

**The
Metanoia
Institute**

**Annual Report and Financial
Statements**

31 August 2019

Charity Registration Number
1050175

Company Registration Number
02918520 (England and Wales)

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Reference and administrative details Year to 31 August 2019

Trustees	Professor Ronald Parker (Chairman) Jeffrey White (Vice Chairman) Catriona Mackay Jeremy Arnott Dotun Olaleye Elizabeth Pearson
	The trustees are appointed by resolution for a term of up to four years and thereafter for three year terms for a maximum of four consecutive terms.
Company secretary	Douglas Bertram
Chief Executive Officer	Professor Sheila Owen-Jones
Head of Finance	Anita Faherty
Registered office	13 North Common Road Ealing London W5 2QB
Additional training premises	13 Gunnersbury Avenue Ealing London W5 3XD

Reference and administrative details Year to 31 August 2019

Faculty Heads

Faculty 1: Faculty of Psychotherapy and Counselling	Heather Fowle
Faculty 2: Post-Qualification and Professional Doctorates	Professor Simon du Plock
Faculty 3: Faculty of Research Strategy and Innovation	Dr Biljana van Rijn
Faculty 4: Faculty of Applied Social and Organisational Sciences	Dr Peter Pearce
Company registration number	02918520
Charity registration number	1050175
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank plc 46 The Broadway London W5 5JZ
Solicitors	Bates Wells & Braithwaite LLP 2-6 Cannon Street London EC4M 6YH

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and Administration

The Metanoia Institute ("the Institute") is a charitable company limited by guarantee and was established on 8 April 1994. It is governed by a Memorandum and Articles of Association.

Metanoia Institute's registered charity number is 1050175 and the company registered number is 02918520.

The Trustees, who are also directors of the Metanoia Institute for the purposes of the Companies Act, present their annual report and audited financial statements for the year ended 31 August 2019. These have been prepared under the provisions of the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later, and comply with the Office for Students' Accounts Direction 2018 Part B.

Governance Structure

Metanoia Institute's governance arrangements have been developed to ensure compliance and best practice is maintained across the organisation. It is recognised that good governance is essential to the maintenance of academic standards, the quality of the student learning experience and effective organisational management.

The Board of Trustees is the senior body acting with legal and strategic accountability for Metanoia Institute. The various authorities and actions pertaining to the Board of Trustees are detailed in two formal documents: the organisation's Articles of Government and Articles of Association. These include: responsibility for corporate governance, corporate performance monitoring, financial stewardship and the on-going management, appraisal and support of the Chief Executive Officer.

The work of the Board of Trustees is supported by two specialist sub-committees: the Finance, Audit and Risk Sub-Committee (FARSC) and the Staffing and Remuneration Sub-Committee (SARSC). The purpose of the FARSC is to assist the Board of Trustees in fulfilling their statutory financial responsibilities and in discharging their duties diligently and efficiently. The purpose of the SARSC is to oversee and support policies and practice in relation to Human Resources functions and to make proposals to the Board of Trustees for implementation.

At the functional level, there is a clear division of responsibility between the Executive Committee (which oversees all matters pertaining to the strategic, financial and operational management of the Institute) and Academic Board (which oversees all matters pertaining to programmes, academic and student lifecycle management as well as quality assurance and enhancement).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governance Structure (continued)

The **Executive Committee** comprises the Chief Executive Officer, the four Faculty Heads with the Director of Finance, the Head of Academic Quality (with the Registrar, Facilities Manager and Human Resources Manager), as well as other specialist staff, in attendance on an as-needs basis). Its core purposes are to enact the decisions of the Board of Trustees, to manage the Institute's day-to-day operations and to be accountable for the financial management of the Institute. Furthermore, the Executive ensures that an appropriate level of consideration is given to strategic decisions, that there is accountability for those decisions and that effective leadership of, and communication with, staff across the Institute is achieved. The key responsibilities of the Executive are to deliver the strategic and operational plans of the Institute as well as to agree policies and effect implementation to support that delivery.

The **Academic Board** comprises the Chief Executive Officer, the four Faculty Heads, the Director of Finance, the Head of Academic Quality and Registrar as well as academic staff, support staff and student representatives. Its core purpose is to act as Metanoia Institute's principal academic authority. The Academic Board guides the Institute's academic development, the setting and maintenance of threshold academic standards and the quality of the student experience, oversees quality assurance and enhancement and determines and authorises curriculum content. The Academic Board is also responsible for the development of the Strategic Plan as regards portfolio, research, learning, teaching and assessment and for overseeing the validation and review of programmes, the admission of students and all areas pertaining to academic delivery and support.

To enable the Executive Committee and Academic Board to carry out these manifold tasks, **seven sub-committees** (Clinical Ethics; Equality and Diversity; Quality and Standards; Learning, Teaching and Enhancement; Joint Staff Student; Research; Research Ethics) have been established and are operating in a deliberative context. Each sub-committee is chaired by a Faculty Head or other senior manager and comprises a broad membership of staff and student representatives that encourages robust and effective ideas-generation and decision-making throughout the Institute.

Committee servicing is jointly managed by the Executive Officer and Academic Quality Manager, with the former responsible for diarising and resourcing committee meetings and overseeing the performance of the secretariat, and the latter responsible for brokering the relationships that exist between Metanoia Institute's various committees and sub-committees and for monitoring actions required by the committees.

Vision

Metanoia Institute's Vision 2020 is to invest in the life of individuals, organisations and communities through excellence in training, practice and research in the psychological therapies.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Mission

Metanoia Institute's Mission is fourfold:

- ◆ to offer high quality humanistic and integrative programmes of study in the professional fields of counselling, psychotherapy, counselling psychology and supervision through the provision of a wide range of opportunities;
- ◆ to support research in the development of professional knowledge;
- ◆ to work closely with relevant professional bodies as well as our partners in the university sector;
- ◆ to provide lower cost counselling and psychotherapy services for the benefit of the general public.

Metanoia Institute's Strategic Aims support the pursuit of the Vision and Mission as follows:

- ◆ to offer teaching, training and lifelong learning of the highest quality;
- ◆ to provide students with a theoretical and practical framework on which to base a professional and ethical practice in their chosen area of work;
- ◆ to enhance the Institute's reputation for excellence in practice-based research and scholarship;
- ◆ to offer practitioner training within a supportive and inclusive environment;
- ◆ to provide accessible and effective educational and clinical services to the wider community;
- ◆ to develop a research active culture within each Faculty.

Strategic Aims

Metanoia Institute's decision to work towards Degree Awarding Powers (DAPs) is a collective reflection of the aspirations of our Board of Trustees, Executive, Administration, Support Staff and the Student Body. The strategic aim of the organisation is to consolidate the Institute's position in Higher Education by attaining DAPs, potentially leading to University Title.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Reasons for Seeking Degree Awarding Powers

Metanoia Institute is a mature institution, having been engaged in the development, delivery and assessment of higher education programmes since 1984.

Four of the Institute's programmes (MSc Gestalt Psychotherapy, MSc Integrative Psychotherapy, MSc Transactional Analysis Psychotherapy and BA (Hons) Person-Centred Counselling) having been in continuous delivery for more than twenty years, and the DPsyCh is currently recruiting its twentieth cohort.

Metanoia Institute is confident that it has the capacity to act as an autonomous academic community, to determine the awards that it offers, to set and maintain the academic standards of those awards and to assure and enhance the quality of the student experience in delivering those awards.

Management Structure

Metanoia Institute's Chief Executive Officer is appointed by, and responsible to the Board of Trustees for implementing the decisions of the Board of Trustees, for the day-to-day executive direction and management of the Institute and for the leadership of all staff.

The Chief Executive Officer line manages all four Faculty Heads, Director of Finance, Head of Academic Quality (the Executive Team) as well as the Facilities Manager and the Executive Officer. With the addition of the Human Resources Manager, this group comprises the Institute's Senior Management Team.

Each Faculty Head has operational management responsibility for their Faculty, a specific portion of the academic portfolio, as well as line management responsibility, for a portion of the complement of academic staff, administration and support staff.

Details of staff numbers are provided in note 2 of these financial statements.

Academic Provision

Metanoia Institute's provision is grouped into four distinct faculties:

- ◆ The Faculty of Psychotherapy & Counselling;
- ◆ The Faculty of Post-Qualification & Professional Doctorates;
- ◆ The Faculty of Research Strategy & Innovation;
- ◆ The Faculty of Applied Social and Organisational Sciences.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Academic Provision (continued)

The **Faculty of Psychotherapy and Counselling** oversees the work of staff and students involved in eight 'core' programmes:

- ◆ Bachelor of Arts (Honours) Person-Centred Counselling;
- ◆ Bachelor of Science (Honours) Humanistic Counselling;
- ◆ Bachelor of Science (Honours) Reflective Therapeutic Practice;
- ◆ Master of Science Contemporary Person-Centred Psychotherapy and Applications;
- ◆ Master of Science Gestalt Psychotherapy;
- ◆ Master of Science Humanistic Psychotherapy;
- ◆ Master of Science Integrative Psychotherapy;
- ◆ Master of Science Transactional Analysis Psychotherapy.

The **Faculty of Post-Qualification & Professional Doctorates** oversees the work of staff and students involved in the following four programmes as well as other Doctoral developments:

- ◆ The Doctorate in Psychotherapy by Professional Studies;
- ◆ The Doctorate in Psychotherapy by Public Works;
- ◆ The Doctorate in Counselling Psychology and Psychotherapy by Professional Studies;
- ◆ Doctor of Philosophy.

The **Faculty of Research Strategy and Innovation** oversees the work of staff and students involved in research across the Institute and with external partners in the following ways:

- ◆ Research Centre: faculty-wide research activities and events;
- ◆ Research projects with other universities and research partners;
- ◆ Research Clinic and the development of research practice;
- ◆ The Ealing Borough Consortium;
- ◆ Maximise Research and Research Income.

The **Faculty of Applied Social & Organisational Sciences** oversees the work of staff and students involved in the following programmes and counselling services:

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Academic Provision (continued)

- ◆ Master of Arts Therapeutic Fostering and Adoption;
- ◆ Master of Science Creative Writing for Therapeutic Purposes;
- ◆ Post Qualification Conversion Diploma from Adult to Adolescent and School Counselling;
- ◆ Post Qualification, IAPT licensing, Practitioner and Supervisor Training Counselling for Depression;
- ◆ Ethos Schools Based Humanistic Counselling Randomised Controlled Trial;
- ◆ The Metanoia Schools Counselling Service.

In addition to the higher education provision listed above, Metanoia Institute continues to offer professional clinical diploma routes for those students who wish to register as practitioners but who do not seek an academic qualification. These programmes are taught alongside the award-bearing programmes and overseen by the Faculty of Applied Psychotherapy and Counselling:

- ◆ Diploma in Gestalt Psychotherapy;
- ◆ Diploma in Humanistic Counselling;
- ◆ Diploma in Humanistic Psychotherapy;
- ◆ Diploma in Integrative Psychotherapy;
- ◆ Diploma in Person-Centred Counselling;
- ◆ Diploma in Person-Centred Psychotherapy;
- ◆ Diploma in Transactional Analysis Counselling;
- ◆ Diploma in Transactional Analysis Psychotherapy.

Metanoia Institute offers a range of continuing professional development (CPD) courses (ranging from evening workshops to multi-day professional certificates) that are open to students, staff, alumni and independent practitioners.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The student population

Metanoia Institute's student population stood at 1,102 in 2018/19 of whom 205 are enrolled on Doctoral programmes, 336 on taught post-graduate programmes, 212 on taught undergraduate programmes and 349 on professional Diploma programmes.

Metanoia Institute recruits both nationally and internationally, with 94% of the Institute's current students coming from the UK, 5% from within the EU and 1% from outside the EU. Within the UK, 57% came from London, 21% from the South-East and 22% from the remainder of the UK.

Metanoia Institute's student body is both atypical and diverse, with a gender ratio of 77% female to 23% male, with an average age of 44 across all programmes. 13% of the Institute's students identify as belonging to the Lesbian, Gay, Bisexual, Transsexual, Queer or Intersex (LGBTQI) community, 13% identify as coming from a black or minority ethnicity (BME) background, and 3% have disclosed a specific disability.

Quality monitoring

Quality monitoring is undertaken via the following:

- ◆ Assessment Boards;
- ◆ Board of Studies;
- ◆ University Validation Bodies (MDX);
- ◆ Accreditation Boards (BPS, BACP, BAC, EAP, HCPC, UKCP);
- ◆ Quality Assurance Agency (QAA);
- ◆ University Annual Monitoring Reports;
- ◆ External Examiner Reports; and
- ◆ Student Survey – a student survey was conducted internally, and a better response was achieved in 2019 allowing Metanoia to be used for the Government TEF Awards where the Institute gained a bronze award.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

How our activities deliver public benefit

The Trustees have complied with the duty in section 17 (5) of the Charities Act 2011 to have due regard to guidance published by the Charity Commission on Public Benefit.

The Trustees and senior management team took account of the public benefit requirements whilst setting the strategic plan. The Trustees and senior management team believe that all of Metanoia Institute's objects are linked to the provision of public benefit.

Examples of public benefit with regard to our educational services include:

- ◆ The provision of a range of training courses in psychological therapy;
- ◆ The provision of a range of optional academic qualifications for students undertaking a first training in psychological therapy from BA (Hons) to Doctoral level;
- ◆ The provision of additional academic qualifications to practitioners qualified in psychological therapy;
- ◆ The provision of a range of workshops suitable for continuing professional development needs;
- ◆ The provision of increased public learning and knowledge about psychological therapy, as a result of research undertaken within the Metanoia Institute; and
- ◆ Counselling within Schools.

A key feature of the Institute's public benefit with regard to educational services is the provision of bursaries. The Trustees believe that students' learning is enhanced in a diverse community and Metanoia students come from a range of ethnic and economic backgrounds.

Examples of public benefit with regard to clinical services include:

- ◆ The Metanoia Counselling and Psychotherapy Service (MCPS) provides accessible services to the local community. The growth of the Research Clinic within the Metanoia Counselling and Psychotherapy Service demonstrates the Institute's commitment to the provision of effective psychological therapies. Clients, together with their counsellor/psychotherapist, will complete a number of psychological testing measures on a regular basis which will then be analysed. Examples of measures to be used include Beck's depression inventory. Results of the research will be used to ensure the effectiveness of training and therefore services.
- ◆ The provision of a free assessment to ascertain whether a potential client is suitable for counselling/psychotherapy within MCPS. Previously clients were assessed by telephone, but since the introduction of face-to-face assessment sessions, greater numbers of clients have applied for assessment sessions.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

- ◆ The provision of lower cost counselling and psychotherapy services to the general public. Fees are charged on a sliding scale dependent on the client's ability to pay. The minimum fee is £5 per session which is typically 10% of the fee charged by therapists in private practise.
- ◆ The provision of counselling for a period of up to six months. Access to counselling via the local Primary Care Trust is usually restricted to four, six or twelve sessions.
- ◆ The provision of a range of different approaches to counselling and psychotherapy to offer clients a choice of a preferred mode.

Achievements and performance

The principal activity is the provision of training courses in counselling, psychotherapy and counselling psychology and other associated therapies. The Institute also runs a lower cost clinic service. There has been no change in the policies adopted by the Institute to achieve its objectives.

The training is provided using the services, on a part time basis, of qualified trainers in counselling, psychotherapy and counselling psychology. Many students are qualified professionals in the healthcare field. The courses are run on a part-time basis, normally at weekends and lead to a qualification after three or more years. New funding for research via counselling in schools activity also contributed to an increase in income.

Metanoia Institute continued to invest in its rolling programme of repairs and replacements, ensuring that student facilities are maintained to the highest standards.

Premises

Metanoia Institute fully owns its two properties at North Common Road and Gunnersbury Avenue, which were recently valued at approximately £6,000,000.

Fundraising

The Institute does not solicit donations and is not registered with the Funding Regulator. If a donation is received from an individual, the Institute applies GDPR rules.

FINANCIAL REVIEW

Financial performance

The incoming resources for the year amounted to £3,788,392 (2018: £3,485,157). This represents an increase of £303,235 on the previous year, regardless of two programmes on teach-out and a slight decrease in Doctoral student numbers and no first year intake from the DCPsych Programme because of plans in place to refresh the programme.

Expenditure for the year amounted to £3,674,916 (2018: £3,386,079), an increase of £288,837. This increase in expenditure was mainly attributable to increased investment in professional staff and an improvement in technical support both in systems and hardware.

As a result of the above, net income for the year was £113,476 (2018: £99,078).

FINANCIAL REVIEW (continued)

Reserves policy

The Trustees define free reserves in accordance with Charity Commission guidelines in that they are generally unrestricted funds less tangible fixed assets, net of any related loans and excluding designated funds.

The Trustees have reviewed the Institute's reserves policy and have decided to set reserves at the equivalent of three months operating expenses, which approximates to £900,000.

At 31 August 2019, free reserves amounted to £1,526,514 (2018: £1,320,259) which is above the target. Future plans include significant capital investment within the next two years and reserves are being held above target to achieve this plan.

Trustees have agreed to review the level of reserves annually to ensure the appropriateness of the agreed level of reserves and any action required to adjust funds held in reserves.

PLANS FOR THE FUTURE

The Institute will continue to work towards gaining its own degree awarding powers.

Risk management

The Trustees have formally re-assessed and reviewed the major risks to which the Institute is exposed to. Particular attention has been paid to the risks associated with the economic climate. The effectiveness of control systems in mitigating the Institute's exposure to these risks have also been assessed. The key risks to the Institute, and measures to mitigate these risks, are listed below:

- ◆ Student numbers – The Institute mitigates the risk of not achieving the desired number of students by planning in advance, particularly as part of the budget process, and ensuring continued retention of students.
- ◆ Reputation – The Institute maintains quality and standards and ensures compliance in all areas, whilst also ensuring student involvement and engagement.
- ◆ Technology – The Institute ensures systems are up to date, encrypted and appropriate for business purposes and processes.

Risk assessment continues to be an ongoing process at the Institute.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Metanoia Institute for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure, of the charitable company 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 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 the Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time 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.


Each of the Trustees confirms that:

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Report approved by the Trustees on 26 November 2019 and signed on their behalf by:

Prof. R. Parker
Chairman



Independent auditor's report to the members of The Metanoia Institute

Opinion

We have audited the financial statements of Metanoia Institute (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities (including the statement of changes in reserves), the balance sheet, the 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 August 2019 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with the financial reporting standards (FRS102);
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006;
- ◆ where applicable, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- ◆ where applicable, funds provided by HEFCE, the OfS and by Research England have been applied in accordance with the relevant terms and conditions; and
- ◆ meet the requirements of the Office for Student's Accounts Direction 2018 Part B.

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 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law, 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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, the Trustees (who are also the directors 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.

Use of our report

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.

Buzzacott LLP 10 December 2019

Shachi Blakemore, Senior Statutory Auditor
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure statement, which includes statement of changes in reserves) Year to 31 August 2019

	Notes	2019 Total £	2018 Total £
Income from:			
Charitable activities			
. Fees from educational services		3,618,281	3,341,732
. Fees from clinical services		160,008	139,129
Other trading activities			
. Letting income		511	620
Interest receivable		9,592	3,676
Total income		<u>3,788,392</u>	<u>3,485,157</u>
Expenditure on:			
Charitable activities			
. Educational services		3,313,633	3,090,577
. Clinical services		361,283	295,502
Total expenditure	4	<u>3,674,916</u>	<u>3,386,079</u>
Statement of changes in reserves:			
Net income and net movement in funds for the year	1	113,476	99,078
Reconciliation of funds:			
Balance brought forward at 1 September		4,029,153	3,930,075
Balance carried forward at 31 August		<u>4,142,629</u>	<u>4,029,153</u>

All amounts are derived from continuing activities. **All funds are unrestricted.**

All gains and losses recognised in the year are included in the statement of financial activities.

The notes on pages 23 to 27 form part of these financial statements.

Balance sheet 31 August 2019

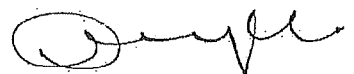
	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	5		2,458,013		2,509,569
Current assets					
Debtors	6	180,274		110,620	
Cash at bank and in hand		1,945,831		1,727,966	
Short-term deposits		1,009,261		1,002,712	
		<u>3,135,366</u>		<u>2,841,298</u>	
Creditors: amounts falling due within one year	7	<u>(1,450,750)</u>		<u>(1,321,714)</u>	
Net current assets			1,684,616		1,519,584
Total net assets			<u>4,142,629</u>		<u>4,029,153</u>
The funds of the charity:					
Unrestricted funds:					
. Designated funds			2,616,115		2,708,894
. General funds			1,526,514		1,320,259
	10		<u>4,142,629</u>		<u>4,029,153</u>

Approved by the Trustees and authorised and signed on their behalf by:

Prof. R. Parker



Prof. S. Owen-Jones



Date: 26 November 2019

The notes on pages 23 to 27 form part of these financial statements

The Metanoia Institute

Company Registration Number 02918520 (England and Wales)

Statement of cash flows 31 August 2019

	Notes	2019 £	2018 £
Cash inflow from operating activities:			
Net cash provided by operating activities	A	<u>233,847</u>	<u>232,517</u>
Cash outflow from investing activities:			
Interest from investments		9,592	3,676
Purchase of tangible fixed assets		<u>(19,025)</u>	<u>(11,947)</u>
Net cash used in investing activities		<u>(9,433)</u>	<u>(8,271)</u>
Change in cash and cash equivalents in the year		224,414	224,246
Cash and cash equivalents at 1 September	B	2,730,678	2,506,432
Cash and cash equivalents at 31 August	B	<u>2,955,092</u>	<u>2,730,678</u>

Notes to the statement of cash flows for the year to 31 August:

A Reconciliation of net movement in funds to net cash flow from operating activities			
		2019 £	2018 £
Net movement in funds (as per the statement of financial activities)		113,476	99,078
Adjustments for:			
Depreciation charge		70,581	75,486
Interest from investments		(9,592)	(3,676)
Increase (decrease) in debtors		(69,654)	37,209
Decrease in creditors		129,036	24,420
Net cash provided by operating activities		<u>233,847</u>	<u>232,517</u>
B Analysis of cash and cash equivalents			
		2019 £	2018 £
Cash at bank and in hand		<u>2,955,092</u>	<u>2,730,678</u>
Total cash and cash equivalents		<u>2,955,092</u>	<u>2,730,678</u>

Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2019 and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Office for Students' Accounts Direction 2018 Part B.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ the allocation of support costs to charitable activities.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Board of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Board are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The more significant areas of judgement that affect items in the financial statements are detailed above.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year would be disclosed as short term deposits. Cash placed on deposit for more than one year would be disclosed as a fixed asset investment.

Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors are recognised at the amount the charity anticipates it will pay to settle the debt.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Designated funds are used for specific purposes as agreed by the Trustees. Expenditure which meets these criteria is charged to the funds.

Restricted funds are used for specific purposes as stated by the grantor. Expenditure which meet these criteria is charged to the fund. The Institute currently holds no restricted funds.

Incoming recognition

Income includes course fees, clinic charges, grants and investment income. Income is recognised in the year in which the charity is entitled to receipt, it is probable the charity will receive the income and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled or where the funder has specified that the income is to be expended in a future accounting period.

Expenditure

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT.

Direct costs comprise direct costs incurred in carrying out the charitable activities of the organisation including direct staff costs and directly attributable running costs.

Expenditure which cannot be directly attributed to the relevant department is apportioned on the best estimates of each department's usage. Support costs are apportioned on the basis of time spent. Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the statement of financial activities.

Governance costs are costs associated with governing the charity including strategic planning and compliance with constitutional and statutory requirements. They are included in charitable activities within support costs and allocated to charitable activities on the basis of time spent.

Fixed assets

Fixed assets costing £2,000 or more are capitalised at cost.

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives using the following rates:

◆ Freehold land	Not depreciated
◆ Freehold buildings	2% to 10% straight line
◆ Furniture, fixture and equipment	10% to 33.3% straight line

Operating leases

Rentals applicable to operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Notes to the financial statements 31 August 2019

1 Net movement in funds

The net movement in funds is stated after charging:

	2019 £	2018 £
Depreciation	70,582	75,486
Auditor's remuneration – statutory audit	10,476	10,170
Auditor's remuneration – other services	--	2,100
Operating lease costs	10,464	23,228

2 Staff costs and remuneration of key management personnel

Full time equivalent employees in the year:

	2019 No.	2018 No.
Educational services	27	27
Clinical services	7	7
Administration and support	25	25
	59	59

Actual employees in the year:

	2019 No.	2018 No.
Educational services	103	98
Clinical services	9	8
Administration and support	30	29
	142	135

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	1,658,663	1,495,689
Social security costs	198,819	191,473
Pension costs	31,100	15,100
	1,888,582	1,702,262
Trainers' fees	907,908	812,556
	2,796,490	2,514,818

There were no staff restructuring costs in the year (2018 - £nil).

2 Staff costs and remuneration of key management personnel (continued)

Employees earning greater than £60,000 during the year on an annualised basis:

	2019 No.	2018 No.
£70,001 - £75,000	1	3
£75,001 - £80,000	2	1
£85,001 - £90,000	1	—
£90,001 - £95,000	—	1
£105,001 - £110,000	1	—
	5	5

Pension contributions in respect of these employees were £4,074 (2018: £1,519).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Trustees, the Chief Executive Officer (CEO), the four Faculty Heads (2018: four), and the Director of Finance. The total remuneration (including taxable benefits but excluding employers' pension contributions) of the key management personnel for the year was £548,804 (2018: £543,944).

Chief Executive Officer Remuneration

	2019 £	2018 £
Basic salary	109,320	91,800
Bonus	500	500
Pension contribution	—	—
	109,820	92,300

The Chief Executive Officer's remuneration shown in year was recommended by the Staff and Remuneration Sub-Committee (SARSC). SARSC determines the salaries and conditions of service of all senior staff, including the Chief Executive Officer and the Executive Team. SARSC forwards their deliberations to the Finance, Audit and Risk Committee (FARSC) who assessed the economic and financial good standing of the Institute, projected future student growth, and academic success. FARSC presents their recommendations to the full Board of Trustees for approval.

As at 31 July 2019, the Accounting Officer's basic salary is 2.10 times the median pay of staff, where the median pay is calculated on a full time equivalent basis for all staff contracted on an annual salary basis. Including payments for performance-related pay, the CEO's total remuneration is 2.11 times the total remuneration paid to all staff contracted on an annual salary basis.

Trustees were not paid any remuneration, only expenses were reimbursed (see note 3 for details).

Notes to the financial statements 31 August 2019

3 Trustees' remuneration and reimbursed expenses

Three trustees received reimbursement of travel expenses of £2,811 in the year (2018: three received £1,364). None received remuneration for their services or benefits in either the current or prior year.

The Institute paid £6,413 (2018: £12,570) in relation to trustee indemnity insurance during the year.

4 Analysis of total resources expended

	Staff costs (note 2) £	Other £	Depreciation £	Total 2019 £	Total 2018 £
Charitable expenditure					
Educational services	2,497,416	745,636	70,581	3,313,633	3,090,577
Clinical services	299,074	62,209	—	361,283	295,502
	<u>2,796,490</u>	<u>807,845</u>	<u>70,581</u>	<u>3,674,916</u>	<u>3,386,079</u>

4a

	Direct costs £	Support costs (note 4b) £	Total 2019 £	Total 2018 £
Charitable expenditure				
Educational services	2,741,175	572,500	3,313,633	3,090,577
Clinical services	166,159	195,082	361,283	295,502
	<u>2,907,334</u>	<u>767,582</u>	<u>3,674,916</u>	<u>3,386,079</u>

4b Analysis of support costs

	Total 2019 £	Total 2018 £
Support services		
Rent and rates	17,179	20,063
Heat, light and power	17,316	16,910
Travel and expenses	24,144	19,574
Printing and stationery	49,737	53,582
Property maintenance	51,388	48,911
Other staff costs	34,643	34,680
Validated program costs	285,857	291,604
Library books and journals	33,343	29,953
Computer software	71,646	72,056
Consultancy fees	1,109	16,528
Legal and professional fees	55,923	47,559
QAA registrations	2,723	3,750
General expenses	122,574	141,796
	<u>767,582</u>	<u>796,966</u>

5 Tangible fixed assets

	Freehold land and buildings £	Furniture, fixtures and equipment £	Total 2019 £
Cost			
At 1 September 2018	2,919,369	316,580	3,235,949
Additions	—	19,025	19,025
At 31 August 2019	<u>2,919,369</u>	<u>335,605</u>	<u>3,254,974</u>
Accumulated depreciation			
At 1 September 2018	540,304	186,076	726,380
Charge for the year	43,808	26,773	70,581
At 31 August 2019	<u>584,112</u>	<u>212,849</u>	<u>796,961</u>
Net book values			
At 31 August 2019	<u>2,335,257</u>	<u>122,756</u>	<u>2,458,013</u>
At 31 August 2018	<u>2,379,065</u>	<u>130,504</u>	<u>2,509,569</u>

6 Debtors

	2019 £	2018 £
Fee debtors	44,907	20,667
Prepayments and accrued income	135,367	89,953
	<u>180,274</u>	<u>110,620</u>

There were no fee debtors which relate to courses straddling two academic years (2018 - £nil).

7 Creditors: Amounts falling due within one year

	2019 £	2018 £
Deferred income	1,112,008	1,067,945
Trade creditors	200,191	72,038
Other taxes and social security costs	67,004	95,500
Accruals	71,547	86,231
	<u>1,450,750</u>	<u>1,321,714</u>

Deferred income relates to fee and training income received in advance for the following academic year.

	2019 £	2018 £
Balance as at 1 September	1,067,945	1,066,046
Amount released to income	(1,067,945)	(1,066,046)
Amount deferred in year	1,112,008	1,067,945
Balance as at 31 August	<u>1,112,008</u>	<u>1,067,945</u>

8 Members' liability

The Metanoia Institute is a company limited by guarantee and has no share capital. In the event of the company being wound up, the liability is limited to £1 per member.

9 Operating leases

The charity had total future minimum commitments in respect to non-cancellable operating leases at 31 August as follows:

	2019 £	2018 £
Equipment		
Within one year	10,464	11,248
In two to five years	31,392	8,436
	41,856	19,684

10 Movement in funds

	At 1 September 2018 £	Incoming resources £	Resources expended £	Transfers £	Total 2019 £
Unrestricted					
General	1,331,482	3,788,392	(3,574,335)	(19,025)	1,526,514
Designated					
. Bursary	—	25,600	(25,600)	—	—
. Pension provision	30,000	—	(30,000)	—	—
. Redevelopment fund	158,102	—	—	—	158,102
. Fixed assets fund	2,509,569	—	(70,581)	19,025	2,458,013
	4,029,153	3,813,992	(3,700,516)	—	4,142,629

- ◆ The bursary fund represents funds set aside for the purpose of providing bursaries.
- ◆ The pension provision represented funds set aside for the future provision of pensions to staff and has been fully expended in the year.
- ◆ The redevelopment fund represents a legacy by Nina Joy Miller and are funds set aside for future academic and structural redevelopment of the Institute.
- ◆ The fixed asset fund represents the net book value of the Institute's tangible fixed assets.

Detailed expenditure account 31 August 2019

This page does not form part of the financial statements

	2019 £	2019 £	2018 £	2018 £
Expenditure				
Educational services:				
Salaries and wages	1,393,180		1,272,642	
Trainers' fees	900,785		812,556	
National Insurance	176,047		170,698	
Pension costs	27,403		13,145	
Staff recruitment and training	40,900		34,680	
Bursaries	25,600		22,645	
Validation fees	285,857		291,604	
Conference and courses	4,798		6,122	
Premises and maintenance	75,199		60,374	
Printing and stationery	77,823		65,354	
Depreciation	70,582		75,486	
Travel and subsistence	27,560		19,574	
Consultancy	—		16,528	
Library books and journals	33,343		29,953	
Rent and room hire	17,019		10,652	
Computer software	75,545		72,056	
Sundry	3,293		6,727	
Course development	—		2,970	
Catering	11,989		12,223	
Legal and professional	18,473		24,299	
QAA registrations	2,723		19,386	
Advertising and marketing	5,178		8,205	
Committee costs	4,847		3,874	
Indemnity insurance	6,413		12,570	
Bad debts written off	3,063		4,333	
Auditor's remuneration	10,476		12,000	
Bank charges	15,537		9,921	
		3,313,633		3,090,577
Clinical services:				
Salaries and wages	265,482		223,047	
Trainers' fees	7,123		—	
National Insurance	22,772		20,775	
Pension costs	3,697		1,955	
Research costs	7,113		16,519	
Establishment costs	39,601		24,874	
Compliance (DBS) checks	7,276		5,739	
Consultancy Fee	1,109		—	
Sundry	317		334	
Computer support costs	4,081		1,378	
Conferences and courses	1,803		748	
Travel and subsistence	909		133	
		361,283		295,502
Total resources expended		3,674,916		3,386,079