

**The
Metanoia
Institute**

**Annual Report and Financial
Statements**

31 August 2020

Charity Registration Number
1050175

Company Registration Number
02918520 (England and Wales)

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Reference and administrative details Year to 31 August 2020

Trustees	Professor Ronald Parker (Chairman) Jeffrey White (Vice Chairman) Catriona Mackay Jeremy Arnott Dotun Olaleye Kelvin Jones Helen Coleman 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
Deputy Chief Executive Officer	Professor Carrie Weston
Director 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 2020

Faculty Heads

Faculty 1: Faculty of Psychotherapy and Counselling	Professor Carrie Weston (Acting Head)
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Faculty 2: Post-Qualification and Professional Doctorates, Research Strategy and Innovation	Dr Biljana van Rijn
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Faculty 3: Faculty of Applied Social and Organisational Sciences Research Strategy and Innovation	Dr Peter Pearce
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Company registration number	02918520
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Charity registration number	1050175
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Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Bankers	HSBC Bank plc 46 The Broadway London W5 5JZ
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Solicitors	Bates Wells & Braithwaite LLP 2-6 Cannon Street London EC4M 6YH
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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 2020. 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 2019/20.

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 three specialist sub-committees: the Finance, Audit and Risk, and Staffing and Remuneration (SARSC). The Audit Committee was formed in May 2020, however due to the time needed to appoint a Chair, the first meeting will take place in February 2021. The purpose of the Finance Committee and the Audit and Risk Committee 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, Deputy 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, Deputy 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.

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 twenty first cohort.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Reasons for Seeking Degree Awarding Powers (continued)

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 the Deputy Chief Executive Officer, 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 3 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.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Academic Provision (continued)

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:

- ◆ 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Academic Provision (continued)

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.

The student population

Metanoia Institute's student population stood at 1,089 in 2019/20 of whom 179 are enrolled on Doctoral programmes, 154 on taught post-graduate programmes, 321 on taught undergraduate programmes and 435 on professional programmes.

Metanoia Institute recruits both nationally and internationally, with 95% of the Institute's current students coming from the UK, 4% 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 76% female to 24% male, with an average age of 44 across all programmes. 6.5% of the Institute's students identify as belonging to the Lesbian, Gay, Bisexual, Transsexual, Queer or Intersex (LGBTQI) community, 9.3% identify as coming from a black or minority ethnicity (BME) background, and 6.8% have disclosed a specific disability.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

How our activities deliver public benefit (continued)

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.
- ◆ 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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.

Trustees Report COVID-19 Response

Activities affected by virus control measures

The Institute responded pro-actively to the control measures required for COVID-19 with the following measures put in place:

- ◆ Knowing that we would not be able to teach face to face, we moved our teaching to live on-line training.
- ◆ All our employees worked from home. We provided those that required equipment with the necessary technology.
- ◆ All scheduled meetings took place on-line. These included internal Board of Trustees, Committee, Executive and Team meetings. Meetings also took place with external organisations on-line.

Both staff and students responded well to our new way of working.

Financial uncertainties, going concern basis

We have invested in technology for our staff to work from home, but this has been at a cost of £8,202. All off the technology purchased will be returned to the organisation when staff can return to work.

We have received reduced forecast student fees for the year to the amount of £43,000, but we actively informed students that they could defer their fees if they were facing financial difficulties due to the pandemic. We worked with them to devise extended payment plans, some of which extend into the 2020/21 financial year and beyond.

Our reserves are currently £1,749,268. We have revised our reserves policy from £900,000 to £950,000 but this does not relate to increase costs due to the pandemic, it is due to restructuring taking place within the organisation.

We have incorporated £37,000 within the 2020/21 budget to pay for the hire of room rental at another organisation as due to social distancing measures we are limited in the amount face to face teaching we can carry out within our own premises.

We do not have a pension liability. We do have funds invested within a high street bank. Interest rates have decreased, and we have adjusted the forecast interest accordingly, but the decrease was minimal.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees Report COVID-19 Response (continued)

Financial uncertainties, going concern basis (continued)

After making appropriate enquiries, including student enrolment numbers for 2020/21 academic year the Board of Trustees considers that the organisation has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The risk we face is whether our students or prospective students are content with being taught through a mixture of blended learning. To mitigate risks we implemented a survey asking current students' opinion on how Metanoia Institute responded to the COVID-19 situation and their views on moving forward into the new academic year. Various questions were asked, but when asked if Metanoia had been supportive the survey returned a score of 4.24 based on a score of 1 to 5 (1 being very poor and 5 being very supportive. 97% of the students that responded to the survey, agreed that facilitating live teaching and learning was the best option.

FUTURE PLANS

Similar to other higher education institutions, we are faced with the complex task of ensuring that our students receive the best possible training experience, whilst taking all appropriate measures to prevent the continued transmission of the COVID-19 virus in the community. Based on the review of the student survey, the requirements and guidance issued by the OfS and HEA, and by keeping actively in touch with developments across the sector, the following plans have been put in place.

A Metanoia Institute 'dual delivery' model, guided by two equal principles:

- ◆ Safety and wellbeing of the entire Metanoia Institute community
- ◆ Provision of learning and teaching excellence on all programmes

The dual delivery approach will take a 'best of both worlds' position. Some learning opportunities will be offered to all students in a face-to-face format, with a spine of online teaching taking place via Zoom and through enhanced online activities. The dual delivery approach allows for flexibility in terms of respecting student choice, plus the potential for agility in the light of changing circumstances.

It will provide sufficient face-to-face teaching opportunities to ensure the continuity of the fundamentals of Metanoia Institute training; those being teaching which fosters relational learning and requires interpersonal, experiential opportunities. However, high-quality teaching and learning will also be offered online, producing a blended offer.

Operational arrangements:

As we are unable to comply fully with social distancing measures at our own premises, we have rented space at Middlesex University. This will allow us to comply with social distance measures when providing face to face learning.

FUTURE PLANS (continued)

Operational arrangements: (continued)

To function within the principle of safety and wellbeing in our dual delivery model, the following operational measures will apply:

- ◆ When on premises, full safety precautions and resources will be mandatory (hand sanitiser, social distancing, self-reporting of symptoms, etc).
- ◆ All staff and students will need to provide personal contact details to enable 'track-and-trace' to operate.
- ◆ Students and staff should only attend on premises if they are feeling well and all those in their immediate household are well.
- ◆ Any person attending a teaching event on premises must leave immediately if they experience any symptoms of being unwell or related to COVID-19 (raised temperature, sore throat, cough, loss of sense of taste/smell).
- ◆ Students must inform their tutor / Academic Co-ordinator of their intention to either attend in person or study remotely, ideally no less than 24 hours prior to the timetabled teaching event.

These operational arrangements demonstrate to students and staff that we are fully guided by the principle of safety and wellbeing.

In the event of any local or national lock down we will revert to on-line teaching and students and staff have been made aware of this.

Phased Return to Work

We also carried out a staff survey asking staff their views on returning to work. The survey produced a mixture of views. Some staff are concerned about travelling, their safety and wellbeing once they are on our premises and some staff have no concerns. We feel it is vital that we consider our individual staff needs, and their concerns are addressed in planning our return to work. As a result of this and from conversations with varying groups of staff we will return to work gradually. This will allow us to test health and safety measures in practice and ensure we can work with larger numbers before encouraging more of our workforce back. We will also be flexible with working hours and staggered start and end times to the working day.

At the time of writing this report we have had to revert to on-line live teaching only. This is due to the pandemic situation. The plans outlined above will be used when COVID-19 restrictions are eased.

FINANCIAL REVIEW

Financial performance

The incoming resources for the year amounted to £4,461,830 (2019: £3,788,392). This represents an increase of £673,438 on the previous year.

Expenditure for the year amounted to £4,312,678 (2019: £3,674,916), an increase of £637,762. This increase in expenditure was mainly attributable to increased investment in professional staff including an appointment of a Deputy Chief Executive Officer and an improvement in technical support both in systems and hardware.

As a result of the above, net income for the year was £149,152 (2019: £113,476).

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 £950,000. (2019: £900,000)

At 31 August 2020, free reserves amounted to £1,749,268 (2019: £1,526,514) 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 has future plans in relation to COVID 19 which can be found in an earlier section of this report within the Trustees Report COVID 19 Response. 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.

RISK MANAGEMENT (continued)

- ♦ 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.

Trustees' Report approved by the Trustees on 24 November 2020 and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'R. Parker', written in a cursive style.

Prof. R. Parker
Chairman

Statement of Corporate Governance and Internal Control Year to 31 August 2020

The following statement is provided to enable readers of the annual report and financial statements of Metanoia Institute to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2019 to 31 August 2020 and up to the date of the approval of the annual report and financial statements.

Metanoia Institute endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Board of Trustees recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Metanoia Institute is a Registered Charity and a Private Limited Company by guarantee without share capital use of limited exemption.

The Board of Trustees confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

The Board of Trustees

The members who served on the Board of Trustees during the year and up to the date of signature of this report are listed below.

Name	Category of Membership	Date First Appointed	Date of Reappointment/Retirement	Attendance 1/9/19-31/8/20
Professor Ronald Parker	Chair	20/11/2000	Reappointed: 26/11/2019	4 of 4
Jeffrey White	Vice-Chair, Trustee	29/04/2008	Needs to be reappointed at next AGM	4 of 4
Jerry Arnott	Trustee	29/04/2014	Reappointed: 05/02/2019	3 of 4
Helen Coleman	Trustee	26/11/2019	N/A	4 of 4
Kelvin Jones	Trustee	26/11/2019	N/A	4 of 4
Catriona McKay	Trustee	29/04/2014	Retired: 28/07/2020	4 of 4
Dotun Olaleye	Trustee	10/05/2016	Needs to be reappointed at next AGM	2 of 4
In Attendance:				
Andrew Schiller	Student Representative	16/07/2019	Retired: 28/07/2020	2 of 3
Professor Sheila Owen-Jones	Chief Executive Officer	N/A	N/A	N/A

Statement of Corporate Governance and Internal Control Year to 31 August 2020

<u>Audit and Risk Committee</u>		
Name	Category of Membership	Term
TBC	Chair	3 years
Helen Coleman	Trustee	3 years
Kelvin Jones	Trustee	3 years
<u>In Attendance:</u>		
Professor Sheila Owen-Jones	Chief Executive Officer	N/A
Professor Carrie Weston	Deputy Chief Executive Officer	N/A

The Audit and Risk Committee was formed in May 2020 and will undertake its first meeting in February 2021.

<u>Finance Committee</u>		
Name	Category of Membership	Term
Jerry Arnott	Chair	4 years
Dotun Olaleye	Trustee	4 years
Jeffrey White	Trustee	4 years
<u>In Attendance:</u>		
Professor Sheila Owen-Jones	Chief Executive Officer	N/A
Anita Faherty	Director of Finance	N/A

<u>Staffing and Remuneration Committee</u>		
Name	Category of Membership	Term
Catriona McKay	Chair	Retired: 28/07/2020
Jerry Arnott	Trustee	4 years
Jeffrey White	Trustee	4 years
<u>In Attendance:</u>		
Professor Sheila Owen-Jones	Chief Executive Officer	N/A

Board of Trustees' interests

The Board of Trustees are shown above an except for any instance mentioned above have served throughout the year. None of the Board of Trustees have any interests within the company.

The Secretary to the Board of Trustees maintains a register of financial and personal interest of the members of the Board of Trustees and senior post holders. This can be obtained by contacting douglas.bertram@metanoia.ac.uk

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).

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.

Statement of trustees' responsibilities (continued)

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

Meeting Procedures

Formal agendas, papers and reports are supplied to the Board of Trustees in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Board of Trustees met 4 times in 2019/20.

The Board of Trustees receives advice from on the conduct of its business from three committees. Each committee has its own terms of reference which have been approved by the Board of Trustees. This committees are, Finance, Staffing and Audit and Risk. The Audit and Risk Committee was formed in May 2020, an independent Chair has now been appointed and the first meeting is due to take place in February 2021.

Metanoia Institute has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Full minutes of all meetings, except those deemed to be confidential by the Board of Trustees, are published on the organisation website.

Appointment to the Board of Trustees

Appointment to the Board of Trustees are matters for consideration of the Board of Trustees as a whole.

Board of Trustees Performance

The Board of Trustees have made a strong contribution to the improvements made in 2019/20 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Board meetings. The Board of Trustees provide robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Board business.

Committees

Audit and Risk Committee

The Audit and Risk Sub-Committee is responsible to the Board of Trustees in discharging its responsibilities for monitoring the integrity of the Institute's financial statements, the effectiveness of financial controls with regard to internal risk assessment and the performance and objectivity of external auditors. The Committee was formed in May 2020, and independent Chair has now been appointed and the first meeting is due to take place in February 2021. The Committee is responsible for the following:

- ◆ To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings included within the management letter and management responses.
- ◆ To satisfy itself that all public funds received by the Institute are managed in line with regularity, propriety, and value for money.
- ◆ To satisfy itself that satisfactory arrangements are in place to promote best value, and to monitor other performance as shall be deemed to be reliable and appropriate measures of effectiveness.

Finance Committee

The Finance Committee oversees Metanoia Institute's financial reporting process, including the internal control structure and procedures for financial reporting and monitoring the integrity and appropriateness of the financial statements. The Committee monitors and reviews projected levels of income and expenditure across each Faculty and the whole Institute. It ensures an effective framework is in place to review performance against budget and to recommend improvements to accounting policies, systems, and procedures.

Staffing and Remuneration Committee

The Staffing Committee oversees and supports policies and practices in relation to Human Resources functions and to make proposals to the Board of Trustees for implementation. The Committee also report on Health and Safety issues. Terms of Reference of the Committees can be found on our website.

Internal Control

Scope of responsibility

The Board of Trustees is ultimately responsible for the organisations 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 only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the organisation is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there was a formal on-going process for identifying, evaluating and managing the

Institutes significant risks that had been in place for the year ended 31 August 2020 an up to the date of approval of the annual report and financial statements.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. It includes:

- ◆ comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Trustees
- ◆ regular reviews by the Board of Trustees of periodic and annual financial reports which indicate financial performance against forecasts
- ◆ setting targets to measure financial performance
- ◆ the adoption of formal project management disciplines, where appropriate.

Review of effectiveness

As the Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive Officer review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the organisation's financial statements and regularity auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Audit and Risk Committees also receive regular reports, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Trustees agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2020 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2020 by considering documentation from the senior management team, and taking account of events since 31 August 2019.

Based on above and reports by the Chief Executive Officer, the Board of Trustees is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2020 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Board of Trustees believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Statement of Corporate Governance and Internal Control Year to 31 August 2020

Going Concern

Details on Board's going concern assessment are set out on page 31.

Approved by order of the Board of Trustees and signed on its behalf by:



R. Parker

Chair



S. Owen-Jones

Chief Executive Officer

24 November 2020

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 2020 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 2020 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- ◆ 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 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 2019/20.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2019/20 requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements has been materially misstated.

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.

Matters on which we are required to report by exception (continued)

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.

Independent auditor's report Year to 31 August 2020

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.



23 December 2020

Shachi Blakemore, Senior Statutory Auditor

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Statement of financial activities (including income and expenditure statement) Year to 31 August 2020
(which includes statement of changes in reserves)

	Notes	2020 Total £	2019 Total £
Income from:			
Charitable activities	1		
. Fees from educational services		4,203,774	3,618,281
. Fees from clinical services		243,176	160,008
Other trading activities			
. Letting income		360	511
Interest receivable		14,520	9,592
Total income		4,461,830	3,788,392
Expenditure on:			
Charitable activities			
. Educational services		3,836,677	3,313,633
. Clinical services		476,001	361,283
Total expenditure	5	4,312,678	3,674,916
Statement of changes in reserves:			
Net income and net movement in funds for the year	2	149,152	113,476
Reconciliation of funds:			
Balance brought forward at 1 September		4,142,629	4,029,153
Balance carried forward at 31 August		4,291,781	4,142,629

All amounts are derived from continuing activities. Restricted income for 2020 amounted to £99,552, all of which was spent by the year end. These funds relate to grants received within the year. All remaining funds are unrestricted.

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

The notes on pages 34 to 40 form part of these financial statements.

Balance sheet 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	6		2,384,412		2,458,013
Current assets					
Debtors	7	262,247		180,274	
Cash at bank and in hand		1,582,807		1,945,831	
Short-term deposits		1,520,489		1,009,261	
		3,365,543		3,135,366	
Creditors: amounts falling due within one year	8	(1,458,173)		(1,450,750)	
Net current assets			1,907,369		1,684,616
Total net assets			4,291,781		4,142,629
The funds of the charity:					
Unrestricted funds:					
. Designated funds			2,542,513		2,616,115
. General funds			1,749,268		1,526,514
Restricted funds			—		—
	11		4,291,781		4,142,629

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



R. Parker
Chair of Trustees



S. Owen-Jones
Accountable Officer

Date: 24 November 2020

The notes on pages 34 to 40 form part of these financial statements

The Metanoia Institute
Company Registration Number 02918520 (England and Wales)

Statement of cash flows 31 August 2020

	Notes	2020 £	2019 £
Cash inflow from operating activities:			
Net cash provided by operating activities	A	147,350	233,847
Cash outflow from investing activities:			
Interest from investments		14,520	9,592
Purchase of tangible fixed assets		(13,666)	(19,025)
Net cash used in investing activities		854	(9,433)
Change in cash and cash equivalents in the year		148,204	224,414
Cash and cash equivalents at 1 September	B	2,955,092	2,730,678
Cash and cash equivalents at 31 August	B	3,103,296	2,955,092

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

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	149,152	113,476
Adjustments for:		
Depreciation charge	87,267	70,581
Interest from investments	(14,520)	(9,592)
Decrease in debtors	(81,973)	(69,654)
Decrease in creditors	7,424	129,036
Net cash provided by operating activities	147,350	233,847

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,582,807	1,945,831
Short-term deposits	1,520,489	1,009,261
Total cash and cash equivalents	3,103,296	2,955,092

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 2020 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), 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 2019/20.

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.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the Institute's activities, beneficiaries, funders, suppliers and the wider economy.'

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 and in making their assessment have given consideration to the effects of the pandemic on the charity and its operations.'

Assessment of going concern (continued)

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.

Income

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.

1 Grant and fee income

	2020 £	2019 £
Grant income from the OfS	34,647	—
Grant income from other bodies*	129,220	56,025
Fee income for taught awards	2,468,997	2,130,627
Fee income for research awards		
Fee income from non-qualifying courses	1,467,505	1,292,901
Clinic Client Income	113,957	103,418
School Based Research Income	194,830	134,654
Other Income	52,674	70,766
Total grant and fee income	4,461,830	3,788,391

*The grant income includes £99,552 of restricted income in 2020, all of which was fully spent in the year.

2 Net movement in funds

The net movement in funds is stated after charging:

	2020 £	2019 £
Depreciation	87,266	70,582
Auditor's remuneration – statutory audit	11,880	10,476
Auditor's remuneration – other services	2,150	—
Operating lease costs	10,464	10,464

3 Staff costs and remuneration of key management personnel

Full time equivalent employees in the year:

	2020 No.	2019 No.
Educational services	21	27
Clinical services	9	7
Administration and support	27	25
	57	59

Actual employees in the year:

	2020 No.	2019 No.
Educational services	94	103
Clinical services	11	9
Administration and support	32	30
	137	142

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

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	1,976,203	1,658,663
Social security costs	252,328	198,819
Pension costs	35,853	31,100
	2,264,348	1,888,582
Restructuring Costs	39,092	
Trainers' fees	941,366	907,908
	3,244,842	2,796,490

Staff restructuring costs in the year relating to one person £39,092 (2019: £nil).

The Institute has given regard to the "Guidance on decisions taken about severance payments in HEI's" published by the Committee of University Chairs when determining severance pay.

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

	2020 No.	2019 No.
£70,001 - £75,000	—	1
£75,001 - £80,000	1	2
£80,001 - £85,000	2	—
£85,001 - £90,000	—	1
£100,000 - £105,000	1	—
£105,001 - £110,000	—	1
£125,001 - £130,000	1	—
£130,001 - £135,000	1	—
	6	5

Pension contributions in respect of these employees were £10,052 (2019: £4,074).

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 Deputy Chief Executive Officer, Four Faculty Heads, (2019: 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 £767,748 (2019: £548,804).

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

Chief Executive Officer Remuneration

	2020 £	2019 £
Basic salary	131,682	109,320
Bonus	500	500
Pension contribution	—	—
	132,182	109,820

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.

Chief Executive's basic salary as a multiple of the median of all staff 2.19 (2019: 2.10)

Chief Executive's total remuneration as a multiple of the median of all staff 2.19 (2019: 2.11)

Trustees were not paid any remuneration, only expenses were reimbursed (see note 4 for details).

4 Trustees' remuneration and reimbursed expenses

One trustee received reimbursement of travel expenses of £421 in the year (2019: three received £2,811). None received remuneration for their services or benefits in either the current or prior year.

The Institute paid £1,726 (2019: £6,413) in relation to trustee indemnity insurance during the year.

5 Analysis of total resources expended

	Staff costs (note 3) £	Other £	Depreciation £	Total 2020 £
Charitable expenditure				
Educational services	2,911,138	838,271	87,267	3,836,676
Clinical services	333,704	142,298	—	476,002
	3,244,842	980,569	87,267	4,312,678

5 Analysis of total resources expended (continued)

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

5a

	Direct costs £	Support costs (note 5b) £	Total 2020 £
Charitable expenditure			
Educational services	3,194,879	641,797	3,836,676
Clinical services	263,121	212,881	476,002
	<u>3,458,000</u>	<u>854,678</u>	<u>4,312,678</u>

	Direct costs £	Support costs (note 5b) £	Total 2019 £
Charitable expenditure			
Educational services	2,741,175	572,500	3,313,633
Clinical services	166,159	195,082	361,283
	<u>2,907,334</u>	<u>767,582</u>	<u>3,674,916</u>

5b Analysis of support costs

	Total 2020 £	Total 2019 £
Support services		
Rent and rates	16,999	17,179
Heat, light and power	16,818	17,316
Travel and expenses	10,062	24,144
Printing and stationery	33,095	49,737
Property maintenance	52,386	51,388
Other staff costs	20,261	34,643
Validated program costs	313,298	285,857
Library books and journals	32,685	33,343
Computer software	89,638	71,646
Consultancy fees	19,827	1,109
Legal and professional fees	48,558	55,923
QAA registrations	30,419	2,723
General expenses	170,632	122,574
	<u>854,678</u>	<u>767,582</u>

6 Tangible fixed assets

	Freehold land and buildings £	Furniture, fixtures and equipment £	Total 2020 £
Cost			
At 1 September 2019	2,919,369	335,605	3,254,974
Additions	—	13,666	13,666
Disposals	—	(155,672)	(155,672)
At 31 August 2020	<u>2,919,369</u>	<u>193,599</u>	<u>3,112,968</u>
Accumulated depreciation			
At 1 September 2019	584,112	212,849	796,961
Charge for the year	40,908	46,359	87,267
Disposals	—	(155,672)	(155,672)
At 31 August 2020	<u>625,020</u>	<u>103,536</u>	<u>728,556</u>
Net book values			
At 31 August 2020	<u>2,294,349</u>	<u>90,063</u>	<u>2,384,412</u>
At 31 August 2019	<u>2,335,257</u>	<u>122,756</u>	<u>2,458,013</u>

7 Debtors

	2020 £	2019 £
Fee debtors	167,651	44,907
Prepayments and accrued income	94,596	135,367
	<u>262,247</u>	<u>180,274</u>

There were no fee debtors which relate to courses straddling two academic years (2019: £nil).

8 Creditors: Amounts falling due within one year

	2020 £	2019 £
Deferred income	1,255,733	1,112,008
Trade creditors	28,956	200,191
Other taxes and social security costs	107,363	67,004
Accruals	66,121	71,547
	<u>1,458,173</u>	<u>1,450,750</u>

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

	2020 £	2019 £
Balance as at 1 September	1,112,008	1,067,945
Amount released to income	(1,112,008)	(1,067,945)
Amount deferred in year	1,255,733	1,112,008
Balance as at 31 August	<u>1,255,733</u>	<u>1,112,008</u>

9 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.

10 Operating leases

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

Equipment	2020 £	2019 £
Within one year	10,464	10,464
In two to five years	20,928	31,392
	31,392	41,856

11 Movement in funds

	At 1 September 2019 £	Incoming resources £	Resources expended £	Transfers £	Total 2020 £
Unrestricted					
General	1,526,514	4,333,140	(4,096,721)	(13,666)	1,749,267
Designated					
. Bursary	—	29,138	(29,138)	—	—
. Redevelopment fund	158,102	—	—	—	158,102
. Fixed assets fund	2,458,013	—	(87,267)	13,666	2,384,412
	4,142,629	4,362,278	(4,213,126)	—	4,291,781
Restricted	—	99,552	(99,552)	—	—
	4,142,629	4,461,830	(4,312,678)	—	4,291,781

Restricted funds relate to grants received for AMORAY, HEROINES and TARCT projects.

	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.

11 Movement in funds (continued)

- ◆ The fixed asset fund represents the net book value of the Institute's tangible fixed assets.

12 Related Party Transactions

Other than those disclosed in note 4 to the accounts the Institute did not conduct any related party transactions in the year'.

Detailed expenditure account 31 August 2020**DRAFT**

This page does not form part of the financial statements

	2020 £	2020 £	2019 £	2019 £
Expenditure				
Educational services:				
Salaries and wages	1,712,989		1,393,180	
Trainers' fees	932,301		900,785	
National Insurance	226,611		176,047	
Pension costs	31,371		27,403	
Staff recruitment and training	22,442		40,900	
External examiners fees	34,943		—	
Bursaries	29,137		25,600	
Validation fees	313,298		285,857	
Conference and courses	500		4,798	
Premises and maintenance	81,090		75,199	
Printing and stationery	68,211		77,823	
Depreciation	87,267		70,582	
Travel and subsistence	12,046		27,560	
Consultancy	19,827		—	
Library books and journals	40,669		33,343	
Rent and room hire	7,695		17,019	
Computer software	93,316		75,545	
Sundry	9,477		3,293	
Catering	5,008		11,989	
Legal and professional	20,451		18,473	
QAA/OfS registrations	30,418		2,723	
Advertising and marketing	11,267		5,178	
Committee costs	2,871		4,847	
Indemnity insurance	1,727		6,413	
Bad debts written off	3,156		3,063	
Auditor's remuneration	11,880		10,476	
Bank charges	26,709		15,537	
	3,836,677			3,313,633
Clinical services:				
Salaries and wages	302,306		265,482	
Trainers' fees	9,065		7,123	
National Insurance	25,717		22,772	
Pension costs	5,681		3,697	
Research costs	—		7,113	
Research partner fees	58,467			
Establishment costs	39,067		39,601	
Compliance (DBS) checks	4,093		7,276	
Consultancy Fee	—		1,109	
Sundry	139		317	
Computer support costs	29,218		4,081	
Conferences and courses	1,018		1,803	
Travel and subsistence	1,230		909	
		476,001		361,283
Total resources expended		4,312,678		3,674,916

**The
Metanoia
Institute**

**Annual Report and Financial
Statements**

31 August 2020

Charity Registration Number
1050175

Company Registration Number
02918520 (England and Wales)

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Reference and administrative details Year to 31 August 2020

Trustees	Professor Ronald Parker (Chairman) Jeffrey White (Vice Chairman) Catriona Mackay Jeremy Arnott Dotun Olaleye Kelvin Jones Helen Coleman 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
Deputy Chief Executive Officer	Professor Carrie Weston
Director 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 2020

Faculty Heads

Faculty 1: Faculty of Psychotherapy and Counselling	Professor Carrie Weston (Acting Head)
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Faculty 2: Post-Qualification and Professional Doctorates, Research Strategy and Innovation	Dr Biljana van Rijn
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Faculty 3: Faculty of Applied Social and Organisational Sciences Research Strategy and Innovation	Dr Peter Pearce
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Company registration number	02918520
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Charity registration number	1050175
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Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Bankers	HSBC Bank plc 46 The Broadway London W5 5JZ
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Solicitors	Bates Wells & Braithwaite LLP 2-6 Cannon Street London EC4M 6YH
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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 2020. 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 2019/20.

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 three specialist sub-committees: the Finance, Audit and Risk, and Staffing and Remuneration (SARSC). The Audit Committee was formed in May 2020, however due to the time needed to appoint a Chair, the first meeting will take place in February 2021. The purpose of the Finance Committee and the Audit and Risk Committee 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, Deputy 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, Deputy 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.

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 twenty first cohort.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Reasons for Seeking Degree Awarding Powers (continued)

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 the Deputy Chief Executive Officer, 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 3 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.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Academic Provision (continued)

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:

- ◆ 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Academic Provision (continued)

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.

The student population

Metanoia Institute's student population stood at 1,089 in 2019/20 of whom 179 are enrolled on Doctoral programmes, 154 on taught post-graduate programmes, 321 on taught undergraduate programmes and 435 on professional programmes.

Metanoia Institute recruits both nationally and internationally, with 95% of the Institute's current students coming from the UK, 4% 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 76% female to 24% male, with an average age of 44 across all programmes. 6.5% of the Institute's students identify as belonging to the Lesbian, Gay, Bisexual, Transsexual, Queer or Intersex (LGBTQI) community, 9.3% identify as coming from a black or minority ethnicity (BME) background, and 6.8% have disclosed a specific disability.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

How our activities deliver public benefit (continued)

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.
- ◆ 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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.

Trustees Report COVID-19 Response

Activities affected by virus control measures

The Institute responded pro-actively to the control measures required for COVID-19 with the following measures put in place:

- ◆ Knowing that we would not be able to teach face to face, we moved our teaching to live on-line training.
- ◆ All our employees worked from home. We provided those that required equipment with the necessary technology.
- ◆ All scheduled meetings took place on-line. These included internal Board of Trustees, Committee, Executive and Team meetings. Meetings also took place with external organisations on-line.

Both staff and students responded well to our new way of working.

Financial uncertainties, going concern basis

We have invested in technology for our staff to work from home, but this has been at a cost of £8,202. All of the technology purchased will be returned to the organisation when staff can return to work.

We have received reduced forecast student fees for the year to the amount of £43,000, but we actively informed students that they could defer their fees if they were facing financial difficulties due to the pandemic. We worked with them to devise extended payment plans, some of which extend into the 2020/21 financial year and beyond.

Our reserves are currently £1,749,268. We have revised our reserves policy from £900,000 to £950,000 but this does not relate to increase costs due to the pandemic, it is due to restructuring taking place within the organisation.

We have incorporated £37,000 within the 2020/21 budget to pay for the hire of room rental at another organisation as due to social distancing measures we are limited in the amount face to face teaching we can carry out within our own premises.

We do not have a pension liability. We do have funds invested within a high street bank. Interest rates have decreased, and we have adjusted the forecast interest accordingly, but the decrease was minimal.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees Report COVID-19 Response (continued)

Financial uncertainties, going concern basis (continued)

After making appropriate enquiries, including student enrolment numbers for 2020/21 academic year the Board of Trustees considers that the organisation has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The risk we face is whether our students or prospective students are content with being taught through a mixture of blended learning. To mitigate risks we implemented a survey asking current students' opinion on how Metanoia Institute responded to the COVID-19 situation and their views on moving forward into the new academic year. Various questions were asked, but when asked if Metanoia had been supportive the survey returned a score of 4.24 based on a score of 1 to 5 (1 being very poor and 5 being very supportive. 97% of the students that responded to the survey, agreed that facilitating live teaching and learning was the best option.

FUTURE PLANS

Similar to other higher education institutions, we are faced with the complex task of ensuring that our students receive the best possible training experience, whilst taking all appropriate measures to prevent the continued transmission of the COVID-19 virus in the community. Based on the review of the student survey, the requirements and guidance issued by the OfS and HEA, and by keeping actively in touch with developments across the sector, the following plans have been put in place.

A Metanoia Institute 'dual delivery' model, guided by two equal principles:

- ◆ Safety and wellbeing of the entire Metanoia Institute community
- ◆ Provision of learning and teaching excellence on all programmes

The dual delivery approach will take a 'best of both worlds' position. Some learning opportunities will be offered to all students in a face-to-face format, with a spine of online teaching taking place via Zoom and through enhanced online activities. The dual delivery approach allows for flexibility in terms of respecting student choice, plus the potential for agility in the light of changing circumstances.

It will provide sufficient face-to-face teaching opportunities to ensure the continuity of the fundamentals of Metanoia Institute training; those being teaching which fosters relational learning and requires interpersonal, experiential opportunities. However, high-quality teaching and learning will also be offered online, producing a blended offer.

Operational arrangements:

As we are unable to comply fully with social distancing measures at our own premises, we have rented space at Middlesex University. This will allow us to comply with social distance measures when providing face to face learning.

FUTURE PLANS (continued)

Operational arrangements: (continued)

To function within the principle of safety and wellbeing in our dual delivery model, the following operational measures will apply:

- ◆ When on premises, full safety precautions and resources will be mandatory (hand sanitiser, social distancing, self-reporting of symptoms, etc).
- ◆ All staff and students will need to provide personal contact details to enable 'track-and-trace' to operate.
- ◆ Students and staff should only attend on premises if they are feeling well and all those in their immediate household are well.
- ◆ Any person attending a teaching event on premises must leave immediately if they experience any symptoms of being unwell or related to COVID-19 (raised temperature, sore throat, cough, loss of sense of taste/smell).
- ◆ Students must inform their tutor / Academic Co-ordinator of their intention to either attend in person or study remotely, ideally no less than 24 hours prior to the timetabled teaching event.

These operational arrangements demonstrate to students and staff that we are fully guided by the principle of safety and wellbeing.

In the event of any local or national lock down we will revert to on-line teaching and students and staff have been made aware of this.

Phased Return to Work

We also carried out a staff survey asking staff their views on returning to work. The survey produced a mixture of views. Some staff are concerned about travelling, their safety and wellbeing once they are on our premises and some staff have no concerns. We feel it is vital that we consider our individual staff needs, and their concerns are addressed in planning our return to work. As a result of this and from conversations with varying groups of staff we will return to work gradually. This will allow us to test health and safety measures in practice and ensure we can work with larger numbers before encouraging more of our workforce back. We will also be flexible with working hours and staggered start and end times to the working day.

At the time of writing this report we have had to revert to on-line live teaching only. This is due to the pandemic situation. The plans outlined above will be used when COVID-19 restrictions are eased.

FINANCIAL REVIEW

Financial performance

The incoming resources for the year amounted to £4,461,830 (2019: £3,788,392). This represents an increase of £673,438 on the previous year.

Expenditure for the year amounted to £4,312,678 (2019: £3,674,916), an increase of £637,762. This increase in expenditure was mainly attributable to increased investment in professional staff including an appointment of a Deputy Chief Executive Officer and an improvement in technical support both in systems and hardware.

As a result of the above, net income for the year was £149,152 (2019: £113,476).

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 £950,000. (2019: £900,000)

At 31 August 2020, free reserves amounted to £1,749,268 (2019: £1,526,514) 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 has future plans in relation to COVID 19 which can be found in an earlier section of this report within the Trustees Report COVID 19 Response. 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.

RISK MANAGEMENT (continued)

- ♦ 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.

Trustees' Report approved by the Trustees on 24 November 2020 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'R. Parker', with a stylized flourish extending to the right.

Prof. R. Parker
Chairman

Statement of Corporate Governance and Internal Control Year to 31 August 2020

The following statement is provided to enable readers of the annual report and financial statements of Metanoia Institute to obtain a better understanding of its governance and legal structure. The statement covers the period from 1 September 2019 to 31 August 2020 and up to the date of the approval of the annual report and financial statements.

Metanoia Institute endeavours to conduct its business;

1. Having due regard to the UK Corporate Governance Code 2018 in so far as it is applicable to the Higher Education Sector.
2. Complying with Office for Students on-going conditions or regulations and terms of conditions of funding as well as other regulatory responsibilities.

We have adopted the UK Corporate Governance Code. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code that we consider relevant to the Higher Education Sector.

The Board of Trustees recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

Legal Status

The Metanoia Institute is a Registered Charity and a Private Limited Company by guarantee without share capital use of limited exemption.

The Board of Trustees confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statement appears elsewhere within these financial statements.

The Board of Trustees

The members who served on the Board of Trustees during the year and up to the date of signature of this report are listed below.

Name	Category of Membership	Date First Appointed	Date of Reappointment/Retirement	Attendance 1/9/19-31/8/20
Professor Ronald Parker	Chair	20/11/2000	Reappointed: 26/11/2019	4 of 4
Jeffrey White	Vice-Chair, Trustee	29/04/2008	Needs to be reappointed at next AGM	4 of 4
Jerry Arnott	Trustee	29/04/2014	Reappointed: 05/02/2019	3 of 4
Helen Coleman	Trustee	26/11/2019	N/A	4 of 4
Kelvin Jones	Trustee	26/11/2019	N/A	4 of 4
Catriona McKay	Trustee	29/04/2014	Retired: 28/07/2020	4 of 4
Dotun Olaleye	Trustee	10/05/2016	Needs to be reappointed at next AGM	2 of 4
In Attendance:				
Andrew Schiller	Student Representative	16/07/2019	Retired: 28/07/2020	2 of 3
Professor Sheila Owen-Jones	Chief Executive Officer	N/A	N/A	N/A

Statement of Corporate Governance and Internal Control Year to 31 August 2020

<u>Audit and Risk Committee</u>		
Name	Category of Membership	Term
TBC	Chair	3 years
Helen Coleman	Trustee	3 years
Kelvin Jones	Trustee	3 years
<u>In Attendance:</u>		
Professor Sheila Owen-Jones	Chief Executive Officer	N/A
Professor Carrie Weston	Deputy Chief Executive Officer	N/A

The Audit and Risk Committee was formed in May 2020 and will undertake its first meeting in February 2021.

<u>Finance Committee</u>		
Name	Category of Membership	Term
Jerry Arnott	Chair	4 years
Dotun Olaleye	Trustee	4 years
Jeffrey White	Trustee	4 years
<u>In Attendance:</u>		
Professor Sheila Owen-Jones	Chief Executive Officer	N/A
Anita Faherty	Director of Finance	N/A

<u>Staffing and Remuneration Committee</u>		
Name	Category of Membership	Term
Catriona McKay	Chair	Retired: 28/07/2020
Jerry Arnott	Trustee	4 years
Jeffrey White	Trustee	4 years
<u>In Attendance:</u>		
Professor Sheila Owen-Jones	Chief Executive Officer	N/A

Board of Trustees' interests

The Board of Trustees are shown above an except for any instance mentioned above have served throughout the year. None of the Board of Trustees have any interests within the company.

The Secretary to the Board of Trustees maintains a register of financial and personal interest of the members of the Board of Trustees and senior post holders. This can be obtained by contacting douglas.bertram@metanoia.ac.uk

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).

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.

Statement of trustees' responsibilities (continued)

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

Meeting Procedures

Formal agendas, papers and reports are supplied to the Board of Trustees in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis. Reports include overall financial performance of the organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety issues. The Board of Trustees met 4 times in 2019/20.

The Board of Trustees receives advice from on the conduct of its business from three committees. Each committee has its own terms of reference which have been approved by the Board of Trustees. This committees are, Finance, Staffing and Audit and Risk. The Audit and Risk Committee was formed in May 2020, an independent Chair has now been appointed and the first meeting is due to take place in February 2021.

Metanoia Institute has a strong and independent non-executive element and no individual or group dominates its decision-making process. The organisation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

Full minutes of all meetings, except those deemed to be confidential by the Board of Trustees, are published on the organisation website.

Appointment to the Board of Trustees

Appointment to the Board of Trustees are matters for consideration of the Board of Trustees as a whole.

Board of Trustees Performance

The Board of Trustees have made a strong contribution to the improvements made in 2019/20 through the setting of challenging targets with regular scrutiny of performance. There is strong performance management at Board meetings. The Board of Trustees provide robust scrutiny and challenge. Trustees are pro-active in their oversight of the organisation and are involved in the planning and discharging of Board business.

Committees

Audit and Risk Committee

The Audit and Risk Sub-Committee is responsible to the Board of Trustees in discharging its responsibilities for monitoring the integrity of the Institute's financial statements, the effectiveness of financial controls with regard to internal risk assessment and the performance and objectivity of external auditors. The Committee was formed in May 2020, and independent Chair has now been appointed and the first meeting is due to take place in February 2021. The Committee is responsible for the following:

- ◆ To appoint external auditors and agree the audit fee, meet with the external auditors to discuss the scope and nature of the audit and to discuss the findings included within the management letter and management responses.
- ◆ To satisfy itself that all public funds received by the Institute are managed in line with regularity, propriety, and value for money.
- ◆ To satisfy itself that satisfactory arrangements are in place to promote best value, and to monitor other performance as shall be deemed to be reliable and appropriate measures of effectiveness.

Finance Committee

The Finance Committee oversees Metanoia Institute's financial reporting process, including the internal control structure and procedures for financial reporting and monitoring the integrity and appropriateness of the financial statements. The Committee monitors and reviews projected levels of income and expenditure across each Faculty and the whole Institute. It ensures an effective framework is in place to review performance against budget and to recommend improvements to accounting policies, systems, and procedures.

Staffing and Remuneration Committee

The Staffing Committee oversees and supports policies and practices in relation to Human Resources functions and to make proposals to the Board of Trustees for implementation. The Committee also report on Health and Safety issues. Terms of Reference of the Committees can be found on our website.

Internal Control

Scope of responsibility

The Board of Trustees is ultimately responsible for the organisations 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 only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure and can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of organisation policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the organisation for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the organisation is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there was a formal on-going process for identifying, evaluating and managing the

Institutes significant risks that had been in place for the year ended 31 August 2020 an up to the date of approval of the annual report and financial statements.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. It includes:

- ◆ comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Trustees
- ◆ regular reviews by the Board of Trustees of periodic and annual financial reports which indicate financial performance against forecasts
- ◆ setting targets to measure financial performance
- ◆ the adoption of formal project management disciplines, where appropriate.

Review of effectiveness

As the Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive Officer review of the effectiveness of the system of internal control is informed by:

- ◆ the work of the external auditors;
- ◆ the work of the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the organisation's financial statements and regularity auditors in their management letters and other reports.

There are no significant internal control weaknesses reported for the period.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Audit and Risk Committees also receive regular reports, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Trustees agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2020 meeting, the Board of Trustees, carried out the annual assessment for the year ended 31 August 2020 by considering documentation from the senior management team, and taking account of events since 31 August 2019.

Based on above and reports by the Chief Executive Officer, the Board of Trustees is of the opinion that the organisation has an adequate and effective framework for governance, risk management and control to manage the achievements of the organisation's objectives for the year ended 31 August 2020 and it has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the safeguarding of their assets".

Regularity, propriety, and compliance

The organisation has considered its responsibility to notify the Office for Students of material irregularity, impropriety and non-compliance with Office for Students terms and conditions of funding.

We confirm, on behalf of the organisation, that after due enquiry and to the best of its knowledge, the Board of Trustees believes it is able to identify any material irregularity or improper use of funds by the organisation, or material non-compliance with terms and conditions of funding under the organisations financial regulations. As part of our consideration we have had due regard to our financial regulations. We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement these will be notified to the Office for Students.

Statement of Corporate Governance and Internal Control Year to 31 August 2020

Going Concern

Details on Board's going concern assessment are set out on page 31.

Approved by order of the Board of Trustees and signed on its behalf by:



R. Parker

Chair



S. Owen-Jones

Chief Executive Officer

24 November 2020

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 2020 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 2020 and of its income and expenditure, changes in reserves and cash flows for the year then ended;
- ◆ have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- ◆ 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 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 2019/20.

We have nothing to report in respect of the following matter in relation to which the OfS Accounts Direction 2019/20 requires us to report to you if, in our opinion:

- ◆ the charitable company's grant and fee income, as disclosed in note 1 to these Financial Statements has been materially misstated.

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.

Matters on which we are required to report by exception (continued)

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.

Independent auditor's report Year to 31 August 2020

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.



23 December 2020
Shachi Blakemore, Senior Statutory Auditor
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure statement) Year to 31 August 2020
(which includes statement of changes in reserves)

	Notes	2020 Total £	2019 Total £
Income from:			
Charitable activities	1		
. Fees from educational services		4,203,774	3,618,281
. Fees from clinical services		243,176	160,008
Other trading activities			
. Letting income		360	511
Interest receivable		14,520	9,592
Total income		4,461,830	3,788,392
Expenditure on:			
Charitable activities			
. Educational services		3,836,677	3,313,633
. Clinical services		476,001	361,283
Total expenditure	5	4,312,678	3,674,916
Statement of changes in reserves:			
Net income and net movement in funds for the year	2	149,152	113,476
Reconciliation of funds:			
Balance brought forward at 1 September		4,142,629	4,029,153
Balance carried forward at 31 August		4,291,781	4,142,629

All amounts are derived from continuing activities. Restricted income for 2020 amounted to £99,552, all of which was spent by the year end. These funds relate to grants received within the year. All remaining funds are unrestricted.

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

The notes on pages 34 to 40 form part of these financial statements.

Balance sheet 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	6		2,384,412		2,458,013
Current assets					
Debtors	7	262,247		180,274	
Cash at bank and in hand		1,582,807		1,945,831	
Short-term deposits		1,520,489		1,009,261	
		3,365,543		3,135,366	
Creditors: amounts falling due within one year	8	(1,458,173)		(1,450,750)	
Net current assets			1,907,369		1,684,616
Total net assets			4,291,781		4,142,629
The funds of the charity:					
Unrestricted funds:					
. Designated funds			2,542,513		2,616,115
. General funds			1,749,268		1,526,514
Restricted funds			—		—
	11		4,291,781		4,142,629

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



R. Parker
Chair of Trustees



S. Owen-Jones
Accountable Officer

Date: 24 November 2020

The notes on pages 34 to 40 form part of these financial statements

The Metanoia Institute
Company Registration Number 02918520 (England and Wales)

Statement of cash flows 31 August 2020

	Notes	2020 £	2019 £
Cash inflow from operating activities:			
Net cash provided by operating activities	A	147,350	233,847
Cash outflow from investing activities:			
Interest from investments		14,520	9,592
Purchase of tangible fixed assets		(13,666)	(19,025)
Net cash used in investing activities		854	(9,433)
Change in cash and cash equivalents in the year		148,204	224,414
Cash and cash equivalents at 1 September	B	2,955,092	2,730,678
Cash and cash equivalents at 31 August	B	3,103,296	2,955,092

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

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	149,152	113,476
Adjustments for:		
Depreciation charge	87,267	70,581
Interest from investments	(14,520)	(9,592)
Decrease in debtors	(81,973)	(69,654)
Decrease in creditors	7,424	129,036
Net cash provided by operating activities	147,350	233,847

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,582,807	1,945,831
Short-term deposits	1,520,489	1,009,261
Total cash and cash equivalents	3,103,296	2,955,092

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 2020 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), 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 2019/20.

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.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the Institute's activities, beneficiaries, funders, suppliers and the wider economy.'

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 and in making their assessment have given consideration to the effects of the pandemic on the charity and its operations.'

Assessment of going concern (continued)

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.

Income

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.

1 Grant and fee income

	2020 £	2019 £
Grant income from the OfS	34,647	—
Grant income from other bodies*	129,220	56,025
Fee income for taught awards	2,468,997	2,130,627
Fee income for research awards		
Fee income from non-qualifying courses	1,467,505	1,292,901
Clinic Client Income	113,957	103,418
School Based Research Income	194,830	134,654
Other Income	52,674	70,766
Total grant and fee income	4,461,830	3,788,391

*The grant income includes £99,552 of restricted income in 2020, all of which was fully spent in the year.

2 Net movement in funds

The net movement in funds is stated after charging:

	2020 £	2019 £
Depreciation	87,266	70,582
Auditor's remuneration – statutory audit	11,880	10,476
Auditor's remuneration – other services	2,150	—
Operating lease costs	10,464	10,464

3 Staff costs and remuneration of key management personnel

Full time equivalent employees in the year:

	2020 No.	2019 No.
Educational services	21	27
Clinical services	9	7
Administration and support	27	25
	57	59

Actual employees in the year:

	2020 No.	2019 No.
Educational services	94	103
Clinical services	11	9
Administration and support	32	30
	137	142

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

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	1,976,203	1,658,663
Social security costs	252,328	198,819
Pension costs	35,853	31,100
	2,264,348	1,888,582
Restructuring Costs	39,092	
Trainers' fees	941,366	907,908
	3,244,842	2,796,490

Staff restructuring costs in the year relating to one person £39,092 (2019: £nil).

The Institute has given regard to the "Guidance on decisions taken about severance payments in HEI's" published by the Committee of University Chairs when determining severance pay.

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

	2020 No.	2019 No.
£70,001 - £75,000	—	1
£75,001 - £80,000	1	2
£80,001 - £85,000	2	—
£85,001 - £90,000	—	1
£100,000 - £105,000	1	—
£105,001 - £110,000	—	1
£125,001 - £130,000	1	—
£130,001 - £135,000	1	—
	6	5

Pension contributions in respect of these employees were £10,052 (2019: £4,074).

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 Deputy Chief Executive Officer, Four Faculty Heads, (2019: 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 £767,748 (2019: £548,804).

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

Chief Executive Officer Remuneration

	2020 £	2019 £
Basic salary	131,682	109,320
Bonus	500	500
Pension contribution	—	—
	132,182	109,820

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.

Chief Executive's basic salary as a multiple of the median of all staff 2.19 (2019: 2.10)

Chief Executive's total remuneration as a multiple of the median of all staff 2.19 (2019: 2.11)

Trustees were not paid any remuneration, only expenses were reimbursed (see note 4 for details).

4 Trustees' remuneration and reimbursed expenses

One trustee received reimbursement of travel expenses of £421 in the year (2019: three received £2,811). None received remuneration for their services or benefits in either the current or prior year.

The Institute paid £1,726 (2019: £6,413) in relation to trustee indemnity insurance during the year.

5 Analysis of total resources expended

	Staff costs (note 3) £	Other £	Depreciation £	Total 2020 £
Charitable expenditure				
Educational services	2,911,138	838,271	87,267	3,836,676
Clinical services	333,704	142,298	—	476,002
	3,244,842	980,569	87,267	4,312,678

5 Analysis of total resources expended (continued)

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

5a

	Direct costs £	Support costs (note 5b) £	Total 2020 £
Charitable expenditure			
Educational services	3,194,879	641,797	3,836,676
Clinical services	263,121	212,881	476,002
	<u>3,458,000</u>	<u>854,678</u>	<u>4,312,678</u>

	Direct costs £	Support costs (note 5b) £	Total 2019 £
Charitable expenditure			
Educational services	2,741,175	572,500	3,313,633
Clinical services	166,159	195,082	361,283
	<u>2,907,334</u>	<u>767,582</u>	<u>3,674,916</u>

5b Analysis of support costs

	Total 2020 £	Total 2019 £
Support services		
Rent and rates	16,999	17,179
Heat, light and power	16,818	17,316
Travel and expenses	10,062	24,144
Printing and stationery	33,095	49,737
Property maintenance	52,386	51,388
Other staff costs	20,261	34,643
Validated program costs	313,298	285,857
Library books and journals	32,685	33,343
Computer software	89,638	71,646
Consultancy fees	19,827	1,109
Legal and professional fees	48,558	55,923
QAA registrations	30,419	2,723
General expenses	170,632	122,574
	<u>854,678</u>	<u>767,582</u>

6 Tangible fixed assets

	Freehold land and buildings £	Furniture, fixtures and equipment £	Total 2020 £
Cost			
At 1 September 2019	2,919,369	335,605	3,254,974
Additions	—	13,666	13,666
Disposals	—	(155,672)	(155,672)
At 31 August 2020	<u>2,919,369</u>	<u>193,599</u>	<u>3,112,968</u>
Accumulated depreciation			
At 1 September 2019	584,112	212,849	796,961
Charge for the year	40,908	46,359	87,267
Disposals	—	(155,672)	(155,672)
At 31 August 2020	<u>625,020</u>	<u>103,536</u>	<u>728,556</u>
Net book values			
At 31 August 2020	<u>2,294,349</u>	<u>90,063</u>	<u>2,384,412</u>
At 31 August 2019	<u>2,335,257</u>	<u>122,756</u>	<u>2,458,013</u>

7 Debtors

	2020 £	2019 £
Fee debtors	167,651	44,907
Prepayments and accrued income	94,596	135,367
	<u>262,247</u>	<u>180,274</u>

There were no fee debtors which relate to courses straddling two academic years (2019: £nil).

8 Creditors: Amounts falling due within one year

	2020 £	2019 £
Deferred income	1,255,733	1,112,008
Trade creditors	28,956	200,191
Other taxes and social security costs	107,363	67,004
Accruals	66,121	71,547
	<u>1,458,173</u>	<u>1,450,750</u>

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

	2020 £	2019 £
Balance as at 1 September	1,112,008	1,067,945
Amount released to income	(1,112,008)	(1,067,945)
Amount deferred in year	1,255,733	1,112,008
Balance as at 31 August	<u>1,255,733</u>	<u>1,112,008</u>

9 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.

10 Operating leases

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

Equipment	2020 £	2019 £
Within one year	10,464	10,464
In two to five years	20,928	31,392
	31,392	41,856

11 Movement in funds

	At 1 September 2019 £	Incoming resources £	Resources expended £	Transfers £	Total 2020 £
Unrestricted					
General	1,526,514	4,333,140	(4,096,721)	(13,666)	1,749,267
Designated					
. Bursary	—	29,138	(29,138)	—	—
. Redevelopment fund	158,102	—	—	—	158,102
. Fixed assets fund	2,458,013	—	(87,267)	13,666	2,384,412
	4,142,629	4,362,278	(4,213,126)	—	4,291,781
Restricted	—	99,552	(99,552)	—	—
	4,142,629	4,461,830	(4,312,678)	—	4,291,781

Restricted funds relate to grants received for AMORAY, HEROINES and TARCT projects.

	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.

11 Movement in funds (continued)

- ◆ The fixed asset fund represents the net book value of the Institute's tangible fixed assets.

12 Related Party Transactions

Other than those disclosed in note 4 to the accounts the Institute did not conduct any related party transactions in the year'.

Detailed expenditure account 31 August 2020**DRAFT**

This page does not form part of the financial statements

	2020 £	2020 £	2019 £	2019 £
Expenditure				
Educational services:				
Salaries and wages	1,712,989		1,393,180	
Trainers' fees	932,301		900,785	
National Insurance	226,611		176,047	
Pension costs	31,371		27,403	
Staff recruitment and training	22,442		40,900	
External examiners fees	34,943		—	
Bursaries	29,137		25,600	
Validation fees	313,298		285,857	
Conference and courses	500		4,798	
Premises and maintenance	81,090		75,199	
Printing and stationery	68,211		77,823	
Depreciation	87,267		70,582	
Travel and subsistence	12,046		27,560	
Consultancy	19,827		—	
Library books and journals	40,669		33,343	
Rent and room hire	7,695		17,019	
Computer software	93,316		75,545	
Sundry	9,477		3,293	
Catering	5,008		11,989	
Legal and professional	20,451		18,473	
QAA/OfS registrations	30,418		2,723	
Advertising and marketing	11,267		5,178	
Committee costs	2,871		4,847	
Indemnity insurance	1,727		6,413	
Bad debts written off	3,156		3,063	
Auditor's remuneration	11,880		10,476	
Bank charges	26,709		15,537	
	3,836,677			3,313,633
Clinical services:				
Salaries and wages	302,306		265,482	
Trainers' fees	9,065		7,123	
National Insurance	25,717		22,772	
Pension costs	5,681		3,697	
Research costs	—		7,113	
Research partner fees	58,467			
Establishment costs	39,067		39,601	
Compliance (DBS) checks	4,093		7,276	
Consultancy Fee	—		1,109	
Sundry	139		317	
Computer support costs	29,218		4,081	
Conferences and courses	1,018		1,803	
Travel and subsistence	1,230		909	
		476,001		361,283
Total resources expended		4,312,678		3,674,916

The Trustees
The Metanoia Institute
13 North Common Road
Ealing
London
W5 2QB

23 December 2020

Our ref M0234/SB/DW

Ladies and Gentlemen

Post-Audit Report – Year ended 31 August 2020

The purpose of this letter is to bring to your attention the findings from our recent audit of the financial statements of The Metanoia Institute for the year ended 31 August 2020. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

Our work during the audit was performed with a view to expressing an opinion on the financial statements for the year ended 31 August 2020 and other matters required by legislation.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

2. Audit progress

We are pleased to report that the audit of the financial statements, from our perspective went well and in accordance with the agreed timetable, despite being conducted remotely. We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Sheila Owen-Jones, Anita Faherty, Helen Senay and Nadia Khan.

3. Annual report and financial statements' format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102). There are no significant changes to the format of the financial statements this year, but additional disclosures and content have been included detailing the assessment of the impact of Coronavirus on the Institute. Details included within the financial statements are as advised by the Charities SORP Committee in their guidance document (<https://www.charitySORP.org/about-the-sorp/covid-19/>) issued in March 2020 following the lockdown.

Furthermore, this is the second year that the Institute's financial statements have needed to comply with the Office for Students' Accounts Direction. The 2019/20 version of this guidance necessitated the addition of new disclosure in the financial statements as follows:

- A statement of internal control and corporate governance;
- A 'Grant and fee income' note along with a new confirmation in our audit report reflecting that we have considered whether this is materially misstated.

We confirm that we have reviewed the statement of internal control and corporate governance against the requirements detailed in the Accounts Direction, and have concluded that it is compliant. We confirm also that we have undertaken appropriate audit procedures over the new grant and fee income note and nothing has come to our attention to suggest that this is materially misstated.

4. Auditors report

We do not propose any modifications to our audit opinion and, therefore, we intend to issue an unqualified opinion in our auditor's report. The wording of our auditor's report is unchanged from last year bar the one new confirmation around the grant and fee income note as detailed in point 3.

5. Adjustments made during the audit

Other than presentational amendments which have no impact on the reported results for the year, there were no adjustments made to the figures presented to us for audit.

6. Unadjusted misstatements

We are pleased to report that we found no non-trivial misstatements during our audit for the period.

7. Accounting policies, accounting estimates and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the Institute. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the Institute. The accounting policies disclosure this year include more discussion around the effects of the COVID-19 pandemic, in particular the 'Critical accounting estimates and areas of judgement' and 'Going concern' policies.

8. Prior year's post audit-report

We are pleased to report that the matters raised in our report last year have all been resolved satisfactorily.

9. Deficiencies in the accounting and internal control systems

Our work during the audit included an examination of some of the Institute's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2020. We have no significant or other deficiencies to note following our audit work.

10. Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 14 July 2020 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

11. Current developments

We have attached a summary of recent and ongoing developments in the charity sector in an appendix to this report.

Due to the rapidly evolving impacts of the crisis, including Government responses, we encourage you to refer to our Covid-19 information page (<https://www.buzzacott.co.uk/news/responding-to-the-impact-of-covid-19>) for latest news. When visiting this page you will also be presented with an opportunity to manage the updates you receive from Buzzacott should you wish.

12. Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome.

Conclusion

This report has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. The advice contained herein is based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this report. Should the facts provided to us be incorrect or incomplete or should they change, our advice may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this report.

Buzzacott

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully

A handwritten signature in dark ink that reads "Buzzacott Ltd." with a stylized flourish at the end.

Appendix: Current developments

Regulatory requirements

The Office for Students has recently set out measures to reduce unnecessary burden on universities and other higher education providers. Plans include a cut to registration fees and a review of the National Student Survey in a bid to reduce the level of red tape on an ongoing basis. The Chief Executive of the OfS expects that the Quality Assurance Agency and Higher Education Statistics Agency deliver similar reductions to the statutory fees they charge. Further information can be found at: <https://www.officeforstudents.org.uk/advice-and-guidance/regulation/reducing-regulatory-burden/>

Providers in financial difficulty

The Office for Students has announced new proposals for providers facing the greatest financial risks whereby they need to put formal arrangements in place to protect students in the event they have to close. A new targeted condition of registration is proposed that would allow the regulator to intervene more quickly where providers are at material risk of closure, which has been exacerbated by the coronavirus pandemic. Any new condition would apply in addition to the existing requirements all providers meet on an ongoing basis in order to remain registered with the Office for Students.

Further information can be found at: <https://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-proposes-tougher-measures-to-protect-students-if-universities-run-into-financial-trouble/>

The Higher Education Code of Governance

The Higher Education Code of Governance was published by the Committee of University Chairs (CUC) in September 2020. It has been developed to support governing bodies in delivering the highest standards of governance by helping to identify the key values and elements that form an effective governance framework. Visible adoption of the Code allows governing bodies to demonstrate leadership and stewardship of their own institutions whilst also providing a level of assurance to key stakeholders such as students and the wider community.

The Code identifies six core values – integrity, sustainability, inclusivity, excellence, innovation and growth and community – which provide an ethical framework for the personal behaviour of governors and boards and are the underlying principles of the Code. A further six elements have been identified that embody these core values and provide the basis for good governance for the sector:

1. Accountability - the governing body is collectively responsible and accountable for institutional activities, approving all final decisions on matters of fundamental concern within its remit.
2. Sustainability - Working with the Executive, the governing body sets the mission, strategic direction, overall aims and values of the institution.
3. Reputation - The governing body safeguards and promotes institutional reputation and autonomy by operating in accordance with the values that underpin this Code.
4. Equality, inclusivity and diversity - The governing body promotes a positive culture which supports ethical behaviour, equality, inclusivity and diversity across the institution.
5. Effectiveness - The governing body ensures that governance structures and processes are robust, effective and agile by scrutinising and evaluating governance performance against this
6. Code.
7. Engagement - Governing bodies understand the various stakeholders of the institution (globally, nationally and locally) and are assured that appropriate and meaningful engagement takes place to allow stakeholder views to be considered in relevant decision-making processes.

The Code is expected to refresh every four years and can be read in full at: <https://www.advance-he.ac.uk/guidance/governance/codes-governance>

Trustees' Annual Report and Accounts

Charities SORP second edition

A new Charities SORP was published in October 2019 incorporating the update bulletins that had previously been issued separately in February 2016 and in October 2018. The full second edition of the SORP can be found at: <http://charitiessorp.org/media/647945/charities-sorp-frs102-2019a.pdf>

Policy and governance

Transparent and accountable governance

In June 2020, the Charity Commission issued an alert for charities emphasising the importance of transparent and accountable governance. This alert was sent to trustees of large charities with complex governance and management structures that are in a service-providing industry (e.g. health, education, disaster relief etc).

The alert was prompted following a Charity Commission investigation into the Royal National Institute of Blind People (RNIB) which found that some beneficiaries were being placed at undue risk of harm through what it describes as systematic weaknesses at senior levels including having a culture of dismissiveness toward Ofsted or

CQC criticism, inadequate staff training and an overreliance on agency staff leading to poor recruitment practices. The full report can be read at:

<https://www.gov.uk/government/news/rnib-failures-led-to-some-children-in-the-charitys-care-being-harmed-says-watchdog>

As a result of the RNIB investigation, the regulator has provided an alert to remind trustees, senior executives and staff of such charities on the best practice approach to good governance.

Trustees

The role of a trustee is to ensure robust oversight of the charity's operations and structure. Trustees may choose to delegate significant decision-making authority to senior executives and communication needs to be regular and effective. Trustees should also undertake an annual review of the charity's approach to identifying, prioritising and managing risks and establish a timely process for making and handling any complaints against the charity. The alert also suggests that clear lines of responsibility and reporting between all governance and management committees need to be made and that each body has the right mix of skills and is guided by appropriate terms of reference.

Executives

An executive should have effective oversight of the charity's operations and have the confidence to fully disclose any incident to trustees, regulators or agencies on a timely basis. The Charity Commission encourages regular reporting to the Board on significant incidents which should also include a summary of how such incidents are managed and mitigated. Executives also need to provide assurance to trustees on the quality and safety of the charity's activities and need to have confidence in third party suppliers if used on how they carry out their work.

Staff

Service-providing charities make use of front-line staff or volunteers who serve and interact directly with beneficiaries, who are often vulnerable, and it is important that safeguarding responsibilities remain a top governance priority. The alert highlights the following points for charities to consider:

- Establishing safeguarding policies and procedures that all stakeholders follow;
- Ensuring there are skilled, trained staff/volunteers/trustees to protect people;
- Appointing a senior safeguarding lead to help co-ordinate the charity's safeguarding strategy through engagement both internally and with other agencies and partners; and
- Reviewing the charity's safeguarding arrangements on a regular basis.

The Charity Commission's full alert can be read at: <https://www.gov.uk/government/publications/alert-for-charities-the-importance-of-transparent-and-accountable-governance/alert-for-charities-the-importance-of-transparent-and-accountable-governance>

The Charity Commission has undertaken a thematic review of complaints they have received about charities between April and June 2019. During this time, the regulator received 600 reports about charities which fell below the threshold of direct regulatory action where the charity had taken appropriate action already or because they were not serious enough to warrant action. However, an in-depth analysis of 200 of these complaints was carried out and four key themes were identified:

1. Personal connection: People making complaints are usually people who are known to the charity (e.g. a supporter, volunteer, trustee or beneficiary);
2. Accountability: Ensuring stakeholder involvement in decisions a charity makes is important as well as making sure a charity's annual accounts tell a complete and accurate story of the year;
3. Public trust: Transparent decision making and the management of any conflicts of interest is vital and trustees must always act in their charity's best interests; and
4. Tone at the top: How policies and procedures are implemented and monitored are as important as the policy itself and how a charity responds to unexpected situations will ultimately result in how successful a charity is.

The Charity Commission concludes that charities should lead the way in taking public expectations seriously which gives the sector a better chance of flourishing through the retention of the personal, emotive investments people make in them.

The full review can be read at: <https://www.gov.uk/government/publications/every-complaint-matters-a-thematic-review-of-complaints-about-charities/every-complaint-matters-a-thematic-review-of-complaints-about-charities>

External scrutiny benchmark

In conjunction with charities and the accounting profession, the Charity Commission has published an 'External Scrutiny Benchmark' with the aim to help charities meet a minimum standard in their annual accounts. This enables the public to read the accounts with confidence as it will act as a mechanism to check that a minimum standard of work has been undertaken by a charity's auditors or independent examiners. The benchmark helps to facilitate the regulatory case work carried out by the Charity Commission by identifying the external scrutinies that fail to meet the benchmark.

The benchmark comprises 15 basic criteria including whether there is a trustees' report, the inclusion of a correctly worded auditor's report (or independent examiner's report) and checks the accounts add up correctly and whether the accounts are internally consistent (e.g. closing funds on the statement of financial activities being the same as the balance sheet).

The benchmark also refers to a number of commonly missed disclosures with the requirement for the statement of financial activities to incorporate an income and expenditure account and details of related party transactions.

Trustees should use this benchmark tool to perform simple checks on the accounts before approval as this will help ease the Charity Commission's concerns of accounts being inaccurate, out-of-date and not providing the information required to be held accountable to donors, beneficiaries and the general public.

It is important to note though, that although the benchmark covers the vast majority of charities, it does not cover Common Investment Funds, Common Deposit Funds or educational or housing charities that do not prepare their accounts in accordance with the Charities SORP.

A link to the benchmark can be found at: <https://www.gov.uk/government/publications/a-benchmark-for-the-external-scrutiny-of-charity-accounts/a-benchmark-for-the-external-scrutiny-of-charity-accounts>

Charity Governance Code consultation

A consultation on refreshing the Charity Governance Code was launched by its "steering group", made up of ACEVO, the Association of Chairs, the Chartered Governance Institute, NCVO, SCC and WCVA, in November 2019 and came to an end on 28 February 2020. The focus was to seek ways on how to improve awareness and take-up of the Code as it had been estimated that under 50% of charities were using the Code's recommendations in their annual reports.

However, the response to the consultation, published in August 2020, was more positive as from 800 responses, it was found that 90% are either adopting the Code in full or are working toward it and 84% are satisfied with the Code and its principles. The main area of improvement identified by the steering group is to make the Code more relevant for smaller charities but overall, the steering group will take a "refresh only" approach to the Code this year, with the potential for a more radical refresh in three years' time.

Full details of the responses to the consultation can be found at:

<https://www.charitygovernancecode.org/en/about-the-code-1/refreshing-the-charity-governance-code-1.pdf>

Digital resources for charities

In July 2019, the charity Media Trust launched a range of charity specific digital webinars aimed to help charities develop their digital marketing strategy. The series of webinars cover the basics of digital marketing strategy, core content and tactics and information on the channels used through digital marketing. The resources can be accessed via the Media Trust Resource hub at:

<https://mediatrust.org/communications-support/resource-hub/>

The Charity Commission has created a dedicated advice line for charity whistleblowers to help people report any concerns to the regulator. The phone line is operated by the charity 'Protect' which has a team of specialists for when charity workers or volunteers have serious concerns about their charity. This team can be reached at 08000 557214 and each case will be handled by a specific individual who will be on hand with any follow-up discussions as necessary. The Charity Commission has also confirmed that whistleblowing disclosures have more than doubled since 2017; the regulator received 185 disclosures in the year ended 31 March 2019 compared to 101 in the previous year and only 88 in the year ended 31 March 2017 with the most reported issues being safeguarding, governance and fraud/money laundering.

Fraud and cybercrime

The Government has published a comprehensive guide on how charities can protect themselves against fraud and cybercrime. The guide covers all aspects of fraud and cybercrime with useful links to relevant organisations that combat fraud in charities.

The guidance determines eight overarching principles for tackling fraud:

1. Fraud will always happen, even at charities;
2. Threats are constantly changing so it is important for charities to be able to adapt defences quickly;
3. Prevention mechanisms are better than cure;
4. Fraudsters exploit the trust and goodwill of a charity;
5. It is good to discover fraud as this is the first step in fighting fraud;
6. Report all fraud on a timely basis to Action Fraud, the relevant regulator or police;
7. Responses to fraud should be proportionate to the charity's size, activities and fraud risks;
8. Everybody involved in the charity should help fight fraud, especially trustees.

The fraud section of the guidance covers a broad range of issues, including how fraud should be reported if a charity is a victim of fraud, how a charity should protect itself from fraud and example policies on anti-fraud, whistleblowing and investigations.

As an ever evolving threat to all organisations, the guidance on cybercrime covers an array of topics. Of particular significance, the National Cyber Security Centre (NCSC) has produced an electronic learning training package covering top tips for staff that covers four key areas: defence against phishing, passwords, device security and incident reporting. The NCSC has also designed a toolkit specifically for boards to encourage wider discussions throughout the charity which contains information on how to plan a response to a cyber-incident. In the event of

a cybercrime attack, Action Fraud, the national policing lead for fraud, has launched a 24/7 live cyber-attack helpline which is connected with the National Fraud Intelligence Bureau (NFIB).

The detailed guidance can be found at: <https://www.gov.uk/guidance/protect-your-charity-from-fraud>

Compliance

Workplace etiquette

The Equality and Human Rights Commission has recently released guidance on how employers are able to take action to protect working relationships and the culture of organisations. A seven step plan has been recommended:

1. Develop an effective anti-harassment policy
2. Staff engagement
3. Assess and mitigate risks in the workplace
4. Reporting systems
5. Training
6. Handling complaints
7. Sexual harassment and third parties

More information can be found at: <https://www.buzzacott.co.uk/insights/identify-tackle-and-prevent-inappropriate-banter-in-the-workplace>