

Statutory Report + Accounts

• AdvanceHE

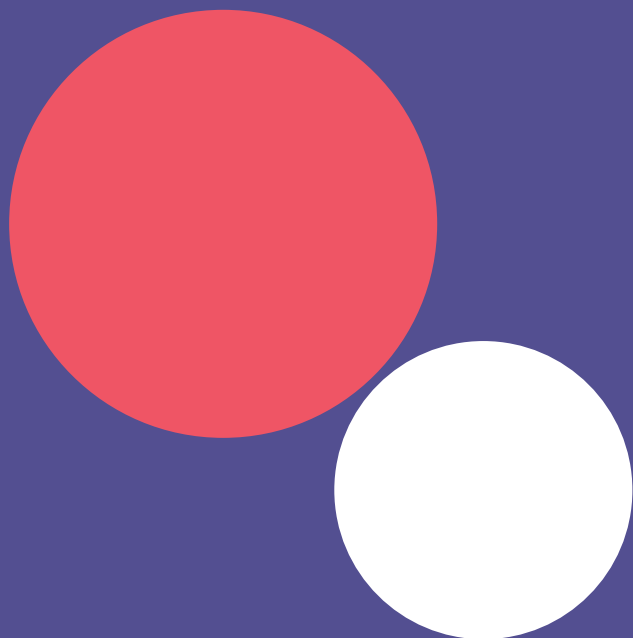
Year ended 31 July 2019

Company Registration Number: 04931031

Registered Charity Numbers: 1101607 & SC043946



Helping HE
Shape its
Future





Helping HE Shape its Future

We are Advance HE

We believe excellence is achieved by people.

We are dedicated to helping higher education shape its future.

Providing insight, so you can use the foresight.

Enhancing organisational performance, to deliver sustainable change.

Developing and connecting people, so they can share best practice.

Accrediting achievement, so you can be recognised.

Removing the barriers, so you can succeed.

Driving positive change, to make higher education better for all.



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Directors and Trustees, and Professional Advisors

The Board of Directors and trustees who served during the year and up to the date of signature of this report were as listed below.

Sir Nigel Carrington, Vice-Chancellor, University of the Arts London (Chair of the Board)
Ms Nicola Arnold, Director of Finance, St George's University, London (*Appointed 8 October 2018*)
Professor Rebecca Bunting, Vice-Chancellor, Buckinghamshire New University (*Resigned 30 April 2019*)
Mr Chris Cobb, Pro Vice Chancellor and Deputy Chief Executive (*Appointed 9 April 2019*)
Mr Amatey Doku, Vice President, National Union of Students
Professor Helen Higson, Provost and DVC, Aston University (*Appointed 30 November 2018*)
Professor Janice Kay, Provost, University of Exeter
Professor Geoff Layer, Vice-Chancellor, University of Wolverhampton
Mr Stephen Marston, Vice-Chancellor, University of Gloucestershire
Professor Helen O'Sullivan-Heritage, PVC (Education), Keele University (*Appointed 30 November 2018*)
Dr Helen Samantha Parrett, CEO and Group Principal, London South East Education Group (*Appointed 30 November 2018*)
Mr Saad Qureshi, Dean, SAE Institute (*Appointed 18 February 2019*)
Professor Colin Riordan, President and Vice-Chancellor, Cardiff University
Mr Chris Sayers, Chair of the Committee University Chairs and Chair of Northumbria University (*Appointed 25 September 2018*)
Professor Nigel Seaton, Vice-Chancellor, Abertay University
Professor Eunice Simmons, Deputy Vice-Chancellor (Academic), Nottingham Trent University
Ms Rose Wangen-Jones, Managing Director, Marketing at London & Partners (*Appointed 30 November 2018*)

Executive

Alison Johns, Chief Executive Officer
Andy Shenstone, Director of Business Development and Delivery
Gary Loke, Director of Knowledge, Insights, Innovation and Delivery
Hannah Harris, Company Secretary
Kathryn Harrison-Graves, Director of Membership and Accreditation
Kat Hunt, Associate Director of Marketing and Communications
Sarah Threadgold, Director of Finance and Resources
Tracy Bell-Reeves, Director of Programmes and Events

Auditors

A tender process for external auditors was undertaken in 2018-19 and Grant Thornton were reappointed as external auditors from 2018-19 for a 3-year period.

Professional Advisers

External auditors:
Grant Thornton UK LLP
Statutory Auditor
No 1 Whitehall Riverside
Leeds
LS1 4BN

Current Bankers

The Royal Bank of Scotland Plc
York Branch
6 Nessgate
York
YO1 9FY

Yorkshire Bank Plc
York Branch
46 Coney Street
York
YO1 9NQ

Handelsbanken UK
Unit 5, Tudor Court
Nether Poppleton
York
North Yorkshire
YO26 6RS

Barclays Bank Plc
25 James Street
Harrogate
North Yorkshire
HG1 1QX

Close Bros Treasury
4th Floor
10 Crown Place
London
EC2A 4FT

The Co-operative bank
City Office
80 Cornhill
London
EC3V 3NJ

Current Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

Mills and Reeves
9th Floor
1 New York Street
Manchester
M1 4HD

Pinsent Masons
30 Crown Place
Earl Street
London
EC2A 4ES

Introduction from Chief Executive

By way of a reminder, Advance HE was formed from the merger of the Equality Challenge Unit (ECU), the Higher Education Academy (HEA) and the Leadership Foundation for Higher Education (LFHE), following the recommendations of the Bell review.

The 2018-19 year has very much been a transition year for Advance HE. The merger required us to combine and consolidate three organisations and three information systems – which was no mean feat – and as such the costs incurred related to that were significant, both in 2017-18 and in 2018-19. The total merger related expenditure incurred to date totals £2,080k (which includes £474k that has been capitalised).

It is a testament to the passion and determination of our people and our associates that we have been able to deliver business as usual to members whilst tackling all the complexities presented by a three-way merger, as well as creating an agency that is fit for the needs of modern higher education.

I would like to take this opportunity to thank the sector for actively participating in our consultation. These views helped us shape what Advance HE should be and how we can provide support to today's challenges and those of the future. The views also provided

vital feedback to create our new membership model with the principles of delivering value and choice, with transparent and equitable pricing. The membership model is something we are very proud of. It has been well received and has had great uptake.

We are a people organisation and, as such, people are at the heart of what we do. We have committed to building connected and integrated communities and keeping our member institutions at the heart of what we do. A great illustration of this is the creation of Advance HE Connect; a free, global online networking platform for people working in higher education. By working collaboratively with its community we hope it will become the 'go to' place for people who want to share, connect and collaborate to find solutions, create new practice and deliver impact.

The focus of our work is to provide support to institutions by creating insight and foresight, developing people, accrediting and celebrating success and, ultimately, enhancing organisational performance. These are our strategic themes and are they are the pillars of the strategic framework that guides our work.

We have started to convene Strategic Advisory Groups to consider the major challenges emerging for our members and we look forward to engaging our members in shaping our future work.



A handwritten signature in black ink that reads "Alison Johns".

Alison Johns

Trustees Annual Report

About Advance HE

Advance HE is a member-led organisation and a UK registered charity that is dedicated to the development and enhancement of higher education for the benefit of students, staff and society.

By further developing expertise and new thinking Advance HE can help institutions meet the challenges of the present and evolving higher education sector landscape.

We bring together HE-focused expertise in governance, leadership, teaching and learning, and equality, diversity and inclusion, to help deliver world-leading teaching, research and scholarship, civic missions and student outcomes. We do this through the provision of specialist knowledge and resources, externally recognised benchmarking and recognition schemes, and a member-focused, collaborative approach.

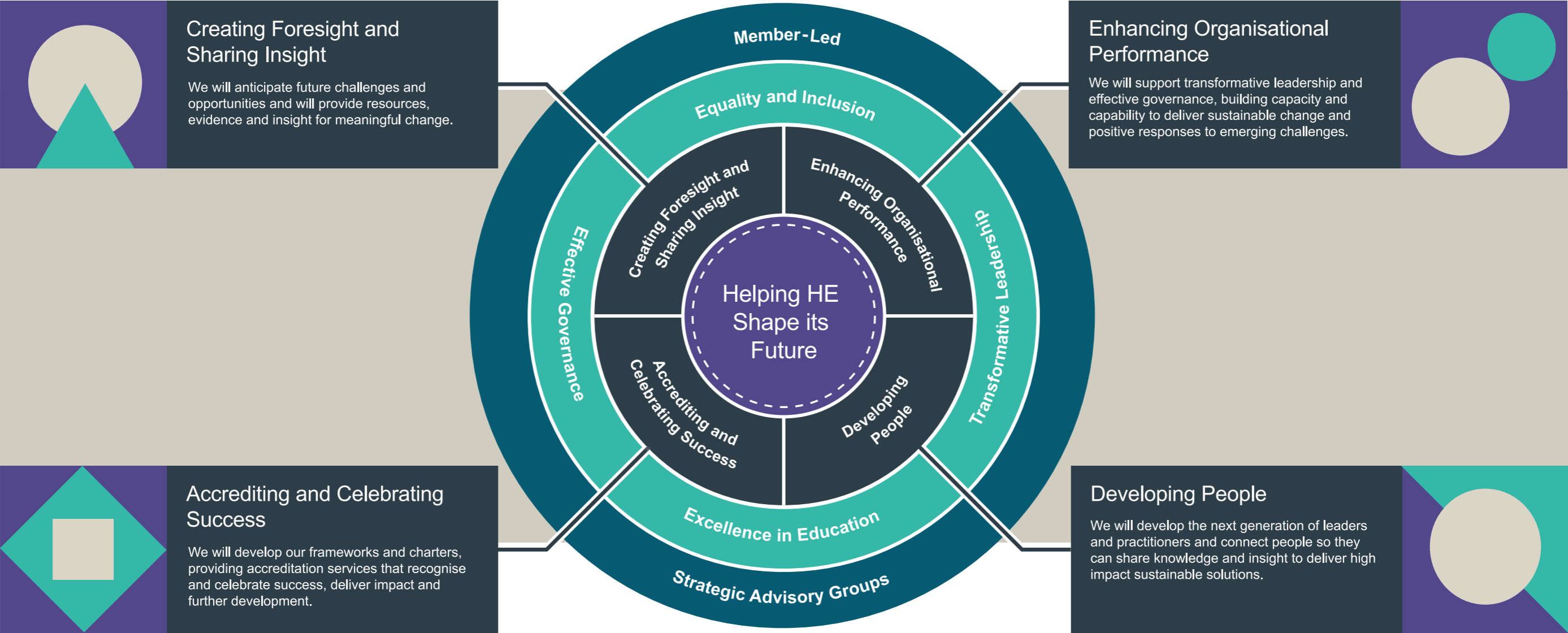
The following page outlines our Strategic Framework that guides us in providing support to meet the needs of our members.



Strategic Framework

Our Strategic Framework consists of four strategic themes underpinned by our expertise and our commitment to building connected and integrated communities, so we keep our member institutions at the heart of all that we do.

Through the formation of Strategic Advisory Groups, we work with our member community to build on our Strategic Framework to ensure that each strategic theme addresses the emerging challenges and opportunities.



Public benefit

Advance HE is a registered charity and the Board has due regard to the Charity Commission's guidance on public benefit, ensuring that its products and services continue to deliver its charitable aims. Advance HE contributes to the world-wide reputation, success and value of the higher education sector through its global operations.

Advance HE provides public benefit, through delivering its charitable articles, by:

- + Providing strategic advice and co-ordination within the higher education sector, government, funding bodies and others on teaching and learning policies and practices that will impact upon and enhance the student experience;
- + Supporting and advancing curriculum and pedagogic development across the whole spectrum of higher education activity;
- + Facilitating the professional development and increasing the professional standing of all staff in higher education;
- + Developing the professionalism and profile of leadership, management and governance;
- + Improving the supply of development opportunities particularly international and cross sector;
- + Broadening perspectives and improving standards in relation to leadership, management and governance;
- + Identifying and changing any cultural and systemic practices that unfairly exclude, marginalise or disadvantage individuals or groups and promote inclusive approaches;
- + Eliminating discrimination on the grounds of age, disability, gender identity, marital or civil partnership status, pregnancy or maternity status, race, religion or belief, sex, sexual orientation or through any combination of these characteristics or other unfair treatment;
- + Advancing education and raising awareness in equality and diversity.

Advance HE operates across the global higher education community and provides benefit to different stakeholders including:

- + Institutions – a diverse range of higher education providers (HEPs);
- + Individuals – supporting them at all stages of their career;
- + The HE sector – working with funding bodies; HE mission groups; professional, statutory and regulatory bodies; other sector agencies and groups representing external stakeholders;
- + Other stakeholders – who access Advance HE products and services, such as Research Institutes and Further Education Colleges.

Principal risks

Advance HE maintains a strategic risk register which details the high-level risks. The Executive is responsible for identifying risks and the appropriate response actions. The strategic risk register is reviewed by Finance, Audit and Risk Committee at each of its meetings and an annual review is undertaken by the Board.

The following provides a summary of the main risks and their management during 2018-19:

- + Stakeholders – Implementation of the outcomes of Advance HE’s consultation with the sector including the development of a new membership offer does not deliver valued benefits for its members.
- + Advance HE relevance – Commenced first major review of one of Advance HE’s key services, Athena SWAN to strengthen its relevance and use within the sector. Review of the Race Equality Charter will be undertaken in 2019-20 and a review of the the UK Professional Standards Framework will be undertaken in 2020-21.
- + Regulatory Environment – Continual monitoring by Advance HE of the regulatory environment and changes in government including the impact of Brexit to ensure Advance HE can proactively respond. Advance HE will be monitoring the outcomes of Brexit through a separate risk register that will be reviewed by the Board and appropriate actions will be implemented when required.
- + Integration of business systems – Following the merger in 2017-18 Advance HE commenced implementation of a detailed programme of integration of systems processes as a single organisation whilst ensuring continued delivery of services to its members.

Fundraising Policy

Advance HE’s income is generated from membership subscriptions and fees, programmes and events fees, consultancy fees, accreditation and charters fees, awards fees, commissioned work from other organisations such as the Office for Students (OfS), national Funding Bodies such as the Higher Education Funding Council for Wales (HEFCW), Department for Education Northern Ireland and the Scottish Funding Council (SFC), and commissioned work from Europe. Advance HE does not use professional fundraisers or commercial participators, nor does it operate any voluntary standards and schemes for fund-raising.

Social Responsibility

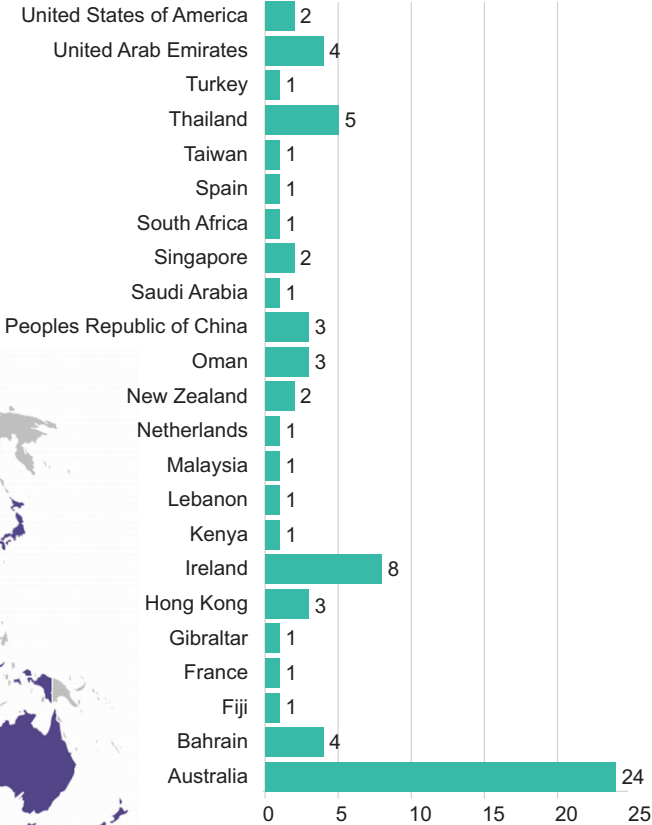
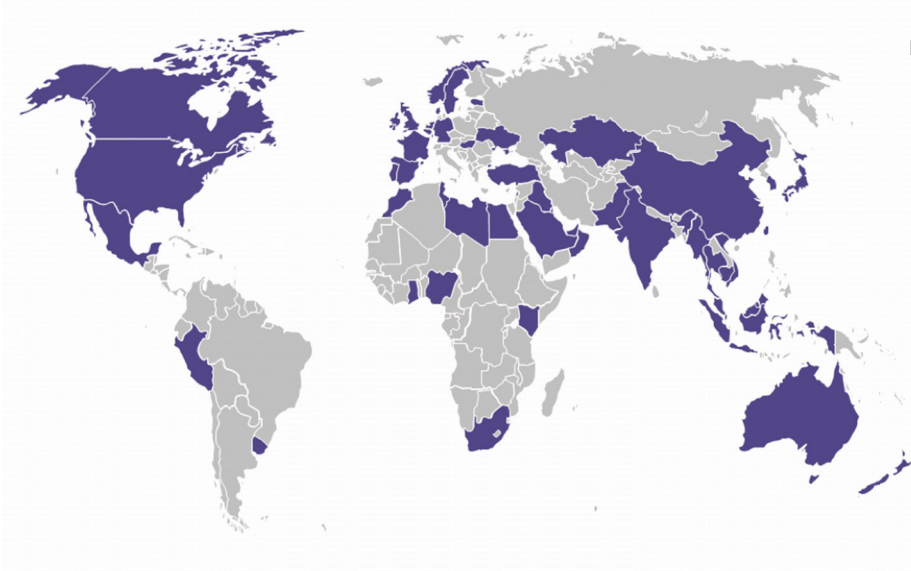
Advance HE is committed to being a socially responsible organisation, seeking to minimise adverse impacts on the environment wherever possible and to operate in accordance with sustainable development principles as outlined in its Corporate Social Responsibility Policy.

2018-19 performance

The following outlines Advance HE's performance throughout 2018-19 and its position at the end of the financial year.

1. Members

- + Over 300 members as we enter 2019-20
- + Over 60 members based outside the UK
- + Across 23 countries
- + Active across the globe



2. Creating foresight and sharing insight

Research and Publications

- + 41 published in 2018-19 including:
 - The 'Equality in higher education: statistical report' that found that the degree attainment gap between BME undergraduate qualifiers and white undergraduate qualifiers decreased from 15.0 percentage points in 2015/16 to 13.6 percentage points in 2016/17. It also found that only one in four professors were women; of these female professors, 91.6% were white, with only 8.4% identifying as BME.
 - The 'Equality in colleges in Scotland: statistical report' that found there was a striking gap in the proportion of FE students who disclosed as disabled and non-disabled students who studied STEM subjects (15.3% compared with 27.3%). It also found a pronounced gender gap among HE students studying STEM subjects. Male students made up 83.8% of all students on STEM courses compared with 16.2% of female students.

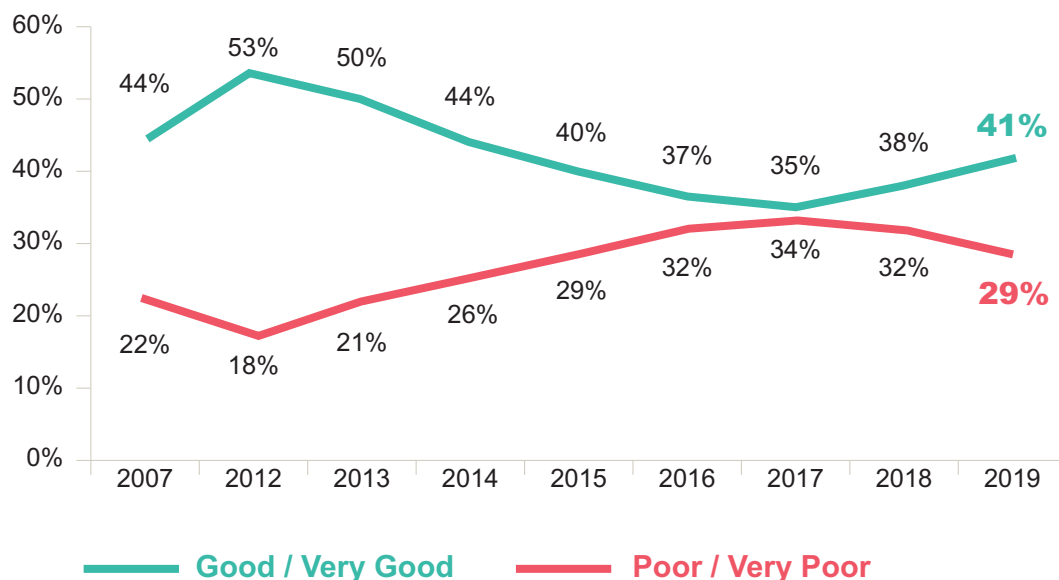
Small Development Grant publications

- + 12 number published in 2018-19.

Student Academic Experience Survey

- + The 2019 Student Academic Experience Survey, published in June 2019, jointly by Advance HE and the Higher Education Policy Institute (HEPI), has over the past 13 years proved to be one of the most reliable and topical barometers of student opinion, focusing specifically on the experiences of undergraduates studying in the UK. In 2018-19 over 14,000 students took part in the survey.
- + While some areas of the survey such as value for money and how fees are spent tend to capture the headlines, the survey provides a great deal of insight into the quality of teaching and assessment across the sector, and crucially how important these aspects are in driving perceptions of the overall experience.
- + At a headline level, there has been an encouraging increase in perceptions of value for money, from 38% to 41%. This consolidates the increase we saw in 2018, and continues to reverse the consistent decline experienced between 2012 and 2017.

Value-for-money of your present course

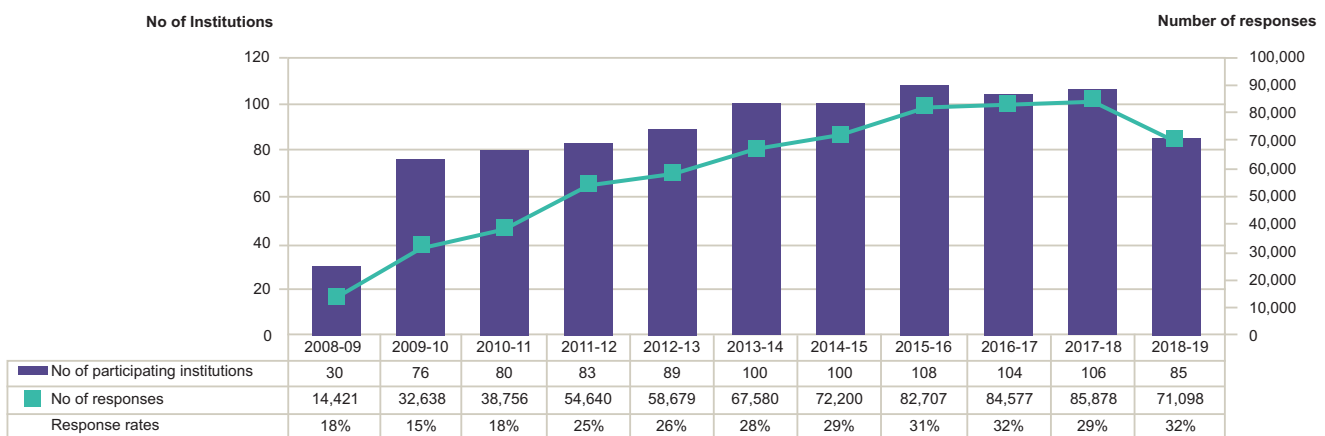


3. Enhancing organisational performance

Student Surveys

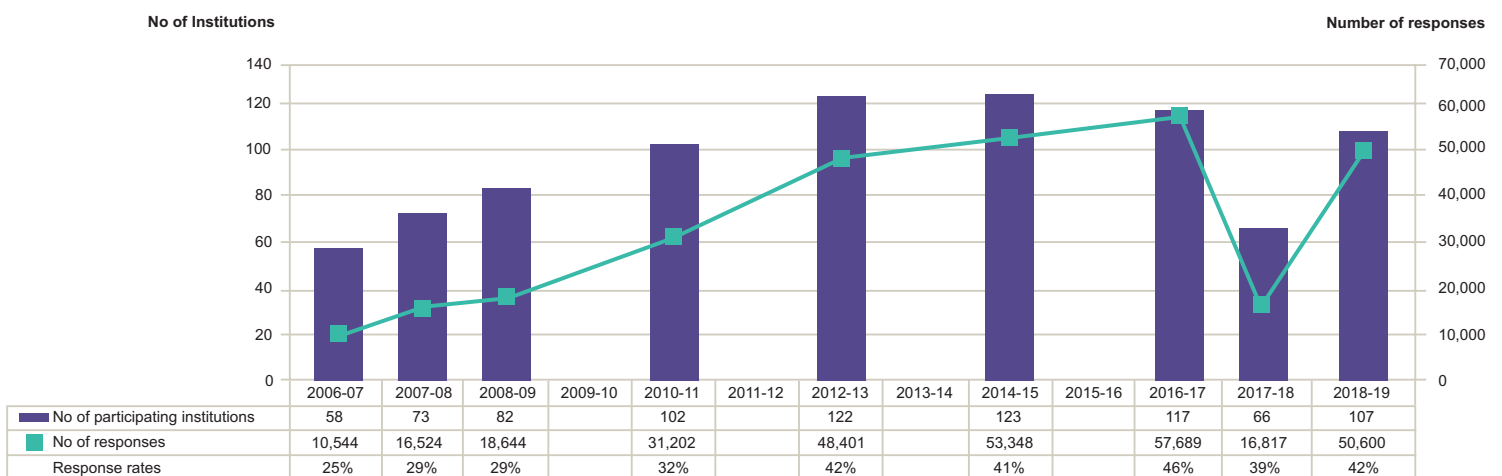
- + Three student surveys have been developed with the sector, to support the continuous improvement of students' academic experience. The surveys provide HE providers with valuable insights into how the undergraduate and postgraduate academic experience at their institution compares with that of others. They enable providers to identify opportunities to target or accelerate change so students get the most from their studies. The results of all of the individual institutions are aggregated to provide indications of trends within the sector.

Postgraduate Taught Experience Survey (PTES)



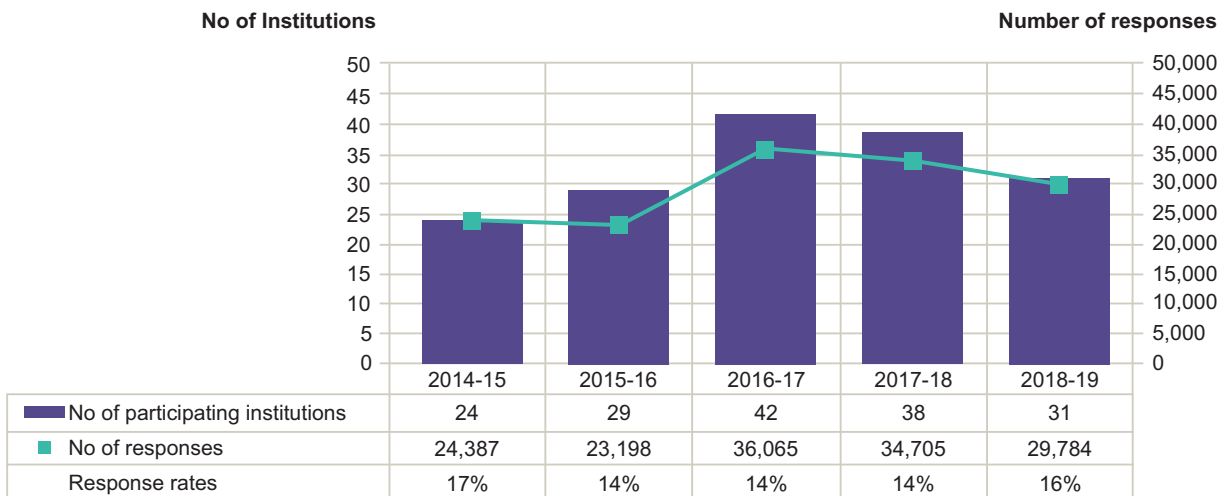
- + PTES shows that eight out of 10 postgraduate students taking a taught course report continued satisfaction. The results also show that institutions face a challenge to increase the relatively low overall satisfaction reported by postgraduate taught students from Asian, mixed and other backgrounds.

Postgraduate Research Experience Survey (PRES)



- + Previously held once every two years PRES was piloted annually for the first time in 2017-18. The results highlights that postgraduate researchers are positive about their experience despite high levels of anxiety.

UK Engagement Survey (UKES)



- + UKES continues to provide an alternative to other undergraduate surveys with its unique insights on students' academic experiences. This year it shows that while levels of students' engagement are high, they have plateaued. It also highlights the untapped potential of black students.

"What the UKES offers is a counterpoint to the discourse about reputation and satisfaction, to really focus more on matters of teaching and learning."

Alex McCormick, Senior Associate Director of CPR, NSSE Director, Indiana

Bespoke Consultancy and Enhancement support

- + Advance HE supports institutions to shape and deliver their strategic priorities by providing expertise and evidence-based insight – helping to build capacity and capability to improve performance for organisations, teams and individuals.
- + During 2018-19 we delivered 154 projects supporting organisations in both the UK (119) and outside of the UK (35).

Governance Effectiveness Reviews

- + Advance HE is at the forefront of providing support to boards, individual Governors and staff such as Clerks and Secretaries to improve governance effectiveness.
- + We do this through a range of programmes, events and consultancy services including Governance Effectiveness Reviews. During 2018-19 we supported over 800 Governors across the UK and Ireland, and undertook 16 Governance Effectiveness Reviews.

4. Accrediting and celebrating success

Teaching and Learning Accreditation

- + We accredit HE providers' initial and continuing professional development (CPD) programmes against the UK Professional Standards Framework (UKPSF). This enables individuals who have successfully completed an accredited programme to be awarded professional recognition at the appropriate Fellowship category.
- + A total of 167 (compared to 146 in 2017-18) providers are now accredited (both credit-bearing and CPD provision), with 142 institutions having a CPD scheme accredited by Advance HE (compared to 140 in 2017-18). This includes 20 HE providers (compared to 12 in 2017-18) located outside the UK in Australia, Bahrain, Kenya, New Zealand, Spain, Thailand, Turkey, United Arab Emirates, and USA.

A review of accredited CPD schemes found that such schemes are continuing to increase the status of teaching. 78% of respondents reported evidence of “concrete systemic change” within their institution as a result of the CPD scheme, including job specifications and recruitment documentation incorporating Fellowship as an explicit requirement.

25% of schemes report a positive impact on students' experiences as evidenced in evaluations, improved National Student Survey (NSS) scores and student-led awards.

Annual Review of HEA accredited CPD schemes 2015-16 by Dr Ruth Pilkington, March 2017

Athena SWAN

- + Advance HE's Athena SWAN Charter was established in 2005 to encourage and recognise commitment to advancing the careers of women in science, technology, engineering, maths and medicine, in higher education and research.
- + In May 2015, the charter was expanded to recognise work undertaken in arts, humanities, social sciences, business and law, and in professional and support roles, and for trans staff and students. The charter now recognises work undertaken to address gender equality more broadly, and not just barriers to progression that affect women.
- + At the end of 2018-19 there were 132 Athena SWAN participating higher education members in total, across both UK and Ireland, with 107 of these holding an institutional level award. This is in addition to a further 30 Research Institutes who participate in the Charter.
- + Recent research (An Impact Evaluation of the Athena SWAN Charter by Ortus Economic Research and Loughborough University, April 2019) has highlighted the positive impact of the charter including:
 - 70% of higher education providers in the UK have engaged with the Athena SWAN Charter. (The majority of those that have not engaged are speciality arts schools.)
 - The charter is most effective as a tool to ensure that practices and policies present no disadvantage to any member of staff or student, targeting cultural change.
 - 93% of 'champions' believe that the charter has had a positive impact on gender issues in their university, department or research institute.
 - 78% believed the charter had a positive impact on equality and diversity issues.
 - 78% believed the charter had a positive impact on the career progression of women.

Race Equality Charter

- + The Race Equality Charter (REC) aims to improve the representation, progression and success of Black minority ethnic staff and students within higher education. Member institutions develop initiatives and solutions for action, and can apply for a Bronze or Silver REC award, depending on their level of progress.
- + At the end of 2018-19 there were 56 REC members of which 12 hold an institutional level award (an increase from 48) and 10 award holders in 2017-18.

Fellowship

Fellowship demonstrates a personal and institutional commitment to professionalism in teaching and learning in higher education. Across four categories, from Associate to Principal Fellowship, Fellowships are widely recognised within the UK and increasingly around the world.

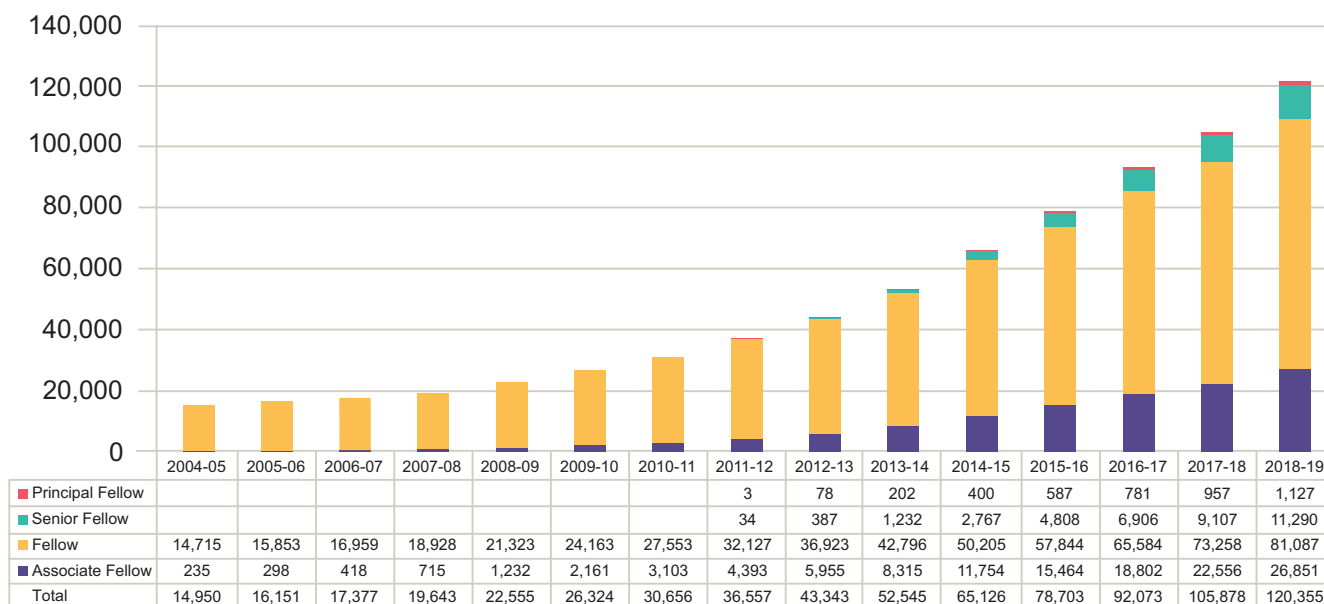
The Fellowship community continues to grow rapidly as more institutions and individuals seek to benchmark their practice independently.

- + Over 120,000 Fellowships awarded (over all categories), and over 80,000 Fellows (recognised against descriptor 2 of the UKPSF);
- + A 14% increase in total number of Fellows at the end of July 2019 compared to this time last year as a result of 14,477 new individuals gaining Fellowship;
- + Over 5,600 Fellows employed outside the UK, with over 2,500 based in Australia (top ten countries outside the UK with Fellows listed below).

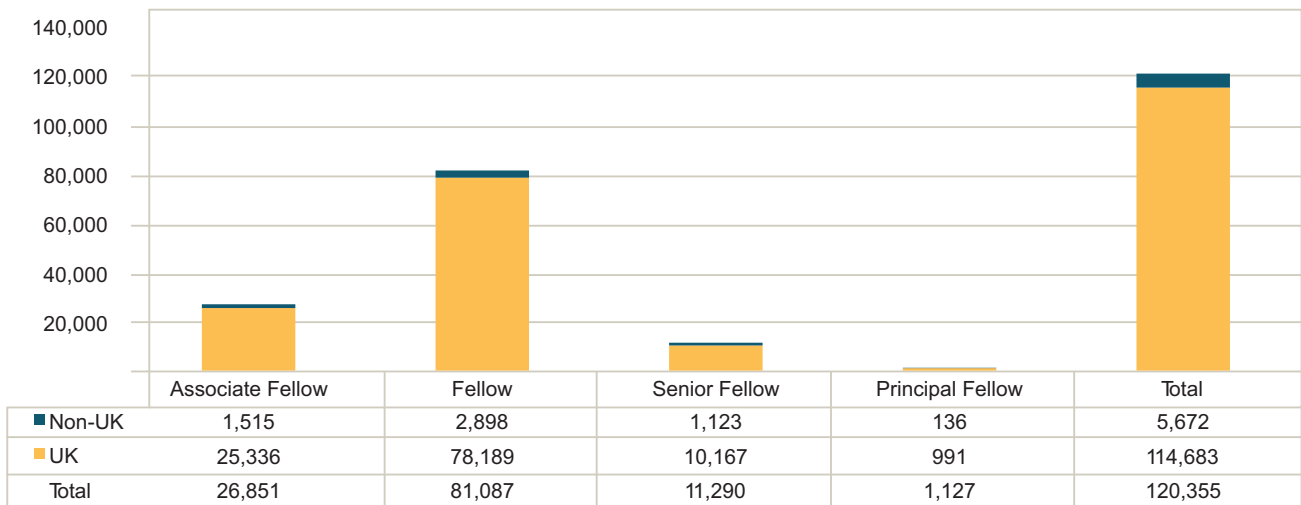
82% of those surveyed agreed that achieving Fellowship is a marker of esteem and a good example to colleagues and 79% reported that applying for Fellowship was a valuable opportunity to reflect on their practice.

Survey of Fellows undertaken in October 2016, awarded Fellowship in previous 3 years.

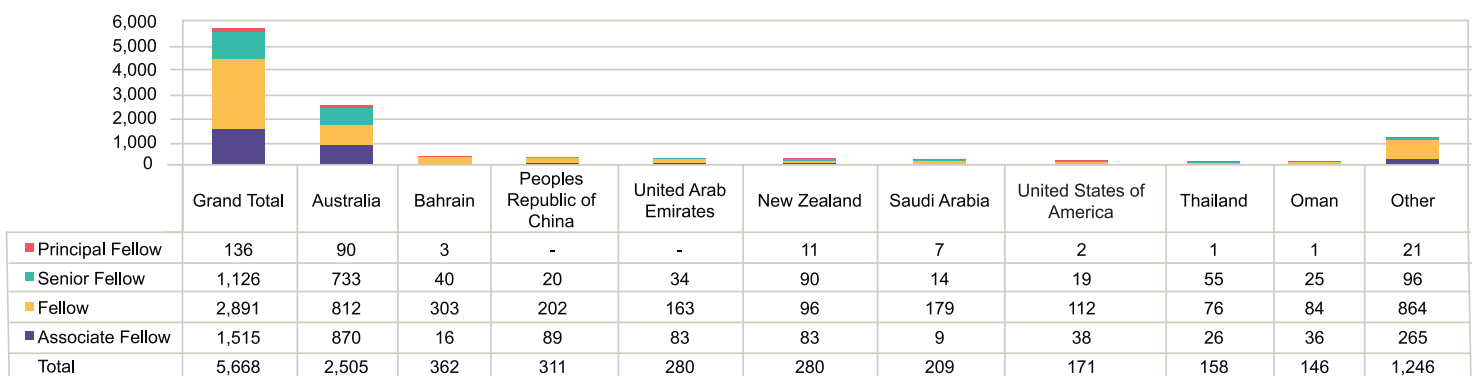
Fellowship Numbers (as at 31 July 2019)



Fellowship Numbers by Fellowship Category (as at 31 July 2019)



Non-UK Fellows Main Employer — Top Ten Countries (as at 31 July 2019)



Teaching Excellence Awards

- + The National Teaching Fellowship Scheme (NTFS) celebrated and recognised 54 individuals in 2018-19 who made an outstanding impact on student outcomes and the teaching profession in higher education.
- + The Collaborative Award for Teaching Excellence (CATE) recognised and rewarded 15 teams for their collaborative work that has had a demonstrable impact on teaching and learning.

5. Developing People

Advance HE Connect

- + Advance HE launched a new digital platform, Advance HE Connect, where higher education staff can share resources, ideas and research, as they connect with other practitioners to form online global communities. Advance HE Connect was launched on the 20 May and by 31 July already had over 12,000 users registered on the site.
- + Advance HE Connect has also awarded more than £30,000 in grants to teams to create new communities and content on the platform:
 - 31 projects have shared £33,500 of the Networks On-Boarding Grant.
 - Spanning a variety of interest areas including STEM, Arts and Humanities, student and staff engagement and health and wellbeing, nine of the grant awards are specifically focussed on subject areas. Groups such as 'Authentic Learning for Global Citizenship', 'Student Mental Health Educational Analytics' and the 'Invisible College: A community for creative pedagogy' have also received funding to coordinate and grow their networks.
 - Successful applications for the grants have demonstrated how they will use Advance HE Connect to develop subject and thematic community connections, share resources and encourage cross-sector collaboration. Those awarded the funding are expected to populate the network with topics for discussion, create resources, produce collaborative projects or events, interact with members and monitor the forums and live feed until the end of the 2019-2020 academic year.

Governance Support

- + Advance HE continues to support, Chairs, Governors and governance professionals through a number of dedicated skills development programmes, topical events, bespoke services and its resource library.
- + We had 577 participants attend our 20 governance events during 2018-19 and our free Governance news alert has over 2,800 subscribers.
- + Governance services have been designed and delivered in close collaboration with a wide range of sector partners, including the Committee of University Chairs, Universities UK (UUK), GuildHE, the National Union of Students, the Quality Assurance Agency, and the Association of Heads of University Administration.

Leadership Development Programmes

- + Advance HE continues to support institutions to develop talent, and works with aspiring and established leaders to develop their skills, creating innovation through personal and organisational change. The programme and events team support the delivery of open access programmes and events, in-house programmes and workshops and individual executive coaching assignments.

- + Excluding Aurora, a total of 318 people attended one of our 20 leadership development programmes and events.
- + Aurora is a unique initiative bringing together leadership experts and higher education institutions to take positive action to address the under-representation of women and those who identify as women in leadership positions in the sector. During 2018-19 it received its largest participation to date, welcoming 1,282 women to the programme, from over 115 institutions. Over the past six years 5,898 women from over 175 institutions across the UK and Ireland have participated.
- + We engaged with 99 institutions to deliver 138 leadership programmes and workshops in-house with a good mix of repeat and new clients. We also delivered 11 executive coaching assignments.
- + Our funder commissioned activity, supported by funding from the OfS, Department for Education, and HEFCW included the commissioning of a second cohort of the Wales Higher Education Executive Leaders Programme finishing in the autumn of 2020 and a DfE project to take over, manage and develop the Safe Campus Communities website from UUK.

Individual CPD support

- + Working with the sector, the Professional Learning Curve provided training and development opportunities for staff throughout their careers. From 1-day master-classes to 6-month programmes, approaches included mentoring, action learning sets and peer support to aid formal, informal and experiential learning.
- + Individuals were supported with the practical tools and skills to meet the needs of their students and institution in their roles. Programmes were also adapted and delivered as bespoke events to address a specific institution's needs.
- + In 2018-19, Advance HE held over 170 events (2017-18, 140), with over 5,600 participants (2017-18, 5,400).

“The value of TMP went well beyond the programme content. I found the positive and constructive atmosphere particularly beneficial as it encouraged open and honest discussions, where even a negative story can be positive because it's used constructively as a learning opportunity. I thoroughly recommend TMP for future strategic leaders.”

Professor Rudolf Allemann, Pro Vice-Chancellor and Head of College of Physical Sciences and Engineering
Cardiff University

Blog posts

- + Advance HE published 287 blog and news posts in 2018-19 helping to share knowledge and insights across the HE sector.

Financial overview

For the financial year ended 31 July 2019 there was a total operating surplus of £1,090k compared to a total operating surplus in 2017-18 of £1,239k. (The operating surplus for 2018-19 being before the USS Pension movement and merger related expenditure and for 2017-18 before the USS Pension movement, merger related expenditure and transfers in to income).

Operating income and expenditure increased during the year compared to 2017-18 due to 2018-19 being the first full accounting year of Advance HE.

The annual pension liability adjustment incorporating the deficit reduction plan for the USS Pension scheme resulted in an increase to the provision for the extra employer pension contributions required over the life of the plan, by a total of £2,253k (2017-18, £371k). This in turn has reduced the reserves but has no immediate impact on the cash position or on financial risk.

The financial results for the year are summarised below:

	2019	2018	Change	
	£000	£000	£000	%
Total Operational Income	15,551	12,609	2,942	23.3
Total Operational Expenditure	(14,461)	(11,370)	(3,091)	(27.2)
Total Operating Surplus/(Deficit)	1,090	1,239	(149)	(12.0)
Income (merger related transfers)	-	2,648	(2,648)	-
Post-merger related expenditure	(315)	(1,306)	991	75.9
USS Pension adjustment	(2,253)	(371)	(1,882)	(507.3)
Total reported (Deficit)/Surplus	(1,478)	2,210	(3,688)	(166.9)

Total Income

Advance HE generated income of £15,551k (2017-18, £12,609k) via a number of activities including:

- + Institutional memberships (within the UK and International);
- + Programme, events and conferences;
- + Individuals applying for HEA Fellowship through direct recognition based on their experience;
- + Staff development and change programmes including open and bespoke programmes;
- + Consultancy services for a number of Higher Education Institutions and Government bodies both within the UK and internationally;
- + Funding body grants.

Within 2017-18 there was also income of £2,648k in respect of the transfer of net assets from the Equality Challenge Unit and the Leadership Foundation for Higher Education relating to the merger on 31 March 2018.

Operational Expenditure

Total operational expenditure during the year was £14,461k (93% of income).

	2019	2018	Change	
	£000	£000	£000	%
Staff costs	7,250	5,536	1,714	31.0
Other operating expenses	7,099	5,689	1,410	24.8
Depreciation	57	94	(37)	(39.4)
Interest and other finance costs	55	51	4	7.8
Total Expenditure	14,461	11,370	3,110	27.4

Significant expenditure

In addition to the operational expenditure, there was significant expenditure incurred during 2018-19 through the Income and Expenditure Account of £315k which includes post-merger related expenditure for recruitment of staff to the new organisation's operating model, IT/IS for single infrastructure and systems, the move into the single London office location (from two London locations) and Trustee run-off insurance. The expenditure in 2017-18 was a total of £1,306k.

Balance sheet and liquidity

Total Reserves at 31 July 2019 are £3,287k (2017-18, £4,765k). This includes Restricted Reserves of £31k (2017-18, £129k) and includes a USS Pension liability of £3,649k (2017-18, £1,363k).

Excluding the USS Pension (which is not an immediate significant cash liability but is one that could impact on cash in the unlikely event of the liability crystallising), the Total Reserves are £6,938k (2017-18, £6,128k).

Cashflow

	£000
Cash at bank and in hand at 1 August 2018	10,866
Deficit for the year	(1,478)
Adjustment for non-cash movements included in surplus	57
Adjustment for changes in working capital	2,113
Capital expenditure	(529)
Net cash movement	163
Cash at bank and in hand at 31 July 2019	11,029

There was a net inflow of cash of £163k (2017-18, inflow of £4,259k) leaving Advance HE with a cash position of £11,029k at the year-end. The larger inflow of £4,259k in 2017-18 was due to the transfers of net assets into Advance HE from the Equality Challenge Unit and the Leadership Foundation for Higher Education following the merger.

Future plans

In 2019-20, Advance HE will be continuing to review its services to ensure they meet members' needs. This will include implementing the recommendations from the Athena SWAN review; commencing a review of the Race Equality Charter (REC) and undertaking our annual review of the programme and event portfolio to ensure they are relevant for the modern needs of HE and the priorities of our members. We will also be commencing a review of the UK Professional Standards Framework the outcomes of which will be launched in 2020-21.

One of Advance HE's main areas of focus will be further developing its consultative approach that is focused on helping our members to address the issues that matter most to them. This will be achieved through our Strategic Advisory Groups who will actively shape Advance HE's activity and the future direction of the organisation. We will be working hard across Advance HE to deliver the new member benefits, ensuring that members and those who work at member institutions get real value and support from these, and that they can take learnings and insight to make an impact within their institutions.

Following demand from our members 2019-20 will see Advance HE launch some new development opportunities, the new 'Women in HE' conference, as well as Top Management Programme in Higher Education Australia and New Zealand. We will also be pushing forward Advance HE Connect ensuring that it develops vibrant communities that can share connect and collaborate across the world, learning from different perspectives and experiences.

Towards the end of the year we will be launching our strategy that will guide our work and over the coming years, ensuring we continue to provide valuable support to our members and help HE shape its future.

Going concern

The Board has received reports on financial and non-financial indicators which are of significance to longer term financial sustainability.

After considering these factors, the Board has also approved the business plan, financial forecasts and the required reserve levels and is satisfied that Advance HE will operate in a financially sustainable manner. The Board will monitor the direct and indirect impact of Brexit in 2019-20. The Board considers that Advance HE has sufficient resources to continue in operational existence for at least but not limited to the 12 months from the date these statutory accounts are signed and continues to adopt the 'going concern' basis in preparing the statutory accounts.

The Trustees annual report has been approved by the Board on 10 December 2019 and signed on its behalf by:



Sir Nigel Carrington (Chair)



Alison Johns (Chief Executive)
10 December 2019

Corporate Governance and Internal Control Statement

Advance HE is a registered charity and was incorporated as a company limited by guarantee on 14 October 2003. Advance HE is committed to demonstrating best practice in all aspects of corporate governance, following good practice guidance relevant to its status. This summary describes the manner in which Advance HE has applied this guidance. Its purpose is to help the reader of the accounts understand how the principles have been applied.

Advance HE endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). These are known as the Nolan Principles.

Board of Directors

Sir Nigel Carrington continued as Chair of the Advance HE Board in 2018-19.

The Board of Directors, which meets formally four times a year, is responsible for Advance HE's long-term strategy and objectives and for providing overall financial and organisational control. In this role it brings independent judgement to issues of strategy, performance, resources and standards of conduct.

In order to monitor and scrutinise progress, the Board is provided with regular and timely information on the overall financial performance of Advance HE together with other information such as performance against targets, and proposed capital expenditure.

The Company Secretary maintains a register of financial and personal interests of the directors and trustees. The register is available for inspection at the registered office. All directors/trustees are able to take independent professional advice in furtherance of their duties at Advance HE's expense and have access to the Company Secretary, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment and removal of the Company Secretary are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to directors/trustees in a timely manner, prior to Board meetings.

The Board has an independent non-executive membership. The Board considers that each of its members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Chief Executive are held by separate individuals.

The Chair is responsible for leading the Board and ensuring its effectiveness.

The Chief Executive is the head of Advance HE and has a general responsibility to the Board for the organisation, direction and management of Advance HE. The Board is responsible for the appointment and removal of the Chief Executive.

Any new appointments to the Board are a matter for the consideration of the Board as a whole.

The Board conducts its business through a number of committees: Finance, Audit and Risk Governance and Nominations, Remuneration; and Equality, Diversity and Inclusion. Each committee has terms of reference, reviewed annually and approved by the Board. The decisions of these committees are formally reported to the Board.

Governance and Nominations Committee

The Governance and Nominations Committee meets at least once a year and was chaired by Sir Nigel Carrington. A further four Board Directors comprise the committee, two of whom are representatives of UUK and GuildHE. The committee is responsible for the selection and nomination of any new member for the Board's consideration.

Audit, Finance and Risk Committee

The Audit Committee meets at least four times a year and was chaired by Mr Stephen Marston. The committee is comprised of up to five members, two of whom if the committee considers it necessary for particular skills and experience can be co-optees. In addition, the external auditors attend two of the three committee meetings. The committee is responsible for advising the Board on the following key issues:

Audit and Risk

- + reviewing the integrity of the financial statutory statements and work of the external auditors prior to recommending the approval of the annual accounts;
- + reviewing the effectiveness of internal control and risk management arrangements;
- + the extent to which satisfactory arrangements are in place to promote value for money through economy, efficiency and effectiveness;
- + to review the effectiveness and independence of the external auditors and ensuring the appropriate implementation of recommendations.

Financial matters

- + consideration and formulation of the finance planning for the organisation, including the recommendation of an annual budget and medium-term financial forecast;
- + the financial health and solvency of Advance HE, including the safeguarding of its assets;
- + oversight of key financial policies and frameworks including the financial regulations .

At least once a year, the external auditors meet the committee for independent discussion, without the presence of management.

The Audit Committee will advise the Board on the appointment of external auditors and their remuneration for both audit and non-audit work. It has delegated authority to appoint internal auditors and set their terms of engagement.

Remuneration Committee

The Remuneration Committee meets at least once a year and was chaired by Professor Janice Kay. The committee comprises the Chair of the Board, Vice-Chair, Chair of Audit, Finance and Risk Committee and one other Board Director. The committee has delegated authority to review the performance of the Chief Executive and other senior post holders appointed by the Board and to set the remuneration and conditions of service (including any severance arrangements) for all senior post holders, with particular responsibility to represent the public interest.

Equality, Diversity and Inclusion Committee

The Equality, Diversity and Inclusion Committee was chaired by Professor Geoff Layer and meets four times per year. The committee has six members including a further two Board members on the committee and if it chooses three co-opted members for particular expertise from outside the membership of the Board of Directors. It has responsibility for providing the strategic direction on all aspects of Advance HE's EDI work.

All Board committees operate in accordance with written terms of reference which outline their responsibilities in more detail and are reviewed annually and approved by the Board.

Internal control

Scope of responsibility

The Board is ultimately responsible for Advance HE's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, not absolute assurance, against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Chief Executive for maintaining a sound system of internal control that supports the achievement of Advance HE's policies, aims and objectives while safeguarding the funds and assets for which they are responsible. The Chief Executive is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Capacity to handle risk

The Board has reviewed the key risks to which the Advance HE is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. In the opinion of the Board, a formalised process for identifying, evaluating and managing the Advance HE's significant risks has been in place throughout the year and up to the date of approval of the annual report and accounts, and a process for identifying, evaluating and managing operational risks has been developed.



Sir Nigel Carrington (Chair)



Alison Johns (Chief Executive)
10 December 2019

Trustees' responsibilities statement

The Directors and Trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors and trustees to prepare statutory accounts for each financial year. Under that law, the directors and trustees prepare the statutory accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the directors must not approve the statutory accounts unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Advance HE for that period. In preparing these statutory accounts, the directors are required to:

- + Select suitable accounting policies and then apply them consistently;
- + Make judgements and accounting estimates that are reasonable and prudent;
- + State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- + Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Advance HE will continue in operation;
- + Safeguard the assets of the organisation and take reasonable steps for the prevention and detection of fraud and other irregularities.

Directors and trustees must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, directors and trustees are responsible for securing economical, efficient and effective management of Advance HE's resources and expenditure.

The Directors confirm that:

- + So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware;
- + The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board



Sir Nigel Carrington (Chair)
Company No. 04931031
10 December 2019

Independent Auditor's Report to the members of Advance HE

Opinion

We have audited the financial statements of Advance HE for the year ended 31 July 2019 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and the related notes. 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 2019 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. 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 charitable company 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.

Who we are reporting to

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under 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 and trustees 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 its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- + the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- + the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, set out on pages 5 to 17 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- + The Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 Strategic Report and Trustees' Annual Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- + proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- + the financial statements are not in agreement with the accounting records and returns; or

- + certain disclosures of trustees' remuneration specified by law are not made; or
- + we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 24, 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 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.



Peter Edwards
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

10 December 2019

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of principal accounting policies

Company information

Advance HE is a registered charity and company limited by guarantee. The registered office is Innovation Way, York Science Park, Heslington, York, YO10 5BR. The country of incorporation is England.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015, the Companies Act 2006, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). Advance HE is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Recognition of income

Grant funding

Where grant funding receivable from the funding bodies represents the funding allocation attributable to the current financial year, it is recognised in the income and expenditure accounts.

Institutional memberships

Institutional Memberships are recognised over the period to which they relate.

Other income

Income from specific grants, contracts and other services is accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Grants made

Where grants made are not utilised, a claw-back is recognised as a debtor in the balance sheet. The associated grant income is then deferred until the original conditions for its receipt have been complied with.

Pension schemes

Advance HE participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual organisations/institutions and a scheme-wide contribution rate is set. Advance HE is therefore exposed to actuarial risks associated with other organisations'/institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", Advance HE therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since Advance HE has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, Advance HE recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Tangible fixed assets

Tangible assets are capitalised where they are capable of being used for a period that exceeds one year. Laptops, desk top computers, and servers are capitalised, irrespective of cost. All other equipment (excluding computer software and licences), furniture and fittings are capitalised at cost where the aggregated or individual cost is £1,000 or more.

Intangible assets

Intangible assets are capitalised where they are capable of being used for a period that exceeds one year.

Assets under construction

Intangible assets under construction include a single Advance HE CRM, customer portal and a single internal IT infrastructure.

Depreciation

All tangible fixed assets are depreciated on a straight line basis over their useful economic life as follows:

Leasehold improvements	-	over the period of the lease
Equipment	-	three years
Computer equipment	-	three years
Office equipment	-	three years
Furniture and fittings	-	five years

Amortisation

Intangible assets transferred from ECU have been fully amortised over 2018-19. 2018-19 purchased intangible assets are amortised over their estimate useful life from the date of utilisation.

Advance HE website	-	four years
Advance HE IT/IS infrastructure	-	four years

Leased assets

Costs in respect of operating leases are charged to expenditure on a straight-line basis over the lease term.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Advance HE has no significant exposure to cashflow interest rate risk as it does not have any loans or interest charging facilities in place.

Provisions

Provisions are recognised when Advance HE has a present financial obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of its value.

Contingent liabilities

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Post Balance Sheet events

Post Balance Sheet events are categorised into adjusting and non-adjusting that occur between the end of the reporting period and the date when the financial statements are approved.

Post Balance Sheet adjusting events are those where there is evidence of a condition(s) that exist at the end of the reporting period and are disclosed within the accounts. These can be favourable and/or unfavourable.

Post Balance Sheet non-adjusting events are those where there are indicative conditions that have arisen after the end of the reporting period and are disclosed by way of a note. These can be favourable and/or unfavourable.

Taxation

Advance HE is a charity within the meaning of schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of section 467 Corporation Tax Act 2010 (CTA 2010).

Accordingly, Advance HE is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11 of CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

Advance HE receives no similar exemption in respect of Value Added Tax.

Reserves

During the year Advance HE's reserves policy was reviewed with the target level of unrestricted reserves of three months of expenditure being maintained. The aim is that this will be increased to a six month position in the future. This policy allows directors to meet their obligations under the Companies Act and to comply with Charity Commission guidance.

The impact of the increased USS pension liability provision has materially decreased the amount of general reserves of Advance HE. Accordingly the current reserves policy and target are maintained, but with the liability for the pension added back to general reserves (as representing liabilities predominantly due after one year). Performance against the target is disclosed and measured both before and after this adjustment. These are shown in note 24.

Advance HE will require investment for building the newly merged organisation's systems and developing new products and services that will partly draw from general reserves over the course of the next three years that relate to post merger related expenditure and development.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

The organisation only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Statement of financial activities (incorporating the income and expenditure account) for the year ended 31 July 2019

	Notes	Restricted £000	Unrestricted £000	Total 2019 £000	Total 2018 £000
Income					
Funding body grants	2	128	773	901	913
Other income	3	-	14,602	14,602	11,664
Investment income	4	-	48	48	32
Transfer of net assets from ECU		-	-	-	77
Transfer of net assets from LFHE		-	-	-	2,571
Total income		128	15,423	15,551	15,257
Expenditure					
Staff costs	5	(86)	(7,164)	(7,250)	(5,536)
Other operating expenses	7	(140)	(6,959)	(7,099)	(5,689)
Depreciation and Amortisation	9, 10	-	(57)	(57)	(94)
Interest and other finance costs	8	-	(55)	(55)	(51)
USS Pension annual adjustment	7	-	(2,253)	(2,253)	(371)
Merger related costs	7	-	(315)	(315)	(1,306)
Total expenditure		(226)	(16,803)	(17,029)	(13,047)
(Deficit)/surplus for the period		(98)	(1,380)	(1,478)	2,210
Fund balances brought forward		129	4,636	4,765	2,555
Fund balances carried forward		31	3,256	3,287	4,765

The income and expenditure account is in respect of continuing activities for the Advance HE.

There were no gains and losses other than those reported in the income and expenditure account.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet as at the 31 July 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	9	301	29
Intangible assets	10	<u>222</u>	<u>22</u>
		<u>523</u>	<u>51</u>
Current assets			
Debtors	11	5,257	5,201
Cash at bank and in hand		<u>11,029</u>	<u>10,866</u>
		<u>16,286</u>	<u>16,067</u>
Creditors: amounts falling due within one year	12	(9,762)	(9,899)
		<u>6,524</u>	<u>6,168</u>
Net current assets		<u>6,524</u>	<u>6,168</u>
Total assets less current liabilities		<u>7,047</u>	<u>6,219</u>
Provisions for liabilities	13,26	<u>(3,760)</u>	<u>(1,454)</u>
NET ASSETS		<u><u>3,287</u></u>	<u><u>4,765</u></u>
Reserves			
Income and Expenditure reserve	24	3,256	4,636
Restricted reserves	14	31	129
TOTAL RESERVES		<u><u>3,287</u></u>	<u><u>4,765</u></u>

The financial statements on pages 35 to 50 were approved by the Board on 10 December 2019 and were signed on its behalf by:



Sir Nigel Carrington (Chair)

Advance HE

Company number 04931031

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of cashflows for the year to 31 July 2019

	Notes	2019	2018
		£000	£000
Cash flows from operating activities	15	699	4,292
Cash flows (used in)/from investing activities	16	(7)	14
Cash flows used in financing activities	17	<u>(529)</u>	<u>(47)</u>
Change in cash and cash equivalents in the reporting period		<u>163</u>	<u>4,259</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year	18	163	4,259
Movement in net funds in the year		163	4,259
Cash and cash equivalents at the beginning of the reporting period		<u>10,866</u>	<u>6,607</u>
Cash and cash equivalents at the end of the reporting period		<u><u>11,029</u></u>	<u><u>10,866</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. The items in the financial statements where these judgements, estimates and assumptions have been made include:

Pension Scheme

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Provision for doubtful debts

All debts over 90 days were reviewed and a judgement made as to the level of provision required on a case by case basis.

2. Funding body grants

	2019 £000	2018 £000
Office for Students	-	640
Scottish Funding Council	491	171
Higher Education Funding Council for Wales	147	44
Department for Employment and Learning	-	15
Higher Education Authority, Ireland	122	43
Other	141	-
	901	913

3. Other income

	2019 £000	2018 £000
Institutional memberships	7,105	5,992
Other income	7,497	5,672
	<u>14,602</u>	<u>11,664</u>

4. Investment income

	2019 £000	2018 £000
Interest receivable	48	32
	<u>48</u>	<u>32</u>

5. Staff

	2019 £000	2018 £000
Staff costs		
Wages and salaries	5,709	5,622
Social security costs	591	514
Pension costs	950	772
Movement on USS provision	2,253	(297)
	<u>9,503</u>	<u>6,611</u>

Severance payments made in relation to the merging of entities during 2018-19 and included above are £12k (2017-18, £705k).

Emoluments of the Chief Executive:

	2019 £000	2018 £000
Salary	145	149
Performance related	-	18
Benefits in kind	-	1
Pension Contributions	27	12
Total emoluments	<u>172</u>	<u>180</u>

There was one Chief Executive who served during 2018-19. During 2017-18 there were three Chief Executives reflecting their services in the individual pre-merger organisation of the Higher Education Academy and then within Advance HE post-merger, prior to the restructuring. The emoluments of the three Chief Executives who served during 2017-18 have been combined and represented accordingly in the 2017-18 figures above and reflect the length of service with Advance HE as the single organisation.

The number of higher paid post-holders who received emoluments, excluding pension contributions in the following ranges was:

	2019 £000	2018 £000
£60,000 to £64,999	14	4
£65,000 to £69,999	1	1
£70,000 to £74,999	2	-
£75,000 to £79,999	1	-
£80,000 to £84,999	-	3
£85,000 to £89,999	2	-
£100,000 to £104,999	1	1
£145,000 to £149,999	1	-
	<u>22</u>	<u>9</u>

The increase within the above 2019 numbers reflects the full year of the merged organisation.

The average number of persons employed by Advance HE during the year, by major category, expressed as full-time equivalents was:

	2019 No.	2018 No.
Operations	103	74
Marketing	12	9
Overheads	24	27
	<u>139</u>	<u>110</u>

6. Key management personnel

The key management personnel of the organisation comprises those persons having authority and responsibility for planning, directing and controlling the activities of Advance HE and comprises all members of the Chief Executive's Group of Advance HE. The total employee benefits of the key management personnel were £892k (2017-18, £780k). The remuneration of the key management personnel is determined by the Remunerations Committee.

Directors and Trustees

No trustees received any payment for their duties other than reimbursement of travel and subsistence expenses incurred in the course of their duties. Claimants have been reimbursed a total of £166 during the year.

Related party transactions are reported in note 24 to the financial statements.

7. Other operating expenses

	2019 £000	2018 £000
Operational costs	4,114	3,213
Indirect staff costs	58	45
Rent and rates	792	501
Travel and subsistence	820	706
Postage, printing, stationery and telephone	146	163
Professional fees	144	107
Office equipment and computer maintenance	438	309
General expenses	49	89
Public relations and marketing	469	514
Recruitment costs	69	42
Merger related costs	315	231
USS Pension annual adjustment	2,253	371
	<u>9,667</u>	<u>6,291</u>

	2019 £000	2018 £000
Other operating expenses include:		
Auditor's remuneration		
- External auditor's remuneration in respect of audit services	34	31
- External auditor's remuneration in respect of non-audit services	-	11
Hire of buildings – operating leases	<u>609</u>	<u>382</u>

8. Interest and other finance costs

	2019 £000	2018 £000
Bank charges	21	33
Finance cost of USS pension	34	18
	<u>55</u>	<u>51</u>

9. Tangible fixed assets

	Leasehold Improvements £000	Computer equipment £000	Office Equipment £000	Fixtures & fittings £000	Total £000
Cost					
Opening balance	10	824	7	462	1,302
Additions	141	59	45	57	302
Disposals	-	102	-	-	102
At 31 July 2019	151	781	52	519	1,502
Depreciation					
Opening balance	3	709	7	453	1,171
Charge for the year	7	17	1	5	30
Disposals	-	-	-	-	-
At 31 July 2019	10	726	8	458	1,201
Net book value					
At 31 July 2019	141	55	44	61	301
Net book value					
At 31 July 2018	7	13	-	9	29

10. Intangible Assets

	CRM System under construction £000	Computer system £000	Total £000
Cost			
Opening balance	-	33	33
Additions	139	88	227
Disposals	-	-	-
At 31 July 2019	139	121	260
Amortisation			
Opening balance	-	11	11
Charge for the year	-	27	27
Disposals	-	-	-
At 31 July 2019	-	38	38
Net book value			
At 31 July 2019	139	83	222
Net book value			
At 31 July 2018	0	22	22

11. Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade Debtors	4,464	4,245
Other debtors	170	85
	4,634	4,330
Deferred costs	64	86
Prepayments	310	382
Accrued income	249	403
	5,257	5,201

12. Creditors: amounts falling due within one year

	2018 £000	2018 £000
Trade creditors	486	752
Other tax and social security	206	459
Accruals and Deferred Income	9,070	8,688
	9,762	9,899

13. Provisions for liabilities

	Obligation to fund past deficit on USS pension £000	Office dilapidations £000	Total £000
As at 1 August 2018	1,363	91	1,454
Charged / (utilised) in the year	2,286	20	2,306
At 31 July 2019	3,649	111	3,760

14. Restricted Funds

The funds of the charity include restricted funds comprising the following unexpended balances of grants held on trust to be applied for specific purposes:

	At 1 August 2018 £000	Income £000	Expenditure £000	At 31 July 2019 £000
Athena SWAN				
HEA Ireland	-	122	(122)	-
JRCT	5	-	(5)	-
Changing the Learning Landscape	22	-	-	22
Innovation and Transformation	10	-	(1)	9
Funder commissioned	92	6	(98)	-
	129	128	(226)	31

15. Reconciliation of consolidated operating (deficit)/surplus to net cash flow from operating activities

	2019 £000	2018 £000
(Deficit)/surplus for the year	(1,478)	2,210
Depreciation and Amortisation (note 9 and 10)	57	94
Decrease in debtors (note 11)	(56)	(2,896)
Decrease in creditors (note 12 & 13)	2,169	4,870
Interest receivable (note 4)	(48)	(32)
Interest payable and similar charges (note 8)	55	46
Net cash inflow from operating activities	699	4,292

16. Returns on investments and servicing of finance

	2019 £000	2018 £000
Interest receivable	48	32
Interest payable and similar charges	(55)	(46)
Net cash outflow from returns on investments and servicing of finance	(7)	(14)

17. Capital expenditure and financial investment

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Capital expenditure including intangible (note 10)	(529)	(3)
Transfer of assets from ECU & LFHE	-	(44)
Net cash outflow from capital expenditure and financial investment	<u>(529)</u>	<u>(47)</u>

18. Analysis of changes in net funds

	At 1 August 2018 £000	Cashflow £000	At 31 July 2019 £000
Cash at bank and in hand	10,866	163	11,029
Total	<u>10,866</u>	<u>163</u>	<u>11,029</u>

19. Pensions and similar obligations

The total cost charged to the profit and loss account is £2,286k (2017-18: £772k) resulting in a total provision of £3,649k.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2018 is underway but not yet complete.

Since Advance HE cannot identify its share of Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%. These figures will be revised once the 2018 Scheme Valuation is complete.

The key financial assumptions used in the 2017 valuation are described below.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Price inflation (CPI)	2.11%	2.02%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

2017 valuation

Mortality base table	<p><u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><u>Post retirement:</u> 96.5% of SAPS S1NMA “light” for males and 101.3% of RFV00 for females.</p>
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Scheme assets	£60.0bn	£63.6bn
Total Scheme liabilities	£67.5bn	£72.0bn
FRS 102 total Scheme deficit	£7.5bn	£8.4bn
FRS 102 total funding level	89%	88%

20. Capital commitments

A contracted capital commitment was in place as at 31 July 2019 for a value of £101,657 (2018: £nil) for 2019-20 activity that relates to the construction of the single Advance HE Customer Relationship Management system and customer portal.

21. Financial commitments

At 31 July 2019 Advance HE had total commitments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Future minimum lease payments due:		
Not later than 1 year	610	550
Later than 1 year and not later than 5 years	2,903	1,392
Later than 5 years	1,680	880
	5,193	2,822

There is one property with seven and a half years of a 25 year lease remaining. There is a break clause on another property with a lease terms of 10 years, in four and a half years which mitigates any risk of longer term liability.

22. Contingent liabilities

There were no contingent liabilities at 31 July 2019 (2018: £nil).

23. Related party transactions

Due to the nature of Advance HE's operations and the composition of the Board (being drawn from the higher education sector), it is inevitable that transactions will take place with organisations in which a director of the board or a member of Advance HE may have an interest. All transactions involving organisations in which a director of the Board or a member of Advance HE may have an interest are conducted at arms' length and in accordance with Advance HE's financial regulations and normal procurement procedures.

During the period there were no material transactions (neither income nor expenditure) with organisations with which any director of the Board or member of Advance HE may have an interest.

The following transactions were identified for disclosure under FRS 102: Related Party Disclosures:

Director/Trustee	Institution	Receipts from the institution £000	Payments to the institution £000	Owed from the institution £000
J Kay	University of Exeter	59	-	(11)
G Layer	University of Wolverhampton	50	-	(28)
N Carrington	London University of the Arts	4	-	-
S Marston	University of Gloucestershire	42	-	(31)
C Riordan	Cardiff University	153	9	(109)
N Seaton	Abertay University	55	-	(2)
E Simmons	Nottingham Trent University	93	-	(81)
C Sayers	Northumbria University	35	5	(6)
N Arnold	St George's University, London	12	-	-
S Parrett	London South East Education Group	-	-	-
H Higson	Aston University	140	-	(108)
H O'Sullivan	Keele University	73	14	(22)
S Qureshi	SAE Institute	-	-	-
C Cobb	University of London	39	1	(14)

The amounts owed from the institutions represents invoices from prior years.

24. Reserves

	I & E reserve £000	Restricted Funds £000	Total £000
Reserves including USS Pension liability			
As at 31 July 2018	4,636	129	4,765
Deficit for the period	(1,380)	(98)	(1,478)
At 31 July 2019	3,256	31	3,287

The unrestricted reserves including the pension liability at 31 July 2019 equated to 2.7 months of operational expenditure.

	I & E reserve £000	Restricted Funds £000	Total £000
Reserves excluding USS Pension liability			
As at 31 July 2018	5,999	129	6,128
Surplus/(deficit) for the period	907	(98)	809
At 31 July 2019	6,906	31	6,937

The unrestricted reserves excluding the pension liability at 31 July 2019 equated to 5.7 months of operational expenditure.

25. Financial instruments

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
Financial assets that are debt instruments measured at amortised cost:		
Trade and other debtors	4,634	4,331
Accrued Income	249	402
	<u>4,883</u>	<u>4,733</u>
Financial liabilities measured at amortised cost:		
Trade and other creditors	<u>1,868</u>	<u>2,780</u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors

Financial liabilities measured at amortised cost comprise loans, overdrafts, trade creditors, accruals, and other creditors.

26. Post Balance Sheet events

On 16 September 2019 the USS Pension actuarial valuation as at 31 March 2018 was signed off and reported to the Trustees of USS. The results of this actuarial valuation resulted in a reduction in the net liability of the pension fund.

As a consequence, the estimated reduction for Advance HE in the long term provision is £1,442k (from the disclosed 2018-19 figure of £3,649k to £2,207k). This is a non-adjusting event and all subsequent changes to the provision will be accounted for in the 2019-20 year end statutory accounts as part of the normal annual recalculation.

27. Transfer from the Equality Challenge Unit

On 31 March 2018 the activities, together with the related assets, reserves and liabilities of the Equality Challenge Unit transferred to Advance HE at fair value. The transferred assets and liabilities are as follows:

	2018
	£000
Tangible fixed assets	10
Intangible fixed assets	33
Debtors	671
Cash at bank and in hand	785
Creditors	(1,143)
Provision for liabilities	(279)
	<u>77</u>

The above transfer comprised £25k of restricted funds and a deficit unrestricted fund balance of £91k.

28. Transfer from the Leadership Foundation for Higher Education

On 31 March 2018 the activities, together with the related assets, reserves and liabilities of the Leadership Foundation for Higher Education transferred to Advance HE at fair value. The transferred assets and liabilities are as follows:

	2018
	£000
Debtors	1,018
Cash at bank and in hand	4,054
Creditors	(2,131)
Provision for liabilities	(370)
	<hr/> 2,571 <hr/>

The above transfer comprised £413k of restricted funds and £2,158k of unrestricted funds.