

Registered in England and Wales  
Charity Number: 1142794  
Company Number: 7649422

# **METHODIST INDEPENDENT SCHOOLS TRUST**

(A company limited by guarantee)

**ANNUAL REPORT**

**AND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2021**

**METHODIST INDEPENDENT SCHOOLS TRUST**  
**YEAR ENDED 31 AUGUST 2021**

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# METHODIST INDEPENDENT SCHOOLS TRUST

## YEAR ENDED 31 AUGUST 2021

### REFERENCE AND ADMINISTRATIVE INFORMATION

**Name** Methodist Independent Schools Trust

**Charity Registration Number** 1142794

**Company Registration Number** 07649422

**Registered Office** 25 Marylebone Road, London, NW1 5JR

Trustees		Appointment	Committees
Revd Dr C T Samuel		Chair	Ex N
Mr N Buckland OBE	(until 31 August 2021)	C	A N
Revd S Burgess		M	Aw Ex N
Mrs E Cleland	(Deputy Chair from 1 September 2021)	M	A Ex N
Mrs L Cocking	(Chairs nominee from 1 September 2021)	T*	
Mrs B Easton		M	E
Mr M Edwards		C	
Mr S Holliday		T	F R
Mr H Monro		T	A R
Lady F Mynors		T	A R N
Mr K Norman	(Deputy Chair, Trustee until 31 August 2021)	T	Ex N
Rev Dr J Pye	Chair of District	M	
Mr R Thomas		C	
Dr J N Tunnicliffe		T	Ex F
Revd Canon Dr Sir R Waller	(Until 1 September 2021)	M	N
Mr J Weaving		T	F
Vacancy	Lorna Cocking from 1 September 2021	C	
Vacancy	Connexional Representative**	M	

#### Appointment:

C Nominated by the Chairs of School Governing bodies

M Nominated by the Methodist Council

T Nominated by the Trust

T\* Co-opted by the Trust

#### Committees:

Ex	Executive	F	Finance & Property
A	Audit & Risk Management	N	Nominations & Governance
Aw	Awards	R	Remuneration
E	Ethos		

\*\* Revd Dr Jonathan Dean, Director of Learning for Ministry at the Methodist Church, is in attendance at Trustee meetings as Connexional Representative, but is not formally appointed a Trustee.

#### Officers

General Secretary  
Business Director

Mr D Humphreys  
Mrs S Roxby

#### Bankers

HSBC Bank Plc  
The Peak  
333 Vauxhall Bridge Road  
London SW1V 1EJ

**METHODIST INDEPENDENT SCHOOLS TRUST**  
**YEAR ENDED 31 AUGUST 2021**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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<b>Auditor</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB	
<b>Solicitors</b>	Farrer & Co LLP 66 Lincoln Inn Fields London WC2A 3LH	
	Pothecary Witham Weld 84 Eccleston Square, Pimlico London SW1V 1PX	
<b>Trust Schools (part of MIST)</b>	<b>Address</b>	<b>Head</b>
Culford School	Bury St Edmunds, Suffolk IP2 6TX	Mr J Johnson- Munday
Farringtons School	Perry Street, Chislehurst, Kent BR7 6LR	Mr D Jackson
Kent College, Canterbury	Canterbury, Kent CT2 9DT	Dr D Lamper <i>(until 31 December 2021)</i>  Mr Mark Turnbull <i>(from 1 January 2022)</i>
Kent College, Pembury	Old Church Road, Pembury Tunbridge Wells, Kent TN2 4AX	Ms J Lodrick <i>(until 31 December 2021)</i>  Mrs Katrina Handford <i>(from 1 January 2022)</i>
Queen's College, Taunton	Trull Road, Taunton, Somerset TA1 4QS	Dr L Earps <i>(until 31 August 2021)</i>  Mr Julian Noad <i>(from 1 September 2021)</i>
Shebbear College	Beaworthy, Devon EX21 5HJ	Mrs C Kirby
Truro School	Trennick Lane, Truro, Cornwall TR1 1TH	Mr A Johnson
Woodhouse Grove School	Apperley Bridge, West Yorkshire BD10 0NR	Mr J Lockwood

**METHODIST INDEPENDENT SCHOOLS TRUST**  
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**REFERENCE AND ADMINISTRATIVE INFORMATION**

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<b>Acquired Schools</b> <i>(consolidated into MIST)</i>	<b>Address</b>	<b>Charity No.</b>	<b>Head</b>
Lorenden School	Painter's Forstal, Faversham, Kent ME13 OEM	1048805	Mrs K Uttley <i>(until 31 August 2021)</i>  Mr Richard McIntosh <i>(from 1 September 2021)</i>
Moorlands School Limited	Foxhill Drive, Leeds LS16 5PF	529216	Miss J Atkinson
St Petroc's School Trust Limited	40 Ocean View Road, Bude, Cornwall EX23 8NJ	306578	Mr B Hilton <i>(until 30 April 2021)</i>  Ms T White <i>(Nursery Manager from August 2021)</i>
Truro High School for Girls	Falmouth Road, Truro, Cornwall TR1 2HU	306577	Mrs S Matthews

The Acquired Schools are each governed by a company limited by guarantee. The respective companies are:

	<b>Company reg. no.</b>
Lorenden School Limited	3093684
Moorlands School Limited	810136
St Petroc's School Trust Limited	884821
Truro High School for Girls Trustees	06156433

Where a Trust School has a trading arm which is a subsidiary of MIST, the respective subsidiary companies are as follows:

	<b>Company reg. no.</b>
Culford School (Trading Trust) Limited	1411769
Farringtons School Enterprises Limited	2723164
Kent College (Canterbury) Enterprises Limited	2728990
Kent College (Pembury) Enterprises Limited	2728994
Shebbear College Enterprises Limited	2728991
Queen's College Taunton Enterprises Limited	2754531
Truro School Enterprises Limited	2728988
Woodhouse Grove Enterprises Limited	2448747

Where an Acquired School has a wholly owned trading subsidiary, the respective companies are as follows:

	<b>Company reg. no.</b>
Moorlands School Enterprises Limited	3726256
Truro High School Trading Limited	8920547

# METHODIST INDEPENDENT SCHOOLS TRUST

## YEAR ENDED 31 AUGUST 2021

### REFERENCE AND ADMINISTRATIVE INFORMATION

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#### Other Trusts consolidated into MIST

The following charitable trusts are also members of the Methodist Independent Schools Trust group, and as subsidiaries are included in the consolidated accounts:

	Trustees/Members	Activity	Charity no.
Thomas Robinson Ferens Scholarship Bequest for Methodist Schools	Methodist Schools Property Company as the Trustee of the Methodist Independent Education Trust	Provision of scholarships and bursaries	313642 (Linked to MIST in following financial year)
The Thompson Educational Trust	Methodist Schools Property Company as the Trustee of the Methodist Independent Education Trust	Provision of scholarships and bursaries to Methodist presbyters	230422
Woodhouse Grove School Foundation	Methodist Independent Schools Trust (sole member)	Support to Woodhouse Grove School – principally by fundraising activities	1176406

#### Linked Charities consolidated into MIST

The following charities have been linked to the Methodist Independent Schools Trust. Their finances are reported within the accounting records of the Schools which work closely with them.

	MIST School	Activity	Charity no.
Culford School General Charitable Trust	Culford School	Charitable support of the school	1142794-1
Stratford House School Educational Fund	Farringtons School	Bursaries for children at the school	1142794-2
Friends of Kent College Canterbury Limited	Kent College Canterbury	Furtherance of education at Kent College	1142794-3
The Kent College Canterbury Development Fund	Kent College Canterbury	Charitable support of the school	1142794-4
Simon Rattenbury Scholarship	Shebbear College	Assistance to boys at the school	1142794-5
Shebbear College Development Fund	Shebbear College	Charitable support of the school	1142794-6

# METHODIST INDEPENDENT SCHOOLS TRUST

## YEAR ENDED 31 AUGUST 2021

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The Kent College (Wottonley House) Fund	Kent College Canterbury	Scholarships and bursars to the school for children in the local area	1142794-8
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The following charity is linked to the Woodhouse Grove School Foundation

Southern's Memorial Scholarship Fund	Woodhouse Grove	University scholarships for boys who have attended Woodhouse Grove School	1176406-1
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Associated Schools are run alongside MIST as Methodist Schools that have the support of MIST but are separate from it and are administered in accordance with their own governing schemes. Their accounts are not consolidated into MIST.

Associated Schools	Address	Charity No.	Head
Ashville College	Green Lane, Harrogate HG2 9JP	529577	Mrs Rhiannon Wilkinson <i>(from 1 September 2021)</i>  Mrs Elspeth Fisher <i>(Acting Head July 2020 to August 2021)</i>
Kingswood School	Lansdown Road, Bath BA1 5RG	309148	Mr A Gordon-Brown
Rydal Penrhos Limited	Colwyn Bay, North Wales LL29 7BT	1063489	Mr J Waszek

# **METHODIST INDEPENDENT SCHOOLS TRUST**

## **YEAR ENDED 31 AUGUST 2021**

### **REPORT OF THE TRUSTEES**

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The Trustees present their annual report together with the audited consolidated financial statements for Methodist Independent Schools Trust ("MIST"), the other charities under its control and the Trading companies for the year ended 31 August 2021. The financial statements have been prepared in accordance with the methods and principles of the FRS 102 Charities Statement of Recommended Practice (SORP), and the Companies Act 2006. The report of the Trustees serves the purpose of both a Trustees' report and a Directors' report under company law.

#### **Reference and administrative information**

Details of the Trust, including its trustees and senior officers, and the charities and subsidiary companies that comprise the group, are given on pages 2 to 6.

#### **Structure, governance and management**

MIST was incorporated on 26 May 2011 as a company limited by guarantee and it is governed by its Articles of Association, which were last amended on 21 July 2020.

MIST operates the eight Trust Schools listed on page 3. MIST is also the sole shareholder of eight trading subsidiaries, with a separate trading subsidiary being used for the non-primary purpose trading conducted by each Trust School. In addition, MIST is the sole member of the charitable companies operating the Acquired Schools listed on page 4.

The property (both leasehold and freehold) of the Trust Schools is held within the Methodist Independent Education Trust (MIET), a charitable trust established in 1903 by Trust Deed. MIET's Trust Deed was last amended by the Methodist Conference in 2017, as part of the restructure of MIST and MIET that was approved by the Methodist Conference at that time and took effect on 1 September 2017.

The trustee of MIET is the Methodist Schools Property Company (MSPC) (company number 10834289) and MSPC is the legal owner of the properties held within MIET. MSPC is a trust corporation and MIST is its sole member.

In addition to the Trust Schools, MSPC, as trustee of MIET, also acts as holding trustee for the properties of three other Schools. The management of these Schools is wholly in the hands of their governing bodies, and MSPC, as trustee of MIET, is required to act under their direction. The accounts of these Schools (known as "Associated Schools") are therefore not included in the consolidated accounts, but these Schools are listed on page 6.

#### ***Appointment of trustees***

Members of the Trust, who are the directors of the company, are appointed by the Methodist Conference. The Articles of Association provide that the members of the Trust shall consist of the Chair, three Chairs of Governors Trustees, no more than five Methodist Council Trustees, no more than one Chair of District Trustee, no more than one Connexional Representative Trustee and no more than five Nominated Trustees.

The induction and training of Board members is the responsibility of its Chair and the General Secretary, who induct all new members and provide information updates and training as necessary. Formal induction and training events for trustees, senior governors and senior staff are held regularly (usually in September, February, and April). The Governance Manual is regularly reviewed by Trustees and circulated to the Schools. The General Secretary reviews school governing body meeting papers and attends at least one such meeting in each school every year.

## **METHODIST INDEPENDENT SCHOOLS TRUST**

### **YEAR ENDED 31 AUGUST 2021**

#### **REPORT OF THE TRUSTEES**

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##### *Organisational management and group structure*

Day to day administration and the conduct of education in each Trust School are delegated to a local governing body. The local governing body of each school acts in accordance with the Methodist Independent Schools' Instrument of Government and the MIST Governance Manual, as regularly reviewed and updated. During 2020-21 MIST and the individual Schools continued to implement the recommendations of the 2018-19 Association of Governing Bodies of Independent Schools (AGBIS) governance review of the Schools and of MIST.

Under the terms of the Instrument of Government, the Trust reserves to itself sole right of jurisdiction in respect of any scheme involving the disposal of property and any expenditure beyond that previously approved. The Trust remains ultimately responsible for the Schools and is also responsible for the strategic direction of the group as a whole. In order to enable it to fulfil these responsibilities more efficiently, it has established an Executive Committee comprising four trustees and its two senior officers. Trustees, supported by representatives from the Schools, operate through a number of other committees with specific responsibilities for Finance & Property, Audit & Risk Management, Nominations & Governance, Remuneration, Awards and Ethos. The Chairs of Governors of the Schools meet at least termly, and their views are communicated to the Trust by their three nominated trustees but there are also other occasions on which trustees and Chairs meet in joint sessions; the Heads also meet as a group at least termly and have three representatives in attendance at Trustee meetings. The Trust and most of its committees meet at least three times a year.

Trustee indemnity insurance is in place for the benefit of all trustees.

##### *Key Management Personnel*

The day to day running of MIST is delegated to the General Secretary and the Business Director, supported by a Group Accountant/Company Secretary. The day to day running of the Schools is delegated to the respective Heads and Bursars. The General Secretary and Business Director of MIST attend all the Trustee Body's Committees, and the Heads and Bursars attend all meetings of their Governing Body's Committees. As such, the key management personnel for the Trust are considered to be the MIST Trustees, General Secretary, Business Director, Group Accountant/Company Secretary, School Governors and the School Heads and Bursars.

The remuneration of key management personnel (other than trustees and school governors, who are unpaid volunteers) is set by the MIST Remuneration Committee for the MIST Executive, by School Governors within a framework and salary scale provided by the MIST Remuneration Committee for Heads, and by the School Governors for Bursars. The appropriateness and relevance of the remuneration policies is reviewed annually and with a view to ensuring that the Trust is sensitive to the broader issues of pay and employment conditions elsewhere.

Delivery of MIST's charitable vision and purpose is primarily dependent on our key management personnel. Staff costs are the single largest element of our charitable expenditure.

## METHODIST INDEPENDENT SCHOOLS TRUST YEAR ENDED 31 AUGUST 2021

### REPORT OF THE TRUSTEES

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#### Objectives and Activities

##### *Charitable objects*

The objects of the Trust as set out in its Articles of Association are:

- The advancement of education in accordance with the principles of the Methodist Church, and
- Such other charitable purposes of the Methodist Church as the Conference shall from time to time by resolution direct.

##### *Aims and intended impact*

The Methodist Church is engaged in education as part of its Christian mission in the world. Its Schools will seek to extend the Methodist ethos and character and contribute to diversity in education.

The Trust's Mission Statement sets out that it and its Schools should:

- Be caring Christian family communities committed to the development of the full potential of each individual having regard for their personal attributes in addition to their academic aspirations;
- Maintain high educational standards in all its academic, cultural and sporting activities, stimulating excitement in learning and requiring discipline in study, whatever the ability of the child;
- Work with and in the communities they serve;
- Worship as Christians in the Methodist tradition; to uphold Christian values in practice as well as in theory and to make religious education a strong feature of the curriculum, whilst welcoming members of other faiths (and none) in a spirit of openness and tolerance;
- Encourage pupils in a critical examination of the standards and values current in society and to discover and develop a personal faith to guide them throughout their lives.

Methodist Schools are welcoming communities where individuals are valued, good order is respected, relationships cherished, and where excellence in its widest sense (academic, extra-curricular, lifestyle) is pursued. Methodist Schools encourage a sense of belonging, seek to improve lives and boldly expect the impossible. In Methodist Schools educational experiences and activities bring mind and heart, intellect and passion together. Methodist Schools work in mutually beneficial partnerships with each other and the wider Methodist Church.

Methodist Schools welcome students from all backgrounds. Economic status, gender, ethnicity, race, religion or disability do not form part of our assessment processes, although some Schools select on the basis of academic ability. We are an equal opportunities organisation and are committed to working environments that are free from any form of discrimination on the grounds of age, disability, gender reassignment, race, religion or belief or sex. We will make reasonable adjustments to meet the needs of staff or students who are or become disabled. It is our policy to give full and fair consideration to employment applications from disabled persons having regard to their particular aptitudes and abilities.

The charity recognises the importance of internal communications and as such ensures all employees are kept informed of developments within the organisation through team briefings and one-to-one reviews, and with the Schools by regular newsletters, and by meetings with Chairs of School Governors, Chairs of School Finance Committees and Heads – both in person and by digital means as required. Our 5-year strategy is shared with Schools through their Chairs of Governors, supported by

## METHODIST INDEPENDENT SCHOOLS TRUST

### YEAR ENDED 31 AUGUST 2021

#### REPORT OF THE TRUSTEES

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regular conferences and events for Chairs, Heads and Chaplains. Our key performance indicators are shared with the Schools through regular meetings and correspondence with local Chairs, Chairs of Finance and Bursars in each school. Each school is required to maintain a Business Plan supported by annually updated financial forecasts that look forward five years, taking into account both local priorities and the overarching strategic aims and performance requirements of MIST. There is a process of review and feedback for these plans and forecasts. See also Section 172 information commencing on p.15 for further information about trustee engagement with employees.

Our Schools are committed to safeguarding and promoting the welfare of our students and expect all staff and volunteers to share this commitment. Parents are given regular information about their children's social and academic progress through both formal and informal contacts from each school. There are also opportunities for parents and students to provide feedback on their experiences in our Schools. All Schools are inspected by ISI, and MIST commissions regular interim safeguarding audits on behalf of the Trustees from an independent safeguarding consultant, Mrs Carolyn Eyre.

We treat our suppliers with respect, adopting transparent procurement arrangements and setting ourselves high standards for contract monitoring and timely payment. We aim to make a positive contribution to the local economies in which our Schools operate. As a consequence, many of our suppliers have long-standing relationships with MIST, either locally or nationally.

#### *Public Benefit*

In setting their objectives and planning their activities both the trustees and school governors have given careful consideration to the Charity Commission's general guidance on public benefit and confirm that they have given due regard to this guidance.

The Trust and its Schools provide public benefit by:

- Providing education during the year to almost 6,000 children nationwide, delivering a saving to the public purse;
- Providing means tested bursaries to those who would otherwise be unable to benefit from an independent education. These include a number of means-tested full (100%) bursaries;
- Working in close partnership with the Methodist Academies and Schools Trust (MAST), a separate Trust with responsibilities for Methodist publicly funded schools;
- Working closely with the Epworth Trust in support of schools wishing to academise. The Epworth Trust was formed in November 2020 by the merger of the Wesley Trust with the Acorn Trust. The Wesley Trust began in 2016 as multi-academy trust of three Methodist primary schools. Following early support from MIST (provision of an initial grant and the part-time secondment of the Head of a Trust School as CEO of the Wesley Trust) the Trust was well-established, and merged with the Acorn Trust to form a group of five schools known as the Epworth Education Trust. Three MIST Trustees and a Governor of a Trust School are Trustees of the Epworth Trust as a means of sharing support and expertise. MIST also facilitates collaboration between schools run by MIST, MAST and the Epworth Education Trust (EET);
- Individual MIST Schools working closely with maintained schools and academies in their local areas independently of MAST and the EET. In addition, MIST employees and trustees act as Governors at a number of maintained schools and academies;
- Enabling the broader use of facilities for both educational and community purposes. Many organisations use Schools' facilities during the year either free of charge or at heavily discounted rates; in addition, arts, crafts, drama and music festivals and other community

## METHODIST INDEPENDENT SCHOOLS TRUST YEAR ENDED 31 AUGUST 2021

### REPORT OF THE TRUSTEES

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events are hosted by several Schools;

- Maintaining close links with local church, community groups, local charities and elderly members of the community. Our Schools continue to develop closer links with their local communities and make their facilities available to them, where practicable. Specific examples are given in the Schools' reports on their activities during the year below, and on the School websites; and
- Encouraging students to be aware of their responsibilities to the local community, to their environment, and of their role as global citizens through activities including community service programmes; specific support of overseas schools and clinics; fundraising for local and national charities and the organisation of eco-projects.

The Covid-19 pandemic has continued to curtail many of the activities that would normally be undertaken either by Schools or by other organisations on School sites, primarily as a consequence of the regulations and guidance which temporarily closed our Schools to all but the children of key/critical workers during the Spring Term 2021, and which have continued to limit gatherings and group activities in recent months. However, Schools have continued to find innovative ways to engage with their local communities and where possible have re-commenced community focused activities.

#### *Bursary and grant making policy*

MIST firmly believes that access to the education we offer should not only be restricted to those who can afford our fees. Our bursary awards are important in helping to ensure that children from families who otherwise would not be able to afford the fees can access the education we offer. Bursary awards are available to all who meet the general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk. In assessing means, we take into account nationally accepted criteria. Bursaries are awarded on a sliding scale in proportion to need; some awards are for a full remission of fees. The level of awards given in the year is set out in note 4 to the Accounts.

During the 2020-21 year Schools have continued to provide access to additional hardship funds to support families whose financial circumstances have been severely affected by the Covid-19 pandemic.

#### *Volunteers*

All the trustees of MIST and local governors in Schools are volunteers. Parents and former students help out in a variety of roles at most of the Schools, and often play a key role in fundraising for specific projects.

#### *Streamlined Energy and Carbon Reporting*

In line with the regulatory requirements, MIST reports on energy use and emissions across the group. The data in this report have been produced for MIST by Powerful Allies Limited.

**METHODIST INDEPENDENT SCHOOLS TRUST**  
**YEAR ENDED 31 AUGUST 2021**

**REPORT OF THE TRUSTEES**

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**Greenhouse Gas (GHG) Emissions and energy use data**

	Current Reporting Year 2020-2021	Baseline Reporting Year 2019-2020
	UK GHG Emission and Energy Data	UK GHG Emission and Energy Data
Energy consumption used to calculate emissions (kWh); all mandatory energy sources are included.	34,095,322.84	36,997,356.9
Scope 1: Emissions from the combustion of Natural Gas (tCO <sub>2</sub> e)	3,569.65	3,542.34
Scope 1: Emissions from combustion of other Fuels for heating and Transport (tCO <sub>2</sub> e). (see evidence pack)	478.55	281.54
Scope 1: Emissions of Biomass Pellet / Chip (tCO <sub>2</sub> e)	10.57	Previously Recorded as Combustible Fuel
Scope 3: Emissions from business travel in employee-owned vehicles, where the employer repaid mileage claims (tCO <sub>2</sub> e) (average vehicle / fuel source unknown)	0.83	6.89
Scope 2: Emissions from purchased Electricity and Biomass Heat (tCO <sub>2</sub> e)	1,733.41	2,074.53
Total gross CO <sub>2</sub> e based on above (tCO <sub>2</sub> e)	5,782.44	5,905.30
<b>Intensity Ratio:</b> tCO <sub>2</sub> e gross figure based on mandatory fields above / 1,000 m <sup>2</sup> gross internal floor area	31.73 tCO <sub>2</sub> e / 1,000 m <sup>2</sup>	32.40 tCO <sub>2</sub> e / 1,000 m <sup>2</sup>

All energy data above and supporting documents used in completing this report are contained within the SECR Evidence Pack provided to MIST.

**Methodology**

An evidence-based methodology was adopted in accordance with BS EN ISO 14064-3:2019, Section 4.3; verifiable data has been collected from the following sources:

Energy Data: Energy Metering, Invoices, Supply Summaries / Statements, Repayment Claims for business mileage, Fuel Cards, and correspondence with suppliers.

Previous Audit Data: ESOS Phase 1 & II Reports, SECR 2019/20

Emission Conversions: All emission factors for CO<sub>2</sub>e, have been calculated using Defra Conversions 2021, as the period covers four-months of 2020 and eight-months of 2021, in accordance with Defra guidelines.

## METHODIST INDEPENDENT SCHOOLS TRUST YEAR ENDED 31 AUGUST 2021

### REPORT OF THE TRUSTEES

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#### Third Party Verification

The energy data has been compiled and audited by Powerful Allies Limited, CIBSE Registration No: ESOS185262.

#### Energy Efficiency Action

Methodist Independent Schools Trust (MIST) have initiated a process of decarbonisation of the school estates as follows:

- a. MIST is pleased to report a small reduction in total emissions and in the intensity ratio. However, during this reporting period, the Schools have marginally increased gas and heating fuel consumption relative to the baseline year. This is partly because data for the baseline year is distorted by the school closures of the summer term 2020, and partly because, since re-opening, Schools have been required to maintain good ventilation which has resulted in some inefficient heating/ventilation practices. These are the primary reasons for an **increase in Scope 1 emissions, which account for >70% of total emissions of CO<sub>2</sub>e**. The requirement for greater ventilation has highlighted the need for any future Zero / Low Carbon Heating systems to be able to provide fresh air and heat recovery, rather than allowing heat to be lost through open windows.

**NB:** The heating at Culford School was incorrectly included within Scope 1 Emissions in the 2019-20 report and the total heat was unknown, due to the process by which the school is invoiced for Heat. Low Carbon Heat is purchased from a biomass boiler, which the school does not own or operate, and should therefore be reported as Scope 2 Emissions, as per this report. This unfortunately means that the carbon emissions by Scope cannot be directly compared between years, but suggests that the increase in Scope 1 emissions from 2019-20 to 2020-21 is likely to be slightly greater than shown here.

- b. During the financial year 100% of electricity supplied to 10 of the 12 schools was from 100% REGO Backed Renewable Zero Carbon Generation. Two schools (Culford and Lorenden) remain on legacy contracts with non-Renewable Energy Supplies.
- c. MIST have centralised most of their Half-Hourly AMR Energy metering data, implementing a program of upgrading to AMR Gas metering, and SMART Metering under the SMART Meter Rollout, for qualifying meters. The improved visibility and granularity will assist in identifying possible waste, control issues, and promote energy efficient behaviour across the portfolio of schools.
- d. Much of the estate has been upgraded to low energy LED lighting. The total percentage complete is unknown. However, it is believed five schools have completely replaced their original lighting with LED, whilst the remaining schools have been upgrading gradually and on failure of fittings.
- e. Solar Photovoltaic Electricity Generation (at Shebbear College) was 184,626 kWh, avoiding 39.2 tCO<sub>2</sub>e being emitted to the atmosphere. Zero carbon generation is set to increase, with

## METHODIST INDEPENDENT SCHOOLS TRUST

### YEAR ENDED 31 AUGUST 2021

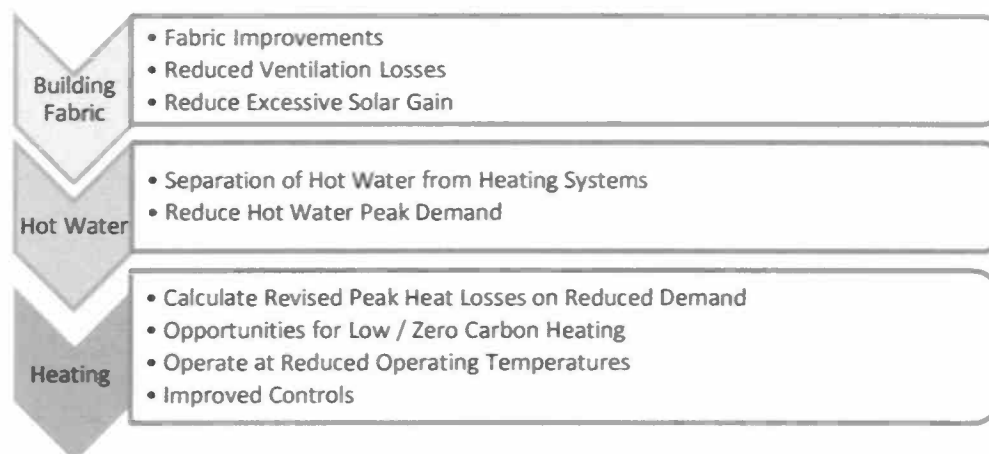
#### REPORT OF THE TRUSTEES

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Woodhouse Grove exploring options to increase on-site generation and reduce grid reliance. Scope 2 Electricity Emissions currently accounts for <30% of total emissions of CO<sub>2</sub>e.

NB: There was an error in the previous SECR Report: Shebbear College was reported to have generated 152,025.07 kWh of electricity, when the actual generation was 59,440 kWh, as evidenced on the EON Generation History Report.

- f. Heat losses are to be assessed and building fabric improvements are being reviewed, taking a 'Fabric First Approach' to reducing heat losses and excessive solar gains, resulting in an anticipated reduction in the size of heating and cooling generators required along with improvements in controls for the provision of Heating, Cooling and Domestic Hot Water. It is anticipated an initial scoping study will be carried out to rank the buildings according to priority, during 2022 to scope the challenge and identify priorities for action. One option under consideration is to survey buildings and compare with a Notional Building and the Building Regulations, to model the effects of consequential improvements.



The proposed scoping study mentioned above does not detract from the ongoing efforts to identify and eliminate other identifiable inefficiencies from lack or / poor controls, inefficient / unreliable equipment, or human behaviour, which may increase energy consumption and greenhouse gas emissions.

- g. The ongoing centralisation of energy data will improve the granularity of each school's understanding of energy consumption, enabling the schools to verify the consumption and emissions savings attributable to investment in decarbonisation, and improve data collection for future reports.
- h. Transport considers both Scope 1 emissions and Travel by use of Grey Fleet (Scope 3). Scope 1 Emissions from fossil fuels account for **154.08 tCO<sub>2</sub>e** / **2.66%** of total emissions. Whilst there are plans to upgrade minibuses, the cost and limitations of Electrified Minibuses available in the market is a barrier to expediting the transition. Scope 3 Emissions (use of personal vehicles for

## METHODIST INDEPENDENT SCHOOLS TRUST YEAR ENDED 31 AUGUST 2021

### REPORT OF THE TRUSTEES

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business travel) should be regarded as de-minimis, as these accounted for 0.01% of total emissions of CO<sub>2</sub>e, during this reporting period.

- i. Whilst individual schools have a high degree of autonomy, MIST is currently in the process of developing a Group Estate Decarbonisation Plan, aligned as far as possible with the Methodist Church target of Net Zero by 2030. Coupled with the new GHG Reporting requirements, it is envisaged that site masterplans and capital programmes being updated during 2021-22 will reflect the emerging strategic requirements and permit the achievement of ongoing reduction in emissions over time.
- j. In addition, individual Schools are pursuing initiatives across catering, maintenance, and travel, as well as using opportunities provided by the school curriculum and by student leadership projects to engage the school communities with wider initiatives to reduce emissions and improve the Schools' impact on the environment.

#### Strategic report

##### *Strategies*

The Trust has identified the following strategies for achieving or enhancing its purpose and vision:

- To promote and support the Schools, in acknowledgment of their accountability, through MIST, to the Methodist Conference, by playing their full part in pursuing the mission of the Methodist Church;
- To encourage and assist the Schools to be faithful to our common Mission Statement;
- To work with Chairs of Governors and Heads to ensure that the Schools are effectively governed, led and managed;
- To facilitate collaboration between all MIST Schools and other Methodist Schools to help raise their operating efficiency and enhance the breadth and quality of their activities;
- To ensure a culture and system for developing long term strategies and development plans in the Schools;
- To facilitate guidance on educational, legislative, social, economic and technological trends relevant to the Schools and their future;
- To exercise effective and prudent stewardship of the assets of the Schools; and
- To explore opportunities for the growth and development of the MIST family.

##### *Fulfilling the matters set out in Section 172 (1) of the Companies Act*

The table that follows sets out how MIST's Trustees have regard to the matters in Section 172 (1)(a) to (f) of the Companies Act 2006:

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Section 172 Responsibilities	Specific examples
<p><b>Long term results:</b> The likely consequences of any decision in the long term</p>	<p>Ongoing implementation of our five-year strategy (2020-25), which is reviewed regularly by Trustees. The actions to achieve the strategy are undertaken in close partnership with our Schools.</p> <p>A financial reporting and forecasting approach which captures the five most recent years and looks five years into the future, including capital investment expectations, updated annually at school and consolidated level.</p> <p>Regular review of results and forecasts against Group and school KPIs, and consideration of the likely impact on KPIs in strategic decision-making.</p> <p>Authority is delegated through a well-defined structure set out in our Governance Manual to ensure that decisions are taken by those best placed to do so.</p> <p>We regularly establish working parties with wide representation from across the organisation to explore challenges and identify key actions in order to ensure decisions are well-informed (e.g. Teachers' Pension Scheme Working Party, Property Working Party).</p>
<p><b>Our workforce:</b> The interests of MIST's employees and volunteers</p>	<p>Staff well-being, particularly in the face of the pressures of dealing with the ongoing pandemic, is a regular item at Trustee meetings, with first-hand input from Schools via Headteachers at every meeting. Advice and guidance is provided to School Governors to support them in promoting the well-being of local staff, and concerns/suggestions about well-being are shared by Chairs of Governors on their regular calls.</p> <p>We have sought to limit redundancies through use of the Government's Coronavirus Job Retention Scheme during the Covid-19 pandemic.</p> <p>During the pandemic the Schools have maintained detailed Risk Assessments and implemented practices designed to protect the well-being of both staff and students.</p> <p>MIST is working towards being a Living Wage employer. All school and Trust employees are paid at least the Living Wage Foundation minimum, and we are working with our contract partners to ensure this is the case for all their staff working in our Schools.</p> <p>MIST hosts regular events and conferences at which employees, local volunteer governors and Trustees meet to discuss a range of strategic issues and build positive relationships. Some of these have moved online in recent times, but we meet in person when we can do so safely. Staff and student well-being are regular items for input and discussion.</p>

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Section 172 Responsibilities	Specific examples
<p><b>Our business relationships:</b> The importance of developing MIST's business relationships with suppliers, customers and others</p>	<p>Our relationships with pupils and parents are brokered by individual Schools on behalf of MIST, and we pride ourselves on the high quality of these relationships. We maintain complaints procedures and record-keeping for any complaints at each School and we monitor and support our schools in responding appropriately to the (very few) more serious complaints.</p> <p>We strive to maintain good relationships with our suppliers, making payments in a timely way (including throughout the Covid-19 period) and adhering to our Financial Procedures Manual in awarding contracts in a fair and transparent manner. We encourage Schools to consider and support local suppliers where appropriate.</p> <p>MIST has longstanding relationships with its key advisers (bank, solicitors etc) as trusted partners whose advice and support are founded on a clear understanding of MIST's structure, objectives and priorities.</p>
<p><b>The community and our environment:</b> The impact of the MIST's operations on the community and the environment</p>	<p>It is very important to us that we have a positive impact in the communities in which our Schools operate. We achieve this in many ways, including provision of bursary awards for local pupils who would not otherwise be able to attend the School, making facilities available for local and community use (including specialist sports, arts and theatre facilities), working in partnership with other local schools and supporting local and national charitable organisations through fundraising. We are proactively seeking ways in which we can increase the proportion of our discounting which is means-tested in order to prioritise those families for whom independent education would not otherwise be possible.</p> <p>We continue to identify and invest in ways to reduce our impact on the environment, and to encourage our students to be proactive in this regard. Various initiatives aimed at improving energy efficiency have been undertaken as described on page 13. A Property Sub-Committee includes the environmental impact of the group's estate specifically within its remit and considers the outcome and recommendations from the annual SECR reports. MIST plans to develop a Group Sustainability Strategy and action plan during 2021-22, in collaboration with appropriately qualified partners.</p>

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Section 172 Responsibilities	Specific examples
<p><b>Our desire to maintain our reputation for high standards of business conduct</b></p>	<p>We set ourselves high standards, which are described in our Governance Manual, Code of Conduct and associated policies. We check that these standards are being maintained in Schools through our interactions with them and through the Annual School reporting cycle.</p> <p>We run a cycle of internal audit reviews with a mixture of internal and third party assessment which consider the practices operating in our Schools and check that they meet our standards – with follow-up and support as needed.</p> <p>Our Schools are regularly inspected by ISI and achieve strong outcomes. These inspections facilitate surveys of parents and students, and the inspection reports include any recommendations arising from these, where appropriate. Our Schools typically receive very positive feedback.</p> <p>As ambassadors for the Methodist Church in their communities, our Schools consciously set themselves high standards for considerate behaviour.</p>
<p><b>Fairness:</b> The need to act fairly between members of MIST and its beneficiaries</p>	<p>All Trustees are encouraged to visit and get to know individual Schools. Annual School Reports are reviewed and discussed by Trustees. During 2020-21 visits in person were not always possible, but where required, as an alternative Trustees had telephone calls with key staff in School.</p> <p>School matters form part of the agenda of every Trustee meeting. Financial reporting is made available at both a School and consolidated level so that Trustees can make informed decisions. Input and feedback are sought regularly from Schools to inform Trustee and Executive activity and the strategic direction of travel.</p> <p>The salary scales for Heads and Head Office staff are set centrally (and reviewed annually) by a Remuneration Committee of the Trustees; all other salary decisions are delegated to the Schools.</p> <p>The relationship between beneficiaries (students and families) and MIST's Schools is governed by a standard set of contract terms which are regularly updated in line with best practice. Our Schools operate clear Admissions policies which explain how school places are awarded, and there is a Complaints procedure in place for use by any beneficiary who feels they have not been treated fairly. Scholarship and bursary awards are made on the basis of published criteria. Parents and students are encouraged to communicate openly and regularly with teachers and pastoral staff in Schools in order to ensure that the best possible outcomes are achieved for all our beneficiaries.</p> <p>Regular meetings of Bursars, Heads, Chairs of Governors, Chairs of Finance and HR managers are facilitated by MIST in order to share good practice, offer advice and guidance (often from third party experts), provide transparency about MIST's expectations and identify and deal with any misunderstandings arising locally.</p>

*Fundraising standards information*

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The MIST Schools are encouraged to carry out fund-raising activities with parents and alumni to raise additional funds to support the school in fulfilling the charitable objects, although relatively limited activity takes place in practice. MIST maintains registration with the Fundraising Regulator, and all Schools are aware of and take account of the Fundraising Standards, the Charity Commission guidance on fundraising and other relevant regulation. None of the Schools uses third party organisations to assist with fundraising. Any fundraising activity is carefully targeted to known individuals, and notes are kept to capture contact preferences in line with the Schools' own Privacy Notices and associated policies. There have been no complaints in relation to fundraising activity in the current or previous year.

#### *Achievements and performance*

The group provided education to 5,965 school age pupils (2020: 6,223 pupils), of whom 15% (2020: 16%) were boarders. Scholarships and bursaries awarded by the Schools and the Trust, the majority of which are means tested, amounted to £9,130,000, 9% of gross fee income (2020: £9,892,000, 9%).

We are proud of what our Schools have achieved over the course of another difficult year. Schools maintained some degree of hybrid delivery throughout the year to accommodate students and staff unable to attend school sites as a result of Covid restrictions, and in January 2021 enacted a second school closure period. This time the widened definition of key workers and vulnerable children, and the requirement for nurseries to remain open, meant that many schools were maintaining a significant on-site offering for prep and nursery students and for resident boarders whilst also delivering a vibrant and engaging lesson and co-curricular input for students in lockdown at home. The changes to the arrangements for public examinations in 2021 meant that outcomes are not directly comparable with previous years, but both the GCSE and A Level/IB cohorts of MIST students achieved excellent results and were supported to transition into the next stage of their education.

Schools continued to offer flexibility and support to families experiencing financial challenges as a result of Covid, whilst continuing effectively to manage the volume and extent of outstanding fee debt. In addition, Schools maintained and updated their risk assessments throughout the period, together with enhanced cleaning arrangements, alternative (lower density) catering provision and ongoing support for on-site testing for pupils and staff as required by Government.

Pupil recruitment and retention into 2020-21 was significantly affected by the disruption during 2019-20 with average pupil numbers at a group level for the year 4% below those for 2019/20. However, some of the Schools gained students year-on-year as parents moved out of cities or switched from maintained sector schools to take advantage of the enhanced online provision being made by MIST Schools.

£2.9m of capital expenditure took place during the year (2020: £4m). Expenditure was limited to priority projects during the year (those meeting health and safety requirements or otherwise crucial to the ongoing operation of the Schools) in order to preserve cash during the challenges of the pandemic.

The impact of Brexit is yet to be fully felt in our Schools, but we are experiencing challenges with the visa arrangements for European students and are being warned of likely increases in food costs and are seeing huge increases in the materials and labour cost estimates associated with planned capital projects. The Covid pandemic has had a direct impact on the labour market, and catering staff in particular are in short supply. Several Schools are having difficulty recruiting to Support Staff vacancies.

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#### *Activities and achievements at each school:*

In more general terms, the main activities and achievements reported by each School were as follows:

#### **Culford School**

Culford School is a co-educational independent day and boarding school for pupils aged 1-18, rated "Excellent" by ISI in February 2020. Some 14% of the prep school and around 50% of the Senior School are boarders and the school continues to be a vibrant pastoral community as well as an academic place of learning. All teachers are expected to be committed to the boarding life of the school, and pupils and teachers develop outstanding relationships based upon mutual respect and support as a result. Some 135 individual pupils received bursary assistance in the academic year, many of whom needed additional assistance because of Covid.

Culford came through the lockdown periods of the pandemic in good order, with a school roll increasing as parents were able to see the excellent provision of online learning that was implemented very quickly during the 2019/20 academic year. The roll for the upcoming year includes many new day pupils recruited from the local area.

Although financially challenging because of the lack of income from lettings and the forced reduction in sports programmes, the impact of Covid upon Culford was less than initially feared; both lettings and sports are picking up well as the next academic year begins. Culford enjoys an outstanding reputation for individual and team sports with first-rate facilities, and offers high performance training for tennis, swimming, golf, cricket and hockey. Regular national success is due to the School's ability to focus on individuals as a key part of their success.

Culford continued to fundraise for local, national and overseas charities. For example, the Bury St Edmunds Rotary Club held a very successful Classic Car Show in the School grounds, which raised over £20,000 of which the Teenage Cancer Trust was the major beneficiary. The Prep School is continuing to forge links with EduKid and the Senior School continues its partnership with Nankhufi School in Malawi, although the annual lower 6th trip was once again cancelled due to Covid.

Over 1,500 people outside the school community benefited from the school's facilities during the course of the year. The School actively encourages the local community to use our public and permissive footpaths for exercise, and further public benefit was achieved through partnerships with local groups. The School continues to provide a significant tennis programme, with children from a number of local schools receiving coaching. There is a competitive partnership with West Suffolk Swimming Club. Some facilities are shared with Bury St Edmunds Hockey Club, who have made Culford their centre of operations. Facilities are also provided to Ipswich Town FC, Bury Town FC and Bury St Edmunds Rugby Club. Culford also supports local community events as well as the local parish through giving practical help to the village hall and the local church.

#### **Farringtons School**

Farringtons offers 3-18 day and boarding education within a fully co-educational school. The School has 680 pupils (including Nursery) of whom 25 are boarders. The School welcomes pupils from a wide range of academic abilities, and provides excellent pastoral care underpinned by the Methodist ethos.

At A level the overall pass rate was 99%, with 92% achieving A\* to C and 78% A\* to B and 50% A\* to A. At GCSE 95% of examinations were graded 9-4, with 69% graded 9-6 and 30% graded 9-8. Students gained places at a number of prestigious institutions including the Universities of Oxford, Durham, Southampton, Nottingham, King's London and University College London. Students chose to read a

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diverse range of subjects, ranging from Biology, English, Business and Management, Architecture and Korean.

2020/21 was a difficult year. Whilst it was lovely to welcome all pupils back to school in September 2020, Covid-19 restrictions meant that the School experience was 'quite different' for pupils. Pupils were in year group bubbles and most lessons were taught in their bubble rooms with the staff moving around the building rather than the pupils. Access to specialist teaching rooms was severely limited, other than for exam year groups, as was the number of extra-curricular clubs and activities.

The School was well prepared for the second lockdown with a full timetable taught via Microsoft Teams. Parents were generally very positive about the School's on-line offering, which also included two enrichment days for the younger pupils. Academic tracking shows that the pupils made good progress during this time. For example, in the Junior School the results from the standardised testing in English and Maths shows that Farringtons 'Post Covid' GL levels are above the normal 'Pre Covid' national levels. Those pupils that struggled during lockdown have been identified and given additional support. The School has also implemented a mental health and well-being tracking tool which provides early indications about possible issues pupils are experiencing both in school and at home.

In addition to bursaries and scholarships the school allocates funding to support families to allow them to stay in the school should they have major issues to deal with, including bereavement, illness and loss of employment. This support was particularly valued by parents during the lockdown caused by the Covid-19 pandemic. Pupils with difficult home lives have also been supported within the boarding community. Farringtons continues to support a looked after child in partnership with the Royal National Children's Springboard Foundation. 42 individual pupils received bursary assistance in the academic year.

Relationships are in place with other schools/educational institutions and the facilities are made available for educational and community purposes. The swimming pool is made available to local primaries and clubs, meeting facilities are made available to local charities and the School organises fund raising activities for various charities. The School hosts an annual Junior School Science Quiz for local schools and Debating and Public Speaking Competitions for local senior schools. Approximately 1,500 people who were not members of the school community benefited from the school's facilities during the course of the year.

#### **Kent College Canterbury**

Kent College remains a successful Methodist Christian school which is inclusive and non-selective, and which can be proud of its students, whose results are better than local grammar schools and as good as local selective independent schools. Kent College is regularly included in the top 10 UK IB schools, with an average point score of 39. At A level over 70% of all outcomes are at A\*-B. During the Covid lockdown, Kent College maintained a full schedule of live lessons, which were well received by families, and which kept students in touch from some 46 different countries.

Kent College, along with all UK schools, was able to open in September 2020 with significant restrictions in place. We undertook extensive risk assessments and minimised mixing of students and travel around the school. We adopted the Boarding School Association's Covid Safety Charter and kept boarding open during the half term break to help families. Major events, including Chapel services and open days were all held online. When the school was required to close as part of the UK lockdown at the start of the spring term 2021, teachers again rose to the challenge to provide a full schedule of live, remote lessons. This programme was successful in providing educational continuity and continuing pastoral care and was well received by students and parents. We are delighted that the school has a record number of students on roll for the 2021-22 academic year.

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Community involvement was curtailed somewhat by the need to restrict contact. However, leadership of worship in local schools and churches has continued online. The Global School Partnership continues and we (in conjunction with Emirates Airlines) have made it possible for a gifted student from Tanzania to complete his studies with us and help him to gain sponsorship to attend the new Kent Medical School. We have contributed to a local homework club for Syrian refugee pupils placed locally. Around £20,000 was raised by students in various ways during the year for local charities such as Porchlight, Canterbury Food Bank and RNLI Whitstable, including our usual sponsored walk which took place remotely.

Staff from the school continue to volunteer as governors at a number of local schools, and a huge range of community work was done during lockdown. Masks were made, charity events took place, and cards were made by key worker children at the Junior School and delivered to our local MHA Home. A plan to decorate local benches to develop a trail around the city won a local competition, and a YouTube video created in lockdown by senior drama students (called Lockdown Island) has achieved 15,000 views on YouTube suggesting a far wider viewer base than the school community.

The recently completed Great Hall has already built a reputation as a splendid venue for concerts and theatrical productions for the school and the community. In normal times it serves as our whole school chapel, and this year we hosted five events as part of the Canterbury Festival.

#### **Kent College Pembury**

Kent College ended the year with a total of 468 pupils which was 16 pupils ahead of our budget figures, and the School increased pupil numbers in most year groups. The senior school roll was 358 with entry assessed at age 11 or 13 using proprietary CAT tests. The school accepts quite a wide range of academic ability, with approximately half the senior school intake within the top 25% of the national ability range. There were 54 boarders, including pupils from around the world. The prep school had 110 pupils on roll aged 5 to 11, and from September 2021 will be offering a 50-week (rather than term time only) provision at Nursery.

Kent College is a school inspired by the pupils that embody it. Our students are driven, tenacious, remarkably aware, full of endless spirit and most certainly have a voice. Education at Kent College is so much more than the core curriculum. It is the breath and quality of the opportunities on offer that play a central part in the development of character and life skills. When our students finally emerge from the Upper Sixth they are assured, poised and confident young people who are ready to play their part in shaping the future. After all, they will be the future. As a Methodist School we pride ourselves on having a strong moral compass as a school community, and "doing all the good you can" is at the heart of school life.

The school's response to Covid-19 was overwhelmingly positive judging from the feedback from pupils and parents. The move back to remote teaching and learning in January was seamless, and on return to face-to-face learning in March, the school was fortunate in having very few cases until after the end of the Summer Term, when contact tracing was required for an outbreak in the prep school. The school is proud of providing continuity of care for boarders throughout the pandemic. We had boarders with us during the lockdown and January and remained open during the February and May half terms, as well as re-opening during the Easter holiday.

During the year, sport continued in year group bubbles, pupils of all ages took an interest in the creative arts and the music and drama departments kept the performing arts alive with a number of recorded concerts and productions.

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Throughout the year the school maintained a strong cash position and pupil numbers are stronger than expected for next academic year.

##### **Lorenden School**

The School provides education for children aged 3 to 11 and is limited (by planning consent) to a maximum of 120 pupils. The School provides a well-rounded education based on a wide curriculum which includes modern languages and forest school activities. This prepares children for the schools most suited to their individual needs and to that end this has again been a most successful year. For a three-month period between December and March, the school reintroduced a full online teaching programme. This again proved to be very popular with pupils and parents.

The majority of pupils are working above age related expectations in core curriculum areas, with typically 70%- 90% of pupils being eligible for Kent Grammar School places (as opposed to a county-wide average of approximately 20%.) It would be inaccurate to categorise Lorenden as an 'exam factory' - impressive academic results should be viewed as a natural consequence of excellent provision. Seven scholarships (Academic and Sports) for independent secondary schools were awarded last year, from a class of 15 Year 6 pupils.

Sport has continued to have high priority. Excellent coaching for both boys and girls has ensured that we are able to hold our own against much bigger schools. Sports and craft clubs take place at lunchtime and after school. Children also have the opportunity for swimming, dance, drama and archery. Music continues to feature strongly within the School with over half the children having individual instrumental and singing lessons.

Children are also able to benefit from individual speech and drama tuition and class based musical movement and dance tuition. A school poetry competition is run in which every child in the School is encouraged to participate.

There have been concerts, visits by theatre companies, science, art and music workshops, along with a variety of outings to museums, the theatre and historic buildings. A wide range of prizes was awarded reflecting the School's commitment to encouraging effort and success in all areas of school life.

The School provides public benefit by providing education to 106 Year R to Year 6 children during the year; Offering assistance with fees for pupils under the age of five via the local authority Early Years Funding Scheme; operating schemes that provide discounted fees for siblings of existing pupils and children of staff enabling a number of children to attend Lorenden without which they might not have the opportunity to do so; assisting local schools, charitable organisations and residents with resources such as transport, sports facilities and a variety of entertainment; and through activities undertaken by the School during the year which enabled donations to be made to four separate charities. During 2020-21 the School continued to work with two local Methodist maintained schools.

##### **Moorlands School**

At Moorlands, a co-educational prep school in North Leeds, our priority is the happiness of our pupils. We want every child to feel safe and secure and endeavour to create a caring, supportive environment that enables each individual to develop and shine. Moorlanders are encouraged to be independent, critical thinkers with enquiring minds and a love of learning. We offer our children many leadership and teamwork opportunities to grow their confidence and prepare them for future challenges. Alongside an educationally rich learning environment, we provide weekly specialist teaching in swimming, dance, music, drama, outdoor education and languages. Sport and the performing arts thrive at the school and pupils are offered a plethora of extra-curricular activities ranging from

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technology to gardening. Throughout, we emphasise the importance of kindness, consideration and respect, and maintain high expectations of behaviour and good manners at all times.

Pupil numbers have continued to grow progressively and Moorlands opened in September 2020 with 157 pupils including Nursery, continuing its recent record of steady growth. There were 121 children in the main school, with numbers in Reception particularly pleasing.

The past year continued to bring its challenges to Moorlands, but again the strength of the school community came into its own. During the Autumn term, we reflected and built on our remote learning experiences of the previous year so that when January came, the school was able to swiftly switch to high quality remote learning, which parents were very happy with. As a result of this, staff IT skills have improved considerably, and this is an area that we will continue to build on.

Moorlands is very proud of the performance of the Year 6 pupils in the senior school entrance examinations, given the challenges of the previous year and the different formats the entrance assessments took, due to COVID, including having interviews over Zoom, completing exam papers in key worker bubbles or at home and filming video evidence for scholarships. Moorlands has also been successful in maintaining pupil achievement across the school and this was borne out by the InCAs assessment results.

Despite bubble restrictions, we held a number of events towards the end of the year which parents were able to physically attend - Prize Giving, Sports Days, End of Year Celebrations and Year 6 play, amongst others.

#### **Queen's College Taunton**

Queen's College, Taunton, is an all through (3-18) co-educational day and boarding school of, currently, 500 pupils, of whom 155 are boarders. It is characterised by its excellent pastoral care and positions itself as the 'family school of choice in the South West'.

Academic achievements in the Senior School are notable. Whilst recent grades are poor indicators (affected as they are by the Covid pandemic), the College's pupils regularly return strong A-level and GCSE grades, with two thirds of A-level passes at A\*-B; and one half of GCSE passes at 9-7 (A\*-C).

The wider co-curricular programme is outstanding, with outdoor education and performing arts shining bright, but also sport, art, design, and food well supported.

The College continues to work under the constraints of Covid measures, but there has been plenty of activity. The wider community has been actively engaged with social gatherings and supporting school events.

Despite disruption through the pandemic, academic progress in the Prep School remained good. Pupil learning had minimal disruption due to the implementation of a full online learning program. Improvements in pupil progress tracking have been made by the new Prep Leadership Team. Curriculum successes include the implementation of an Outdoor Education program for all pupils, a new languages program taught by subject specialists and further developments to cross college teaching in History and Art.

The Prep School held a range of live in person and virtual events throughout the year including the very popular Shakespeare Rocks! performance which took place in the Queen's Hall. The Eco Team achieved the Green Flag award ahead of schedule and this culminated in the opening of our new outdoor learning space which was designed and built by the pupils. The Eco Team also received Green Blue Peter badges in recognition of their work and took part in the WWF Earth Hour in spring 2021. The Quiz team came 10th in the finals and we had 7 medallists in the South West Athletics Finals.

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In line with updated EYFS OFSTED guidance our Nursery and EYFS departments completed a thorough review to improve and implement the new curriculum. EYFS settings remained open throughout the pandemic offering much-needed childcare to our families.

New office spaces and reinstating the main entrance to Cotlake House have helped to improve the parent journey and we are beginning to see the benefits with increasing interest from prospective parents. At the end of the year the Junior School was renamed as Prep School incorporating children aged 0-11. This has helped to reduce confusion from parents and bring continuity and cohesion through the school.

#### **Shebbear College**

Set in an 85-acre campus in the Devon countryside, Shebbear College is a thriving day and boarding school for girls and boys aged 4 to 18. With around 300 pupils from Reception to Upper 6 and 50 boarders from age 8 upwards, the school's strength is its individual approach. Every teacher knows how every child learns, resulting in a tailored education and happy, motivated pupils who achieve their very best in every aspect of their education.

During the last year, Shebbear College has relaunched its Vision, Mission, Aims and Values - as well as embarking on a five-year strategic plan. This is a whole school approach - Prep and Senior, Boarding and Day - encompassing inclusivity and diversity with the pupils at the heart. A new faculty model has already started to take shape with developments in Sport & Outdoor Education as well as Creative, Digital & Performing Arts.

In 2021 Shebbear College was a finalist in the Independent Schools of the Year Award for Sporting Achievement, one of the final six schools in this category from over 700 nominations overall.

The school has been developing its pastoral care and wellbeing offering with the launch of a Health & Wellbeing Centre (HAWC) and is working towards the Wellbeing Award for Schools. The House system now consists of four co-ed Houses with a vertical structure creating smaller communities within the whole school structure.

Shebbear College continued to offer a remote and blended learning offering that was second-to-none during the ongoing COVID-19 pandemic and is now a school at the forefront of digital teaching and learning. During the Michaelmas Term 2020, Classroom-based lessons were run at school as normal, but any pupils isolating at home could join in with every lesson remotely. In the January 2021 lockdown, the school switched back to remote learning, with pupils registering in the morning and taking part in live lessons with all their subject teachers. The wide range of co-curricular clubs and activities were run successfully, with options including Choir, Cookery, Art, D of E, Fitness & Wellbeing, Photography, Outdoor Education, LAMDA and House Challenges.

Academically a non-selective school, the individual attention given to pupils means that they achieve highly and in 2021 public examination results were outstanding with an A-Level pass rate of 100%, 63% of pupils achieving A\* - A and 83% gaining A\* - B; and at GCSE, 20% of pupils achieving Grade 9 with 42% achieving Grades 9-8 and 52% achieving Grades 9-7. 100% of Upper 6th pupils gained a place at their choice of university. Shebbear College has close links with the local community, offering facilities and opportunities to primary and secondary school pupils as well as to local groups. During COVID-19 these opportunities were limited but in 2021-22 plans include outreach days in Classics, Science, Sport and Music for local schools as well as an International Summer School. A range of Scholarships are awarded at 11+, 13+ and 16+ and Bursaries are available for those who are not in a position to afford the full fees.

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#### **St Petroc's School**

St Petroc's Prep School effectively ceased operation at the end of the 2019/20 academic year. Faced with a falling pupil roll exacerbated by the onset of the Covid pandemic, and a growing deficit building on an already significant debt, the trustees of St Petroc's considered a number of options to continue operations: to be an Early Years through to Key Stage 1 environment; to close all but the Early Years setting; or to close the entire operation.

Initially the trustees announced that the school would continue with the first of these options as an Early Years and Key Stage 1 setting. However, this was met with considerable opposition from the parental body resulting in further withdrawals of pupils and the decision was reluctantly taken to revert to the second option, and to close the entire prep school with the Early Years setting continuing to operate.

As a result of the decision to close the prep school the Trust entered into a redundancy consultation with the prep school teaching staff resulting in all the teaching staff being made redundant with effect from the end of the Autumn Term of 2020/21 - with the exception of the Head Teacher who was made redundant at the end of the Spring Term of 2020/21.

Through 2020/21 the Early Years setting continued to flourish, providing a nursery education to 73 children and remaining open throughout the second lockdown to support families. From Easter 2021 an interim Nursery Manager was engaged, with a permanent internal appointment being made from August 2021.

Subsequently, in November 2021, the school property and Early Years setting were sold to a single buyer to accommodate the expansion of a local specialist special needs school, the Early Years setting being sold as a going concern.

#### **Truro High School for Girls**

Truro High School is an independent day and boarding school for girls aged 4-18. The school has grown this year to 353 pupils including approximately 58 boarders from 14 different nationalities. The school offers a vibrant holistic environment and is a place where all girls are known and valued as individuals, encouraged to thrive and empowered to succeed.

The school's response to Covid was swift and effective. A virtual school was put in place when the country was in lock-down with girls following their usual timetables online through a mixture of 'live' and recorded lessons on Teams. Progress remained strong and parents have praised the school for providing an opportunity for the girls to learn and socialise together online, thus reducing their isolation and maintaining their wellbeing. GCSE and A Level students also completed all courses and were then given the chance to extend their learning with Pre-A Level and Pre-degree courses in a variety of subjects. This year's A Level results have brought great success and were a cause for celebration as always.

The school has continued to modernise and update the site with a new Prep School STEM Lab opening and a Gallery for the Creative Arts. A new boarding house is about to open to increase capacity in boarding. The school continues to try to offer support in the community and enjoys partnerships with local state schools through offering access to the Aspiring Engineers and Aspiring Medics programme; expertise and facilities are shared wherever possible. A close link with Edukid continues to be enjoyed, with over £5000 being raised in support of their work at a recent sponsored event.

Truro High School was named Small Independent School of the Year 2020 and has been named a finalist in Girls' School of the Year and Pre-Prep of the Year in 2021.

## **METHODIST INDEPENDENT SCHOOLS TRUST**

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##### **Truro School**

Truro School is a coeducational independent day and boarding school on two sites (Senior and Prep) in Truro, the capital city of Cornwall. The school is the largest co-educational independent school in Cornwall, currently with 1,138 pupils of whom 75 are boarders, drawn from over 15 countries. At A Level the overall pass rate in 2021 was 100%, with 94% achieving A\* to C, 89% A\* to B, and 74% A\*-A. At GCSE 98% of pupils achieved grades 9-4 (A\*-C), with 86% achieving grades 9-6 (A\*-B) and 47% grades 9-8 (A\*).

Truro School champions a broad and values-based education with academic excellence at its core. The School and its staff provide an array of co-curricular activities, with over 100 clubs active each week, many of which are linked to the unique opportunities afforded by a location that blends urban living in a rural setting with easy access to the sea. Truro School hosts the UK Fencing Academy, a Leith's Cookery School, and offers first class sporting and theatrical facilities. We are in our second year of an exciting partnership with Saints South West, the community partner of Southampton Football Club, which brings footballing excellence to our pupils as well as the local community. This partnership is the latest in an ongoing line of very successful partnerships with Truro School.

Truro School has a strong tradition of musical excellence and is blessed with a dynamic partnership with Truro Cathedral by hosting all its boy and girl Choristers. The school also hosts the Cornwall Music Services Trust who deliver music lessons to pupils in all types of School across all of Cornwall.

Truro School has a good track record of solid capital investments in recent years. This has included redeveloping a state-of-the-art Leith's cookery school and a major expansion at Truro School Prep to build 6 modern classrooms and a new assembly hall and music area. Our Public Benefit continues to be strong and we are an integral part of the Cornish community as well as having a truly global outlook.

##### **Woodhouse Grove School**

The School provides public benefit by:

- Providing education to 1,062 school age children during the year at a saving to the public purse;
- Providing means tested bursaries to those who would otherwise be unable to benefit from an independent education;
- Providing specialist/extra-curricular provision;
- Fostering relationships with other schools/educational institutions; and
- Allowing extensive use of school facilities for educational and community purposes by others.

The school welcomes students from all backgrounds. It is an equal opportunity organisation, committed to working environments that are free from any form of discrimination. The school makes reasonable adjustments to meet the needs of staff or students who are or become disabled. 6% of Grove pupils (approximately 50% of its boarding roll) are overseas nationals. One totally blind child completed his education with us at the end of the academic year and several students are hearing-impaired. We also educate five students for whom we hold a local authority Education, Health & Care Plans.

The school is committed to safeguarding and promoting the welfare of its students and expects all staff and volunteers to share this commitment. Parents are given regular information about their children's social and academic progress through both formal and informal contacts. The school continues to develop closer links with the local community and makes its facilities available to them wherever, and whenever, it can. We enjoy strong links with the local professional football club, Bradford City. Their academy, youth development and first team squad have a permanent base here

## METHODIST INDEPENDENT SCHOOLS TRUST YEAR ENDED 31 AUGUST 2021

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at the School, and we are proud to host their Charity Foundation football courses and training camps at weekends and in school holidays. Our relationship with the Leeds Rhinos elite netball squads continues to develop and evolve.

The Grove is now in its fourth year of a collaboration with the One In A Million Free School (OIAMFS), Bradford. A very special element of the collaboration has seen Woodhouse Grove award two full Sixth Form bursary places per annum to promising OIAMFS Year 11 leavers – a tangible expression of the Grove's commitment towards increasing social mobility by widening educational opportunities in the local area. The four current scholars are thriving in our care; both Year 13 leavers secured places at Bradford University to study Clinical Sciences.

The Woodhouse Grove Foundation continues to raise funds for the exclusive use of the Grove for projects that will directly benefit its pupils. The ultimate vision for the Trust is for it to support and fund bursaries for pupils from within the Bradford and West Yorkshire district whose parents may not otherwise be able to afford the fees. The School also enjoys a very special relationship with Royal National Children's SpringBoard Foundation (RNCSE) and is one of their main school partners in the north of England.

#### *Financial Review*

Just over 90% of the group's incoming resources was school fee income in 2021, which amounted to £89 million in the year (2020: £89 million). Income from trading subsidiaries amounted to £1,848,000 (2020: £2,128,000) contributing £206,000 (2020: £580,000) after operating costs. Fundraising was carried out by some Schools at a total cost of £111,000 (2020: £121,000); voluntary income generated during the year amounted to £987,000 (2020: £702,000).

An operating surplus of £58,000 was generated by the Group (2020: £1,227,000), reflecting the smaller pupil roll, the ongoing impact of the discounts made for school closures and the loss of much of the regular trading income, partially offset by Coronavirus Job Retention Scheme payments. The operating surplus was increased by significant unrealised revaluation gains on the group's investments of £1,152,000 resulting from an upswing in global market conditions (2020: losses of £436,000). As a consequence, the out-turn for the year was slightly ahead of that achieved last year, and reflects ongoing challenging operating conditions through the pandemic. Following the conclusion of the Supreme Court case during 2021, MIST schools were eligible to make Business Interruption claims under the terms of their insurance policy wording. At the time of writing all the eligible schools have submitted their claim. Four schools received their pay-outs during 2020-21 (which were capped under the terms of our policy).

Once again capital expenditure was minimised at £2.9m (2020: £4m) compared with over £10m in each of the two years preceding the pandemic. Schools worked hard to limit discretionary expenditure throughout the year, particularly in a context where despite nominal "school closures" the sites were very much open and functioning, providing education and wider services for resident boarders, key worker and vulnerable children and those in school nurseries. Once again, the Trust drew on the support of the Government's Coronavirus Job Retention Scheme in order to protect jobs to the greatest extent possible (further information in Note 9). Three Schools required working capital loans from the Trust during the period – each of them being Schools where the pupil roll was already smaller than forecast and which were particularly challenged by the loss of fee income and by the costs of making Covid-19 compliant arrangements within school.

The results of the group have been consolidated in the attached accounts. The total funds held are £82,451,000 (2020: £81,241,000), and tangible fixed assets have decreased to £103,185,000. (2020: £106,033,000).

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MIST's cash flow continued to be healthy through the year, with cash and cash equivalents ending the year £667,000 higher than the opening balance of £142,000. MIST operates a Revolving Credit Facility with HSBC which is committed until 2023, with the option to extend for up to two years after that. MIST has met the covenants associated with that facility throughout the reporting period, and is forecast to do so going forward. Demand for that facility has been relatively limited during 2020-21 while the schools consolidated their position and strengthened cash balances through tight expenditure control and limited capital expenditure. During 2021-22 we expect the schools to refresh their strategic plans, site masterplans and capital expenditure programmes and take advantage of the flexibility this facility offers.

#### *Investment Policy*

The trustees are responsible for the investments held by the Trust. The policy is reviewed annually, and during this year it was agreed to continue the existing policy of maximising total return. The Funds are managed by the Methodist Church Central Board of Finance. They are ethically managed and gave a rate of return in line with market conditions.

#### *Reserves Policy*

The Trust regards its free reserves as being those unrestricted funds that have not been formally designated for any specific purpose. Unrestricted funds are reduced by the value of the property fund and other small designated funds. The property fund is calculated by subtracting the total facility available from MIST's bankers (for which the property provides security) from the value of its land and buildings.

The level of reserves appropriate to be held at School (including Trust and Acquired Schools) and group level, necessary for contingencies and movements in working capital, is reviewed annually by the Trust's Finance Committee. Having regard to the likelihood of financial risks and mitigating factors, including its group structure, it considers the level of free reserves required to be the equivalent of six weeks' ongoing operating costs, which equates to half a term and is approximately 10% of total income, with 5% to be held at School level and 5% centrally.

Being a group, in normal circumstances it is unlikely that a sudden deterioration would occur in all Schools simultaneously. It is more likely that one or two Schools will be affected and holding 50% of the free reserves centrally enables those to be targeted where they are needed most. In practice, this would mean that more than 6 weeks' expenditure can be covered. The trading subsidiaries are not included in this requirement as their working capital requirements are minimal. The financial effects of Covid-19 have had a detrimental effect on the group's finances and thus the free reserves position in the short term. However, the trustees will continue to work towards their target level of reserves in the medium to long term.

Schools are advised to operate with free reserves within a range of 0% - 10% of total income. Those Schools outside of the range are required to report annually to the Trust's Finance Committee on their plans to achieve the recommended range in the medium term, and termly on progress made.

The Trust's policy is progressively to increase the level of reserves until the optimum level is reached, at the same time having regard to the appropriate development needs of its Schools.

As at 31 August 2021, the free reserves of the group were £4,591,000 (2020: £3,403,000). The improved position reflects the moderate operating surplus and the relatively low level of capital expenditure. The level of reserves held is 4.7% of total income (2020: 3.4%).

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The free reserves have been calculated as follows:

	Group	
	2021	2020
	£000's	£000's
<b>Total funds</b>	<b>82,451</b>	<b>81,241</b>
Endowment funds	(2,005)	(2,034)
Restricted funds	(3,638)	(2,969)
<b>Unrestricted funds</b>	<b>76,808</b>	<b>76,238</b>
Property funds	(67,768)	(69,336)
Other designated funds	(4,449)	(3,536)
Pension reserve	-	37
<b>Free reserves</b>	<b>4,591</b>	<b>3,403</b>

Note 16 shows the Total Funds by subsidiary.

MIST's Trustees examine the group's short-term cash flow projections on a termly basis and longer-term forecasts on an annual basis and are satisfied that they are adequate to support the group's future plans.

The Trust keeps its development programme under review and works closely with those Schools in greatest need to develop plans which will lead to the achievement of the target reserves level over the medium term.

The restricted funds are set out in note 21 and relate mainly to scholarship and bursary funds.

'Other designated funds' are mainly investments held in the Methodist Bursary Fund to provide bursaries for pupils of Methodist families. Income is distributed by way of awards and the change in this fund arises through investment performance.

There is no longer a pension reserve deficit, following an exit settlement during 2020-21. This compares with 31 August 2020 when the reserve was in deficit by £37,000.

#### Key performance indicators

The Trustees review the following key performance indicators both for the Trust and its Schools:

To maintain the high level of all-round Methodist and Christian education within the Schools of the Trust.	This has continued to be achieved as described in the commentary above regarding individual School achievements.
To achieve a financial surplus in order to be able to make continued investment in the facilities needed to support the Trust's activities.	The minimum target of a surplus of 5% of gross fee income has not been achieved in the financial year, primarily as a continued effect of the Covid-19 pandemic, which reduced fee income and limited non-fee income generation.
Free reserves to be approximately 10% of Total Income across the Trust and the Schools.	The level of free reserves is currently 4.7%, and is on a slowly improving trajectory following the disposal of two schools in 2019/20 and the ongoing impact of the pandemic. The trustees consider that although it will take some time before this KPI can be achieved, it is still set at the right level to be an appropriate aspiration for the charity.

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Total loans to Schools to be no more than 25% annual Gross Fee income	MIST plays an important role as a source of funding for strategic investment by the Schools. During the year there were limited capital loans as the Schools did not initiate any major capital works. Three Schools received working capital loans. Total loans represented 20% of GFI.
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#### *Plans for future periods*

MIST continues to implement its Strategic Development Plan for the period 2020-2025 which has four core objectives:

1. **Christian in Character:** We will work together to better understand and embed Methodist/Christian values in our practice at MIST and in the schools;
2. **Connected:** We will be well connected with other organisations in the UK and overseas to enable greater sharing of good practice and to achieve national recognition of our distinctive place in the schools' sector;
3. **Collaborative and Effective:** We will enable collaboration between the Schools that adds value to each school and the whole group; and
4. **Commercially Strong and Affordable:** We will be a commercially strong family of Schools with high standards of financial stewardship, enabling group economies and a commitment to bursary provision that enables wide access and provides recognised community benefit.

Thus, MIST seeks to demonstrate that it is committed to developing a culture that encourages and enables collaboration, communication and co-operation between the Schools and MIST. It seeks to develop financially sustainable, inclusive education that is focused strongly on both the individual and the community experience, shaped by Christian values.

MIST is mindful of the ongoing pressures on school leadership and governors resulting from the pandemic and has moderated the pace with which projects across the group are initiated and moved forward.

Development plans at most of the Schools have been interrupted by the need to deal with the immediate requirements (and costs) associated with managing through the Covid-19 pandemic. However, the Schools remain ambitious for the future and have ongoing priorities as follows:

*Culford School* – The School will continue to capture and build market share through building on progress made with blended and flipped learning, demonstrating leadership in modern learning styles as a key recruitment tool; this has already proven its capacity to attract and enrol new pupils. The School will continue to develop both its differentiating features in the local marketplace and its commercial income following the recruitment of a new Chief Operating Officer. Culford will revise and update both its strategic plan and estates master plan over the next academic year.

*Farringtons School:* From September 2021, Farringtons has altered the shape and timing of the school day. The new six period, 55-minute structure, provides greater opportunity for practice and depth in timetabled lessons. A school-wide activities programme has also been introduced: *Floreat*. In part as a response to the affected wellbeing of our students, Floreat affords students in years 7-12 a rich menu of alternative co-curricular activities. From Scuba Diving to Mindfulness, from Archery to Podcasting and Japanese Culture, students get at least one period per week of activities, each of which provides academic stretch and challenge, sporting, cultural or wellbeing benefits. The new Strategic Development Plan, 'Farringtons Towards 2030 – Hundreds of Individuals, One Community' is currently

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being finalised. A sub-group of the Board has been set up to re-visit the site masterplan and re-prioritise site development and the major capital works plan.

*Kent College, Canterbury* – following the appointment of a new Head for January 2022, the school looks forward to an update of its site masterplan and strategic development plan to reflect the ongoing requirements for provision of a first-class education to an increasing number of UK and international students. In addition, partnership arrangements continue to evolve and develop with Kent College's partner schools overseas.

*Kent College, Pembury* – We will remain strongly focused on the recruitment and retention of pupils. We plan to use our new website (launched in September 2021) alongside our new branding and positioning as a springboard to reinvigorate interest in the school following the pandemic. It will be exciting to have the new swimming pool as a major capital project and a signal of strength to families considering investing in independent education. The school has a post-Covid recovery plan which aims to bring the school community together to ensure that pupils are on track academically, pastorally and socially and that staff are able to reconnect after 18 months without staff rooms or the ability to meet together.

*Lorenden School* – The School's Strategic Plan, as drawn up by the Senior Management Team after consultation with the key stakeholders, and as approved by the Governors, provides the focus for the future development of the School. In particular, the Plan embraces the aspirations of the School for curriculum developments, the growth of marketing, pupil numbers, enhanced staffing and the development of the facilities.

*Moorlands School* – the School continues to prioritise growth of numbers in EYFS, specifically Nursery for this academic year and Reception for September 2022. We will continue to build on staff IT skills gained during remote learning and integrate our pupil information management system into parent communication as well as utilising it fully for school management. We plan to build on work done over the past academic year in ensuring that there is an effective assessment, tracking and reporting system in place for EYFS-Y6, in particular for recording/tracking teacher assessments using proprietary software, and will focus on provision for additionally gifted and talented pupils. We will embed our new LifeSkills programme (bushcraft/first aid/cookery/eco-awareness) as part of the KS2 curriculum, and review Humanities subjects across the school.

*Queen's College, Taunton* – There is much activity ongoing in preparation for a revised strategy plan for Queen's under the leadership of the new Head of College, to incorporate a Whole College Site Development Plan as well as College Improvement plans for all areas.

*Shebbear College* – The school has launched a 5-year strategic development plan (2020-2025) and during 2021-22 the focus will be on detailed planning and the start of execution in line with the four main aims:

- Aim 1 - Learning & Curriculum - we will continue to improve the quality of teaching and learning to help each pupil achieve their full potential in both the curriculum and co-curriculum.
- Aim 2 - People & Wellbeing - we will further develop our resilient, ambitious and forward-thinking school community.
- Aim 3 - Growth & Sustainability - We will grow the school to no more than 350 pupils whilst retaining a dedicated focus on each individual.

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- Aim 4 - Resources & Facilities - we will continue to invest in and maintain our outdoor and built environment, ensuring that high quality educational, co-curricular and boarding facilities are available to all pupils.

*Truro High School for Girls* – As always, Truro High School has a watchful eye on the academic outcomes of the girls, but this year the focus is also to be on ensuring essential life skills are developed after long periods in isolation. Re-engaging students in a wide variety of co-curricular activities and ensuring they have opportunities for personal achievement are now even more vital than before. One such project is the exciting new Business and Enterprise project of the students developing an on-site café. The school will open a new boarding house this year and growth in this area is also a focus for the school.

*Truro School* – The year 2021/22 sees the launch of our next Strategic Plan, setting the direction for the next five years including an ambitious capital programme as well as an ongoing focus on the evolution of dynamic educational pedagogy to empower staff and enhance excellence across all aspects of the School journey for the pupils.

*Woodhouse Grove School* – The school is working hard on formulating the next iteration of its Development Plan which will sit alongside the Masterplan for the estate. The key to all this work is being able to predict the pupil roll over the next five years and, specifically, the shape, size and pupil mix of the school across all key stages at Brontë House and The Grove. The school is being assisted by a third-party consulting firm who will provide the relevant research data to understand the potential of the school's market, where we stand against our competitors, what the local market wants, and what it does not want, and equip us with the information we need to make the right strategic decisions in relation to its establishment and estate. The sustainability of boarding continues to be another area of focus.

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#### *Principal risks and uncertainties*

All the Trust Schools have their own risk assessment procedures, including (at least) annual review of the local risks by senior staff and Governors. Formal assurances are obtained from local governing bodies in respect of the risks for which they have delegated responsibility; the risks to the Trust and to the Group as a whole are reviewed annually by the Audit Committee and by the trustees.

The principal risks that the Group and the Schools continue to face are:

- The impact of any weakening in pupil recruitment and retention, or demand for boarding places; including the potential impact of the pandemic and of Brexit on securing overseas admissions;
- The impact of the significant downturn in the national and global economy and the increase in the cost of living on parents' and carers' ability to pay fees, and other upward pressures on costs;
- The impact of a loss of infrastructure, whether that be access to buildings (e.g. through fire) or a loss of ICT systems, including through a cyber-attack;
- The impact of an adverse event on a School, whether that be a safeguarding failure or otherwise, which may have an effect on the reputation of a School;
- Problems with retention and recruitment of quality staff and the specific issues of succession particularly for the Head;
- The ongoing challenge of finding appropriately diverse and experienced individuals willing to serve as Trustees for MIST and as School Governors.

These are all set against the backdrop of the ongoing fundamental impact of the Covid-19 pandemic on both the wider economy and on independent education in particular, together with other external factors facing our Schools, including potential future increases in the employers' contributions to the Teachers' Pension Scheme; the potential in future years for the loss of business rate relief and the application of VAT on school fees; and the raising of voices questioning the charitable status of independent schools.

MIST sets clear expectations for the schools through published Key Performance Indicators (see page 30) and manages financial risk through the regular budget and forecasting cycles, by which local Governors and MIST Trustees review income, expenditure and cash flow on a termly basis and implement adjustments where possible to return within expected parameters if required. Each school owns and updates a local risk register, which includes the key risks to the financial performance of the school: lower than expected pupil recruitment, lower than expected trading income and higher than expected costs. Mitigations are planned, carried out and monitored locally. In addition, MIST Trustees maintain oversight of a Group risk register through the work of the Audit and Risk Committee and actions are carried out by the MIST Executive in support of the schools, including the arrangement of and draw down against MIST's borrowing facilities with HSBC in response to cash flow requirements. MIST does not use any hedging instruments, and thus hedge accounting is not employed in these financial statements.

Credit risk primarily takes the form of our parents' ongoing ability to pay the school fees. This is managed by schools locally by careful consideration in setting school fees at a level which balances expected cost increases with the challenge such increases might present for parents, by the use of best practice contractual terms describing the mutual obligations of the school and the parents, by pro-active debt management by school finance teams, and by providing mechanisms by which families who would not otherwise be able to afford fees have access to bursary funds. Debtors are closely

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monitored at school and Group level, and provisions are made where it is not expected that funds will be recovered on a timely basis.

A three-year secured Revolving Credit Facility meets the majority of the Trust's borrowing needs in line with the cyclical nature of our income, to which an overdraft (reviewed annually) provides additional headroom as and when required. This limits MIST's exposure whilst protecting flexible access to appropriate levels of funding.

Responsibility for cash management is delegated to the individual Schools in accordance with Trust policies and the Trust manages the overall position ensuring an appropriate balance between cash deposits and bank borrowing. Cash forecasts are submitted monthly to inform borrowing requirements, and the Trust's Finance Committee regularly reviews the Trust's financial performance.

Insurance is in place across the group to mitigate the risks of adverse events (including cyber-attack).

The Trustees consider that these and other risks are properly managed and where possible mitigated.

#### **Going concern**

The Trustees have considered the ongoing impact of Covid-19 on its operations and have concluded that there is a reasonable expectation that MIST remains a going concern.

Our forecasts assume an ongoing impact on the extent to which MIST Schools can use their facilities to generate additional income, and acknowledge some short-term uncertainty in the overseas boarding market, but overseas recruitment relationships remain strong, and the impact of the vaccination programme is helping to restore confidence. Whilst the economic situation for some UK independent school parents is likely to be challenging, there is also evidence of families transferring out of the state sector following negative experiences of remote learning and pastoral support, and of families leaving London to work remotely and seeking new school places in rural locations (including Devon and Cornwall where MIST is well-represented). Based on the consolidated budgets prepared by the schools and the very strong opening balances in September 2021, there remains very significant headroom within MIST borrowing facilities throughout the year. The Trustees are of the view that any continuing impact from the pandemic can be accommodated within current arrangements, and that there is no reason to believe that MIST will not continue to meet covenant requirements going forward. Whilst there is no room for complacency, MIST Trustees are confident that the Group and the Charity are well-positioned to weather the current downturn.

#### **Statement of Trustees' Responsibilities**

The Trustees (who are also directors of Methodist Independent Schools Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;

## METHODIST INDEPENDENT SCHOOLS TRUST YEAR ENDED 31 AUGUST 2021

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- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

The Trustees, in their capacity as directors, hereby approve the Report of the Trustees and the incorporated strategic report.



Chair  
Revd C T Samuel

30 March 2022

Date

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST INDEPENDENT SCHOOLS TRUST**

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## **Opinion**

We have audited the financial statements of Methodist Independent Schools Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities (including an Income and Expenditure Account), the Consolidated and Charity Statements of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent charitable company's affairs as at 31 August 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **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 group and parent 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 group's or parent 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 other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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.

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 course of 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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST INDEPENDENT SCHOOLS TRUST**

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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, which includes the Directors' Report and the Strategic Report prepared 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 Directors' Report and the Strategic Report included within the Report of the Trustees have 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 35, 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 group's and parent 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 group or parent 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST INDEPENDENT SCHOOLS TRUST

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### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and parent charitable company operates in and how the group and parent charitable company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are The Education (Independent School Standards) Regulations 2014, Keeping Children Safe in Education under section 175 of the Education Act 2002, and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied throughout the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST INDEPENDENT SCHOOLS TRUST

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A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

NICHOLAS SLADDEN (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date 13/04/22

# METHODIST INDEPENDENT SCHOOLS TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including an income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2021 £'000	Total 2020 £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	3	185	802	-	987	702
<b>Charitable activity (provision of education):</b>						
School fees	4	89,017	-	-	89,017	89,247
Other educational income	5	2,888	-	-	2,888	3,139
Other trading activities	6	2,111	-	-	2,111	2,523
Investments	8	95	11	-	106	132
Other	9	2,597	-	-	2,597	3,763
<b>Total income</b>		<b>96,893</b>	<b>813</b>	<b>-</b>	<b>97,706</b>	<b>99,506</b>
<b>EXPENDITURE ON:</b>						
Raising funds	10	(1,749)	(4)	-	(1,753)	(1,669)
Charitable activities	11	(95,589)	(273)	(33)	(95,895)	(96,610)
<b>Total expenditure</b>	<b>11</b>	<b>(97,338)</b>	<b>(277)</b>	<b>(33)</b>	<b>(97,648)</b>	<b>(98,279)</b>
Net (expenditure)/income before investment gains		(445)	536	(33)	58	1,227
Net gains/(losses) on investments	16	899	253	-	1,152	(436)
<b>NET INCOME/(EXPENDITURE)</b>		<b>454</b>	<b>789</b>	<b>(33)</b>	<b>1,210</b>	<b>791</b>
Transfers between funds	21	116	(120)	4	-	-
<b>Other recognised gains:</b>						
Remeasurement of defined benefit pension schemes	25	-	-	-	-	86
<b>NET MOVEMENT IN FUNDS</b>		<b>570</b>	<b>669</b>	<b>(29)</b>	<b>1,210</b>	<b>877</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		76,238	2,969	2,034	81,241	80,364
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>76,808</b>	<b>3,638</b>	<b>2,005</b>	<b>82,451</b>	<b>81,241</b>

**METHODIST INDEPENDENT SCHOOLS TRUST**

Company Number: 07649422

**CONSOLIDATED AND CHARITY STATEMENTS OF FINANCIAL POSITION  
AS AT 31 AUGUST 2021**

	Notes	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
<b>FIXED ASSETS:</b>					
Tangible assets	15	103,185	106,033	95,380	98,011
Intangible assets		4	4	-	-
Investments	16	5,672	4,520	5,186	4,137
		<u>108,861</u>	<u>110,557</u>	<u>100,566</u>	<u>102,148</u>
<b>CURRENT ASSETS:</b>					
Stocks		167	206	101	123
Debtors: Due within one year	17	3,601	4,018	4,390	4,164
Debtors: Due after more than one year	17	-	-	3,995	4,181
Cash at bank and in hand		3,603	2,421	101	298
		<u>7,371</u>	<u>6,645</u>	<u>8,587</u>	<u>8,766</u>
<b>LIABILITIES:</b>					
Creditors: Amounts falling due within one year	18	(26,177)	(23,233)	(24,052)	(21,331)
<b>NET CURRENT LIABILITIES</b>		<u>(18,806)</u>	<u>(16,588)</u>	<u>(15,465)</u>	<u>(12,565)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>90,055</u>	<u>93,969</u>	<u>85,101</u>	<u>89,583</u>
Creditors: Amounts falling due after more than one year	19	(7,604)	(12,691)	(7,350)	(12,489)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>82,451</u>	<u>81,278</u>	<u>77,751</u>	<u>77,094</u>
Defined benefit pension scheme liability	25	-	(37)	-	(37)
<b>TOTAL NET ASSETS</b>		<u>82,451</u>	<u>81,241</u>	<u>77,751</u>	<u>77,057</u>
<b>THE FUNDS OF THE CHARITY:</b>					
<b>Endowment funds</b>		2,005	2,034	-	-
<b>Restricted income funds</b>		3,638	2,969	2,833	2,299
<b>Unrestricted funds</b>					
Property fund		67,768	69,336	62,707	64,299
Other designated funds		4,449	3,536	4,443	3,530
General fund		4,591	3,403	7,768	6,966
Pension reserve		-	(37)	-	(37)
<b>Total unrestricted funds</b>		<u>76,808</u>	<u>76,238</u>	<u>74,918</u>	<u>74,758</u>
<b>TOTAL CHARITY FUNDS</b>	21	<u>82,451</u>	<u>81,241</u>	<u>77,751</u>	<u>77,057</u>

As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent Charity is not presented as part of these financial statements. The Charity's surplus for the year was £689,657 (2020: deficit £711,000).

The financial statements were approved by the board of trustees and authorised for issue on 30 March 2022 and are signed on its behalf by:



Revd C T Samuel  
Chair

**METHODIST INDEPENDENT SCHOOLS TRUST**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £'000	2020 £'000
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income from the reporting period (as per statement of financial activities)	1,210	791
<b>Adjustments for:</b>		
Depreciation charges	5,712	5,824
Net (gains)/losses on investment assets	(1,152)	436
Dividends and interest from investments	(106)	(132)
(Profit) on the sale of fixed assets	(168)	(355)
Interest payable	126	168
Decrease in stocks	39	18
Decrease in debtors	417	4,558
Increase/(decrease) in creditors	623	(7,214)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,701</b>	<b>4,094</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends and interest from investments	106	132
Purchase of investments	-	(1)
Proceeds from the sale of property, plant and equipment	168	361
Purchase of property, plant and equipment	(2,888)	(3,917)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,614)</b>	<b>(3,425)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Interest payable	(126)	(168)
Proceeds of new borrowings	-	5,000
Repayments of borrowings	(5,019)	(23)
Finance lease payments	(8)	(23)
Fees in advance scheme:		
New fees in advance money	1,763	1,693
Amounts repaid	(30)	(282)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,420)</b>	<b>6,197</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>	<b>667</b>	<b>6,866</b>
Cash and cash equivalents at the beginning of the reporting period	142	(6,724)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	<b>809</b>	<b>142</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	3,603	2,421
Bank overdrafts	(2,794)	(2,279)
	<b>809</b>	<b>142</b>

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1. Accounting policies

##### Company information

Methodist Independent Schools Trust (the charitable company number 07649422) is a private company limited by guarantee incorporated in England and Wales. The registered office is Methodist Church House, 25 Marylebone Road, London NW1 5JR. The company's principal activity is disclosed in the report of the trustees.

##### Accounting convention

The financial statements have been prepared in accordance with the accounting policies set out below, under the historical cost convention (except as modified for the annual fair value adjustment of fixed asset investments) and comply with the Companies Act 2006, the Memorandum and Articles of Association of the charitable company, and 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). The charitable company meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The principal accounting policies are set out below.

##### Going concern

The Trustees have considered the ongoing impact of Covid-19 on its operations and have concluded that there is a reasonable expectation that MIST remains a going concern. These financial statements have been prepared on that basis.

Our forecasts assume an ongoing impact on the extent to which MIST Schools can use their facilities to generate additional income, and acknowledge some short-term uncertainty in the overseas boarding market, but overseas recruitment relationships remain strong, and the impact of the vaccination programme is helping to restore confidence. Whilst the economic situation for some UK independent school parents is likely to be challenging, there is also evidence of families transferring out of the state sector following negative experiences of remote learning and pastoral support, and of families leaving London to work remotely and seeking new school places in rural locations (including Devon and Cornwall where MIST is well-represented).

Based on the consolidated budgets prepared by the schools and the very strong opening balances in September 2021, there remains very significant headroom within MIST borrowing facilities throughout the year. The net current liability position at 31 August 2021 is a regular feature of the MIST annual accounts (and those of several similar educational organisations which accept deposits and fees in advance), and is more than covered by our undrawn facilities at the bank.

The Trustees are of the view that any continuing impact from the pandemic can be accommodated within current arrangements, and that there is no reason to believe that MIST will not continue to meet covenant requirements going forward. Whilst there is no room for complacency, MIST Trustees are confident that the Group and the Charity are well-positioned to weather the current downturn.

##### Reduced disclosures for subsidiaries

As a qualifying entity within the meaning of FRS 102, the charitable company has chosen to take advantage in its individual financial statements of the following disclosure exemptions: Section 7 - Presentation of a statement of cash flows, related notes and disclosures; and presentation of amounts paid to Key Management Personnel.

##### Group accounts

These financial statements consolidate the results of the charitable company and its wholly owned and controlled subsidiaries on a line by line basis for the period where they were controlled by MIST. A separate statement of financial activities has not been presented for the parent charitable company on the basis of the exemption provided under section 408 of the Companies Act 2006.

MIST is the sole shareholder of eight trading subsidiaries, with a separate trading subsidiary being used for the non-primary purpose trading conducted by each Trust School. In addition, MIST is the sole member of the charitable companies operating the Acquired Schools, as well as being the sole member of the Methodist Schools Property Company; and these (together with their subsidiary trading companies where applicable) are consolidated into the group results as this sole membership confers effective control on MIST.

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### Income

School fees and other educational income receivable are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances and other remissions allowed by each school. Other educational income consists of extras, optional subjects and ancillaries charged to pupils.

Scholarship and bursary awards from restricted and designated funds are included as expenditure in the period for which they are given. Scholarships, bursaries and allowances from the general fund towards school fees are treated as a reduction in the fees.

All other types of income, including investment income, are accounted for on an accruals basis and recognised in the statement of financial activities when earned by the charitable company and its group.

Donations and legacies are accounted for as and when the charitable company and its group has entitlement, the amount involved can be reliably quantified and a transfer of economic benefit to the charitable company and its group is probable.

Income from government grants (including the Coronavirus Job Retention scheme grant) is recognised where there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

#### Expenditure

Expenditure is recognised as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT. Costs of raising funds are those costs incurred in attracting voluntary income, together with those costs incurred in trading activities that raise funds. Charitable activities comprise expenditure associated with teaching and school activities and include both direct and support costs.

Governance costs are those incurred in the governance of the charitable company, its group and its assets and are mainly associated with constitutional and statutory requirements.

Lease rentals payable in respect of assets held under operating leases are charged to the statement of financial activities as they fall due.

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### Employee benefits - Pensions

Retirement benefits to employees of the charitable company and its group are provided by the Teachers' Pension Scheme (TPS) in respect of teaching staff; The Pensions Trust Growth Plan (TPTGP); and also two defined contribution pension schemes in respect of all other staff.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charitable company and its group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme with contributions calculated on a pay-as-you-go basis and no obligation to fund a past deficit.

The TPTGP is a multi-employer plan which is a money purchase scheme with guaranteed benefits. The charitable company and its group contributes at various rates on an employee by employee basis. It is not possible for the charitable company to obtain sufficient information to enable it to account for the TPTGP as a defined benefit scheme.

The TPS and the TPTGP are therefore treated as defined contribution schemes for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. A liability is also recognised for deficit contributions arising from an agreement with the TPTGP multi-employer plan that determines how the charitable company and its group will fund a deficit. Deficit contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

In 2021 the Charity ceased to employ its last staff member with pension benefits in the Local Government Pensions scheme (LGPS) and became an exiting employer. An exit payment was made under the scheme regulations and no further liability existed at the year end.

Up until the exit, the LGPS was a funded scheme and the assets were held separately from those of the charitable company and its group in separate trustee administered funds. Pension scheme assets were measured at fair value and liabilities were measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability or asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### Employee benefits - Other

Short term employment benefits including holiday pay are recognised as an expense in the period in which the services are received from the employee involved. Termination benefits are accounted for on an accruals basis as and when employment ceases.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets, other than land, less their residual values over their useful lives using the following annual percentages as the basis:

Buildings	2% on cost
Building improvements	4% on cost
Sports pitches	5% on cost
Fixtures and equipment	10% to 33.3% on cost
Vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of financial activities.

Assets in the course of construction and land are not depreciated.

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### **Intangible fixed assets**

Expenditure on the purchases and developing of computer software is capitalised where all of the criteria in FRS 102 are met. Intangible assets are stated at historical cost and amortised over the shorter of the initial contract length or their useful lives. The current annual percentage is 33% on cost.

#### **Investments**

The investments of the charitable company and its group are included in the statement of financial position at fair value (their market value determined on the basis of quoted bid price). The gains or losses arising upon their annual fair value adjustment are included in the statement of financial activities.

#### **Stocks**

Stocks are included in the statement of financial position at the lower of cost and net realisable value.

#### **Finance leases and hire purchase contracts**

Assets acquired under finance leases or hire purchase contracts are capitalised and the interest element is written off to the statement of financial activities on a straight line basis over the period of the lease.

#### **Fund accounting**

The general fund comprises the accumulated surpluses of unrestricted income over expenditure, which are available for use in furtherance of the general objectives of the charitable company and its group.

Designated funds are a particular form of unrestricted funds consisting of amounts which have been allocated or designated for specific purposes by the trustees. The use of designated funds remains at the discretion of the trustees.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements. Amounts unspent at the year end are carried forward in the balance sheet.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

#### **Deposits**

Pupils joining the schools are required to pay a deposit which is then classified as a basic financial instrument and classified in time against the pupil's final term's fee bill. Reasonable assumptions are made regarding the time pupils will remain with the schools in assessing when the deposits held will be applied to offset the pupil's fees for their final term.

#### **Financial instruments**

The charitable company applies the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charitable company and its group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest and less any impairment.

#### **Classification of financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### *Basic financial liabilities*

Basic financial liabilities, including trade, other payables, loans and bank overdrafts, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

#### **2. Critical accounting estimates and areas of judgement**

In the application of the charitable company's and the group's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In addition to the trustees' assessment of the going concern status of the charitable company and its group, the following other specific judgements, estimates and assumptions were critical to the preparation of these financial statements.

#### *Useful economic lives of tangible fixed assets*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Useful economic lives and residual values are reviewed annually and reassessed where necessary to better reflect the actual usage of the assets involved.

#### *Provisions relating to fee debtors*

The trustees consider whether fee debtors are recoverable. Where there is an indication that recoverability is unlikely, the amounts involved are recognised as a provision for bad debts. This assessment requires an estimation of future likely cash flows in order to calculate the appropriate amount of any provision.

#### *Pension contributions*

The charitable company and its group has an obligation to make employer contributions to the pension schemes of which its employees are members. The cost of providing pension benefits and the present value of the obligations of the charitable company as an employer depends upon a number of factors, including life expectancy, salary increases, asset valuations and discount rates.

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 3. DONATIONS AND LEGACIES

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Donations	185	802	-	987	702
	<u>185</u>	<u>802</u>	<u>-</u>	<u>987</u>	<u>702</u>
2020	<u>6</u>	<u>696</u>	<u>-</u>		<u>702</u>

### 4. SCHOOL FEES

		Total 2021 £'000	Total 2020 £'000
Gross school fees chargeable		106,145	111,592
Less:	Scholarships awarded to pupils	(3,690)	(3,958)
	Bursaries awarded to pupils	(5,440)	(5,934)
	Staff, sibling and other allowances	(8,146)	(12,833)
		<u>88,869</u>	<u>88,867</u>
Add:	Bursaries paid from restricted funds	148	380
		<u>89,017</u>	<u>89,247</u>

School fees income amounted to £89,017,000 (2020: £89,247,000) of which £148,000 (2020: £380,000) was met from funds donated towards bursaries and scholarships.

### 5. OTHER EDUCATIONAL INCOME

	Total 2021 £'000	Total 2020 £'000
Optional subjects and pupils' extras	2,207	2,387
Other ancillary income	681	752
	<u>2,888</u>	<u>3,139</u>

In 2021 other educational income amounted to £2,888,000 (2020: £3,139,000) all of which was unrestricted.

### 6. OTHER TRADING ACTIVITIES

	Total 2021 £'000	Total 2020 £'000
Lettings income	263	395
Income from subsidiary trading activities (note 7)	1,848	2,128
	<u>2,111</u>	<u>2,523</u>

Other trading activities income amounted to £2,111,000 (2020: £2,523,000) all of which was unrestricted.

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 7. INCOME FROM TRADING ACTIVITIES

#### Trading Activities

The charitable company and its group controls all of the issued share capital of a series of trading subsidiary companies, each of which is incorporated in England and Wales - please refer to note 16 for a list of these companies. The subsidiaries are engaged in commercial trading activities relating to and in support of their related school, and they donate all of their taxable profits to their parent entity under Gift Aid each year. The results and financial position of these trading subsidiaries is summarised in aggregate below using information extracted from their audited financial statements.

	2021 £'000	2020 £'000
Turnover	1,848	2,128
Operating costs	(1,642)	(1,548)
Profit for the year	<u>206</u>	<u>580</u>
Total assets	1,503	1,193
Total liabilities	(1,515)	(1,048)
Total funds	<u>(12)</u>	<u>145</u>

#### Fundraising Activities

The charitable company is the sole member of a foundation (Woodhouse Grove School Foundation) which is engaged in fundraising activities relating to and in support of the school. It donates all profits to the parent entity each year. The results and financial position of this fundraising subsidiary in support of the associated school is summarised in aggregate below using information extracted from its audited financial statements. Please refer to note 16 for further details.

	2021 £'000	2020 £'000
Income	32	94
Operating costs	(3)	(2)
Profit for the year	<u>29</u>	<u>92</u>
Total assets	249	217
Total liabilities	(3)	-
Total funds	<u>246</u>	<u>217</u>

### 8. INVESTMENTS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Investment income	74	11	-	85	94
Bank and other interest	21	-	-	21	38
	<u>95</u>	<u>11</u>	<u>-</u>	<u>106</u>	<u>132</u>
2020	<u>116</u>	<u>16</u>	<u>-</u>		<u>132</u>

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 9. OTHER INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Other income:					
Government grants	1,514	-	-	1,514	3,632
Other items	1,083	-	-	1,083	131
	<u>2,597</u>	<u>-</u>	<u>-</u>	<u>2,597</u>	<u>3,763</u>
2020	<u>3,763</u>	<u>-</u>	<u>-</u>		<u>3,763</u>

Other income amounted to £2,597,000 (2020: £3,763,000) all of which was unrestricted.

Government grants relate to receipts from the Chancellor's Coronavirus Job Retention Scheme regarding staff across the group who were on furlough during the Covid-19 pandemic. A further £6,000 (2020: £50,405) of furlough grants are included in the income reflected in Note 7 (Income from Subsidiary Trading Activities), bringing the total received by the group from this scheme during the financial year to £1,520,000 (2020: £3,682,556).

### 10. RAISING FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Fundraising costs	107	4	-	111	121
Cost of subsidiary trading activities	1,642	-	-	1,642	1,548
	<u>1,749</u>	<u>4</u>	<u>-</u>	<u>1,753</u>	<u>1,669</u>
2020	<u>1,663</u>	<u>6</u>	<u>-</u>		<u>1,669</u>

### 11. ANALYSIS OF EXPENDITURE

	Staff costs £'000	Depreciation £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
<b>Raising funds:</b>					
Fundraising costs	1,068	18	667	1,753	1,669
<b>Charitable activity (provision of education):</b>					
Teaching costs	47,626	24	2,673	50,323	51,929
Welfare costs	3,901	-	5,387	9,288	8,778
Premises costs	5,545	3,049	9,804	18,398	16,758
Support costs	5,626	2,621	5,348	13,595	14,239
Awards made	-	-	340	340	540
Governance costs	-	-	918	918	720
Charitable publicity costs	1,086	-	1,223	2,309	2,474
Finance costs	-	-	709	709	1,172
Other	-	-	15	15	-
	<u>64,852</u>	<u>5,712</u>	<u>27,084</u>	<u>97,648</u>	<u>98,279</u>
2020	<u>66,036</u>	<u>5,824</u>	<u>26,419</u>		<u>98,279</u>

Expenditure on raising funds was £1,753,000 (2020: £1,669,000), of which £1,749,000 (2020: £1,663,000) was unrestricted and £4,000 (2020: £6,000) was restricted.

Charitable activities expenditure amounted to £95,895,000 (2020: £96,610,000) of which £273,000 (2020: £191,000) was restricted.

Support costs include administration and information technology expenditure across the schools, as well as the costs of planning and facilitating pupil transport.

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 12. GOVERNANCE COSTS

	2021 £'000	2020 £'000
Auditor's remuneration	127	125
Other professional fees	210	204
Governors' expenses	22	76
Other costs	559	315
	<u>918</u>	<u>720</u>

Indemnity insurance is taken out to cover losses arising from neglect or default by any charity trustee, employee or officer.

### 13. NET INCOME/(EXPENDITURE)

	2021 £'000	2020 £'000
Net income/(expenditure) for the year is stated after charging/(crediting):		
Amounts payable under operating leases	357	379
Depreciation on:		
Tangible fixed assets	5,712	5,820
Intangible fixed assets	-	4
(Profit) on disposal of tangible fixed assets	(168)	(355)
Interest payable on loans	126	168
Bad debts written off	231	498
Auditor's remuneration:		
Audit services - statutory audit of parent and consolidated accounts	80	78
Other services:		
Audit services - statutory audit of subsidiaries	47	47
Taxation compliance services	25	33

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 14. STAFF COSTS

<i>Group</i>	2021 £'000	2020 £'000
The aggregate staff costs during the year comprised:		
Wages and salaries	51,860	52,805
Social security costs	4,747	4,774
Defined benefit pension costs	7,753	7,849
Defined contribution pension costs	59	43
Termination/redundancy payments	433	569
	<u>64,852</u>	<u>66,040</u>

The defined benefit pension costs above include contributions to Teachers' Pensions Scheme and The Pensions Trust Growth Plan, which are accounted for as defined contribution schemes as outlined in note 25.

Of the termination payments identified above, a total of £39,249 (2020: £33,262) was included within creditors at the balance sheet date.

	2021 No.	2020 No.
The average number of employees during the year comprised:		
Teaching staff	1,197	1,296
Other staff	870	910
	<u>2,067</u>	<u>2,206</u>

	2021 No.	2020 No.
The average number of employees during the year on the full time equivalent basis comprised:		
Teaching staff	838	880
Other staff	680	691
	<u>1,518</u>	<u>1,571</u>

	2021 No.	2020 No.
The number of employees whose emoluments exceeded £60,000 during the year were as follows:		
£60,001 - £70,000	19	15
£70,001 - £80,000	9	14
£80,001 - £90,000	7	8
£90,001 - £100,000	4	3
£100,001 - £110,000	2	3
£110,001 - £120,000	3	1
£120,001 - £130,000	1	2
£130,001 - £140,000	1	2
£140,001 - £150,000	2	2
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-

In respect of employees whose emoluments exceeded £60,000 during the year, total pension contributions payable during the year amounted to £517,269 (2020: £635,249).

The key management personnel of the charitable company and its group comprise the trustees, the trust executive, the school governors and the senior management teams of the schools.

The trustees received no remuneration for their services in the current, and no individuals (2020: 13), who were trustees were reimbursed for any travelling and subsistence costs incurred (2020: £16,557).

In accordance with normal commercial practice, professional indemnity insurance is taken out to cover losses arising from neglect or default by any charity trustee, employee or officer.

The aggregate remuneration of the other key management personnel, including employer's national insurance contributions, was £7,358,154 (2020: £7,635,332).

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

	2021	2020
	£'000	£'000
<i>Charity</i>		
The aggregate staff costs during the year comprised:		
Wages and salaries	47,003	47,818
Social security costs	4,418	4,434
Defined benefit pension costs	7,187	7,248
Defined contribution pension costs	42	28
Termination/redundancy payments	420	425
	<u>59,070</u>	<u>59,953</u>

Of the termination payments identified above, a total of £39,249 (2020: £33,262) was included within creditors at the balance sheet date.

	2021	2020
	No.	No.
The average number of employees during the year comprised:		
Teaching staff	1,079	1,160
Other staff	797	845
	<u>1,876</u>	<u>2,005</u>

	2021	2020
	No.	No.
The number of employees whose emoluments exceeded £60,000 during the year were as follows:		
£60,001 - £70,000	16	13
£70,001 - £80,000	9	13
£80,001 - £90,000	6	7
£90,001 - £100,000	4	3
£100,001 - £110,000	2	3
£110,001 - £120,000	3	1
£120,001 - £130,000	1	2
£130,001 - £140,000	1	2
£140,001 - £150,000	2	2
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-

In respect of employees whose emoluments exceeded £60,000 during the year, total pension contributions payable during the year amounted to £474,146 (2020: £594,407).

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 15. TANGIBLE ASSETS

<i>Group</i>	Land and buildings £'000	Assets under construction £'000	Fixtures and equipment £'000	Vehicles £'000	Total £'000
<b>Cost:</b>					
As at 1 September 2020	140,324	68	38,710	1,978	181,080
Additions	1,021	305	1,467	95	2,888
Disposals	(303)	-	(4,373)	(412)	(5,088)
As at 31 August 2021	<u>141,042</u>	<u>373</u>	<u>35,804</u>	<u>1,661</u>	<u>178,880</u>
<b>Depreciation:</b>					
As at 1 September 2020	43,873	-	29,533	1,641	75,047
Charged for the year	3,049	-	2,522	141	5,712
Disposals	(303)	-	(4,362)	(399)	(5,064)
As at 31 August 2021	<u>46,619</u>	<u>-</u>	<u>27,693</u>	<u>1,383</u>	<u>75,695</u>
<b>Net book value:</b>					
As at 31 August 2021	<u>94,423</u>	<u>373</u>	<u>8,111</u>	<u>278</u>	<u>103,185</u>
As at 31 August 2020	<u>96,451</u>	<u>68</u>	<u>9,177</u>	<u>337</u>	<u>106,033</u>

The charitable company's land and buildings comprise the freehold premises of the trust schools, which are vested under the 1903 Trust Deed in the Methodist Independent Education Trustee on behalf of the Methodist Independent Schools Trust.

Some of the properties held in the group balance sheet of MIST have been pledged as security to the group's bankers in support of the overdraft and revolving credit facilities granted to MIST, which in turn enables MIST to provide loan funding to the Trust and Acquired Schools. The net book value of these properties which is included in the table above amounts to £28.3m (2020: £29.1m).

Some of the group's tangible fixed assets have been funded by finance leases and hire purchase contracts. During the year, depreciation of £27,396 (2020: £30,775) was charged in respect of those assets, and at the balance sheet date, the net book value of those assets amounted to £100,029 (2020: £121,854).

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

<i>Charity</i>	Land and buildings £'000	Assets under construction £'000	Fixtures and equipment £'000	Vehicles £'000	Total £'000
<b>Cost:</b>					
As at 1 September 2020	131,062	68	35,611	1,930	168,671
Additions	1,021	265	1,351	83	2,720
Disposals	(303)	-	(4,235)	(412)	(4,950)
As at 31 August 2021	<u>131,780</u>	<u>333</u>	<u>32,727</u>	<u>1,601</u>	<u>166,441</u>
<b>Depreciation:</b>					
As at 1 September 2020	41,682	-	27,373	1,605	70,660
Charged for the year	2,895	-	2,307	136	5,338
Disposals	(303)	-	(4,235)	(399)	(4,937)
As at 31 August 2021	<u>44,274</u>	<u>-</u>	<u>25,445</u>	<u>1,342</u>	<u>71,061</u>
<b>Net book value:</b>					
As at 31 August 2021	<u>87,506</u>	<u>333</u>	<u>7,282</u>	<u>259</u>	<u>95,380</u>
As at 31 August 2020	<u>89,380</u>	<u>68</u>	<u>8,238</u>	<u>325</u>	<u>98,011</u>

Some of the properties held in the group balance sheet of MIST have been pledged as security to the group's bankers in support of the overdraft facility granted to MIST, which in turn enables MIST to provide loan funding to the Trust and Acquired Schools. The net book value of these properties which is included in the table above amounts to £28.3m (2020: £29.1m).

Some of the charity's tangible fixed assets have been funded by finance leases and hire purchase contracts. During the year, depreciation of £27,396 (2020: £25,559) was charged in respect of those assets, and at the balance sheet date, the net book value of those assets amounted to £100,029 (2020: £111,420).

### 16. FIXED ASSET INVESTMENTS

	2021 £'000	2020 £'000
<b>Group - Listed investments at market value</b>		
Balance brought forward	4,520	4,955
Additions at cost	-	1
Net gains / (losses) in the year	1,152	(436)
Balance carried forward	<u>5,672</u>	<u>4,520</u>
Historical cost	<u>2,449</u>	<u>2,449</u>
	2021 £'000	2020 £'000
<b>Charity - Listed investments at market value</b>		
Balance brought forward	4,137	4,326
Additions at cost	-	186
Net gains / (losses) in the year	1,049	(375)
Balance carried forward	<u>5,186</u>	<u>4,137</u>
Historical cost	<u>2,167</u>	<u>2,167</u>

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### Other investments

MIST is the sole member of the following subsidiary charities:

	Total assets £'000	Total liabilities £'000	Total funds £'000	Total income £'000	Total expenditure £'000	Surplus/ (deficit) £'000
<b>Acquired schools</b>						
Lorenden School	1,562	(543)	1,019	1,280	(1,177)	103
Moorlands School	1,224	(1,270)	(46)	1,457	(1,477)	(20)
St. Petroc's School	559	(1,094)	(535)	380	(507)	(127)
Truro High School for Girls	6,965	(3,490)	3,475	5,027	(4,499)	528
<b>Foundations</b>						
Woodhouse Grove Foundation Trust	249	(3)	246	32	(3)	29

The Charity owns 100% of the issued ordinary share capital in the following companies:

	Total assets £'000	Total liabilities £'000	Total funds £'000	Total income £'000	Total expenditure £'000	Surplus/ (deficit) £'000
<b>Trading subsidiaries</b>						
Culford School (Trading Trust) Limited	248	(248)	-	422	(298)	124
Farringtons School Enterprises Limited	43	(43)	-	41	(6)	35
Kent College (Canterbury) Enterprises Limited	605	(601)	4	289	(462)	(173)
Kent College (Pembury) Enterprises Limited	39	(39)	-	37	(2)	35
Queen's College Taunton Enterprises Limited	35	(48)	(13)	405	(388)	17
Shebbear College Enterprises Limited	44	(49)	(5)	28	(28)	-
Truro School Enterprises Limited	201	(201)	-	275	(275)	-
Woodhouse Grove Enterprises Limited	199	(195)	4	257	(135)	122
Methodist Schools Property Company	-	-	-	-	-	-

MIST also has an indirect holding in the following entities which are owned directly by individual schools:

	Total assets £'000	Total liabilities £'000	Total funds £'000	Total income £'000	Total expenditure £'000	Surplus/ (deficit) £'000
<b>Trading subsidiaries</b>						
Moorlands School Enterprises Limited	34	(34)	-	29	(5)	24
Truro High School Trading Limited	57	(57)	-	64	(41)	23

Details regarding the company number, charity number and registered office are included pages 3 to 5 of this report.

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 17. DEBTORS

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Loans to schools	-	-	4,259	4,409
Fee debtors	982	1,492	953	1,416
Amounts owed by group undertakings	-	-	1,190	811
Other debtors	758	1,493	179	749
Prepayments and accrued income	1,861	1,033	1,804	960
	<u>3,601</u>	<u>4,018</u>	<u>8,385</u>	<u>8,345</u>

All of the group debtors represent amounts falling due within one year, however, in respect of charity debtors, £3,995,130 (2020: £4,181,061) of loans to acquired schools are due after more than one year.

### 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Bank overdraft	2,794	2,279	2,794	2,279
Other loans	-	19	-	19
Finance lease obligations	24	17	24	17
Deposits (note 20)	2,045	1,585	1,997	1,523
Prepaid fees (note 20)	12,390	10,891	11,104	9,846
Composition fees (note 20)	1,790	1,793	1,770	1,749
Trade creditors	2,120	1,593	2,003	1,386
Taxation and social security costs	853	1,074	763	975
Other creditors	1,245	1,263	994	1,121
Pension deficit repayment plan	245	244	245	244
Accruals	2,671	2,475	2,358	2,172
	<u>26,177</u>	<u>23,233</u>	<u>24,052</u>	<u>21,331</u>

The bank overdraft is secured by way of a charge over certain of the group's property assets. It is subject to annual review and is arranged at a floating interest rate referencing the Base Rate.

The finance lease obligations are secured upon the assets to which they relate.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

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

2021	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2021 Total £'000
<b>Group</b>				
Bank loan	-	-	-	-
Other loans	19	76	35	130
Finance lease obligations	24	26	-	50
Deposits (note 20)	1,752	1,938	1,041	4,731
Prepaid fees (note 20)	-	-	-	-
Composition fees (note 20)	861	936	242	2,039
Pension deficit repayment plan	239	415	-	654
	<u>2,895</u>	<u>3,391</u>	<u>1,318</u>	<u>7,604</u>

2020	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2020 Total £'000
<b>Group</b>				
Bank loan	-	5,000	-	5,000
Other loans	19	57	54	130
Finance lease obligations	17	48	-	65
Deposits (note 20)	1,670	1,484	1,496	4,650
Prepaid fees (note 20)	17	-	-	17
Composition fees (note 20)	856	855	223	1,934
Pension deficit repayment plan	250	633	12	895
	<u>2,829</u>	<u>8,077</u>	<u>1,785</u>	<u>12,691</u>

2021	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2021 Total £'000
<b>Charity</b>				
Bank loan	-	-	-	-
Other loans	19	76	35	130
Finance lease obligations	24	26	-	50
Deposits (note 20)	1,733	1,802	942	4,477
Prepaid fees (note 20)	-	-	-	-
Composition fees (note 20)	861	936	242	2,039
Pension deficit repayment plan	239	415	-	654
	<u>2,876</u>	<u>3,255</u>	<u>1,219</u>	<u>7,350</u>

2020	Due within 1 to 2 years £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	2020 Total £'000
<b>Charity</b>				
Bank loan	-	5,000	-	5,000
Other loans	19	57	54	130
Finance lease obligations	17	48	-	65
Deposits (note 20)	1,662	1,431	1,355	4,448
Prepaid fees (note 20)	17	-	-	17
Composition fees (note 20)	856	855	223	1,934
Pension deficit repayment plan	250	633	12	895
	<u>2,821</u>	<u>8,024</u>	<u>1,644</u>	<u>12,489</u>

The bank loan refers to a Revolving Credit Facility with the Group's bankers during the year. It is a committed three year facility with the option to extend for a further one or two years after May 2023, and is arranged at a floating interest rate referencing SONIA. Due to the cyclical nature of the group's cashflow this facility is rolled over on a monthly basis. The undrawn element of this facility was the full £15m at 31 August 2021, as no draw-down was required for the following month.

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 20. DEFERRED INCOME

#### *Prepaid fees and deposits*

Parents pay for fees in advance and provide deposits to secure places for pupils. Movements during the year were as follows:

<b>2021</b>	<b>Group £'000</b>	<b>Charity £'000</b>
Balance brought forward at 1 September 2020	17,143	15,834
Amounts received during the year	19,673	18,043
Amounts recognised as income during the year	(15,005)	(13,693)
Amounts repaid to parents during the year	(2,645)	(2,606)
Balance carried forward at 31 August 2021	<u>19,166</u>	<u>17,578</u>

<b>2020</b>	<b>Group £'000</b>	<b>Charity £'000</b>
Balance brought forward at 1 September 2019	20,035	18,652
Amounts received during the year	18,442	15,948
Amounts recognised as income during the year	(19,702)	(17,261)
Amounts repaid to parents during the year	(1,632)	(1,505)
Balance carried forward at 31 August 2020	<u>17,143</u>	<u>15,834</u>

#### *Composition fees*

Parents may enter into a contract to pay to the school for tuition fees in advance. The money may be returned subject to specific conditions. Movements during the year were as follows:

<b>2021</b>	<b>Group £'000</b>	<b>Charity £'000</b>
Balance brought forward at 1 September 2020	3,725	3,682
Amounts received during the year	1,763	1,763
Interest earned on balances during the year	78	78
Amounts recognised as income during the year	(1,707)	(1,684)
Amounts repaid to parents during the year	(30)	(30)
Balance carried forward at 31 August 2021	<u>3,829</u>	<u>3,809</u>

<b>2020</b>	<b>Group £'000</b>	<b>Charity £'000</b>
Balance brought forward at 1 September 2019	4,425	4,354
Amounts received during the year	1,693	1,657
Interest earned on balances during the year	117	117
Amounts recognised as income during the year	(2,228)	(2,173)
Amounts repaid to parents during the year	(282)	(273)
Balance carried forward at 31 August 2020	<u>3,725</u>	<u>3,682</u>

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

21. THE FUNDS OF THE GROUP AND THE CHARITY

2021	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2021 £'000
<b>Group</b>					
<b>Endowment funds:</b>					
Foundation fund	2,034	-	(33)	4 <sup>T</sup>	2,005
<b>Restricted income funds:</b>					
Scholarships and bursaries funds	2,158	217	(148)	190 <sup>TU</sup>	2,417
Appeals funds	547	555	(116)	(54) <sup>T</sup>	932
Other restricted funds	264	41	(13)	(3) <sup>T</sup>	289
	<u>2,969</u>	<u>813</u>	<u>(277)</u>	<u>133</u>	<u>3,638</u>
<b>Unrestricted funds:</b>					
Property funds	69,336	-	-	(1,568) <sup>T</sup>	67,768
Scholarships and bursaries funds	3,465	74	(97)	898 <sup>U</sup>	4,340
Other unrestricted funds	71	30	-	8 <sup>T</sup>	109
Pension reserves	(37)	-	-	37 <sup>A</sup>	-
General fund	3,403	96,789	(97,241)	1,640 <sup>TU</sup>	4,591
	<u>76,238</u>	<u>96,893</u>	<u>(97,338)</u>	<u>1,015</u>	<u>76,808</u>
<b>Total funds of the group</b>	<u>81,241</u>	<u>97,706</u>	<u>(97,648)</u>	<u>1,152</u>	<u>82,451</u>
	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2021 £'000
<b>Charity</b>					
<b>Restricted income funds:</b>					
Scholarships and bursaries funds	1,724	209	(148)	87 <sup>TU</sup>	1,872
Appeals funds	548	554	(118)	(50) <sup>T</sup>	934
Other restricted funds	27	-	-	- <sup>T</sup>	27
	<u>2,299</u>	<u>763</u>	<u>(266)</u>	<u>37</u>	<u>2,833</u>
<b>Unrestricted funds:</b>					
Property funds	64,299	-	-	(1,592) <sup>T</sup>	62,707
Scholarships and bursaries funds	3,465	74	(97)	898 <sup>U</sup>	4,340
Other unrestricted funds	65	30	-	8 <sup>T</sup>	103
Pension reserves	(37)	-	-	37 <sup>A</sup>	-
General fund	6,966	86,998	(88,175)	1,979 <sup>T</sup>	7,768
	<u>74,758</u>	<u>87,102</u>	<u>(88,272)</u>	<u>1,330</u>	<u>74,918</u>
<b>Total funds of the charity</b>	<u>77,057</u>	<u>87,865</u>	<u>(88,538)</u>	<u>1,367</u>	<u>77,751</u>

Movements in funds arising from investment gains/(losses), actuarial gains/(losses) on pension schemes and transfers between funds are all included in the column headed 'Other'. During the year the transfers between funds largely relate to movements between the General Fund and the Designated Property Fund, as the levels of property assets vary and the loan facilities available from MIST's bankers are amended based on anticipated requirement.

<sup>T</sup> Transfer between funds      <sup>A</sup> Actuarial gain/(loss)      <sup>U</sup> Unrealised gain/(loss)

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2020	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2020 £'000
<b>Group</b>					
<b>Endowment funds:</b>					
Foundation fund	2,063	-	(33)	4 <sup>T</sup>	2,034
<b>Restricted income funds:</b>					
Scholarships and bursaries funds	2,230	347	(311)	(108) <sup>TU</sup>	2,158
Appeals funds	455	241	(147)	(2) <sup>T</sup>	547
Other restricted funds	176	124	(11)	(25) <sup>T</sup>	264
	<u>2,861</u>	<u>712</u>	<u>(469)</u>	<u>(135)</u>	<u>2,969</u>
<b>Unrestricted funds:</b>					
Property funds	73,368	-	-	(4,032) <sup>T</sup>	69,336
Scholarships and bursaries funds	3,851	78	(105)	(359) <sup>U</sup>	3,465
Other unrestricted funds	61	-	-	10 <sup>T</sup>	71
Pension reserves	(123)	-	-	86 <sup>A</sup>	(37)
General fund	(1,717)	98,716	(97,672)	4,076 <sup>TU</sup>	3,403
	<u>75,440</u>	<u>98,794</u>	<u>(97,777)</u>	<u>(219)</u>	<u>76,238</u>
<b>Total funds of the group</b>	<u>80,364</u>	<u>99,506</u>	<u>(98,279)</u>	<u>(350)</u>	<u>81,241</u>
	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Other £'000	Balance at 31 August 2020 £'000
<b>Charity</b>					
<b>Restricted income funds:</b>					
Scholarships and bursaries funds	1,509	553	(291)	(47) <sup>TU</sup>	1,724
Appeals funds	456	241	(147)	(2) <sup>T</sup>	548
Other restricted funds	29	22	(2)	(22) <sup>T</sup>	27
	<u>1,994</u>	<u>816</u>	<u>(440)</u>	<u>(71)</u>	<u>2,299</u>
<b>Unrestricted funds:</b>					
Property funds	72,323	-	-	(8,024) <sup>T</sup>	64,299
Scholarships and bursaries funds	3,852	78	(105)	(360) <sup>U</sup>	3,465
Other unrestricted funds	55	-	-	10 <sup>T</sup>	65
Pension reserves	(123)	-	-	86 <sup>A</sup>	(37)
General fund	(1,841)	89,005	(88,600)	8,402 <sup>T</sup>	6,966
	<u>74,266</u>	<u>89,083</u>	<u>(88,705)</u>	<u>114</u>	<u>74,758</u>
<b>Total funds of the charity</b>	<u>76,260</u>	<u>89,899</u>	<u>(89,145)</u>	<u>43</u>	<u>77,057</u>

Movements in funds arising from investment gains/(losses), actuarial gains/(losses) on pension schemes and transfers between funds are all included in the column headed up 'Other'. During the year the transfers between funds largely relate to movements between the General Fund and the Designated Property Fund, as the levels of property assets and the loan facilities available from MIST's bankers vary.

<sup>T</sup> Transfer between funds      <sup>A</sup> Actuarial gain/(loss)      <sup>U</sup> Unrealised gain/(loss)

The Foundation fund relates to a part of the school property at Truro High School for Girls, which is a permanent endowment.

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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Restricted funds include amounts given to subsidiary charities to provide scholarships and bursaries to pupils at the relevant schools. In addition, subsidiary and linked charitable trusts established specifically for the purposes of providing scholarships and bursaries are also included within these funds of the group. Linked charities recorded income of £25,142 (2020: £11,000) and expenditure of £19,024 (2020: £26,000) during the year, and their net assets at 31 August 2021 totalled £421,712 (2020: £442,000).

Restricted funds also include amounts given to schools following specific appeals and are generally provided for building or other similar school development projects.

The designated property fund separately identifies previous capital expenditure on the group's property assets, except to the extent that they have been used to facilitate borrowings.

In 2020, the designated Pension reserves fund represented the charity's share of the current net liabilities on the Local Government Pension scheme that will be funded by future pension contributions. In 2021, the Charity ceased to employ its last staff member with pension benefits in this scheme and became an exiting employer. An exit payment was made under the scheme regulations, and no further liability existed at year end.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2021	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Pension scheme liability £'000	Total £'000
<i>Group</i>						
Endowment funds	2,005	-	-	-	-	2,005
Restricted funds	-	1,429	2,209	-	-	3,638
Unrestricted funds	101,184	4,243	(21,015)	(7,604)	-	76,808
	<u>103,189</u>	<u>5,672</u>	<u>(18,806)</u>	<u>(7,604)</u>	<u>-</u>	<u>82,451</u>
	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Pension scheme liability £'000	Total £'000
<i>Charity</i>						
Restricted funds	-	943	1,890	-	-	2,833
Unrestricted funds	95,380	4,243	(17,355)	(7,350)	-	74,918
	<u>95,380</u>	<u>5,186</u>	<u>(15,465)</u>	<u>(7,350)</u>	<u>-</u>	<u>77,751</u>
2020	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Pension scheme liability £'000	Total £'000
<i>Group</i>						
Endowment funds	2,034	-	-	-	-	2,034
Restricted funds	-	1,176	1,793	-	-	2,969
Unrestricted funds	104,003	3,344	(18,381)	(12,691)	(37)	76,238
	<u>106,037</u>	<u>4,520</u>	<u>(16,588)</u>	<u>(12,691)</u>	<u>(37)</u>	<u>81,241</u>
	Tangible & intangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Pension scheme liability £'000	Total £'000
<i>Charity</i>						
Restricted funds	-	793	1,506	-	-	2,299
Unrestricted funds	98,011	3,344	(14,071)	(12,489)	(37)	74,758
	<u>98,011</u>	<u>4,137</u>	<u>(12,565)</u>	<u>(12,489)</u>	<u>(37)</u>	<u>77,057</u>

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 23. OPERATING LEASE COMMITMENTS

#### *Group - Lessee*

The group has entered into operating leases in respect of certain items of school equipment. At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2020 £'000
Within one year	485	453
Between one and two years	382	376
Between two and five years	566	672
After five years	8	40
	<u>1,441</u>	<u>1,541</u>

#### *Charity - Lessee*

	2021 £'000	2020 £'000
Within one year	444	414
Between one and two years	347	335
Between two and five years	513	650
After five years	8	40
	<u>1,312</u>	<u>1,439</u>

### 24. CAPITAL COMMITMENTS

At the balance sheet date, the group had capital commitments outstanding in respect of capital projects, as follows:

<i>Group</i>	2021 £'000	2020 £'000
Contracted for	<u>488</u>	<u>144</u>
Authorised but not contracted for	<u>85</u>	<u>279</u>
<i>Charity</i>	2021 £'000	2020 £'000
Contracted for	<u>488</u>	<u>144</u>
Authorised but not contracted for	<u>85</u>	<u>279</u>

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### 25. PENSIONS

Retirement benefits to employees of the charitable company and its group are provided by the Teachers' Pension Scheme (TPS) in respect of teaching staff; and The Pensions Trust Growth Plan (TPTGP) and two defined contribution pension schemes in respect of all other staff. In 2021 the Charity ceased to employ its last staff member with pension benefits in the Local Government Pensions scheme and became an exiting employer. An exit payment was made under the scheme regulations (which has been classified as a pension cost in these accounts) and no further liability existed at the year end.

The schools participate in the Teachers' Pension Scheme ("the TPS") for teaching staff. The pension charge for the year includes contributions payable to the TPS of £6,613,000 (2020: £6,707,000) and at the year-end £669,707 (2020 - £499,701) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

The TPTGP is a multi-employer plan which is a money purchase scheme with guaranteed benefits. The charitable company and its group contributes at various rates on an employee by employee basis. It is not possible for the charitable company and its group to obtain sufficient information to enable it to account for the TPTGP as a defined benefit scheme.

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

The TPTGP is classified as a "last man standing arrangement". Therefore, the charitable company and its group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. If the charitable company and its group were to withdraw from the scheme it would have a liability, which at 30th September 2020 would have been £3,226,256 (30th September 2019: £3,395,971). There is however no plan to leave the scheme so this contingent liability has not been provided for in the financial statements.

A full actuarial valuation for the TPTGP was carried out at 30 September 2017. This valuation showed total scheme assets of £794.9 million, total scheme liabilities of £926.4 million, and therefore, a deficit of £131.5 million. To eliminate this funding shortfall, all participating employers have been asked to pay additional contributions.

The charitable company and its group are committed to deficit repayments in relation to TPTGP of £898,108 over a period of five years (2020: £1,047,716 over six years). Provision has been made for deficit repayments as follows:

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Provision at the start of the year	1,048	1,253	1,048	1,253
Unwinding of the discount factor	4	10	4	10
Deficit contribution paid	(245)	(237)	(245)	(237)
Impact of changes in assumptions	(1)	9	(1)	9
Amendments to contribution schedule	93	13	93	13
Provision at the end of the year	<u>899</u>	<u>1,048</u>	<u>899</u>	<u>1,048</u>

Due to the Group exiting the LGPS during 2021 the following is provided only for comparative information.

	2020 %pa
Rate of increase in prices - rpi	3.3%
Rate of increase in prices - cpi	2.4%
Rate of increase in salaries	3.4%
Rate of increase of pensions in payment	2.4%
Discount rate applied	1.5%

The following demographic/statistical assumptions were also used by the actuary:

	2020
Life expectancy in year from the age of 65:	
Males - retiring today	21.80
Males - retiring in 20 years	23.20
Females - retiring today	23.80
Females - retiring in 20 years	25.20

The estimated value of employer contributions in the forthcoming year is £nil (2020: £4,407).

The group's share of the assets of the schemes is as follows:

	2020 £'000	2020 %
Equities	494	65%
Gilts	5	1%
Bonds	98	12%
Property	84	11%
Cash	23	3%
Target return portfolio	58	8%
	<u>762</u>	<u>100%</u>
Actual return on scheme assets	<u>52</u>	

# METHODIST INDEPENDENT SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

Amounts recognised in the group's statement of financial activities:

	2021 £'000	2020 £'000
Service cost	-	24
Net interest cost on the net scheme liability	-	2
Exit payment	87	
	<u>87</u>	<u>26</u>

Changes in the present value of defined benefit obligations:

	2020 £'000
Obligations as at 1 September 2019	840
Past service cost	11
Current service cost	13
Interest cost	35
Employee contributions	2
Actuarial (gains)/losses	(86)
Benefits paid	(16)
Obligations as at 31 August 2020	<u>799</u>

Changes in the fair value of the group's share of scheme assets:

	2020 £'000
Assets as at 1 September 2019	717
Interest income	12
Return on plan assets (excluding net interest on the net scheme liability)	40
Employer contributions	7
Employee contributions	2
Remeasurement gains on scheme assets	-
Benefits paid	(16)
Assets as at 31 August 2020	<u>762</u>

Contributions to pension schemes were made for all of the charitable company's and the group's employees (who have not opted out) at the standard rates applicable to the schemes involved.

Pensions costs recognised during the year were as follows:

	2021 £'000	2020 £'000
Defined benefit schemes:		
The Teachers' Pension Scheme	6,534	6,707
The Pensions Trust Growth Plan	1,132	1,138
Local Government Pension Schemes	87	-
Defined contribution schemes	59	43
	<u>7,812</u>	<u>7,888</u>

At the balance sheet date, the following amounts were included in creditors:

	2021 £'000	2020 £'000
Defined benefit schemes:		
The Teachers' Pension Scheme	670	500
The Pensions Trust Growth Plan	77	111
Local Government Pension Schemes	-	1
Defined contribution schemes	5	6
	<u>752</u>	<u>618</u>

## METHODIST INDEPENDENT SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

#### 26. Related party transactions

During the year, the following transactions took place between MIST and its subsidiary schools:

	MIST services and assessment		Interest charged on loans		Loans balance at 31 August	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Lorenden School	13	12	9	12	321	385
Moorlands School	48	87	25	29	1,083	1,084
St. Petroc's School	-	2	22	22	955	815
Truro High School for Girls	62	71	48	61	1,900	2,125
	<u>123</u>	<u>172</u>	<u>104</u>	<u>124</u>	<u>4,259</u>	<u>4,409</u>

The loans provided by MIST to its subsidiaries are all interest bearing and secured by a fixed and floating charge over the assets of the school. Repayments are due at various dates between now and 31 August 2031.

During the year, the following transactions took place between MIST and its trading subsidiaries, resulting in the following unsecured balances owing to the Trust schools:

	Gift aid distribution to MIST		Expenses cross charged from MIST		Owed to MIST at 31 August	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Culford School Trading Trust Limited	124	83	-	35	160	118
Farringtons School Enterprises Limited	35	35	3	3	35	35
Kent College Canterbury Enterprises Limited	-	69	22	-	546	413
Kent College Pembury Enterprises Limited	34	35	10	-	32	32
Queen's College Taunton Enterprises Limited	-	-	42	65	31	65
Shebbear College Enterprises Limited	-	-	-	-	42	42
Truro School Enterprises Limited	1	-	-	56	174	56
Woodhouse Grove Enterprises Limited	122	109	48	-	169	50
	<u>316</u>	<u>331</u>	<u>125</u>	<u>159</u>	<u>1,189</u>	<u>811</u>

As permitted by the charity's Articles of Association:-

- Trustee Elaine Cleland provided professional services to the Trust during the year at a cost of £6,488 (2020: £6,745) which was paid to Elaine Cleland Resources

- The wife of trustee Mark Edwards provided services to the Trust at Queens College Taunton during the year at a cost of £2,058 (2020: nil); and his daughter was employed by the Trust at Queens College Taunton as a Marketing Assistant for two months of the financial year, earning a salary commensurate with the school's salary scale for the role.

These arrangements were approved by the trustees on the basis of providing value to the charity.

METHODIST INDEPENDENT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS  
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27. Analysis of changes in net debt - Group

	Balance at 1 September 2020 £'000	Cash flows £'000	Other non- cash changes £'000	Balance at 31 August 2021 £'000
Cash at bank and in hand	2,421	1,182	-	3,603
Bank overdraft	(2,279)	(515)	-	(2,794)
Composition fees	(3,725)	(1,733)	1,629	(3,829)
Revolving Credit Facility	(5,000)	5,000	-	-
Other loans	(149)	19	-	(130)
Obligations under finance leases	(82)	8	-	(74)
	<u>(8,814)</u>	<u>3,961</u>	<u>1,629</u>	<u>(3,224)</u>