

REGISTERED COMPANY NUMBER: 06471324 (England and Wales)
REGISTERED CHARITY NUMBER: 1125851

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION
(A COMPANY LIMITED BY GUARANTEE)**

THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION

CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2020

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 4
Statement of Trustees' Responsibilities	5
Report of the Independent Auditors	6 to 7
Statement of Financial Activities	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Cash Flow Statement	11
Notes to the Financial Statements	12 to 19
Detailed Statement of Financial Activities	20 to 21

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**REFERENCE AND ADMINISTRATIVE DETAILS
For The Year Ended 31 December 2020**

TRUSTEES	Mr F S Murad Prof K Ahmad Mr S M Ahmad Dr M Ahsan Dr M Ruby Mr M T Abdullah
REGISTERED OFFICE	Ratby Lane Markfield Leicester Leicestershire LE67 9SY
REGISTERED COMPANY NUMBER	06471324 (England and Wales)
REGISTERED CHARITY NUMBER	1125851
AUDITORS	Fortus Audit LLP Chartered Accountants and Statutory Auditor 31 High View Close Hamilton Office Park Leicester Leicestershire LE4 9LJ

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**REPORT OF THE TRUSTEES
For The Year Ended 31 December 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Markfield Institute of Higher Education (MIHE) was established in September 2000, with the objective of providing professional development courses and validated higher educational programmes in Islamic disciplines.

The Institute, like other universities, is regulated by Office for Students in March 2019. It is accredited by the British Accreditation Council (BAC) and reviewed by the Quality Assurance Agency for Higher Education. MIHE also holds a UKVI Tier 4 and Tier 2 Sponsor Status to recruit students from overseas as well as staff.

Significant activities

The Institute offers undergraduate and postgraduate programmes, validated by Newman University, in Islamic Studies, Islamic Education, Islamic Banking and Finance, Islam and Sustainable Development, and Islam and Pastoral Care/Chaplaincy. Its key activities include teaching and learning, research and scholarly activities, and community engagement activities. These activities are aimed to equip students with knowledge and academic skills that would enable them to become specialists, pursue professional careers, as well becoming responsible citizens, who can make a valuable social and economic contribution to society. During 2019-20 academic year, 61 students graduated from the Institute with BA, MA, PhD degrees, and a certificate in Muslim Chaplaincy. In addition, the Institute delivered a number of short executive programmes and research seminars.

Public benefit

The Institute, through its governing body, the Board of Directors, is aware of its responsibilities as a charity to act for the public benefit across all of its activities and has had due regard to the latest version of the Charity Commission's public benefit guidance. The Institute endeavours to advance education and knowledge in Islamic disciplines through learning and teaching, scholarship and research for the benefit of individuals and society. It contributes to the development of professionals and scholars who have a broader, deeper and critical understanding of Islam in the modern contemporary context. Such scholars would be better equipped to promote understanding and social cohesion amongst the diverse communities in society, and analyse theological, social, economic and educational problems faced by contemporary societies and offer creative solutions to address these.

To develop competent graduates, the Institute combines the richness and high standards of traditional and contemporary Islamic scholarship with modern cutting-edge research methods, academic rigour and critical analysis. We strive to ensure that our graduates leave with mastery of a discipline, critical thinking, conceptual reasoning and analytical skills, as well as advanced written and verbal communication skills, and a personal commitment to ethical and professional principles and standards.

We are committed to being an open higher education institution that proactively seeks out people capable of benefiting from higher education, minimises barriers to their participation and contributes to the expansion of higher education opportunities, nationally and internationally. The Institute provided a limited number of scholarships and bursaries to help those students with a track record of outstanding academic performance and a strong sense of purpose, or to help those students who might not be able to enter into higher education without such financial support.

STRATEGIC REPORT

Achievement and performance

Engagement with staff

During 2020, the Institute employed seven female and ten male staff members from diverse backgrounds. Staff engagement, contribution and development is valued and seen as important in the delivery of our strategy. We are committed to professional values and endeavour to create an inclusive culture, where all staff are able to contribute to the development of the Institute and are supported in their work. All staff are engaged in regular consultations related to strategy and operational matters. Through a range of committees and communication methods, staff provide input into shaping the priorities and direction of the Institute. Relevant staff development and training is encouraged to ensure effective performance, quality of teaching and operations, and the maintenance of academic and administrative standards. Staff development opportunities are provided through a number of in-house staff training sessions during the year, as well as support staff in taking development and training courses with external bodies. Academic staff are allocated time in their workload models to engage in scholarly and research activities.

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**REPORT OF THE TRUSTEES
For The Year Ended 31 December 2020**

STRATEGIC REPORT

Achievement and performance

Engagement with students

Our students are a valued part of our community, and we are committed to ensuring that they have the best learning experience possible while studying with us. Students are supported in their academic work through a number of methods, and provided access to a range of services including welfare services to assist them in their everyday issues while studying at the Institute. Their feedback at the module, course and institution-wide levels are captured through a range of methods, which facilitate ongoing enhancements and changes. The Students' Council coordinates and represents the students' voice at the Academic Board. Our students appear to be satisfied with the education they are receiving and with the learning environment provided by the Institute. We obtained highly positive feedback from our students via the National Students' Survey (NSS) in 2020. Cited below are the key results from the 2020 NSS report for the Markfield Institute.

- 89% were satisfied with the teaching of their programme
- 87% were satisfied with the learning opportunities provided
- 75% were satisfied with their assessments and feedback obtained
- 80% were satisfied with the academic support provided
- 73% were satisfied with the learning resources provided to support their studies
- 81% were satisfied with the organisation and management of their course
- 81 % of students that responded agreed with the statement "Overall, I am satisfied with the quality of the course"

The Institute provided a limited number of scholarships and bursaries to help those students with a track record of outstanding academic performance and a strong sense of purpose, or to help those students who might not be able to complete their studies without such financial support.

Financial review

Financial position

This financial year the organisation has recorded an 'in year' surplus in unrestricted funds of £41,257 (2019: £236,440). The fall in surplus is mainly due to the decrease in general donations. Last year there were some large specific donations which were not replicated during this year.

Reserves policy

The charity had unrestricted reserves of £31,782 as at 31 December 2020. The charity does not hold any free reserves. The charity's reserves policy aims to accumulate free reserves equivalent to three months of running costs over the next five years. The trustees have two purposes for the accumulation of operating reserves:

1. To finance the development of new or existing services.
2. To enable the organisation to be wound up if necessary.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

During 2019-20 academic year, a governance review of the Institute with the help of an external consultant was completed. This review resulted in making some changes to our academic governance committee structure, and these have been reflected in the Bye-laws and in the terms of reference of the Management Board, Academic Board and academic committee structures. Two new members of the Board were recruited during the year.

Recruitment and appointment of new trustees

The Board of Trustees is responsible for the recruitment of new trustees. In seeking new trustees, the Institute identifies experienced individuals in the education, legal, charity and/or religious education sector and/or people with a tested track record of business management or public/community services.

Organisational structure

The Board of Trustees is responsible for approving the strategy, budget, academic plans, quality assurance and Prevent Duty plans and annual reports, and has oversight of all aspects of the Institute's academic operations. The Board approves the appointment of the Academic Board, Finance and HR Committee, and the Management Board to manage the affairs of the Charity. The Board meets three times a year to consider the performance of the charity and respond to emerging issues and risks. The Rector is accountable to the Board and is responsible for implementing the decisions of the Board of Trustees.

Induction and training of new trustees

Trustees are introduced to their new role upon appointment. The resources available at the Charity Commission's website are introduced so that they can familiarise with their duties and responsibilities.

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**REPORT OF THE TRUSTEES
For The Year Ended 31 December 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management remuneration

The Board or Trustees is responsible for setting the remuneration package of the Rector, Dr Zahid Parvez. The remuneration package is reviewed annually.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The OFS requires the Institute to produce a Student Protect Plan that highlights key risks facing the Institute and mitigation measures. This plan is available on our website and highlights the following eight risks and the measures we have put in place to mitigate these.

- Withdrawal or non-renewal of validation
- Designation withdrawal, suspension or not successfully renewed (which allows students from England to apply for tuition fees and maintenance loans)
- Change of programme content and policies
- Closure of an individual programme
- Removal of Tier 4 Sponsor Licence (which would affect international students)
- Closure/change of current location
- Key staff leaving
- Continuing operations in face of pandemics and natural disasters
- Closure of the Institute

The Institute's principle asset is amounts receivable from students. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Institute has no significant concentration of credit risk with exposure spread over a large number of carefully selected students.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Fortus Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 12 May 2021 and signed on the board's behalf by:

M. M. Ahsan

Dr M Ahsan - Trustee

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
For The Year Ended 31 December 2020**

The trustees (who are also the directors of The Markfield Institute of Higher Education for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

Opinion

We have audited the financial statements of The Markfield Institute of Higher Education (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 Report of the Independent Auditors.

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 auditors' 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.



Richard Buckby FCA (Senior Statutory Auditor)
for and on behalf of Forus Audit LLP
Chartered Accountants and Statutory Auditor
31 High View Close
Hamilton Office Park
Leicester
Leicestershire
LE4 9LJ

Date: 25.05.2021

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended 31 December 2020**

	Notes	Unrestricted fund £	Restricted fund £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	25,739	45,000	70,739	210,030
Other trading activities	3	524,846	-	524,846	502,008
Total		550,585	45,000	595,585	712,038
EXPENDITURE ON					
Charitable Activities	4	312,181	45,000	357,181	304,275
Charitable activities					
Premises costs	5	51,016	-	51,016	42,465
Administration costs		141,151	-	141,151	120,963
Governance costs		4,980	-	4,980	7,895
Total		509,328	45,000	554,328	475,598
NET INCOME		41,257	-	41,257	236,440
RECONCILIATION OF FUNDS					
Total funds brought forward		(9,475)	142,205	132,730	(103,710)
TOTAL FUNDS CARRIED FORWARD		31,782	142,205	173,987	132,730

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION (REGISTERED NUMBER: 06471324)**

**BALANCE SHEET
31 December 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	85	998
CURRENT ASSETS			
Debtors	12	310,534	292,613
Cash at bank and in hand		132,838	102,510
		<u>443,372</u>	<u>395,123</u>
CREDITORS			
Amounts falling due within one year	13	(177,280)	(148,449)
NET CURRENT ASSETS		<u>266,092</u>	<u>246,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		266,177	247,672
CREDITORS			
Amounts falling due after more than one year	14	(92,190)	(114,942)
NET ASSETS/(LIABILITIES)		<u>173,987</u>	<u>132,730</u>
FUNDS	17		
Unrestricted funds		31,782	(9,475)
Restricted funds		142,205	142,205
TOTAL FUNDS		<u>173,987</u>	<u>132,730</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 12 May 2021 and were signed on its behalf by:

M. M. Ahsan

Dr M Ahsan - Trustee

The notes form part of these financial statements

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**CASH FLOW STATEMENT
For The Year Ended 31 December 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	34,328	102,118
Net cash provided by operating activities		34,328	102,118
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(142)
Net cash provided by/(used in) investing activities		-	(142)
Cash flows from financing activities			
Loan repayments in year		(4,000)	(10,000)
Net cash used in financing activities		(4,000)	(10,000)
Change in cash and cash equivalents in the reporting period		30,328	91,976
Cash and cash equivalents at the beginning of the reporting period		102,510	10,534
Cash and cash equivalents at the end of the reporting period		132,838	102,510

The notes form part of these financial statements

THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION

NOTES TO THE CASH FLOW STATEMENT
For The Year Ended 31 December 2020

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the reporting period (as per the Statement of Financial Activities)	41,257	236,440
Adjustments for:		
Depreciation charges	913	1,583
Increase in debtors	(17,921)	(102,679)
Increase/(decrease) in creditors	10,079	(33,226)
Net cash provided by operations	<u>34,328</u>	<u>102,118</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank and in hand	102,510	30,328	132,838
	<u>102,510</u>	<u>30,328</u>	<u>132,838</u>
Debt			
Debts falling due within 1 year	(46,000)	4,000	(42,000)
	<u>(46,000)</u>	<u>4,000</u>	<u>(42,000)</u>
Total	<u>56,510</u>	<u>34,328</u>	<u>90,838</u>

The notes form part of these financial statements

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2020**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

The directors have considered the impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.

In addition to the above, the directors have considered the amounts due to The Islamic Foundation totalling £137,782 (2019 - £141,483). The Islamic Foundation is a registered charity with trustees in common with The Markfield Institute of Higher Education. The Islamic Foundation has pledged support for the foreseeable future, therefore, the accounts have been prepared on a going concern basis.

Income

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

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and the other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

1. ACCOUNTING POLICIES - continued

Allocation and apportionment of costs

CHARITABLE ACTIVITIES

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

SUPPORT COSTS

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resource, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and the other costs by their usage.

GOVERNANCE COSTS

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustee's meetings and reimbursed expenses.

TERMINATION PAYMENTS

Termination payments incurred in the period have been included within wages costs. Amounts remaining unpaid at the year end have been accrued as required.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 20% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Debtors

Debtor balances are recognised when amounts due to the charity remain unpaid. Debtor balances are regularly reviewed and where there is reasonable doubt that a debt will be received in full an appropriate provision is made against that balance.

CREDITORS

Creditor balances are recognised when the charity incurs a liability. Provisions are made when the charity is expected to incur a liability with respect to events or conditions occurring prior to the year end. Creditor balances and provisions are reviewed regularly to ensure that they are fairly stated or have been cleared correctly.

BORROWINGS

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

1. ACCOUNTING POLICIES - continued

Debtors

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2. DONATIONS AND LEGACIES

	2020	2019
	£	£
Sponsorship and scholarships	35,004	30,000
Donations	35,735	180,030
	<u>70,739</u>	<u>210,030</u>

3. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Course fees	495,874	400,796
Other income	295	1,212
Course development	25,000	100,000
Job Retention Scheme grant	3,677	-
	<u>524,846</u>	<u>502,008</u>

4. CHARITABLE ACTIVITIES

Other trading activities

	2020	2019
	£	£
Staff costs	337,960	304,316
Student recruitment and referral	500	400
Hardship awards	-	15,859
UK border control fees	536	536
Scholarships	11,000	30,960
Bad debts	7,185	(47,796)
	<u>357,181</u>	<u>304,275</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Premises costs	51,016	-	51,016
Administration costs	71,966	69,185	141,151
Governance costs	-	4,980	4,980
	<u>122,982</u>	<u>74,165</u>	<u>197,147</u>

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

6. SUPPORT COSTS

	Governance costs
	£
Administration costs	69,185
Governance costs	4,980
	<u>74,165</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	4,980	4,800
Depreciation - owned assets	913	1,583
	<u>5,893</u>	<u>6,383</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2020 nor for the year ended 31 December 2019.

9. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	311,367	278,125
Social security costs	18,345	18,694
Other pension costs	8,248	7,497
	<u>337,960</u>	<u>304,316</u>

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

	2020	2019
Administration	<u>13</u>	<u>12</u>

No employees received emoluments in excess of £60,000.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted fund	Total funds
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	170,030	40,000	210,030
Other trading activities	502,008	-	502,008
Total	<u>672,038</u>	<u>40,000</u>	<u>712,038</u>
EXPENDITURE ON			
Charitable Activities	264,275	40,000	304,275
Charitable activities			
Premises costs	42,465	-	42,465

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted fund £	Total funds £
Administration costs	120,963	-	120,963
Governance costs	7,895	-	7,895
Total	435,598	40,000	475,598
NET INCOME	236,440	-	236,440
RECONCILIATION OF FUNDS			
Total funds brought forward	(245,915)	142,205	(103,710)
TOTAL FUNDS CARRIED FORWARD	(9,475)	142,205	132,730

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2020 and 31 December 2020	8,281	17,673	25,954
DEPRECIATION			
At 1 January 2020	8,281	16,675	24,956
Charge for year	-	913	913
At 31 December 2020	8,281	17,588	25,869
NET BOOK VALUE			
At 31 December 2020	-	85	85
At 31 December 2019	-	998	998

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	254,357	236,462
Other debtors	45,741	45,741
Prepayments	10,436	10,410
	310,534	292,613

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Other loans (see note 15)	42,000	46,000
Trade creditors	3,737	7,896
Social security and other taxes	5,713	5,267
Islamic Foundation	98,004	78,953
Pension creditor	1,327	1,059
Accrued expenses	26,499	9,274
	<u>177,280</u>	<u>148,449</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Islamic Foundation	<u>92,190</u>	<u>114,942</u>

Amounts included above do not attract interest and have no specific terms relating to repayment. Balances are unsecured.

15. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>42,000</u>	<u>46,000</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted fund	2020 Total funds	2019 Total funds
	£	£	£	£
Fixed assets	85	-	85	998
Current assets	301,167	142,205	443,372	395,123
Current liabilities	(177,280)	-	(177,280)	(148,449)
Long term liabilities	(92,190)	-	(92,190)	(114,942)
	<u>31,782</u>	<u>142,205</u>	<u>173,987</u>	<u>132,730</u>

17. MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	(9,475)	41,257	31,782
Restricted funds			
Restricted	142,205	-	142,205
TOTAL FUNDS	<u>132,730</u>	<u>41,257</u>	<u>173,987</u>

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

17. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	550,585	(509,328)	41,257
Restricted funds			
Restricted	45,000	(45,000)	-
TOTAL FUNDS	<u>595,585</u>	<u>(554,328)</u>	<u>41,257</u>

Comparatives for movement in funds

	At 1.1.19 £	Net movement in funds £	At 31.12.19 £
Unrestricted funds			
General fund	(245,915)	236,440	(9,475)
Restricted funds			
Restricted	142,205	-	142,205
TOTAL FUNDS	<u>(103,710)</u>	<u>236,440</u>	<u>132,730</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	672,038	(435,598)	236,440
Restricted funds			
Restricted	40,000	(40,000)	-
TOTAL FUNDS	<u>712,038</u>	<u>(475,598)</u>	<u>236,440</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.19 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	(245,915)	277,697	31,782
Restricted funds			
Restricted	142,205	-	142,205
TOTAL FUNDS	<u>(103,710)</u>	<u>277,697</u>	<u>173,987</u>

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2020**

17. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,222,623	(944,926)	277,697
Restricted funds			
Restricted	85,000	(85,000)	-
TOTAL FUNDS	<u>1,307,623</u>	<u>(1,029,926)</u>	<u>277,697</u>

The specific purposes for which the funds are to be applied are as follows:

The restricted funds represent donations and amounts given to the The Institute which have been given on the basis that they will be used for specific purposes such as awards, scholarships and sponsorships and for specific course development.

18. RELATED PARTY DISCLOSURES

The Markfield Institute of Higher Education (MIHE) has Trustees in common with The Islamic Foundation (IF).

During the year, MIHE paid £25,800 (2019 - £27,541) to IF in respect of rent and various other office expenses and received £nil (2019 - £9,478) for staff and consultancy costs.

At the balance sheet date MIHE owed IF a net amount of £137,782 (2019 - £141,483).

At the year end MIHE owed Dr Parvez £12,000 (2019 - £16,000) in respect of a loan to the charity.

The Al-Medina Trust - trustees in common

The Al-Medina Trust made donations to MIHE during the year of £35,000 (2019 £30,000). At the balance sheet date the amount due to/from The Al-Medina Trust was £Nil (2019 - £Nil).

The Madina Trust - trustees in common

The Madina Trust made donations to MIHE during the year of £10,000 (2019 - £10,000). At the balance sheet date the amount due to/from The Madina Trust was £Nil (2019 - £Nil).

Long Dilton Trust - trustees in common

Long Dilton Trust made donations to MIHE during the year of £Nil (2019 £100,000). At the balance sheet date the amount due to/from Long Dilton Trust was £Nil (2019 - £Nil).

**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended 31 December 2020**

	2020 £	2019 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Sponsorship and scholarships	35,004	30,000
Donations	35,735	180,030
	70,739	210,030
Other trading activities		
Course fees	495,874	400,796
Other income	295	1,212
Course development	25,000	100,000
Job Retention Scheme grant	3,677	-
	524,846	502,008
Total Incoming resources	595,585	712,038
EXPENDITURE		
Other trading activities		
Wages and salaries	311,367	278,125
Social security costs	18,345	18,694
Staff pensions	8,248	7,497
Student recruitment and referral	500	400
Hardship awards	-	15,859
UK border control fees	536	536
Scholarships	11,000	30,960
Bad debts	7,185	(47,796)
	357,181	304,275
Charitable activities		
Rates and water	5,374	7,050
Insurance	4,266	4,170
Light and heat	9,726	9,741
Telephone	5,023	1,797
Postage and stationery	1,037	1,578
Advertising	9,214	5,391
Rent	12,000	12,000
Repairs and maintenance	1,996	2,082
Travelling	3,809	4,382
Accommodation and subsistence	1,871	3,644
Events and ceremonies	1,030	1,758
Internet and IT expenses	35,776	32,127
Books and subscriptions	16,027	1,292
Equipment hire	374	1,764
Cleaning	8,440	7,422
Bank charges	1,570	1,291
Hire of premises	1,610	-
Legal and professional	2,926	1,811
Computer equipment depreciation	913	1,583
	122,982	100,883
Support costs		

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**THE MARKFIELD INSTITUTE OF HIGHER
EDUCATION**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended 31 December 2020**

	2020 £	2019 £
Support costs		
Governance costs		
Auditors' remuneration	4,980	4,800
Financial operations management	2,877	3,095
Consultancy	13,187	16,684
Validation and accreditation fees	53,121	45,861
	<u>74,165</u>	<u>70,440</u>
Total resources expended	554,328	475,598
Net Income	<u>41,257</u>	<u>236,440</u>

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