programmes £	International programmes £	Organisational development £	Membership £	Innovation and development £	Funder-commissioned projects £	Total 2018 £	2017 £
<i>Direct project costs</i>												
Staff costs (Note 6)	1,080	20,072	39,325	25,990	15,655	3,840	90,279	7,500	-	37,325	241,066	215,071
Consultants and associates	27,113	150,349	97,843	1,560	168,786	29,495	128,598	50,373	1,686	99,228	755,031	1,592,013
Accommodation and travel	47,189	94,671	326,027	14,975	20,375	9,526	32,388	23,193	696	56,081	625,121	1,103,388
Materials and publications	7,772	8,521	29,892	4,879	14,046	-	4,655	33,957	19,918	14,024	137,664	233,403
Grants (Note 21)	-	-	-	-	-	-	-	20,000	32,170	39,000	91,170	214,120
less unspent grants made in previous years written back	-	-	-	-	-	-	-	-	(27,389)	-	(27,389)	(33,272)
Total Direct Project Costs	83,154	273,613	493,087	47,404	218,862	42,861	255,920	135,023	27,081	245,658	1,822,663	3,324,723
<i>Support costs</i>												
Staff costs (Note 6)	27,998	114,167	339,458	46,053	88,327	78,183	148,296	279,357	60,153	217,461	1,399,453	2,182,336
Governance costs (Note 5)	1,295	4,396	8,740	922	3,498	1,057	4,366	3,533	734	4,650	33,191	43,152
Office costs	7,261	25,340	54,457	6,117	20,073	7,934	26,431	27,166	5,720	30,309	210,808	349,375
Marketing costs	2,779	9,700	20,846	2,342	7,684	3,037	10,118	10,399	2,190	11,602	80,697	213,754
Other support costs	4,323	15,086	32,410	3,640	11,950	4,713	15,701	16,142	3,398	18,007	125,370	33,740
Total Support Costs	43,656	168,689	455,911	59,074	131,532	94,924	204,912	336,597	72,195	282,029	1,849,519	2,822,357
Total Expenditure 2018	126,810	442,302	948,998	106,478	350,394	137,785	460,832	471,620	99,276	527,687	3,672,182	6,147,080

Total Expenditure 2017	139,166	625,143	1,659,725	192,438	568,664	250,159	772,987	733,852	312,436	892,510		6,147,080
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The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

5. Governance Costs	2018 £	2017 £
Staff costs (Note 6)	13,583	19,934
Board costs:		
expenses	4,358	4,109
meetings	2,650	6,649
Auditor's remuneration: audit work	12,600	12,460
	<u>33,191</u>	<u>43,152</u>

6. Staff costs and numbers

Staff costs were as follows:	2018 £	2017 £
Salaries and wages	1,171,491	1,742,220
Social security costs	127,884	190,836
Pension contributions	172,357	218,652
Other staff costs	182,370	265,633
Total staff costs	<u>1,654,102</u>	<u>2,417,341</u>
Comprising:		
Direct project costs (Note 4)	241,066	215,071
Support costs (Note 4)	1,399,453	2,182,336
Governance costs (Note 5)	13,583	19,934
	<u>1,654,102</u>	<u>2,417,341</u>

Other staff costs include the costs of agency staff, consultants and secondees occupying managerial and administrative positions within the organisation.

The number of employees whose emoluments for the accounting period fell within the following bands were:	2018 Number	2017 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	-	3
£90,001 - £100,000	1	-
£100,001 - £110,000	-	2
£140,001 - £150,000	-	1

Of these, 3 employees are accruing pension contributions totalling £40,908 under the defined benefit pension scheme (2017: 8 employees accruing £124,967).

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

Staff costs and numbers/continued

The total benefits of key management personnel were £444,853 (2017: £719,190). The key management personnel are the members of the senior leadership team, comprising:

Chief Executive
Chief Operating Officer and Company Secretary
Interim Deputy Chief Executive
Interim Director, Leadership Development
Director for Membership and Innovation
Director of Marketing and Communications

The average number of employees during the year was as follows:

	2018 Number	2017 Number
Direct project activity	2	4
Support activity	32	32
	<u>34</u>	<u>36</u>

7. Net income for the year

This is stated after charging:

	2018 £	2017 £
Depreciation	14,940	20,165
Board members' remuneration	nil	nil
Board members' expenses	4,358	4,133
Auditors' remuneration	12,600	12,460
Operating lease rentals	35,220	52,440

Professional indemnity insurance is in place for all Board members and employees acting in a managerial capacity. The charge for the year is £2,310 (2017: £3,940). The proportion relating to Board members cannot be separately identified within this total.

Board members' reimbursed expenses represent the reimbursement of travel, accommodation, phone and subsistence costs to 4 (2017: 7) Board members relating to attendance at meetings of the Board and Leadership Foundation events.

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

8. Tangible fixed assets	Office Equipment £	Computer Equipment £	Website Development £	Total £
Cost				
At 1 August 2017	53,425	138,773	87,814	280,012
Additions	-	2,249	-	2,249
Disposals	-	(3,528)	-	(3,528)
Balance at 31 March 2018	<u>53,425</u>	<u>137,494</u>	<u>87,814</u>	<u>278,733</u>
Accumulated depreciation				
At 1 August 2017	52,914	126,593	87,814	267,321
Charge for the year	511	14,429	-	14,940
Disposals	-	(3,528)	-	(3,528)
Balance at 31 March 2018	<u>53,425</u>	<u>137,494</u>	<u>87,814</u>	<u>278,733</u>
Net book value				
Carried forward at 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Brought forward at 1 August 2017	<u>511</u>	<u>12,180</u>	<u>-</u>	<u>12,691</u>

The values of tangible fixed assets were reviewed and written down to zero prior to the donation of assets to the Higher Education Academy.

9. Debtors: amounts falling due within one year	2018 £	2017 £
Trade debtors	-	477,045
Prepayments	-	211,788
Other debtors	-	63,103
	<u>-</u>	<u>751,936</u>

10. Creditors: amounts falling due within one year	2018 £	2017 £
Trade creditors	-	347,438
Other creditors	-	704,097
Other taxation and social security	-	55,955
Pension scheme deficit recovery plan (Note 13)	-	36,226
Accruals	-	285,460
Deferred income (Note 12)	-	1,141,453
	<u>-</u>	<u>2,570,629</u>

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

11. Creditors: amounts falling due after one year	2018	2017
	£	£
Pension scheme deficit recovery plan (Note 13)	-	356,717
Deferred income (Note 12)	-	120,524
	<u>-</u>	<u>477,241</u>

12. Analysis of deferred income	2018	2017
	£	£
Deferred income relates to membership subscriptions and course fees received in advance.		
Deferred income at 1 August	1,261,977	1,315,321
Applied during the year	1,055,291	1,086,333
Released during the year	(1,074,630)	(1,139,677)
Transferred to the Higher Education Academy	(1,242,638)	-
Deferred income at 31 July	<u>-</u>	<u>1,261,977</u>

13. Pension scheme deficit recovery plan

The Leadership Foundation participates in the Universities Superannuation Scheme (USS), a defined benefit pension scheme. Under the terms of the scheme's 2015 pension deficit recovery plan the Leadership Foundation is required to make additional employer contributions of 2% of the salaries of employees who are scheme members, every year up until 31 March 2031; this recovery plan supersedes the USS 2012 deficit recovery plan which required additional payments to be made up to 31 March 2022. The liability of the Leadership Foundation has been calculated as the discounted value of total future payments under the terms of the deficit reduction plans, using a discount rate of 1% and assuming that the value of future payments reduces by 15% in 2018-19 and by 5% in 2019-20 in line with current expectations, and thereafter increases by 1% per annum. All pension obligations have been transferred to the Higher Education Academy as part of the merger agreement.

	2018	2017
	£	£
Amounts falling due within one year	-	36,226
Amounts falling due after one year	-	356,717
Total pension scheme deficit recovery plan liability	<u>-</u>	<u>392,943</u>
Pension scheme deficit liability at 1 August	392,943	455,643
Re-estimation of liability	(1,505)	(31,288)
Released during the year	(21,731)	(31,412)
Transferred to the Higher Education Academy	(369,707)	-
Pension scheme deficit liability at 31 July	<u>-</u>	<u>392,943</u>

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

14. Operating lease commitments

At the year end the Leadership Foundation was committed to making the following payments in total in respect of operating leases:

	Property 2018 £	Property 2017 £
Leases which expire: Within one year	-	30,590

15. Analysis of funds	Balance 1 August 2017 £	Income £	Expenditure £	Balance 31 July 2018 £
Restricted funds				
Funder-commissioned projects	72,597	758,000	(452,312)	378,285
Prevent Strategy	14,397	30,590	(44,987)	-
Wales Leadership Development Programme	30,388	-	(30,388)	-
Changing the Learning Landscape	23,720	-	(1,745)	21,975
Innovation and Transformation Fund	19,911	-	(6,908)	13,003
Total restricted funds	161,013	788,590	(536,340)	413,263
Unrestricted funds				
General funds	1,931,964	3,195,705	(3,135,842)	1,991,827
Designated funds				
Innovation and Transformation Fund	35,279	-	-	35,279
Development Fund	130,546	-	-	130,546
Total designated funds	165,825	-	-	165,825
Total funds	2,258,802	3,984,295	(3,672,182)	2,570,915
Donated to the Higher Education Academy	(2,258,802)	(3,984,295)	3,672,182	(2,570,915)
	-	-	-	-

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

15. Analysis of funds/contd

Analysis of funds - prior year	Balance 1 August 2016 £	Income/ Transfers £	Expenditure/ Transfers £	Balance 31 July 2017 £
Restricted funds				
Funder-commissioned projects	-	839,000	(766,403)	72,597
Prevent Strategy	-	72,000	(57,603)	14,397
Wales Leadership Development Programme	-	65,000	(34,612)	30,388
Leading Places	20,700		(20,700)	-
Changing the Learning Landscape	27,804	-	(4,084)	23,720
Innovation and Transformation Fund	30,099	-	(10,188)	19,911
Total restricted funds	<u>78,603</u>	<u>976,000</u>	<u>(893,590)</u>	<u>161,013</u>
Unrestricted funds				
General funds	<u>1,852,289</u>	<u>5,249,030</u>	<u>(5,169,355)</u>	<u>1,931,964</u>
Designated funds				
Innovation and Transformation Fund	45,467	-	(10,188)	35,279
Development Fund	<u>204,493</u>	<u>-</u>	<u>(73,947)</u>	<u>130,546</u>
Total designated funds	<u>249,960</u>	<u>-</u>	<u>(84,135)</u>	<u>165,825</u>
Total funds	<u>2,180,852</u>	<u>6,225,030</u>	<u>(6,147,080)</u>	<u>2,258,802</u>

Funder-commissioned projects: funds have been provided by the Higher Education Funding Council for England (HEFCE), the Higher Education Funding Council for Wales (HEFCW), the Department for the Economy (Northern Ireland) and the Scottish Funding Council (SFC) to deliver specific programmes and projects encompassing four themes: Governance for Current and Future Higher Education, Tackling Diversity Challenges, Leadership for the new HE Environment and Developing 'What Works' for Higher Education.

Prevent Strategy: funds have been provided by HEFCE for the delivery of a training and support programme in higher education for the Prevent strategy.

Wales Leadership Development Programme: HEFCW has provided funding for a leadership development programme for the higher education sector in Wales.

Leading Places: funds have been provided by HEFCE to facilitate and co-ordinate the work of six Action Learning Partnerships across England.

Changing the Learning Landscape is a programme funded by HEFCE intended to develop the leadership of online learning, delivered in partnership with other sector bodies JISC, NUS, ALT and the HEA.

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

15. Analysis of funds/contd

Designated funds

The Innovation and Transformation Fund was jointly funded by the Leadership Foundation and HEFCE, whose contributions are accounted for in designated funds and restricted funds respectively.

The Development Fund was created to fund costs associated with the development of new learning programmes and the upgrading of information technology systems and software.

16. Analysis of donation made to the Higher Education Academy	2018 £	2017 £
Trade debtors	634,119	-
Prepayments	181,800	-
Other debtors	236,360	-
Cash and cash equivalents	4,054,235	-
Trade creditors	(228,647)	-
Other creditors	(407,797)	-
Other taxation and social security	(49,292)	-
Accruals	(237,518)	-
Deferred income	(1,242,638)	-
Pension scheme deficit recovery plan liability	(369,707)	-
Donation made to the Higher Education Academy	<u>2,570,915</u>	<u>-</u>

17. Taxation

The Leadership Foundation is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity is not exempt from VAT which is included (where irrecoverable) with the expenses to which it relates on the Statement of Financial Activities.

18. Reconciliation of net (expenditure) / income to net cash inflow from operating activities

	2018 £	2017 £
Net (expenditure) / income for the year	(2,258,802)	77,950
Add back depreciation charge	14,940	20,165
Deduct interest income	(9,063)	(19,843)
(Increase)/decrease in debtors	751,936	149,995
(Decrease) in creditors	<u>(3,047,870)</u>	<u>(220,240)</u>
Net cash (used in)/provided by operating activities	<u>(4,548,859)</u>	<u>8,027</u>

The Leadership Foundation for Higher Education

Notes to the financial statements

For the year ended 31 July 2018

19. Related party transactions

During the year the Leadership Foundation made several material grants where a Board member, permanent or seconded member of staff, or their immediate family had a connection with the recipient organisation. They form part of the grants committed in the year of £91,170 (2017: £214,120).

	2018 £	2017 £
Grants to Sheffield Hallam University: related party Geoff Dawson (Board member of the Leadership Foundation and former Chair of the Board of Governors, Sheffield Hallam University)	3,931	- 8,500
Grant to the University of Northampton: related party Nick Petford (Board member of the Leadership Foundation and Vice-Chancellor of the University of Northampton)	12,000	-

No Board members were involved in decisions concerning grants made to their own institutions.

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For the year ended 31 July 2018

20. Comparative Statement of Financial Activities (2017)

	Restricted	Designated	Unrestricted	Total 2017
Income	£	£	£	£
<i>Charitable activities</i>				
Governance programmes	-	-	146,806	146,806
Top management programmes	-	-	699,347	699,347
Executive leadership programmes	-	-	1,901,744	1,901,744
Professional programmes	-	-	152,020	152,020
Tailored programmes	-	-	561,478	561,478
International programmes	-	-	173,766	173,766
Organisational development	-	-	612,577	612,577
Membership	-	-	955,119	955,119
Innovation and development	-	-	1,000	1,000
Funder-commissioned projects	976,000	-	25,330	1,001,330
<i>Investment income</i>	-	-	19,843	19,843
Total income	976,000	-	5,249,030	6,225,030
Expenditure				
<i>Charitable activities</i>				
Governance programmes	-	1,493	137,673	139,166
Top management programmes	-	7,108	618,035	625,143
Executive leadership programmes	-	17,954	1,641,771	1,659,725
Professional programmes	-	1,871	190,567	192,438
Tailored programmes	-	6,807	561,857	568,664
International programmes	-	1,959	248,200	250,159
Organisational development	-	8,136	764,851	772,987
Membership	-	4,891	728,961	733,852
Innovation and development	10,188	26,177	276,071	312,436
Funder-commissioned projects	883,402	7,739	1,369	892,510
Total expenditure	893,590	84,135	5,169,355	6,147,080
Net income	82,410	(84,135)	79,675	77,950
Transfers between funds	-	-	-	-
Net movement in funds	82,410	(84,135)	79,675	77,950
Funds brought forward	78,603	249,960	1,852,289	2,180,852
Funds carried forward	161,013	165,825	1,931,964	2,258,802

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Notes to the financial statements

For the year ended 31 July 2018

21. Grants

During the year the Leadership Foundation awarded the following grants totalling £91,170 (2017: £214,120):

Institution	Project	Grant £
Membership grants		
Staff Developers' Forum	Annual grant	20,000
Research grants		
Bournemouth University	Evaluating the Impact of Coaching in HE	10,645
Dr Wendy Hirsh	Talent management in higher education - extension	3,000
		13,645
Funder-commissioned project grants		
Equality Challenge Unit	What Works Proof of Concept	6,000
Media FHE	What Works Rapid Review of Publications	21,000
Northampton	What Works Rapid Review Effective Mechanisms for Knowledge	12,000
		39,000
Small development project grants		
Glyndwr University	Distributed academic development for leading educational change	3,250
Sheffield Hallam University	Observing the observers: using digital storytelling for organisational development concerning 'Critical Whiteness'	3,931
University of Edinburgh	Sharing What Works for women in academia: career coaching - a video recipe	2,844
King's College London	The impact of Athena Swan on humanities departments	4,000
Roehampton University	Careers and careers in academia: What Works?	4,000
Liverpool John Moores University	Case study on the creation of the new leadership and development foundation associate role	500
		18,525
Total grants awarded in the year		91,170

