

THE METANOIA INSTITUTE
(A registered Charity and Company Limited by Guarantee)

TRUSTEES' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2003

haysmacintyre
Chartered Accountants
Registered Auditors

Registered Company No. 2918520
Registered Charity No. 1050175



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THE METANOIA INSTITUTE

FOR THE YEAR ENDED 31 AUGUST 2003

Contents	Page
Legal and Administrative details	1
Trustees' Report	2 – 4
Auditors' Report	5
Statement of Financial Activities	6
Balance Sheet	7
Accounting Policies and Notes to Accounts	8 – 11

THE METANOIA INSTITUTE

" FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2003

LEGAL AND ADMINISTRATIVE DETAILS

The trustees' who served during the year and to the date the report and accounts are signed were as follows:

R W Evans	(Chairman until 11 December 2002)
H Einzig	(Resigned 10 September 2002)
D Hall	
Dr G Curtis Jenkins	
R Parker	
W Critchley	(Chairman from 11 December 2002)
A Fanning	
G Dhillon	

All trustees must retire at the Annual General Meeting but are eligible for re-election.

COMPANY SECRETARY

N P Lennard

ADDRESS

13 North Common Road
Ealing,
London W5 2QB

MANAGEMENT COMMITTEE

Chief Executive Officer
General Manager

M Ball (Until 11 October 2003)
K Fromant

Heads of Departments:

Doctorate in Psychotherapy
Integrative and Supervision
Person Centred Counselling
Gestalt Psychotherapy
Transactional Analysis Psychotherapy and Counselling
Counselling and Psychotherapy Services

Dr J Elton Wilson
M Gilbert
L Munro
L Osborne
C Sills
B Van Rijn

ADVISORS

Auditors

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 7AY

Bankers

HSBC Bank plc
46 The Broadway
Ealing
London W5 5JZ

Solicitors

Russell Cooke
9 Thorpe Close
Portobello Road
London W10 5XL

THE METANOIA INSTITUTE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2003

The trustees, who are also directors of the Institute for the purposes of the Companies Act, present their annual report and audited financial statements for the year ended 31 August 2003. These have been prepared under the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000. The financial statements comply with all other statutory requirements and the requirements of the Institute's governing document.

Status and Administration

The Institute is a charitable company limited by guarantee and was set up 8 April 1994. It is governed by a memorandum and articles of association.

The Institute registered charity number is 1050175 and the company registered number is 2918520.

Charitable aims

The aims of the Institute are to promote education particularly in the field of psychotherapy and counselling and to promote the physical and mental health of the public particularly by the practice of psychotherapy and counselling.

Principal activity

The principal activity of the Institute is the provision of training courses in counselling and psychotherapy. The Institute also runs a lower cost psychotherapy clinic and referral service and carries out research in areas related to its main activities. There has been no change in the policies adopted by the Institute to achieve its objectives.

The training is provided by the Institute using the services, on a part time basis, of qualified trainers in counselling, psychotherapy and counselling psychology. Many students are qualified professionals in the health care field. The courses are run on a part time basis, normally at weekends, and lead to a qualification after three or more years.

The Person Centred Counselling and Transactional Analysis Counselling courses are validated at BA level by Middlesex University and accredited by the British Association for Counselling and Psychotherapy. The psychotherapy courses are validated at MSc level by Middlesex University and lead towards individual registration with The UK Council for Psychotherapy. The MSc in Integrative Counselling Psychology and Psychotherapy, is validated by Middlesex University and accredited The British Psychological Society. A Masters/Doctorate in Psychotherapy course is run jointly with Middlesex University. The Institute also runs a supervision course and workshops on subjects related to the fields of psychotherapy and counselling.

Organisation

The Board of Trustees' determines the general policy of the Institute. The day to day management of the Institute is delegated to the Management Committee.

Review of Activities and Achievements

During the year the BA (Hons) courses in Person Centred Counselling and Transactional Analysis Counselling were re-validated for a period of 7 years by Middlesex University.

10 students from New Zealand have registered with Metanoia Institute and Middlesex University to undertake an MSc in TA Psychotherapy following the introduction last year of the post-qualification MSc.

Metanoia added focus to its Continuing Professional Development Programme by designing Practitioner Certificate courses. Courses have been offered in Couples Work and Groupwork with further certificates being offered in the coming year in Briefwork and Training.

THE METANOIA INSTITUTE

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2003

The Institute ran 39 year groups for the second year running, plus a new group of Doctoral Candidates, enrolling over 500 students (a 10% increase on student numbers on the previous year). In addition, the Institute ran 52 one and two-day workshops which were attended by more than 704 students. Although this is a smaller number of workshops than the previous year, we were able to increase slightly the numbers of students attending. The Institute's membership grew to 1,150 members, an increase of approximately 7% on the previous year.

As always, we wish to thank our student volunteers who undertook placements within the Metanoia Counselling and Psychotherapy Service. Their efforts result in 7,000 hours of lower cost counselling and psychotherapy services being made available to the local community. The Counselling and Psychotherapy Service continues to offer placements to trainee Supervisors, which has proved to be a valuable addition to the activities of the service. We continue to evaluate service provision through the use of the CORE system.

The Trustees accepted the resignation of the Chief Executive Officer, Maria Ball, with regret. Ms Ball left the Institute of 11th October 2003. The Trustees intend to recruit a new Chief Executive Officer.

Financial Activities and Results

The net incoming resources for the year amounted to £72,118 (2002: £32,694). This represents an increase of £39,424 on the previous year and is largely due to increased student numbers as noted in the Review of Activities and Achievements above.

The institute received research grant of £19,566 (2002: £88,566) from The Artemis Charitable Trust. At the time of receipt of grants, the trustees of the Artemis Trust were J G Evans and R W Evans (who is a trustee of the Institute). The significant reduction of grant follows the closure of the research department funded by the Artemis Trust and their decision to withdraw any future funding.

Excluding the effect of the Research Department winding down, expenditure for the year remained at a similar level to 2002 and as a result net incoming resources increased by £40,000. The increase in Net Funds from £387,405 to £459,523 was entirely due to the net incoming resources of £72,118.

It is with great sadness that we the Trustees learned of the death of Gai Evans in June 2003. Gai's contribution to Metanoia Institute was far greater than the financial value of the grants received by Metanoia between 1994 and this year. As one of the founding Trustees, Gai was committed to the values and ethos of Metanoia Institute. She gave sound advice with the warmth and ready smile for which she will be remembered.

Plans for the Future

The Institute continues to develop its range of courses and workshops. At present focus is being given to the expansion of Practitioner Certificates which have proved very popular. We are also planning to offer a workshop to partners of trainees to give them greater understanding of the courses their partners are taking. Work continues of the development of workshops for organisational work in Gestalt Psychotherapy.

Metanoia Institute has hosted its first conference in October 2003. It is hoped that this will lead to the first of many future conferences.

In the longer term, the Institute continues to consider the introduction of a common foundation year training for psychotherapy in addition to an internship based system for the professional development of trainee counsellors, psychotherapists and counselling psychologists.

Reserves Policy

Taking into consideration the fact that Metanoia Institute collects non-refundable course fees in advance and in line with the risk review undertaken, the Trustees have determined an appropriate level of free reserves of £100,000.

The Trustees define free reserves in accordance with Charity Commission guidelines in that they are generally unrestricted funds less tangible fixed assets net of related loans. At 31st August 2003, free reserves amount to £211,803.

THE METANOIA INSTITUTE

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2003

Reserves Policy (continued)

Although this is in excess of the Trustees Reserves Policy, the Trustees do not believe this to be an excessive level of reserves in light of planned course development and property refurbishment.

Risk Review

The Trustees have formally re-assessed the major risks to which the Institute is exposed. They have reviewed a comprehensive management assessment of the key operational and financial risks to which the Institute might be exposed. The effectiveness of control systems in mitigating the Institute's exposure to these risks has also been assessed. Risk assessment will continue to be an ongoing process.

Statement of Trustees' Responsibilities

Law applicable to charities in England and Wales 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 Trust and of its financial activities during the year. In preparing those financial statements, the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 Trust 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 Trust and to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud and other irregularities.

Approved by the Trustees' on 10 December 2003 and signed on their behalf by:

W. J. Witchley
Mr W Citchley
Chairman

THE METANOIA INSTITUTE

**" INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE METANOIA INSTITUTE
FOR THE YEAR ENDED 31 AUGUST 2003**

We have audited the financial statements of The Metanoia Institute for the year ended 31 August 2003 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. The Trustees are also the directors of The Metanoia Institute for the purposes of company law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or apparent material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

haysmacintyre
haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 7AY

19 January 2004

THE METANOIA INSTITUTE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2003 £	Total 2002 £
INCOMING RESOURCES					
Charitable Activities					
Fees from educational services		969,787	-	969,787	925,271
Research grant		-	19,566	19,566	88,566
Fees from clinical services		45,419	-	45,419	37,341
Other Activities to Generate Funds					
Letting income		10,833	-	10,833	14,566
Bank interest		16,020	-	16,020	12,084
Total Incoming Resources		<u>1,042,059</u>	<u>19,566</u>	<u>1,061,625</u>	<u>1,077,828</u>
RESOURCES EXPENDED					
Cost of Generating Funds					
Publicity		29,019	-	29,019	31,340
Finance and other costs		31,931	-	31,931	33,513
Charitable Expenditure					
Educational services		628,286	68	628,354	620,058
Clinical services		65,629	-	65,629	58,622
Research costs		-	26,479	26,479	90,302
Support costs		75,278	-	75,278	81,858
Management and administration		130,822	1,995	132,817	129,441
Total Resources Expended	5	<u>960,965</u>	<u>28,542</u>	<u>989,507</u>	<u>1,045,134</u>
Net movement in funds	2	81,094	(8,976)	72,118	32,694
Balances brought forward at 31 August 2002		378,429	8,976	387,405	354,711
Balances carried forward at 31 August 2003		<u>£459,523</u>	<u>£ -</u>	<u>£459,523</u>	<u>£387,405</u>

All amounts in Unrestricted Funds derive from continuing activities. Restricted Fund activities were wound up in the year ended 31 August 2003.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The notes on pages 8 to 11 form part of these accounts.

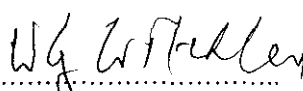
THE METANOIA INSTITUTE

BALANCE SHEET

AT 31 AUGUST 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	6	847,720	881,278
CURRENT ASSETS			
Debtors	7	97,807	97,827
Cash at bank and in hand		539,777	416,241
		<u>637,584</u>	<u>514,068</u>
CREDITORS: amounts falling due within one year	8	<u>(425,781)</u>	<u>(407,941)</u>
NET CURRENT ASSETS		211,803	106,127
CREDITORS: amounts falling due after more than one year	9	<u>(600,000)</u>	<u>(600,000)</u>
NET ASSETS		<u>£459,523</u>	<u>£387,405</u>
FUNDS			
Restricted	10	-	8,976
General funds		459,523	378,429
		<u>£459,523</u>	<u>£387,405</u>

Approved by the Trustees on 10 December 2003 and signed on their behalf by:



 Mr W Critchley
 Chairman

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost basis and in accordance with applicable accounting standards and the Statement of Recommended Practice (Accounting and Reporting by Charities) issued in October 2000.

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.

Restricted funds are used for specific purposes as stated by the grantor. Expenditure which meet these criteria is charged to the fund. Restricted Fund activities comprised the research work conducted by the Institute from funding received from the Artemis Trust. In the year ended 31 August 2003 these activities were wound up.

Incoming resources

Incoming resources represents the total income receivable during the year comprising course fees, clinic charges, grants and investment income. Grants, including grants for the purchase of fixed assets, are recognised in the year in which they are receivable. Interest income is accounted for as it accrues.

Resources expended

Expenditure which cannot be directly attributed to the relevant department is apportioned on the best estimates of each department's usage. Basis of apportionment include floor space used and time spent. Research expenditure is charged to the income and expenditure account as it is incurred. Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.

Depreciation

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

Freehold land and buildings	- 2% straight line
Furniture, fixture and equipment	- 15 to 30% straight line

2. NET MOVEMENT IN FUNDS

	2003 £	2002 £
The net movement in funds is stated after charging:		
Depreciation	37,527	38,756
Loan interest	31,931	33,513
Auditors remuneration – Statutory audit	6,150	5,875
Audit remuneration – Other	588	581
	<u>76,196</u>	<u>78,725</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2003

3. EMPLOYEES AND STAFF COSTS

2003	2002
Number	Number

In aggregate the number of full and part time persons employed during the year was:

Educational services	36	43
Clinical services	2	2
Research	2	3
Administration and support	11	7
	<u>51</u>	<u>55</u>

£	£
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Staff costs were as follows:

Salaries and wages	338,985	375,016
National insurance	51,241	54,244
Trainers fees	309,851	307,412
	<u>£700,077</u>	<u>£736,672</u>

No employee earned more than £50,000 in this year or the previous year.

4. TRUSTEES' REMUNERATION AND REIMBURSED EXPENSES

No members of the trustees received remuneration for their services nor reimbursement of expenses during the year or during the prior year.

Indemnity insurance costing £1,786 (2002: £1,549) was purchased by the charity to protect the charity and the trustees from loss arising from the neglect or default of the trustees, employees or agents.

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other £	Depreciation £	Total 2003 £	Total 2002 £
Charitable expenditure					
Educational services	492,002	116,755	19,597	628,354	620,058
Clinical services	39,814	20,022	5,793	65,629	58,622
Research	17,835	1,663	6,981	26,479	90,302
Support services	57,580	17,698	-	75,278	81,858
Management and administration of the Charity	92,846	34,815	5,156	132,817	129,441
	<u>700,077</u>	<u>190,953</u>	<u>37,527</u>	<u>928,557</u>	<u>928,557</u>
Cost of generating funds:					
Publicity	-	29,019	-	29,019	31,340
Finance and other costs	-	31,931	-	31,931	33,513
	<u>£700,077</u>	<u>£251,903</u>	<u>£37,527</u>	<u>£989,507</u>	<u>£1,045,134</u>

THE METANOIA INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2003

5.	ANALYSIS OF TOTAL RESOURCES EXPENDED (continued)		2003	2002
	Other expenditure includes:		£	£
	<i>Support services</i>			
	Catering		7,201	7,380
	Legal and professional fees		5,725	16,497
	Library books and journals		4,772	2,480
			<u>£17,698</u>	<u>£26,357</u>
	<i>Management and administration of the charity</i>			
	Audit and accountancy		16,458	19,349
	Establishment and office costs		8,722	6,308
	Other		9,635	8,092
			<u>£34,815</u>	<u>£33,749</u>
6.	TANGIBLE FIXED ASSETS	Freehold Land and Buildings £	Furniture Fixtures and Equipment £	Total £
	Cost			
	At 1 September 2002	938,289	182,505	1,120,794
	Additions	-	3,969	3,969
	Disposals	-	(21,710)	(21,710)
	At 31 August 2003	<u>938,289</u>	<u>164,764</u>	<u>1,103,053</u>
	Accumulated depreciation			
	At 1 September 2002	107,191	132,325	239,516
	Charge for year	15,275	22,252	37,527
	Disposals	-	(21,710)	(21,710)
	At 31 August 2003	<u>122,466</u>	<u>132,867</u>	<u>255,333</u>
	Net book value			
	At 31 August 2003	<u>£815,823</u>	<u>£31,897</u>	<u>£847,720</u>
	At 31 August 2002	<u>£831,099</u>	<u>£50,179</u>	<u>£881,278</u>
	All tangible fixed assets are used for direct charitable purposes.			
7.	DEBTORS		2003	2002
			£	£
	Fee debtors		76,366	87,050
	Other debtors		460	515
	Prepayments and accrued income		20,981	10,262
			<u>£97,807</u>	<u>£97,827</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 AUGUST 2003

8. CREDITORS: amounts falling due within one year

Payments received on account	372,175	329,411
Trade creditors	5,953	7,602
Other taxes and social security costs	16,317	21,509
Other creditors	12,463	31,685
Accruals and deferred income	18,873	17,734
	<u>£427,781</u>	<u>£407,941</u>

9. CREDITORS: amounts falling due after one year

	2003 £	2002 £
Repayable by equal monthly instalments from 23 January 2005 to 23 December 2029 with interest at 1.5% per annum over the Royal Bank of Scotland base rate	<u>£600,000</u>	<u>£600,000</u>
Falling due:		
Between two and five years	40,000	16,000
Over five years	<u>560,000</u>	<u>584,000</u>
	<u>£600,000</u>	<u>£600,000</u>

The loan of £ 600,000 is secured on the freehold property.

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 August 2003 are represented by:			
Tangible fixed assets	847,720	-	847,720
Net current assets	211,803	-	211,803
Long term liabilities	(600,000)	-	(600,000)
Total net assets	<u>£459,523</u>	<u>£ -</u>	<u>£459,523</u>

12. RELATED PARTY TRANSACTIONS

Grants of £19,566 (2002: £88,566) were received from The Artemis Charitable Trust, of which J G and R W Evans are trustees.

12. SHARE CAPITAL

The Metanoia Institute is a company limited by guarantee and has no share capital. The liability of each member is limited to £1 per member.